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INDUSTRY AND TRADE

**SOUTHERN AFRICAN
DEVELOPMENT COMMUNITY**



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C O N T E N T S

	<u>PAGE</u>
1 EXECUTIVE SUMMARY	1
2 REVIEW OF THE REGIONAL SITUATION	6
3. REVIEW OF THE PROGRAMME	9
4. CURRENT STATUS OF PROJECTS	17
5. OTHER ACTIVITIES	23
6. PROJECT DESCRIPTIONS	25

ANNEXES

1 CRITERIA AND PROCEDURES FOR SELECTION OF PROJECTS	27
2 FUNDING STATUS OF PROJECTS	33

PROJECT NUMBERING SYSTEM

Projects are identified using an alphanumeric numbering system.

1. The first three letters indicate the member State

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

2 The first digit defines the Sector

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

3 The second digit is a serial number

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

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

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

1.0 EXECUTIVE SUMMARY

1.1 The provisional data on the performance of the manufacturing sector already received from SADC member States indicate that, generally, growth of the manufacturing sector declined in 1993. Only three member States registered marginal growth of Manufacturing Value Added (MVA) in 1993 when compared with 1992.

1.2 The draft SADC trade development and promotion strategy suggests that, intra-SADC trade has regrettably remained low, i.e. at 5.1% (1988) of the total SADC Trade. However, the draft strategy also indicates the existence of considerable potential for intra-SADC trade growth. It thus envisages intra-SADC trade to increase to 12% by the year 2000. The existing informal trade across the borders of the member States is an obvious indication of this potential.

1.3 In order to respond to the challenges arising from the establishment of SADC and the expectations of SADC member States as indicated at the Seventh SADC Industry and Trade Ministers Committee meeting held in Arusha, Tanzania, on 28-29 June, 1993, a programme of action incorporating a plan for capacity building in SITCD has been prepared. The programme is designed to achieve the following -

- to identify more focused sectoral programmes for promoting and sustaining the desired regional integration and structural transformation of the region's economies,
- to enhance SITCD sustainability by strengthening its technical capacity especially in policy analysis and information development and dissemination,
- to define the structure, institutional establishment instruments, management and operational systems for enhancing the regional status of SITCD as a basis for an effective implementation of the programme of action.

1.4 The Treaty establishing SADC provides for the preparation of protocols to spearhead regional integration in the specified areas of cooperation. For the Industry and Trade Sector, the following protocols have been drafted -

a) Protocol on Finance and Investment

The objective of this protocol is to facilitate mobilisation of financial resources and cross-border investment through the creation of a common financial market focusing on:

- liberalization of capital markets and

financial services in SADC countries, and

- establishment of financial institutions and provision of financial services.

b) **Protocol on Trade Cooperation**

The objective of this protocol is to facilitate, increase and promote intra SADC Trade through the elimination of tariffs and non-tariff barriers, and also to allow competition and free and fair trade amongst SADC countries

1.5 Preparation of the draft Trade Strategy has been completed. It provides a framework for the development and promotion of both intra- and extra-SADC trade. Its objectives are:-

- 1) To facilitate the creation of a regional market and thus enhance the development of a strong regional community
- 11) To enhance the establishment of export oriented investments by opening up opportunities for new products and markets

1.6 The updating of investment policies and mechanisms of SADC countries compiled and published in 1991 has been completed and would be published after the approval by Council States. The publication will provide information to prospective investors on national laws, regulations, barriers, incentives and opportunities for investment and trade in the region

1.7 The following studies were commissioned and implemented during the period under review -

- a) Review of the SADC programme on Standardization and Quality Assurance
- b) The development of a programme on the establishment of a comprehensive SADC Metrology System

1.8 The findings arising from a review of the SADC programme on Standardization and Quality Assurance (SQA) suggest that the programme has generated considerable impact in the region especially with respect to the following areas.-

- 1) **quality testing and development through:**
 - the provision of technical advisory services and training in packaging and quality testing,
 - preparation of a hand book on procurement of packaging, and
 - establishment of a regional packaging testing

laboratory at Malawi Bureau of Standards. (MBS)

11) **Information exchange and training involving**

- the periodic publication of a newsletter on export packaging and quality assurance for exporters, producers and traders in SADC countries,
- establishment of a regional data base on packaging and quality assurance at MBS.
- training on quality management and quality assurance for exporting enterprises

111) **Strengthening of existing National Standards Bodies (NSBs) and establishing new NSBs.**

This programme activity has contributed to the enhancement of national SQA programmes, especially in SADC countries without NSBs. Mozambique has already established her own NSB. It was established in May, 1993. The other countries without NSBs including Angola, Botswana, Lesotho, Swaziland and Namibia have made considerable progress towards establishing their NSBs.

1.9 The study on the development of a programme on the establishment of a comprehensive SADC metrology system in SADC countries has revealed that there is widespread underdevelopment or complete absence of basic infrastructure and manpower for metrology activities within SADC countries.

1.10 The third issue of the SADC Trade Directory (1994) is now out and is being marketed in all the member states. There is great demand for the directory by the business community who confirm its usefulness and are enthusiastic about its continuity as a source of information.

1.11 Between September and November 1993, the following workshops were jointly organised by the SADC Secretariat and SITCD.-

- workshop on resource mobilization and financial sector
- workshop on customs and trade.
- workshop on the productive sectors

1.12 These workshops were intended to provide an effective machinery of involving all interested groups in the preparation of protocols in this sector.

1.13 The Industry and Trade Sector programme consists of 11 projects. The total cost of the programme is USD 12 554 million of which USD 2.834 million has been secured and USD 5.38 is under negotiation. The summary of the implementation and funding status of projects is appended as annex 2.

1.14 The following programme activities could not be implemented for lack of funding which was expected to come mainly from donors

a) **Project AAA.15.3 study on comprehensive Export Financing Schemes.**

Revised terms of reference for a study have been approved. The study is estimated to cost US\$ 0.10 million. Funding is still under negotiation with USAID.

b) **Project AAA. 12.6 Development of Small/Medium Scale Industries Technologies and Transfers.**

The Committee of Experts to coordinate implementation of a programme of action of small scale industry development and technology transfer was not established.

c) **Project AAA. 12.9: Industrial Research and Development.**

The Committee of Experts to coordinate implementation of a programme of action of Industrial Research and Development was not established.

d) **Project AAA. 12.11: Management and Skills Development.**

The Study on Industry and Trade Management and Skills Development requirement was not undertaken. The findings and proposals were intended to assist in drawing up a regional programme of action.

e) **Project AAA. 12.1 (5) Standardization and Quality Assurance.**

1) ISO/SIDA training programme on SQA at the institutional level

The project which was under implementation had to terminate due to lack of funds despite strong desire to have the project continued.

- 11) RAF/37/06 Development of Effective Quality Control Standards and Testing Services for Export Products in the Region

Implementation of the project was being funded by the Government of Italy under the execution of ITC but was terminated in March, 1993 despite strong desire to have project the continued

- 111) RAF/26/50 Direct assistance in Packaging to selected Enterprises in SADC member states

Implementation of the project was being funded by the Government of Finland under the execution of ITC The project terminated in March, 1994 despite strong desire to have the project continued

- f) **Project AAA. 12.5 Establishment of Information Exchange Centre**

A project proposal has been prepared EEC has been approached for funding

- g) **Study on the Development of Fertilizer Industry in the SADC region**

No progress was made on the implementation of recommendations made by the workshop which was held in Harare 27-28 April, 1993 to discuss the above study. Consultations aimed at involving the African Centre for Fertilizers in undertaking follow up activities are in progress

- h) **Study on the rehabilitation of Angola Industries**

No progress was made as EEC who were expected to finance the study have not changed their position They maintain that the study being proposed could be handled bilaterally within the National Indicative Programme

- 1) **Technical assistance to Mozambique**

SITCD was directed to assist Mozambique in identifying needs for the rehabilitation of their industries

2. REVIEW OF THE REGIONAL SITUATION

2 1 Performance of the sector

2 1 1 Provisional data on the performance of the manufacturing sector in SADC countries for 1993 indicate that the growth of that sector declined when compared with 1992. Table 1 below suggests that only three SADC countries including Namibia, Tanzania and Zimbabwe recorded marginal growth of Manufacturing Value Added (MVA) in 1993. The main contributing factors to the poor performance of the manufacturing sector in most SADC countries were aging machinery, inability to import essential spare parts and raw materials, inadequate capital and economic infrastructure, obsolete technology, competition with cheap imports due to trade liberalisation, problems related to management, and tight liquidity arising mainly from the transitional effects of economic reforms.

TABLE 1

GROWTH OF MANUFACTURING VALUE ADDED (MVA)

Country	Growth & p.a.			
	1990	1991	1992	1993
Angola	-	-	-	-
Botswana	11.7	6.6	6.4	-5.60
Lesotho	-3.9	4.5	13.8	8
Malawi	11.3	3.0	3.5	-0.98
Mozambique	-	-	-	-
Namibia	5	5.1	4.9	5.97
Swaziland	-1.2	11.9	2.4	-
Tanzania	7.84	4.3	1.9	2.1
Zambia	7.8	-7.6	-4.2	-5.64
Zimbabwe	4.4	2.8	9.5	10

Source - Member States
 - Figures for 1993 are still provisional.
 - South Africa is not covered

2 1 2 The information available from both the trade flows study and the study on SADC trade development and promotion strategy indicate that intra-SADC trade has remained relatively low i.e. 5.1% (1988) of the total SADC trade. There has not been much trade among the SADC countries mainly because of underdeveloped manufacturing sector. Latest data of 1992 indicate that between 1980-89 Zimbabwe with a relatively strong manufacturing sector recorded 28% of her total trade with SADC countries. Zambia which follows Zimbabwe

recorded 8% In this respect over 95% of SADC exports are marketed outside the SADC region mainly in the form of primary commodities with little or no value added

2 1 4 However, the Strategy has also identified enormous potential for intra-SADC growth It thus envisages to increase intra-SADC trade to 12% by the year 2000 The existing information on informal trade across the borders of member States is an obvious indication of this potential

2 2 **Relations Post-Apartheid**

2 2 1 On 29 August, 1994, South Africa acceded to the SADC Treaty as an eleventh member State The relations between SADC countries and apartheid South Africa were highly unbalanced in favour of South Africa's domination over SADC countries in trade, flow of investments, transport systems and employment of migrant labour These imbalances would have to be addressed Given the right framework, the admission of South Africa into SADC would contribute significantly in strengthening regional integration in Southern Africa especially with respect to trade, investments and technology transfer

2 2 2 Four SADC countries, Botswana, Lesotho, Namibia and Swaziland (BLNS) belong to the South African Customs Union (SACU) SACU would also need to be reviewed in order to ensure equitable distribution of benefits for all cooperating member States The discussions to review SACU could be of great interest to SADC, especially if the discussions could relate to the desire of forming a regional customs union

2 3 **PTA/COMESA**

A study on the rationalisation of the PTA/COMESA and SADC relations was undertaken On the basis of this study, the SADC Summit meeting held on 29/8/94 in Gaborone decided to split PTA into two sub-regional groupings, PTA South consisting of SADC member States and PTA North consisting of non-SADC member States The decision made by the Summit is aimed at eliminating the problems of overlapping, duplication and/or conflicting of programmes which had constrained PTA/SDAC relations and thus the need for the study The elimination of these problems would ensure realisation of the full potential of economic integration as conceived by the two regional groupings

2 4 Trade Preferences

2 4 1 SADC countries will benefit from the existing GSPs, Lome IV provisions and the recently concluded GATT agreement under the Uruguay round only if they cooperate and stand as one block. This is of paramount importance, especially in the export of commodities. Several commodities like tea and coffee have strong multinational organizations which do the buying, processing and distribution. SADC countries have to collaborate with them and move from exporting raw to processed commodities.

2.4 2 Under the agreement on textiles and clothing in the recently concluded GATT, SADC member States stand a chance to sell more if there is a concerted approach to this agreement, especially the SADC countries involved in the production of cotton as well as textiles and clothing.

2 5 Relationship with the European Union

2 5.1 SADC member States who are also members of ACP have traditional economic ties with the European Union (EU) member States and enjoy access to the EU market.

The advent of a single European market in January 1993 represented an important landmark in the history of international trade. Any changes in marketing environment in the EU resulting from harmonisation of product standards, common product liability rules, environment and consumer protection policies, and the health and safety requirements, will, therefore, have profound implications on the trade of the developing countries including SADC member States.

2 5.2 The single European market is based on a complex legislative programme which may appear daunting to exporters from developing countries including SADC member States. Among the most important elements are the standards certification and testing procedures, where lack of know-how could hamper SADC manufacturers and exporters in making design and quality improvement in their export products which are crucial for market entry. The complicated rules of origin represent another area which could adversely affect the export interests of SADC countries to penetrate the EC market. The possible interaction of rules of origin and other trade barriers, such as quotas, could result in a systemic bias in favour of sourcing from Europe rather than exporting to Europe.

2 5 3 The single market nevertheless offers new and far greater opportunities to the SADC business community. But SADC exporters will have to produce goods

according to buyers' specifications and understand the rules and regulations relating to product standards, certification and testing procedures in order to take advantage of a large market of 320 million people. It will thus be up to the exporters to identify those products which could feasibly be exported into the European Union and decide how to take advantage of preferential arrangements.

3. REVIEW OF THE PROGRAMME

3 1 In the immediate future, operations in the Industry and Trade Sector will centre on the development and monitoring of implementation of protocols being prepared to address regional integration in finance and investments, trade facilitation and support services.

3 2 The other programme activities would include the coordination of industrial and trade cooperation programmes in as much as these re-enforce and sustain the process of regional integration.

3 3 Programme elements

3 3 1 Capacity Building in SITCD

This programme is designed to strengthen SITCD's technical capacity in order to respond to its extended mandate arising from the establishment of SADC in August, 1992, and also to enhance its long term sustainability. Programme activities include -

(a) Strengthening SITCD's technical capability through

(1) recruitment of additional specialists in finance and macro-economics,

(11) professional training of existing staff,

(111) provision of equipment, and

(1v) Strengthening SITCD institutional links in the SADC region including -

- Strengthening links with sector contact points,

- Establishing a Regional Network of National Investment and Trade Promotion Agencies in SADC Region,

- Establishing a Regional Network of National Chambers of Commerce and Industry in the SADC region,

- Establishing a Regional Network of Industrial Research and Development Agencies in the SADC region,
- Establishing a Regional Network of National Standards Bodies.

(b) Enhancing SITCD sustainability through

- (1) Restructuring SITCD to enhance its regional status as a basis for implementing its programme of work including policy analysis, information development and dissemination and regional coordination
- (11) Establishment of SADC regional Industry and Trade Information Exchange Centre in SITCD to serve information requirements of investors, traders, financiers, and policy decision makers in and outside SADC, as well as serve SITCD's information requirements of policy implementation monitoring

3 3 2 Industrial cooperation

In the light of the broad macro-economic framework provided by the SADC industrial development policies and strategy, regional coordination in industrial development would include the following programme activities -

- (a) Creation of an enabling investment climate including
 - Compilation, production and dissemination of investment information
 - Organisation of regional workshops aimed at facilitating exchange of experiences in the area of investment policies and mechanisms and practices amongst member states
- (b) Promotion of foreign and regional investments in the SADC region

3 3 3 Trade cooperation

In the light of the SADC trade development and promotion strategy and the protocol on trade cooperation, the main thrust in coordinating trade development would be to facilitate the creation of enabling trade environment through the following programme activities -

(a) **Trade facilitation**

Programme activities include -

(1) Monitoring the implementation of the protocol on trade cooperation. The protocol being developed consists of the following programme elements

- Simplification of trade procedures to facilitate and promote trade among SADC member States.
- Promotion of intra SADC trade through various schemes.
- Promotion of industrial development
- Elimination of tariff and non-tariff barriers
- Promotion of cooperation in trade and customs administration
- Formulation of SADC Rules of Origin for goods and products produced in the SADC region
- Gradual application of common external tariff and common external trade policy
- Establishment of effective institutions to spearhead the implementation of the protocol. Institutions to be established include the following -

(a) National Trade Facilitation Committee.

(b) Regional Trade Facilitation Committee.

(11) Implementation of recommendations already made on the trade facilitation study

(111) Conduct studies on

- the impact of establishing common external tariff;
- the impact of the removal of tariffs among SADC member countries,
- SADC Payments Union,

(v1) Conduct regional workshops aimed at facilitating exchange of information on the existing trading opportunities in the region

(b) Trade Development

Programme activities would focus on initiating and coordinating implementation of policies aimed at -

- improvement of commodities production and marketing,
- diversification of the export base;
- grass root participation in export development i.e the involvement of the informal sector,
- improvement of Import Management,
- establishment of export processing zones where viable,
- involvement of the business community, and
- encouraging investments in the export sector

(c) Trade promotion

Programme activities would include the following -

- trade fairs and missions including the provision of a SADC pavilion in each member state,
- establishment of a Regional Trade Centre,
- organizing buyer/seller meets,
- greater emphasis on use of patents and trade marks,
- encouraging standardization and Quality Assurance activities,
- more use of existing trade preferences;
- promoting relations with other regional groupings, and
- conduct a study on the evaluation of GATT agreement and its effects on SADC

Investment and Trade Finance

This programme is aimed at encouraging development of capital markets and mobilisation of domestic savings and foreign exchange to finance industrial investments and export trade. In this regard, the programme includes the following activities:

(a) Protocol on Finance and Investment

Preparation of a draft protocol on Finance and Investment has been completed and approved in principle by the SADC member States. Further monitoring of the implementation of the draft protocol consists of the following programme elements:

- (1) Creation of a common financial market through
 - liberalization of capital movements and financial services in SADC countries, and
 - establishment of financial institutions and provision of financial services.
- (11) Establishment of a Southern African Development Fund
- (111) Promotion of monetary cooperation
- (1V) Coordination of economic policies

(b) Cross-Border Investment Facility

The programme involves establishment of Cross-Border Investment Facility. It is intended to overcome financing constraints to investments across national boundaries. A study on the establishment of the facility has been prepared and is under review. However, further development of this project should take into account the draft protocol on investment and finance which is also addressing similar concerns.

(c) Comprehensive Export Financing Schemes (CEFS)

The programme incorporates both Export Pre-financing Revolving Fund (EPRF) and Export Credit Facility (ECF) and is intended to increase resources for businessmen in the region involved in import and export trade.

(d) NORSAD Fund

The NORSAD Fund, established since January, 1990 within the broad context of the SADC/Nordic Initiative is intended to provide a foreign exchange revolving facility to promote joint venture investments particularly to exporting firms drawn from SADC and Nordic countries

A total of 15 projects have been approved by the Norsad Board of Directors in the following countries -

- Angola 2 projects on extraction of black granite and security company
- Mozambique 1 project on gold mining
- Tanzania 5 projects on hotel, tourism, fish processing, manufacturing of jam and manufacturing of transformers
- Zambia 5 projects on maize milling, saw milling, bi-questing from waste materials, drilling of bore holes and import and reconditioning of compressors and pallet trucks
- Zimbabwe 2 projects on manufacturing of solar refrigeration and installation of gold stoves

Total funds committed are Danish Kroners
146,029 00

Earlier there was a problem of inaccessibility of the facility by SADC businessmen due to the rigid conditions given by the Fund This has since been solved Conditions have been relaxed and are now more flexible and competitive The condition to exclude the connection of South Africa in the utilisation of the Fund has also been removed following the installation of a democratically elected government in South Africa on 10th May, 1994 However, most of the prospective investors are still unable to draw on the fund mainly because banks in the SADC region have been generally reluctant to cover them with the necessary bank guarantees

3 3 5 Industry and Trade Support Services

3 3 5 1 The Industry and Trade support services including: the development of capabilities for Industrial Research and Development (R&D), Standardization and Quality

Assurance, market research, industrial management and skills development, consultancy services and information development and dissemination between member States are crucial for sustained industrialisation and regional trade.

3 3.5.2 The Industry and Trade support services in most SADC countries are not sufficiently developed. In this regard, the following strategies have been adopted to create and strengthen national/regional technical capacities for support services -

- To undertake regional surveys of existing industrial support services in SADC countries.
- To prepare programmes for establishing and strengthening national capacities for support services
- To promote regional cooperation in the management and utilisation of existing industrial support services and to encourage joint establishment of regional institutions

3 3 5.3 So far efforts have been made to initiate programmes for the following support services

- Standardisation and Quality Assurance
- Information development and dissemination
- Small Scale Industry Technology Development and Transfer.
- Industrial Research and Development

3.3 5 4 There has been notable achievements in the implementation of the regional SQA programme including

- the encouragement towards establishing SQA activities,
- training provided at the institutional and enterprise level in SQA matters,
- technical advice and support provided to the institutions and enterprises,
- information dissemination in SQA matters.

3 3 5 5 The SADC Expert Group on SQA held its 9th meeting in Maputo in May, 1994 to review the status of programme implementation. The meeting also endorsed a revised programme on SQA which also incorporates metrology

- 3 3.5 6 On the basis of the recommendations made by the Expert Group on SQA, the Committee of Industry and Trade Ministers has approved a comprehensive programme on Standardization, Quality Assurance and Metrology (SQAM) comprising of the following elements
- Establishment of legal and or institutional infrastructure for promoting SQA activities in the member States where NSBs do not exist
 - Establishment of National Metrology Systems in all the SADC member States where desirable
 - The strengthening of the NSBs in Mozambique (INNOQ) and Zambia (ZABS) in accordance with ISO integrated approach.
 - Strengthening of existing institutions with specialized skills and high potential for shared services in metrology services
 - Harmonization of standards and certification schemes
 - Establishment of traceability links between member States and metrology centres of the industrialized world
 - Training
 - Promotion of standardization, quality assurance and metrology
 - Direct assistance to enterprises
 - Strengthening of SADC Industry and Trade Coordination Division
- 3 3 5 7 SITCD has continued consultations with PTA and ARSO during the period under review, with a view to rationalizing coordination and implementation of the SQA programme in the region. Currently a memorandum of cooperation is being worked out. In the process SITCD has also initiated consultations with South African Bureau of Standards
- 3 3 5 8 A protocol will be prepared for promoting cooperation and joint development of support services including those listed above. The preparation of this protocol is expected to be completed in June, 1995 in time for submission at the next meeting of the Industry and Trade Ministers' Committee

4 CURRENT STATUS OF PROJECTS

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

4 1 Industry and Trade Support Services

Project AAA.0.1 Support to SADC Industry and Trade Coordination Division

This project provides support through Nordic financial assistance to strengthen the technical capacity of the coordinating unit. During the period under review, the project financed short term consultants for the preparation of

- Study on strengthening the technical capacity of the SADC Industry and Trade Coordination Division
- Protocols on Trade Cooperation and Investment and Finance
- Trade Strategy

The Nordic support agreement in its present form expired at the end of March 1994

Project AAA.12.1 Standardization and Quality Assurance

SITCD has established a Group of Experts to promote development of SQA and metrology programmes. In this regard, programmes relating to the establishment and strengthening of existing National Standards Bodies (NSBs) and National Metrology Systems (NMSs), traceability links with the industrialized world, harmonisation of standards and certification schemes, information exchange and training, quality testing and development are being implemented.

Project AAA.12.1 (1) and 2) Establishment of NSBs and strengthening of existing ones

In addition to the four fully operational NSBs in Malawi, Tanzania, Zambia and Zimbabwe, Mozambique has also established an NSB as of May, 1993. The other five member States are at different but advanced stages towards establishing NSBs or National Systems for Standardization and Quality Assurance. Of these Botswana and Swaziland with recognisable SQA units and draft Acts are closer to establishing NSBs. The remaining countries, Angola, Lesotho and Namibia have established National Focal Points (NFPPs).

Countries with NSBs have continued to expand their activities in the fields of public education in standardization, protection of consumers, advisory services to industry, certification services and provision of laboratory testing services

Project AAA. 12.1 (3) Information exchange and training.

In the area of Information Exchange, the programme through MBS has continued to assist the information dissemination system in the region. The PACKDATA already developed and updated has been installed in all the member States except Namibia and Angola. Installation of the QUALIDATA system at MBS has been completed. The next step is to install it in all the member States.

The EPIS and EQIS newsletter for exporters, producers and traders in the SADC region has continued to be produced and circulated regularly. A decision has already been made to merge the two newsletters into a single regional newsletter to be known as SADC Export Quality Information Services. A subscription of USD 25 has been agreed upon towards publication and distribution of the newsletter self financing. Enterprises in the member States are benefitting from the information being disseminated through the PACKDATA, QUALIDATA and the newsletter.

Regarding training, the programme on Quality Management and Quality Assurance has managed to reach about 70 companies SADC wide out of the 100 companies initially selected. So far it has covered seminars for Chief Executives and Top Managers of the participating companies. The companies involved are at various levels of implementing Quality Systems in their institutions. Some of them have already documented their quality policy manuals and working instructions.

The programme has been extended at the enterprise level to involve training of the shop floor workers. The programme has also managed to produce a core staff of trainers at the National Focal Points who will be used as experts to sustain the programme. The programme is being viewed by the participating companies as being beneficial.

The ISO/SIDA training which terminated end of 1993 managed to train about 150 persons from NSBs and SQA units covering seven subjects. The direct attachment training has managed to attach ten employees of NSBs and SQA units, one from each country to the existing NSB. In this way practical knowledge has been imparted to the participants.

Project AAA. 12. 1 (4) Harmonization of Standards and Certification Schemes

In the area of harmonization of standards and certification systems, a list of goods traded between member States whose standards could be harmonized has been updated so as to facilitate the harmonization. At the same time harmonization of standards continued bilaterally between member States through the exchanges and comments on draft standards and agreed harmonized standards

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

In the area of Quality testing and Development, the two ITC projects RAF/26/50 on direct assistance in packaging to selected enterprises and project RAF/37/06 on development of effective quality control standards and testing services for exports which terminated end of March, 1994 have managed to produce the following outputs

- Technical advisory services provided to more than 208 packaging manufacturers and users.
- A core of 471 professionals from the enterprises, parastatals and Government agencies trained
- A handbook on Procurement of Packaging
- Directory of Packaging manufactures and suppliers in the region
- A paper based packaging testing laboratory established at MBS
- A food packaging laboratory for Botswana was designed
- A method of testing sisal sacks for export coffee was designed and trial tests carried out

Project AAA.12.5: Establishment of Information Exchange Centre

SITCD is establishing Industry and Trade Information Exchange Centre in Dar es Salaam to serve information requirements of investors, traders, financiers, and policy decision makers in and outside SADC, as well as serve SITCD's information requirements of policy development and policy implementation monitoring

The specific objectives of the Centre would be the following

- (a) To develop and computerize appropriate data bases,

- (b) To establish a desktop publishing facility to facilitate production and dissemination of information and promotional activities of SITCD, and
- (c) To establish electronic information links with SADC Secretariat and other appropriate agencies which handle industry, investment, trade, and finance data/information

The project has been reviewed in close consultation with other regional institutions, the enterprise community and the EC. The project has now been submitted to the EC for financing under Lome IV agreement

Project AAA.12.6: Development of Small Scale Industry Technology Programme

The project is intended to promote small scale technologies in SADC countries with a view to enhancing their contribution to economic development

Efforts to establish a Committee of Experts to coordinate implementation of the programme of action did not materialise in the year under review. However, plans are underway to establish the Committee and to convene the first meeting in March, 1995

Project AAA.12.9: Industrial Research and Development

The regional programme to enhance the regions capability in Industrial Research and Development at facilitating cooperation in this area has been developed. Efforts to establish a Committee of Experts to coordinate implementation of the programme of action did not materialize in the year under review. However, plans are underway to establish the Committee and to convened the first meeting in March, 1995

The project is intended to enhance the regions capability for Industrial Research and Development by fostering cooperation among member States

Project AAA.12.11: Management Skills Development

This programme would aim at developing sector - specific skill requirements in the region. The programme would consist of the identification of skill development needs, institutional capacity in the region for meeting these needs, design a regional programme to fill identified skill and institutional capacity gaps, and implementing it. The development of this programme would be done in the context of the Human Resources Development Sector

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

This programme is aimed at establishing database of investment policies and mechanisms of SADC countries to be used by prospective investors inside and outside the SADC region. The information compiled would also form the basis of indepth evaluation and harmonisation of investment policies and trade practices of SADC countries.

Implementation of the study was completed and a workshop to discuss the report was held in Harare, September, 1991. Follow-up action involving updating of the information has been undertaken. Compilation of the updated information is expected to be finalised in January, 1995 to be followed by publication of the document.

Project AAA. 13 Study on the development of a comprehensive SADC metrology system

The main objective of the study is to propose a programme on SADC Metrology System, which is most effective and economical in benefitting industry and trade in the SADC region through -

- encouraging and assisting the member States in the establishment National Metrology Systems (NMSs) including preparation/reviewing of the legal framework, working out national programmes, training of staff and identifying required physical infrastructure
- sharing of metrology services among the member states
- establishment of traceability links between the member states and metrology centres in the industrialised world
- technical assistance and training in metrology offered by the more developed member states to the other lacking such experience and knowledge
- exchange of information on metrology among the member states.

Implementation of the project has been completed

Trade Promotion

Project AAA. 14.4: SADC Trade Directory

A SADC trade directory with names and addresses of firms in the business of import and export including banks, hotels, tour operators and any other businesses being undertaken within SADC member States has been completed

The third issue of the SADC Trade Directory is now out and is being marketed in all the member States. The fourth issue is due to be out for sell in December 1994. The intention is to ensure regular publication of up-dated editions. The publishers may be contacted through the following address:

The General Manager
Bold Ads
102 Simon Mazorodze Road
P O Box 1027 Tlx. 26013 Tel: 65861-7
HARARE - Zimbabwe.

Contacts can also be made through 'B & T Directories' agents in Member States through the following addresses:

P O Box 1549,
Gaborone,
BOTSWANA

P/Bag A182,
Maseru,
LESOTHO

P O. Box 236,
Windhoek,
NAMIBIA

P O Box 2299,
Manzini,
SWAZILAND

P O Box 30963,
Lusaka,
ZAMBIA

BoldAds in Harare Zimbabwe are also agents for Angola, Malawi and Tanzania, while B & T. Directories in Lesotho are also agents for Mozambique. However, the publishing agent has been exploring possibilities to open more agencies in Tanzania and Malawi.

Project AAA. 14.7: SADC Export Development and Promotion Strategy

The objective of this project is to provide policy guidelines which will in turn lead to an increase in intra- and extra-SADC trade.

Preparation of the draft strategy has been completed and was considered by the SADC Industry and Trade Committee of Ministers meeting in June, 1994. The draft constitutes the main framework for the development and promotion of intra-SADC trade.

Trade Financing Mechanisms

Project AAA. 15.2: Counter Trade Agreements

A Nordic firm (SUKAB) formed to promote counter trade between the SADC and Nordic countries and SADC and the rest of the world has managed to conclude several contracts with SADC countries. Discussions are in progress with the SADC business community to encourage them to deal directly with SUKAB since it is also a business organization.

Project AAA. 15.3: Study on establishment of a Comprehensive Export Financing Scheme (CEFS)

The objective of this project is to increase resources for businessmen in the region by providing financing for pre- and post shipments to SADC business community involved in import and export trade. The scheme incorporates both EFRF and ECF schemes.

Revised terms of reference for a study have been approved. The study is estimated to cost US\$ 0.10 million. Funding is still under negotiation with USAID.

5 OTHER ACTIVITIES

Nordic/SADC Trade Advisory Group

The group continued with its activities as usual despite SADC representation being reduced from a total of five to only three members. Currently the representatives are from Botswana, Zambia and Tanzania following the withdrawal of representatives from Zimbabwe and Mozambique.

With the admission of South Africa into SADC and the dissolution of the SADC Regional Business Council (SRBC) there is a need to revisit the terms of reference for the group in order to further involve SADC business community.

The group is now involved in identifying training needs for the middle management cadre from a number of firms in Zambia and Zimbabwe. The experiences delivered from these two pilot projects will dictate future training programmes for other SADC countries.

Project Descriptions

6. PROJECTS DESCRIPTIONS

AAA.15.3: STUDY ON COMPREHENSIVE EXPORT FINANCING SCHEME

<u>Total costs</u>		<u>Financing Gap</u> US\$0 17m
Total	US\$0 17m	<u>Executing Agency</u>
Foreign:	US\$0 17m	SITCD
Local:	-	
<u>Funding Secured</u>		<u>Start</u> September, 1991
Foreign	-	
Local	-	

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

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

STATUS: Revised terms of reference for undertaking a study on the establishment of Comprehensive Export Financing Scheme have been prepared and negotiations with financiers are in progress.

**Criteria and Procedures for
the Selection of Projects**

CRITERIA AND PROCEDURES FOR SELECTION OF PROJECTS

There has been some confusion over the basis and mechanism for selecting SADC projects. There is, therefore, a need to develop guidelines to cover both the criteria and the procedures for the selection and implementation of regional projects.

CRITERIA

The basic criterion to be used is whether or not the project in question contributes significantly to the achievement of SADC's four primary development objectives:

- * the reduction of economic dependence, particularly, but not only, on South Africa,
- * the forging of links to create a genuine and equitable regional integration,
- * the mobilisation of resources to promote the implementation of national, interstate and regional policies; and,
- * concerted action to secure international cooperation within the framework of SADC's strategy for economic liberation.

The overall SADC objectives are in themselves, however, too general to provide adequate guidance for the selection of discrete projects. It is, therefore, necessary for each Sector to develop criteria which will be specifically tailored to their own needs. The criteria should be specific to the regional objectives of the sectoral programme. Furthermore, in drawing up such criteria sectors need to keep in mind the following checklist:

- * how does the project relate to SADC's overall regional objectives - especially, does the project contribute to the reduction of dependence, or does it enhance regional self reliance in a specific area?
- * is the project rooted in the perceived needs of the people of the region, or is it simply a "good idea" generated by some outsider, has it been discussed with the member States directly concerned prior to presentation at a regional meeting, is there sufficient background documentation to make an objective judgement about the project?
- * does the project benefit/involve more than one country; if not, what is its relevance to the region as a whole?
- * what is the relationship between the regional project/programme and related national programmes, i.e. are the national and regional programmes mutually supportive and what priority is accorded to them?

- * is the project part of a coherent regional programme or is it simply an ad hoc initiative?
- * to what extent is it envisaged that regional resources - human and material - will be used in the implementation of the project and what priority and efforts have been given to the mobilisation of national/regional resources?
- * is there a local executing agency/enterprise to implement the project?
- * does the project contain adequate provision to cover its recurrent costs?
- * are there adequate arrangements to ensure effective operational coordination after the capital investment phase has been completed?
- * have the long term manpower implications of the project been provided for?
- * could the project be broadened to enhance its regional impact?

PROCEDURE FOR PROPOSAL EVALUATION AND APPROVAL OF PROJECTS

1. Formulation of New Projects

For a project to be considered, it should be formulated in a standardized manner covering the following aspects

Objectives

Description

- * reference to how the project relates to SADCC objectives;
- * why it has relevance as a regional project,
- * relation to national programmes;
- * socio-economic justification,
- * full technical description of how the work is to be carried out,
- * cost estimates and sources of financing

Implementation

- * executing agency,
- * work programme and time schedule.

Projects can be proposed by member Governments and/or the Sector Coordinator

The formulation can be done by:

- * a member State, or member States in cooperation,
- * Sector Coordinating Unit,
- * the Sector Coordinating Unit and a member State(s) in cooperation

2 Approval Procedure

A new project shall go through the following steps:

(a) **Project Formulation and Documentation**

This should be done by the entity proposing the project

(b) **Presentation to the Sector Coordinating Unit**

The project document should be submitted to the Sector Coordinating Unit at least three months prior to a meeting of the Sector Ministers, in order to allow for due consideration and analysis.

(c) **Evaluation by Sector Coordinating Unit**

The Sector Coordinating Unit shall carry out an evaluation to ascertain that the project proposal is consistent with the objectives, strategy and criteria of the particular SADCC Sector, before being submitted to the relevant¹ sectoral authority for approval.

(d) **Distribution of project Proposals**

The documentation for new projects should, preferably, be distributed to all member States well in advance of the meeting in which they will be considered.

(e) **Presentation to Sector Officials**

The member State(s) concerned, supported by the Sector Coordinating Unit present(s) the project for consideration at a meeting of relevant sectoral authority

(f) **Approval**

Project proposals must be considered by Sector Ministers for recommendation for approval by the Council of Ministers, before they are formally placed on the Sectoral Programme of Action

(g) **Urgent Proposals**

Only in exceptional circumstances, as in the case of emergency projects, should be given consideration to project proposals which have not been processed as above

3. Procedure for Contacts with the Cooperating Partners

Sectoral programmes and projects are, generally communicated through the sectoral programme document produced for the Annual Consultative Conference. However, in between Annual Consultative Conferences, specific projects may be communicated to interested cooperating partners directly.

In the case of a project located in one country, the member State which is host for the project, assisted by the relevant Sector Coordinators, will coordinate contact with interested cooperating partners. In the case of projects involving more than one country, and general coordination activities or projects involving all member States, the Sector Coordinators, assisted as appropriate, by the member States, will coordinate contacts. Both the Sector Coordinator and member States must be kept fully informed of progress in consultations on the implementation of projects.

4 Agreement and Contract Procedures

The Council of Ministers has agreed that as a matter of general principle, SADCC project agreements should be signed by the member States directly involved and cooperating partners, and witnessed by the relevant Sector Coordinator. Such agreements should spell out the rights and obligations of all parties and, in particular, should indicate clearly the reporting and monitoring procedures.

5 Project Implementation Operation and Monitoring

Implementation refers to the preparation and execution of a project but does not include subsequent operation and maintenance (e.g. of a plant)

Member States involved in each project, with the assistance of the coordinating country, are responsible for its implementation and operation, through their appropriate institutions

The coordinating country will provide the required assistance to member States in all stages of the project

Financial responsibility for each project will be of the member State(s) involved, and each member State will be responsible for servicing its financial commitments

It will, in a number of cases, be necessary to have a project steering committee, which is responsible for overseeing and monitoring the implementation of the project and serves to give policy guidance and control. The steering committee would have the following members

- * representatives of the member Government(s) responsible and involved,
- * a representative of the cooperating partners supporting the project;
- * and, a representative from the Sector Coordinating country

The executing agency, implementing the project, will not be a member of the committee, but will participate in the meetings for reporting and liaison purposes.

When a project involves simultaneous and inter-dependent implementation in more than one country, the steering committee will ensure the overall coordination of the implementation of the various parts of the project

The Sector Coordinating country is responsible for reporting on the status and progress of sectoral programme and project implementation and related activities to the Sectoral Officials and Ministers, and to the Council of Ministers and Summit of Heads of State and Government, at the scheduled meetings

Funding Status of Projects

INDUSTRY AND TRADE

Project Title	Estimated Cost			Funding Secured		Funding	Financing		COMMENTS/STATUS
	Total	Foreign	Local	Amount	Source	Under Negotiation	Gap		
<i>US\$ Million</i>									
OVERALL COORDINATION									
AAA 0 1	Support to SADC Industry and Trade Coordination Division	0 00	0 00	0 00	0 00		0 00	0 00	NORDICs support to the project was terminated in April 1994. Discussions with the Belgian Government have started.
Sub-total		0 00	0 00	0 00	0 00		0 00	0 00	
SUPPORT SERVICES									
AAA.12 1	Standardisation and Quality Control	10 92	10 50	0 42	2.50	(NOR)	2 00 (ITA) 2 08 (NOR)	4 34	Under implementation
AAA 12 5	Establishment of Information Exchange Centre	1.20	1 20	0 00	0 00		1 20 (EC)	0 00	Funding under negotiation
AAA 12 6	Development Small/Medium Scale Industries Technologies and Transfer	0 00	0 00	0 00	0 00		0 00	0 00	Regional programme prepared and follow-up measures being taken.
AAA.12 9	Industrial Research and Development Programme	0 00	0 00	0 00	0 00		0 00	0 00	Regional programme prepared and follow-up measures being taken.
AAA.12 11	Management and Skills Development	0 00	0 00	0 00	0 00		0 00	0 00	A comprehensive programme is being developed jointly with HRD sector.
AAA 12 12	Study on the improvement of Investment Climate	0 06	0 06	0 00	0 06	(NOR)	0 00	0 00	Study completed, workshop to discuss findings held. Updating of information to be completed by Jan. 1995.
AAA 12 13	Study on the development of SADC Meteorology System	0 03	0 03	0 00	0 03	(SWE)	0 00	0 00	Study completed Follow - up action being taken.
Sub-total		12 21	11 79	0 42	2 59		5.28	4.34	
TRADE PROMOTION									
AAA.14 7	Preparation of Trade Strategy	0 25	0 25	0 00	0 25	(NOR)	0 00	0 00	Draft Strategy being finalised for consideration by member states.
Sub-total		0 25	0 25	0 00	0 25		0 00	0 00	
TRADE FINANCING									
AAA 15 2	Study on Counter Trade	0 00	0 00	0 00	0 00		0 00	0 00	Project being reviewed in the context of cooperation with the business community.
AAA 15 3	Study on the Establishment of a Comprehensive Export Financing Scheme	0 17	0 17	0 00	0 00		0 00	0 17	Funding being sought.
Sub-total		0 17	0 17	0 00	0 00		0 00	0 17	
GRAND TOTAL		12.62	12.20	0 42	2.83		5 28	4.51	

INDUSTRY AND TRADE

SUB SECTOR	NO	TOTAL US\$M	FOREIGN US\$M	LOCAL US\$M	FUNDING SECURED	%	FUNDING UNDER NEGOTIATION	%	FUNDING GAP	%
Overall Coordination	1	-	-	-	-	-	-	-	-	-
Support Services	7	12.21	11.79	0.42	2.59	21.21	5.28	43.24	4.34	35.54
Trade Promotion	1	0.25	0.25	-	0.25	-	-	-	-	-
Trade Financing	2	0.17	0.17	-	-	-	-	-	0.17	100.00
TOTAL	11	12.63	12.21	0.42	2.84	22.49	5.28	41.81	4.51	35.71

(Percentages)

Overall Coordination	9.09	-	-	-	-	-	-	-	-	-
Support Services	63.64	96.67	96.56	100.00	91.20	-	100.00	-	96.23	-
Trade Promotion	9.09	1.98	2.05	-	8.80	-	-	-	-	-
Trade Financing	18.18	1.35	1.39	-	-	-	-	-	3.77	-
TOTAL	100.00									