

RAPID

Making Trade Happen
in Southern Africa

FINAL REPORT
2004







RAPID Final Report
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RAPID PROJECT

Final Report 2004

Table of Contents

ACRONYMS

EXECUTIVE SUMMARY	i
-------------------------	---

SECTION I—Making Trade Happen in Southern Africa	1
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A New Start for Southern Africa	1
RAPID Accelerates the Pace of Regional Initiatives	2

SECTION II—A Trade Hub for Business	7
---	---

Helping Countries Secure Access to AGOA Benefits	8
Linking Businesses to Trade Opportunities	9
Giving Firms the Tools They Need to Trade	12
Sector Focus: Textiles and Handicrafts	17

SECTION III—Removing the Barriers to Regional Integration and Trade	25
---	----

Activating Regional Customs Reforms	25
Adopting International Customs Standards	27
Making Transportation Systems More Efficient	28
Strengthening the Regulatory Environment	34
Protecting and Managing Shared Natural Resources	35

SECTION IV—Learning from the RAPID Experience	39
---	----

Lessons Learned on What Works	39
Design Challenges Along the Way	42

SECTION V—Looking Forward	45
---------------------------------	----

ANNEXES

ANNEX A	RAPID Fact Sheet
ANNEX B	RAPID Task Orders
ANNEX C	RAPID Activity Timelines
ANNEX D	RAPID Assistance to Countries
ANNEX E	Firms and Associations Assisted by RAPID
ANNEX F	RAPID Consultants
ANNEX G	RAPID Reports and Manuals
ANNEX H	Transportation Corridor Performance Monitoring Data
ANNEX I	Training Statistics
ANNEX J	Selected News Articles
ANNEX K	RAPID Video—Visual Tour of Southern Africa Global Competitiveness Hub

ACRONYMS

AABWA	American and African Business Women's Alliance
ACV	Agreement on Customs Valuation (WTO)
AGOA	African Growth and Opportunity Act
APHIS	Animal and Plant Health Inspection Service (USDA)
BEDIA	Botswana Export Development and Investment Authority
CAWG	Customs Advisory Working Group
CBNRM	Community-Based Natural Resource Management
CCA	Corporate Council on Africa
CMC	Corridor Management Committee
COMESA	Common Market for Eastern and Southern Africa
COP	Chief of Party
DSC	Dar es Salaam Corridor
EU	European Union
GNP	Gross National Product
HACCP	Hazard Analysis Critical Control Point
HAMA	Handicraft Association of Malawi
HIV/AIDS	Human Immunodeficiency Virus/Acquired Immunodeficiency Syndrome
IESC	International Executive Service Corps (USAID)
IMO	International Maritime Organization
IQC	Indefinite Quantity Contract
LDC	Least Developed Country
MFA	Multi-Fiber Agreement (WTO)
MMTZ	Mauritius Mozambique Tanzania Zambia
MOU	Memorandum of Understanding
NAFTA	North American Free Trade Agreement
NEPAD	New Partnership for Africa's Development
NGO	Nongovernmental Organization
NRBCT	Natural Resource Based Community Tourism
PRA	Pest Risk Assessment
RAPID	Regional Activity to Promote Integration through Dialogue and Policy Implementation
RCSA	Regional Center for Southern Africa (USAID)
SACU	Southern African Customs Union
SAD	Single Administrative Document
SADC	Southern African Development Community
SAIBL	South African International Business Linkages Program (USAID/CCA)
SCCC	Sub-Committee On Customs Cooperation (SADC)
SIPA	Swaziland Investments and Promotion Authority
SME	Small and Medium Enterprises
SO	Strategic Objective
SPS	Sanitary and Phytosanitary
TBNRMA	Transboundary Natural Resources Management Area
TKC	Trans Kalahari Corridor
TO	Task Order
TRADE	Trade for African Development and Enterprise (USAID)
TRASA	Telecommunications Regulators Association of Southern Africa
USAID	United States Agency for International Development
USA-ITA	United States Association of Importers of Textiles and Apparel
USDA	United States Department of Agriculture
USTDA	United States Trade and Development Agency
USTR	Office of the United States Trade Representative
WBCG	Walvis Bay Corridor Group
WCO	World Customs Organization
WTO	World Trade Organization

Executive Summary

Making Trade Happen in Southern Africa

Taking a regional approach to economic development in Southern Africa, the USAID Regional Center for Southern Africa (RCSA) launched the Regional Activity to Promote Integration through Dialogue and Policy Implementation (RAPID) in April 2000. The project aimed to assist the nations of the Southern African Development Community (SADC) in integrating and strengthening the regional trade environment, and help businesses and countries take advantage of special trade benefits offered by the U.S. under the African Growth and Opportunity Act (AGOA).

RAPID worked at the policy level to strengthen the regional trade environment, providing technical assistance to help SADC move from signed protocol agreements on paper to tangible results in the areas of trade, transport, communications, and others. RAPID also launched the Southern Africa Global Competitiveness Hub (Trade Hub) to help businesses develop trade and investment opportunities with the U.S. and other markets.

A Trade Hub for Business

The Southern Africa Global Competitiveness Hub became the one-stop partner for businesses and national governments seeking to take advantage of AGOA and other trade initiatives. The Trade Hub conducted AGOA training sessions throughout the region to explain the regulatory requirements to access the U.S. market, and provided direct assistance to help companies meet these requirements. The Trade Hub aimed to help as many countries and industry sectors as possible gain access to AGOA benefits through the following targeted assistance:

- **AGOA Eligibility for Apparel Benefits.** The Hub helped twelve countries gain eligibility to export textiles and garments to the U.S., and assisted Botswana and Namibia in being classified as Least Developed Countries to increase their benefits under AGOA.
- **Handicrafts Market Access.** With Hub assistance, six countries became certified to export handmade, hand-loomed and folkloric products to the U.S. under AGOA's Grouping 9 textile provision.
- **National AGOA Strategies.** The Hub assisted Zambia and Namibia in developing sector-led National Export Promotion strategies to take full advantage of AGOA opportunities.
- **Sector Assessments.** Industry experts helped conduct assessments of the Namibian textile sector and the Mozambican textile and garment sector.

Through market research and an extensive network of contacts, the Trade Hub provided links to viable Southern African-U.S. trade and investment opportunities, and responded to more than 100 requests for assistance on trade, customs,

investment, and related issues for specific businesses or products, including buyer identification research and details on trade missions. Ongoing business support helped producers meet market standards and promote their goods. In addition, the Trade Hub helped organize and support trade associations in primary export sectors, and provided technical and organizational assistance for numerous conferences, workshops, and seminars. Targeted assistance included:

- **Helping agricultural producers overcome trade barriers.** The Trade Hub assisted regional governments and companies in adopting sanitary and phytosanitary (SPS) regulations, the international food safety standards, and guided companies in identifying market opportunities for agricultural products.
- **Expanding community based tourism.** The project explored creative ways to assist in the development of the regional tourism sector and began to study the viability of Natural Resource Based Community Tourism (NRBCT) products.
- **Supporting women-owned businesses.** In partnership with the American and African Business Women's Alliance (AABWA) and the International Executive Service Corps (IESC), the Trade Hub helped to support export-ready women-owned businesses in promoting their products in the U.S.
- **Multiplying impact through a regional trade network.** The Trade Hub concentrated on linking regional businesses, NGOs, and public sector organizations with their international business and government counterparts to form a regional trade network.
- **Creating a regional model for improving textile productivity.** The Trade Hub developed a replicable Productivity Enhancement Program to improve the productivity and competitiveness of the garment sector in Lesotho and Swaziland.
- **Teaching marketing skills to handicraft businesses.** A series of Marketing Seminars presented the realities of marketing handicrafts to the U.S. through practical presentations that guided business owners through the necessary steps to export, followed by individual company consultations with a marketing expert. The seminars led to planning for the development of handicraft associations in Swaziland, Malawi, and Lesotho.

Trade Hub activities led to increased export sales, regional business partnerships, and a better understanding of export markets and production standards. The region's success in increasing AGOA exports is impressive. Small countries such as Lesotho, Malawi, and Swaziland all doubled their AGOA exports between 2001 and 2003.

Removing the Barriers to Regional Integration and Trade

RAPID took a number of steps to help governments and businesses across Southern Africa work together to overcome barriers to integration and update the legal and regulatory environment for trade. The project assisted SADC with the creation or strengthening of various working groups to provide a manageable

structure for the protocol implementation process and foster harmonization and transparency among regional customs officers. Through these consultative forums, public and private sector regional stakeholders had a more effective platform to create action plans and hold each other responsible for getting things done.

Creating a framework for customs cooperation. A new SADC Sub-Committee on Customs Cooperation (SCCC) made up of the heads of customs administrations ensures a direct communications link between the regional administrations. In addition, five Customs Advisory Working Groups (CAWG), each corresponding to an Annex of the Trade Protocol, were created to align customs laws, procedures, and documentation of the countries to implement the annexes. Project experts also helped countries to implement the SADC Rules of Origin for traded goods, and assisted in developing electronic origin certification software.

Adopting international customs standards. RAPID provided technical assistance to help implement reforms and align Southern African customs procedures with international standards. This included assisting Mozambique in meeting its WTO obligations on Customs Valuation, and training customs officials in Mozambique and Swaziland on the WTO acceptable method of determining value of traded goods. In addition, customs officials in seven countries received training on risk management techniques to speed up border clearance times.

Making transportation systems more efficient. RAPID provided targeted assistance to improve the efficiency of the region's transit system by streamlining operational and administrative procedures to smooth the shipment of goods across borders. New procedures were tested on two model transport corridor initiatives, the Trans Kalahari Corridor in the south and the Dar es Salaam Corridor in the north of the SADC region, significantly reducing transit times and costs for commercial transporters. These included:

- A single administrative document that speeds up customs clearance
- Infrastructure upgrades to extend border post hours and improve service
- One-stop border posts that reduce delays
- Vehicle overload controls that reduce maintenance costs
- A transit bond guarantee system to speed transit traffic
- Cargo security initiatives
- A performance monitoring system to track bottlenecks
- Multi-modal transport operations to ease delivery
- Fair and harmonized road user charges

Strengthening the regulatory environment. RAPID assisted countries in strengthening their ability to regulate telecommunications services to ensure reliable communication networks, meeting sanitary and phytosanitary requirements for agricultural product safety, and protecting and managing shared natural resources.

RAPID and the Trade Hub leave behind an energized private sector with new and improved business skills and practical information on exporting to the U.S. market. The project also leaves government with new regional institutions, systems, and improved governance in terms of efficiency, transparency, competence, and trust. As a result, Southern Africa is now traveling as a region toward economic growth.

Learning from the RAPID Experience

A number of lessons learned on the project can help guide other projects aiming to catalyze integration and trade on a regional scale. These include:

- **Take a long-term view.** The drive for visible results must be balanced with the reality of foundation building to ensure success.
- **Address the needs of government and business.** While the private sector often requires help to take advantage of trade agreements, governments must also do their part to create a supportive trade environment.
- **Broaden participation for sustainability.** RAPID completely changed the dynamics of regulatory reform by bringing all players to the table and giving them equal voices in identifying problems and offering solutions.
- **Encourage national strategies for stronger results.** Countries that took a strategic approach to trade produced stronger export growth.
- **Engage champions for change.** Whether in government or the private sector, find someone who identifies with what you are trying to accomplish to serve as a champion and help bring others on board.
- **Recognize that policy reform takes time.** Projects must either realize that policy reform takes time, and plan accordingly, or be prepared to apply more resources to the problem to reach out and engage others related to the process.
- **Remember that information is a powerful tool.** Never underestimate the importance of information to achieving results.
- **Use credible experts.** Country officials were most interested in learning from consultants who were actually practicing what they preached in their own work.



Scenes from everyday village life are captured in complex tapestries, which receive special preference as hand-loomed folkloric exports under AGOA.

SECTION ONE

Making Trade Happen in Southern Africa

"The countries involved understood what the problems were, but there was no one to push the process through. It was difficult to investigate problems working government to government through bureaucratic channels. Through the RAPID-established working group we formed MOUs that allow us to coordinate and communicate directly with our peers in other countries. Relationships have been enhanced and now we are working together as a family."

Helen Mbukwa
Assistant Deputy
Commissioner,
Malawi Revenue
Authority

When development takes a regional rather than a national approach, the heart of the strategy must be trade. When in 1995 USAID established its Regional Center for Southern Africa (RCSA) in Gaborone, Botswana, regional trade was considered key to equitable, sustainable growth in a democratic Southern Africa. The RCSA aims to enrich the relationships and networks among the 14 nations of the Southern African Development Community (SADC) to foster a stronger, more integrated regional economy. In the process, it helps businesses in the region to enter the global market and take advantage of special trade benefits extended by the United States. The RCSA created a four-year project called RAPID — the Regional Activity to Promote Integration through Dialogue and Policy Implementation — in 2000 to help accomplish these goals.

A New Start for Southern Africa

The countries of Southern Africa had achieved political independence by the time South Africa's apartheid regime collapsed in 1994, ending decades of widespread economic decline and social unrest in the region. The emerging period of political stability offered fresh promise for economic recovery for the nearly 200 million people living in the region. Yet with 70 percent of the population in Southern Africa living below the international poverty line of US\$2 per day, economic survival became the new universal struggle.

Political unrest and conflict had caused a sharp decline in trade between Africa and the rest of the world. In Southern Africa, where most countries have small manufacturing sectors that cannot compete in the world market, the region's share of total world exports was less than one percent in 2001. Economic hardship was exacerbated by the spread of HIV/AIDS throughout the workforce.

Globalization demands regional integration. While Southern African nations embraced independence, integration became the global buzzword as groups of countries organized themselves into closer economic and political blocs to take advantage of economies of scale. Sustained by larger markets at home, businesses within these blocs found it easier to become competitive both regionally and internationally. Regional integration also proved to promote economic growth through better resource allocation, greater competition, increased transfer of technology, and increased access to foreign savings. For firms in Southern Africa, it became clear that establishing a regional market was vital to ensuring that they, too, could benefit from economic cooperation and economies of scale.



Senator Tom Daschle (center) of South Dakota and Senator Harry Reid (right) of Nevada learn about Zambia's flower exports to the U.S. during a visit to the Trade Hub in August 2002.

The region's leaders joined forces through SADC to protect their budding democracies and create a common economic space in which they could address barriers to regional economic growth, such as dependence on exports of a few primary commodities. SADC member nations signed protocols in the areas of trade, transport, communications, and more, agreeing to open up trade channels by improving regional infrastructure and harmonizing policies, technical standards, and regulatory frameworks. The SADC Trade Protocol committed member nations to creating a regional free trade area by 2008 by removing internal barriers to trade. The Southern African Customs Union, grouping Botswana, Lesotho, Namibia, South Africa, and Swaziland, was already well advanced as a unified market, with a common external tariff among its member states. Other regional entities such as the Common Market for

Eastern and Southern Africa also called for the establishment of a free trade area and tariff reductions among their member nations.

Agreement on the goals proved easier than implementation of the protocols. Individual countries required amendments to domestic legislation, and SADC members needed a framework for translating the protocol guidelines into specific actions. At the July 1999 Economic Summit for Southern Africa, participants expressed frustration at the slow pace of progress.

RAPID Accelerates the Pace of Regional Initiatives

The USAID/RCSA mission launched RAPID in April 2000 to help SADC move from agreements in principle to tangible results. RAPID helped SADC to create and strengthen various working groups to

RAPID: A Toolkit for USAID

RAPID represented a new approach by USAID to augment a small regional office team with an external staff. The RCSA required additional resources to minimize administrative burdens and respond rapidly to regional requests for assistance. RAPID, an Indefinite Quantity Contract (IQC), served as a "toolkit" to conduct studies and facilitate public-private dialogue; organize workshops and events; and provide training, information dissemination, and commodity procurement as tasked by RCSA. RAPID fulfilled 17 broad task orders in the first two years of the project, until a new task order to create and operate the Southern Africa Global Competitiveness Hub encompassed all ongoing work from previous task orders.

'The Trade Hub lived up to its name. It is the first organization that has had a face in the community. They put an emphasis on outreach and getting down to the nitty gritty. They really understood the realities of the business community, and the programs they offered are an indication of that - they talked to individuals, put their ear to the ground, and planned activities accordingly.'

Caroline Lesang,
Founder Caroline's
Garment Creations

manage the protocol implementation process. Through consultative forums facilitated by RAPID advisors, regional public and private sector stakeholders had a more effective platform to create action plans and enforce accountability for task progress and completion. The RAPID project also conducted a number of sector-specific studies and workshops to support regional trade initiatives.

U.S. offers preferential access for exports. Southern Africa gained a further incentive to step up economic integration when the U.S. implemented the African Growth and Opportunity Act (AGOA) in 2001. AGOA offers free trade and business links with the U.S. as a means to promote economic growth and reform in sub-Saharan Africa, giving preferential duty-free and quota-free treatment to virtually all products exported to the U.S. by eligible countries. It also provides improved access to U.S. credit and technical expertise, and establishes a high-level dialogue on bilateral trade and investment policy issues. Countries must meet specific political and economic performance criteria to be AGOA-eligible, and products must meet U.S. regulatory standards.

Set to expire in 2008¹, the AGOA legislation suddenly gave the SADC

¹On July 13, 2004, President Bush signed the "AGOA Acceleration Act of 2004" which extends the benefits of AGOA until 2015.

countries open access to the world's largest market for a limited time. Business and government stakeholders in the region urgently needed guidance on how to take advantage of these opportunities and derive the economic benefits. The RCSA joined other U.S. organizations in the region in making extensive AGOA education a top priority, but additional resources were needed to expand outreach.

President Bush met that need when he introduced the Trade for African Development and Enterprise (TRADE) Initiative at the first U.S./Sub-Saharan Africa AGOA Forum in October 2001. As part of the TRADE Initiative, the president announced that three regional USAID trade hubs would be established in West, East/Central, and Southern Africa to help businesses take greater advantage of opportunities provided through AGOA and other global trade initiatives.

USAID/RCSA tasked RAPID with launching the first of these, the Southern Africa Global Competitiveness Hub (Trade Hub) in Botswana. RAPID continued its ongoing project work at the policy level to strengthen the regional trade environment, while the new Trade Hub gave RAPID the hands-on capacity to help businesses develop trade and investment opportunities at the ground level.

Improving Regional Competitiveness

RAPID helped create an enabling environment for trade and investment by:

- Strengthening the capacity for trade policy reforms
- Harmonizing customs procedures
- Reducing transport costs between countries
- Promoting U.S.-regional business linkages
- Improving the delivery of business services that support trade
- Delivering marketing tools and information to businesses
- Assisting firms in meeting export requirements such as food safety standards

"The Trans Kalahari Corridor (TKC) program is widely acknowledged as a model for the region. Many organizations are looking at the TKC as a template for replicating the experience on other routes for regional expansion, such as the Port Management Association of East Africa and COMESA."

Frank Gschwender
Business Development
Executive, Walvis Bay
Corridor Group
Namibia

RAPID succeeds as a catalyst for trade and economic growth. The result was a powerful one-two punch that broke down many of the existing barriers to trade while opening new opportunities. The Trade Hub quickly became a beehive of activity for the business community. Hundreds of regional businesspeople were invited to attend Hub training workshops to learn about AGOA opportunities, food safety standards for agricultural trade, marketing strategies, and about how to find U.S. buyers for their products. At the same time, the RAPID project team continued efforts to strengthen regional policy coordination, customs and trade facilitation, transport corridor efficiency, increased competition in telecommunications, and further implementation of the SADC protocols.

RAPID was an enormously successful project, given the breadth of its scope and short time frame for action on many of its activities. The project met the specific needs of individual companies and industry sectors, primarily agriculture, textiles, handicrafts, and tourism. RAPID also met the needs of the service sectors that support trade, such as transport and telecom, and strengthened the ability of individual governments to respond to their own trade priorities and improve national economic growth. Finally, RAPID served Southern Africa as a whole, bringing all partners together to achieve greater cooperation, coordination, and harmonization in trading as a region.

Throughout all of its endeavors, RAPID employed a participatory, democratic process that broadened the circle of stakeholders who contributed to identifying and implementing the changes needed to expand regional trade. Additionally, by reaching out to women business owners, RAPID contributed to the growing trend of

women-led economic growth in Southern Africa. As a result, an elevated level of regional dialogue that had not previously existed is paving the way for ongoing information sharing and solid, lasting relationships.

Removing the barriers to regional integration and trade. Through persistence and extensive travel, RAPID advisors guided twelve countries through myriad steps to truly integrate, identifying and removing bottlenecks to cross-border transit, unifying customs documents, and changing laws and regulations that will continue to impact trade for years to come. RAPID provided technical assistance to help align Southern African customs procedures with international standards. The project helped establish agreement on common telecommunications regulations that reformed the sector and increased services. New systems were developed and put in place for risk management, food safety, productivity enhancement, and trans-boundary management of shared natural resources. Along the way, the project conducted a significant amount of analytical work and in-depth studies, and facilitated hundreds of conferences and workshops to support the decision making process.

A Trade Hub for business. As the business arm of the project, the Trade Hub became the one-stop shop both for companies seeking to take advantage of AGOA, and national governments wanting information on trade initiatives. Business activities run by the Trade Hub succeeded in promoting trade and facilitating a competitive mind set. Through market research and an extensive network of contacts, the Hub provided links to viable Southern African-U.S. trade and investment opportunities, and responded to more than 100 requests for assistance on

"Senator Daschle and his delegation wanted a trade event, and you (the Trade Hub) managed to package it so that bilateral and regional issues could be effectively conveyed in a real-world atmosphere. Senator Daschle, who was instrumental in the passage of AGOA II, particularly enjoyed the chance to meet with some of the business-people taking advantage of the program."

Leslie Bassett
Charge d'Affaires
U.S. Embassy
Botswana

trade, customs, investment and related issues for specific businesses or products. As Southern Africa gains access to new markets, businesses now think strategically about getting products to the right buyers. Since the onset of AGOA, U.S. trade figures have increased dramatically — in part due to the efforts of the Hub — and the region is starting to see movement in global trade figures.

A readiness to adapt. RAPID clearly succeeded in providing vital assistance and acting as the catalyst for change at every step of the region's trade development process. The project lived up to its name in terms of its quick start and the speed and agility with which it responded to changing demands, such as getting the Trade Hub up and running in just three weeks.

A reliable source of information. The Trade Hub filled in knowledge gaps along the market chain, teaching regulators, industry leaders, and entrepreneurs the skills they needed to make trade happen. Through it all, the Trade Hub drew praise for its open door policy and ability to provide useful answers and practical data on export requirements. At the same time, RAPID consultants guided SADC institutions on actions at the policy level to unite the regional market.

A model for participatory governance. RAPID demystified the role of government by bringing the range of stakeholders to the table and opening up avenues for dialogue where none had previously existed. The project focused on moving away from top-down decision-making and getting more input from the people most affected by decisions. Valuable new

working relationships were formed country-to-country, business-to-business, and business-to-government.

A framework for cooperation. The public-private sector working group framework that RAPID helped create has become a permanent mechanism for change. The framework is a model to manage and facilitate dialogue and consensus that will impact regional trade for years to come. RAPID's approach to forming a network of regional telecommunications regulators is also a model for cooperation that has already been adopted to guide regional reforms in West and East Africa.

A more efficient transport network. RAPID got businesses across the region moving, literally, by helping the countries along two key transport corridors to remove bottlenecks caused by bureaucratic red tape, poor infrastructure, and inefficient transport services. The changes and lessons learned will be used to improve other regional transportation networks.

A model for productivity. The Trade Hub's tactic of developing the capacity of service providers to audit and improve the textile industry's productivity is a model for improving sector competitiveness, and has already been adopted by other development organizations.

RAPID and its Trade Hub leave behind an energized private sector with new and improved business skills and practical information on exporting to the U.S. market. The project also leaves governments with new regional institutions and systems to improve efficiency, transparency, competence, and trust in governance. As a result, Southern Africa is now moving as a region toward economic growth.



The Southern African Development Community is made up of 14 member nations that have join forces to achieve a stronger, more united regional economy.

SECTION TWO

A Trade Hub for Business

"As a newly established company with great ambition to tackle globalization head on, the Hub's focus on assisting companies like ours to be "export ready" is very much welcomed."

Michael Molefe
Managing Director
Super Textiles Co.

Venturing into new international markets is complicated for many businesses. While AGOA and other trade agreements open markets to favored trading partners, in reality it takes much more than market access to succeed as an exporter. Three elements combine in a winning export combination: 1) a product that meets the foreign market's desires and required standards; 2) the ability to get the product to the market quickly and cost effectively; and, most importantly, 3) a willing buyer. Each step along the market chain holds unexpected challenges and pitfalls for the exporting firm.

The Southern Africa Global Competitiveness Hub (Trade Hub) was the RAPID project's one-stop shop for businesses and national governments seeking to take advantage of AGOA and other trade initiatives. The Trade Hub conducted AGOA training sessions throughout the region to explain the regulatory requirements to access the U.S. market, and provided direct assistance to help companies meet these requirements. These training sessions were highly praised by participants and the RCSA for their effectiveness.

Through market research and an extensive network of contacts, the Trade Hub provided links to viable Southern Africa-U.S. trade and investment opportunities. Ongoing business support offered by the Hub helped producers to meet market standards and promote their goods through a range of advisory services, information resources, trade exhibitions, and events. In addition, the Trade Hub developed National AGOA Export Strategies for some countries, and helped organize and support trade associations in primary export sectors. It provided technical and organizational assistance for numerous conferences, workshops, and seminars.

Top 5 Industries Assisted by the Trade Hub

- Handicrafts (weavers, potteries, leather works, embroidery, jewelry)
- Textiles (including garments and footwear)
- Horticulture (mangos, grapes, citrus, flowers, cashews) and food products
- Transporters (international, regional, and local)
- Service providers (consulting firms, investors, insurers)

"This (Trade Hub) is about getting African business services ready to compete around the world."

William H. Kansteiner III,
U.S. Assistant Secretary of State for African Affairs

The Trade Hub had just two years to make an impact on the region's economy. In that time, Hub activities led to increased export sales, expanded business partnerships, and a better understanding of export markets and production standards. The region's success in increasing AGOA exports is impressive; small countries such as Lesotho, Malawi, and Swaziland all doubled their AGOA exports between 2001-2003.

Trade Hub business support activities are presented in this section. When the Trade Hub was established, it also took over the continuation of work begun earlier in the RAPID project to integrate the region's trade, transportation, and resource management policies; those efforts are discussed in Section III.

Helping Countries Secure Access to AGOA Benefits

As a first step to increasing trade, the Trade Hub aimed to help as many countries and industry sectors as possible gain access to AGOA benefits through the following targeted assistance:

- *Achieving AGOA eligibility for apparel benefits.* Once a country has qualified for AGOA eligibility, beneficiary countries must meet certain customs-related criteria to receive textile and apparel benefits. Over a two-year period, the project helped twelve countries receive approval to export textiles and clothing to the U.S. under the initiative, including helping Botswana and Namibia to be classified as Least Developed Countries to increase their benefits under AGOA II.
- *Securing handicrafts market access.* The Trade Hub facilitated Grouping 9 certification for six countries: Lesotho, Botswana, Malawi, Namibia, Zambia, and Swaziland. Grouping 9 certification allows these countries to export handmade, hand-loomed, and folkloric products under AGOA's textile provision. The Trade Hub worked with the U.S. embassies, U.S. Customs, and the U.S. Department of Commerce to ensure that the Grouping 9 application process for these countries was completed, and helped the countries meet all of the eligibility requirements. Once the countries were certified, the Trade Hub provided in-depth marketing guidance to businesses in the sector through a series of seminars.
- *Developing national AGOA strategies.* The Trade Hub assisted Zambia and Namibia in developing sector-led National Export Promotion strategies to strengthen export competitiveness under AGOA. Public-private sector

Exhibiting a Craft for Success

With the help of Grouping 9 certification, handicraft companies like Rosecraft Industries, which develops colorful hand-made blankets, shawls, throw rugs, and tablecloths, are exporting their products to the U.S. The Trade Hub sponsored Rosecraft's attendance at the Corporate Council on Africa AGOA forum in the U.S. in December 2003. During that event Rosecraft made robust sales and met with new prospective buyers. Recently one of those prospective buyers, the Smithsonian Institution museums, became a valuable Rosecraft client. Exports to the U.S. were over \$11,000 in 2003. This company that was started as a hobby in 1979 is now providing much needed rural employment in Swaziland.

"Market demand already exists in the U.S. for Southern African products. The Trade Hub activities aimed to strengthen the supply side and increase the capacity of the region to meet the standards and expectations of that demand."

Phyllis Jones
Trade Hub AGOA
Advisor

workshops were organized to develop the national plans, which assessed each country's prime sectors and their export viability under AGOA. Since 2002, these countries have led the region in growth of AGOA exports.

- *Conducting sector assessments.* Hub-provided industry experts helped to conduct assessments of the Namibian textile sector in November 2003, and the textile and garment sector in Mozambique in February 2004. Garments and textiles are the top non-fuel exports to the U.S. under AGOA.

As a direct result of the Trade Hub's work in Namibia, an AGOA National Working Group was established to drive the process forward. There was unanimous agreement that Namibia needs to create a National Export and Trade Promotion Board to represent government and business sectors in export promotion activities. In addition, the Board will address the trade issues and challenges identified in the

National AGOA Strategy. The National Working Group is preparing a proposal to obtain funding from donors and the private sector to launch the new Export Board.

In March 2003, Zambia's establishment of an AGOA National Working Group provided the momentum needed to create a new Export Crop Committee to identify key export products by target market, in partnership with the private sector. The National Working Group includes major producer associations (textiles, leather, export growers, and flowers), the Agricultural Trade Forum, and representatives of gemstone, mining, forestry, handicrafts, and specialty oil companies. Key government team members include the Ministries of Commerce, Trade and Industry, Agriculture, Mines, Finance, Environment, and Legal Affairs.

Linking Businesses to Trade Opportunities

For any business, finding a buyer in a foreign market is a daunting challenge. To a family-owned company in

LDC Designation Opens Exponential Export Growth

Two countries in the region — Botswana and Namibia — were originally ineligible for certain apparel benefits under the AGOA I legislation. The Trade Hub recognized the potential impact that textile and apparel exports could have on increasing AGOA exports, and worked with the private sector and the governments to develop a strategy and rationale for Botswana and Namibia to be classified as Least Developed Countries (LDC) for the purposes of AGOA. The countries did not qualify because their Gross National Product (GNP) exceeded the \$1,500 per capita limit of an LDC-status country. The Trade Hub and the stakeholders argued that if high value diamond exports were subtracted from the GNP, then the countries would meet the LDC requirements.

The U.S. government agreed with the Trade Hub's argument, and the AGOA II revisions granted LDC apparel benefits to Botswana and Namibia, opening up the U.S. apparel market to duty-free exports from their textile manufacturers. Once AGOA II was launched, the countries took full advantage of the AGOA benefits. Within a year, Botswana increased its AGOA exports by 37 percent (\$4.6 million to \$6.3 million) while Namibia's textile and apparel exports jumped from \$1.7 million in 2002 to \$46.8 million in 2003, a staggering 2,653 percent increase. Total AGOA exports from both countries for the first five months of 2004 were almost as much as the entire year 2003.

a small Southern African country, the task is likely to seem insurmountable. If the Trade Hub was to truly increase trade with the U.S., it became obvious that providing connections to U.S. partners would be critical to success.

Maintaining a resourceful Trade Hub website.

An extensive Trade Hub website (www.SATradeHub.org) promotes business linkages and facilitates AGOA trade opportunities. The site showcases 24 Southern African companies that are export-ready and available for trade and investment opportunities. The business linkages section also features links to the U.S. Department of Commerce Minority Business Development Agency, which features a business matching portal, the South African International Business Linkages Program (SAIBL) website, and 46 marketing service providers that offer business matching and export assistance services.

The website also provides assistance with trade data. The site links to USAID's TradeMap, which provides on-line access to the world's largest trade database covering over 5,300 products traded by over 180 countries. With TradeMap, exporters can analyze current export markets and identify potential new markets. A link to the U.S. International Trade Commission's AGOA Trade Database also allows users to easily search for commodity and trade information by country or commodity sector.

A Trade Agreements section summarizes both intra-regional and international agreements and links to the full text of each agreement. In addition, an in-depth AGOA section offers clear, concise information sheets on textiles and apparel, handicrafts, agri-

culture and general AGOA information. The site's activities database allows a site visitor to search for and display reports of the Hub's past and future assistance endeavors by country and/or activity sector. A reports section offers downloadable reports, marketing materials, and information from not only Trade Hub experts, but also from other investment and trade contractors in Southern Africa.

In addition to the website, the Hub kept a library of business resource and market intelligence publications, including company directories and information on U.S. business organizations that offer assistance in matching foreign producers with U.S. companies.

Creating valuable business networking opportunities.

The Hub created or funded a number of opportunities, such as trade promotion events and factory visits, enabling Southern African business representatives to meet directly with their U.S. counterparts:

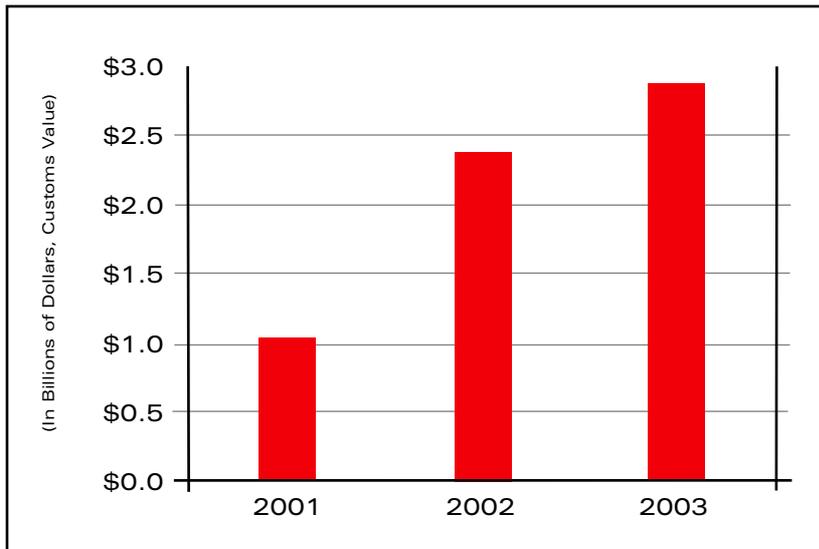
- The Trade Hub hosted a constant stream of U.S. business leaders and government officials, educating them on the trade and investment opportunities in the region. All visitors were invited to tour a permanent informative display of Southern African AGOA products at the Hub.
- Representatives of several firms attended AGOA private sector forums in Mauritius, Botswana, and Washington, D.C. where they received information and training on marketing to the U.S., participated in technical discussions on AGOA, and exhibited their products to potential buyers. Several firms booked orders on the spot.

www.SATradeHub.org

The Trade Hub website is an online resource for Southern Africa - U.S. trade.
(Statistics period: May 31, 2003 - June 27, 2004)

- Number of successful hits on the Trade Hub website - almost 400,000
- Average number of hits per day - 903
- Number of visitor sessions on the site - nearly 35,000
- Average length of time a visitor spends on the site - 34 minutes
- Most often viewed sections - country fact sheets, trade associations directory
- Number of reports downloaded - 4,000

Growth in AGOA Exports from AGOA Eligible Countries in Southern Africa



AGOA exports increased dramatically from Southern Africa during the project.

Exports in 2003 are estimated at over \$2.5 billion.

"The Hub is friendly and has an open door policy. They have allowed businesswomen to have a sense of what's going on in the region. Wherever they can be of help they provide resources and experts, and if they don't have the information already they can source it for you. It really gives the business owner a sense of belonging to a community."

Ntombi Setshwaelo
Owner, Golden Fruit

- The Hub, International Executive Service Corps, and the Botswana Export Development and Investment Authority (BEDIA) sponsored the participation of apparel and textile companies in the Apparel Sourcing Association Pavilion Trade Show in Las Vegas, Nevada.
- Two years in a row, the Hub sent firms to the Corporate Council on Africa Summit in the U.S. A total of 26 companies from the region participated in the summits, gaining invaluable knowledge from the seminars and working group sessions on increasing trade and marketing.
- The Hub developed a program with the International Cotton Council to introduce U.S. buyers of apparel to Botswana manufacturers, including factory visits in Botswana to outline buyer expectations as well as guidance on quality and productivity improvements.

- Hub officials provided regular information on AGOA and other market opportunities to regional organizations such as the Exporters Association of Botswana and BEDIA. Hub advisors also presented AGOA information at a Ronald H. Brown Institute workshop in Malawi and the International Trade Center Conference in South Africa.

At a luncheon hosted for President Bush by Botswana President Festus Mogae, Trade Hub beneficiary Julie Nixon of Rosecraft Industries in Swaziland was amazed to find herself seated beside White House Chief of Staff Andrew Card. She talked passionately about the marketing assistance she'd received from the Trade Hub and her company's subsequent successful entry into the U.S. market.

The visit left an impression on the Africans and Americans alike. U.S. Secretary of State Colin Powell and National Security Advisor Condoleezza Rice both later remarked

"Midway into his five-nation tour of Africa, President Bush visited a regional trade show in Gaborone, Botswana, where he mingled with vendors and eyed their wares: a kaleidoscope of fabrics, animal hides, faux ostrich eggs, glassware and candles. The vendors all had benefited from the African Growth and Opportunity Act, a 2001 law passed by Congress that promotes trade with Africa.

The encounter stayed with Bush, who that night told senior aides that it's one thing to talk about global economics and trade but quite another to see for oneself the effects of policy on people's lives."

Edward Chen,
Los Angeles Times,
July 13, 2003

to reporters on what a "moving experience" the day had been. President Bush continued to talk about his visit to the Hub with aides later that evening, remarking that it's one thing to talk about global economics and trade, but quite another to see for oneself the effects of policy on people's lives.

Throughout its two years of operation, the Hub was a frequent stop for many members of Congress including Senate Majority Leader Bill Frist, Senate Minority Leader Tom Daschle, eight additional U.S. Senators and six Members of Congress, Assistant Secretary for African Affairs Walter Kansteiner, the U.S. Trade Representative for Africa, USAID officials, and others. The visit afforded a chance to showcase products from the region and, more importantly, to keep trade in the public eye.

Such high level interest in the project's Trade Hub underscores the critical role of trade in improving the lives of

Southern Africans and the project's contribution to making trade happen.

Giving Firms the Tools They Need to Trade

Businesses in the region turned to the Trade Hub for information, skills training, and specific firm-level assistance to overcome obstacles to trading with the U.S.

Spreading the word about AGOA.

The Trade Hub served as an information clearinghouse for regional businesses interested in exporting to the U.S., and produced a number of widely disseminated materials on how to take advantage of AGOA trade opportunities. Hub services included trade statistics analysis, U.S. market information, and contact details for U.S. business and government support in the region. Trade Hub publications include manuals on handicraft marketing and SADC Rules of Origin, and a comprehensive Trade Hub website with in-depth information on AGOA

President Bush Visits the Trade Hub

It's not often that the president of the United States visits a USAID project overseas. Even more rarely does the president and his top staff spend a morning meeting with project beneficiaries and discussing their needs and accomplishments. But that is what President George W. Bush did on July 10, 2003 when he visited the RAPID project's Southern Africa Global Competitiveness Hub in Gaborone, Botswana.

"My travels this week underscore the critical importance of trade to the economic future of Africa. In Botswana, I visited one of our new Hubs for Global Competitiveness that is helping African businesses sell their products into the United States and on global markets," remarked the President following his visit.

"I have seen, and I know you have seen, how the African Growth and Opportunity Act, AGOA, is bringing jobs and investment and opportunity to Sub-Saharan Africa...Yet, far too many Africans still live in poverty. (By) providing aid, promoting free markets and the rule of law, and encouraging greater trade, we will help millions of Africans find more opportunity and a chance for a better life."

U.S. President George Bush examines Swaziland glass products during a tour of the Trade Hub with President Festus Mogae of Botswana



requirements, trade associations, business linkages, and other useful data.

The Hub conducted multiple AGOA training sessions in nearly all AGOA-eligible SADC countries, to provide basic information for government officials and private sector organizations on the benefits offered to each country, and to explain the regulatory requirements to access the U.S. market. In addition, over 100 workshops on how to sell goods to the U.S. through AGOA were offered free of charge at the Hub and throughout the region, including:

- A training seminar with the American Business Council, Corporate Council on Africa, and the U.S. Embassy in Botswana
- A seminar for more than 50 members of the Botswana chapter of the American and African Business Women's Alliance
- A workshop with the Ministry of Commerce, Trade and Industry and the Zambian Trade and Investment Enhancement Project, in Zambia
- A workshop for women entrepreneurs from the home, gift, and handicraft sectors in Lesotho to address business, marketing, and financial matters
- A presentation in English and Portuguese with bilingual materials to public and private sector stakeholders in newly eligible Angola
- A U.S. Association of Importers of Textiles and Apparel (USA-ITA) seminar on technical customs and marketing issues facing Botswana

apparel exporters, attended by more than 30 public and private sector participants

- Presentations on AGOA and the Trade Hub at the U.S.-Namibia AGOA Trade Conference, the International Trade Center Conference in South Africa, and a Ronald H. Brown Institute workshop in Malawi on "Refining International Trade Strategies"

Providing direct export assistance to individual firms. In just two years, Trade Hub business advisors responded to more than 100 requests from regional and U.S. stakeholders for assistance on trade, customs, investment, and related issues for their specific business or product, including buyer identification research and details on trade missions. Inquiring firms received market research on their industry, information on how to market their products in the U.S., and guidance on the volume required to make exporting to the U.S. profitable. Product-specific research on exports included duty status, and major export competitors and their volumes.

For some companies, the Trade Hub directly contacted potential American buyers and distributors, and facilitated their participation in trade shows in the U.S. where buyers and sellers come together to exhibit their goods. The trade shows enabled the firms to establish direct U.S. contacts that can lead to sales and lasting business relationships.

The Hub worked specifically with many textile and apparel producers in the region, providing technical assistance in many forms such as export guidance and clarification of AGOA requirements, including which products are eligible under AGOA provi-

A Solid Export Opportunity

Weldtech Botswana decided to explore the U.S. market and came to the Trade Hub for assistance. Weldtech produces electrodes (commonly called welding rods), which are used to repair steel structures such as boilers, bridges, ship hulls, vehicle bodies, and pipeline machinery. The market for electrodes in Botswana is small, but the company had limited export success in the South African market. The Trade Hub completed market research for the company, identifying the major players within the electrode manufacturing sector in the U.S., and examined the cost effectiveness of shipping electrodes from Botswana to the U.S. market. The Hub's research helped determine that the electrodes produced by Weldtech could retail in the U.S. for 40 percent less than the top U.S. competitor. Weldtech is now in the process of identifying an American distributor or joint venture partner.

sions, and identification of U.S. buyer outlets and markets, linking them to garment manufacturers in the region. The Hub created a database of companies and government agencies in the region to link textile and apparel companies as well as government promotion agencies.

In addition, the Trade Hub worked with textile and apparel associations representing more than 300 garment manufacturing companies in Lesotho, Swaziland, and South Africa to disseminate important information on U.S. Customs regulations, export requirements, and market opportunities, saving their members valuable time and money. Direct Hub assistance facilitated \$90 million in increased revenues for 20 garment manufacturing companies from ten countries in the region. Based on an average order size of 500,000 garments, Hub technical assistance resulted in new orders worth on average \$3 million per order for the companies seeking assistance.

Helping agricultural producers overcome trade barriers. Agriculture is one of the largest providers of jobs and income in Southern Africa. There is considerable opportunity for agricultural exports to the U.S. and other global markets, particularly for high-value horticultural exports like baby vegetables. Yet producers are hampered by weak infrastructure, compliance with unfamiliar regulatory requirements, and a lack of understanding of product demand in the U.S. marketplace. In addition, there is very little coordination within the region to enhance economies of scale and improve competitiveness within the supply chains for selected commodities and products. A number of Trade Hub activities were directed at these problems.

Recognizing the important economic role this sector plays, the U.S. allows nearly all agricultural exports to

enter the U.S. market duty-free under AGOA. While AGOA exports of processed fruit and vegetables to the U.S. have increased, exports of fresh fruits and vegetables have moved slowly for all countries in the SADC region due to stringent U.S. sanitary and phytosanitary (SPS) regulations: international food safety standards that protect consumers of plant, animal, and food products. Southern African businesses that lack understanding of and the means to comply with food safety standards lose both international and regional export opportunities.

In the U.S., SPS regulations are administered by the Animal and Plant Health Inspection Service (APHIS) of the U.S. Department of Agriculture (USDA). These regulations require that countries exporting fresh horticultural products perform Pest Risk Assessments (PRA), which are evaluations of insects and diseases affecting crops. The approval of PRAs and certification by APHIS to enable horticultural products to be exported to the U.S. is a daunting process that can take more than two years.

The Trade Hub assisted regional governments and companies in working through the APHIS process, and guided companies in identifying market opportunities and adopting SPS and food safety practices to overcome trade barriers. It also worked with governments in the region to establish appropriate SPS policies and regulations (see Section III). Some of the Hub's activities included:

- A user-friendly manual that helps exporters navigate the regulatory requirements for exporting horticultural products to the U.S., Europe, and Canada
- A Horticultural Exports Roadmap that identified export-ready products in five countries,

Fertile Ground for Exports

Agricultural exports from the Southern Africa region to the U.S. increased by 35 percent under AGOA provisions, from \$132 million in 2002 to nearly \$178 million in 2003. Big percentage gains have come from fresh and processed fruit products such as citrus (17%), pineapples (98%), and table grapes (1,276%). Swaziland more than tripled its exports of pineapple and citrus products to U.S. markets, while South Africa, the dominant agricultural exporter, increased exports of fresh and frozen vegetables, fruits and fruit juices, nuts, and wines by 95 percent. About ten percent of all AGOA exports from Southern Africa come from the agricultural sector.



The textile industry is a major exporter under AGOA, creating thousands of jobs for Southern Africans like this worker at Caratex Botswana.

- studied potential markets, and identified SPS and other obstacles to entry and competitiveness
 - A pilot project to help a citrus/tropical fruit processing plant in South Africa access the U.S. market by setting up a food safety management plan that meets international HACCP standards
 - Assistance to South African mango, Namibian table grape, and Zambian baby vegetable growers in completing PRA permit applications to enter the U.S. market
 - Answers to technical questions from the Namibian Meat Board in their application process for USDA inspection of MeatCo's plants
 - An analysis of the paprika supply chain in Zambia that included recommendations for the formation of a paprika production and marketing alliance
 - An analysis of the fresh vegetables and herbs supply chain in Zambia that included options for small businesses to supply the local high-value hotel market in the area, and a training module to improve quality assurance. The training module was posted on the Hub website for access by other regional horticultural producers
 - Facilitating a meeting between South African leaders of fresh fruit producer organizations, the National Department of Agriculture and the USDA to discuss the status of quarantine options for entering the U.S. market. As a result, significant changes to treatment protocols such as the use of cold treatment and electron-beam processing are underway
- Support for women-owned businesses.** The Trade Hub worked with the American and African Business Women's Alliance (AABWA) and the International Executive Service Corps (IESC) to help export-ready women-owned businesses promote their products in the U.S. Regional businesses identified by AABWA chapters received assistance from the Hub and a volunteer IESC executive to make sure products met U.S. market requirements, and that companies had the capacity to handle U.S. orders. An IESC volunteer then added the company's products to a showcase website hosted in the U.S., which the AABWA promotes and maintains to give exposure to women's projects. Ultimately, the organizations plan to develop a catalog and e-commerce product to give these women-owned businesses the exposure they need to grow.
- Multiplying impact through a regional trade network.** The Trade Hub concentrated on linking regional businesses, NGOs, and public sector organi-

zations with their international business and government counterparts to form a regional trade network. The network included USAID/RCSA, embassies throughout the region, exporters, importers, and the trade community at large comprised of economic development associations, trade associations, chambers of commerce, regional government agencies, and other U.S. government agencies.

To maximize impact, the Trade Hub developed the "Multiplier Relationship" concept based on the premise that numerous groups conducting similar activities with limited time and resources should collaborate, multiplying their efforts and resources and capitalizing on the organizational strengths of each partner. Instead of trying to accomplish activities separately, the groups work together and let each organization focus its resources on that component it performs best.

The Trade Hub served as the lynchpin for this multiplier concept in the Southern Africa region. Working with the various embassies, the U.S. Department of Commerce, and USTR, the Trade Hub developed working partnerships with groups such as the Botswana Export Development and Investment Authority, Malawi Investment Promotion Agency, American and African Business Women's Alliance, the Ronald H. Brown Institute, Corporate Council on Africa, and many other private and public sector organizations throughout the region.

Sector Focus: Textiles and Handicrafts

While many of the project's activities will produce returns for exporters in the long run, the Trade Hub decided to focus on short-term results in two of the region's promising industry sectors — textiles and handicrafts — both of which have preferential treatment under AGOA. Textiles are the leading source of

non-fuel AGOA exports to the U.S. from all sub-Saharan African countries combined, more than doubling from 2001 to 2002. Handicrafts are largely produced by community-based organizations that directly affect their local standard of living. While handicraft exports represent much smaller volume than textiles, the sector includes very high-value items at the artisan level. The Trade Hub targeted training, capacity building, and business development services to maximize the number of producers in these sectors able to benefit from AGOA.

Creating a regional model for improving textile productivity. The Trade Hub developed a replicable Productivity Enhancement Program for the garment sector in Lesotho and Swaziland in an effort to keep valuable textile jobs from leaving the region. AGOA benefits to textile and apparel manufacturers are among the most favorable offered by any U.S. trade program. As a result, textiles accounted for 25 percent of Tanzania's AGOA exports in 2002, and employment in Swaziland's textile sector more than doubled under AGOA from 1999 to January 2002. But these regional gains are threatened by poor productivity in the sector and increasing competition from other countries as preferential access to the U.S. market phases out.

In Lesotho alone, where primarily Taiwanese-owned garment factories provide approximately 60,000 jobs, a recent study indicated that some factories operate at productivity levels of 30 to 50 percent in an industry where 85 percent productivity levels are essential to maintain global market position. In the next ten years China, India, and Pakistan are expected to become powerhouses of world competition in textile and garment production, mainly as a result of the phase-out of the WTO Multi-Fiber Agreement (MFA) quota system. Therefore, Southern Africa's manufacturing centers must significantly improve productivity if

Trade Hub Stakeholder Workshop

The Trade Hub organized a two-day consultative workshop in August 2002 to bring Hub stakeholders together and get their input into the Hub activities. Eighty-five participants from ten countries in the region attended, representing the private sector, including SMEs and women in business; the public sector; and nongovernmental organizations. The workshop provided a platform for the Hub to present its objectives and planned activities and allowed for feedback from stakeholders to ensure that they met their needs. Additionally, it allowed the Trade Hub to foster its relationships with the various regional stakeholders.

Textile and Apparel Strategy in the Quota-Free Era

The Trade Hub will participate in USTR-hosted roundtable discussions on the effects on African businesses of the elimination of U.S. textile apparel quotas in 2005. The discussions, scheduled for September 2004, will aim to develop a plan of action to ensure that Africa's textile and apparel industry survives and thrives in the new era once AGOA preferences no longer provide a competitive advantage.

Caratex Shapes Up its U.S. Exports

Apparel producers like Caratex Botswana are fully benefiting from AGOA trade preferences with assistance from the Trade Hub. Caratex Botswana produces knit-to-shape apparel primarily for the U.S. and European markets. When the company started in 1999, it quickly began exporting its knit-to-shape jerseys and sweaters to the U.S. and EU.

When AGOA legislation took effect in 2001, it presented an unparalleled opportunity for African apparel producers to export to the U.S. — or in the case of Caratex, to expand exports. However, beneficiary countries had to first meet certain customs-related criteria to become eligible for AGOA textile and apparel benefits. This included adoption of a U.S. Government-approved visa system to prevent transshipment of the products. There were also restrictions on certain categories of apparel, particularly those made with regional or third-country fabric, and confusion about whether some categories fully qualified, such as knit-to-shape apparel.

The Trade Hub worked with Caratex to secure U.S. approval of Botswana's AGOA apparel visa system, and to gain eligibility for knit-to-shape products and third-country fabric provisions for Botswana in the AGOA II legislation revisions. The Hub also helped the company itself gain approval to export under AGOA.

Since then, Caratex has significantly expanded its export market, including signing a deal to supply the Wal-Mart Corporation with knit-to-shape sweaters and jerseys. Caratex exported over \$1 million worth of apparel to the U.S. in 2002, and has increased employment from approximately 500 workers in early 2001 to more than 1,300 in 2003. The company reported over \$7.2 million in total apparel exports in 2002, and anticipates that sales could reach \$10-12 million in 2004.

Caratex is expanding to meet demand. It launched a company called Vision in 2003 that produces high quality men's and women's business attire, employing 600 additional workers. Plans are underway for another company called Caratex II that will produce jeans. The company anticipates that at full capacity, by December 2004, it will employ as many as 2,600 people — more than doubling the firm's current size.

Caratex's export success has facilitated the development of a Botswana knit-to-shape business cluster that meets and works together to discuss best practices and how to overcome impediments to trade.

"...the Lesotho government views this opportunity (Handicraft Marketing Seminar) as a means of creating jobs where they are needed most, thus alleviating the poverty that currently afflicts the nation by assuring rural communities of some income to earn a living."

Honorable Mpho Malie, Minister of Trade and Industry, Marketing and Cooperatives, Lesotho

they hope to keep the factories with their valuable jobs in the region.

The Trade Hub developed a sustainable model for working with local SME service providers to improve their capacity to offer productivity-enhancing outsourcing services to manufacturers. Such services include improving efficiency in management, human resources, waste management, technical, and inventory control processes. The project focused on piloting the model in Lesotho and Swaziland, two countries with much to lose if the textile factories relocate to other countries.

Working closely with the garment manufacturers, Hub advisors developed effective productivity assessment tools and a methodology that first guided local service providers in using the tools to audit the manufacturer and identify the necessary interventions and services, and then improved their ability to provide the services. To strengthen the local service providers, they were matched with leading regional service providers who worked side-by-side with them to improve their skills.

The Trade Hub built sustainability into the project by partnering with a local organization, the Swaziland Investments and Promotion Authority (SIPA), which helped to identify and test the local service providers who took part in the

Productivity Enhancement Program. For future implementation of the model, the Trade Hub approached the European Union (EU) for funds to help develop the capacity of local service providers. If funded, they will be matched with experienced service providers from Mauritius and South Africa. Four garment manufacturers in Swaziland have offered to participate in the program as part of the practical training for the local service providers.

The Productivity Enhancement Program is a model for cooperative development. The Trade Hub created the framework for assessing firms, engaged SIPA as a strategic partner, and helped SIPA approach the EU for additional support. ComMark Trust of South Africa is now conducting a similar program in Lesotho, drawing lessons from the Hub experience.

The productivity enhancement model was presented to representatives of the garment industry, government, international donor organizations, and other attendees at a Productivity Enhancement Conference organized by the Hub in Swaziland in May 2004. The model has been documented along with lessons learned from the pilot program. It is expected to be rolled out next in Namibia and South Africa.

Taking a hands-on approach to handicraft marketing. After helping several countries achieve Grouping 9

The Fabric of Society

- Three of the top five African apparel exporters to the U.S. in 2003 came from the Southern African region. Lesotho, Mauritius, and South Africa accounted for over US \$600 million in apparel exports to the U.S. in 2003.
- In Namibia, new and planned investment in the textile and apparel sector alone has topped \$250 million, creating an estimated 8,000 jobs.

certification to ship handmade and folkloric products duty-free to the U.S., the Trade Hub began an intensive outreach campaign to teach handicraft businesses how to take advantage of AGOA access. Southern Africa produces an abundance of high-quality handmade products ranging from intricate, museum-quality baskets to carved wooden figurines and colorful woven tapestries that tell the story of village life. While this sector does not have the potential to substantially increase employment, it does offer work to women, often in rural areas, who would not otherwise have the opportunity to learn new skills or be employed. In addition, Hub programs with small businesses in this sector were designed to bring the benefits and opportunities of AGOA directly to the people of Southern Africa.

Many of the handicraft producers are women's cooperatives, and all are small to medium-sized businesses that require special assistance to enter the U.S. market for the first time. The biggest challenges for these exporters are capacity and U.S. buyer identification. Yet there was little collaboration on production volume and marketing, and almost no understanding of the U.S. market. The Trade Hub designed a multi-level assistance

program for these companies beginning with business and financial management, followed by detailed marketing and buyer identification training.

A series of highly successful marketing seminars in March 2004 guided handicraft business owners through the necessary steps to export to the U.S. Handicraft marketing seminars were held in Botswana, Lesotho, Swaziland, Zambia, Malawi, and Namibia. The seminars provided information on buyers' expectations, pricing, quality, market analysis, and use of the Internet and email in product research and marketing. Those companies that were already export-ready learned about packaging, financing, shipping and forwarding agents, customs requirements, and specific information on how to export from each country to the U.S. Each one-day seminar was followed by a day of individual company consultations with a marketing expert.

The widely praised seminars drew from 50 to 70 participants in each country. Attendees gained a greater understanding of the complexity of sales and exporting to the U.S., and took home an extensive marketing manual created exclusively to assist them in apply-

A New Business Thinks Big

Seloka Tanning and Leather Works of Botswana began producing leather handmade products such as bags, wallets, and traditional attire, including shoes, in July 2002. Founder and owner Connie Nagafela had been working with the Hub to prepare her business for export opportunities to the U.S. when the Hub invited the new company to exhibit its products for an incoming U.S. trade mission in 2003.

"The Hub advised me on what sells in the U.S., provided me with sample catalogs, gave me buyers' addresses and contact names, and assisted me with developing marketing materials," Ms. Nagafela explains. "They also worked with me on developing my business plan. In early 2002, I took a 12-week course sponsored by our government on tanning, designing, and leatherworks. Out of 15 people in the class, I am currently the only one who started a leather business. I employ four women full time and one person part time."

Seloka Tanning and Leather Works uses the rich raw materials and natural resources of Botswana. Products are made from goat, sheep, cow, and ostrich leather, tanned naturally using vegetation from the Southern African region. Even the drying process is done naturally under the Botswana sun. They are proud to label their products "Made in Botswana." With help from the Trade Hub, Seloka Tanning and Leather Works is taking the steps necessary to expand business into the U.S. market. In the meantime, Seloka's staff have gained valuable knowledge that will help them expand their local and regional business.

ing what they had learned. The complete manual was also posted on the Trade Hub website for free download and use, to facilitate broader distribution. For many, the greatest lesson was the importance of market research and producing designs that meet market demands. The Trade Hub also stressed the benefits of cooperation among producers — for example, sharing large orders to meet volume requirements — as well as collaborating on transportation and marketing.

A second series of marketing seminars provided more intensive training to the most export-ready companies in Lesotho, Malawi, and Botswana. Participants learned about marketing strategy and business plan development, productivity enhancement, cost and pricing, and time management in a more intimate setting of just 8 to 12 people. Business owners were joined by representatives of associations and cooperatives, who carried the information back to their members.

The seminars led to plans to form handicraft associations in Swaziland, Malawi, and Lesotho. The new associations will provide further training and create a website to share market information among members, as well as maintain a marketing database with profiles of 400 handicraft businesses.

Supporting the creation of Handicraft Associations. The Trade Hub's Handicraft Marketing Seminar held in Swaziland in March 2004 inspired the participants to form a new handicraft association called "Handmade in Swaziland." The Hub helped strengthen the new organization, including developing Hub training materials for members.

Hub advisors helped the producers to coordinate marketing of Swaziland crafts as a regional cluster, and to develop a funding proposal for a local crafts center to showcase association members' crafts as well as other cultural traditions. They also explored the possibility of liaising with the U.S. Embassy in Swaziland to raise HIV/AIDS awareness among hundreds of rural producers associated with the new handicrafts association.

Malawi producers created the Handicraft Association of Malawi (HAMA) as a result of the Hub's work there. The Trade Hub assisted the organization in two major areas: capacity building for HAMA; and training in costing/pricing, business plans, and other business management tools for their members. The U.S. Embassy in Malawi took a direct interest in the Hub's work with the association.

Companies in Lesotho formed the Lesotho Mohair Association in an effort to address the large quantity expectations of American buyers. Through the association, the women accept orders and combine production to meet quantity demands. This level of cooperation is rarely seen in the region and will greatly assist mohair producers in satisfying the high standards of U.S. importers. Several companies are already exporting in small quantities elsewhere in the world. Now, with the proper preparation and guidance, these small businesses and women's cooperatives aim to establish a sustainable, size-appropriate buying clientele in the U.S. that will allow them to expand their businesses and train new employees.



Chigedze Virginia Chinyepi applied the marketing principles she learned in Hub seminars to secure sales of her company's baskets to the Smithsonian Museums.

The Success of Tjina Nkando Baskets

With the assistance of the Trade Hub, entrepreneurs targeting the U.S. market are enjoying the full benefit of the AGOA trade preference program. Entrepreneurs like Chigedze Virginia Chinyepi, founder and general manager of Tjina Nkando Baskets in Botswana:

"Prior to the Hub, I was depending on other organizations for events and trade missions. I participated in a trade mission to China, which was a terrible flop, because when you talk about an export market, you need to understand the market before you get there. The sponsoring organization didn't provide help in this area. Well, it turns out that my baskets look like Chinese hats — people in China were taking my baskets and putting them on their heads!

My first experience with the Hub was traveling to the AGOA handicraft forum in Washington, D.C. in December 2003. It was a fully sponsored event. What I liked was that the Hub knew the market very well and the program included one-on-one meetings with buyers - that is what I call business! I want to create long-term trade relationships, and the mission was so important in this. You know from the outset if your product is accepted, and if not, you learn what you need to improve and what the real end-buyer wants.

AGOA increased my sales by almost 50 percent. As a result of the AGOA mission, I now have two serious buyers. One is a gallery in New Mexico that has a relationship with the Smithsonian Museum, so my baskets are now for sale in the Smithsonian. I sent 150 pieces in my first order. The other buyer supplies retail shops in California so she has small sales, about 50 items, but she orders every four months and they are high-value baskets.

I started with ten weavers and now employ 15 women in the Okavango Delta. It takes so much time to create one product that they must work on a full-time basis whether I have an order or not. My baskets are too expensive to sell in local boutiques, so I realized that I needed to focus on the export market. I developed a website prior to the AGOA trip so that when I got to the U.S. it was up and running.

Working with the Hub has helped me in several important ways. I am not selling the quantity I'd like to yet, but through the Hub I have made contacts and buyers know about me. The workshop on marketing handicrafts provided a list of buyers' websites that I am using to contact potential customers. My products are also in the Hub showroom so I have exposure to all visitors. Even though I can't meet large orders, I've met other basket suppliers through the Hub and have seen their quality standards. Now if I get a large order I know that I can supply it. The workshops have taught us to make it a Botswana order, not a personal order.

The assistance and resources provided by the Hub have been vital. The responsibility is now on me to market my products vigorously and increase my sales. Eventually, I would like to have a sales outlet in the U.S. where people can physically see and touch my products. Then if a buyer places an order on my website, I can deliver the products in 48 hours and improve my services."



Improvements along the Trans Kalahari Corridor have helped to cut five to ten days off shipping times from Southern African producers to markets in the U.S. and Europe.

SECTION THREE

Removing the Barriers to Regional Integration and Trade

"We needed an administrative structure in order to break the bottlenecks. The country representatives to the Working Group are committed to driving the (changes)."

Helen Mbukwa,
Assistant Deputy
Commissioner, Malawi
Revenue Authority

Governments and businesses across Southern Africa were eager to work together to compete in the world market and attract investment. The region would have to update its legal and regulatory environment to support cooperation and interaction. Products and supplies would have to move freely and inexpensively across borders, over reliable transportation networks. Neighboring countries needed to agree on consistent standards and customs requirements.

When RAPID began, SADC countries had already laid the foundation for cooperation in a series of protocols that committed their governments to specific objectives and strategies to achieve regional integration. The SADC Trade Protocol committed member nations to removing internal barriers to trade and creating a regional Free Trade Area by 2008. The Transport, Communications, and Meteorology Protocol called for improving infrastructure and related services to reduce transportation and transaction costs and times. But the reality on the ground was that the 14 SADC member states were in various stages of development and the protocols existed only on paper. Laws and regulations differed from country to country. Trans-border shipments of goods and inputs faced high transportation costs and customs duties, inadequate infrastructure, and delays

at border crossings due to massive bureaucratic paperwork and inefficient and cumbersome customs procedures.

RAPID took a number of steps to help the SADC countries overcome these barriers to integration. First, the project created a mechanism for governments and stakeholders to work together to take the protocols from paper to reality. Then RAPID provided experts to help implement the reforms and align Southern African customs procedures with international standards. New procedures to smooth the shipment of goods across borders were tested on two model transport corridor initiatives, significantly reducing transit times and costs for commercial transporters. Finally, RAPID assisted countries in strengthening their ability to regulate telecommunications services, agricultural product safety, and the shared use of natural resources. With governments now equipped to facilitate rather than impede trade, they are doing their part to help regional businesses compete in the global market.

Activating Regional Customs Reforms

When the SADC Trade Protocol was ratified in 2000, it posed a great challenge to the region's customs administrations. While trade officials from each country had drafted the protocol, it was the customs officials —

"RAPID was very instrumental in helping us to modernize. For the first time we brought all the stakeholders together to map out a policy framework and come to an agreement for future cooperation. Everything was above board. This type of coordination did not exist in the past. It only took place government to government at a high level, but in terms of involving the private sector, that had not been done before."

Stallard Mputa
General Manager,
MCC Ltd.
Malawi

who had not participated in the negotiations — who were now responsible for translating the broad goals into action on the ground. Further complicating matters, the protocol had been developed without extensive stakeholder consultation, so changes would likely be necessary during implementation to achieve the goals. The regional reforms also had to conform with the legal requirements of the World Trade Organization (WTO), the World Customs Organization (WCO), and accepted international best practices.

Creating a framework for Customs cooperation. The customs administrations in the region lacked the capacity to put the necessary changes in place on their own. RAPID took the lead and created a new participatory framework for cooperation that brought together customs officials, stakeholders, and expert facilitators to guide the process. At the top was a new SADC Sub-Committee on Customs Cooperation (SCCC) made up of the heads of customs administrations, to ensure a direct communications link between the regional administrations. The SCCC served as the mechanism for mutual cooperation in the fight against customs fraud, and for customs-private sector collaboration at the regional level. Originally funded by RAPID, the SCCC is now a self-sustaining SADC organization.

Under the SCCC, RAPID formed five Customs Advisory Working Groups (CAWG), each corresponding to an annex of the Trade Protocol: Customs Cooperation, Rules of Origin, Customs Transit, Trade Facilitation, and Training. The CAWGs were responsible for developing action plans to align customs laws, procedures, and documentation of the countries as necessary to implement the Trade Protocol annexes. Each country's customs administration sent one representative to each working group, and these representatives became their nation's experts on the issues. The working groups met quarterly and reported to the SCCC. Even now as the trade protocol is being implemented, the CAWGs remain permanent SADC groups, ready to continue dealing with issues as they arise.

The CAWGs were groundbreaking in their inclusive approach to bringing all stakeholders to the deliberations. Government officials joined forces with representatives of manufacturers, freight forwarders, and road haulers. The result was a more realistic, workable plan that all parties committed to making happen. "With the CAWG we have something that's simple and working to smooth transportation in the region," stated Theo Ruiters, Chair of the Customs Transit CAWG and an official of the South Africa Revenue Service.

Impacting the Legal Trade Framework

RAPID impacted many laws and regulations that govern trade in Southern Africa, including:

- Customs management legislation of the SADC countries
- Customs tariff acts of the SADC countries
- Customs valuation provisions of Mozambique customs legislation
- Customs rules of South Africa
- Customs regulations of Botswana, Namibia, Malawi, Tanzania, and Zambia
- Road traffic legislation of Zambia, Malawi, and Tanzania
- Maritime traffic legislation of Namibia and Tanzania

"We are getting industry involved rather than just having government implement change, and industry is going the extra mile to make sure their interests are included."

Developing clear Rules of Origin guidelines.

Rules of Origin establish the means of determining the nationality of goods, qualifying them for preferential trade treatment granted by one country to another. Without these rules, countries stand to lose the intended economic benefits of trade agreements, as goods originating in third countries are diverted across their borders claiming false origin. Adoption of the Rules of Origin contained in the SADC Trade Protocol is a critical element for achieving a Southern Africa Free Trade Area by 2008. With the technical support of RAPID, the CAWG on Origin produced guidelines and manuals to help customs administrations put the SADC Rules of Origin into force. Project experts also helped countries prepare regulations for implementing the Rules of Origin, and assisted in developing electronic origin certification software that removes the possibility of fraud and the delays associated with paper certificates.

Reinforcing new procedures through training.

Widespread training of customs officials was key to ensuring that customs organizations across the region had consistent information and understood how to apply changes. RAPID worked with the Training CAWG to develop training modules on the Trade Protocol and customs topics. By training a critical mass of customs officials, the CAWG increased the use of internationally recognized and simplified customs procedures.

Adopting International Customs Standards

RAPID initiatives extended from regional integration to integrating the region itself into the global trading

system, with world-class customs services based on international best practices.

Ensuring fairness through WTO Customs

Valuation. Import duties are generally charged as a percentage of the value of an imported good. Thus the method used to establish the value impacts the competitiveness of the good. The WTO Agreement on Customs Valuation (ACV) sets strict guidelines for an objective method of determining value, making the process more predictable and transparent for businesses, and in turn fostering greater movement of goods across borders. Clear valuation guidelines also prevent corruption by eliminating the possibility of bargaining with the customs officer.

Mozambique adopted the WTO ACV early in 2003. RAPID assisted the Mozambique Customs Administration by reviewing their draft new valuation legislation based on the WTO ACV, and training the customs trainers and managers who would supervise the transition and implementation of the new system. They now form a core team of customs officials with the skills to accurately interpret and apply the ACV, and to establish a post-clearance audit system to speed up clearance of imported goods. RAPID also conducted four training workshops on the new valuation system for 240 customs managers and private sector trade operators in Mozambique, including officials at the Ministries of Finance, Trade, and Customs. As part of the training, RAPID prepared and distributed 1000 copies of a valuation user manual. Similar training was conducted for 30 customs officials in Swaziland.

Customs officials in Mozambique and Swaziland now have a solid understanding of international best practices on Customs Valuation. A 2004 evaluation found

Fighting Corruption with WTO Guidelines

The WTO Agreement on Customs Valuation gives customs officers five steps to follow when an invoice price is not acceptable, removing the possibility to bargain. It prevents situations like this:

An importer of a car produces an invoice with a price of \$15,000. The Customs officer rejects the price as ridiculously low and the invoice as fake. He estimates the price at \$30,000. The importer asks him to accept a price of \$20,000, as he cannot afford to pay duty on \$30,000. The Customs officer agrees and pockets some of the difference, complaining that the importer can afford such an expensive car while he cannot even afford to send pocket money to his daughter away at school.

"I am not aware of any other trade integration region using electronic certification of origin. SADC might be first in the world."

Theo Lyimo
Customs Reform
Advisor

"In the area of risk management, we needed a different way to clear cargo. With RAPID's help we have reduced the number of days to clear cargo at the Dar es Salaam port. Our target was 48 hours and so far we have achieved the target 50 percent of the time."

Salum Yusufu
Deputy Commissioner
of Customs, Tanzania

that countries are complying with the WTO rules, bureaucracy and corruption are significantly reduced, and there is greater consultation between customs organizations and the private sector. Products now reach the market faster since the detailed verification of value is carried out after shipments are cleared using post clearance audit techniques.

Speeding up border clearance with Risk Management. Risk management is a critical tool for enabling faster collection of import duties and taxes and maintaining international transport security standards, all while managing increasing volumes of shipments at the border without causing delays with long clearance times. Shipments are assigned a level of risk depending on a number of factors, such as the compliance track record of the trading firm and transport operator. Low risk shipments clear customs automatically and avoid delays in getting the goods to market. Customs officials with limited resources are freed up to deal with unknown, higher risk shipments. RAPID assessed risk management capacity and trained 175 customs officials in Botswana, Malawi, Mozambique, Namibia, South Africa, Tanzania, and Zambia in risk management techniques. The project also helped the South African Revenue Service to design and initiate a national risk management training policy.

In addition, officials were trained on improving compliance with new security standards issued by U.S. Customs. RAPID sponsored representatives of customs administrations from six countries to attend the Transport Security Forum in Egypt, which focused on U.S. security requirements such as the U.S. Maritime Transportation Security Act of 2002, Advanced Manifest Information rules, the Container Security Initiative, and the Customs-Trade Partnership Against Terrorism Program.

Making Transportation Systems More Efficient

Southern Africa's businesses face the highest transportation costs in the world. Transportation costs can run as much as 40 percent of the value of the products, compared to 5 percent worldwide. Delays at border crossings cause \$40-60 million per year in lost trade opportunities. Add to this long transport times and unreliable routes, and it becomes clear that transportation systems play a major role in trade competitiveness in Southern Africa. The SADC Trade Protocol established a framework for policy and regulatory changes to improve the efficiency of the region's transit system. RAPID provided targeted assistance to implement these important changes.

Restructuring and improving railway systems. The SADC Transport Protocol requires member states to

Customs Officials Trained in Risk Management

Total officials trained - 193

Botswana - 43

Malawi - 30

Mozambique - 29

Namibia - 21

Tanzania - 46

Zambia - 23

South Africa - 1 (Preparation of Training Policy)



Transportation costs in Southern Africa are among the highest in the world.

"Without RAPID's assistance in developing the Trans Kalahari Corridor initiative, things would have moved at a much slower pace, and Africa doesn't have the time to wait."

Frank Gschwender
Business Development
Executive, Walvis Bay
Corridor Group
Namibia

commit to an economic and institutional restructuring of their railways. This includes granting autonomy to railway service providers, increasing private sector involvement, enhancing operational efficiency, and promoting the establishment of integrated transport systems. RAPID provided assistance to SADC in modifying laws governing railways and investments, and conducted a series of studies to support privatization and improve operations on the regional railways. RAPID also assisted the Southern African Railways Association through institution building, demonstrating a railway costing system, preparing railway privatization analyses, and benchmarking Southern African railways against other systems worldwide.

Strengthening public-private partnerships for better solutions. RAPID helped create a platform for public-private dialogue on streamlining and harmonizing the delivery of transport services and related administrative procedures. The government had been setting regulations without any consultation with the private sector, and this created a large degree of

mistrust of the regulations. Now, transport operators and infrastructure providers join Customs officials to work as a team to review transit legislation and procedures in an open, transparent manner.

Corridor Management Committees were established with RAPID assistance to deal with transportation issues along corridors, bringing together stakeholders from all the corridor countries. Each country also established its own national corridor committee. For more detailed technical input to resolve specific issues, the Corridor Management Committees created Working Groups on Customs and Transit Facilitation, Transport Infrastructure and Operations, and Corridor Business Development and Marketing. Ad hoc task teams were also established to resolve pertinent or contentious issues, including harmonization of vehicle overload control, road user charges, and driver training and licensing.

Collaborative approaches to problem solving not only helped bring about mutual trust among stakeholders, but

"The average cost of transport is 8 South African Rand per kilometer. The TKC cuts 800 kilometers off the distance from South Africa to the port in Namibia, so you achieve a 6,400 Rand savings per shipment.

Even when you deduct the road user charge of up to 800 Rand for the heaviest truck, you still have significant cost savings in a year."

Norbert Liebich
Chairman, Namibian
Association of
Freight Forwarders

"We are one of the biggest import/export firms along the Dar es Salaam Corridor. Things have changed quite a bit due to the Risk Management system, and we expect clearance times to improve significantly. The computerized system allocates a risk rating to each consignment, based on the port of loading, the clearing agent's record and the transporter's record. If the rating is low, the shipment clears immediately."

Abbas Mohammed
CEO, Mohammed
Enterprises
Tanzania

also enhanced stakeholder ownership of the programs. The working groups and task teams have also proven to be good avenues for leveraging and harnessing internal expertise that would have otherwise been provided through consultants.

Streamlining operational and administrative procedures to reduce transportation times and costs. RAPID immediately focused on the problems of high costs and delays along the region's transportation routes. The project brought in facilitators and technical experts to guide the public-private sector stakeholders in developing a comprehensive set of strategies to deal with the transit problems. Most obvious were the administrative delays caused by excessive documentation requirements and slow processing times at border posts due largely to inconsistencies in procedures, forms, and practices among countries. The stakeholders also examined the poor state of infrastructure and transport services, which in addition to contributing to delays in transit times, drove up vehicle operation costs.

Piloting new procedures along select model transportation corridors. Realizing that implementation across the region would be challenging, RAPID decided to first pilot the transit efficiency changes on selected transportation corridors. This allowed working through the challenges in a limited geographic area to refine the procedures before rolling them out across other transport corridors in the region. Two corridors were selected for implementing improved transit regimes: the Trans Kalahari Corridor in the south and the Dar es Salaam Corridor in the north of the SADC region.

The Trans Kalahari Corridor (TKC) is a major east-west corridor that runs

across South Africa, Botswana, and Namibia, providing an important route for trade with Europe and the Americas through the west coast seaport of Walvis Bay in Namibia. It is 425 km shorter than the alternative route from South Africa to the port. The three TKC countries signed a Memorandum of Understanding (MOU) following RAPID assistance with drafting and negotiation. The MOU established a public-private sector Corridor Management Committee to manage implementation of the changes on the corridor. The existing Walvis Bay Corridor Group expanded to become a key element of the new organization. The MOU signifies binding commitment of the governments to collaborate with the private sector to make TKC a model efficient transit and trade route.

The Dar es Salaam Corridor (DSC) links Malawi and Zambia with Tanzania's port of Dar es Salaam on the Indian Ocean. Building on the TKC experience and other RAPID assistance, the DSC stakeholders of the three countries signed a Constitution committing them to work together to improve corridor efficiency. This was a public-private cooperative effort with the Ministries of Transport and Trade, Customs, infrastructure providers and managers, transport operators (port, rail and road), freight forwarders, traders (exporters/importers), immigration and security institutions, and transport brokers teaming up as equal members of the DSC Management Committee.

The TKC countries belong to a customs union (SACU), which eliminates duties on trade between the countries, but the DSC countries have no such linkage, and require country-specific duties to be paid. All procedures are different in each of the countries, requir-



Cargo security is a critical issue along the region's transport corridors and at the shipping ports.

"For the first time we've built up an understanding of how to improve the transportation network in the region. The protocols were the policy framework, and now we are building the corridor step by step. We have more transparency and a productive communications network. We've achieved an improvement in transit time, lower customs rates, and corruption at border posts is down. As a result, the volume of traffic on the corridor has increased."

Stallard Mputa
General Manager,
MCC Ltd.,
Malawi.

"On average there are 60 trucks waiting to cross the border each day. One truck consignment can carry 300 client shipments, so a delay at the border means 300 unhappy clients in Namibia. That is a large negative impact."

Theo Ruiters
South African
Revenue Service
Chair, Customs
Transit Working
Group

ing different forms and standards to facilitate crossing at each border.

RAPID assisted the TKC and DSC Management Committees in creating action plans for introducing new efficient transit regimes along the respective corridors. Using a collaborative approach to develop creative solutions, RAPID helped achieve several significant improvements that vastly improved transportation times and lowered costs along the model corridors. These improvements can now be rolled out along other key transportation routes in the region.

- *A single administrative document speeds up customs clearance.* Documentation was an obvious choice for change on the TKC. It took more than nine separate customs documents for a shipment to move along the corridor. RAPID facilitated adoption of a single administrative document (SAD) that is now used across all three countries, saving both time and cost. To create the SAD, RAPID advisors had country representatives talk through every detail, down to the need for each box on the new form. Addressing each concern ensured the form's sustainability. Learning from the experience of the TKC, the DSC countries have adopted a similar document, which they expect to implement by the end of 2004, when the three Customs Administrations concerned will be at the same level of computerization.
- *Infrastructure upgrades extend border post hours and improve service.* Upgrades to border post infrastructure such as providing electricity and computer systems have greatly improved the quality of service along the DSC. Operating hours at border posts have been extended, initially to 18

hours with an objective of getting to 24 hours, and customs processes are now either computerized or being computerized. Average clearance times on the Zambia-Tanzania border have dropped from 2 to 3 days to 5 hours.

- *One-stop border posts reduce delays.* Shipment delays add to the cost of transportation and hurt competitiveness. Consultations are ongoing among stakeholders (customs, immigration, security, transport operators, freight forwarders) in the TKC and DSC countries to implement a pilot one-stop border post operation project at a minimum of one border post along each corridor. RAPID studies and recommendations on the related necessary policy and legislative changes in Botswana, Namibia, and South Africa have provided a basis for these ongoing consultations.
- *Vehicle overload controls reduce maintenance costs.* Overloaded trucks damage highways, increasing both vehicle operation costs and government expenditures on highway maintenance. Cross border measures to address vehicle overloading are underway in the TKC, DSC and North-South (Zambia - Botswana - South Africa) transport corridor, including modernizing facilities, increasing collaboration between weighbridge operators and customs officials at borders, and mobilizing and training relevant officials.
- *A transit bond guarantee system to speed transit traffic.* Goods transiting national boundaries must be guaranteed by a transit bond that will cover customs duty and other taxes in the event of illegal diver-

"To the Government of Botswana, the importance of the Trans Kalahari Highway is two-fold. First, the highway has ended the historic isolation of the two western districts of Kgalagadi and Gantsi. The desire of Government was to help spread out and balance economic development across the nation, as well as foster national unity. Thus, the Government's principal of social justice has to a considerable extent been met. Second, the highway represents Botswana's contribution to the promotion of the economic integration of Southern Africa."

Honorable Tebele Seretse, Minister of Works and Transport, Botswana

sion. At present, each country has its own requirements for such bonds, which causes delays at border entry points and increases the cost of goods from the region. RAPID initiated the adoption of one common international customs transit bond with extra-territorial liability in the TKC and DSC. Relevant stakeholders including customs authorities, freight forwarders, transporters, insurance and banking institutions have accepted the RAPID recommendations in principle, and the countries are discussing implementation details.

- *Ensuring the security of cargo.* Cargo security has become a critical issue for the corridor committees. The countries and stakeholders need to comply with various security requirements of the world's largest markets, in particular the U.S., EU and Japan, as well as multilateral organizations such as the International Maritime Organization (IMO) and World Customs Organization (WCO). These cargo security initiatives are particularly aimed at combating possible use of the transport corridors by terrorists. RAPID worked with the TKC and DSC Committees to put the issue of cargo security on their agendas and plan for regional compliance.

The project sponsored seven representatives from the two corridors to attend the "Transport Security Forum" in Cairo, Egypt, sponsored by the U.S. Trade and Development Administration (USTDA) in cooperation with the U.S. Departments of Homeland Security, Transportation, State, and Commerce, and the WCO. This led to the Corridor Management Committees agreeing to develop cargo security codes along the respective corridors as soon as possible. Separately, Namibia and Tanzania have now achieved compliance with the IMO International Ship and Port Facility Code; a container scanner has been installed at the Dar es Salaam port; and the USTDA is assisting with implementation of a pilot project on secure trade lanes along the TKC.

- *A performance monitoring system to track bottlenecks.* The TKC and DSC committees have agreed to install a performance monitoring system developed with RAPID support that tracks key performance indicators such as transit times, cost and traffic volume along various segments of the corridor transport chain. This information is critical to the ability of the committees to proactively identify and address problems. The system comprises

Truck Volume Tells the Story

The main achievement of the Trans Kalahari Corridor initiative is utilization. Frank Gschwender of the Walvis Bay Corridor Group notes that when RAPID started the initiative in early 2000, utilization of the corridor was at 15 to 20 percent of predicted capacity. Today, the utilization rate is about 60 percent, with the number of trucks crossing the border increasing from 15-20 per day to 60-65 per day.

a Web-based corridor performance database administered by the respective TKC and DSC Secretariats that enables all stakeholders to enter data and generate performance reports.

- *Multi-modal transport operations to ease delivery.* The DSC management committee is applying RAPID review recommendations and working with private sector logistics operators to provide one-stop service for the seamless transportation of cargo along the corridor, using various modes of transport from origin to destination. The USTDA conducted a similar review and made recommendations to the Walvis Bay Corridor Group on a strategy for establishing multi-modal transport service along the TKC.
- *Fair and harmonized road user charges.* On the strong recommendation of and with facilitation by RAPID advisors, the TKC and DSC management committees have agreed to harmonize road user or transit charges, eliminating the many varying transit charges imposed which lead to an unjustified increase in transportation cost. Implementation of the harmonized charges is awaiting completion of an EU-financed SADC review of the charges, and development of a manual for guiding collection of charges. In response to the RAPID facilitated pressure from the TKC and DSC committees, SADC and the EU have agreed to accelerate undertaking the review, so that results will be available before the end of 2004. The committees intend to fast track implementation as soon as the results of the review are obtained.

Fighting HIV/AIDS along the corridors. The prevalence of HIV/AIDS in Southern Africa impacts every facet of life, including economic competitiveness. HIV/AIDS is a significant problem along the corridors, as truck drivers stop and interact with those living along the route. HIV infection rates among long distance transport service providers are estimated to be as high as 30 percent, and nearly 60 percent among their female partners. Driver behavior affects travel times and productivity as a result of delays and the need for retraining to replace lost personnel.

RAPID and the corridor committees have encouraged the establishment of dedicated HIV/AIDS initiatives and programs along the TKC and DSC. The suggested actions include awareness campaigns and peer education, provision of testing and counseling centers, and increasing availability of condoms, especially at major stopping centers along the corridors. The corridor initiatives build on the experience of other programs including the TKC help desk, the Federation of East and Southern Road Transport Associations road freight industry AIDS project, and national and SADC HIV/AIDS programs.

Sustaining corridor efficiencies and cost reductions. The corridor management committees were concerned with sustaining not only efficiency and cost reduction gains, but also the committee structure and related analytical capacity they had achieved with RAPID support. RAPID worked with the TKC and DSC Management Committees to develop strategies to ensure the availability of needed expertise and funding to implement the respective action plans and sustain the achievements. Both corridor committees have committed funds to finance core Secretariat personnel and programs, and expect continued donor support. Subsequently, they will establish user fees that tap into projected transportation cost savings for sustaining Secretariats at levels determined by the demand for programs being implemented.

Strengthening the Regulatory Environment

Ensuring reliable telecommunications. Reliable communications networks, including mobile phones and Internet services, are a basic requirement for doing business and attracting investment. Taking direction from the SADC Protocol on Transport, Communications and Meteorology, RAPID worked with representatives from the region's telecommunications sector to reach agreement on common policies and regulations that reformed the sector and increased the range and quality of services. Southern Africa now has a strategy on telecommunication that promotes economic development and bridges the digital divide within the region and with the rest of the world.

Through a series of regional conferences and workshops, policy studies, and individual country assessments, RAPID telecommunications experts strengthened the capacity of the region to construct

modern networks and attract investment, laying the foundation for deregulation and privatization of the telecommunications industry. They helped to develop guidelines for the region on important issues such as consumer protection, universal service, licensing, fair pricing and competition, and numbering harmonization to ensure that networks and services would connect smoothly from country to country.

To ensure ongoing coordination, a telecommunications regulatory body was established with RAPID's assistance in each country except Swaziland, and these national agencies were linked to form the Telecommunications Regulators Association of Southern Africa (TRASA). RAPID also supported TRASA in developing a comprehensive website. The association became a model for other regions.

Meeting sanitary and phytosanitary (SPS) requirements. While the Trade Hub worked with businesses to meet SPS export requirements for agricultural products (Section II), RAPID helped the region assess its regulatory capacity to enforce international SPS standards. The project's strategy at the government level was to help draft the SPS/food safety annex to the SADC Trade Protocol to ensure harmonization among member states, and then assist countries in applying the standards. As part of the process, RAPID consultants identified lessons learned from SPS harmonization under NAFTA and the EU. While the Hub's work on the SPS annex was not included in the Trade Protocol, RAPID proceeded to conduct assessments of animal and plant health and food safety in 11 countries. These assessments compared existing regulations with international standards, and provided recommendations for improvements and ongoing guidance on updating regulations, building infrastructure, staffing and training. Model legislation was drafted on plant protection and disease and pest control in several countries

Agricultural exporters also require access to accredited laboratories to determine that each shipment is free from pests and diseases. At present, labs at the export destination are typically used to certify shipments, which is costly for the exporter in time and money. RAPID provided technical assistance through a pilot project to conduct food testing laboratory assessments in Mozambique and Tanzania.

The laboratory surveys assisted those countries in improving their procedures for addressing international standards and attaining accreditation.

Taking a livestock vaccine to market. RAPID funded a study that assessed the commercialization of a potential livestock vaccine based on USAID-funded disease prevention research in Southern Africa. Heartwater disease carried by ticks is a significant problem in the Southern African region, where 65 percent of livestock are raised in tick-infested areas. Vaccination against heartwater disease would prevent an estimated \$97 million in losses and treatment costs annually in the SADC region.

Protecting and Managing Shared Natural Resources

Increasing pressure from fast-paced economic development underscores the need for countries in the region to cooperate in managing and protecting the region's scarce and valuable natural resources. This includes the protection of the region's stunning wildlife and ecological systems that attract a vital tourism industry, and the equitable sharing of water resources. Ecosystems do not follow national boundaries: as one workshop speaker quipped, elephants don't need visas. Actions taken by one country may adversely affect the environment and related industry in another country. RAPID supported the sustainable development objectives established by SADC Protocols on shared water course systems, wildlife, and tourism with a number of separate activities, including the following.

Introducing new resource management concepts. The Four Corners area between Botswana, Namibia, Zambia, and Zimbabwe covers some of the most beautiful natural sites in the region, including Victoria Falls, the Chobe River Basin, and the Okavango Delta. RAPID worked with the United Nations Development Program to introduce the Transboundary Natural Resources Management Area (TBNRMA) concept for managing the area's environmental system. The project organized a workshop on the TBNRMA initiative for stakeholders from the four countries that laid the groundwork for future cooperation.

Strengthening wildlife management capacity. The SADC Protocol on Wildlife Conservation and Law Enforcement establishes a common approach to

the conservation and sustainable use of wildlife resources in the region. RAPID consultants worked with government wildlife departments and other appropriate departments and ministries to develop a strategy for achieving ratification of the protocol and putting it into action. Separately, the project assessed selected wildlife training institutions in the region to determine their training needs and their ability to meet growing regional demand for natural resource managers.

Expanding community-based tourism. Nearly 40 percent of the SADC region is natural habitat, representing a valuable resource for expanding economic growth through tourism development. Despite the fact that tourism is the fastest growing business sector in the world, Africa is estimated to capture only two to three percent of this market. Issues such as poor infrastructure, disease control, and lack of tourism promotion have hampered the development of the tourism industry.

RAPID looked at creative ways to assist in the development of the regional tourism sector and began to study the viability of Community-Based Natural Resource Management (CBNRM). These programs embrace the theory that renewable natural resources will only be conserved if their management is firmly in the hands of those whose lives depend upon their continued supply. The sustainable use of indigenous natural resources through CBNRM provides communities with direct environmental and economic benefits.

The Regional Tourism Organization of Southern Africa determined that increasing market demand for community-based tourism would both diversify and expand the tourism sector by providing an alternative to conventional tourism. Although a diverse range of community-based tourism products were operating in most of the SADC countries, there was no clear

understanding of the nature and size of the sector, and the level of benefits flowing to the communities was difficult to quantify. In addition, the majority of community-based tourism products were not being marketed as effectively as the conventional mainstream commercial tourism products.

RAPID conducted a regional study on the Natural Resource Based Community Tourism (NRBCT) sector and recommended actions to ensure the long-term sustainability of these operations and future initiatives. The project also assisted the tourism organization in compiling a regional directory of NRBCT operators and products, and in formulating a marketing strategy for NRBCT in the region. RAPID organized a related workshop in March 2001 for key regional stakeholders in the community-based tourism industry.

Protecting the health of water systems. The Limpopo River Basin Environmental Initiative supports the SADC Protocol on Shared Watercourse Systems, which ensures equitable sharing and efficient conservation of water within the region. The Limpopo is an important river basin within the SADC region. However, over-utilization of water resources and pollution from high-density urban settlements, mining and other industrial development has impacted the natural environment downstream. RAPID assisted SADC in working toward key elements of the Watercourse Systems protocol by conducting an environmental appraisal of the Limpopo River Basin to develop a preliminary understanding of the issues, constraints, and opportunities associated with establishing an integrated water management system under the planned initiative. RAPID further assisted by organizing a workshop on the Future of Biodiversity and Water in Southern Africa, which explored ecoregion planning and water resources management.



Managing shared natural resources ensures that the region's wildlife and natural beauty will continue to draw strong tourism revenues.



RAPID helped mango growers in South Africa to understand and prepare pest risk assessments to meet U.S. agricultural import requirements.

SECTIONFOUR

Learning from the RAPID Experience

Lessons Learned on What Works

The RAPID team based in Botswana drew on the combined strengths of seasoned development professionals, Southern African policy experts from many of the organizations that RAPID assisted, and a young, energetic, multicultural staff. Together, they identified a number of lessons learned on the project that can help guide other projects aiming to catalyze integration and trade on a regional scale.

Take a long-term view. The drive to produce visible results must be balanced with the effort to build a foundation for overall success. At the same

time, the results of the short term should directly link to long-term success, in this case volume and value of trade. The full impact of RAPID will be visible in the future as companies make use of the information and skills they gained through the project, and governments complete implementation of new policies and systems that support trade.

Address the needs of government and business. While the private sector often requires help to take advantage of trade agreements, governments must also do their part to create a supportive trade environment. USAID/RCSA understood this when

Success is a Team Effort

Working groups and task forces were the key to successful implementation on RAPID. When using these mechanisms, it is critical that advisors guide, not dictate. It is also important to establish timeframes and hold representatives responsible for completing tasks. Be clear about the benefits to each; benefits are a key element of creating ownership and buy-in of the changes being made.

RAPID advisors worked step by step with stakeholders from the countries along the transport corridors to develop action plans. Each country decided who the members of the task force should be, and included representatives from the road authority (infrastructure management) and shipping operators (corridor users). Together the group discussed the problems, developed a plan, and coordinated on implementation of the solutions. As a result the changes were more effective, comprehensive, and sustainable.



Handicraft cooperatives like Oodi Weavers in Botswana provide vital jobs and incomes to women in rural communities.

they structured RAPID to be a quick response mechanism to meet the needs of both government and business. RAPID took a holistic approach to trade facilitation, providing a range of assistance at all levels along the market chain, to individual firms, industry sectors, national governments, and regional organizations.

Broaden participation for sustainability. RAPID completely changed the dynamics of regulatory reform by bringing all players to the table and giving them equal voice in identifying problems and offering solutions. RAPID succeeded in establishing a sustainable framework for regional dialogue and cooperation where it had not previously existed. Not only did this produce the most effective action plan for achieving the regional trade goals, it also created important buy-in at all levels, ensuring that changes would be sustainable.

Encourage national strategies for stronger results. Countries that took a strategic approach to trade produced stronger export growth. RAPID helped Zambia and Namibia to take maximum advantage of AGOA opportunities through comprehensive National AGOA Strategies. These countries have taken a more focused, action-oriented approach to trade facilitation and have achieved strong increases in AGOA exports. RAPID was prepared to provide similar assistance to other countries until

USAID adjusted its strategy to a more business-focused approach.

Show them the money. RAPID advisors realized that in order to convince regional governments to undertake major trade facilitation reforms, they needed the incentive of increased revenues. Customs administrations were enthusiastic about implementing new risk management procedures because faster shipment clearance times also sped up the collection of customs duties. Highlighting revenue benefits also made it easier to gain the support of ministries and the most senior levels of government.

Engage champions for change. Whether in government or the private sector, you can always find someone who identifies with what you are trying to accomplish, to serve as a champion and help bring others on board. Often, these champions are the first to make changes in their own organization, and can provide technical assistance to others by sharing their experiences. They are also important to the sustainability of new initiatives. One true champion for transportation reform was Barney Curtis, executive director of the Federation of Associations of Road Transporters, whom RAPID advisors involved in most of the project's efforts in trade facilitation.

Focus on results, not tasks. Whenever possible, RAPID endeavored to address problems in a cohe-

"A firm will use whatever information you give them and run with it. Every time the Hub invested in providing information, we always got results."

Nancy Jaffie,
RAPID COP

sive manner based on targeted results. It was clear that Southern Africa must reduce the time and cost of transportation for regional goods to become competitive. Rather than addressing each problem individually, RAPID created transport corridor initiatives to deal with the interrelated issues. Taking a horizontal approach, the corridor committee looked at the entire transportation chain and identified the issues and concerns of each stakeholder along that section of road — shippers, clearing agents, customs officials — and identified who was responsible for each bottleneck. Then they assigned specific tasks to the Working Groups. By addressing the desired results first, the corridors achieved quicker and more effective resolution.

Tie into the bigger picture. It was important for RAPID to demonstrate how the project would benefit Southern Africa beyond AGOA and increasing U.S. trade, to strengthening regional efforts to join the world economy. Once stakeholders understood that RAPID-led changes were relevant to requirements of WTO, WCO, NEPAD and other global trade agendas, the project became important to all levels of government and business leaders, from ministers to entrepreneurs.

Link with existing programs. Formal relationships were established with the South African International Business Linkages Program, U.S. Department of Commerce Minority Business Development Agency, American and African Business Women's Alliance, Ronald H. Brown Institute, International Executive Service Corps, Corporate Council on Africa, and many other private and public sector organizations throughout the region to leverage efforts to serve the business community and provide business linkages.

Recognize that policy reform takes time. When RAPID advisors first sat down with policymakers at the beginning of the project, they established a much shorter time-frame for completion of many of the initiatives, such as the transportation corridors. They didn't take into account the layers of approvals and other actions that required the involvement of people beyond the immediate Working Groups, who did not have the same sense of urgency and commitment to the project goals. Projects must either realize that policy reform takes time, and plan accordingly, or be prepared to apply more resources to the problem to reach out and engage others related to the process.

Remember that information is a powerful tool. The project learned to never underestimate the importance of information to achieving results. As a one-stop shop on trade with the U.S., the Trade Hub provided information at all levels of export readiness so that every stakeholder had access to the data they needed. The Trade Hub website was a priority tool, as were marketing manuals and buyer identification guidebooks.

Roll up your sleeves and offer hands-on assistance if necessary. Sometimes only hands-on assistance will help. Even when governments know what they need to do to facilitate trade, they often simply don't have the people or the capacity to take action. Projects must be ready to provide direct assistance and even do the job when necessary to move reforms along. For example, RAPID experts sat side-by-side with Mozambique officials to help them draft customs legislation required to meet their WTO obligations on Customs Valuation.

Use credible experts. Country officials were most interested in learning from consultants who were actually practicing what they preached in their own work, for example customs experts who had successfully employed risk management techniques. By showing what another country had achieved, technical assistance took on a practical rather than theoretical nature.

Pay attention to the details. The Trade Hub worked with a broad range of companies seeking to enter the U.S. market, from those already exporting to other destinations, to businesses learning to export for the first time. Still, the Hub advisors knew that the U.S. market had its own unique expectations, down to the information buyers would expect in their first meeting. The Trade Hub made sure firms were ready:

Julie Nixon of Rosecraft Industries put her detailed training to use during the AGOA Forum in Washington, D.C. and made the sale. "The Hub had taught me how to deal with American buyers, so I put everything needed into a folder, including a price list, the history of the company, a prospectus of key personnel, and contact information. When I saw the Smithsonian guy I grabbed him and handed him the file, and he was impressed!" Rosecraft items are now selling in the Smithsonian Museum shops.

Design Challenges Along the Way

Because of the project's responsive, open-ended IQC design, RAPID experienced more than its share of changes and setbacks typical for a project its size. The Chemonics team worked hard to address problems in a collaborative way with the RCSA Mission wherever possible and to deal with issues promptly, minimizing impact on the project's results. The team's experience offers some valuable guidance for future projects.

Too much flexibility can be burdensome. The structure of the RAPID contract called for quick reaction, but the amount of flexibility sometimes got in the way of achievement. RAPID went through three distinct implementation phases due to the changing nature of the contract and objectives. First the project was to be a responsive toolkit with tasks

driven by regional trade demand. RAPID tried to link activities for synergies, but there was a lack of integration as the activities were classified according to strategic objectives whose management teams were not necessarily operating in an integrated manner. Then the project restructured to focus on potential competitive clusters, such as horticulture and textiles. Finally, the Trade Hub became the project's priority. The refocusing and restructuring meant that resources were not necessarily used in the most effective way.

Long-term multi-year contracts need to be well defined. Flexibility must not replace the technical vision a project should reflect, nor a clear plan to achieve strategic objectives through interim and long-term results. When using an IQC contract structure, every task order must relate to the others and there must be coordination. In RAPID's case, the multiple task orders were each managed without the necessary coordination to ensure achievement of desired long-term results.

Effective management requires clear communications. A management structure with clear lines of authority and responsibility helps to ensure effective internal communications. Partnership and teamwork between USAID and the contractor are vital on such a broad project. Yet communications in some cases were confusing when some specialists at RCSA dealt with RAPID bilaterally, sometimes providing conflicting signals and guidance.

Regional and bilateral missions require solid cooperative relationships. The working relationship between RCSA and the bilateral USAID missions could have been stronger to achieve better coordination and cooperation. Country missions must be fully committed to a regional project, with a clear understanding of what is being done by each mission and the value of complementary work. The USAID bilateral missions were at times not clear on how the project would meet both individual country and regional objectives. Sometimes this confusion limited facilitation and appreciation of the contribution of RAPID advisors in some countries.



The Dar es Salaam Corridor links Malawi and Zambia with Tanzania's port of Dar es Salaam on the Indian Ocean.



SECTION FIVE

Looking Forward

"We need to publicize the DSC to transport operators. We've improved safety, removed the bottlenecks, and the corridor is ready for use, but there has been no formal publicity to the users to inform them of the changes. Importers don't know that the situation has improved and still have concerns about using the corridor."

Helen Mbukwa,
Assistant Deputy
Commissioner, Malawi
Revenue Authority

The RAPID project and the Trade Hub helped to develop a framework for regional cooperation and sow the seeds for increased regional trade with the U.S. and international markets. As Southern Africa continues to expand on these efforts and identify new initiatives, RAPID stakeholders have suggested the following activities:

- Information about AGOA opportunities should continue to be made available to stakeholders throughout the region and the U.S.
- The Dar es Salaam Corridor should complete the process of instituting a universal transit security bond guarantee scheme accepted by all corridor countries.
- Cross-border customs charges should be harmonized; the CAWG countries agreed to this, but now it must be implemented.
- Initiatives in customs reform should continue. For example, SACU and MMTZ countries should be further assisted in removing barriers to exports.
- Risk management procedures should be fully implemented.
- The Rules of Origin electronic certification and transmission

system should be implemented across the region.

- Assistance should be provided to implement U.S. Customs Cargo Security Initiatives.
- The Trans Kalahari Corridor performance monitoring system to monitor corridor utilization should be fully implemented.
- Businesses should be trained on quality of production: what it means, and the systems necessary to ensure quality and produce competitive products. Businesses have the potential but not the quality to export; they need to know what the market demands and to understand international standards.
- Women-owned businesses need stronger advocacy and better visibility.
- The Transport Corridors should coordinate on harmonizing both the rates and methods of charging fair road user fees.
- The private sector needs a formalized system and improved capacity to formulate arguments and lobby for policy changes that support business growth.

Credits

On the cover

Dock workers handle cargo at the Dar es Salaam port in Tanzania.

Inside cover photograph - John Neystadt

Photo on page 38 - South Africa Mango Growers' Association

Barbara Zadina photographs - pages 22, 37, 40, 44, and 46-7

All other photos - The Trade Hub

Design: Jane deBruijn







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