

SOUTHERN AFRICA GLOBAL
COMPETITIVENESS HUB



Second Quarter Report
Financial Year 2010
January 2010 to March 2010

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ACRONYMS

AEOs	Authorized Economic Operators
AfDB	African Development Bank
AGCI	African Growth and Competitiveness Initiative
AGOA	African Growth and Opportunity Act
APHIS	Animal and Plant Health Inspection Service
B2B	Business to Business
BURS	Botswana Unified Revenue Service
CARANA	CARANA Corporation
CBL	Central Bank of Liberia
CBVOC	Cross Border Vehicle Overload Control
CMCs	Corridor Management Committees
CMI	Corridor Management Institution
COMESA	Common Market for Eastern and Southern Africa
COMPETE	Competitiveness & Trade Expansion Project
CoSSE	Committee of Stock Exchanges
CPMS	Corridor Performance Monitoring System
CSIC	Customs System Interface and Connectivity
DAFF	Department of Agriculture and Forestry
DC	Dar es Salaam Corridor
DCC	Dar es Salaam Corridor Committee
DRC	Democratic Republic of Congo
EAC	East African Community
EAFCA	Africa Conference on Transport Logistics
EPA	Economic Partnership Agreement
EU	European Union
FANR	Food and Natural Resources
FDA	Food and Drug Administration
FTA	Free Trade Area/Agreement
FY	Financial Year
GRAS	Generally Regarded As Safe
GTZ	German Agency for Technical Cooperation
HACCP	Hazard Analysis and Critical Control Point
HIV/AIDS	Human Immunodeficiency Virus/Acquired Immune Deficiency Syndrome
ICFF	International Contemporary Furniture Fair
ICP	International Cooperating Partner
ICT	Information and Communications Technology
IEHA	Initiative to end Hunger in Africa
INSAT	Inside Southern African Trade
IT	Information Technology
JICA	Japan International Cooperation Agency
MBA	Master of Business Administration
MC	Maputo Corridor
MCA	Millennium Challenge Account
MCLI	Maputo Corridor Logistics Initiative
MFW4A	Making Finance Work for Africa
MMTZ	Malawi, Mozambique Tanzania Zambia
MOU	Memorandum of Understanding

MRA	Malawi Revenue Authority
NATHAN	Nathan Associates Incorporated
OSBP	One Stop Border Post
PASA	Participating Agency Service Agreement
RADDEx	Revenue Authority Digital Data Exchange System
RECs	Regional Economic Communities
RERA	Regional Electricity Regulators Association of Southern Africa
RISDP	Regional Indicative Strategic Development Plan
ROO	Rules of Origin
SACU	Southern African Customs Union
SAD	Single Administrative Document
SADC	Southern African Development Community
SAFFA	South Africa Fine Foods Association
SAGCH	Southern Africa Global Competitiveness Hub
SAHC	South African Honey Council
SAIBL	Southern Africa Investment & Business Linkages
SARS	South African Revenue Service
SPS	Sanitary and Phytosanitary
SWEEP	Swaziland Enterprise and Entrepreneurship Program
TC	Trade Competitiveness
TCC	Technical Coordination Committee
TCP	Trade Competitiveness Project
TFCB	Trade Facilitation and Capacity Building
TFNA	Trade Facilitation National Self-Assessment of Needs and Priorities
TIFI	Trade Industry Finance and Investment
TKC	Trans Kalahari Corridor
TKCMC	Trans Kalahari Corridor Management Committee
TMCM	Trade Monitoring and Compliance Mechanism
TPA	Tanzania Port Authority
ToT	Training of Trainers
TRA	Tanzania Revenue Authority
Trade Hub	Southern Africa Global Competitiveness Hub
TRADE	Trade for African Development and Enterprise
TRS	Time Release Study
U.S.	United States
UK	United Kingdom
UPP	User Pay Principle
USA	United States of America
USAID	United States Agency for International Development
USDA	United States Department of Agriculture
USG	United States Government
USTR	United States Trade Representative
WBNL	Walvis Bay Ndola Lubumbashi
WCO	World Customs Organization
WESGRO	Western Cape Investment and Trade Promotion Agency
WTO	World Trade Organization
ZRA	Zambia Revenue Authority

EXECUTIVE SUMMARY

During the second quarter of Financial Year (FY) 2010 (January – March 2010), the United States Agency for International Development (USAID) Southern Africa Global Competitiveness Hub (otherwise known as the Trade Hub) continued to achieve significant results across all areas of activities.

This Second Quarter Report of FY 2010 outlines the activities and results achieved from January to March 2010. Financial information, project indicators and outreach and communications indicators are provided at the end of the document. CD versions of this report with links to other reports referenced in the text can be obtained directly from the Trade Hub.



The following are some of the major Trade Hub activities and achievements during the second quarter of FY 2010 across the activity areas.

1. Trade and Investment Enabling Environment

This component includes activities designed to support SADC to implement their regional integration mandate; build trade capacity within the region; help stakeholders to take advantage of opportunities provided by regional and international trade agreements; facilitate trade; harmonize and improve customs procedures and practices; and facilitate trade along regional transport corridors. In the 2nd quarter of FY2010, work was undertaken across all areas with significant outcomes for the following activities.

- **World Trade Organization Trade Facilitation Needs Assessment for Namibia:** In March, Mr. Godwin Punungwe, Transport Advisor, and Ms. Kudzai Madzivanyika, Trade Facilitation Assistant, assisted the Government of Namibia with their World Trade Organization Trade Facilitation Needs Assessment. The outcome of this week-long assessment was a Trade Facilitation Assessment which will provide the Government of Namibia with a guide to prioritize interventions to improve trade facilitation.
- **Review of Risk Management and Authorized Economic Operators programs:** Ranga Munyaradzi, Senior Customs Advisor, and Robert Holler, USAID TCBoost program, undertook a comprehensive review of risk management practices and AEO programs in the Trans-Kalahari Corridor (TKC) countries as part of the program to develop a regional approach in these areas. A status report and a draft policy framework were presented to the TKC customs administrations for comments and inputs on the way forward.
- **Clients Service Charter:** Mr. Munyaradzi provided technical inputs and facilitated meetings of stakeholders to produce the final draft of a TKC regional Clients Service Charter. This regional service charter is intended to ensure that public expectations of service delivery are matched by measurable performance standards.
- **Update of Customs and Excise Manuals – Botswana:** Mr. Munyaradzi and Timothy Chisembwere, short-term Customs Consultant for the Trade Hub, re-drafted

and updated the Botswana Customs and Excise Procedures and User's Manual. The drafts were submitted to the Botswana Unified Revenue Service (BURS) for comments before finalization.

- **Training of Trainers in Excise Management – Namibia:** Mr. Munyaradzi and Mr. Chisembwere conducted a “train the trainers” course for Namibian customs trainers and key excise officers. The main objective of the training was to provide Namibian customs officials with current excise tax law and procedures.
- **Revenue Authority Digital Data Exchange Launch:** In February, Mr. Munyaradzi facilitated the launch of the Revenue Authority Digital Exchange System (RADDEx) between the Malawi and Tanzania Revenue Authorities. The RADDEx connectivity will facilitate electronic transmission of data between the two border points with significant decreases in transactions time. This system is the first of its kind in Southern Africa.
- **User Pay Principle:** Throughout the quarter, work proceeded on the adoption of a sustainable funding mechanism, the User Pay Principle (UPP), across all three corridors within the Trade Hub's Scope: the TKC, the Dar Corridor and the Maputo Corridor. The Trade Hub initially conducted a study for the adoption of the UPP along the Dar Corridor in 2008. Following the recommendations of this study, the Dar Corridor Executive Committee agreed to implement the UPP with effect from July 2010. This represents a major achievement towards sustainable funding of the corridor and the sustainability of the Trade Hub's capacity building initiatives with the Dar Corridor.

2. Private Sector Competitiveness

This component seeks to improve the capacity of regional businesses and cluster to produce and market competitive goods and services. The Trade Hub's activities endeavor to develop value-adding export relationships within the region and internationally by providing access to technical assistance. Key initiatives in this quarter include:

- From January 8 to 13, Mr. Thompson traveled to Swaziland to meet several clients in the processed food and textile industries. One of the companies – Eswatini Kitchen – was at the 2009 Fancy Food Show and will again be at the 2010 Fancy Food Show to be held in June in New York City. Mr. Thompson also met with Swazi Secrets, a company that makes various skin and body care products from marula. In addition to the above meetings, Mr. Thompson also met the United States (U.S.) Ambassador to Swaziland to brief him on Trade Hub activities.
- From February 15 to 18, Ms. Shearer traveled to Las Vegas, Nevada, for the 2010 MAGIC Textile Show. The Southern Africa Trade Hub partnered with the East Africa and West Africa Trade Hubs to sponsor the “SOURCE Africa” pavilion, which houses all African companies together. One highlight of this year's MAGIC Show was a visit to the pavilion by the U.S. Trade Representative (USTR), Ambassador Ron Kirk.

- On a visit to Cape Town, South Africa, to meet with potential delegates for the upcoming Apparel and Textile Business-to-Business (B2B) Event, Ms. Shearer, toured Ideal Fastener, the largest supplier of apparel trims and fasteners in Africa.
- From March 8 to 10, Mr. Joop de Voest, Textiles and Apparel Value Chain Consultant, traveled to Lesotho to meet with textile companies about the B2B Event. The B2B Event brings together buyers and sellers from various parts of Africa as well as from the U.S. and Europe. A record number of buyers have already been recruited, and it is anticipated that this year's event will be the biggest ever.
- The Trade Hub provides support to Southern African companies looking for information on ways to access the U.S. market through AGOA. This includes numerous responses to information regarding regulatory requirements related to Food and Drug Administration (FDA) requirements for food exports to the U.S. and AGOA product eligibility. From February 19 to 21, Mr. Thompson and Ms. Shearer traveled to Cape Town, South Africa, for the Natural and Organic Products Exhibition. Two U.S. consultants were hired to visit South Africa and look at the country's organic sector for possibilities of exporting products to the U.S. In addition to speaking at the Natural Organics Products Exhibition, the consultants met with various regional stakeholders to learn more about the organic opportunities.
- From March 3 to 6, Mr. Thompson and Ms. Shearer traveled to South Africa to meet with Georgetown University Master of Business Administration (MBA) students during the presentation of their recommendations to Intshona Dairy Company. The students spent six months at the company as part of their senior year project. Intshona Dairy Company exports to other regions of Africa. The Trade Hub team also visited BulbAloe, a company owned by a former pharmacist who produces various skin care and household cleaning products using the BulbAloe plant.
- From March 22 to 26, the Trade Hub provided Hazard Analysis and Critical Control Point (HACCP) training for Eswatini Kitchen and Swazi Secrets in Swaziland in order to help improve the quality of their products and increase their competitive edge particularly on the international market.
- On March 30, Mr. Thompson traveled to South Africa for a meeting with representatives and the Phyto Trade board. Phyto Trade is the trade association for natural products in Southern Africa. The purpose of the trip was to get clarification on Phyto Trade need for assistance with the Generally Regarded As Safe (GRAS) approval process. The Trade Hub will provide assistance for the GRAS process for powdered baobab. Once the testing is done, this should remove the final obstacle prohibiting some companies to take a serious look at baobab as an ingredient.

3. Financial Services

The Trade Hub supports activities aimed at enhancing efficiency within the financial system in the SADC region. In carrying out this activity, the Trade Hub works closely with the World Bank, the African Development Bank (AfDB), SADC and USAID/Washington. During the second quarter of FY2010, the Trade Hub continued to work with SADC and other African countries concerning requests for technical assistance on the liberalization of financial services.

- From January 31 to February 5, Dr. Keith Jefferis, Economic Advisor, joined a USAID/U.S. Treasury team visiting Monrovia, Liberia. The visit was at the request of the Central Bank of Liberia (CBL) for technical assistance from the U.S. Government through USAID to provide support in revitalizing and automating some of its banking operations and financial reporting processes.
- From February 24 to 25, Dr. Jefferis attended and presented at the Aitec Banking & Mobile Money Common Market for Eastern and Southern Africa (COMESA) 2010 conference in Nairobi, Kenya. Dr. Jefferis presented on “Product Innovation and Access to Finance”.

4. Modern Energy Services

The Modern Energy Services component supports SADC and the Regional Electricity Regulators Association of Southern Africa (RERA) to implement their regional integration mandate and remove regulatory barriers to private sector investment in energy in the region. In this quarter, Ms. Gloria Magombo, undertook work to update the RERA Annual Tariff publication.

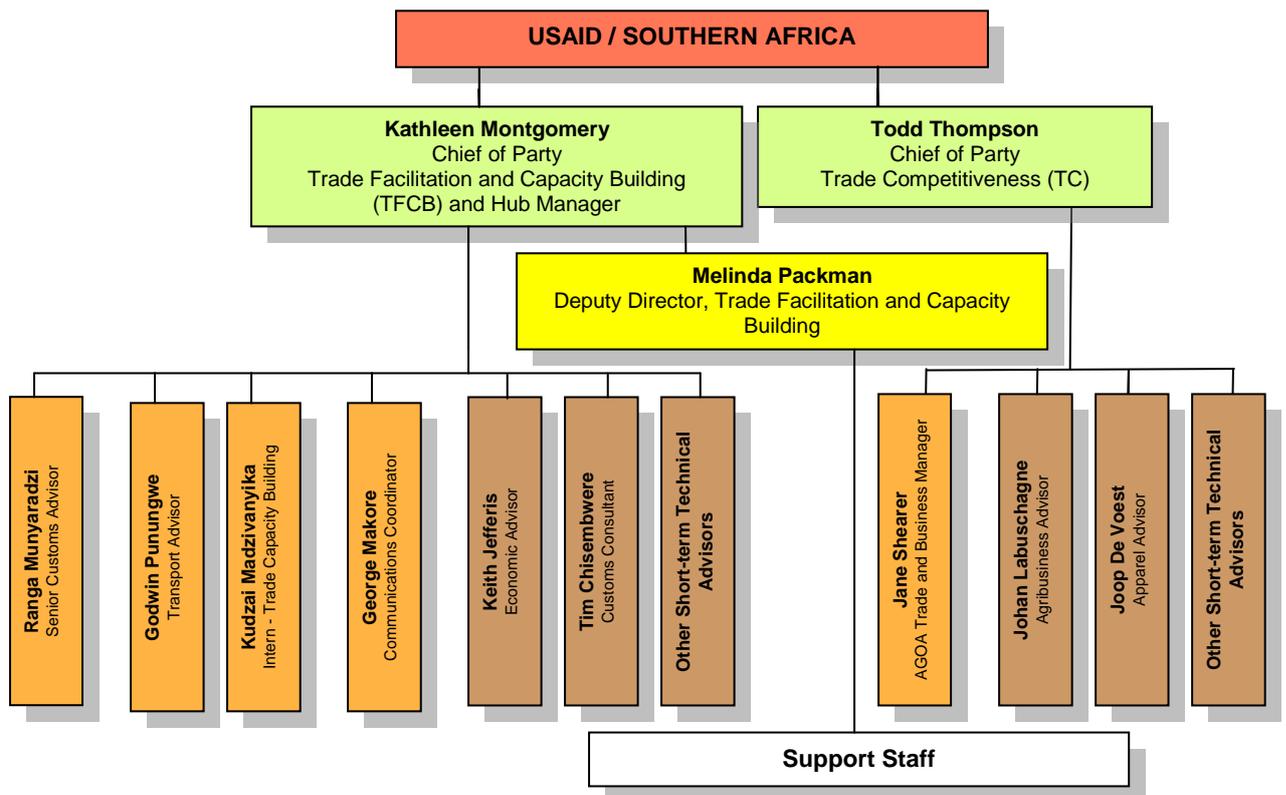
5. Agricultural Enabling Environment

The Agricultural Enabling Environment component includes activities designed to support SADC to pursue their regional integration mandate in relation to agricultural trade and Sanitary and Phytosanitary Standards (SPS) issues. In this quarter, the Trade Hub worked with SADC to develop an Assessment of the Implementation of the SPS Annex to the SADC Protocol on Trade. This three part assessment will include an overview of the state of implementation of the Annex and two case studies – Horticulture and Livestock - which will highlight the benefits of further harmonization and mutual recognition of SPS standards. The background research was completed this quarter and final reports are scheduled to be prepared in late June.

BACKGROUND

In June 2002, the United States (U.S.) Agency for Development (USAID) Southern Africa established the Southern Africa Global Competitiveness Hub (Trade Hub) in Gaborone, Botswana. The Trade Hub was established as part of the Trade for African Development and Enterprise (TRADE) Initiative launched at the first U.S./Sub-Saharan Africa African Growth and Opportunity Act (AGOA) Forum in Washington D.C. in October 2001. It helps Southern Africa take full advantage of the increased trading opportunities available through duty free access to the U.S. economy under AGOA. The Trade Hub:

- Brings together American and African businesses;
- Enhances the competitiveness of African products and services;
- Expands the role that trade can play in African poverty reduction strategies;
- Improves the delivery of public services supporting trade;
- Builds African capacity for trade policy formulation and implementation; and
- Strengthens the enabling environment for African businesses.



The Trade Hub consists of two technical activity areas: the Trade Facilitation and Capacity Building (TFCB) and the Trade Competitiveness (TC) Projects, both of which began in October 2004. The TFCB and TC Projects staff consist of highly competent long and short-term regional and international experts in trade policy, trade negotiations, customs, transport, energy issues and business linkages complemented by a team of local support staff.

In September 2007, the TFCB and TC Projects were given supplements to their existing statements of work for FY 2008 until the end of the project in September 2010. The new statements of work reflect the priority that the U.S. Government (USG) has accorded to working with Regional Economic Communities (RECs) including the Southern African Development Community (SADC) and to promoting regional harmonization and integration in Africa. In order to realize these goals, USAID/Southern Africa requested the TFCB and TC Projects to focus on specific elements of the Africa Global Competitiveness Initiative (AGCI).

In FY 2010, these elements include:

1. Trade and Investment Enabling Environment;
2. Private Sector Competitiveness;
3. Financial Services;
4. Modern Energy Services; and
5. Agriculture Enabling Environment.

1. TRADE AND INVESTMENT ENABLING ENVIRONMENT

This component includes activities designed to support SADC to implement their regional integration mandate; build trade capacity within the region; help stakeholders to take advantage of opportunities provided by regional and international trade agreements; facilitate trade; harmonize and improve customs procedures and practices; and facilitate trade along regional transport corridors.

SADC Protocol on Trade and Free Trade Area



Under the SADC Protocol on Trade, Member States have been engaged in a process of gradual elimination of tariff and non-tariff barriers (NTBs) since the agreement entered into force in January 2000. In August 2008, the SADC Free Trade Area (FTA) was officially launched with 85 percent of intra-SADC trade being free of duties. From 2008-2012, the duties on the remaining 15 percent of goods will be phased out. The 2007 MoU between the U.S. Embassy/Botswana, USAID/Southern Africa and the SADC Secretariat, agreed that the Trade Hub would undertake a number of trade-related technical assistance activities on behalf of or for the SADC Secretariat to assist with SADC regional integration.

During the 2nd quarter of FY2010, the work undertaken was preparatory in nature for initiatives to be completed in the remaining two quarters of FY2010. During this quarter, work proceeded on two portions of the program with SADC:

2010 Audit of SADC Protocol on Trade: Since 2007, the Trade Hub has facilitated an annual audit of the implementation of the SADC Protocol on Trade. The audit reviews a number of implementation issues including tariff phase downs, rules of origin, trade facilitation instruments and NTBs. During the 2nd quarter of FY2010, Kathleen Montgomery, Director of the TFCB Project, worked with SADC to identify the issues and the scope of the country studies for the 2010 audit.

It was agreed that this year's audit would focus on the verification of the 2010 tariff phase downs, implementation of the revised rules of origin, identification of necessary assistance to Member States to upgrade their original tariff offers to HS2007, capacity building requirements in Member States to enable consistent postings of SADC customs and tariff information on country web sites and the development of an action plan to address outstanding implementation issues identified in the previous trade audits.

Update of SADC Tariff Schedules: Upon the signing of the SADC Protocol on Trade, participating Member States submitted a schedule of implementation for tariff phase downs through to 2012. Since that time, the Harmonized System of

Classification (HS) has undergone revisions to its current version HS2007 with most of the Member States currently implementing the revised version in their customs operations. In order to effectively implement the agreed tariff phase downs, it was necessary to undertake an exercise to update the original tariff phase down offers to the newer HS version. The Trade Hub undertook this work and submitted the first draft of the updated schedules to SADC in late 2009. Throughout this quarter, SADC and Member States undertook a review of the draft schedules and once finalized the schedules will be uploaded to the SADC website.

Planned Activities, SADC Protocol on Trade and FTA:

- **2010 Audit of SADC Protocol on Trade** – During the third quarter of FY 2010, the Trade Hub will conduct the 2010 Audit of the SADC Protocol on Trade. Country assessments are scheduled for Malawi, Mozambique, Tanzania and Zambia. The initial draft will be submitted to the SADC Secretariat in late June and a final version is expected after the SADC Council of Ministers of Trade Meetings in late July.
- **Update of SADC Tariff Schedules** – SADC requested the full tariff phase down schedules to be updated to HS2007 - previously only the sensitive product schedules were requested. The full schedules will be submitted as requested and SADC will present the schedules to the Member States during the 3rd quarter of FY2010.

SADC Trade Monitoring and Compliance Mechanism

As SADC moves forward with the FTA and plans for deeper regional integration, the existing system of self-assessment by Member States has proved inadequate for monitoring the state of implementation of the SADC Protocol on Trade. As a result, one of the activities identified under the 2007 MoU with SADC was the need for assistance to improve the capacity of the SADC Secretariat to monitor implementation of the Protocol on Trade and increase compliance by Member States. The Trade Hub has worked with SADC to develop the initial concept and design for the Trade Monitoring and Compliance Mechanism (TMCM) for the Trade Protocol and is currently assisting its full implementation.

The 2nd quarter has been a period of transition for SADC staff – particularly for our counterparts in the Trade, Investment, Finance and Infrastructure (TIFI) division – and as with the work on the FTA, the work in this area was largely preparatory throughout this quarter. Currently, there are three outstanding activities in this area of cooperation:

SADC TMCM User’s Guide: The TMCM User’s Guide is meant to inform the public and private sector focal points in each Member States regarding the use of the online NTB reporting system and the obligations under the TMCM. The initial draft of this guide was completed and submitted to the SADC Secretariat in late 2009. During the 2nd quarter of FY2010, work was undertaken with the Secretariat to incorporate comments to finalize the guide. It is expected that another round of editing will take place once the User’s Guide is presented to the focal points.

Sensitization of the TMCM – Country Workshops: Under the TMCM, each Member State identifies a public and private sector focal point to address issues with

the Protocol on Trade and liaise with the TMCM. In collaboration with SADC, the Trade Hub has facilitated a series of workshops intended to sensitize both the public and private sectors to the operation of the TMCM as well as the online NTB reporting system. In 2009, the Trade Hub facilitated three of these workshops in South Africa, Lesotho and Malawi. The remaining workshops will take place in the Democratic Republic of the Congo (DRC) and Angola. While initially planned for the 2nd quarter, scheduling constraints have moved these workshops into the 3rd quarter.

Facilitation of a Regional Workshop for SADC National and Private Sector TMCM Focal Points: This workshop will bring together the private and public sector focal points for the TMCM from throughout the SADC region for further training and sharing of experiences to date. While initially planned for the 2nd quarter, this workshop will take place following the scheduled country workshops in the 3rd quarter.

Planned Activities, SADC TMCM:

- **User's Guide** – During the third quarter of FY 2010, the User's Guide will be presented for comments to the private and public sector focal points from each of the Member States as part of the planned Tripartite NTB conference currently scheduled for June 21-22. Following the incorporation of these comments, the final document will be submitted to SADC for distribution. We anticipate that this project will be completed early in the 4th quarter of FY2010.
- **Sensitization Workshops for TMCM** – During the 3rd quarter of FY2010, the Trade Hub will facilitate sensitization workshops which are planned for the DRC and Angola. This will complete the entire series of sensitization workshops for the TMCM.
- **Regional Workshop** – The regional workshop for the private and public sector focal points for the TMCM is planned as part of a Tripartite NTB workshop scheduled for June 21-22 in Kenya. In addition to facilitating the workshop, the Trade Hub will be involved in planning and presenting on the overall monitoring program.

World Trade Organization Trade Facilitation Needs Assessments



Increasing transparency, simplifying, standardizing and modernizing import and export procedures, and improving the conditions for transit represent the essential substantive areas of trade facilitation. Work on the World Trade Organization (WTO) Trade Facilitation Needs Assessments (TFNAs) provide an effective link between developing country participation in multilateral trade negotiations and the identification and prioritization of technical assistance necessary for facilitating their trade. The objective of these assessments is to: (a) identify trade facilitation needs and priorities of the country; (b) where feasible, determine the resource implications of implementing proposed trade facilitation measures under the WTO

trade negotiations; and (c) determine the country's capacity to implement trade facilitation measures that would derive maximum benefits.

The Trade Hub is now the preferred facilitator of the WTO TFNA within the SADC region having successfully facilitated the TFNAs in Angola, Botswana, Lesotho, Malawi, Mozambique, the Seychelles, Swaziland and Zambia.

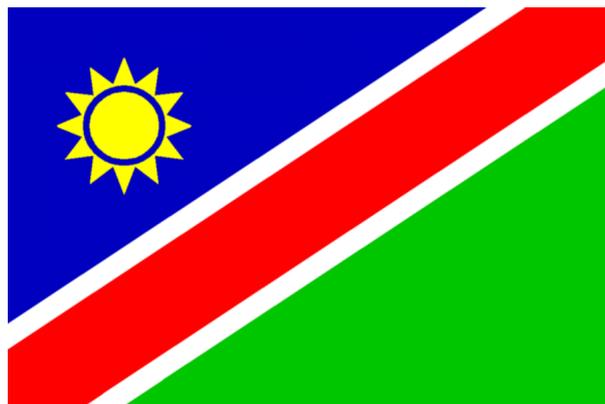
From March 8 to 12, Mr. Punungwe, Ms. Kudzai Madzivanyika, Trade Facilitation Assistant, and Mrs. Patricia Wihongi, a Customs Consultant with the World Bank, assisted the Government of Namibia with their WTO TFNA in Windhoek. Following a presentation by Mr. Punungwe on the guidelines for the TFNA, the participants were divided into three groups: the first one dealing with transparency issues; the second one dealing with transit issues; while the third one dealt with simplifying, standardizing and modernizing import and export procedures. All three facilitators assisted the groups in preparing presentations focused on the results of the assessment. The outcome of this week long process was the preparation of a Trade Facilitation Self-Assessment which will provide the Government of Namibia with a guide to prioritize interventions to improve trade facilitation.¹

Planned Activities, WTO TFNA:

- During the remaining two quarters of FY2010, the Trade Hub will follow up with implementation advice and support for the TFNAs on an on-demand basis. Preliminary inquiries have been received from Malawi, Zambia and Botswana.

Trade Capacity Building

SADC Member States are currently benefiting from or engaged in negotiating and implementing a number of intra-regional and inter-regional trade agreements. However, they often lack the institutional and technical capacity to fully and effectively implement their trade and development agenda. The multi-faceted and multi-level negotiations will therefore require SADC Member States to strengthen their



analytical capacities at the national and regional level. The Trade Hub has engaged with individual Member States as well as the SADC Secretariat to build trade capacity in the region. Work has been primarily on an on-demand basis which allows a flexible approach to programming.

In the 2nd quarter of FY2010, work was ongoing on three initiatives which are expected to be completed early in the 3rd quarter as described below.

¹ For additional information see “Technical Report – WTO TFNA Namibia” and “Trip Report – WTO TFNA Namibia” by Mr. Punungwe and Ms. Madzivanyika.

Planned Activities, Trade Capacity Building:

- **Rules of Origin (ROO)** – In the 3rd quarter, Paulina Elago, former Deputy Director of TFCB and now a part time Trade Consultant for the Trade Hub, will complete a policy brief on ROO arrangements in the SADC region. ROO in SADC and their complexity have long been a controversial topic within the region. Ms. Elago’s policy brief will serve to inform ongoing discussions and provide an overview of the process and difficulties of negotiations in this area.
- **Tripartite Policy Paper** – In the 3rd quarter, Paulina Elago will complete a policy brief on the Tripartite FTA process in the SADC-COMESA-EAC region. This policy brief will be given a wide distribution and will serve to outline both the tripartite process and challenges which will confront the region as it strives to implement this initiative.
- **Business Unity South Africa (BUSA) Services Workshop** – The Trade Hub will co-fund a workshop with BUSA to discuss the development of a services coalition in South Africa and increase awareness of Trade in Services negotiations among the private sector. Originally scheduled for the 2nd quarter, this workshop is now planned for late May/early June 2010.

Investor Roadmaps

In line with the 2007 MoU between the U.S. Embassy in Botswana, USAID/Southern Africa and the SADC Secretariat, the Trade Hub has been undertaking several trade-related technical assistance activities aimed at assisting SADC facilitate trade and encourage foreign direct investment into the region. The Trade Hub, in conjunction with Member States, has facilitated Investor Roadmaps in Swaziland and Namibia which provide recommendations for increasing investment in the region.

Namibia Investor Roadmap Implementation Audit: Since January, Ms. Paulina Elago, has been conducting an audit on the implementation of the Namibia Investor Roadmap. This audit follows up on the Namibia Investor Roadmap which was prepared with Trade Hub technical assistance in 2005. The original roadmap provided a number of recommendations for improving the investment climate and the current audit follows up on the status of implementation for these recommendations.

Planned Activities, Investor Roadmap:

- In the 3rd quarter of FY2010, the audit of the implementation of the Namibia Investor Roadmap will be complete. It is anticipated that the results of this audit will be presented to a group of government and private sector stakeholders in May/June 2010.

Regional Trade Facilitation Tools

In an effort to facilitate faster movement of cargo along the Trans-Kalahari Corridor (TKC), the Trade Hub’s Senior Customs Advisor, Ranga Munyaradzi, together with the TKC Secretariat, initiated and introduced new regional trade facilitation tools to be piloted along the TKC. The tools are: *Risk Management, Accreditation/Authorized*



Economic Operators and Clients Service Charter.

The approach is to develop regional tools by merging the existing national tools. The three TKC Countries - South Africa, Botswana and Namibia - have largely agreed on the way forward and the work is now focused

on developing and implementing the legal framework and getting the necessary buy-in from all stakeholders.

Risk Management and Authorized Economic Operators: The World Customs Organization (WCO) Revised Kyoto Convention requires customs authorities to integrate principles of risk management into all customs controls and programmes to ensure compliant business entities are facilitated with minimum delays through ports of entry. Risk-based controls focus resources on high risk individuals, companies and transactions and minimize interventions on those that are compliant and low risk. Risk-based controls encourage voluntary compliance and reward compliant clients with simplified procedures, reduced inspections, reduced delays and reduced cost of doing business.

The Authorized Economic Operator (AEO) Program is a voluntary public/private partnership initiative that will provide significant benefits to participants in return for their commitment to meet defined compliance and security standards. Participants will benefit in terms of simplified processes and in making them more attractive business partners. TKC customs authorities will work collaboratively with the trade community to facilitate trade, improve compliance and secure regional and international supply chains.

The TKC AEO initiative will:

- Include mutual recognition by each customs authority of all preferred traders and AEOs certified by any of the participating country customs authorities;
- Ensure cooperation among the participating customs authorities in all AEO policy and procedural matters through the assignment of a specified account manager in the customs authority that has granted the authorization, and;
- Provide participants, regardless of the country that has certified them, improved cooperation in each participating country's Customs authority.

In February 2010, Mr. Munyaradzi and Robert Holler, a consultant from the USAID-funded TCBoost Project in Washington, provided technical inputs and facilitated reviews of the national AEO and Risk Management Systems for the three TKC countries. The objectives of these reviews was to consult with the TKC customs administrations to assess the extent to which each is prepared to implement a regional AEO program; brief TKC AEO task teams regarding the latest proposed draft

guidelines for the regional program; obtain comments, criticisms and suggestions; and meet with risk management staffs to review current risk and compliance management practices, including post clearance controls, which will be necessary to effectively manage the proposed TKC AEO program.

A Status Report and a Policy Framework Document were drafted and produced by Mr. Munyaradzi and Mr. Holler. After presentation to the TKC Task Team, the two documents were circulated to all relevant TKC customs authorities. The customs authorities were tasked to study the Status Report and the Policy Framework and submit to Mr. Munyaradzi and the TKC Secretariat their comments and inputs on the way forward.²

Clients Service Charter: The regional service charter is intended to ensure that public expectations of service delivery are matched by achievable and measurable performance standards. Clients should commit themselves to meet legal requirements within a stipulated time, while customs authorities commit themselves to delivering a high standard of service to all clients.

During this quarter, Mr. Munyaradzi provided technical inputs and facilitated meetings of relevant stakeholders, which produced the final draft of a TKC regional Clients Service Charter. The draft Service Charter was submitted to all TKC customs administrations for approval before implementation.³

Planned Activities: Regional Trade Facilitation Tools

- **TKC Risk Management and AEOs:** During the next two quarters, Mr. Munyaradzi will consolidate the inputs from the three TKC administrations and facilitate the following:
 - Development of an Action Plan incorporating the tasks necessary to design and implement a regional Risk Management/AEO program suitable in all respects to become the subject of mutual recognition and reciprocity arrangements with the other customs administrations.
 - Capacity building in the establishment of comparable risk management, certification of AEOs, supply chain security and post clearance audit capabilities within each customs authority.
- **TKC Clients Service Charter:** Mr. Munyaradzi will review and consolidate TKC member comments and inputs and facilitate a workshop to finalize the Clients Service Charter in the next quarter. It is anticipated that the TKC will adopt the final Clients Service Charter in the next quarter with the initiative being launched in July 2010.

² For additional information, see “Technical Report – Authorized Economic Operators”, “Meeting Report – Authorized Economic Operators Botswana” and “Trip Report – Review of TKC Authorized Economic Operators Guidelines” by Mr. Munyaradzi.

³ For additional information see “Trip Report – TKCMC Customs and Transport Working Groups” by Mr. Munyaradzi and Mr. Punungwe.

Customs Modernization and Capacity Building



This component involves reviewing and updating customs laws, regulations, manuals, procedures and processes using international best practices based on the WCO Revised Kyoto Convention on Simplification and Harmonization of customs procedures as well as training for both customs officials and the business community to ensure uniform interpretation of laws and regulations.

During this quarter, Mr. Munyaradzi and Mr. Timothy Chisembwere, short-term Customs Consultant for the Trade Hub, facilitated activities in Botswana and Namibia.

Update Customs and Excise Manuals – Botswana: The Customs Division of the Botswana Unified Revenue Service (BURS) had no consolidated Customs Procedures or a User’s Manual for customs officers. Work on updating and redrafting these documents began in the 1st quarter of FY2010 when Mr. Munyaradzi and Mr. Chisembwere re-drafted the new Customs Regulations based on international best practice and the WCO Revised Kyoto Convention.

During the 2nd quarter, Mr. Munyaradzi and Mr. Chisembwere re-drafted and updated the Botswana Customs and Excise Procedures and User’s Manual. The drafts were presented to a technical committee of BURS in January 2010 and finally to the BURS Commissioner of Customs and Excise and his Senior Management Team. BURS are currently reviewing the draft documents and the Trade Hub team will assist in their finalization before adoption.⁴

Training of Trainers in Excise Management – Namibia: In February 2010, Mr. Munyaradzi and Mr. Chisembwere drafted excise management training materials for Namibian Customs and conducted a “train the trainers” course for fifteen Namibia customs trainers and key excise officers. The main objective of the training was to provide Namibian customs officials with the current excise tax law and procedures to be applied in the registration and control of licensed customs and excise warehouse operators. To this end, detailed presentations on the various topics were made followed by question and answer sessions. During the training, participants visited two organizations, a beer manufacturer and a rebate user, to appreciate how these are controlled from an excise management point of view. The visits also gave the participants a chance to see how some of the goods that are subject to excise duty are manufactured, identify possible risk areas in terms of revenue leakages and check on the excise records and accounts maintained by licensees as required by the Namibia Excise Tax law.⁵

Planned Activities: Customs Modernization & Capacity Building

⁴ For additional information, see “Meeting Report – BURS” and “Technical Report – Revised Botswana Customs and Excise Procedures” by Mr. Munyaradzi and Mr. Chisembwere.

⁵ For additional information, see “Trip Report – Namibia Customs Training” by Mr. Munyaradzi.

- During the 3rd and 4th quarters, Mr. Munyaradzi will assist in the final review of new customs legislation and procedures in Botswana and Lesotho and support capacity building efforts in the implementation of the new legislation

Customs Systems Interface Connectivity



Part of the VIP delegates to the official launch of the RADDEX Live Electronic Data Interchange between Malawi and Tanzania Revenue Authorities held in Blantyre, Malawi in February 2010.

As part of the ongoing effort to modernize customs throughout Eastern and Southern Africa, a need was identified to introduce Information and Communications Technology (ICT) solutions. These solutions are aimed at streamlining cumbersome customs and trade facilitation procedures thereby reducing delays in cargo clearance and transit times while working towards a paperless, communicating, fully accountable and reportable trading environment.

Revenue Authority Digital Data Exchange System Launch: Customs computers in the region are not connected and cannot transmit data across international frontiers. Through collaboration with the East and Central Africa Trade Hub (Competitiveness and Trade Expansion Project (COMPETE)), the Trade Hub initiated a program to develop and pilot the Customs Systems Interface and Connectivity at the Malawi/Tanzania Border through the *Revenue Authority Digital Data Exchange System (RADDEx)*, which the East and Central Africa Hub has introduced in East Africa. The RADDEx connectivity will facilitate electronic transmission of the SADC Single Administrative Document – the SAD 500 - and electronic data interchange in general, thus speeding up movement of merchandize across international frontiers and reducing transaction costs and Customs fraud.

Following the successful upgrading of the Malawi and Tanzania Revenue Authorities servers and installation and customization of RADDEx software through the Trade

Hub and COMPETE technical assistance in the last quarter, Mr. Munyaradzi and Michael Smith, of COMPETE, provided the technical inputs and facilitated the official launch of the RADDEx Live Electronic Data Interchange between the Malawi and Tanzania Revenue Authorities on February 11, 2010. With the successful official launch of the RADDEx customs interface between Malawi and Tanzania, the first of its kind in Southern Africa, the system will now be used daily by the respective customs departments.⁶

Planned Activities: Customs Systems Interface Connectivity

- Mr. Munyaradzi and Michael Smith will provide technical inputs and facilitate a RADDEx Post Implementation Workshop in Tanzania on May 19 – 21. The workshop will review current implementation of the RADDEx between the two countries and see if any improvements are required before the system is rolled out to other SADC Countries.

One Stop Border Post

One Stop joint border control is a facility where border clearances are done once at the same time by officials from both countries. This process significantly diminishes time spent in clearance, reduces transport costs and is a major milestone for improved trade facilitation in the region. The work of the Trade Hub has focused on the legal, regulatory and capacity hurdles which must be overcome to institute One Stop Border Posts (OSBP) in the Southern Africa region.

Tripartite Stakeholders' Workshop: In January 2010, Mr. Munyaradzi participated in a Stakeholders' Workshop on the Legal Framework of a OSBP in Arusha, Tanzania under the EAC/COMESA/SADC Tripartite arrangement organized by the East African Community and the Japan International Cooperation Agency (JICA). The objective was to share experiences on the establishment of OSBP. Mr. Munyaradzi made a presentation to the Workshop, which was on Hub's work in the establishment of OSBP on the Namibia/Botswana Border Complex. The meeting resolved to have the consultants review the contributions from the discussions before holding a follow up meeting to produce a final document for the EAC Secretariat.⁷

Planned Activities: OSBP

- **OSBP at Mamuno/TKC Border:** Mr. Punungwe will provide technical input and facilitate the first bilateral workshop between Botswana and Namibia on the practical implementation of the OSBP in Windhoek on June 15 – 16. This workshop follows on work completed in 2009 when the Trade Hub carried out a feasibility study on establishment of a OSBP at the Namibia/Botswana Customs Border (Mamuno/Trans Kalahari) and presented the study to the authorities and private sector organizations in Botswana and Namibia.

⁶ For additional information see "Trip Report – RADDEx MRA/TRA Launch" by Mr. Munyaradzi and Dr. Montgomery, "Technical Report – RADDEx Launch" by Mr. Munyaradzi and "Success Story – RADDEx Launch".

⁷ For additional information see "Trip Report – OSBP" by Mr. Munyaradzi.

Regional Corridor Development and Capacity Building

High transit and transport costs adversely affect trade competitiveness for goods and services within the SADC region. The SADC region has six landlocked countries and requires a well-functioning, integrated transport network to facilitate trade flows between the ports and the interior.

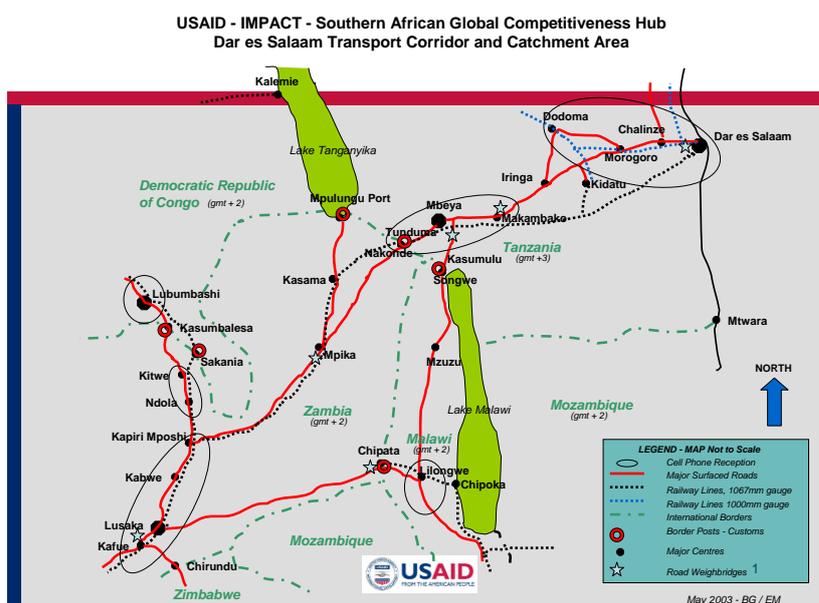
The Trade Hub supports activities aimed at building capacity within the SADC region and to facilitate trade along regional transport corridors. The Trade Hub's work mainly focuses on three corridors: the TKC; the Dar es Salaam Corridor; and the Maputo Corridor. Additionally, the Trade Hub is also contributing to the institutional development of the Trans Cunene, Trans Caprivi or Walvis Bay – Ndola – Lubumbashi and the North-South Corridors using the best practices it has established in its the three main corridors.

During the 2nd quarter of FY 2010, the Trade Hub continued to work with the corridor management teams on technical activities as part of the implementation of their action plans. The Trade Hub also facilitated several transport corridor meetings to share information on corridor management action plans, Corridor Management Institutions (CMIs) Sustainable Funding and Corridor Performance Monitoring Systems (CPMS) with the Corridor Management Committees (CMCs) and other stakeholders.

Strengthening of the Dar Corridor Committee (DCC): Mr. Godwin Punungwe, Transport Advisor, provided technical input and advice to the DCC Executive

Committee which functions as the Board to the DCC Secretariat. The meeting was held in Dar es Salaam on February 26 reviewed the progress in implementation of the DCC Action Plan and the financial position of the Secretariat.

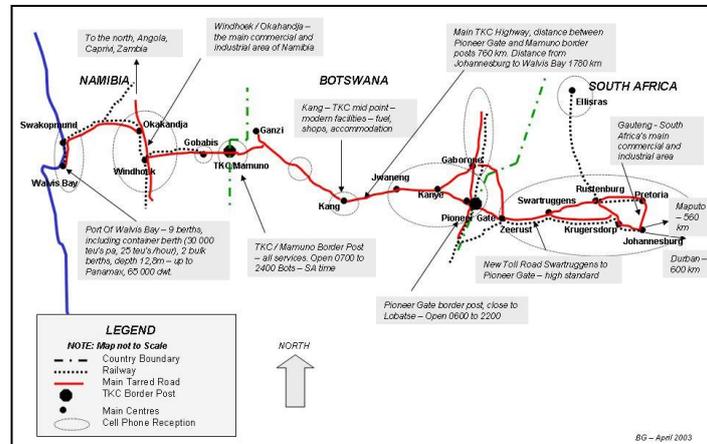
Afterwards the Trade Hub facilitated presentation of the Action Plan for the implementation of



the User-Pay Principle (UPP) for the sustainable funding of the DCC Secretariat and the DCC CPMS. The Executive Committee approved the Action Plans for the implementation of both measures.⁸

⁸ For additional information see "Trip Report – DCC Meetings" by Mr. Punungwe and "Success Story – Implementation of User Pay Principle on the Dar Corridor"

Strengthening the TKC Management Committee (TKCMC): Mr. Ranga Munyaradzi, Senior Customs Advisor and Mr. Godwin Punungwe, Transport Advisor provided technical input and facilitated the TKCMC Working Groups to review the progress of implementation of their Action Plans in South Africa from January 25-29. Activities reviewed included Customs System Interface and Connectivity, Risk Management, Clients Service Charter, CPMS, AEOs, OSBP Joint Control, Harmonization of Weighbridge Tolerances, Harmonization of Road Traffic Signs and Signals, Roll-out of Cross Border Vehicle Overload Control, and proposed implementation of the User Pay Principle (UPP) as a long term financial sustainability mechanism for the TKC. The meeting agreed on revised and updated Action Plans for the Transport Working Group and the Customs and Facilitation Working Group for the next 12 months.⁹



Mr. Godwin Punungwe provided technical input and advice to the TKCMC Co-Chairpersons review of progress of implementation of the TKCMC Action Program. The Co-Chairpersons, comprising Senior Officials from the Ministries of Transport of Botswana, Namibia and South Africa, function as the Board for the TKCMC Secretariat that approves its program activities and budget. The Co-Chairpersons inter alia approved the action plans of the TKCMC Working Groups, directed that the UPP should be implemented as soon as possible after the necessary consultations with all key stakeholders and expressed their support for the CPMS that was under implementation on the TKC.¹⁰

Strengthen the Maputo Corridor Logistics Initiative (MCLI):

In an effort to support activities aimed at facilitating trade along regional transport corridors, the Trade Hub co-sponsored the MCLI Operational Efficiency Working Group Meeting held from February 4 to 5 in Nelspruit, South Africa. The main areas discussed were the establishment of a 24-hour OSBP, promotion of bi-directional transit cargo flows; and efficient rail service delivery to support the Maputo port growth. The meeting agreed that:¹¹



- A 24-hour OSBP should be established as soon as possible.

⁹ For additional information, see “Trip Report – TKCMC Customs and Transport Working Groups” by Mr. Munyaradzi and Mr. Punungwe.

¹⁰ For additional information, see “Trip Report – TKC Co-Chairs Meeting” by Mr. Punungwe.

¹¹ For additional information, see “Letter – MCLI Thanks” by Ms. Brenda Horne-Ferreira, MCLI Chief Executive Officer.

- The MCLI shall prepare a proposal to formalize a bi-lateral stakeholders' engagement mechanism to ensure engagement between the private and public sectors on the OSBP and present this South African and Mozambican Customs Management.
- The MCLI shall facilitate a working group to resolve customs issues particularly for transit imports through Maputo port.
- The MCLI shall set up a process for the accreditation of clearing and forwarding agents, transporters and rail operators which could obviate the need for bonds and guarantees for transit imports.
- The MCLI shall set up a rail working group to address the problems identified especially with respect to South African rail.

Formal Establishment of the Trans Caprivi Corridor (TCC): As part of the Trade Hub's contribution to the institutional development of the TCC - now officially known as the Walvis Bay-Ndola-Lubumbashi Development Corridor (WBNLC) - Mr. Punungwe made a presentation to a meeting of Ministers of Transport of the DRC, Republic of Namibia, and Republic of Zambia in Livingstone, Zambia as well as senior government officials and private sector representatives. The presentation was on the Trade Hub's work with CMIs aimed at sharing our experience on CMI establishment and promoting a common approach to transport corridors development in the SADC Region. On March 5 the Ministers signed the MoU that was modelled on the TKC MoU prepared by the Trade Hub.¹² The signing of the MoU formally established the WBNLC and **completed** the Hub's contribution to the institutional development of the TCC/WBNLC.

Other Corridors: The Trade Hub is an active participant in corridor development throughout the region. In addition to the three primary corridors, the technical team often collaborates with other projects and donors to share best practices in corridor development. In the 3rd quarter, Mr. Punungwe participated in the Eastern Africa Fine Coffees Association (EAFCA) Conference on Transport Logistics. The purpose of this conference was to assess the efficacy of using the integrated trade, transit and value chain approach in trade facilitation with the view of applying this approach in the corridors on which the Trade Hub is currently working.¹³

In February, Mr. Punungwe participated in a JICA seminar on the Southern Africa Integrated Regional Program Formulation Study in Lusaka. The seminar reviewed regional growth scenarios and key transport bottlenecks that need to be tackled to achieve desirable economic growth. Mr. Punungwe attended the seminar to understand JICA's proposed transport program in the SADC region as well as to participate in a review of the study.¹⁴

Planned Activities: Regional Corridor Development and Capacity Building

¹² For additional information, see "Trip Report – Trans-Caprivi Meeting" by Mr. Punungwe.

¹³ For additional information, see "Trip Report – EAFCA Africa Conference" by Mr. Punungwe.

¹⁴ For additional information, see "Trip Report – JICA Meeting" by Mr. Punungwe.

- **Strengthen the DCC:** In June, Mr. Punungwe will facilitate the meeting of the DCC to review the implementation of the UPP, the CPMS and other activities in the DCC Action Plan.
- **Strengthen the TKCMC:** Mr. Munyaradzi and Mr. Punungwe will provide technical input and facilitate the next TKCMC program implementation review July 12-16 in Windhoek.
- **Strengthen the MCLI:** As the MCLI continues to work on the implementation of its Action Plans, the Trade Hub technical team will provide technical input as and when requested.

Sustainable Funding of Corridors

Experience has demonstrated that corridors with CMIs are better equipped to monitor corridor performance and address NTBs along the corridor in a proactive manner. In order to fulfill their role effectively, corridor institutions need a sustainable and reliable source of income. A number of corridor institutions have been established with donor funding, membership or government contributions but these methods have not proved to be sustainable. The UPP has proved to be the only successful model for funding corridor management institutions. The Trade Hub has worked with the Secretariats of the Dar, Maputo and Trans-Kalahari Corridors to design and implement the UPP.

Dar es Salaam Corridor UPP: In the 1st quarter of FY2010, the DCC established a Task Team for the implementation of the UPP for the sustainable funding of the DCC Secretariat after Mr. Punungwe had presented an Action Plan for the implementation of the DCC UPP. Following up on this activity, Mr. Punungwe provided technical input and advice to the Task Team during its meeting in Dar es Salaam on February 24 and 25. He explained the Action Plan and the methodology for determining the user-pay fees per ton for each of the corridor countries - DRC, Malawi, Tanzania and Zambia. The meeting deliberated on the issues and agreed to the following:¹⁵

- The formula and methodology of determining the user-pay fees per ton for each country and the fees for each country.
- The three Ministries of Transport (Malawi, Tanzania and Zambia) will sign an MOU authorising the collection of these fees by the end of March 2010.
- The Tanzania Port Authority will collect the fees at the port and would enter into an MOU with the Secretariat for this purpose.
- The collection of fees for funding the Secretariat is planned to commence July 1, 2010. The Executive Committee approved the Task Team plan for implementing the user-pay principle for sustainable funding of the Secretariat.

¹⁵ For additional information, see “Trip Report – DCC Meetings” by Mr. Punungwe and “Success Story – Implementation of User Pay Principle on the Dar Corridor”.

The adoption and agreed implementation of the UPP on the Dar Corridor represents a major achievement towards sustainable funding of the corridor and the sustainability of the Trade Hub's capacity building initiatives with the DCC.

Trans Kalahari Corridor UPP: In the 2nd quarter, the TKCMC established a Task Team for the implementation of the UPP for the sustainable funding of the TKCMC Secretariat after Mr. Punungwe had presented an Action Plan for the implementation of the TKC UPP. At their meeting in March the TKCMC Co-Chairpersons directed that the UPP be implemented as soon as possible.¹⁶

MCLI UPP: Throughout the 2nd quarter, work has proceeded on the design of an Action Plan for the implementation of the UPP for sustainable funding of the MCLI which will be completed early in the next quarter.

Planned Activities: Sustainable Funding for Corridors

Dar Corridor UPP: Mr. Punungwe will provide technical input and facilitate a Task Team review of progress in the arrangements for the implementation of the UPP for DCC on June 8-9 in Dar es Salaam.

TKC UPP: Mr. Munyaradzi and Mr. Punungwe will review the Action Plan and the methodology for determining the user-pay fees for the TKC at the Task Team meeting to be held on April 21-22 in Pretoria.

MCLI UPP: In the 3rd quarter, Mr. Punungwe will finalize the Draft Action Plan for the implementation of the UPP and submit to the MCLI for review. Following the incorporation of comments by the MCLI, Mr. Punungwe will present and explain the Action Plan to Maputo Corridor stakeholders on July 6-7 in Maputo.

Corridor Performance Monitoring

The overarching goal of a Corridor Management Institution is to reduce the cost of doing business along the corridor in such a way that the cost of sustaining the institution is less than the cost-savings it provides to the corridor users. To achieve this goal, the CMI needs a tool such as a Corridor Performance Monitoring System (CPMS) to monitor performance, quantify successes for marketing the corridor's services as well as indicate operational challenges that may exist on the corridor. The Trade Hub has developed and is implementing the CPMS for the Dar and TKC Corridors. When fully operational, the CPMS would entail inter alia monitoring times, tonnages, commodities, containers and abnormal loads along the full corridor as well as monitoring the times from the arrival of the ship at the port outer anchorage to the arrival of the goods at their destination.

Trans-Kalahari Corridor CPMS: At the TKCMC Co-Chairpersons meeting that was facilitated by Mr. Punungwe on March 29-30 in Pretoria, the TKC Secretariat reported that the implementation of the CPMS was progressing well and the first TKC

¹⁶For additional information, see "Trip Report – TKC Co-Chairs Meeting" by Mr. Punungwe.

Performance Report was to be released in April. Although the first TKC Performance Report is pending, for Trade Hub work purposes this is a **completed** project.¹⁷

Dar es Salaam Corridor CPMS: In the 1st quarter of FY2010, following the presentation of a Trade Hub study on the Development and Establishment of a CPMS for the Dar Corridor, the DCC established a Task Team for the implementation of a CPMS. Following up on this activity, Mr. Punungwe provided technical input and advice to the Task Team during its meeting in Dar es Salaam on February 22 and 23. He explained the Action Plan and approach for the implementation of the CPMS as well as the format to be used for submission of information by all the key stakeholders. It was agreed at the meeting that all key stakeholders would supply information required for the CPMS monthly starting from April and the first quarterly corridor performance report based on the CPMS shall be produced by the DCC Secretariat in July with the CPMS officially launched in August.¹⁸

Planned activities: Corridor Performance Monitoring

- Mr. Punungwe will facilitate and provide technical input to a Task Team meeting to review progress in the establishment of a Dar Corridor CPMS to be held on July 27-28 in Dar es Salaam.

Cross Border Vehicle Overload Control System (CBVOCS)

The purpose of a CBVOCS is to protect the road infrastructure and the system requires cooperation among the Weighbridge Staff, Customs Officials and Road Truckers. The system requires that road truckers show their weighbridge certificates at the border to prove that they have been indeed weighed and confirmed that they are not overloaded. The customs officials would also use this information to ensure that the declared weight for customs purposes is the same as that verified at the weighbridges.

Implementation of the CBVOCS on the TKC: Mr. Punungwe facilitated a TKCMC Working Group meeting on January 25-26 in Pretoria at which the Task Team rolled out the CBVOCS on the TKC was established which was tasked with harmonizing procedures for handling abnormal loads, dangerous goods, weighbridge as well as standardizing vehicle weighing equipment along the TKC.¹⁹

Planned Activities: CBVOCS

- **Implementation of the CBVOCS on the TKC:** Mr. Punungwe will provide technical input and facilitate the CBVOCS Task Team meeting to be held on May 19-21 in Windhoek.

¹⁷ For additional information, see “Trip Report – TKC Co-Chairs Meeting” by Mr. Punungwe.

¹⁸ For additional information, see “Trip Report – DCC Meetings” by Mr. Punungwe.

¹⁹ For additional information, see “Trip Report – TKCMC Customs and Transport Working Groups” by Mr. Munyaradzi and Mr. Punungwe.

2. PRIVATE SECTOR COMPETITIVENESS

This component seeks to improve the capacity of regional businesses and clusters to produce and market competitive goods and services. The Trade Hub's activities endeavor to develop value-adding export relationships within the region and internationally by providing access to technical assistance. This work assists producers, exporters and countries to maximize benefits from AGOA opportunities. Target sectors



under this component are: exportable agriculture, textiles and apparel, and specialty foods. The Trade Hub tracks a number of AGCI and Initiative to End Hunger in Africa (IEHA) indicators under the Private Sector Competitiveness heading.

Exportable Agriculture

Botswana

A week long Hazard Analysis and Critical Control Point (HACCP) training session was presented at Wild Foods, a marula food manufacturer, to begin their HACCP certification process. This will help them with exporting since it will help reassure consumers that the products are produced in a safe environment.

Namibia



From January 25 to 31, Mr. Thompson, was in Windhoek, Namibia where he held a meeting with the Meat Board of Namibia to determine what market(s), other than the European Union (EU) they would want assistance with market research in. However, since the Meat Board of Namibia is anticipating approval from the United States Department of Agriculture (USDA) to allow them to export meat to the U.S., it was agreed to research the U.S. market for beef, lamb and game meats. A U.S.-based consultant was then recruited and the research should be completed by the end of the next quarter.

Mr. Thompson met with the Millennium Challenge Account (MCA) of Namibia about their Indigenous Natural Products Project. The MCA is making this one of their focus areas in their agriculture program along with livestock. At the time of the meeting, a procurement action was still awaiting approval before implementation can begin.

A meeting was also held with INFOSA, a regional seafood/fish organization to learn more about the organization and to identify any possible areas of collaboration. It was discovered that HACCP Training is an integral part of their program so there is

potential to use this resource in the future.²⁰

South Africa

From February 19 to 26, Mr. Thompson and Ms. Shearer traveled to Cape Town, South Africa, for the Natural and Organic Products Exhibition. Two organic consultants were hired to look at organic export possibilities from South Africa and to give recommendations on what is needed for the organic sector in South Africa to expand. The report from these consultants is due early next quarter. As part of their consulting work, both consultants spoke at the Natural Products Show in Cape Town, an annual show highlighting natural and organic products. This year's attendance at the exhibition was 31,150 during the three day show, which was a tremendous increase compared to last year's attendance of 18,500. In addition to speaking at the Natural Organics Products Exhibition, the consultants met with various regional stakeholders to learn more about organic opportunities.²¹

From March 3 to 6, Mr. Thompson and Ms. Shearer traveled to South Africa to meet with Georgetown University MBA students during the presentation of their recommendations to Intshona Dairy Company. The students spent six months at the company as part of their senior year project. Intshona Dairy Company exports to other regions of Africa.

The Trade Hub team also visited, a company owned by a former pharmacist who produces various skin care and household cleaning products using the BulbAloe plant. The company is seeking information on how to export to the U.S. The Trade Hub put the company in contact with someone in the U.S. who has shown interest in assisting it.²²

During the second quarter, the Trade Hub continued its on-going discussions with the South Africa Fine Food Association (SAFFA) to identify their required assistance for this financial year. During a visit to South Africa in January, Ms. Shearer met with the SAFFA Board of Directors to get an update on the organization's progress as a formal group and to further discuss various options for funding the association. A decision on the type of assistance to be provided is anticipated soon. SAFFA expressed interest in assisting with plans and recruitment for an upcoming specialty foods workshop to be held in Cape Town, South Africa, in the spring in conjunction with South African International Business Linkages (SAIBL) and Investment and Trade Promotion Agency of the Western Cape (WESGRO).²³

During the next quarter of FY 2010, the Trade Hub will continue with discussions with SAIBL and the WESGRO concerning a proposed joint workshop set for May 20 in Cape Town, South Africa. Workshop speakers are already being recruited. Other meetings were also held with various South African companies to discuss the

²⁰ For additional information, see "Trip Report – Namibia, Cape Town and Pretoria" by Mr. Thompson, Ms. Shearer and Joop de Voest.

²¹ For additional information, see "Trip Report – Organic Cape Town" by Mr. Thompson and Ms. Shearer.

²² For additional information, see "Trip Report – Georgetown" by Mr. Thompson and Ms. Shearer.

²³ For additional information, see "Trip Report – Namibia, Cape Town and Pretoria" by Mr. Thompson, Ms. Shearer and Joop de Voest.

upcoming Fancy Food Show as well as operational issues.

On March 30, Mr. Thompson traveled to South Africa for a meeting with members of the PhytoTrade board. PhytoTrade Africa is the trade association of the natural products industry in Southern Africa. It is a non-profit, membership-based organization representing private sector businesses, development agencies, individuals and other interested parties in eight countries: Botswana, Malawi, Mozambique, Namibia, South Africa, Swaziland, Zambia and Zimbabwe. The purpose is to alleviate poverty and protect biodiversity in the region by developing an industry that is not only economically successful but also ethical and sustainable.

The purpose of the trip was to get clarification on PhytoTrade need for assistance with the Generally Regarded As Safe (GRAS) approval process. The Trade Hub will provide assistance for the GRAS process for powdered baobab. Once this testing is done, this should remove the final step that is prohibiting some companies to take a serious look at baobab as an ingredient.²⁴

Swaziland



From January 8 to 13, Mr. Thompson traveled to Swaziland to meet several clients in the processed food and textile industries. One of the companies – Eswatini Kitchen – has been participating in the Fancy Food Show in New York City. Mr. Thompson also met with Swazi Secrets, a company that makes various skin and body care products

from marula. The company currently procures marula from 2600 people.

While there, Mr. Thompson also met the U.S. Ambassador to Swaziland to brief him on Trade Hub activities. Meetings were also held with the Swaziland Enterprise and Entrepreneurship Program (SWEPP) to discuss ways to better collaborate. It was agreed upon that the role of the Trade Hub will be to address the larger trade challenges such as Sanitary and Phytosanitary Standards (SPS), exporting and any necessary certifications, among others. The meeting agreed to collaborate and clearly understand each other's roles in order to avoid duplication of effort.²⁵

From March 22 to 26, the Trade Hub provided HACCP training for Eswatini Kitchen and Swazi Secrets in Swaziland. The training was done by Ms. Ally Loughor-Clarke, Food Safety Trainer, Consultant and Auditor. The five day program was aimed at reviewing progress towards the implementation of HACCP based Quality Management System at Eswatini Swazi Kitchens and Swazi Secrets by conducting an audit at the facility, according to a GFSi accredited system to identify missing

²⁴ For additional information, see "Trip Report – Phyto Trade" by Mr. Thompson.

²⁵ For additional information, see "Trip Report – Swaziland" by Mr. Thompson.

documents in current system. This information was then used for client specific HACCP training. The main goal for the training is to get both organizations HACCP certified to improve their quality control.²⁶

Fancy Food Show

The Trade Hub continued with the recruitment of participants to exhibit at this year's Fancy Food Show to be held in New York City, U.S., from June 27 to 29. As in the past, the Trade Hub will partner with the West and East Africa Trade Hubs on the "Taste of Africa Pavilion". To date, ten companies have been invited to exhibit at the show. During the next quarter, the Trade Hub will continue assisting companies prepare for the exhibition.



Export Linkage Program

During the past quarter, a program was initiated that involves food companies from the SADC region to be directly linked to an importer/distributor in the U.S. who will work with these companies to help promote their products in the U.S. market. The importers/distributors have already been chosen and they are now in the process of selecting the companies they want to work with. Once the importer/distributor has chosen the companies, they will deal directly with each other. The objective of this exercise is that after a six month period, the assistance from Trade Hub to these companies will end, hoping that a firm business relationship between the companies and importer/distributor will have been established and can continue. The program helps reduce the risk of the importer/distributor trying new products.

Capacity Building and Market Access

Southern Africa Honey Council (SAHC)

During the period under review, the Trade Hub continued collaborating with Participating Agency Service Agreement (PASA). Two newsletters were published which were co-edited by the Trade Hub personnel. Investigations into the design of an interactive website for SAHC showed that a site that is worthwhile will probably be expensive. The advantage of a website would be that apart from general news, it can also be a source of specific information on technical, marketing, grading, food safety and other legislative issues.

Compulsory irradiation protocol for honey importations into South Africa

The issue of compulsory irradiation for honey importations into South Africa is currently affecting Zambia the most. The Trade Hub helped those involved with how to approach the relevant South African ministry to carrying on the discussions with the ministry. An agreement made between the two countries to encourage trade

²⁶ For additional information, see "Trip Report – Swaziland HACCP Training" by Ms. Loughor-Clarke.

between them and to do away with any inhibiting factors that are not absolutely essential, will go a long way towards helping resolve this issue.

Grape irradiation protocol for the U.S. market

The Trade Hub is currently working on trying to reestablish the exports of grapes to the U.S. market. At one time significant amounts of grapes were being sent to the U.S. A mitigation procedure was designed to replace the current impractical and costly one based on a protracted cold sterilization plus fumigation procedure. This new procedure was explained to Mr. Thomas Schissler, the Animal and Plant Health Inspection Service (APHIS) Attaché.

Market access of South Africa fruit to the U.S.

During the last two Market Access Workgroup meetings with Department of Agriculture, Fisheries and Forestry (DAFF), support was given for the export of avocado, mango, litchi, cherry, plumcot and persimmon to the U.S. markets. In their negotiations with DAFF and APHIS, progress was made on all fronts and success with an irradiation program for grapes is expected to occur.

Planned Activities, Exportable Agriculture:

- **Botswana** – Mabeo Furniture will be attending the International Contemporary Furniture Fair in May in New York City, United States of America (USA).
- **Mozambique** – A consultant will be hired to assist Elephant Pepper in initiating operations in Mozambique.
- **Namibia** – The market research for beef, lamb and game meat exports to the U.S. will be conducted during the third quarter.
- **South Africa** – A workshop for food companies will be conducted on May 20 in Cape Town, South Africa, in collaboration with SAIBL and WESGRO and assistance will be provided to Phyto Trade for the approval of baobab for the GRAS status.

Textiles and Apparel

The following activities and results were carried out in the second quarter of FY 2010 in support of textiles and apparel in eligible countries:

MAGIC Textile Show

From February 15 to 18, Ms. Shearer and Mr. Joop de Voest traveled to Las Vegas, Nevada, for the 2010 MAGIC Textile Show. The Southern Africa Trade Hub partnered with the East Africa and West Africa Trade Hubs to



sponsor the “Africa Pavilion”, which houses all African companies together. One highlight of this year’s MAGIC Show was the visit to the pavilion by the U.S. Trade Representative (USTR), Ambassador Ron Kirk. While the number of buyers attending this year’s MAGIC Show was disappointing, the caliber of the buyers was good as they were essentially decision makers, which made up for the lack of numbers. Results from the show will be forthcoming.²⁷

2010 Business-to-Business (B2B) Event

During the second quarter, the Trade Hub continued with the recruitment of participants for the Textile B2B Event to be held from April 14 to 16 at the Cape Town International Convention Center in South Africa. The B2B Event brings together buyers and sellers from the various parts of Africa as well as from the U.S. and Europe. A record number of buyers have already been recruited for the event, so it is anticipated that this year’s event will be the biggest ever. The appointments for the matching of buyers and sellers are currently underway along with last minute logistical work. On January 24, Ms. Shearer traveled to Cape Town to help coordinate the final preparations for the event.

During her visit to South Africa, Ms. Shearer toured Ideal Fastener, the largest supplier of apparel trims and fasteners in Africa. With offices in Cape Town, Durban, Johannesburg and international offices in Hong Kong, the company recently opened an office in Mauritius. The team at Ideal Fastener has over 500 years of combined experience in the provision of various trim suppliers and machinery for the apparel industry. The Ideal Fastener offers over 5 000 types of buttons, eyelets, hook-and-bars, labels, pulls, rivets and zippers in an array of colors and finishes. Each month, they distribute millions of products all over the world. The company has recently completed an extensive ecological conversion of their production plants and they regularly recycle and purify all water used in production plants to minimize waste. The Managing Director, Emanuel Isserow and his sons Glen, Sales Director, and Director, Mark, also have a strong commitment to the environment.

From February 23 to 27, Mr. Joop de Voest traveled to Lesotho to meet with textile companies about the B2B Event before visiting Mauritius from March 8 to 10. The objective of the visit was to meet with as many companies and convince them to attend the B2B Event. While in Mauritius, he held a meeting with Enterprise Mauritius and the U.S. Embassy.²⁸

AGOA textile and apparel sourcing information support

On an ongoing basis, the Trade Hub has been providing a range of information and support to Southern African manufacturers and buyers/investors from the U.S. interested in doing business with the African apparel industry. During the second quarter of FY 2010, the Trade Hub responded to numerous business-oriented inquiries, likely to result in new business for textile and apparel manufacturers in the

²⁷ For additional information, see “Trip Report – MAGIC Show” by Ms. Shearer and Mr. Joop de Voest.

²⁸ For additional information, see “Trip Report – B2B Recruiting Trip to Mauritius and Lesotho” by Mr. Joop de Voest.

region. Buyers are both from North America and the Southern Africa region. Some of the examples include:

- Assisted a South African sourcing house with contact details of a number of work wear factories in the SADC;
- Assisted a South African retailer with sourcing options in Tanzania;
- Assisted a South African garment importer with contact details of a factory in Malawi that had just installed 200 new machines. The importer visited the factory and indicated that they can work together providing the Malawi, Mozambique, Tanzania and Zambia (MMTZ) agreement is renewed (It has not, but there are other options)²⁹;
- Put a trims manufacturer in contact with a number of garment manufacturers in selected SADC countries;
- U.S. buyer was provided with contact details of companies that can produce large volumes of T-shirts for tender orders;
- Introduced an investor to a small but niche company in the SADC region;
- Booked a Mauritian company's South African producer of very specific fabrics and found an alternative knitter of these fabrics that he did not know existed. The Mauritian company bought equipment from another company that closed a year ago. This means that the Mauritian company using fabrics from South Africa can once again export to South Africa without incurring duties (double transformation);
- Arranged a meeting for a U.S. buyer with a company in South Africa that owns operations in another SADC country, as the South African/SADC manufacturer's management could not make it to the B2B and U.S. buyer wanted to see their design studio;
- Arranged meetings with companies in Lesotho and Swaziland for a buyer from the U.S., who was travelling in Africa in March;
- Introduced company to a United Kingdom (UK) retailer with special request for sourcing also from community based/driven garment operations;
- Assisted Lesotho manufacturer who had received conflicting information regarding pajamas exports to the U.S. The U.S. buyer said it was not duty free. Provided manufacturer with the codes for pajamas and the relevant AGOA exemption of duties so the pajama order could be realized; and
- Assisted a Lesotho company, which is downsizing and sought assistance in finding a company that may want to buy their subsidiary or rent their facilities complete with large number of installed machines. A company was found that was in the process of disinvesting from South Africa to relocate. This South African entity had already registered in Lesotho but was waiting for the factory premises.

²⁹ Malawi and Mozambique have long standing bilateral trade agreements with RSA. Under these agreements as long as value-add is 25% (in the case of Malawi for example) they can export to RSA with a duty of 3%. Originally the value-add was for labor only in which case it would be difficult for Malawi where wages are very low. However, one company disputed the labor only value-add rule with customs and excise on the basis that one cannot just use labor costs without management costs as without management fabrics would not be sourced and financed for the production etc. This argument was accepted, but few know of it.

Contact details were provided to each of the parties and they arranged to meet in Lesotho and inspect the premises and equipment.

General comments on the state of the Textile/Apparel Industry



- The MMTZ agreement, which allowed for garment manufacturers in these countries to export to South Africa duty free on an allocated quota, will not be renewed. This will adversely affect trade for the MMTZ countries with the possible exception of two countries. As a result of the ending of the MMTZ agreement, one

large company in Malawi, closed its doors and is now in the process of relocating to a SACU country.

- After many calls to government departments, trade bodies, industry associations etc, it was learned that although Madagascar has been sanctioned by the SADC, this is only at a political level (Madagascar is not attending SADC meetings nor does it have a SADC vote.) and not on trading basis, so Madagascan companies can continue to export to South Africa duty free on a double transformation basis. This information was passed onto to South African buyers who had stopped sourcing from Madagascar when the sanctions were announced.

AGOA Support

AGOA, market access and information support

The Trade Hub provides support to Southern African companies looking for information on ways to access the U.S. market through AGOA. This includes numerous responses to information regarding regulatory requirements related to Food and Drug Administration (FDA) requirements for food exports to the U.S. and AGOA product eligibility. The AGOA support component is designed to provide complementary capacity building and technical assistance at both the firm level and national level to increase the value and volume of exports to the U.S. from eligible countries in the Southern Africa region. The Trade Hub also provides AGOA eligibility and compliance assistance.



Information Source

The Trade Hub continued to provide support to Southern African companies looking for information on

ways to access the U.S. market through AGOA. This includes responses for information regarding regulations related to FDA requirements for food exports to the U.S. The Trade Hub also provided AGOA eligibility and compliance assistance.

Planned Activities, AGOA Support:

- **Facilitation** – During the next quarter, the Trade Hub will continue to act as an information resource for companies requesting information on export requirements, technical and logistical support, and recommendations for importers.

3. FINANCIAL SERVICES

Many countries within Southern Africa are insufficiently served with financial products and services owing to market imperfections such as legal uncertainties, information asymmetries, regulatory issues and a lack of knowledge among some potential borrowers on how to frame financial proposals. The Trade Hub supports activities aimed at enhancing efficiency within the financial system in the SADC region. In carrying out this activity, the Trade Hub works closely with the World Bank, the African Development Bank (AfDB), SADC and USAID/Washington.



Financial Services Liberalization

During the second quarter of FY 2010, the Trade Hub continued to work with SADC and other African countries concerning requests for technical assistance on the liberalization of trade in financial services.

From January 31 to February 5, Dr. Keith Jefferis, Economic Advisor, joined a USAID/U.S. Treasury team visiting Monrovia, Liberia. The visit was at the request of the Central Bank of Liberia (CBL) for technical assistance from the U.S. Government through USAID to provide support in revitalizing and automating some of its banking operations and financial reporting processes in order to eliminate fraud, embezzlement, theft and inefficiencies in current CBL procedures. The CBL request was in recognition of the inherent risks associated with the issuance of checks by the Ministry of Finance for encashment by commercial banks and the CBL. The purpose of the visit was for the visiting team of experts to assist CBL staff gain an in-depth understanding of the key challenges and capacity constraints facing the bank.³⁰

From February 24 to 25, Dr. Jefferis attended and presented at the Aitec Banking & Mobile Money Common Market for COMESA 2010 conference in Nairobi, Kenya. The conference focused on customer experience in relation to all technology implementation and services, challenging suppliers and bankers alike to evaluate their systems in the light of customer needs and preferences. The conference provided a valuable forum for the financial services



sector, updating delegates on the latest international developments in payment technologies, best practices in information technology project deployment and latest trends in customer service delivery. During the two day conference, Aitec engaged

³⁰ For additional information, see "Trip Report – USAID/Treasury Liberia" by Dr. Jefferis.

with bank customers who attended the exhibition and experienced the services available to customers through the new technologies.

Dr. Jefferis presented on “*Product Innovation and Access to Finance*”. In his presentation, he highlighted issues on banking and access to finance, challenges in “banking the unbanked”, new business models – mobile phone and branchless banking, Regulatory issues and implications as well as supportive conditions for new products to reach the unbanked.³¹



Planned Activities, Financial Services Support:

- **CoSSE/SADC** – During the next quarter, the Trade Hub will support the SADC Committee of Stock Exchanges (CoSSE) to update a study on the harmonization of listing rules to identify progress towards establishment of a regional capital market.

³¹ For additional information, see “*Trip Report – Banking and Mobile Payments Nairobi*” by Dr. Jefferis.

4. MODERN ENERGY SERVICES



The Modern Energy Services component supports SADC and the Regional Electricity Regulators Association of Southern Africa (RERA) to implement their regional integration mandate, to remove regulatory barriers to private sector investment in energy in the region and to build capacity on energy related regulatory issues within the SADC region.

In 2008, the U.S. Ambassador to Botswana and the USAID/Southern Africa Deputy Mission Director signed a MoU with the RERA to remove some of the impediments or barriers to investments in the electricity sector. The technical assistance is aimed at contributing to the capacity development of regional regulatory authorities.

Support to RERA

RERA, a SADC subsidiary body, aims to facilitate the harmonization of regulatory policies, legislation, standards and practices and to be a platform for effective cooperation among energy regulators within the SADC region.



As part of the Trade Hub's ongoing energy related technical assistance to the SADC region, Ms. Gloria Magombo, former Energy Advisor and now a part-time Energy Consultant for the Trade Hub, undertook work to update the RERA Annual Tariff Publication.

Planned Activities, Support to RERA:

- **Support to RERA:** Gloria Magombo will be finalizing the RERA Annual Tariff Publication in the 3rd quarter of FY2010.

5. AGRICULTURAL ENABLING ENVIRONMENT

The Agricultural Enabling Environment component includes activities designed to support SADC in pursuing their regional integration mandate in relation to agricultural trade and capacity building within the region on agricultural trade issues as well as SPS issues.

Collaboration with SADC

Countries in Southern Africa face increasing constraints in exporting their food products to European and U.S. markets. In order to ensure continued access to these important export markets, producers have no alternative but to make the necessary investments to comply with the requirements of the private food safety and quality standards. Additionally, the lack of regional harmonization or mutual recognition of standards in the region is a constraint to intra-SADC trade.



The Trade Hub works with SADC on regional SPS and agricultural issues across a variety of areas including the implementation of the SPS Annex to the SADC Protocol on Trade and the development of a regional agricultural policy.

Assessment of the Implementation of the SPS Annex: Although the SADC SPS Annex was signed in 2008, implementation has lagged and the requisite institutional framework has yet to be established. To facilitate the implementation of the annex, the Trade Hub is working with SADC on a series of analyses to highlight the potential benefits of increasing regional harmonization in this area. This quarter, the Trade Hub worked with counterparts in TIFI to develop a work program. It was agreed that a three part study would be produced. The first part will review the current status of implementation of the SPS Annex as well as the state of SPS institutions in the Member States. The remaining two parts will be case studies which will highlight the benefits of increasing regional harmonization for intra-regional trade flows. At the recommendation of SADC, the case studies selected were: Horticulture and Livestock. The background research in these areas was completed throughout this quarter and the completion of the reports is expected by late June 2010.

Assessment of SADC Agriculture Enabling Environment Policies: Currently, SADC is in the process of developing a regional agricultural policy (RAP) under the lead of the Food and Natural Resources (FANR) division at the SADC Secretariat. This is a two part process. First, FANR is developing a Phase 1 document which will provide the broad outlines of the RAP and will identify the areas necessary for further study. Phase 2 will combine the results of the studies and provide the final document on the RAP for SADC Member State approval. The Phase 1 completion has been significantly delayed but is expected to be concluded in April 2010. While the Trade Hub has provided some inputs to Phase 1, we anticipate a request for inputs into the policy studies for Phase 2.

Planned Activities, Collaboration with SADC

- **Assessment of the Implementation of the SPS Annex:** During the 3rd quarter, the Trade Hub Technical Team will complete a series of country studies. Currently scheduled are Botswana, Mozambique, Zambia, Tanzania and Namibia with the meetings occurring concurrently with the Trade Audit trips. It is anticipated that the work on the three studies will be submitted to FANR in late June with final completion of the studies in July.
- **Assessment of SADC Agricultural Enabling Environment Policies:** With the completion of Phase 1 of the development of the SADC RAP, we anticipate a request from SADC to provide technical input on the policy studies required for Phase 2. These studies would be scheduled for completion in the 4th quarter of FY2010.
- **Food Safety Training of Trainers (ToT) Course** – During the next quarter of FY 2010, the Trade Hub will co-fund a Food Safety ToT in collaboration with the InWent Capacity Building International in order to complete Food Safety training program started in 2009. The final part of the Implementation of Food Safety Management System training will be held in May this year in Lusaka, Zambia.

Cooperation with the Trade Competitiveness Project

In this component the TFCB and TC projects have collaborated on a number of training and policy initiatives including HACCP training, organic standards and locating alternative markets for agricultural products.

Planned Activities, Cooperation with the Trade Competitiveness Project

- **Facilitate HACCP Training on Export of Meat Products:** In the 3rd quarter, the TFCB and TC projects will facilitate HACCP training on the regulations concerning the export of meat products from Southern Africa in Malawi.
- **Finding Alternative Markets for Agricultural Exports from Southern Africa:** In the 3rd quarter, the TFCB and TC projects will co-fund a diagnostic which explores alternative markets for meat exports from Southern Africa.
- **Facilitate Training on Organic Standards:** In the next quarter, the TFCB and TC projects will co-fund training on organic standards in Southern Africa.

6. OUTREACH ACTIVITIES AND TRADE HUB MANAGEMENT

Staffing

- At the end of January, Ms. Bridget Chilala, Director of Trade Capacity Building, left the Trade Hub after five years. She joined the Trade Hub at its inception in 2005 from the Commonwealth Secretariat. Before then she was Zambia's Chief Trade Negotiator and Director of Trade in the Ministry of Commerce, Trade and Industry. At the Trade Hub, Bridget Chilala, an economist, worked very closely with the SADC Secretariat on trade policy and agricultural trade activities. During her stay at the Trade Hub, she assisted the SADC region with trade policy formulation and implementation, international trade issues and regional integration. Among her many achievements with the Trade Hub are that she spearheaded the SADC Trade Monitoring and Compliance Mechanism and drafted the User Guide. In addition, she also authored the Trade Hub sponsored Guide to the SADC Protocol on Trade.



For additional information, see "Exit Report – Bridget Chilala" by Ms. Chilala.

- On January 19, Dr. Montgomery, a Trade Economist, joined the Trade Hub. She took responsibility for some of the activities which were managed by Ms. Chilala. Following the departure by Dr. Kennett from the Trade Hub in February, Dr. Montgomery was appointed Director of TFCB and Trade Hub Manager in March. Dr. Montgomery has over 10 years experience in economic development consulting, specializing in the areas of WTO compliance, Free Trade Agreements (FTA) and multilateral trading relationships. Her work has focused considerably on the provision of advice on non-tariff trade barriers, optimal trade policy, preferential trading agreements for developing countries, the trade impact of privatization of input markets in developing countries, as well as technical barriers to trade. She has a Ph.D. in Economics from Pennsylvania State University in the U.S.
- On February 15, Ms. Madzivanyika joined the Trade Hub as a Trade Facilitation Assistant/Intern until June 11, 2010. Ms. Madzivanyika worked for the Trade Hub as an intern for nine months from 2008 to 2009. During her stay at the Trade Hub, she will be assisting with SADC trade and agricultural activities.
- On February 25, Dr. Kennett left the Trade Hub after more than three years. A British qualified lawyer (solicitor) with a Ph.D. in international trade law from the University of Bern and a master's degree in international law and economics (MILE) from the World Trade Institute in Switzerland, Dr. Kennett has over 10 years of experience in commercial law, international trade law and trade policy issues. She joined the Trade Hub in October 2006 after working as the Director of Trade Policy and Market Access of the USAID-funded Izdihar Project in Iraq, where she assisted the Government of Iraq with their application to join



the WTO. Before that, the focus of her work was on trade facilitation and trade policy issues in Southern Africa, South East Asia and the Middle East. She will be joining the International Development Law Organization in Rome, Italy, as the Manager of Economic Growth & Trade.

For additional information, see “Exit Report – Maxine Kennett” by Dr. Kennett.

Trade Hub Events and High Level Visits

During the second quarter of FY 2010, the Trade Hub hosted the following events and visitors at the Trade Hub in Gaborone, Botswana:

- On January 25, Kim Shelby from Chemonics visited the Trade Hub.
- From January 25 to February 5, Dr. Robert Kirk from AECOM visited the Trade Hub.
- In February, Dr. Montgomery met with a Deloitte team at the Trade Hub headed by Mr. Geoff Wright.

Participation in Events Outside the Trade Hub

During the second quarter of FY 2010, the Trade Hub participated in the following events outside the Trade Hub:

- From January to April, Ms. Elago will be auditing the implementation of the Namibia Investor Roadmap and will host a stakeholder meeting to present the findings of the audit next quarter.
- From January to March, Ms. Magombo updated the RERA Annual Tariff Publication as part of the on-going energy related technical assistance to the SADC region.
- From January 18 to 29, Mr. Munyaradzi and Mr. Chisembwere assisted BURS to update Botswana Customs and Excise Procedures as a follow up on work from the previous quarter involving the simplification and harmonization of Customs procedures and documentation.

For additional information, see “Meeting Report – BURS”, “Technical Report – Revised Botswana Customs and Excise Procedures” by Mr. Munyaradzi.

- From January 25 to 29, Mr. Munyaradzi and Mr. Punungwe facilitated the TKC Customs and Transport Working Group Meetings in Pretoria, South Africa, to review progress on the implementation of Action Plan of TKC’s tools for trade facilitation.

For additional information, see “Trip Report – TKCMC Customs and Transport Working Groups” by Mr. Munyaradzi and Mr. Punungwe.

- From January 26 to 28, Mr. George Makore, Communications Coordinator, attended a Website Development Course in Johannesburg, South Africa.
- From January 31 to February 5, Dr. Jefferis, joined a USAID/ U.S. Treasury team visiting Monrovia, Liberia, at the request of the Central Bank of Liberia (CBL) to assist CBL staff gain an in-depth understanding of the key challenges and capacity constraints facing the bank.

For additional information, see “Trip Report – USAID/Treasury Liberia” by Dr. Jefferis.

- The Trade Hub co-sponsored the Maputo Corridor OSBP Meeting held from February 4 to 5 in Nelspruit, South Africa.

For additional information, see “Letter – MCLI Thanks” by Ms. Horne-Ferrera.

- On February 8, Dr. Kennett and Dr. Montgomery briefed the U.S. Ambassador to Botswana, the Deputy Chief of Mission and the Embassy team on Trade Hub activities.
- From February 9 to 12, Dr. Montgomery and Mr. Munyaradzi facilitated the official launch of RADDEx Live Electronic Data Interchange between Malawi and Tanzania in Blantyre, Malawi.

For additional information, see “Trip Report – RADDEx MRA/TRA Launch” by Mr. Munyaradzi and Dr. Montgomery, “Trip Report – RADDEx Launch” by Mr. Munyaradzi and “Success Story – RADDEx Launch”.

- From February 9 to 13, Mr. Punungwe attended the EAFCA Africa Conference on Transport Logistics in Mombasa, Kenya.

For additional information, see “Trip Report – EAFCA Africa Conference” by Mr. Punungwe.

- On February 15, Dr. Kennett attended SADC International Cooperating Partners (ICP) meetings in Gaborone, Botswana.
- From February 15 to 18, Ms. Shearer traveled to Las Vegas, Nevada, for the 2010 MAGIC Textile Show.

For additional information, see “Trip Report – Magic Show” by Ms. Shearer and Mr. Joop de Voest.

- From February 15 to 19, Mr. Munyaradzi and Mr. Chisembwere, facilitated training on Customs Excise Management in Windhoek, Namibia.

For additional information, see “Trip Report – Namibia Customs Training” by Mr. Munyaradzi and Mr. Chisembwere.

- From February 15 to 19, Mr. Munyaradzi and Mr. Holler facilitated a review of the TKC AEOs system with TKC Task Team in Windhoek, Namibia.

For additional information, see “Trip Report – Review of TKC Authorized Economic Operators Guidelines”, “Meeting Report – Authorized Economic Operators Botswana” and “Technical Report – Authorized Economic Operators” by Mr. Munyaradzi.

- On February 18, Mr. Punungwe participated in a seminar on the JICA Southern Africa Integrated Regional Program Formulation Study in Lusaka, Zambia.

For additional information, see “Trip Report – JICA Meeting” by Mr. Punungwe.

- From February 19 to 21, Mr. Thompson and Ms. Shearer traveled to Cape Town, South Africa, for the Natural and Organic Products Exhibition.

For additional information, see “Trip Report – Organic Cape Town” by Mr. Thompson and Ms. Shearer.

- From February 22 to 23, Mr. Munyaradzi and Mr. Holler reviewed BURS AEO and Risk Management systems in Gaborone, Botswana.

For additional information, see “Meeting Report – Authorized Economic Operators Botswana” by Mr. Munyaradzi.

- From February 22 to 26, Mr. Punungwe facilitated DCC meetings in Dar es Salaam, Tanzania.

For additional information, see “Trip Report – DCC Meetings” by Mr. Punungwe.

- On February 23, Dr. Kennett, Dr. Montgomery and Mr. Thompson met with USAID/Southern Africa in Pretoria, South Africa.

For additional information, see “Trip Report – USAID Meetings” by Dr. Montgomery and Mr. Thompson.

- From February 24 to 25, Dr. Jefferis presented at a Banking & Mobile Payments East Africa Meeting in Nairobi, Kenya.

For additional information, see “Trip Report – Banking and Mobile Payments Nairobi” by Dr. Jefferis.

- From February 24 to 26, Mr. Munyaradzi and Mr. Holler reviewed SARS AEOs and Risk Management systems in Pretoria, South Africa.

For additional information, see “Trip Report – Review of TKC Authorized Economic Operators Guidelines” by Mr. Munyaradzi.

- From March 1 to 5, Mr. Munyaradzi and Mr. Holler facilitated a combined meeting of the TKC Task Teams on AEOs system and Risk Management in Gaborone, Botswana.

For additional information, see “Meeting Report – Authorized Economic Operators Botswana” by Mr. Munyaradzi.

- From March 3 to 5, Mr. Punungwe participated at a WBNL (Trans Caprivi) Corridor meeting in Livingstone, Zambia.

For additional information, see “Trip Report – Trans Caprivi Meeting” by Mr. Punungwe.

- From March 3 to 6, Mr. Thompson and Ms. Shearer traveled to South Africa to meet with Georgetown University MBA students during the presentation of their recommendations to Intshona dairy company where they were for six months.

For additional information, see “Trip Report – Georgetown” by Mr. Thompson and Ms. Shearer.

- From March 8 to 10, Mr. Joop de Voest traveled to Lesotho to meet with textile companies about the B2B Event.

For additional information, see “Trip Report – B2B Recruiting Trip to Mauritius and Lesotho” by Mr. Joop de Voest.

- From March 8 to 12, Mr. Punungwe and Ms. Madzivanyika assisted the Government of Namibia with their WTO TFNA in Windhoek, Namibia.

For additional information, see “Trip Report – WTO TFNA Namibia” by Mr. Punungwe and Ms. Madzivanyika.

- From March 15 to 19, Dr. Montgomery, Mr. Thompson and Mr. Punungwe attended the 2010 USAID Trade and Investment Training Meeting in Pretoria, South Africa.

For additional information, see “Trip Report – AGCI Meeting” by Dr. Montgomery, Mr. Thompson and Mr. Punungwe

- From March 22 to 26, the Trade Hub provided HACCP training to Eswatini Kitchen and Swazi Secrets in Swaziland.

For additional information, see “Trip Report – Swaziland HACCP Training” by Ms. Loughor-Clarke.

- On March 25 to 26, as part of the Botswana Days, the USAID/Regional Center for Southern Africa (RCSA) team visited Peter Mabeo Furniture Company and BURS in Gaborone, Botswana.

- From March 29 to 30, Mr. Punungwe facilitated TKCMC meetings in Pretoria, South Africa.

For additional information, see “Trip Report – TKCMC Meeting” by Mr. Punungwe.

- On March 30, Mr. Thompson traveled to South Africa for a meeting with representatives and the Board of Phyto Trade.

For additional information, see “Trip Report – Phyto Trade” by Mr. Thompson.

Publications and Communications

Hub Happenings: During the first quarter of FY 2010, the Trade Hub also continued to publish *Hub Happenings*, its monthly Newsletter, at the beginning of each month. The Newsletter highlights the Trade Hub activities during the current and previous months and is electronically distributed to over 3,000 addresses.³²

Website: The Trade Hub maintains and populates the www.satradehub.org website with relevant information in order for the website to be a useful resource tool and enquiry point. The Trade Hub website is frequently updated with technical and trip reports, event information, *Hub Happenings* and *Daily News Clips* to ensure that all information remains current. In this past quarter, the website underwent a significant upgrading.



Planned Activities, Publications and Communications:

- **INSAT** – During the next quarter of FY 2010, the Trade Hub will publish its 18th issue of INSAT.
- **Hub Happenings** – The Trade Hub will continue to publish *Hub Happenings* at the beginning of every month.
- **Website** – The Trade Hub will continue to update the website to act as an online tool and resource for trade-related issues in the region.
- **Database** – The Trade Hub will continue to work on expanding and frequently updating the Trade Hub’s database of contacts for mailings.

³² *For additional information, see “Hub Happenings – January, February, March 2010”.*

INDICATORS AND RESULTS

Trade Facilitation and Capacity Building Project AGCI Indicators

Indicator	FY 2007 Benchmarks	FY 2008 Targets	FY 2008 Results	FY 2009 Targets	FY 2009 Results	FY 2010 Targets	FY 2010 1 st Qtr Results	FY 2010 2 nd Qtr Results
Trade and Investment Enabling Environment								
Number of Customs harmonization procedures implemented in accordance with internationally accepted standards as a result of USG assistance	N/A	5	5	3	4	3	0	1
Number of legal, regulatory or institutional actions (not mentioned above) taken to improve implementation or compliance with international trade and investment agreements due to support from USG-assisted organizations	N/A	5	21	3	7	3	0	1
Number of participants in trade and investment trainings	700	500	1781	600	1649	600	370	219
Number of women	280	150	525	200	418	200	104	65
Number of men	420	350	1156	400	1231	400	266	154
Number of trade and investment environment diagnostics conducted	N/A	40	52	30	47	30	11	3
Financial Sector Enabling Environment								
Number of financial sector supervisors trained with USG assistance	N/A	N/A	N/A	100	611	100	72	0
Number of women	N/A	N/A	N/A	25	200	25	17	0
Number of men	N/A	N/A	N/A	75	411	75	55	0
Financial Services								
Number of financial sector professionals trained on international standards with USG assistance	N/A	N/A	N/A	100	611	100	72	0
Number of women	N/A	N/A	N/A	25	200	25	17	0
Number of men	N/A	N/A	N/A	75	411	75	55	0
Modern Energy Services								
Number of people receiving USG supported training in energy related policy and regulatory practices	N/A	150	394	100	621	100	28	0
Number of women	N/A	38	88	25	160	25	3	0
Number of men	N/A	112	306	75	461	75	25	0
Total public and private dollars leveraged by USG for energy infrastructure projects	N/A	TBD	TBD	TBD	TBD	TBD	TBD	TBD
Agriculture Enabling Environment								
Number of individuals who have received USG supported short-term agricultural enabling environment training	N/A	N/A	N/A	100	100	100	54	0
Number of women	N/A	N/A	N/A	25	28	25	24	0
Number of men	N/A	N/A	N/A	75	72	75	30	0
Number of policies/regulations/administrative procedures analyzed as a result of USG assistance	N/A	N/A	N/A	3	3	3	0	0

Trade Competitiveness Project Productivity Indicators

Area	Indicator	FY2010 Target	FY 2010 Achieved-To-Date
2.2 Trade and Investment Capacity	2.2.1 Number of capacity-building service providers receiving USG assistance	250	21
	2.2.2 Number of firms receiving capacity building assistance to export	10	1
	2.2.3 Dollar value of exports from Southern Africa as a result of USG assistance (AGOA and non-AGOA)	\$20 million	\$2,969,930
	2.2.4 Number of buyer/seller linkages established in export markets as a result of USG assistance	1000	0
	2.2.5 Dollar value of new investments made in export capacity as a result of USG assistance	\$1,000,000	\$1,345,000
5.2 Agricultural Sector Productivity	5.2.1 Number of producers organizations, water users associations, trade and business associations, and community-based organizations (CBOs) receiving USG assistance	25	1
	5.2.2 Number of agriculture-related firms benefiting directly from USG supported interventions	75	0
	5.2.3 Number of buyer/seller linkages established in the agricultural sector as a result of USG assistance	200	0
	5.2.4 Dollar value of new investments made in agricultural capacity as a result of USG assistance	\$500,000	\$908,500
	5.2.5 Number of farmers, processors, and others who have adopted new technologies or management practices as a result of USG assistance	25	41
6.2 Private Sector Productivity	6.2.1 Number of new members in private business associations as a result of USG assistance	35	9
	6.2.2 Number of public-private dialogue mechanisms utilized as a result of USG assistance	10	5

Outreach and Communications Indicators

INDICATOR	Definition/Unit Measure	Data Source	Results
Outreach through the Media			
Number of radio and television spots	Interviews and news broadcasts dedicated to Trade Hub activities	TV and radio stations	0
Quantity of newspaper coverage	Individual newspaper and magazine articles, press releases printed in publications, and news articles appearing in major internet sites.	Regional press	0
Trade Hub Publications			
<i>Inside Southern African Trade (INSAT)</i> quarterly newsletter	Number of people receiving <i>INSAT</i> electronically	TFCB Dialogue Unit	3,888
<i>Inside Southern African Trade (INSAT)</i> quarterly newsletter	Number of people receiving <i>INSAT</i> in hard copy	TFCB Dialogue Unit	3,000
<i>Inside Southern African Trade (INSAT)</i> quarterly newsletter	Number of people receiving <i>INSAT</i> through secondary e-mail distribution	TFCB Dialogue Unit	3,500
<i>Hub Happenings</i> monthly calendar of events and projects	Number of people receiving <i>Hub Happenings</i> electronically	TFCB Dialogue Unit	3,268