RAPID

CHEMONICS INTERNATIONAL, INC.

REGIONAL ACTIVITY TO PROMOTE INTEGRATION THROUGH DIALOGUE AND POLICY IMPLEMENTATION

RAPID Task Order 2.2 Activity

National Working Group Activity Overview

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Introduction

Through the Regional Activity to Promote Integration through Dialogue and Policy Implementation (RAPID), USAID has been actively involved over the past year in assisting the 11 Southern Africa Development Community States (SADC) states that are participating in the SADC Trade Protocol to establish National Working Groups (NWG). These NWGs were intended to: (a) coordinate the policy, regulatory and institutional changes and reforms necessary for compliance with the provisions and obligations of the SADC Trade Protocol (STP) and (b) provide a forum for information exchange and joint problem solving between the public and private sectors regarding STP implementation.

RAPID conducted a series of assessment studies in several of the member states to determine their needs for creation of NWGs. The needs assessments uncovered a number of assistance requirements, such as STP awareness and targeted technical assistance in a variety of related areas, such as customs, AGOA and SPS. Despite a stated commitment on the part of the member states to create the NWGs as well as steady assistance under RAPID, to date only three new countries have established a NWG. RAPID has noted a number of obstacles that hinder the establishment of the NWGs, including the lack of operational guidelines and timeline for the NWGs, questionable commitment by some member states to their establishment, as well as lack of human and financial resources to devote to the effort.

This paper provides a synopsis of RAPID's efforts over the past year aimed at supporting the SADC countries to establish effective NWGs. It specifically highlights the achievements and challenges encountered and suggests possible ways of optimizing future assistance. RAPID recommends that further assistance focus on facilitating NWG objectives, not establishment of the NWG themselves, as well as continuing with more targeted technical assistance.

2. Background

At a meeting held in July 2000 in Maseru, Lesotho, the SADC Sector Ministers of Industry and Trade agreed that each SADC member country would establish a National Working Group (NWG) that would oversee the implementation of the SADC Trade Protocol (STP). It was assumed that once established the NWG would fulfill the following key roles:

- Oversee and coordinate policy, regulatory and other changes that may be necessary to ensure compliance with the provisions and obligations of the STP;
- Provide a broadly based forum, comprising of representatives from the relevant Government ministries and agencies and the private sector, for information exchange and joint problem solving between the public and private sectors; and
- Deliberate on trade and other related economic policy issues in general, and where necessary make recommendations to government.

The formalizing and strengthening of the dialogue and information sharing between the

public and private sectors was a particularly important element of the NWG. Regarding trade matters, the private sector would be afforded an opportunity to make more meaningful (effective) contributions into their respective countries' positions in future STP negotiations (previously contributions by the private sectors in most countries have largely been minimal). Additionally on broader SADC issues the private sectors through the NWG would have a chance to have input into the National Task Forces that will be established as provided for in the new SADC structure.

During the last U.S.-SADC Forum, the then Acting Executive Secretary of the SADC Secretariat requested USAID to provide assistance in establishing the NWGs where they did not already exist, to strengthen those that were already in operation, and to provide technical assistance to assist the NWGs in the implementation of the STP. The USAID Assistant Administrator for the Africa Bureau agreed to this request and the RCSA entered into discussions with the SADC Secretariat on designing an activity to support the NWGs.

RCSA provided this assistance through the RAPID project and through on-going direct support to SADC by the SADC Trade Policy Advisor, Support for the Ratification and Implementation of the SADC Trade Protocol. At the request of the SADC Secretariat, this activity was conducted in close collaboration with GTZ.

3. Interventions

RAPID's assistance began with a series of needs assessment studies in several countries to advise on the specific nature and requirements of the NWG by country. The needs assessments resulted in a number of requests for assistance, which RAPID provided, on an array of related topics (e.g. SPS, Customs, AGOA). Finally, when only minimal progress was observed in the establishment of the NWGs in various countries, RAPID consultants were sent to Zambia and Tanzania to "jump start" the effort as case studies.

3.1 Needs Assessment Studies

Prior to assisting with the actual establishment of the NWGs RAPID (in conjunction with GTZ for the lesser developed countries), undertook needs assessments in 8 SADC countries: Botswana, Malawi, Mozambique, Namibia, Swaziland, Tanzania, Zambia and Zimbabwe. The purpose of these needs assessment, which took place between November 2000 and March 2001, was to meet with stakeholders likely to be involved in the implementation of the STP, discuss plans and technical assistance needs for establishing NWGs, and identify priority technical assistance needs for implementing the STP.

The RAPID assessment teams observed that in general the public and private sectors fully supported the idea of establishing NWGs and appear to have an appreciation of the benefits of having such fora in place. However, the assessment teams also found a general lack of knowledge about the STP, particularly among the private sectors, which in most instances had not had much exposure to the negotiation process.

Assistance requests
A number of requests for assistance that stemmed from the needs assessments were common to most of the countries and included the following:

- Request for awareness/familiarization workshops focusing on issues relating to the STP, Customs, AGOA, and other relevant trade matters
- Request for specialized Training of Trainers targeted at customs officers
- Request for assistance with the alignment of legislations and regulations to ensure compliance of STP provisions and obligations
- Request for funding and studies on non trade barriers (NTBs)
- Request for technical assistance on Trade remedies, such as antidumping, safeguard and countervailing measures
- Request for funding and studies of the impact of the STP on selected sectors
- Request for funding and designing websites for the NWGs

3.2 Subsequent Interventions

To respond to these requests raised by the member states during the needs assessments, RAPID undertook a number of interventions. Below is a list of various forms of assistance that RAPID has provided either in response to specific requests from individual countries or from the SADC Secretariat, or based on RAPID's identification of need:

- Funding translation of documents into Portuguese;
- Providing facilitators for NWGs and other related work (based in Malawi and Swaziland);
- Undertaking analyses of Offers (done all countries) and assisting in cleaning up of offers (Zimbabwe);
- Compiling inventory of sanitary/phyto-sanitary (SPS) legislation and regulations (to form the basis for recommendations for an SPS Annex to the STP);
- Funding and/or providing resource persons and technical papers for Round Table Meetings;
- Funding and or providing resource persons and technical papers for the Association of SADC Chambers of Commerce and Industry (ASCCI);
- Funding the Interim Steering Committee meetings and providing resource persons and technical papers for a workshop of the Regional Tariff and Trade Facilitation Forum;
- Identifying trade opportunities under the Africa Growth & Opportunity Act (AGOA) and assisting eligible SADC states obtain visa qualification for textiles and apparel;
- Sponsoring delegates participating in the SADC Industry and Trade Sector meetings, such as the Trade Negotiating Forums (TNF), SADC TNF Committee Meetings (e.g. Sugar, Clothing and Textiles); Round Table meetings; High Level Committee meetings, etc.

3.3 STP Familiarization/Awareness Workshops

A lack of awareness of the STP was identified as a serious issue in the country assessments. Consequently, RAPID held a total of 17 STP awareness workshops in eight countries (Botswana, Lesotho, Malawi, Mozambique, Swaziland, Tanzania, Zambia, and Zimbabwe) during March-August 2001. The workshops included familiarization for customs officers and the private sector, as well as information sessions on AGOA and SPS. Prior to these workshops, very little information about the STP had been disseminated to stakeholders not participating in the SADC TNF deliberations, and member states felt that dissemination of information was a critical step supporting the establishment and effective functioning of

NWGs.

In addition to the awareness workshops RAPID organized and sponsored a number of related workshops and meetings:

- A workshop to assist Zimbabwe in the cleaning up of its Tariff Offer to South Africa.
- The inaugural meeting of the Regional Tariff and Trade Facilitation Forum. (RAPID also sponsored two meetings of the Interim Steering Committee of the Regional Tariff and Trade Facilitation Forum).
- Four Round Table meetings dealing with outstanding issues in the negotiating process.
- Two workshops for the Association of SADC Chambers of Commerce and Industry – one to introduce the Economists and Senior Executives from SADC Chambers of Commerce and Industry to the provisions of the STP, and the second to enhance the advocacy function of the regional Chambers and encourage information exchange.

3.4 Case Studies: Zambia and Tanzania

Observing a lack of progress on the establishment of the NWG after the needs assessments and despite interventions described above, RAPID sent consultants to Zambia and Tanzania in July and August 2001 to facilitate movement on the NWGs in those countries. In both cases the consultants selected were nationals from the countries who had previously worked with the relevant officials and thus had a good working rapport. Whereas the consultants had understood that they would assist the respective governments in establishing the NWGs, they in fact found themselves taking the lead (particularly so in Zambia).

Zambia

A RAPID consultant provided intensive support to the Ministry of Commerce, Trade and Industry in Zambia. A former employee of this ministry, she was well positioned to work with Ministry personnel to help clear final obstacles to the establishment of the NWG. Despite detailed technical direction from the consultant and the government's agreement to take necessary steps to be ready for her arrival, the consultant found almost no preparatory groundwork had been done when she arrived for her consultancy. Consequently she had to perform the preparatory tasks herself from scratch, including contacting members to inform them about the first meeting; drafting the terms of reference for the NWG and background documents for the first meeting; and performing other tasks that properly should have fallen on Ministry personnel.

A host of practical problems challenged the consultant's efforts. Key government contacts were absent on other government business travel. Letters of appointment could not be delivered because the ministry had spent its fuel allocation, similarly attendance could not be confirmed with invitees because phone lines had been disconnected due to outstanding bills. A last minute date change to the first meeting further contributed to a relatively high level of absenteeism. A key member of the NWG suggested that sitting allowances were necessary to motivate members to participate in the group.

Despite these obstacles, the first meeting did take place. The RAPID consultant participated, providing background information on the status of STP implementation and sharing experiences of other NWGs (Malawi, Mauritius, and, South Africa).

Tanzania
Another RAPID consultant provided intensive support to the Ministry of Industry and Trade in Tanzania. A former employee of the SADC Industry and Trade Coordinating Division in Dar es Salaam, she was viewed as an "insider" and worked with a team nominated by the Permanent Secretary to revise the terms of reference for the NWG. Although the Ministry declared the NWG a priority, it was very slow in completing actions required to move it forward. The RAPID consultant had to play a very proactive role in ensuring that consultative meetings took place. She facilitated several meetings of relevant stakeholders. The terms of reference that the RAPID consultant helped draft have since been approved by the Cabinet.

4. Status of the Establishment of NWGs

Mauritius and South Africa already had mechanisms for dealing with the STP issues prior to RAPID's involvement. To date three countries - Malawi, Zambia and Zimbabwe - have established NWGs that are now functional. A Cabinet Memorandum to set up a NWG has been approved in Tanzania and one has been submitted in Swaziland. Botswana, Lesotho, Mozambique and Namibia that are still at the consultative stage.

Below is a description of the status of the NWGs in each country prior to RAPID's involvement and currently, as well as a summary of the country specific assistance RAPID has provided toward the establishment of the NWGs.

Botswana

Initial status:	No NWG existed
RAPID interventions:	• Needs assessment • Assistance with drafting of TOR
Current status:	Currently no NWG in place, however a 1st meeting has been convened to consider the draft TORs

Malawi

Initial status:	A working group was in place, but focused on negotiations (SADC National Working Group on Negotiations for the Trade Protocol)
RAPID interventions:	• Needs assessment • Intensive consultancy to reconstitute existing group • Provision of resident trade advisor to Ministry of Commerce and Industry (support to Malawi's delegation to the TNF, on-going advice to the Director of Commerce on trade policy issues; on-going advice to the NWG STPI regarding technical issues and trade constraints; drafted study "Public-Private Sector Interaction and the Development of Manufactured Exports in Malawi") • Participation in NWG meetings • Analysis of Malawi's experience establishing its two NWG (shared with other SADC members)
Current status:	NWG has been established and has met more than 5 times (NWG for the SADC Trade Protocol Implementation (STPI)

Mozambique

Initial status:	No NWG existed
RAPID interventions:	• Needs assessment (GTZ) • Provided a consultant who assisted the Mozambican negotiating team to prepare a position on the motor vehicle industry.
Current status:	Currently no NWG in place. Recommendations were presented to the Cabinet. The

	Mozambicans do not see NWG as urgent. They prefer to focus on other prioirities (e.g. legislation), and are using other existing mechanisms similar to the NWG.

Namibia

Initial status:	No NWG existed
RAPID interventions:	• Needs assessment
Current status:	Currently no NWG in place. Namibia links the establishment of the NWG with the provision of more market access in the SADC region. They are concerned that the STP does not benefit the Namibian private sector; consequently they do not see NWG are a priority at the moment.

Swaziland

Initial status:	No NWG existed
RAPID interventions:	• Needs assessment • Facilitation of consultations between relevant ministries and the private sector (engaging the private sector that had previously been left out).
Current status:	Currently no NWG in place. Cabinet reshuffle has delayed process

Tanzania

Initial status:	No NWG existed, however a number of other similar groups existed and a decision was made to create a single trade working group
RAPID interventions:	• Needs assessment • Intensive consultancy to jump start the establishment of the NWG • Assistance with drafting TOR
Current status:	Cabinet paper has been approved, but NWG has yet to be convened.

Zambia

Initial status:	No NWG existed
RAPID interventions:	• Needs assessment • Intensive consultancy to jump start the establishment of the NWG
Current status:	NWG has been established and has met 3 times, however there are capacity constraints

Zimbabwe

Initial status:	No NWG existed
RAPID interventions:	• Needs assessment (Political circumstances hinder RAPID's ability to provide assistance)
Current status:	NWG established in March and has met 5 times

Lesotho

Initial status:	No NWG existed
RAPID interventions:	A planned needs assessment has not yet taken place
Current status:	Currently no NWG in place. They feel they do not need a NWG now and prefer to use other existing mechanisms.

Mauritius

Initial status:	NWG or equivalent existed
RAPID interventions:	None
Current status:	NWG or equivalent functioning

South Africa

Initial status:	NWG or equivalent existed
RAPID interventions:	None
Current status:	NWG or equivalent functioning

Although establishment of the NWGs has been slower than expected, there are successes to note. The NWGs from Malawi, Zambia and Zimbabwe have successfully lobbied and are continuing to work closely with their governments to put in place the necessary legislative and regulatory measures required to fully implement the STP in the respective countries.

The Malawian and Zambian NWGs have established subcommittees that are allocating and monitoring the administration of quotas under the MMTZ textiles and clothing and the sugar arrangements. The Malawi NWG was instrumental in expediting the qualification process to the AGOA textiles and apparel visa system.

5. Issues and Constraints

In working toward establishment of the NWGs, RAPID has identified a number of issues and constraints, to which the slow progress of the effort can be attributed. In order for on-going work toward establishment of the NWG to bear fruit, these issues must be addressed.

Questionable commitment by some member states to establish NWGs. RAPID observed a lack of commitment and appreciation of the benefits of a viable NWG by government officials entrusted with coordinating the establishment and operationalization of the NWGs. The Zambia and Tanzania instances described above are cases in point. RAPID consultants had to take an inordinately active role to progress the NWGs in those countries. In addition, officials in some countries (e.g. Swaziland and Namibia) have indicated to RAPID that establishment of the NWG is not a priority for them at this time. The very premise of the NWG means that national buy in and engagement is essential. Even where consultants can force a NWG, it will be unsustainable without strong national ownership.

Lack of operational guidelines and timeline for the NWGs
When the decision to establish the NWGs was taken by the Trade and Industry Sector Ministers in July 2000, no guidance was provided on their operationalisation. It was left to countries to determine the functions and composition. From the Ministers' point of view, this was meant to accommodate the different environments existing in the Member countries. This has however, turned out to be problematic as countries have spent a large amount of time determining what the NWG should look like and operate. Some of the officials/ institutions tasked with coordinating this activity have had difficulties in appreciating the role, benefits and urgency of establishing the NWGs. This has subsequently resulted in some of the coordinating ministries failing to convince the relevant participating institutions to engage in effective consultations or even attend meetings (in instances where NWGs have been set up). Similarly, the absence of a timeline by which the NWG need to be established has meant that more time sensitive priorities take precedent.

Limited human capacity
A dearth of experienced and knowledgeable staff in the relevant ministries has resulted in the overburdening of the few available competent staff who would participate in the NWGs. In a number of countries the staff members assigned to deal with the STP are also dealing with a host of other trade issues, such as WTO, COMESA, EU/ ACP and Bilateral Arrangements. The situation is sometimes compounded by constant inter departmental or ministerial transfers which result in the removal of experienced and knowledgeable personnel. These changes disrupt the information flow and impede continuity.

Inadequate financial resources
Inadequate funding by the Government Treasury is a problem for most of the countries, especially the least developed countries. There is often a divergence in the priorities in the allocation of funds between Treasury and the Economic Ministries, resulting in chronic under funding of the latter. This is exacerbated by the fact that most of these countries are operating on a cash budget and thus depend on a monthly allocation which is inadequate to meet the Ministries' monthly commitments of expenditure. The frequent result is delinquent utility bills, such as telephones and fuel, leading to the disruption of transport and telecommunication services critical to a collaborative effort like the NWG. This raises the question of how effective the NWGs would be in such an environment even where there is strong national commitment.

Outstanding issues in the SADC Trade Protocol
The delay in resolving some of the outstanding issues in the SADC Trade Protocol has been a contributing factor to the non establishment of NWGs in some countries. This is due to the fact that in its current state the Protocol is hardly being implemented and as such there are not many problems being experienced. Once the Protocol is fully implemented, it will be inevitable that a number of queries may arise which will force some of the countries to appreciate the urgency and need for the NWGs. SADC should therefore strive to resolve the outstanding issues to expedite implementation by all the Member States.

Strained private and public sectors relationships
As a mechanism to foster public-private sector collaboration, the NWG has to confront entrenched antagonism between the public and private sectors in many countries. In some cases (e.g. Zambia), the private sector lacks the confidence that the responsible ministry is capable of coordinating the NWG in a manner that will yield positive results. Similarly, the government officials in many countries have little contact with or understanding of the private sector operators' operations and problems. A related problem is that private sector groups in BLNS countries do not perceive the STP as offering them significant advantages during the early years, so there is little pressure on government to establish NWG.

Zimbabwe
The political situation in Zimbabwe has greatly hampered RAPID's ability to provide requested technical assistance there.

6. Recommendations for Future Assistance

While progress in establishing and/or strengthening the NWGs will continue to be hampered until the constraints identified above are addressed, RAPID sees opportunities for continued assistance in selected areas.

Focus on facilitating NWG objectives, not NWG themselves
RAPID should focus more on facilitating the achievement of the objectives of the National Working Groups rather than the setting up of the NWGs themselves. The ultimate objective is not the establishment of NWGs per se, but establishment of effective mechanisms to encourage a more integrated regional market. The NWG may constitute another layer of "coordinating" bureaucracy that hinders rather than facilitates STP implementation. Working

through existing mechanisms and entities, such as the Heads of Customs and the Customs Advisory Working Groups, can yield many of the NWGs' intended results, and may be a more effective use of resources. To facilitate the public-private sector consultations goal of the NWG, other options could be explored (e.g. larger role for ASCCI and/or the Southern African Enterprise Network)

Continue with more targeted technical assistance
RAPID should continue to provide support to SADC countries where NWGs are operating and utilizing other avenues such as the Heads of Customs Initiative, responding to specific requests made by countries and the SADC Secretariat. However, RAPID should be cautious in instances where the activity is more of a regional nature, that there might be specific country situations that may require immediate attention and cannot wait for formal programmes under the particular activity.

Conduct regional workshop to create awareness regarding NWG
It may be worthwhile for RAPID to consider organizing a regional workshop for both private and government representatives at which NWG guiding principles can be provided and experiences of successes and failures by Member States shared. For the workshop to achieve its objective it is extremely important that the SADC Secretariat plays a leading role.

Direct assistance to the SADC Secretariat
RAPID's experience showed that when intensive and direct support was provided to promote the establishment of a NWG (in the case of Zambia and Tanzania) positive results were more likely. It might be beneficial to provide a consultant to work directly within the SADC Secretariat to assist member states in the establishment of their NWGs. For example, such a consultant could provide assistance with operational guidelines and attempt to maintain momentum for national efforts.