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# BOTSWANA REPORT

ASSESSMENT OF SELECTED TRADE FACILITATION  
MEASURES IN FIVE COUNTRIES IN SOUTHERN AFRICA

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## ASSESSMENT OF SELECTED TRADE FACILITATION MEASURES IN FIVE COUNTRIES IN SOUTHERN AFRICA

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E3 Analytics and Evaluation Project

Prepared by:

Catherine Grant Makokera  
Heinrich Krogman  
Jessica Gajarsa

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# CONTENTS

<b>Acronyms</b> .....	<b>v</b>
<b>Executive Summary</b> .....	<b>vii</b>
<b>Introduction</b> .....	<b>1</b>
Background.....	1
Assessment Purpose, Audience, and Uses.....	2
Assessment Questions.....	2
Assessment Methodology .....	3
Limitations.....	3
Organization of this Country Report.....	4
<b>Country Context and Analysis</b> .....	<b>4</b>
Structure of the Economy.....	4
Economic and Trade Facilitation National Policy Objectives.....	7
Status of Implementing Key Trade Facilitation Measures.....	8
Domestic Processes on Trade Facilitation.....	13
<b>Key Obstacles and Challenges to Trade</b> .....	<b>15</b>
Rail and Road Infrastructure.....	15
Poor Coordinated Border Management .....	16
Non-Tariff Barriers .....	16
Need for Customs Harmonization and Modernization.....	17
Regional Transit Permits .....	17
Inefficient Risk Management Systems .....	17
No NSW .....	18
Limited Air Capacity for Bulk Cargo.....	18
Lack of Trade Monitoring Data .....	18
Other Constraints to Trade.....	18
<b>Findings on Respondents’ Priorities for TFM Implementation</b> .....	<b>20</b>
TFM Priority #1: Rail and Road Infrastructure Upgrades .....	21
TFM Priority #2: Removal of NTBs.....	23
TFM Priority #3: Improved CBM .....	25
<b>Conclusions for Ranking the Selected TFMs</b> .....	<b>28</b>
Non-Priority TFMs .....	29
<b>Recommendations</b> .....	<b>29</b>
Recommendations for Future Research.....	29
Recommendations for Implementing Botswana Activities.....	30
Recommendations for Implementing Regional Activities .....	30

<b>Annex I: Assessment Statement of Work .....</b>	<b>32</b>
<b>Annex II: Detailed Assessment Methodology.....</b>	<b>46</b>
<b>Annex III: Key Informant Interview Data Collection Instruments.....</b>	<b>53</b>
<b>Annex IV: South Africa Online Survey Questionnaire .....</b>	<b>64</b>
<b>Annex V: Trade Facilitation Measures Selected for the Country Specific Online Surveys .</b>	<b>71</b>
<b>Annex VI: KII and Online Survey Findings on Ranking the TFMS.....</b>	<b>74</b>
<b>Annex VII: Bibliography.....</b>	<b>88</b>

## ACRONYMS

AEO	Authorized Economic Operator
AGOA	African Growth and Opportunity Act
BURS	Botswana Unified Revenue Service
BWP	Botswana Pula
CBM	Coordinated Border Management
DRC	Democratic Republic of the Congo
E3	Bureau for Economic Growth, Education, and Environment (USAID)
GCI	Global Competitiveness Index (WEF)
GDP	Gross Domestic Product
HLCC	High Level Consultative Council
HS	Harmonized System
ICT	Information and Communications Technology
IDP	Industrial Development Policy
KII	Key Informant Interview
LPI	Logistics Performance Index (World Bank)
M&E	Monitoring and Evaluation
MITI	Ministry of Investment Trade and Industry
MSI	Management Systems International
NCTPN	National Committee on Trade Policy Negotiations
NDP	National Development Plan
NSW	National Single Window
NTB	Non-Tariff Barrier (to trade)
OECD	Organization for Economic Cooperation and Development
OSBP	One-Stop Border Post
PPD	Public Private Dialogue
SACU	Southern Africa Customs Union
SADC	Southern Africa Development Community
SARS	South African Revenue Service
SME	Small- and Medium-sized Enterprise
SOW	Statement of Work
SPS	Sanitary/Phytosanitary
STR	Simplified Trade Regime
TBT	Technical Barrier to Trade

TF	Trade Facilitation
TFA	Trade Facilitation Agreement (WTO)
TFI	Trade Facilitation Indicator (OECD)
TFM	Trade Facilitation Measure
TFP	Trade Facilitation Program (SADC)
TRR	Office of Trade and Regulatory Reform (USAID/E3)
TSN	Trade Support Network
UMIC	Upper Middle Income Country
UNECE	United Nations Economic Commission for Europe
USAID	United States Agency for International Development
USD	United States Dollar
VAT	Value-Added Tax
WCO	World Customs Organization
WEF	World Economic Forum
WTO	World Trade Organization

# EXECUTIVE SUMMARY

This report is the product of an assessment examining the anticipated costs and benefits of implementing selected trade facilitation measures (TFMs) in Botswana. The United States Agency for International Development's (USAID) Southern Africa Regional Mission and the Trade and Regulatory Reform Office within USAID's Bureau for Economic Growth, Education, and Environment (E3) commissioned this assessment. USAID's E3 Analytics and Evaluation Project conducted this study as part of an overall assessment that covers five Southern African countries.

From April to June 2016, the assessment team conducted a desk review and field research for the overall TFM assessment. This report presents the findings, conclusions, and recommendations to answer USAID's four assessment questions on the priorities of TFM implementation in Botswana:

1. What is the potential range of benefits associated with the implementation of specific TFMs or categories of TFMs?
2. What is the potential range of costs associated with the implementation of specific TFMs or categories of TFMs?
3. What is the feasibility and timeframe of the implementation of specific TFMs or categories of TFMs?
4. How do respondents rank their priorities among the TFMs they consider the most important to implement?

## Main Findings and Conclusions

### Country Context and Trade Facilitation Indicators

Botswana is a landlocked country with a small population, but it has rich mineral wealth that has seen it achieve high levels of development over the past decades. Although Botswana has emerged as an upper-middle-income country, it is not without challenges. Nearly a fifth of Botswana's residents still live in poverty, with the country attracting a Gini coefficient of 60.5. Botswana still has one of the highest levels of HIV/AIDS prevalence on the continent. Inadequate infrastructure leads to intermittent water and electricity supply, as well as poor Internet connectivity. The ability of national institutions to plan and implement large-scale and complex projects is ailing. The largely undiversified economy historically relies heavily on mineral exports. Additionally, economic growth has slowed more recently and the country remains constrained in its efforts to diversify exports beyond diamonds, other minerals, and meat products.

Botswana is a member of the Southern African Customs Union (SACU); it has strong trade links with South Africa and, to a much lesser extent, Namibia. Botswana's trade facilitation objectives are part of its focus on striving to close its connectivity gap with the outside world. The draft eleventh National Development Plan intends to address issues of trade facilitation that will improve Botswana's slowly declining doing business climate, as exemplified by its recent World Bank Doing Business Index scores. The country was ranked 71 out of 190 countries in the 2017 World Bank Doing Business Index. However, Botswana showed lower levels of both costs and time to export and import as compared to other African countries. In the 2015-2016 World Economic Forum (WEF) Global Competitiveness Index, Botswana received an overall score of 4.19 and was ranked 71 out of 140, placing it as the fourth top performer in Sub-Saharan Africa. In the 2014 World Bank Logistics Performance Index, Botswana received a low overall score of 2.49 out of 5, and ranked 120 out of 160 countries. In the 2016 Index, Botswana showed great improvement in ranking 57 out of 160, and scoring 3.05 overall.

Botswana is a longstanding member of the World Trade Organization (WTO) and in 2014 submitted the Notification of Category A Commitments under the WTO Trade Facilitation Agreement (TFA). The implementation commitments in this regard include consultations; notifications for enhanced controls or inspections; detention; pre-arrival processing; electronic payment separation of release from final determination of customs duties, taxes, fees and charges; risk management; post-clearance audit; establishment and publication of average release times; expedited shipments; perishable goods; movement of goods intended for import under customs control; and use of international standards. In 2006, Botswana committed to the Revised Kyoto Convention through an instrument of accession.

In Botswana there are four main mechanisms supporting public-private dialogues on trade and investment. The National Committee on Trade Policy Negotiations (NCTPN) serves to support Botswana's trade deliberations. Under the NCTPN, a National Trade Facilitation Committee (NTFC) was created as a subcommittee, mainly to provide advice to their trade negotiators on the draft WTO TFA. The High Level Consultative Council was established in 1996 to serve as the central structure for public-private dialogues in Botswana. The Trade Support Network is an umbrella organization encompassing a number of public and private institutions that support trade policy and economic development efforts, including to support economic development policy efforts such as financial services, training, product development, and quality improvement for the private sector. The Trade Facilitation Advisory Group also aids public-private debate. These structures are still a work in progress and more private sector input is expected.

## Key Obstacles to Trade

During the assessment team's key informant interviews (KIIs), stakeholders raised a wide range of obstacles and challenges constraining trade in Botswana. These included both specific trade facilitation issues, as well as broader concerns about the business environment. The respondents identified the following key challenges related to trade facilitation:

- Poorly maintained roads and rail infrastructure, including limited facilities for drivers on the main road networks;
- Insufficient capacity at border posts to efficiently process road traffic, including the anticipated delays from upgrades and bridge construction on the Kazungula route;
- Lack of sufficient handling facilities and equipment in the airports in Botswana;
- Lack of coordinated border management (CBM), specifically the lack of information and communications technology (ICT) connectivity and low levels of trust between customs authorities in the region;
- Non-tariff barriers (NTBs), such as troublesome police roadblocks (especially in Zimbabwe and Zambia) and duplicate inspections of cargo by authorities on both sides of the Botswana-South Africa border;
- Corruption at border posts and other "hotspots" along transport corridors;
- Need to continue with customs modernization and automation of processes, such as electronic certificates of origin, as well as the upgrading of technology used at the borders and change management processes to encourage a different mindset among customs officers (which tends to traditionally be focused on revenue collection);
- Time-consuming processes to obtain transit permits;
- Onerous risk management systems and lack of coordination between Botswana and South African authorities;
- Slow implementation of the National Single Window (NSW); and
- Lack of available data to monitor trade facilitation and hold governments accountable for promise of actions to address the barriers.



Respondents identified other constraints to trade including

- High level of transport costs in the Southern Africa Development Community (SADC, compared to the rest of the world);
- Over-valued currency, the main constraint raised by manufacturing firms that either export or compete with imports in the domestic market;
- Burden of regulation;
- Lack of harmonized value-added tax (VAT) rates and other charges in the region; and
- Lack of skilled labor in Botswana, including few specific training courses in the skills required by industry and limitations on the movement of people between countries in the region.

## **Findings on Respondents' Priorities for TFM Implementation**

The assessment team ranked TFMs for implementation based on the frequency that interviewees raised a specific TFM as a priority across the respondent categories. The team then examined TFMs in detail to answer assessment questions 1 through 3 in the body of this report. During the 17 KIs, respondents chose to speak in detail on 13 TFMs which they regarded as the top priorities for implementation in Botswana. The assessment team determined a final ranking of priority TFMs for implementation in Botswana drawing from its desk review, KIs, online survey, informal discussions with other country and regional trade facilitation experts, and the assessment team's subject matter expertise on these issues. The following is the final priority ranking of TFMs for implementation in Botswana:

1. Rail and road infrastructure upgrades
2. Removal of NTBs
3. Improved CBM

### **Rail and Road Infrastructure Upgrades**

Maintaining and strengthening the physical infrastructure in support of trade is a priority for Botswana, which is unsurprising given its geographical location and its reliance on road, rail, and air transportation for the movement of cargo between both regional and international markets. The priority actions that KIs suggested in this area focus on the implementation of existing plans to upgrade or rehabilitate transport infrastructure. For example, interviewees in the transport sector mentioned that the roads in Botswana are in fairly good condition but have few facilities provided for trucks to stop and park. The need to improve the railway service offered, in terms of both efficiency and cost, was the single most important priority related to trade facilitation for the private sector representatives in mining and manufacturing in Botswana.

### **Removal of NTBs**

The removal of NTBs was the second priority for Botswana. This is a more difficult TFM to implement, given the wide range of barriers that in the region and the dynamic nature of NTBs. It is also not possible to clearly determine the costs involved in many cases. At a minimum, private sector interviewees support the continued monitoring of NTBs and the regular engagement with the Government of Botswana on the barriers faced by traders. This exchange of information is seen as an important starting point for progressing to the reduction of NTBs.

Many private sector interviewees raised concerns about the broader business environment, including the exchange rate, competition with imports, access to skilled labor and corruption concerns. Some of these issues are not directly related to trade facilitation and are technically not NTBs. They were at the front of the minds of business people interviewed and are critical for understanding the constraints to

trade in Botswana. It also demonstrates various stakeholders' different understandings of what an NTB is. This further suggests that greater dialogue and interaction on the question of NTBs is required. One academic informant specifically observed that stakeholders in Botswana are speaking different languages on trade facilitation, and this needs to be addressed to enable improvements to the business climate.

### **Improved CBM**

The third priority TFM for Botswana is improved coordination at the borders. Interviewees provided examples of challenges at the borders with Namibia, Zambia, and Zimbabwe, but the majority of concerns related to the interactions with South Africa. Given that South Africa is the key trading partner for Botswana, the largest potential benefits exist in improving the coordination between these two countries. Private sector representatives request more certainty about the procedures involved (e.g., inspections) and time expected to cross the border. It was suggested that increased levels of trust between the customs authorities of Botswana and South Africa could assist in this regard. In the short term, this TFM could be worth pursuing as a priority, given that the costs involved are much lower than for infrastructure projects and the solutions are more certain than for removing NTBs.

### **Implementation of National Single Window**

Some KIIIs raised implementation of the NSW as a priority. The information levels on this TFM and the status of the process the Government of Botswana already commenced varied greatly among KIIIs. Those who had been consulted or were actively participating in the NSW's development were positive about the potential benefits of such a system. Others, however, did not have any information and were unaware of the NSW process. This suggests a need for more widespread communication about the NSW and an opportunity for additional consultations with the private sector on the proposed changes.

## **Recommendations**

Based on the findings and conclusions of this research, the assessment team makes the following recommendations.

### **Recommendations for Future Research**

- USAID should support an impact assessment study on the Kazungula Bridge. Research is needed on the possible ramifications of the bridge for road transport traffic and on other connected infrastructure in Botswana (and the region), e.g., border posts on the main corridors connecting to the bridge, such as Martinsdrift.
- USAID, other international development partners, and SADC should support a baseline diagnostic study along the North-South Corridor to understand the implications on alternative transport routes, such as those through Botswana.
- USAID should extend this research to include Zimbabwe.
- USAID should identify lessons learned from the Lesotho approach to creating a supportive environment for clothing and textile industry that the Agency could apply in Botswana and other countries in the region, including under the African Growth and Opportunity Act promotion strategy.

### **Recommendations for Implementing Botswana Activities**

- USAID should support Business Botswana and other private sector organizations in the country to identify two or three key specific infrastructure interventions that could improve transportation there, such as upgrading sections of railway lines or additional facilities at the

Martinsdrift border post. Advocacy campaigns for the priority projects should then be instituted to encourage the Government of Botswana and other development partners to implement these infrastructure projects in a timely fashion.

- USAID should support strategic communication activities in Botswana around the trade facilitation agenda more broadly and the NSW project specifically.
- International development partners, including USAID, should form a coordination mechanism with the Botswana Unified Revenue Service and other government agencies in Botswana to have regular discussions on trade facilitation activities that could garner joint support.
- The Government of Botswana should engage with the private sector on notification of its commitments under the WTO TFA, including the decision on categorization of TFMs.
- The Government of Botswana should integrate trade facilitation issues into its broader process aimed at improving the business environment in the country and diversifying the economy, with the aim of addressing the linkages between supply-side constraints and trade processes.
- The Government of Botswana should consider the coordination of VAT policies with neighboring countries, especially South Africa, as this would benefit local small and medium enterprises.

### **Recommendations for Implementing Regional Activities**

- In the short term, USAID should undertake a monitoring visit to Martinsdrift to identify key stakeholders and to get more detail on its CBM challenges and issues they have raised.
- USAID should facilitate engagement between public and private stakeholders in Botswana and South Africa to discuss the reported challenges in CBM with the objective of developing an action plan for interventions needed to resolve the delays encountered by traders in Botswana.
- International development partners, including USAID, should continue to support the work by the SACU Secretariat to implement a mutual recognition program for preferred traders. They should consider extending this work to the rest of SADC in the medium term.
- Member states of the Tripartite Free-Trade Area should strengthen the NTB Reporting and Monitoring Mechanism with a particular focus on the requirements for the resolution of barriers and the greater participation of the private sector in the implementation process.

# INTRODUCTION

This report is the product of an assessment examining the anticipated costs, benefits, and challenges of implementing selected trade facilitation measures (TFM) in Botswana. The United States Agency for International Development's (USAID's) Southern Africa Regional Mission and the Trade and Regulatory Reform Office within USAID's Bureau for Economic Growth, Education, and Environment (USAID/E3/TRR) commissioned the assessment. USAID's E3 Analytics and Evaluation Project<sup>1</sup> conducted the study.

From April to June 2016, the Project team conducted a desk review and field research as part of an overall TFM assessment covering five Southern African countries. This report presents the team's findings, conclusions, and recommendations to answer USAID's four assessment questions on the priorities for implementing TFMs in Botswana. Annex I contains USAID's statement of work (SOW) for the assessment. The deliverables for the overall TFM assessment include:

- Five stand-alone country reports for each of the countries studied: Botswana, Malawi, Namibia, South Africa, and Zambia.
- An overall final report that consolidates the regional-level findings, conclusions, and recommendations that can be drawn from reviewed secondary sources and the primary data collected in the five target countries.

## Background

For countries, reducing traders' unnecessary delays and costs through TFMs increases trade volumes, attracts investments, and supports growth and job creation. TFMs can particularly benefit developing countries, where exporting goods frequently takes three times as many days as it does in developed nations. According to a study by the Organization for Economic Cooperation and Development (OECD), a 4.5-day reduction at the border for sub-Saharan African countries would generate approximately 10 percent increased exports with OECD countries and greater increases for exports to other regions.<sup>2</sup>

Given the prominence of trade facilitation on the world's development stage — an area where the next wave of gains from trade could be extracted — donors and other partners have emphasized assisting developing and least-developed countries to implement the World Trade Organization (WTO) Trade Facilitation Agreement (TFA) signed in Bali in 2013.

The TFA represents a commitment by WTO members to harmonize trade policies and practices to expedite the movement, release, and clearance of goods, including goods in transit. The TFA contains approximately 35 technical measures imposing obligations on WTO members to:

- Increase transparency;
- Improve governance through disciplines on rule and decision-making processes;
- Implement streamlined and modernized border procedures and control techniques; and
- Enhance the movement of goods in transit.<sup>3</sup>

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<sup>1</sup> Management Systems International (MSI) is the lead implementer of the E3 Analytics and Evaluation Project, in partnership with Palladium Group (formerly Development and Training Services - dTS) and NORC at the University of Chicago.

<sup>2</sup> Wilson, N. (2009). Examining the effect of certain customs and administrative procedures on trade. OECD Trade Policy Studies, 51-79.

<sup>3</sup> OECD 2015

The TFA contains special provisions for developing and least-developed countries, including transitional periods for implementation of TFMs and the designation of certain measures (“Category C”) as requiring development assistance and capacity building to support implementation.

## **Southern Africa Development Community’s Trade Facilitation Program**

The assessment examined TFMs based primarily on those described in the Southern Africa Development Community’s (SADC) Trade Facilitation Program (TFP), which was developed in consultation with key stakeholders from SADC member states at the request of the SADC Secretariat. The TFP outlines a harmonized approach to trade facilitation for SADC member states to use as a blueprint to help meet the WTO TFA’s recommendations. The TFP uses a five-year timeline and covers 28 TFMs clustered around four pillars: transparency, predictability, simplification, and cooperation. The TFP measures roughly correspond to the TFA’s requirements, but are not identical. They include measures such as the National Single Window (NSW), trade information portals, appeals procedures, and an inter-regional transit management system.

## **Assessment Purpose, Audience, and Uses**

The TFM assessment is intended to provide useful guidance to USAID/Southern Africa in its oversight of activities related to future trade facilitation. The assessment is not intended to assess the costs and benefits of trade measures that have already been implemented, but instead focused on capturing stakeholders’ informed views on the future costs of and benefits from TFM implementation. The assessment focused on five SADC member states: Botswana, Malawi, Namibia, South Africa, and Zambia.<sup>4</sup>

The primary audiences for this assessment are the Regional Economic Growth Office within USAID/Southern Africa, USAID/E3/TRR, and staff and stakeholders for a future iteration of the trade hub in the region. The audience also includes host country agencies involved in trade facilitation, industry and economic growth promotion, and revenue collection and customs functions, as well as the SADC Secretariat, the Southern African Customs Union (SACU), and other bilateral and multilateral partners in USAID economic growth programming.

USAID/Southern Africa and its implementing partners will use this assessment to guide the priorities and work plans for the future iteration of the trade hub and other activities to support trade facilitation in the region. In particular, the Southern Africa Mission seeks to generate evidence that is not available from other sources to guide USAID in advising and assisting host country governments requesting support on implementing WTO TFA “Category C” TFMs, and other national and regional-level trade facilitation protocols, plans, and programs.

## **Assessment Questions**

To guide the approach for the assessment and align its findings with USAID’s purpose and intended uses described above, the assessment team and USAID developed the following set of research questions:

1. What is the potential range of benefits associated with the implementation of specific TFMs or categories of TFMs?
2. What is the potential range of costs associated with the implementation of specific TFMs or categories of TFMs?

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<sup>4</sup> USAID categorizes these five countries as within Southern Africa.

3. What is the feasibility and timeframe of the implementation of specific TFMs or categories of TFMs?
4. How do respondents rank their priorities among the TFMs they consider the most important to implement?

## Assessment Methodology

The assessment used a mixed-methods approach to generate and triangulate evidence, including the perspectives of a range of stakeholders regarding the relative importance of selected TFMs, based on the perceived potential costs and benefits, as well as challenges and optimal sequencing for implementation in each country of study. While recent research has examined the positive effects of trade facilitation generally, reliable quantitative information is lacking on the cost and benefits of implementing specific TFMs.<sup>5</sup> This is especially the case for Southern Africa. In the absence of quantitative information on the costs and benefits of trade facilitation, Duval (2006) argued that expert surveys, even with their limitations, could examine the relative cost and benefits of implementing a range of TFMs.<sup>6</sup> This study uses this approach of informed stakeholder interviews to gather perspectives on the relative importance of various TFMs for different stakeholder groups.

Annex II provides a detailed description of the methodology used in this assessment, including data sources, collection methods, and limitations. Data collection methods and sources included comprehensive reviews of national and regional-level policy documents and secondary data, in-depth semi-structured key informant interviews (KIIs) with knowledgeable stakeholders, and brief online surveys that targeted members of trade and supply chain associations in each country of study. This largely qualitative approach generated in-depth country-specific analyses and rich descriptions of the perceptions of key stakeholders, primarily private sector actors involved in different aspects of cross-border trade.

Annex VI provides some more detailed findings of collected data that the assessment team used to build conclusions and develop recommendations on the optimal prioritization and sequencing for implementing trade facilitation interventions in Botswana. These recommendations can help USAID and government counterparts make informed decisions for future programming.

## Limitations

The assessment has two major limitations, described more fully in Annex II. First, the assessment approach did not provide specific quantitative and monetized findings and conclusions about the costs and benefits of the TFMs examined in this study, which a retrospective econometric study would better capture. Second, due to constraints on time and resources for this assessment, it was not feasible for it to include large surveys and the application of inferential statistics. A representative sample of the potential key informants would be large, including informed representatives of all firms, private associations, government agencies, and multilateral bodies involved in cross-border trade across the five countries of study.

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<sup>5</sup> Yann Duval. (2006). Cost and benefits of implementing trade facilitation measures under negotiations at the WTO: An exploratory survey. Asia-Pacific Research and Training Network on Trade Working Paper Series 3.

<sup>6</sup> The Duval survey conducted qualitative research with 14 trade facilitation experts based in Asia to assess the anticipated costs and benefits of specific TFMs.

## Organization of this Country Report

The assessment team organized the rest of this report as follows:

- The first section presents key findings from the desk review, including trade facilitation and economic data. It intends to provide the background necessary to implement the recommended TFMs and interventions.
- The second section presents the findings on the key obstacles and challenges to trade as identified by the interviewees
- The third section presents findings on how interviewees prioritized the TFMs that were most important to them during the KIIs. These findings guided the assessment team to select the top three TFM priorities that this report discusses in detail to answer Assessment Questions 1–3 on the benefits, costs, potential obstacles, and sequencing considerations for the implementation of the top three priority TFMs.
- The report then presents conclusions in answer to Assessment Question 4, ranking the TFMs in terms of priority for implementation in Zambia. The assessment team applied its collective subject matter expertise to interpret all findings to develop these conclusions. Annex VI provides more detailed tables and bar charts that summarize the KII and online survey findings on how respondents ranked the TFMs.
- Finally, the report offers specific recommendations to prioritize and improve trade facilitation interventions addressed to USAID and other relevant actors, including the Government of Botswana.

## COUNTRY CONTEXT AND ANALYSIS

This section presents the findings based on a desk review of secondary data on the contextual factors that are important for understanding the key trade facilitation issues and priorities for Botswana.

### Structure of the Economy

In the immediate aftermath of independence, Botswana's barren economic conditions had rendered it one of the poorest countries in the world. Prudent exploitation in the 1970s of newly found mineral reserves and pragmatic financial planning and management by the government have led to Botswana becoming one of the world's fastest growing economies over the past 50 years.<sup>7</sup> Botswana has maintained economic growth, with real gross domestic product (GDP) at an aggregate level of 3.5 percent growth between 2008 and 2014.<sup>8</sup> Botswana has consistently ranked among the top African countries for good governance, which has accentuated the country's image as a "shining example of liberal democracy" on the continent.<sup>9</sup> The country has been effective at balancing governance and economic management through investing revenue from the minerals sector in infrastructure, human capital, and institutions.<sup>10</sup>

While Botswana has emerged as an upper-middle-income-country (UMIC) and moved the majority of the population out of poverty, the country faces many challenges, some of which are listed here. Poverty has decreased sharply, from 30.6 percent of the population living in poverty in 2003 to 19.4 percent in

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<sup>7</sup> World Bank Group 2015 p. 3

<sup>8</sup> IMF 2016; and WTO 2015.

<sup>9</sup> Tsie 1996, p. 599, World Bank Group 2015 p. 2

<sup>10</sup> World Bank Group 2015 p. 2

2010, with under 14 percent living in extreme poverty.<sup>11</sup> While inequality has decreased over the last decade with the national Gini coefficient (of per capita consumption) down from 64.7 in 2003 to 60.5 in 2010, Botswana remains among the most unequal economies in the world.<sup>12</sup> Many Botswanans are still poor, and human development outcomes such as childhood malnutrition, maternal and infant mortality rates, are much higher than those of other UMICs.<sup>13</sup> High rates of chronic under-nutrition (stunting) have long-term implications for future health outcomes and cognitive abilities, which negatively impact economic inclusion and productivity.<sup>14</sup> In 2013, the HIV prevalence was estimated at 18.5 percent of the population, the second highest rate in the world.<sup>15</sup>

The largely undiversified economy relies heavily on mineral exports, and growth is driven by the public sector, which makes it vulnerable to shocks and structural changes.<sup>16</sup> Despite the investments of mineral revenues, there are significant gaps in access to basic infrastructure, with just 42 percent of rural households having access to proper sanitation and 22 percent to electricity.<sup>17</sup> While Botswana has relatively well developed internal infrastructure, as a landlocked country, increasing rail, air, and information and communications technology (ICT) connectivity to regional and global markets is critical for growth.<sup>18</sup> Compounding these infrastructural challenges, are serious threats to growth, water scarcity and an unreliable energy supply, which has decreased productivity, especially in the struggling manufacturing sector.<sup>19</sup>

## Economic Performance

Botswana is engaged with trading partners both within the SADC region and at the global level. In July 2015, exports to SADC were estimated at 28.5 percent of total exports (South African and Namibia, constituting 15.7 percent and 10.7 percent, respectively). Asia attracted 27.7 percent of total exports from Botswana, with most products going to India (10.6 percent of total imports), followed by Israel (5.3 percent), the United Arab Emirates (4.7 percent), and Singapore (3.78 percent). For the European Union, Botswana's exports were at 20.5 percent of the total, with Belgium receiving the majority at 18.6 percent. The next four recipients of Botswana's total exports were Switzerland (9.7 percent), Canada (6.2 percent), Norway (5.6 percent), and the United States (2.2 percent).<sup>20</sup>

According to Statistics Botswana (2015), Botswana's principle exports in 2015 were diamonds (80.9 percent), copper nickel (6.6 percent), meat and meat products (2.9 percent), machinery and electrical equipment (3.6 percent), and other goods, which amounted to 6 percent of the total. Notwithstanding these exports, Botswana's overall trade balance in 2015 was USD -\$1.698 billion. This figure speaks volumes about the high import bill that the country has attracted.

Table I shows that the asymmetrical economic power dynamics within the region are heavily polarized toward South Africa's economy. As such, Botswana is less likely to export more than it imports from the regional hegemon and its aggregated balance deficit with SADC partners in 2014 was over US\$ 2.5. Including South Africa, Botswana also sustained negative trade balances with nine of its 14 SADC trading

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<sup>11</sup> World Bank Group 2015 p. 5

<sup>12</sup> World Bank Group 2015 p. ix, 44

<sup>13</sup> World Bank Group 2015 p. ix, 42-43

<sup>14</sup> World Bank Group 2015 p. ix, 43-44

<sup>15</sup> World Bank Group 2015 p. 41

<sup>16</sup> World Bank Group 2015 p. vi

<sup>17</sup> World Bank Group 2015 p. ix

<sup>18</sup> World Bank Group 2015 p. 36-37, 40, 81

<sup>19</sup> World Bank Group 2015 p. 65-67

<sup>20</sup> Statistics Botswana 2015



partners, while positive balances were recorded against Angola, DRC, Seychelles, Tanzania, and Zimbabwe.

**TABLE 1: BOTSWANA'S 2014 TRADE BALANCE WITH SADC PARTNERS**

Partner	Balance in Value 2014 (USD)
1. Angola	\$1,690,819
2. DRC	\$1,952,708
3. Lesotho	\$-252,591
4. Madagascar	\$-10,769
5. Malawi	\$-1,728,216
6. Mauritius	\$-5,915,826
7. Mozambique	\$-11,037,245
8. Namibia	\$-69,593,381
9. Seychelles	\$106,841
10. South Africa	\$-2,479,392,721
11. Swaziland	\$-36,102
12. Tanzania, United Republic of	\$689,105
13. Zambia	\$-2,165,038
14. Zimbabwe	\$47,999,318
<b>SADC aggregation</b>	<b>\$-2,517,693,098</b>

Source: TradeMap

Botswana's trade deficit can be attributed to consumption driven import growth. As well, beyond commodities, there is very little export participation and this has become particularly precarious in recent times as the sluggish performance of minerals on the global markets has continued to place a strain on those economies relying on their export (World Bank, 2015). Less than a tenth of firms in Botswana export and where this does occur, it is primarily on a miniscule scale. Nevertheless, there are opportunities for exploiting those products, which have demonstrated a positive trade balance within the region. These products are presented in Tables 2 and 3, which look at products with trade surpluses and those attracting high deficits.

**TABLE 2: BOTSWANA'S TRADE BALANCE BY PRODUCT WITH SADC PARTNERS, SURPLUSES**

Product Label	Surplus
Inorganic chemicals, precious metal compound, isotopes	20,921
Meat and edible meat offal	16,631
Raw hides and skins (other than furskins) and leather	7,202
Special woven or tufted fabric, lace, tapestry, etc.	4,306
Nickel and articles thereof	916
Pulp of wood, fibrous cellulosic material, waste, etc.	909
Ships, boats, and other floating structures	55

**TABLE 3: BOTSWANA'S TRADE BALANCE BY PRODUCT WITH SADC PARTNERS, DEFICITS**

Product Label	Deficit
Rubber and articles thereof	-86,731
Cereals	-93,837
Articles of iron or steel	-96,858
Vehicles other than railway, tramway	-304,855
Machinery, nuclear reactors, boilers, etc.	-353,190
Pearls, precious stones, metals, coins, etc.	-383,685
Mineral fuels, oils, distillation products, etc.	-815,573

Source: TradeMap<sup>21</sup>

## Economic and Trade Facilitation National Policy Objectives

The overarching macro-economic policy framework of the country is driven by national development plans (NDPs). The current macro-economic facets of the outgoing NDP (NDP 10, 2009–2017)<sup>22</sup> have been implemented with a focus on:

- Maintenance of productive infrastructure;
- Continued investment in skills development through education and training;
- Improvement of the business climate; and
- Additional support for service exports.

These goals are framed by the broader Vision 2016 framework, which called for “a prosperous, productive, and innovative nation.” Due to a lagging timetable, Botswana has looked beyond 2016 and has started to elaborate a Vision 2036. NDP 11 has the theme “Inclusive Growth for Realisation of Employment Creation and Poverty Eradication.”<sup>23</sup> It intends to guide development efforts to build on progress towards the Vision 2016 goals to address the continuing challenges of poverty, unemployment, and income inequalities.<sup>24</sup> Other policy measures have also been influenced by the Medium-Term Macro Fiscal Framework (2012), which takes on board the overall direction of NDP 10.

Key among Botswana’s trade facilitation objectives are efforts to close the connectivity gap with the region and international markets. NDP 11 is expected to confront broad issues of trade facilitation demonstrated in the slow decline of Botswana’s Doing Business Index over the last few years. NDP 11 is also expected to elaborate on the implementation of the Trade in Services Agreement within SADC, as well as the way forward in terms of the extension of the African Growth and Opportunity Act (AGOA) (2015–2026), and the Economic Partnership Agreement with the European Union. The overall trade strategy of the country is driven by the National Trade Policy of 2009 and the industrialization strategy is governed by the revised Industrial Development Policy (IDP) of 2014. The IDP is complemented by the Economic Diversification Drive of 2011, as well as Botswana’s National Export Strategy (2010-2016), which seeks to propel trade and investment in priority sectors. In 2010, Botswana also developed a Special Economic Zones Policy, which has related legislation in the pipeline. In 2012, the government also adopted the Citizen Economic Empowerment Policy in an attempt to accelerate the process of cascading benefits accruing from the abovementioned policies.<sup>25</sup>

21 Data obtained from [http://www.trademap.org/Country\\_SelProductCountry.aspx](http://www.trademap.org/Country_SelProductCountry.aspx) (Accessed May 20, 2016).

22 The end of NDP 10 was extended from 2016 to 2017.

23 Botswana’s NDP 11 covers a six-year period (April 2017 through March 2023). It was released in October 2016.

24 Government of the Republic of Botswana 2016 B

25 WTO 2015

The government has made some progress towards improved trade facilitation. For example, the Ministry of Investment Trade and Industry (MITI) has worked closely with the Botswana Unified Revenue Service (BURS) to modernize customs at Botswana's border posts. These efforts have resulted in some relief to congestion and queues through the installation of container scanners at the Tlokweng Gate - Kopfontein border post and the Gaborone container terminal. Under the auspices of BURS, an integrated taxpayer management system has been introduced to reduce long queues. BURS has also established an exclusive office for large tax-payers. Botswana is working toward NSW development, which would serve as a one-stop point of submission and relay information to other stakeholders in the country. The government has launched a web-based trade portal through the Botswana Investment and Trade Centre, in collaboration with the World Bank. Botswana is also in the process of elaborating an Aid for Trade Strategy, which is still at an inception stage. The following section demonstrates Botswana's recent achievements as measured by specific trade facilitation indicators.

## Status of Implementing Key Trade Facilitation Measures

The TFA is linked to several external institutions that offer comparable measures of difficulties faced at borders, including the World Bank Doing Business Index, the World Bank Logistics Performance Index (LPI), the OECD Trade Facilitation Indicators (TFIs), and the World Economic Forum (WEF) Global Competitiveness Index (GCI) Report. This section presents Botswana's scores and rankings in these key trade facilitation indices.

The World Bank Doing Business Index measures the time and cost (excluding tariffs) associated with three sets of procedures—documentary compliance, border compliance, and domestic transport—within the overall process of exporting or importing a shipment of goods.<sup>26</sup> Table 4 presents the 2017 scores and rankings for the five countries included in this assessment as well as the sub-Saharan Africa averages.<sup>27</sup> In terms of trading across borders, Botswana compares favorably with the sub-Saharan average in all eight indicators. Nevertheless, Botswana businesses continued to be challenged by customs procedures, and logistical obstacles. Notably, it has the highest distance to frontier score out of the five countries included in this assessment. In the overall score for the Trading Across Borders indicators, it ranks 51 out of the 190 countries measured for the study for 2017, which is no change from its previous ranking.<sup>28</sup> It seems the country has made significant improvements over the last few years in the Trading Across Borders indicators, as Botswana ranked 145 in 2013 and again in 2014.<sup>29</sup> A recent review by the U.S. Department of State found that “Botswana's improved trade across border ranking is largely a result of the World Bank's change in methodology,” but also noted that improvements are also attributable to the introduction of container scanners at Tlokweng Gate - Kopfontein border post and the Gaborone container terminal noted above, as well as an upgrade of the South African's customs declaration system at Tlokweng Gate - Kopfontein.<sup>30</sup>

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<sup>26</sup> World Bank. 2017. Doing Business 2017: Equal Opportunity for All. Washington, DC: World Bank. DOI: 10.1596/978-1-4648-0948-4. License: Creative Commons Attribution CC BY 3.0 IGO

<sup>27</sup> World Bank Doing Business 2017 data set <http://www.doingbusiness.org/data/exploreeconomies/botswana> retrieved on January 17, 2017.

<sup>28</sup> World Bank Group. 2016

<sup>29</sup> World Bank Group 2013 p. 12

<sup>30</sup> U.S. Department of State 2016

**TABLE 4: WORLD BANK DOING BUSINESS INDICATORS – TRADING ACROSS BORDERS 2017 FOR THE FIVE TFM ASSESSMENT COUNTRIES**

Trading Across Borders Indicator		Botswana	Malawi	Namibia	South Africa	Zambia	Sub-Saharan Africa
<b>Export:</b> Border compliance	Time to export (hours)	8	85	120	100	148	103
	Cost to export (USD)	317	243	745	428	370	583
<b>Export:</b> Documentary compliance	Time to export (hours)	24	83	90	68	130	93
	Cost to export (USD)	179	342	348	170	200	230
<b>Import:</b> Border compliance	Time to import (hours)	4	64	6	144	163	144
	Cost to import (USD)	98	143	145	657	380	676
<b>Import:</b> Documentary compliance	Time to import (hours)	3	63	3	36	134	107
	Cost to import (USD)	67	162	63	213	175	320
DB 2017 Trading Across Borders - Ranking		51	118	127	139	161	
DB 2017 Trading Across Borders - Distance to Frontier (DTF) (% points)		85.93	63.32	61.47	58.01	46.99	

Source: (World Bank, 2017)

Unlike the Trading Across Borders Indicators in the Doing Business Index, the LPI measures six indicators to generate a holistic view of a country's performance in regards to cross-border value chains.<sup>31</sup> The components analyzed in the LPI were chosen based on theoretical and empirical research conducted by the World Bank and in cooperation with logistics professionals involved in international freight forwarding. The LPI scores the performance on a scale of one (lowest) to five (highest) in the following areas:

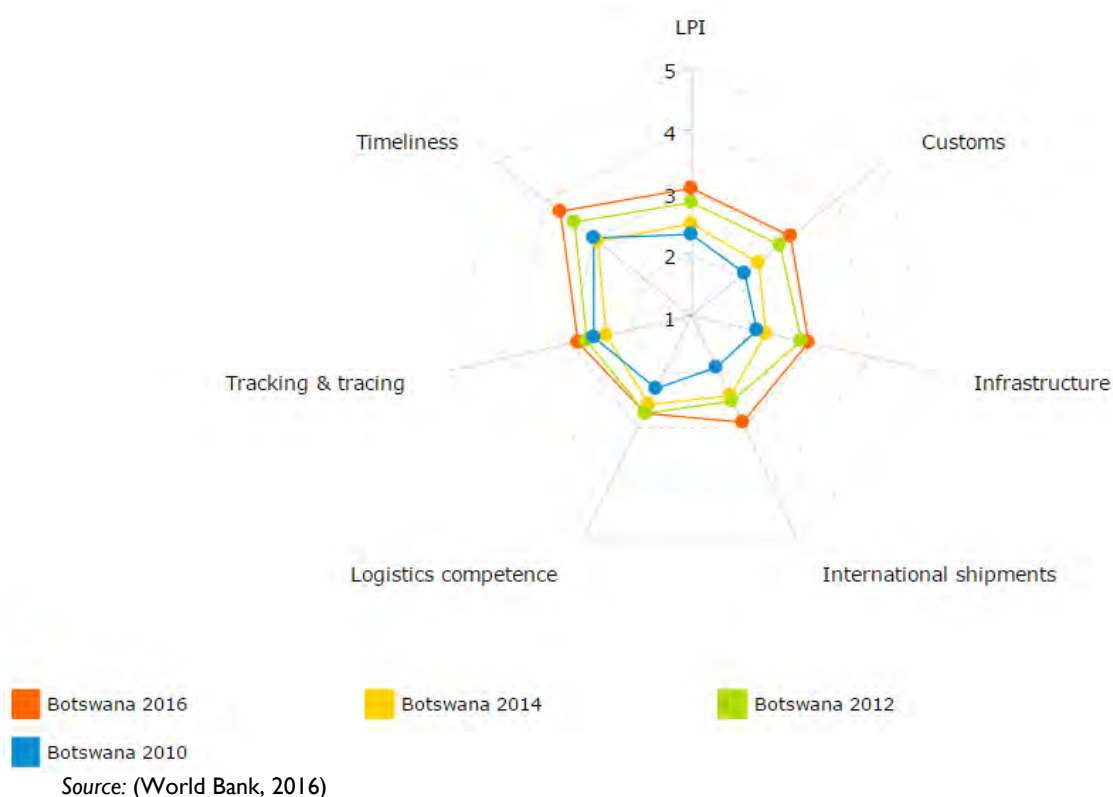
1. **Customs:** the efficiency of customs and border management clearance.
2. **Infrastructure:** the quality of trade and transport infrastructure.
3. **International shipments:** the ease of arranging competitively priced shipments.
4. **Logistics competence:** the competence and quality of logistics services—trucking, forwarding, and customs brokerage.
5. **Tracking and tracing:** the ability to track and trace consignments.
6. **Timeliness:** the frequency with which shipments reach consignees within scheduled or expected delivery times.

Although not in a linear fashion, Botswana has made improvements in all areas of the LPI during 2010-2016 as shown in Figure I. As Table 5 highlights, Botswana made significant strides in the LPI areas from an overall low score of 2.49 out of 5, ranking 120 out of 159 countries in 2014 to scoring 3.05 and

<sup>31</sup> The LPI data comes from a survey of logistics professionals (e.g., global freight forwarders and express carriers) to elicit qualitative feedback on the logistics "friendliness" in their countries of operation as well as those they trade with. This feedback from one-the-ground operators is supplemented with quantitative data on the performance of key components of the logistics chain in the country of work.

ranking 57 out of 160 in 2016. In 2016, Botswana could improve across all areas as expected for a landlocked country with outstanding issues in customs procedures.

**FIGURE I: BOTSWANA'S LPI SCORES 2010-2016**



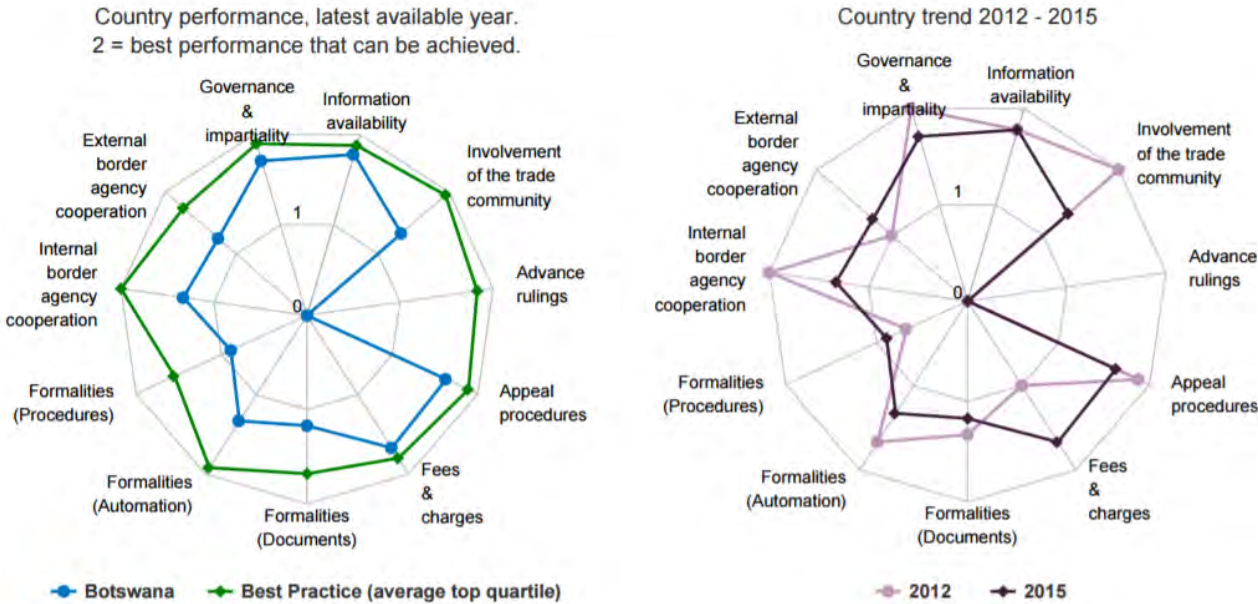
**TABLE 5: WORLD BANK LPI SCORES AND RANKINGS FOR THE FIVE COUNTRIES INCLUDED IN THIS ASSESSMENT 2014–2016**

Country	Rank or Score	Customs	Infra-structure	Inter-national Shipment	Logistics Compe-tence	Tracking & Tracing	Timeli-ness	Overall LPI 2016	Overall LPI 2014
Botswana	Rank	48	54	70	75	70	43	57	120
	Score	3.05	2.96	2.91	2.74	2.89	3.72	3.05	2.49
Malawi (2014)	Rank	62	48	108	70	100	100	N/A	73
	Score	2.79	3.04	2.63	2.86	2.63	2.99	N/A	2.81
Namibia	Rank	73	64	86	86	100	85	79	93
	Score	2.68	2.76	2.69	2.63	2.52	3.19	2.74	2.66
South Africa	Rank	18	21	23	22	17	24	20	34
	Score	3.60	3.78	3.62	3.75	3.92	4.02	3.78	3.43
Zambia	Rank	119	113	106	114	119	124	114	123
	Score	2.25	2.26	2.51	2.42	2.36	2.74	2.43	2.46

Source: (World Bank, 2016)

The OECD TFIs align with the WTO TFA and provide governments with information to improve their border procedures, reduce trade costs, and ultimately boost trade flow. The estimates based on the indicators help inform governments to prioritize specific trade facilitation actions and mobilize technical assistance and capacity-building efforts in a more targeted way. The OECD TFI scores countries' performance in each indicator on a scale from zero (lowest) to two (highest). Table 6 provides the 2015 scores of how Botswana performed in the 11 OECD TFIs. Botswana matched the best performers included in the sample in these indicators: fees and charges, governance and impartiality, and information availability.<sup>32</sup> Botswana has matched or exceeded the average performance of other UMICs in several areas including: appeal procedures, fees and charges, information availability, involvement of the trade community, automation, internal and external border agency cooperation, governance and impartiality, as well as the simplification and harmonization of documents.<sup>33</sup> As demonstrated in Figure 2, Botswana's performance in information availability was stable between 2012 and 2015, and the country has improved in the areas of the fees and charges, streamlining of procedures, and external border agency cooperation during this period.<sup>34</sup> Botswana has scored below the average of the 2015 best performers in all areas. Specific areas of improvement include: advance rulings; fees and charges; simplifying and harmonizing formalities (documents and procedures), improving automated systems for clearance; internal border agency cooperation; and increasing the involvement of the trade community. Table 6 below presents Botswana's 2015 scores and definitions for each of the 11 OECD TFIs, as well as OECD's recommended actions to improve specific areas.

**FIGURE 2: BOTSWANA'S OECD TFI PERFORMANCE AGAINST THE AVERAGE BEST PERFORMERS IN 2015 AND FROM 2012-2015**



<sup>32</sup> OECD 2015 Trade Facilitation Indicators Country note - Botswana

<sup>33</sup> Ibid.

<sup>34</sup> Ibid.

**TABLE 6: BOTSWANA OECD TRADE FACILITATION INDICATORS**

OECD TFIs	OECD Definitions and specific recommendations for improvement	Score
<b>Advance Rulings</b>	<b>Definition:</b> Prior statements by the administration to requesting traders concerning the classification, origin, valuation method, etc., applied to specific goods at the time of importation; the rules and process applied to such statements.	0
	<b>OECD recommendations:</b> Introduce the possibility to request ARs about the Customs treatment of goods prior to their importation	
<b>Appeal Procedures</b>	<b>Definition:</b> The possibility and modalities to appeal administrative decisions by border agencies.	1.63
<b>External Border Agency Cooperation</b>	<b>Definition:</b> Cooperation with neighboring and third countries.	1.25
<b>Internal Border Agency Cooperation</b>	<b>Definition:</b> Cooperation between various border agencies of the country; control delegation to customs authorities.	1.33
<b>Fees and Charges</b>	<b>Definition:</b> Disciplines on the fees and charges imposed on imports and exports.	1.67
	<b>OECD recommendations:</b> Improve the availability of comprehensive information on applicable fees and charges on the Customs website Reduce the number and diversity of fees and charges collected	
<b>Formalities – Automation</b>	<b>Definition:</b> Electronic exchange of data; automated border procedures; use of risk management.	1.33
	<b>OECD recommendations:</b> Complete the development of risk management procedures currently under elaboration Improve the capacity of IT systems to exchange data electronically Improve the quality of telecommunications and IT supporting the automation of border processes	
<b>Formalities – Documents</b>	<b>Definition:</b> Simplification of trade documents; harmonization in accordance with international standards; acceptance of copies.	1.17
	<b>OECD recommendations:</b> Expand the acceptance of copies of documents Reduce the number of documents required to export and the time for preparing such documents	
<b>Formalities – Procedures</b>	<b>Definition:</b> Streamlining of border controls; single submission points for all required documentation (single windows); post-clearance audits; authorized economic operators.	0.89
	<b>OECD recommendations:</b> Complete the development of the Single Window currently under elaboration Expand the use of Authorized Operator programs Provide accelerated controls for perishable goods Eliminate the use of pre-shipment inspection Expand the possibility to have goods released prior to final determination and payment of Customs duties Further simplify procedures in terms of both associated time and costs	
<b>Governance and Impartiality</b>	<b>Definition:</b> Customs structures and functions; accountability; ethics policy.	1.71
<b>Information Availability</b>	<b>Definition:</b> Publication of trade information, including on internet; enquiry points.	1.78
<b>Involvement of the Trade Community</b>	<b>Definition:</b> Consultations with traders.	1.33
	<b>OECD recommendations:</b> Ensure the provision of adequate and timely information on regulatory changes Ensure that consultations include a wider range of concerned stakeholders	

Of all the indexes measuring a country's performance, the WEF GCI is regarded as the most comprehensive, although it does not specifically focus on global value chain analysis. The report includes a total of 114 indicators, which are scored 1–7, with 7 being the best, and grouped under the 12 pillars seen in Table 7. Botswana's overall score is 4.2, ranking it 71 out of the 140 countries included in the 2015–2016 assessment period.<sup>35</sup> Of the 12 pillars, 7 are relevant to TFA implementation, with the 6<sup>th</sup> pillar (goods market efficiency) being the most important. Botswana scored 4.1 and was ranked 95 out of 140 on this pillar.<sup>36</sup>

**TABLE 7: BOTSWANA'S PERFORMANCE IN THE WEC GCI FOR 2015-2016**

Global Competitiveness Indicator	Botswana's Score (1-7)	Rank out of 140
1st pillar: Institutions	4.4	37
2nd pillar: Infrastructure	3.3	96
3rd pillar: Macroeconomic environment	6.5	9
4th pillar: Health and primary education	4.5	119
5th pillar: Higher education and training	3.7	100
6th pillar: Goods market efficiency	4.1	95
7th pillar: Labour market efficiency	4.5	39
8th pillar: Financial market development	4.0	63
9th pillar: Technological readiness	3.3	91
10th pillar: Market size	3.0	105
11th pillar: Business sophistication	3.5	111
12th pillar: Innovation	3.0	102

Source: (World Economic Forum, 2016)

## Domestic Processes on Trade Facilitation

Botswana is member state of SADC and SACU has been a WTO member since 1995. As a member of SACU, Botswana is a signatory of the European Free Trade Agreement. In 2006, Botswana committed to the Revised Kyoto Convention which targets the harmonization and simplification of customs procedures, through an instrument of accession.<sup>37</sup> Botswana has made steps and achieved some progress in aligning policies and processes with these agreements in recent years, some of which are noted here.

As a long-standing WTO member, Botswana is expected to harmonize its national laws with the requirements of the WTO TFA. In 2014, Botswana submitted the Notification of Category A Commitments under the WTO TFA. The implementation commitments in this regard include: consultations; notifications for enhanced controls or inspections; detention; pre-arrival processing; electronic payment separation of release from final determination of customs duties, taxes, fees, and charges; risk management; post-clearance audit; establishment and publication of average release times;

<sup>35</sup> World Economic Forum 2016 A.

<sup>36</sup> Ibid. WEC GCI 2015-2016

<sup>37</sup> The instrument of accession is available at: [http://www.wcoomd.org/en/topics/facilitation/instrument-and-tools/conventions/pf\\_revised\\_kyoto\\_conv/~/\\_media/1FB82F15E76D433680451F4158596B50.ashx](http://www.wcoomd.org/en/topics/facilitation/instrument-and-tools/conventions/pf_revised_kyoto_conv/~/_media/1FB82F15E76D433680451F4158596B50.ashx)



expedited shipments; perishable goods; movement of goods intended for import under customs control; and use of international standards.

The BURS is currently conducting private sector consultations on a draft to amend the Customs and Excise Duty Act of 1970 with the intention of streamlining procedures and lowering importing and exporting costs.<sup>38</sup> This comprehensive review is meant to align Botswana's customs procedures with the WTO TFA, as well as the Revised Kyoto Convention. In 2015, the Cabinet approved the establishment of Botswana's NSW to enable international traders to submit regulatory documents through single online platform.<sup>39</sup>

With respect to NTBs, Botswana's membership in SADC makes it subject to the Tripartite Agreement between the Common Market for Eastern and Southern African, SADC, and the East African Community (EAC), which has a component to work toward the removal of NTBs. Botswana has been trying to establish processes to remove NTBs but has seen no real results. The process is being steered by the National Committee on NTBs, which has developed an NTB strategy; however, the process is primarily led by the public sector. It is the view of MITI that the private sector must take the lead with respect to institutional arrangements to remove these NTBs, particularly through the Botswana Exporters and Manufacturers Association – although this association is riddled with capacity problems. Botswana also lacks a robust internal reporting system for its NTBs, which has made it difficult to quantify and articulate these NTBs at the regional level. MITI has identified sensitization campaigns as the next logical step for the NTB management process. In this regard, the target groups will be centered around the towns of Gaborone, Francistown (as the main urban areas), as well as Selibe Phikwe, Maun, and Lobatse.

### **Public-Private Dialogue on Trade Facilitation**

The private-public policy fora for Botswana's trade deliberations are under the High-Level Consultative Committee (HLCC), National Committee on Trade Policy Negotiations (NCTPN) and the Trade Support Network (TSN). These bodies all consist of various private sector associations and parastatals (USAID, 2009). The HLCC fosters the space through which robust deliberations can take place between government, the private sector and civil society. The membership of the council consists of industrial stakeholders and cabinet members and it aims to resolve policies affecting the business environment that cannot be resolved at the individual ministerial level. The NCTPN formerly resided within MITI as the secretariat and meets four times a year. The committee comprises 45 members from the public, private, and academic/research sectors, as well as consumer representatives and trade unions. The NCTPN also encompasses 12 technical working groups that undertake analytical work on sectoral issues. According to MITI, the NCTPN has merged with the Economic Diversification Council (and assimilated its substructures) to become the National Economic Diversification and Trade Council. Public-private debate is also aided through the Trade Facilitation Advisory Group. In addition, several trade support institutions have grouped together under the TSN to cover financial services, training, product development, and quality improvement for the private sector. These structures are still a work in progress and more private sector input is expected going forward.

### **Policies that Impede Trade facilitation**

Notwithstanding the efforts to accelerate Botswana's trade facilitation efforts described above, the desk review identified a number of impediments that are still visible are largely attributed to the country's enabling environment. Some specific issues that serve as cross-border constraints are:

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<sup>38</sup> U.S. Department of State 2016

<sup>39</sup> U.S. Department of State 2016

- Limited production capacity of Botswana’s industries;
- Increased competition within the external market;
- Unresolved NTBs including seasonal trade bans on selected agricultural goods, a state monopoly on beef exports, import permit requirements for a variety of food products;<sup>40</sup>
- Product-specific rules that are not harmonized across various agreements;
- A lack of supporting infrastructure for trade facilitation; and
- Too many decentralized service centers instead of a one-stop trade shop.

The following two sections explores the trade facilitation related challenges and other constraints to trade identified by the key informants during data collection.

## KEY OBSTACLES AND CHALLENGES TO TRADE

### Rail and Road Infrastructure

As a landlocked country, access to efficient and reliable rail and road transportation infrastructure is critical for the private sector as it facilitates both exports and imports to the rest of the region, as well as beyond via ports such as Durban. Interviewees raised ongoing concerns in this area as outlined below. These discussions highlighted the lack of efficient and reliable rail and road infrastructure as a key obstacle to trade and a significant driver of the cost of trade in Botswana.

Several interviewees mentioned the need for linkages between the new bridge that is under construction at Kazungula and the connecting road infrastructure. It is anticipated that the bridge will increase road traffic from both South Africa in the south as well as from Zambia and the Democratic Republic of the Congo (DRC) in the north. This will require not only continuous maintenance of the national roads in Botswana, but border posts to have the capacity to process the increased traffic efficiently. Some border posts have limited physical infrastructure that does not allow for further expansion of facilities to accommodate more officials, even if they are needed to handle the traffic. Several interviewees also mentioned the lack of facilities for truck drivers along the main road networks in Botswana, including limited truck stops.

Several KII respondents noted that the rail system does not provide a viable alternative for many traders in Botswana despite their preference to use rail, especially for the movement of bulk cargo and commodities. One private sector interviewee observed a lack of government planning and spending on rail that has increased truck traffic in Botswana. Botswana Rail has increased prices beyond the inflation rate due to inefficiencies in its operations, which has added to its competitiveness challenges. Consumers bear the brunt of these high costs in many instances. One private sector interviewee reported that transport made up 35 percent of the total price paid by consumers for the product manufactured in Botswana. Rail is not an appealing option for some traders due to the lack of an end-to-end service in many instances. For smaller firms that do not have their own lines or rail sidings, it is necessary to use rail in combination with road transportation to ensure delivery. Rail is also an option only for companies trading with South Africa, as no direct linkages exist between Botswana and Namibia or Zambia. The delays encountered in using the railways were noted as an additional challenge. They can result in production slowing down (by up to two and a half hours per day in one case) and businesses incurring additional costs.

In a related area, one private sector interviewee spoke of the challenges encountered with regard to air cargo facilities in Botswana. The lack of sufficient handling facilities and equipment in the airports in

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<sup>40</sup> U.S. Department of State 2016

Botswana results in the movement of goods slowing down and increased costs. The interviewee noted that the problem has gotten worse since air freight facility management was outsourced to Air Botswana. There was a call for greater competition and involvement of the private sector in this area.

One private sector respondent mentioned poorly maintained roads increase the time taken to move goods around and through Botswana as drivers must reduce their speed. They also increase the risks associated with accidents, which is of particular concern to those private sector firms involved in the movement of sensitive products and dangerous goods.

## **Poor Coordinated Border Management**

At the borders of Botswana, interviewees indicated that the main obstacle was the lack of coordinated border management. Specific examples mentioned were the borders with Namibia, South Africa, and Zimbabwe. There is no ICT connectivity between the customs systems of Botswana and any of its neighbors. This was seen as one cause of the poor coordination challenge. One private sector respondent speculated that trust between countries was insufficient for protecting confidentiality of information in the ICT systems used at borders. Another suggested that the low levels of trade between Botswana and some of its neighbors (with the exception of South Africa) resulted in a lack of pressure to improve coordination at borders.

The impact of the lack of coordination is delays in processing trucks moving through the border posts. One private sector interviewee noted that “idle trucks eat money” and security risks are greater when trucks have to sit at border posts waiting for clearance. Some traders respond by changing the transport routes they use, but this tends to be a solution for the larger transporters who undertake continuous monitoring of the situation at various border posts.

One academic interviewee also specified the obstacle of limited internal coordination in Botswana between the multiple agencies involved in border post activities. No doubt a more coordinated approach will yield benefits for traders, but it is difficult to overcome the different objectives of the various agencies, such as customs and immigration, that may on occasion conflict with each other.

## **Non-Tariff Barriers**

Tariffs are no longer the main obstacle to trade for firms in Botswana, including as a result of membership in SACU and the SADC Free Trade Area, as both of these regional trade agreements have reduced duties on most goods traded in the region. The cost of doing business remains high in comparison to other regions, however, in part due to the ongoing challenge of NTBs to trade. The private sector respondents interviewed for this study pointed to a wide range of obstacles that were referred to as NTBs – even though some of them did not necessarily fit within the definition accepted by policymakers (an experience mirrored in the Tripartite NTB Monitoring Mechanism, where many issues reported by business are not in fact NTBs). These included unnecessary and troublesome police roadblocks (especially in Zimbabwe and Zambia) and duplicate inspections of cargo by authorities on both sides of the border between Botswana and South Africa.

Corruption at border posts and other “hotspots” along transport corridors was a particular obstacle that a range of interviewees raised. The charging of informal fees at road blocks and related to border crossings was highlighted as a constraint that results in increased cost to trade and inefficiencies for legitimate traders who are not willing to pay bribes. One KII acknowledged that corruption exists in both the public and private sector, with significant vested interests in the business community that benefit from the inefficiencies created (such as those who want to avoid security checks). The impact of

corruption on government is not documented particularly well, but is likely to include reduced revenue from formal charges and increased risk to illegal trade.

NTBs are not particularly well understood and respondents highlighted the need for more engagement between officials and the private sector to develop a more nuanced understanding of the specific issues and the possible solutions. This requires stronger mechanisms for the exchange of information on NTBs, through reporting and monitoring platforms. Business associations (such as Business Botswana), who should be better placed to act as a bridge between public and private stakeholders, also have a role in this regard. Information asymmetries also exist between government agencies, resulting in a coordination challenge in removing some NTBs (e.g., changes in limits to the weight of trucks is not communicated to officers involved in the enforcement at weigh bridges, resulting in unnecessary delays).

## **Need for Customs Harmonization and Modernization**

Like many countries in the region, Botswana has undertaken significant reforms of its customs processes and systems in recent years. One public sector interviewee highlighted that it is important for the government to keep going with the modernization efforts to reduce obstacles to trade by making the customs authority more efficient and able to effectively facilitate trade. This process is likely to require automation of additional processes, such as electronic certificates of origin, as well as the upgrading of technology used at the borders and change management processes to encourage a different mindset among customs officers (which tends to traditionally be focused on revenue collection). The development of a NSW was described as an opportunity in this regard. It is hoped that this project will help address the lack of integration of ICT systems across government departments in Botswana.

One private sector interviewee raised an obstacle related to the modernization and automation of customs procedures: lack of harmonized documentation and connectivity between countries at border posts. This resulted in repetitious processes of data entry and additional costs to business in terms of staff time required to clear shipments. These extra costs are passed on to customers and therefore increase the price of traded goods in Botswana. It also influences the competitiveness of exports.

## **Regional Transit Permits**

Another private sector interviewee gave a specific example of the obstacles posed by the need to obtain transit permits for the export of products from Botswana beyond the region. For example, obtaining a transit permit from South Africa can be time-consuming. The charge for a permit is not particularly expensive, but the administrative effort adds costs for firms in Botswana. This can also result in the diversion of exports from South Africa to more expensive routes.

Some interviewees expressed frustration with other permit requirements in the region. For example, it was reported that trucks operating in Namibia require a permit from Windhoek and that similar restrictions impede access to permits for agricultural products. This limits the trade in such products between Botswana and Namibia. It seems to be a result of limited staff capacity in the agricultural ministry in Namibia, which means officers who can grant approval are located only at certain border crossings.

## **Inefficient Risk Management Systems**

Three private sector interviewees pointed to the apparent lack of trust between Botswana and South Africa as an obstacle to trade that was demonstrated by onerous risk management systems. This resulted in containers that were moving from Botswana through South Africa being opened for

inspection by authorities on both sides of the border. The “double processes” make trade less efficient, and the delays add extra costs. One firm representative verified that his export containers have been stuck at the border for two days as they are inspected. The result was an increased risk of not meeting timeframes specified under client contracts and having to pay penalties as a result. The firm operates at only 50 percent capacity at present and is keen to expand its export business if the trading environment were more reliable. One interviewee reported that members of his private sector organization felt that the South African authorities target them and that excessive penalties are imposed with little flexibility for human error.

## **No NSW**

Botswana is in the process of developing a NSW. One interviewee welcomed this, noting that the lack of connectivity between government agencies is an obstacle to trade. The NSW is anticipated to improve the current situation and move the processing of traded goods on an efficient platform. It will not be easy, as some government agencies will need to review their own processes before they can participate in a NSW. For example, currently no single entry point exists to access all of the information on trading requirements. If the NSW can be linked to other business portals, this obstacle should be removed. The NSW ideally will also reduce the time to get all necessary documents and clearances for cargo.

## **Limited Air Capacity for Bulk Cargo**

Two private sector interviewees described the limited air freight capacity in Botswana as a serious obstacle to trade. Air Botswana is not equipped to deal with bulky cargo consignments and is also not certified to receive dangerous goods. This results in cargo moving by road instead and the use of longer routes. For some products, this can compromise them as they require specific cold chain transportation within a certain period of time. One firm estimated that it needs to add about BWP 10,000 (Botswana pula) in costs to a consignment during road travel to verify the quality of the products. Some improvements recently stem from new airlines (such as Kenya Airways and Ethiopian Airlines) flying directly into Botswana. One interviewee added that this did not go far enough and the Civil Aviation Authority is still limiting new airlines seeking to operate in Botswana, including through its changing requirements. The respondent noted that the outsourcing of ground handling services to Air Botswana at the airports has also worsened the situation and confirmed that ongoing support to the national carrier was coming at the expense of efficient air cargo options.

## **Lack of Trade Monitoring Data**

One academic interviewee found that the lack of available data to monitor trade facilitation in the region is a serious obstacle; without current trade information, the private sector can't hold the government accountable for promised actions to address the barriers. It remains an ongoing challenge in Botswana, as not all systems related to trade are automated and the available data tends to be missing information through unreported amounts.

## **Other Constraints to Trade**

This section presents constraints to trade that are unrelated to specific trade facilitation policies or interventions identified by the Botswanan interviewees.

## Transport Costs

The main obstacle that interviewees mentioned was the high transport costs in SADC compared to the rest of the world. One described these costs as “horrendous” and noted that the impact was to reduce the competitiveness of industry in landlocked countries like Botswana that rely on their neighbors for the movement of goods. Several respondents mentioned the situation in Zimbabwe, including poor maintenance of the road infrastructure, roadblocks, and long delays at border posts. One representative of an exporting firm confirmed that his operations in Botswana are not as competitive as those in other countries simply due to the time and cost involved in transporting inputs and finished products. He estimated that it takes one week from Gaborone to Durban by rail and three days by road. It is an additional 21 days of shipping to access Asian markets and 14 days to the U.S. This makes it difficult to meet orders on time and requires particularly quick turnaround in the production processes in Botswana. A representative of a multi-national firm explained that transport generally is estimated to be 10 percent of companies’ total costs globally, but in Africa it was closer to 50 percent. Even a short delay drives up the costs and can have far-reaching implications for production processes, if a part or inputs are delayed, for example.

KII respondents involved in the road transport sector explained that the high costs are driven by lack of utilization of the capacity for road transport in the region and increasing costs of using rail as an alternative. One respondent described it as a “catch-22,” as higher volumes of trade are needed to see an increase in utilization, especially on routes where trucks tend to return empty at this stage. If a truck can secure cargo going in only one direction on a particular route, the transport costs will reflect the full amount of the return trip, as truck owners seek to profit from the investment in their trucks. The associated services supporting transport (such as warehousing, handling, etc.) are also increasing in cost. One respondent said the lack of a level playing field in the region exacerbates this problem; some countries protect their local transporters and service providers from competition. For example, Botswana trucks going into Zambia must pay charges (such as permit fees, road tax, municipality fees, carbon tax, third-party insurance) that amount to more than BWP 90,000 for an average of around 20 trips in three months.<sup>41</sup> The cost for Zambian trucks to enter Botswana for three months would be approximately BWP 15,000.<sup>42</sup>

## Business environment

Private sector respondents in Botswana were particularly vocal about the impact of the broader business environment on trade. The main constraint raised by manufacturing firms that either export or compete with imports in the domestic market was the overvalued currency. One interviewee described how the pula has appreciated against the South African rand, making it impossible for his firm to export from Botswana to South Africa and increasing the cost of imported inputs. This has resulted in some production facilities closing down and laying off workers. Botswana has not joined the Southern Africa Common Monetary Area, but is part of SACU. This leaves Botswana’s hands tied in terms of trade policy, and therefore unable to offer real protection to manufacturers in the face of an appreciating currency. One KII pointed out that Lesotho-based companies in the same industry were doing better in exporting, including to the U.S. under AGOA. Now, only one firm is left in Botswana (down from around 15) that exports in this sector to the U.S. Many firms that used to export have gone out of business, as they were not able to rely on local contracts and struggled to compete against imported products.

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<sup>41</sup> BWP 90,000 was equal to about US \$8,133 in May 2016 when data was collected.

<sup>42</sup> BWP 15,000 was equal to about US \$1,356 in May 2016 when data was collected.

Another constraint on manufacturing firms is the burden of regulation. This has reduced the competitiveness of firms in Botswana and resulted in the closure of many exporters. It is not possible to increase trade if no sellable products are being produced. The situation is exacerbated by no urgency in responding to the challenges Botswana's private sector faces and no accountability in holding government to its promises to reduce red tape. One specific example provided by an interviewee was the lack of harmonized VAT rates and other charges in the region. Botswana transporters are losing business to South African-owned vehicles that are able to avoid the long delays to wait for VAT refunds.

### **Other Constraints to Trade – Lack of Skilled Labor**

Interviewees mentioned the lack of skilled labor in Botswana as a constraint to business more broadly and to potential for increased trade in some sectors. Some noted the limited investment in providing the necessary training for both factory-based jobs and those who manage the supply chain (e.g., logistics and administration) and engage in policy on international trade. One KII described the courses that are available as generic, lacking specific skills that industry requires. The situation has been worsened by restrictions on the movement of people in the region and the work permit requirements imposed by Botswana's government. This has made it difficult for business in Botswana to employ people with the right skills and experience. Private firms are undertaking efforts to offer training courses; one company has even set up its own accredited training facility. A challenge remains in getting people in Botswana interested in factory jobs and retaining staff once the training is complete.

## **FINDINGS ON RESPONDENTS' PRIORITIES FOR TFM IMPLEMENTATION**

The assessment team determined the priority ranking for TFM implementation in Botswana based on the frequency that KII respondents raised a specific TFM as a priority across the respondent categories. Table I in Annex VI lists the TFMs and cross-cutting issues for trade that the assessment team anticipated would be prioritized across the five countries, as well as all other TFMs and/or crosscutting issues that emerged as priorities from the desk review and KII data. The columns note the frequency that KII respondents raised a specific TFM as a priority across the respondent categories. This information was used to select TFMs that were then examined in detail to answer assessment questions 1 through 3 in this section.

During the 17 KIIs, respondents chose to speak in detail on 13 TFMs which they regarded as the top priorities for implementation in Botswana. They demonstrated a high level of congruency in their top three priorities, as shown below:

1. Rail and road infrastructure upgrades (10 KIIs)
2. Removal of NTBs (10 KIIs)
3. Improved CBM (9 KIIs)
4. NSW (4 KIIs)
5. AEOs (2 KIIs)
6. Increased efficiency of Air transport at Airports (2 KIIs)

One key informant also raised each of the following TFMs:

- Harmonization of customs procedures and ICT connectivity at borders
- Stronger risk management systems
- Enhanced coordination and notification of changes in regional transit procedures

- Technical barriers to trade (TBTs), including sanitary/phytosanitary measures
- Monitoring trade corridors and borders
- Fees and charges

One key informant also raised measures to address other constraints to trade that are unrelated to trade facilitation policies and interventions (e.g. tariffs, regulatory or VAT harmonization, VAT rebate schemes, security, corruption).

The remainder of this section presents the findings for Assessment Questions 1–3 on the benefits, costs, potential obstacles, and sequencing considerations for the implementation of the top three priority TFMs.

## **TFM Priority #1: Rail and Road Infrastructure Upgrades**

As a landlocked country, Botswana has several significant infrastructural challenges. Rail and road infrastructure is key to enabling trade across borders. The country's imports and exports are among the most expensive to transport in the region due to the distance to the sea.<sup>43</sup> One key priority is the development of improved rail links with Namibian and South African ports, which will increase export revenues and decrease the import costs. Other critical network services or types of infrastructure include energy and ICT. Botswana plans to address both of these constraints to make the country a more appealing investment destination.<sup>44</sup> This section focuses on transport-related infrastructure as the most relevant issue in the context of trade facilitation.

Three of seven private firms interviewed for this assessment raised rail and road infrastructure upgrades as a priority. Required specific improvements include more efficient and cost-effective rail transportation, especially for bulk cargo and commodities, such as restructuring the container depot and, wherever practical, providing more direct linkages to major clients (such as factories and foundries) that would minimize the need for intermodal connections. One private sector interviewee indicated that road transportation is now a significantly cheaper option for trade with South Africa compared to rail, despite the firm using and producing bulky products that are more suited to rail transport. Rail has priced itself out of the market and includes delays in getting to the door, which often requires some amount of road travel; therefore, it is easier to use just one truck. In Botswana, three rail lines serve the mines; respondents note that if this network were to be expanded it would support growth.

In relation to road infrastructure, the priority intervention that interviewees mentioned involved maintenance of the roads and the facilities for drivers, such as truck stops and rest areas or lay-bys. The creation of better facilities would improve the efficiency of road transportation in Botswana and reduce the number of accidents. The flow of trucks carrying specialized cargo (such as dangerous goods) could increase in Botswana if facilities improve to let drivers make the required stops under international transportation standards. The AI road between Gaborone and Francistown has no truck stops, interviewees noted; this is particularly difficult on weekends and public holidays, when trucks need to be off the road between 6 p.m. and midnight. This restriction could be removed if Botswana, which currently has only single lane roads, had two-lane roads.

All five private association interviewees raised rail and road infrastructure upgrades as a priority for implementation. One interviewee also linked this to the capacity of Botswana to provide efficient airfreight options as part of a multi-modal transport strategy, discussed later. In addition, interviewees proposed the expansion of the physical capacity of some border posts to handle increased road traffic.

<sup>43</sup> World Bank, Doing Business Index, Cross-border trade, cost to export.

<sup>44</sup> KPMG <http://www.blog.kpmgafrica.com/infrastructure-regulation-africa-botswana/>



For example, the border post at Martinsdrift has physical infrastructure constraints that limit the staffing, resulting in significant delays at certain times. One KII observed that this requires action before the Kazungula Bridge opens, as it may put added pressure on the linked border posts.

Interviewees responded positively to the commencement of construction of the Kazungula Bridge with Zambia, despite the delays caused by the aborted negotiations with Zimbabwe. The bridge should alleviate delays in trade that ferry use to Zambia causes. The inclusion of potential rail capacity using the bridge is also particularly positive and has implications beyond the movement of freight, such as the possible creation of tourism linkages in Botswana. None of the interviewees were clear on the fees to be charged to users of the bridge, but they anticipated that fees will be shared equally between Botswana and Zambia.

The transportation infrastructure in Botswana tends to support linkages with South Africa primarily. One interviewee noted that the congestion at the port of Durban is leading Botswana to explore other options for trade, such as using Walvis Bay. This port provides some opportunities for Botswana that users are not taking advantage of, especially for cargo from the U.S. and Europe. The lack of rail links with Namibia and delays at the border (see below) are a constraint in this regard. A policy expert interviewee suggested that using the corridor approach to unlock transport infrastructure development would have wider benefits.

### **Assessment Question 1**

*What is the potential range of benefits associated with the implementation of TFM Priority #1?*

Interviewees broadly agreed that implementation of the proposed rail and road upgrades will generate large economic gains in trade facilitation for Botswana. Specifically, poor roads drive up the costs of insurance and can result in more accidents. Vehicle operators are also required to drive more slowly and this can increase the time needed for trade. Transport costs are already particularly high for Botswana, given its landlocked status; it is crucial to manage these costs to remain competitive. One private sector interviewee noted that improved infrastructure will help Botswana keep pace with potential opportunities for trade. The benefits from implementation of infrastructure projects in the transportation sector will reduce both time and cost to trade.

### **Assessment Question 2**

*What is the potential range of costs associated with the implementation of TFM Priority #1?*

Interviewees did not provide specific information on the costs of upgrading and improving the rail and road infrastructure in Botswana. Private associations interviewees described the solutions in this area as “high-cost” and “expensive.” An international donor interviewee reinforced this by indicating that implementation of this TFM would cost more than \$5 million. One specific example mentioned was the Kazungula Bridge, which had required an international financing arrangement for both Botswana and Zambia. It is expected that there will be user fees charged for the use of the bridge. The revenue raised will be directed toward maintenance of the infrastructure as well as the eventual expansion of a rail link. The collapse of commodity prices on the global market has reduced the incentive to prioritize this investment and others in the area of rail. One development cooperation partner interviewee added that there are other resources required for the implementation of infrastructure projects, beyond just the financial ones, such as hiring more staff, training and improved internet connectivity in the country.

### Assessment Question 3

*What is the feasibility and timeframe of the implementation of TFM Priority #1?*

Of the three private firms, two said no other measures or steps are required before implementation of transport infrastructure improvement projects. One noted that proper planning is required and thinking about future needs. For example, it is questionable that when Kazungula Bridge is complete, Botswana will be ready to take more truck traffic on both roads and through the existing border posts.

Of the five private association representatives who raised rail and road infrastructure enhancements as a priority, three said no other TFMs or steps need to be taken; as one noted, the planning has largely taken place and can now be implemented. One of the five association representatives indicated a need for systems to ensure the smooth passage of goods in the region, because new infrastructure (like the Kazungula Bridge) won't solve congestion. This respondent suggested the need for regional transit arrangements that won't require checking at every border. One representative noted the need to ensure that border posts operate efficiently for Kazungula Bridge to be used to full potential.

Both the public sector and international donor representatives noted the need for proper planning and coordination, especially to attract financing. One respondent suggested that the government should work with private sector (e.g., NEPAD Business Foundation) to help with this.

When asked why implementation of infrastructure plans is challenging in Botswana, one private firm interviewee cited a lack of political will and too little understanding of the consequences of continued problems. The respondent finds that politicians do not have adequate appreciation for the importance of good roads in a country like Botswana. Another simply responded that it is "not a priority for the government." The private association representatives differed between various infrastructure projects and pointed to some degree of progress, but the pace of implementation is a frustration. For example, the high cost of creating a rail link between Namibia and Botswana was mentioned. The private sector has expressed interest in partnering on this project but the government is hoping to fund strategic projects like this independently. Maintenance contracts for the existing infrastructure have the potential to not only benefit trade facilitation in Botswana, but also provide employment opportunities. Interviewees encouraged the greater involvement of the local private sector in infrastructure planning and implementation. Again, the Kazungula Bridge was cited as a project that is failing to meet the potential for providing wider benefits to Botswana's economy through sourcing locally produced inputs and partnering with local firms that could assist in interactions with the community.

Table 3 in Annex VI presents the number of respondents who confirmed that they think the implementation of this TFM will bring about specific benefits, costs, or sequencing issues disaggregated by respondent category.

### **TFM Priority #2: Removal of NTBs**

The SADC TFP Final Report refers to NTBs in the context of TBTs, sanitary/phytosanitary (SPS) measures, and the Trade Monitoring and Compliance Mechanism; the WTO TFA does not refer to NTBs.<sup>45</sup> The TFP notes that there has been a Trade Monitoring and Compliance Mechanism to address NTBs in SADC since 2007. This has increased awareness of the impact of NTBs on trade in the region, but progress in removing barriers has been slow.<sup>46</sup> One academic interviewee echoed this, noting that

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<sup>45</sup> SADC established a Trade Monitoring and Compliance Mechanism to monitor the implementation of the free-trade area, with a specific mechanism for identifying and eliminating NTBs. The mechanism has the potential to facilitate movement of goods, leading to increased trade.

<sup>46</sup> SADC TFP final draft report (2016): 42.

tariff barriers are no longer the main obstacle to trade. However, the cost of doing business in the region remains significantly high compared to other regions due to the different regulations that applied across the borders and the other NTBs encountered. One donor interviewee added that the NTB Monitoring and Compliance Mechanism tended to be supported by transporters who reported issues related to roadblocks and corruption.

NTBs cover a wide range of issues. Interviewees noted that this is a dynamic area and can change, making it difficult to anticipate appropriate solutions. The 10 Botswana interviewees who prioritized this issue specifically mentioned the following NTBs: bribery/corruption; driver behavior; roadblocks in Zimbabwe; inconsistent application of requirements for trucks or enforcement of policies at weigh bridges; cash payment/ lack of formalization; high costs resulting from different regulations across the borders; and treatment by South Africa, such as opening sealed containers. The issue of corruption is addressed in the prior section on the business environment in Botswana.

A review of the NTBs in Botswana in the Monitoring and Compliance Mechanism (at [www.tradebarriers.org](http://www.tradebarriers.org)) shows that the KII responses are consistent with issues captured there. They included concerns about the inconsistent use of weighbridges and roadblocks. Additional specific reported NTBs included the lack of receipts from Zambian authorities for additional fees levied at the border on certain products, and inconsistent opening hours of border posts in the region.

Table 4 in Annex VI presents the number of respondents who confirmed that they think the implementation of this TFM will bring about specific benefits, costs, or sequencing issues disaggregated by respondent category.

## **Assessment Question 1**

*What is the potential range of benefits associated with the implementation of TFM Priority #2?*

The potential benefits of removing NTBs that KIIs cited varied depending on the nature of the barrier that respondents had in mind. At a general level, one private sector association representative noted that NTBs are an “ongoing irritation that cause delays.” The removal of NTBs will reduce the time taken to trade, including by reducing delays at borders. One private sector interviewee added that removing NTBs would increase the certainty around the cost of trade in the region, making it more competitive. Two transporters reinforced this benefit of increased competitiveness for Botswana truckers. A benefit of removing NTBs would be to level the playing field for truck transport. NTBs were described as a significant cost to trade in the region now that the SADC Trade Protocol has brought tariffs down. A number of interviewees said that NTBs were particularly prevalent in trade between Botswana and Zimbabwe. One firm representative explained that Zimbabwe is potentially a big market for its products but the delays caused by NTBs made it difficult to export more.

## **Assessment Question 2**

*What is the potential range of costs associated with the implementation of TFM Priority #2?*

Interviewees who responded to questions regarding the cost to implement the removal of NTBs did not give specific details. One academic respondent said this TFM does not necessarily require money to solve the problem, but it is about a shift in human behavior and mindset to ensure efficient application of rules and procedures. This could take time and is difficult for the government to address. One private sector KII described it as the need for more discipline in the trading system in the region. Another academic respondent provided a similar response that put the cost of implementation at less than \$1 million, with the biggest expense being the need to facilitate better communication between governments and with the private sector. For example, if policy on weight limitations/truck size changes,

it needs to be properly communicated to the officials operating the weighbridges. A development partner KII suggested tackling each NTB reported on a case-by-case basis. The reasoning is that each barrier is unique and is likely to require a specific solution. The cost of implementation will vary depending on the identified way forward in each case.

### Assessment Question 3

*What is the feasibility and timeframe of the implementation of TFM Priority #2?*

Only one KII respondent cited steps that definitely need to be taken before removal of NTBs can be implemented. This was a requirement on the part of the private sector to develop the skills and knowledge of drivers as to ensure that they have up-to-date knowledge of the requirements to trade. Investment in technology (e.g., proper tracking devices on trucks) could be a good starting point; this would also help pinpoint the site of delays and potentially the additional costs involved. It can be expensive to install automated systems to monitor drivers, which means it is not an option for small operators. The private sector needs to pay its drivers properly and on time to reduce the incentive to cheat the system.

Interviewees provided some insights on why this TFM has not been addressed. They acknowledged that many NTBs come down to the ad hoc behavior of individual officers or officials at the border or involved in policing road transport. One private sector interviewee said these people (in government and business) benefit from the delays and inefficiencies. An example was the inconsistent implementation of height and weight restrictions on trucks. Some private sector players are willing to short-circuit these controls, adding to the problem. Another firm representative said some people who are involved in trade want the inefficiencies from NTBs to continue so they can avoid paying excessive formal charges.

One public sector KII mentioned the lack of political will on the part of some governments in the region to address NTBs. The barriers are being used to protect local industries in some instances and, in the case of South Africa, to retain its dominant economic position in the region. One academic respondent noted that the lack of clarity on why some NTBs persist supports this view of a lack of will to address the problem.

Development cooperation partners in the region have provided some support on NTBs. This includes assisting the SADC Secretariat to work with countries involved in priority NTBs that the private sector has reported via the monitoring mechanism.

Table 5 in Annex VI presents the number of respondents who confirmed that they think the implementation of this TFM will bring about specific benefits, costs, or sequencing issues disaggregated by respondent category.

### TFM Priority #3: Improved CBM

CBM refers to cooperation among agencies and authorities in a country who are responsible for the various aspects of border control, as well as coordination among the border agencies and authorities of two countries that share a common border.<sup>47</sup> CBM is a tool used to improve management efficiency at borders and to enhance trade facilitation.<sup>48</sup> CBM can take different forms, including national efforts to strengthen cooperation among agencies or structures such as joint border committees.

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<sup>47</sup> Articles 8.1 and 8.2 of the WTO TFA

<sup>48</sup> SADC TFP, 2016, p. 33

When discussing needed improvements for CBM in Botswana, interviewees referred to both internal coordination between domestic agencies as well as the cross-border level with neighboring countries.

Interviewees tended to focus on the relationship between Botswana and South Africa. Private sector representatives noted the lack of ICT connectivity, which means it is necessary to complete customs procedures on both sides of the border. It is not possible to use a fully electronic system, and this is one specific area for improvement. One government interviewee described the relationship with the South African Revenue Service (SARS) as “well established and pretty good.” The private sector KII, however, expressed frustration about South African authorities’ perceived lack of trust of the Botswana customs system. This manifested in the opening of sealed containers in South Africa that had already been checked at Pikwe in Botswana. Such inspections resulted in delays while the containers were offloaded and repacked as well as increases in costs to trade as a result. Some improvements were noted, especially at the Lobatse border post, which one private sector KII described as “almost one-stop.”

Coordination challenges also exist at the borders between Botswana and Namibia, Zambia, and Zimbabwe. One private sector KII noted the lack of coordination with Namibia. The delays at the border with Zambia were attributed to vested interests that seek to keep the trucks there as long as possible to benefit the associated businesses that provide services like parking and food. The lack of coordination goes beyond the duplication of procedural requirements and includes failure by some customs authorities to recognize the documentation of neighboring countries. For example, Botswana is reluctant to recognize some of the SADC certificates of origin issued in Zambia and Zimbabwe, a private sector KII explained.

Botswana’s government has started to explore ways to improve CBM. This has included a study by the World Customs Organization, signing a memorandum of understanding with Zimbabwe, and establishing joint border management committees in some cases. A public sector respondent confirmed the government’s commitment to CBM as a way to reduce delays and make traders from Botswana more competitive in the region.

## Assessment Question I

*What is the potential range of benefits associated with the implementation of TFM Priority #3?*

Interviewee mentioned the following when asked about the potential benefits of implementing CBM: reduced time to move goods along the transport corridors in the region and reduced cost to trade as a result; and improved performance of customs officials at border posts through streamlined procedures and more efficient systems. One private sector interviewee said it was a simple case that better coordination would make trade “cheaper and faster” for Botswana.

When asked why they agree that this TFM would generate economic benefits if implemented, interviewees mentioned the following:

- This is an important regional issue that SADC and the private sector have prioritized through the Southern Africa Business Forum. (Donor KII)
- Harmonization of rules and procedures will free up trade in SACU, as it should be under a customs union. Delays at borders from double processes increases costs and makes exports from Botswana less competitive. (Private sector association KII)
- Trade volume and healthy competition will increase across the borders. Increased efficiency at borders will result in reduced costs to traders. Predictability of time and costs will enhance trade, as well as strengthen regional integration. (Academic KII)

- Increased coordination between Botswana and South Africa is important for firms that are suffering from high penalties imposed by South African authorities. Reducing these is necessary to bring down trade costs. (Private sector association KII)
- Double-checking containers on both sides of the border can result in delays that affect production processes. It is difficult for manufacturing firms in Botswana to guarantee meeting customers' requirements on price and time. The delays were reported to be up to two days. (Private sector KIIs)

## Assessment Question 2

*What is the potential range of costs associated with the implementation of TFM Priority #3?*

KIIs did not specify the costs associated with implementing CBM. The responses reflected that they did not expect the costs to be particularly high. One donor interviewee said “low-hanging fruit” in this area would result in improved coordination quickly and cheaply. One example given was coordinated border opening hours; while this does not apply to Botswana individually, it is a regional concern. The main cost anticipated in implementing a CBM program relates to staff training of border officials. A private sector representative said that it should cost less than USD \$1 million, as it is really about building trust between the customs authorities on both sides of the border. Additional costs for CBM might include better physical infrastructure and ICT systems in some cases. It will also be important to invest in streamlining the mandates of different agencies at the borders to ensure maximized synergies and reduction of unhealthy competition.

## Assessment Question 3

*What is the feasibility and timeframe of the implementation of TFM Priority #3*

Only one interviewee cited the need for a specific step before CBM implementation: the automation or creation of electronic systems that can connect on both sides of the border. Some loads currently require 15 to 16 documents that all need to be printed and filed manually.

KIIs did not have a high degree of certainty about why more progress on CBM has not occurred in Botswana. The lack of trust between customs authorities in the region was mentioned (particularly between SARS and BURS). This was surprising to one interviewee, who was puzzled by the situation because Botswana and South Africa both belong to the SACU. It was suggested that the private sector might play a role in increasing levels of trust and facilitating more communication between relevant authorities. Unfortunately, interaction at the regional level (in both SADC and SACU) is limited between governments and the private sector.

With regard to the challenges of coordination among domestic border agencies, one public sector interviewee noted the lack of a shared vision around trade facilitation. Some officials still see borders as a means to collect revenue and enforce national security measures. This mindset will need to change before CBM progress can be achieved. In Botswana's case, the country needs to sync the performance objectives of the ministries and agencies involved in border management. At present, ministries have different objectives, which has resulted in a degree of competition rather than cooperation.

# CONCLUSIONS FOR RANKING THE SELECTED TFMS

## Assessment Question 4

*How do respondents rank their priorities among the TFMs they consider the most important to implement?*

The assessment team determined a final ranking of priority TFMs for implementation in Botswana based on the interpretation of all findings across the TFMs and trade facilitation issues. These findings emanate from various data sources, including the desk review, KII, and online survey responses, informal unstructured discussions with other country and regional trade facilitation experts, and the assessment team's subject matter expertise on these issues in Botswana.

The following is the final ranking of priority TFMs for action in Botswana:

1. Rail and road infrastructure upgrades
2. Removal of NTBs
3. Improved CBM

Following these three top priorities, the assessment team found that next priority raised by interviewees was NSW implementation (voiced by four interviewees). Maintaining and strengthening the physical infrastructure in support of trade is a priority for Botswana, unsurprising given its location and its reliance on road, rail, and air transportation to move cargo between both regional and international markets. The priority actions that interviewees suggested in this area focus on the implementation of existing plans to upgrade or rehabilitate transport infrastructure. For example, transport sector interviewees mentioned that the roads in Botswana are in fairly good condition, but few facilities are provided for trucks to stop and park. The need to improve the railway service offered, in both efficiency and cost, was the most important priority related to trade facilitation for the private sector representatives in mining and manufacturing in Botswana.

The removal of NTBs was the second priority for Botswana. This is a more difficult trade facilitation measure to implement, given the wide range of barriers that can be encountered in the region and the dynamic nature of NTBs. It is also not possible to clearly determine the costs involved in many cases. At a minimum, private sector interviewees support the continued monitoring of NTBs and the regular engagement with the Government of Botswana on the barriers faced by traders. This exchange of information is seen as an important starting point for progressing to the reduction of NTBs. Many private sector respondents raised concerns about the broader business environment, including the exchange rate, competition with imports, access to skilled labor, and corruption concerns. Some of these issues are not directly related to trade facilitation and are technically not NTBs. They were at the front of the minds of businesspeople interviewed and are critical for understanding the constraints to trade in Botswana. It also demonstrates various stakeholders' different understandings of what an NTB is. This further suggests the need for greater dialogue and interaction on the question of NTBs. One academic interviewee specifically observed that stakeholders in Botswana speak different languages on trade facilitation and addressing this is necessary to improve the business climate.

The third priority TFM for Botswana is improved coordination at borders. Interviewees provided examples of challenges at the borders with Namibia, Zambia, and Zimbabwe, but the majority of concerns related to interactions with South Africa. Given that South Africa is the key trading partner for Botswana, the largest potential benefits exist in improving the coordination between these two countries. Private sector representatives request more certainty about the procedures involved (e.g., inspections) and time expected to cross the border. It was suggested that increased levels of trust between the customs authorities of Botswana and South Africa could assist in this regard. In the short

term, this TFM could be worth pursuing as a priority given that the costs involved are much less than for infrastructure projects and the solutions are more certain than for removing NTBs. Some KII raised implementation of the NSW as a priority. Interviewees had varying opinions regarding the status of the NSW process commenced by the Government of Botswana, the great variation and lack of consistency in the information the respondents have been given highlights that the government is not providing consistent and current updates. Those who had been consulted or were actively participating in the development of the NSW spoke positively about the potential benefits of such a system. Other interviewees, however, did not have any information and were unaware of the NSW process. This suggests a need for more widespread communication about the NSW and an opportunity for additional consultations with the private sector on the proposed changes.

## Non-Priority TFMs

USAID requested that the assessment team also identify the TFMs that are not a priority for Botswana respondents. In the view of private sector interviewees, several areas involve no real difficulties. These include documentation required to trade in Botswana (which one interviewee said is becoming easier as systems move to a paperless process for exports and imports), risk management processes (improved by mobile scanners), and fees and charges (described as relatively low, generally transparent, and not an issue). Two KII respondents said the Botswana border posts are relatively efficient (especially when compared to others in the region); they singled out Martinsdrift as an exception (see priority TFMs section). Room for improvement exists, but in many instances, the clearance of cargo took much less than one day for goods entering and exiting Botswana. This was considered generally efficient by private sector KIIs. One public sector interviewee said the Botswana trade portal was “doing well” and companies are using it to access more information about trade requirements. Both public and private sector KIIs also mentioned the authorized economic operator (AEO) system as a non-priority TFM in Botswana. The pilot system is in place and training is underway with customs officials to encourage them to apply it actively with a mindset of “know your people.” The work underway in SACU to get regional recognition of preferred trader schemes was welcomed and one private sector interviewee noted that this would make the Botswana AEO system truly effective.

Transport sector interviewees added other non-priority issues related to trade facilitation: security of cargo is not a problem in Botswana (especially compared to South Africa and the DRC); truck drivers rarely report police harassment (unlike Zimbabwe); the cost of fuel is subsidized; and the costs associated with road transportation have been decreasing in Botswana the last four years.

## RECOMMENDATIONS

### Recommendations for Future Research

- USAID should support an impact assessment study on the Kazungula Bridge. Research is needed on the possible ramifications of the bridge for road transport traffic and on other connected infrastructure in Botswana (and the region); for example, border posts on the main corridors connecting to the bridge, such as Martinsdrift.
- USAID, other international development partners, and SADC should support a baseline diagnostic study along the North-South Corridor to understand the implications on alternative transport routes, such as those through Botswana.
- USAID should extend this research to include Zimbabwe.



- USAID should identify lessons learned from the Lesotho approach to creating a supportive environment for clothing and textile industry that could apply in Botswana and other countries in the region, including under the AGOA promotion strategy.

## Recommendations for Implementing Botswana Activities

### Recommendations to USAID

- USAID should support Business Botswana and other private sector organizations in the country to identify two or three key specific infrastructure interventions that could improve transportation there, such as upgrading sections of railway lines or additional facilities at the Martinsdrift border post. Advocacy campaigns for the priority projects should be instituted to encourage timely implementation of these infrastructure projects by the Government of Botswana and other development partners.
- USAID should support strategic communication activities in Botswana around the trade facilitation agenda more broadly and the NSW specifically.

### Recommendations to USAID and Other International Partners

- International development partners, including USAID, should form a coordination mechanism with BURS and other government agencies in Botswana to have regular discussions on trade facilitation activities that they could jointly support in Botswana.

### Recommendations to the Government of Botswana

- The Government of Botswana should engage with the private sector on notification of its commitments under the WTO TFA, including the decision on categorization of TFMs.
- The Government of Botswana should integrate trade facilitation issues into its broader process aimed at improving the business environment in the country and diversifying the economy, with the aim of addressing the linkages between supply-side constraints and trade processes.
- The Government of Botswana should consider the coordination of VAT policies with neighboring countries, especially South Africa, as this would benefit local small- and medium-sized enterprises (SMEs).

## Recommendations for Implementing Regional Activities

### Recommendations to USAID

- In the short term, USAID should undertake a monitoring visit to Martinsdrift to identify key stakeholders and get more detail on its CBM challenges and issues they have raised.
- USAID should facilitate engagement between public and private stakeholders in Botswana and South Africa to discuss the reported challenges in coordinated border management with the objective of developing a specific action plan for interventions to resolve the delays that traders in Botswana encounter.

### Recommendations to USAID and Other International Partners

- International development partners, including USAID, should continue to support the SACU Secretariat's work to implement a mutual recognition program for preferred traders. They should consider extending this work to the rest of SADC in the medium term.

## **Recommendations to Member States of the Tripartite Free Trade Area**

- Member states of the Tripartite Free Trade Area should strengthen the NTB Reporting and Monitoring Mechanism with a particular focus on the requirements for the resolution of barriers and the greater participation of the private sector in the implementation process.

# ANNEX I:ASSESSMENT STATEMENT OF WORK

## Performance Evaluation of Southern African Trade Hubs and Assessment Survey of Trade Facilitation Measures

This statement of work describes two research activities required by USAID/Southern Africa: (1) the design and implementation of a final performance evaluation of the USAID Southern Africa Trade and Competitiveness Program (the “Southern Africa Trade Hub,” or SATH project, hereafter), and (2) the design and implementation of an assessment survey on the costs and benefits of implementing selected trade facilitation measures in the Southern Africa region. The primary purpose of the performance evaluation is to gather and synthesize information regarding the SATH project’s performance to date and assess achievements versus expected results. The objective of the assessment survey is to provide useful guidance to USAID/Southern Africa in its oversight of future trade facilitation-related activities.

### Activity Description and Background

#### SATH Project

USAID’s SATH project was awarded to AECOM International Development under Contract No. 674-C-00-10-00075-00, with a period of performance from September 2010 to September 2015. The project was initially designed to take an integrated approach to two high-level United States Government priorities: the Global Hunger and Food Security Initiative, which became the Feed the Future (FTF) program, and the African Growth and Competitiveness Initiative (AGCI). The AGCI expired in September 2010 and was replaced by the African Competitiveness and Trade Expansion Initiative (ACTE)<sup>49</sup>, which is building trade capacity across sub-Saharan Africa. SATH was also designed to act as one of three USG Trade Hubs in sub-Saharan Africa to increase exports to the U.S. under the African Growth and Opportunity Act (AGOA) and to provide “Aid-for-Trade” assistance as mandated by USG commitments under the Doha round of negotiations at the WTO.

**FIGURE I SATH PROJECT COUNTRIES**



*Image Credit: USAID*

The SATH project was awarded with a total ceiling of \$82,610,195. However, the actual obligations during the evaluation period (October 2011 – September 2015) were \$52,656,705, of which \$1,800,000 is bi-lateral South Africa FTF funds for grants under contract. The project base contract end date was September 2014, and an option year was executed that extended the project through September 2015. Due to a range of factors including the conclusion of key activities with some SADC member states, the project was extended until March 20, 2016.

The SATH project was initially designed to achieve results across two objectives: (1) Advancement of the Regional Integration Agenda, and (2) Increased Trade Capacity of Regional Value Chains, which each contained four intermediate results (IRs). In November 2012, the SATH project scope of work was reorganized to focus on a single result or technical focus: Advancement of the Regional Trade,

<sup>49</sup> ACTE was launched at the AGOA Forum in Lusaka, Zambia in June 2011.

Investment, & Integration Agenda, with five IRs that are presented in the following section. The 2012 project reorganization also reduced the funding allocated (\$10 million rather than \$16 million per year) and the number of countries in which the project would work. The area of operations for the project changed from the 15 countries in the SADC region to Southern Africa as defined by USAID's Africa Bureau, which in practical terms includes the five Southern Africa Customs Union countries (Botswana, Namibia, South Africa, Lesotho, and Swaziland) and three FTF focus countries (Mozambique, Malawi, and Zambia). The project beneficiaries were broadened to include not only SADC but also member state governments and the private sector. Also at this time, the contractor changed its Chief of Party and other key personnel.

A mid-term evaluation of the project was completed in 2014, although significant changes in the approach, management, and activity of the project have occurred since then.

## Costs and Benefits of Trade Facilitation Measures

Given the prominence of trade facilitation on the world development stage as an arena where existing evidence suggests the next wave of gains from trade can be realized, there has been a concerted emphasis among development partners to assist developing and least developed countries in implementing the requirements of the WTO TFA signed in Bali in 2013. This is based on the premise that the adoption of trade facilitation measures will, in the long run, benefit all economic actors. However, these measures also often have varying degrees of set-up costs. There is an acknowledged dearth of reliable quantitative information on the cost of implementation of specific trade facilitation measures, including for the Southern Africa region (Duval 2006).

In the absence of quantitative information on the costs and benefits of trade facilitation measures, Duval (2006) argued that expert surveys, although they have recognized limitations, could be used to examine the relative cost of implementation of a range of such measures. This type of study can help develop a common understanding on the trade facilitation measures that have the least set-up costs while unlocking maximum benefit.

The SATH project developed a Comprehensive Trade Facilitation Program (CTFP)<sup>50</sup> draft, which was submitted to the SADC Trade, Industry, Finance and Investment Directorate. The CTFP was developed in consultation with key stakeholders from SADC member states in response to a request of the SADC Secretariat. The CTFP outlines a harmonized approach to trade facilitation for SADC Member States to use as a blueprint to help meet the recommendations of the TFA. The CTFP uses a five-year timeline and covers 28 trade facilitation measures such as NSWs, Trade Information Portals, appeals procedures, and an interregional transit management system.

## Development Hypothesis

As noted in the previous section, the SATH project launched in 2010 with two overarching objectives and eight IRs, but in November 2012 it was reorganized to have one objective ("Technical Focus") with the following five IRs:

Technical Focus: Advancement of the Regional Trade, Investment, & Integration Agenda:

- IR 1.1: Improved Trade Facilitation
- IR 1.2: Greater Competitiveness in Agricultural Value Chains
- IR 1.3: Increased Trade & Investment in the Textiles and Apparel Sector

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<sup>50</sup> The CTFP draft will be made available to the evaluation team by USAID. Unless stated otherwise, all references made to the CTFP refer to the draft version.

- IR 1.4: Strengthened Regulatory Capacity for the Clean Energy Sector
- IR 1.5: A Better Enabling Environment

It has yet to be confirmed whether a formal Theory of Change (TOC) diagram or narrative was prepared as part of the 2012 project reorganization. The evaluation team will inquire if a TOC (possibly called a Results Framework) was developed for the project and, if not, the evaluation team may work collaboratively with USAID to prepare a TOC should it be deemed useful to the evaluation objectives.

## Existing Data Sources

The evaluation and assessment survey will build upon the following documentation that will be provided by USAID/Southern Africa, to be supplemented by additional documentation located by the evaluation team.

- The SATH project contract, including all modifications
- The SATH project M&E Plan and Indicator Table, including any Data Quality Assessments completed
- Summarized list of project targets by intervention area (extracted directly from the contract)
- All Contractor Performance Assessment Reports for the SATH project
- SATH project Annual Work Plans
- SATH project Value Chain Analysis Report
- USAID/Southern Africa Annual Reports (PPR)
- SATH Project Annual Reports
- Mid-Term Evaluation of the Southern Africa Trade Hub, 2014<sup>51</sup>
- USAID/Southern Africa FTF Strategy
- Summary of the SADC Regional Indicative Strategic Development Plan
- SADC Trade, Industry, Finance and Investment Trade Thematic Group Strategy
- Draft Comprehensive Trade Facilitation Program
- Miscellaneous studies and reports prepared by the SATH project
- Cost and Benefits of Implementing Trade Facilitation Measures under Negotiations at the WTO: an Exploratory Survey (Duval 2006), including survey instrument

The evaluation team will seek out additional sources of information, including contemporaneous evaluations of trade facilitation programs, which may be useful for designing the instruments to be used in the evaluation and assessment survey.

## Purpose, Audience and Intended Use

### Purpose

The primary purpose of the performance evaluation is to inform USAID's decision-making processes with respect to its strategic approaches for achieving the intended results of its work on trade facilitation in Southern Africa. To that end, it is expected that the evaluation team will gather and synthesize information regarding the SATH project's performance to date and assess achievements versus expected results. Given the changes in scope, staff, and management of the SATH project since the mid-term evaluation was conducted, a major component of the performance evaluation will be to assess changes in performance since the mid-term evaluation. This will include documenting whether, or

<sup>51</sup> [http://pdf.usaid.gov/pdf\\_docs/PA00K8GT.pdf](http://pdf.usaid.gov/pdf_docs/PA00K8GT.pdf).

to what extent, the SATH project achieved its objectives, and describing any changes in project approaches and performance since the mid-term evaluation.

The recommendations and lessons identified by the evaluation should provide practical guidance and feasible measures to support the sustainability of outcomes achieved to date, as well as best practices and areas of improvement that can be used in subsequent programs of this type.

The purpose of the assessment survey is to provide estimates on implementation costs and benefits associated with selected trade facilitation measures, which may provide some useful guidance to USAID/Southern Africa and other missions and Agency offices involved in designing and overseeing future trade facilitation-related activities.

## Intended Use

The performance evaluation findings, conclusions, recommendations, and lessons learned from the evaluation will be used to inform decisions about the implementation of future USAID trade hub programming.

The assessment survey will be used by USAID/Southern Africa and its implementing partners to guide the priorities and work plans for the future iteration of the Trade Hub and other activities to support trade facilitation in the region.

## Audience

The primary audiences for this evaluation and assessment Survey are the Regional Economic Growth Office within USAID/Southern Africa, the Trade and Regulatory Reform Office within USAID's Bureau for Economic Growth, Education, and Environment (USAID/E3/TRR), and staff and stakeholders for the future iteration of the Trade Hub.

## Evaluation Questions

The performance evaluation will seek to answer the following evaluation questions (EQs):

### Relevance:

EQ1: In what ways has the project been successful or not in achieving results toward its stated objectives?

### Management:

EQ2: How has the management structure as implemented supported or hindered project performance?

EQ3: What are the management factors influencing the achievement and non-achievement of project objectives?

### Promising Practices:

EQ4: What are the key strategic, programmatic, technical, and managerial features of the project that should be taken into account when implementing a new Southern Africa Trade and Competitiveness Hub Project in the region?

### Sustainability:

EQ5: What mechanisms have been put in place to ensure sustainability of the project achievements?

EQ6: Based on the findings and conclusions from the preceding questions, what factors have been identified that are likely to positively affect the sustainability of project achievements?

## **Gender Considerations**

USAID guidance and policies, including its Gender Equality and Female Empowerment Policy and Automated Directives Systems (ADS) 203.3.1.5, require that project designs, performance monitoring, and evaluations adequately address gender concerns. The ways in which gender will be taken into account for the performance evaluation and assessment survey will be proposed in the evaluation team's Evaluation Design Proposal. The evaluation team is expected to be responsive to USAID's dual expectations for treating gender appropriately: (a) gathering sex disaggregated data, and (b) identifying gender differential participation in and benefits from aspects of the project, where differences on this basis are possible. It is envisioned that gender-sensitive approaches will be relevant to the evaluation questions investigating both the participation of women in the SATH project, including the management structure, and the differential impacts of the project based upon gender.

## **Research Design and Data Collection Methods**

### **Timing Considerations**

Due to timing considerations, specifically the close-out of the SATH project by March 2016, USAID expects that the final performance evaluation and assessment survey will be carried out in separate stages, with performance evaluation activities occurring first. Data collection under the performance evaluation will need to commence in time to reach project staff and other stakeholders involved in project implementation before demobilization occurs around February 2016. The evaluation team's data collection planning should also consider that a workshop is being organized by USAID/Southern Africa for mid-January 2016, which will allow for opportunities to collect data from key project personnel and participants.

### **Performance Evaluation Design**

The proposed design for the performance evaluation should be informed by the mid-term evaluation of the project that was completed in 2014. In addition, the evaluation design and data collection approaches should consider the relatively brief duration since the previous evaluation as well as the short period of time available for data collection given the upcoming project closure.

In developing the evaluation design, the evaluation team should consult with USAID on a sampling strategy for prioritizing which activities and countries to visit for data collection. It is expected that the evaluation team will inventory activities across the five current project IRs that have been conducted since the mid-term evaluation, and focus the evaluation research on those activities that are of particular interest to the Mission.

### **Performance Evaluation Data Collection Methods**

USAID expects that the performance evaluation will incorporate a mixed-methods approach that will collect and analyze both primary and secondary qualitative and quantitative data. Data collection methods may include, as appropriate:

- Review of project documentation and performance data

- Review of relevant trade and customs data<sup>52</sup>
- Semi-structured key informant interviews, which may include project participants/beneficiaries and stakeholders including representatives from the private and public sectors
- In-person observations at selected activity sites

It is not anticipated that the surveys or focus group discussions will be carried out for the final performance evaluation.

Prior to commencement of the field work, the evaluation team will submit for USAID's approval an Evaluation Design Proposal that will include a Getting to Answers matrix linking each evaluation question to the project activity and related performance indicators, expected data sources, and data collection and analysis methods. This matrix will show how performance indicators and secondary and primary data to be collected will be triangulated to verify the quality of the data and evidence. The Evaluation Design Proposal will also include instruments to be used with each identified method, along with an analysis plan that explains how data collected from the various sources will be integrated to answer the evaluation questions.

## Assessment Survey Design

As a separate activity from the performance evaluation, the evaluation team will also design and implement an assessment survey that is expected to inform the following:

1. An analysis of the costs and benefits to the public and private sectors of different trade facilitation measures described in the CTFP draft
2. A ranking of the most cost-effective measures identified from the list generated above, according to their feasibility in the current political environment.
3. Recommendations to inform USAID's future trade facilitation-related activities.

The proposed approach for this survey should draw upon the work of Duval (2006) within the Southern Africa context as well as more recent research on the feasibility of implementing the trade facilitation measures in the TFA.<sup>53</sup> The survey should encompass the following SADC members: Angola, Botswana, Lesotho, Madagascar, Malawi, Mozambique, Namibia, South Africa, Swaziland, Zambia, and Zimbabwe.<sup>54</sup> The approach will include surveys of targeted key informants, as well as a review of secondary data and other analyses related to the 2013 TFA that is publically available.

It is expected that the survey will focus on the following cost components:

- **Regulatory/Legislative Costs:** Extent to which new legislation will be needed, requiring expertise and time;
- **Institutional Costs:** Extent to which new institutions will be needed, additional units in existing institutions, or restructuring within existing institutions;
- **Human Resources Training Costs:** Extent to which government officials will need to be trained for efficient implementation of the trade facilitation measure;
- **Equipment/Infrastructure Costs:** Extent to which new/additional equipment will be needed for implementation of the measure, as well as to ensure its effectiveness (e.g., if docs are

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<sup>52</sup> Depending on the timing of secondary data, the evaluation team may find it useful to review publically available data sets such as the World Bank LPI or the "Doing Business" report series.

<sup>53</sup> As they are not currently publically available documents, USAID will attempt to make available to the evaluation team the WTO Trade Facilitation Agreement Facility needs assessments completed through 2015 during the desk review process.

<sup>54</sup> At the time of this writing, there are certain restrictions on USAID's ability to work in Zimbabwe. As new restrictions are implemented or current restrictions removed, the evaluation team must adjust its focus accordingly.



published online but SMEs do not have internet access because of inadequate national communications infrastructure);

- **Political Costs:** Extent to which such measures will be resisted by staff within relevant institutions or by policy makers because of fears of losing political support they need; and
- **Recurring/Operating Costs:** Costs associated with maintaining the new/additional systems associated with the trade facilitation measure (e.g., replacement of computers and software for e-customs or e-trade document systems, salary/wages of dedicated additional staffs or experts).

## Assessment Survey Data Collection Methods

The evaluation team will prepare an Assessment Survey Design Proposal (which will be separate from the Performance Evaluation Design Proposal) describing its proposed approach, sampling strategy, work plan, and draft instrument(s) to carry out this survey, which will be finalized in consultation with USAID. The data collection instrument(s) should be field-tested, and any final changes incorporated in consultation with USAID.

## Data Analysis Methods

The Evaluation Design Proposal should describe the proposed data analysis methods relevant for the types of data collected that will inform the answer to each evaluation question. The Design Proposal should also include a Getting to Answers matrix that will link proposed data analysis methods to each evaluation question.

## Strengths and Limitations

### Performance Evaluation

The primary limitation anticipated for the performance evaluation is that budget and time constraints are likely to require a sampling strategy that will not allow for examination of a representative range of SATH project activities to answer the evaluation questions. In its Evaluation Design Proposal, the evaluation team should describe any strengths or additional limitations identified for the performance evaluation design.

## Trade Facilitation Measures Assessment Survey

In its Survey Assessment Design Proposal, the evaluation team should describe any identified strengths or limitations for the proposed survey assessment design.

## Deliverables and Reporting Requirements

It is anticipated that the evaluation team will be responsible for the following deliverables. A final list of deliverables, including specific due dates, will be proposed in the Evaluation Design Proposal for USAID approval.

Deliverable	Estimated Due Date
<b>Final Performance Evaluation</b>	
1. Draft Evaluation Design Proposal, including sampling plan, data collection and analysis methods, draft data collection instruments, team composition, proposed timeline, and estimated budget	o/a January 15, 2016
2. Final Evaluation Design Proposal	o/a 1 week following receipt of USAID comments on the draft
3. Outbriefing to USAID Mission and interested parties at the end of field research	To be proposed in the Evaluation Design Proposal
4. Presentation of preliminary evaluation findings/conclusions/recommendations to USAID	To be proposed in the Evaluation Design Proposal
5. Draft Evaluation Report	To be proposed in the Evaluation Design Proposal
6. Final Evaluation Report	To be proposed in the Evaluation Design Proposal
7. Evaluation Report Summary	To be proposed in the Evaluation Design Proposal
<b>Assessment Survey</b>	
8. Assessment Survey Design Proposal, including sampling plan, data collection and analysis methods, draft data collection instruments, team composition, proposed timeline, and estimated budget	o/a January 15, 2016
9. Draft Assessment Survey Report	To be proposed in the Assessment Survey Design Proposal
10. Presentation of preliminary survey findings to USAID and selected invitees	To be proposed in the Assessment Survey Design Proposal
11. Final Assessment Survey Report	To be proposed in the Assessment Survey Design Proposal

All documents will be provided electronically to USAID no later than the dates indicated in the Evaluation Design Proposal. All debriefs will include a formal presentation with slides delivered both electronically and in hard copy for all attendees.

## Team Composition

It is expected that evaluation team members will have relevant prior experience in Africa, familiarity with USAID's objectives, approaches, and operations, and prior evaluation/assessment experience. In addition, individual team members should have the technical qualifications identified for their respective positions. SADC nationals should be considered for each of these roles.

The evaluation team should consist of a range of experts and supporting staff, based on the specific tasks and sub-tasks required to carry out the activities described in this SOW. In its Evaluation Design Proposal and Survey Assessment Design Proposal, the evaluation team should propose specific positions and individuals to carry out the required activities for each of those respective activities, including CVs of core team members.

At this stage, it is expected that the performance evaluation team may include the following positions:

- **Team Leader (Evaluation Specialist):** The Team Leader will have a minimum of a Master's Degree in a relevant discipline (International Trade Law, Economics, etc.) and at least five years'

of experience in donor-funded performance evaluations in Africa. The Team Leader will have excellent analytical and report writing skills as well as demonstrated skills in applied economic analysis, project management, and survey administration. S/he will also possess sound knowledge of regional integration; particularly in SADC and the SACU.

- **Trade and Integration Expert:** The Trade and Integration Expert will have a minimum of a Master's Degree in a relevant discipline (International Trade Law, Economics, etc.) and eight years of experience in international trade. S/he should have experience with USAID evaluation projects in Africa and have demonstrated abilities in applied economic analysis. The expert will have sound knowledge of regional integration particularly in Southern Africa along with familiarity with SADC and the SACU.
- **Customs and Trade Facilitation Advisor:** The Customs and Trade Facilitation Advisor will have a minimum of a Master's degree in a relevant field (Economics, Business Management, etc.) and at least eight years' experience in trade facilitation and transport at the national, regional, and/or international level (preferably in Southern Africa). S/he will possess excellent analytical and report writing skills as well as demonstrated experience in customs operations, trade policy and trade facilitation at national, regional, and international levels. The Advisor will also have experience with transport planning, policy and customs reform and a demonstrated ability to evaluate development reforms in a developing country context. S/he will possess a sound knowledge of and experience with modern trade facilitation tools as outlined in the TFA, WTO and WCO Conventions on customs and trade facilitation (including efforts to harmonize customs and transit procedures in Southern Africa), and USAID programs including the Agency's Evaluation Policy.
- **Agricultural Economist:** The Agriculture Economist will have a minimum of a Master's Degree in Agricultural Economics and at least eight years' experience in international trade with an emphasis on agricultural products. S/he will have excellent analytical and report writing skills as well as demonstrated skills in applied economic analysis and survey administration. S/he will also have a sound knowledge of agricultural policies in Southern African and familiarity with SADC and the SACU.
- **Researchers/Logisticians (x2):** Researchers supporting the evaluation team will have a minimum of a Bachelor's Degree and at least two years' experience in international trade with an emphasis on agricultural projects. They will have excellent analytical and report writing skills and proven experience with carrying out semi-structured interviews. They will possess sound knowledge of agricultural policies in Southern Africa and familiarity with SADC and the SACU. They will also provide logistical support to the evaluation team including the scheduling of interviews and travel preparations.
- **Activity Coordinator:** The Activity Coordinator should hold a minimum of a Bachelor's Degree with at least two years of relevant research and evaluation experience. The Activity Coordinator is expected to help coordinate, support, and oversee the evaluation team's efforts across the required tasks to ensure their successful completion.

Home Office support may also be provided by the contractor carrying out this evaluation, including technical guidance, research assistance, administrative oversight, data analysis, and logistical support.

## USAID Participation

An interactive and collaborative process is envisioned between the evaluation team, USAID/Southern Africa, and USAID/E3/TRR to carry out this activity. USAID and the evaluation team will be engaged during the design process to consider options for answering the evaluation questions and designing the assessment survey, to ensure agreement on the focus and approaches for the design and delivery of the performance evaluation and assessment survey. The desirability of USAID participation in evaluation activities such as data collection will be considered prior to the initiation of field research.

## Scheduling and Logistics

Tasks included in this SOW are expected to be completed from o/a November 2015 to August 2016. A preliminary timeline is included on the following page for the performance evaluation tasks. The specific dates for completion of tasks for the assessment survey are pending further discussion between USAID and the evaluation team but it is anticipated that they will be completed by August 2016. In the Evaluation Design Proposal and Survey Assessment Design Proposal, the evaluation team will include more detailed schedules with specific dates of completion for the respective tasks and deliverables under this SOW.

It is anticipated that the evaluation team will be responsible for procuring all logistical needs related to this SOW, such as work space, transportation, printing, translation, and any other forms of communication. USAID will offer some assistance as appropriate in providing introductions to partners and key stakeholders as needed, and will ensure the provision of data and supporting documents as required.

Tasks and Deliverables	Dec 2015	Jan 2016	Feb 2016	Mar 2016	Apr 2016	May 2016
Secondary document review	█					
Schedule interviews/site visits	█	█				
<b>Draft Evaluation Design Proposal</b>	█	█				
USAID provides comments on Draft Evaluation Design Proposal		█				
<b>Final Evaluation Design Proposal</b>		█				
In-Country Research		█	█			
<b>Outbrief to Mission</b>			█			
Data Analysis and Report Drafting			█	█	█	
Present Preliminary Findings/Conclusions/Rec's to USAID				█		
<b>Submit Draft Evaluation Report</b>					█	
USAID provides comments on Draft Evaluation Report					█	
<b>Submit Final Evaluation Report</b>						█

## Reporting Requirements

The format of the evaluation report should follow USAID guidelines set forth in the USAID Evaluation Report Template (<http://usaidlearninglab.org/library/evaluation-report-template>) and the How-To Note on Preparing Evaluation Reports (<http://usaidlearninglab.org/library/how-note-preparing-evaluation-reports>). The format will include an executive summary, table of contents, list of acronyms, evaluation design and methodology, findings, conclusions, and recommendations and lessons learned. The report will be submitted in English and should not be more than 40 pages, excluding annexes.

A copy of the final evaluation report will be delivered to the USAID Development Experience Clearinghouse (DEC) within 30 days of USAID's acceptance of the final evaluation report and approval to post it on the DEC.

A brief summary of the evaluation report, not to exceed 15 pages and excluding any potentially procurement-sensitive information, should also be submitted electronically in English for dissemination among implementing partners and stakeholders.

All members of the evaluation team should be provided with USAID's mandatory statement of the evaluation standards they are expected to meet, shown in the text box below, along with USAID's conflict of interest statement that they sign where necessary before field work starts.

### **USAID EVALUATION POLICY, APPENDIX I**

#### **CRITERIA TO ENSURE THE QUALITY OF THE EVALUATION REPORT**

- The evaluation report should represent a thoughtful, well-researched and well organized effort to objectively evaluate what worked in the project, what did not and why.
- Evaluation reports shall address all evaluation questions included in the scope of work.
- The evaluation report should include the scope of work as an annex. All modifications to the scope of work, whether in technical requirements, evaluation questions, evaluation team composition, methodology or timeline need to be agreed upon in writing by the technical officer.
- Evaluation methodology shall be explained in detail and all tools used in conducting the evaluation such as questionnaires, checklists, and discussion guides will be included in an Annex in the final report.
- Evaluation findings will assess outcomes and impact on males and females.
- Limitations to the evaluation shall be disclosed in the report, with particular attention to the limitations associated with the evaluation methodology (selection bias, recall bias, unobservable differences between comparator groups, etc.).
- Evaluation findings should be presented as analyzed facts, evidence and data and not based on anecdotes, hearsay or the compilation of people's opinions. Findings should be specific, concise and supported by strong quantitative or qualitative evidence.
- Sources of information need to be properly identified and listed in an annex.
- Recommendations need to be supported by a specific set of findings.
- Recommendations should be action-oriented, practical, and specific, with defined responsibility for the action.

## Data Management

The storage and transfer of data collected for this evaluation will adhere to the requirements laid out in USAID's Automated Directives Systems (ADS) 579.<sup>55</sup> The evaluation team should also follow applicable Institutional Review Board (IRB) guidance on data security and confidentiality. Final datasets are expected to be submitted to USAID in a format consistent with ADS 579.

## Estimated Budget

The evaluation team will propose for USAID's approval estimated budgets as part of its Evaluation Design Proposal and Assessment Survey Design Proposal, considering costs required to complete all tasks under these respective activities, including those costs already incurred to date during the design stages.

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<sup>55</sup> See <http://www.usaid.gov/sites/default/files/documents/1868/579.pdf>.

## ANNEX II: DETAILED ASSESSMENT METHODOLOGY

### Qualitative Approach

While there is recent research on the positive effects of trade facilitation generally, there is a dearth of reliable quantitative information on the cost of implementation of specific TFMs (Duval, 2006).<sup>56</sup> This is especially the case for southern Africa. In the absence of quantitative information on the costs and benefits of trade facilitation, Duval (2006) argued that expert surveys, even with their limitations, could be used to examine the relative cost of implementation of a range of TFMs.

In close consultation with USAID, the assessment team designed and implemented this iterative qualitative approach to align with the management purpose and intended uses of this assessment. First, the assessment sought to inform the optimum balance between costs and benefits of prioritizing certain TFMs for implementations in the countries of study (but they did not determine whether an a priori conception or theory of what that optimum balance would be). Qualitative research methods were more suited to exploring phenomena over seeking to confirm predetermined hypotheses about phenomena.

Second, similar to Duval's 2006 study, the resources were too limited to develop and apply quantitative models and implement measures for the costs and benefits of selected TFMs in all five countries. In lieu of expensive and time consuming quantitative methods, the team collected data from relevant experts, including the private sector actors involved in different aspects of trade, the public actors providing public services that support trade, as well as academics and policy experts.

### Country-Specific Approach

The USAID-funded Southern Africa Trade Hub project produced the SADC TFP Final Report, which outlined a harmonized approach to trade facilitation including 28 TFMs such as NSWs, trade information portals, appeals procedures and an inter-regional transit management system, as well as cross-cutting issues such as donor coordination and aligning national and regional objectives.

However, an examination of all 28 TFMs in each country is beyond the scope of this assessment and would fail to take account of the varying levels of progress across countries.

At the outset of the research, the assessment team identified for each country those approximately eight to 10 TFMs for which international partnerships could be most beneficial.

To develop this subset, the team looked at a range of secondary sources, including the following:

- As the intention of the study is to assess the costs and benefits of future TFM implementation, the criteria for prioritizing TFMs to be assessed in each country considered if the TFM was designated as “Category C” (TFMs that the country will require extra time and technical assistance to implement) through a WTO TFA Trade Facilitation Agreement Facility needs assessment process.
- For all five countries, and especially where a country of study has not yet completed and published a WTO TFAF needs assessment, the team assessed the status of TFM implementation in each country through a review of the OECD TFIs<sup>57</sup> and other secondary data and relevant literature.

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<sup>56</sup> Yann, D., (2006).

<sup>57</sup> <http://www.oecd.org/trade/facilitation/indicators.htm>



The TFMs that emerged as relevant to the national context, and for which international partnerships could be most beneficial were used to triangulate with data collected from KIIs and brief country-specific online surveys. The KII instruments were designed to elicit respondent perspectives on the most compelling trade facilitation issues and measures, whether or not they were included in the SADC TFP or country “Category C” TFMs.

For the purpose of designing a streamlined online survey that respondents would most likely complete, the instrument used the subset of TFMs identified as most relevant to each country during desk review for respondents to rate and rank the ones that are their highest to lowest priorities. But they also had open-ended questions that allowed respondents to identify key obstacles and interventions outside of that list.

## **Data Collection Methods, Sources, and Instruments**

### **Desk Review**

The trade facilitation specialists for each country of study reviewed national and regional-level policy papers, studies and assessments to develop a cross-country understanding of how SADC member states operationalize TFMs, including potential approaches to assess the costs and benefits of specific measures or categories of measures.

Following this, the assessment team undertook country-specific document collection and review to develop profiles capturing country-specific data on trade and the status of implementation of relevant TFMs, as well as relevant academic and policy studies. This review was used to inform the purposive selection of key informants and tailor the KII and online survey instruments to respondent categories and the country context.

### **Key Informant Interview Instruments**

The assessment team designed and employed semi-structured KII instruments to elicit what the respondents think are key obstacles that impede trade; and then what they think are the priority TFMs or interventions that should be implemented to alleviate these obstacles. Then respondents were asked a battery of questions about the benefit, costs, sequencing and obstacles for implementation for each TFM they raised as a priority. This was a lengthy part of the discussion and most interviews had to be limited to discussing two to four TFMs in detail due to time constraints.

At the end of the interview, respondents were asked to rank the TFMs they raised as a priority and were also free to mention and rank other TFMs they did not have time to discuss in detail. All respondents were also asked for their perspectives on what TFMs were not a priority, general observations on national and regions trade facilitation issues, as well as suggestions for future trade facilitation interventions and research. The KIIs on average took about 1.5 hours to complete.

The assessment team designed and implemented a KII instrument for each respondent category with mostly similar and comparable questions, but worded them to capture the particular perspective of the group in question. For example, private sector firms and associations were asked what would be the impact on their firms and associations if a particular TFM was implemented. Every group was asked what would be the impact on trade in the country in general.

The KII instruments had a mix of open and closed-ended questions to create a small set of finite responses of how different categories of respondents rank TFMs in terms of benefits (and costs where feasible), as well as rich narratives to mine for greater depth and understanding of the challenges experienced by traders and why respondents prioritized certain TFMs over others. For example, close-

ended questions were used to confirm whether or not respondents thought a TFM they raised is a priority to unlock benefits for traders in the country; which particular benefits are associated with a TFM they raised as a priority; and whether or not there are other TFMs or steps that need to be taken before the TFM in question can be implemented.

A small set of close-ended questions about the required costs and resources to implement specific TFMs were directed to public sector respondents, based on the assumption that private sector respondents would be less informed of the costs to the government to implement TFMs.

Open-ended questions were used to elicit what respondents thought were the main obstacles of trading across borders and why these have not yet been addressed; to describe the potential benefits of implementing the TFMs they raised as priorities; as well as why they thought a TFM has not been implemented and what are the steps or measures that needed to be undertaken before a particular TFM could be implemented.

## **Pilot Interviews and Design and Instrument Validation Workshops**

The team leader and deputy team leader conducted pilot interviews over three days in Pretoria and Johannesburg to test the KII instruments and adjust them as needed for the country context and respondent categories. At the end of the week, these two team members joined USAID personnel from the Southern Africa Mission to present the assessment design, KII instruments and South Africa pilot interview data at a validation workshop with key stakeholders in Pretoria. The team leader was supported by the Botswana research assistant to collect more pilot interviews and refine the instrument. The team leader and Mission personnel co-facilitated a second validation workshop for key stakeholders in Gaborone. The results of the stakeholder validation workshops are in Annex XI.

Based on the pilot process, the team leader and deputy team leader consistently trained the research assistants on how to apply and refine the KII instrument in the other countries. The team leader trained and remotely supervised the Namibian trade facilitation specialist and the Botswana research assistant. The deputy team leader trained and remotely supervised the Zambian research assistant.

## **Online Surveys**

The TFM assessment design proposal noted that if feasible, the assessment team would incorporate brief but country-specific online surveys to ascertain the trade facilitation priorities of the members of private sector associations. The online surveys were designed to gather evidence from a wider group of firms involved in trade across borders about what are the trade facilitation interventions that were the highest priority in terms of potential to generate economic benefits for the private sector in each country of study.

The assessment team anticipated that with most online surveys the response rate would be low, but would use online responses to triangulate the desk review and KII findings on which TFMs and how should they be prioritized for implementation in each country of study. An example of a country-specific online survey instrument is in Annex IV.

## **Sampling Approach**

### **Country Selection**

USAID asked MSI to prioritize data collection in the countries of study with key partners for maximizing trade facilitation in the region, as well as countries with bilateral partner agencies that have asked USAID for advice on the implementation of WTO TFA “Category C” measures. Also, Malawi and Zambia were

prioritized for the study as Feed the Future partner countries. Mozambique, also a Feed the Future country that has a key trade corridor, was not selected because the travel and translation costs were beyond the available budget for the assessment.

## **Key Informant Interview Respondent Selection**

Primary data collected from four broad respondent categories with a balance of at least 50 percent private sector:

1. Private sector business owners and managers.
2. Private sector trade association representatives.
3. Public sector government and regional body officials.
4. Academics, policy experts, non-governmental organizations, think tanks, donors and other international organizations.

## **Online Survey Respondent Selection**

The assessment team targeted associations that represent firms involved in trading across borders, including exporting/importing in the primary economic sectors of the country of study, as well as firms that provide freight forwarding, supply chain, logistics and transportation services. The trade facilitation specialists identified and contacted several trade, logistics or supply chain associations in each country, which likely have a majority of members that trade across borders.

The majority of private sector associations contacted agreed to send the request to take the online survey to their members. One South Africa association noted that their members were already asked to complete a number of online surveys, and offered to send the request to selected members most likely to take the survey. Trade association members were sent a request to respond to the one of six versions of the “USAID Trade Facilitation Assessment Short Online Survey for Trade Association Members,” designed to be specific to each country.

**TABLE I: TOTAL NUMBER OF RESPONDENTS BY COUNTRY, RESPONDENT CATEGORY AND DATA COLLECTION METHOD**

Respondent Categories	Botswana		Malawi		Namibia		South Africa		Zambia	
	Individuals	KIIs	Individuals	KIIs	Individuals	KIIs	Individuals	KIIs	Individuals	KIIs
KIIs - Private Sector - trade, supply chain, or professional services firms that trade across borders	9	6	8	7	8	8	4	3	9	8
KIIs - Private Sector - trade or supply chain associations	6	6	5	5	3	3	8	8	2	2
KIIs Public sector – government officials	3	3	3	3	4	3	9	4	6	4
KIIs - Public sector - multilateral and regional organizations	0	0	0	0	3	1	0	0	2	1
KIIs - Academics, policy experts/ other donors	3	3	1	1	3	3	1	1	1	1
Total number of KIIs and individual respondents per country	21	18	17	16	21	18	22	16	20	16
<b>Background interviews</b>	<b>Botswana</b>		<b>Malawi</b>		<b>Namibia</b>		<b>South Africa</b>		<b>Zambia</b>	
Private and public sector stakeholders, policy experts	2		1		0		4		0	
<b>Online survey respondents</b>	<b>Botswana</b>		<b>Malawi</b>		<b>Namibia</b>		<b>South Africa</b>		<b>Zambia</b>	
Total	29		9		14		32		8	

## Data Analysis Methods

The data analysis for the assessment is based on an iterative process of inductive assessments of the status, costs, benefits and obstacles or thorny issues for implementation, and their related impacts for TFMs that could emerge as a priority for implementation for each country of study. First, the trade facilitation specialists used the TFMs and cross-cutting issues for implementation listed in the SADC TFM as a structured way to organize and track data on each TFM as it emerged from the different data sources.

Second, the trade facilitation specialists conducted a comprehensive country contextual analysis and identified the likely TFMs that would be raised by KII respondents. Each trade facilitation specialist documented these initial findings on the likely candidates in a “TFM country tracker” which served as a living list, amended as new data emerged from the different sources in each country. The team leader and deputy team leader conducted a regional context analysis to start to identify the key issues that would likely emerge across the country KII data.

Third, each trade facilitation specialist conducted pilot KII interviews to test the instruments. The data collected from the pilot KIIs generated a better understanding of the types of costs and benefits associated with each TFM raised by respondents and the inter-related obstacle or thorny issues

surrounding each TFM. The assessment team used the pilot KII data to select a list of eight to 10 TFMs that would likely be raised by the remaining KII respondents to be included in the country-specific online surveys.

## Criteria for Selection of Priority Trade Facilitation Measures per Country Report

To ensure a robust discussion of each TFM selected to be assessed in detail in each country report, TFMs selected to be assessed in detail was based on the frequency with which each TFM was raised by KII respondents, as well as the TFMs that had the most agreement across the respondent categories as a priority intervention. As these are the TFMs that were discussed in detail in the battery of TFM specific assessment questions by a concentration of respondents, the team was able to gather and synthesize the different perspectives of the costs and benefits of these TFMs.

## Qualitative Data Analysis

The trade facilitation specialists were responsible for the content analysis of the qualitative KII data for their assigned country or countries, and the technical manager read every interview record closely, entered or supervised and checked the data entry for all KII data. Additionally, they performed a parallel content analysis process for each set of country KIIs and generated a separate list of themes and sub-themes to discuss and confirm findings with the respective country authors. The content analysis included NVivo coding of themes and subthemes under relevant elements about each TFM.

## Assessment Team

The assessment team from the E3 Analytics and Evaluation Project included the following personnel:

- Catherine Grant Makokera, Team Leader and Trade Facilitation Specialist for South Africa and Botswana.
- Temwa Gondwe, Deputy Team Leader and Trade Facilitation Specialist for Malawi and Zambia.
- Servaas van den Bosch, Trade Facilitation Specialist for Namibia.
- Heinrich Krogman and Asmita Parshotam, Local Researchers for South Africa.
- Salvation Andriase, Logistician for South Africa.
- Zachariah Njoroge, Local Researcher/Logistician for Botswana.
- Taffy Chirunda, Local Researcher/Logistician for Namibia.
- Nelson Chisenga, Local Researcher/Logistician for Zambia.

Technical and project management support was also provided by the following MSI home office staff:

- Jessica Gajarsa, Assessment Coordinator, conducted data analysis and drafting.
- Haley Fults, Project Manager.
- Rajan Kapoor supported qualitative data analysis.
- Lala Kasimova and Setsuko Oya assisted with data entry.

## Limitations

Due to time and resources constraints for this assessment, it was not feasible for the assessment approach to include the application of inferential statistics. The assessment approach does not provide specific quantitative and monetized findings and conclusions about the costs and benefits of the TFMs examined, for which a retrospective econometric study would be better suited.

Studies seeking to explore the economic benefits of TFMs and their associated implementation costs have two key limitations: the lack of official statistics on trade costs and facilitation programs and the variation among program points of origin and trade costs (Akinkugbe, 2009; Fujimitsu, 2013; Moise, 2013; Portugal-Perez & Wilson, 2009; WTO, 2015). Implementation costs were not easy to quantify because they were rarely carried out independently of other broad policy objectives aimed at maximizing revenue and increasing transparency (WTO, 2015). The overall lack of official statistics on trade cost in countries throughout the world was a serious limitation for empirical research (Akinkugbe, 2009; Fujimitsu, 2013; Portugal-Perez & Wilson, 2009). Previous studies required substantial time and monetary investment to acquire limited quantitative implementation cost data, across multiple countries (Akinkugbe, 2009; Portugal-Perez and Wilson, 2009). The 2014 United Nations Conference on Trade and Development revealed that a majority of countries in the least developed category (LDC) had implemented only a small number of TFMs. Limited implementation further complicates the ability of researchers to collect qualitative data on the costs of TFM implementation.

Additionally, there were several factors that may have limited the assessment's ability to fully capture the diverse range of perspectives of key stakeholders and to yield actionable information for decision-makers.

- The assessment was implemented in a fairly short timeframe, so it was possible that relevant respondents/stakeholders were not available for primary research or participation in the validation workshops.
- There was only sufficient time and resources to conduct KIIs with a small number of stakeholders across several stakeholder groups in each country. Therefore, the study was not able to capture as large a range of perspectives as would be the case in a larger study.
- The ability of the assessment to conduct small-scale surveys was dependent on the willingness and cooperation of stakeholders to identify respondents and contact information. This was especially the case with members of trade associations, for whom contact information for the membership was required.
- It was likely that many respondents, and specifically private sector respondents, were unable to provide reliable information about the costs of implementing specific TFMs. As the study had a specific focus on understanding the views of the private sector, there may have been insufficient information about the costs to develop evidence-based findings.
- The qualitative nature of the assessment was unlikely to provide the team with the type of evidence required to provide quantitative or monetized assessments of costs and benefits.

## ANNEX III: KEY INFORMANT INTERVIEW DATA COLLECTION INSTRUMENTS

This annex presents the KII instruments that were used for three broad respondent categories:

1. Private sector.
2. Public sector.
3. International donors, policy experts and academics.

### Key Informant Interview Topic Guide – Private Sector

**This Topic Guide is intended for use in field research with representatives of private sector firms involved in trading across borders, as well as trade associations with members that are firms that are involved in trading across borders. It should be followed as closely as possible to guide key informant interviews with these respondents. There are a few questions where a specific set of responses are provided in order to assist in the collection of data that can be more easily quantified. Instructions to the interviewer are in red.**

#### I. Introduction (~5 minutes)

- a. Thank the respondent for taking the time to participate in the interview
- b. Introduction to the researcher and the research
  - Introduce yourself: I am a Trade Facilitation Specialist residing in \_\_\_\_\_. I represent an assessment team fielded by Management Systems International, a Washington DC based firm that has been contracted by the U.S. Agency for International Development (USAID) to conduct an independent assessment of the costs and benefits of selected trade facilitation measures (TFMs) or interventions in 5 SADC states.
  - Research is intended to help USAID and regional and government stakeholders better address the obstacles to trade and specifically to help countries comply with the recent WTO Trade Facilitation Agreement (if the respondent is unfamiliar with the agreement, a short explanation will be provided)
  - Research will be used to identify what changes in policy and practice would make it easier for businesses to trade across borders.
- c. Description of the objectives of the discussion
  - Obtain information about the business of the firm as it relates to trade.
  - Understand better the challenges faced by the firm in moving products and services across borders.
  - Understand better what the firm view as the most important steps that could be taken make trading across borders easier.
- d. We will follow privacy protocols to protect your anonymity [interviewers will be trained to be compliant with USAID policy in regards to the "USG Common Rule" for the protection of human subjects]:
  - Explain confidentiality and anonymity and note whether the respondent would like to remain anonymous, and that the assessment team will ask permission if would like to use a quote from the respondent in the final report.
  - Explain how collected data will be stored without identifying information.
  - Ask if the respondent is willing to be recorded and note their response.

- e. Explain recording, length and nature of discussion
- f. Check whether respondents have any questions.

## II. Background Information (~ 10 minutes)

- g. Role of Respondent
  - Position
  - Responsibilities
  - Length of time with the organization
- h. Activities of the Firm (**The answers to these questions should be researched by the interviewer in advance and be recorded with the interview notes. If further clarification is required, ask some version of this question.**)
  - In what sectors does the firm operate?
  - How many employees does the firm currently have?
  - In what way is the firm involved in moving goods across borders – importing, exporting, transportation, facilitation of trade?
  - If exporting, what percentage of the output of the firm is exported?
  - If exporting, where are the key markets for the firm?
  - What is the approximate level of annual revenue for the firm?

## III. Obstacles to Cross-Border Trade (~20 minutes)

- i. **Transition:** *I would like to spend a little time speaking with you about the experiences of your members in trading across borders...*
- j. Could you describe what is you think the biggest challenge faced by your firm in trying to move goods across borders?
  - Explore why it is a challenge/how it impacts the firm.
  - Would the removal or reduction of this challenge make you more likely to trade?
  - Has the situation changed in the last five years?
  - Do you have any opinions on why this is such a challenge/why policies haven't been changed to make it easier?

## IV. Battery of Questions about Each TFM the respondent has identified is a priority (~25 minutes)

**Transition:** *Thank you very much for all of that information. I would like to switch topics a bit and speak to you about some of the trade facilitation measures that are planned to be implemented in the next few years. Now, not all of these may be relevant to your members, so just let me know if it isn't something that is important to your members and we can move on to the next measure.*

### **\*\*Begin Battery for first TFM \*\***

Repeat this line of questioning for each TFM or TF issue selected for the country of study. Remember to ask about the TFMs of study in a random order, so the same order isn't followed in each interview.

**Interviewer explains the next set of questions:** Now I am going to ask you some questions about this TFM, [Read the TFM in question aloud as part of the questions below as you read it verbatim].

- Would implementing this measure be important to your firm? [If no, move on to the next measure.]
- If this measure were implemented, what would be the impact on your business? (**The interviewer will ask the prompt questions below relevant to the TFM in question.**)
  - Reduced time to trade?
  - Reduced cost to trade?
  - Reduced paperwork and administration?



- More certainty on when goods will get to market?
- More certainty on costs to trade?
- More traders/ your firm will be more interested in beginning international trade?
- Do you have any sense of how much it would cost to implement this measure?
- k. **Interviewer explains the next set of questions:** Now I am going to ask you about the status of implementation and sequencing this TFM.
  - Do you have any opinions on why this trade measure hasn't been implemented yet?
    - Are you aware of any political or private sector resistance to this TFM? If yes, please describe
      - Are there other TFMs or trade facilitation interventions that have to be implemented before this one can be implemented?
    - If yes, please list these TFMs that must be implemented in the order they should be sequenced before and/or after the implementation of this TFM.

**Interviewer explains the next set of questions:** Now I am going to ask you some questions about how would you describe the importance of this measure to your firm. I am going to read the TFM aloud we have been discussing and make a statement with it. And then I will ask you whether you agree or disagree with the statement: **[Read the TFM aloud at part of the statement and then read verbatim this question and the options below.]**

- “If implemented, [read TFM in question aloud] will generate large economic impacts for your business. Do you “strongly agree,” “agree,” “disagree,” “strongly disagree,” or “do not know” with this statement?”
- \_\_\_\_\_.

- **Interviewer to follow this Skip Logic:** If the respondent stated that they “strongly agree” in the previous question, then ask the question below verbatim; if the respondent didn't answer “strongly agree to the previous question skip to the conclusion and end the interview. (~5 mins)
  - “In the previous question you stated that you “Strongly agree that [TFM X] will generate large economic impacts for your business. Can you tell me why this measure is so important for you?”

**Repeat the above questions for the remaining priority TFMs.**

- **Ranking:** *Thank you very much for all of that information. As a final point, I would like to ask you to rank in order of priority the specific trade facilitation measures that we have discussed. Could you please tell me which one you consider the most important to implement followed by the second, third etc. through to the least important?*

**V. Conclusion:**

- Thank the respondent for their time.
- Tell the respondent they are welcome to contact you to ask questions at a later date.

Ask permission of the respondent to use their name in the report if you might use a quote. Note their response: \_\_\_\_\_

## Key Informant Interview Topic Guide – Public Sector

This Topic Guide is intended for use in field research with representatives from public sector bilateral agencies responsible for providing services or supporting policies related to trade facilitation/ customs or regional economic communities (RECs) that support trade facilitation policy implementation in member states. It should be followed as closely as possible to **guide** KIIs with these respondents. There are a few questions where a specific set of responses are provided in order to assist in the collection of data that can be more easily quantified. Instructions to the interviewer are in red.

### I. Introduction (~5 minutes)

- a. Thank the respondent for taking the time to participate in the interview
- b. Introduction to the researcher and the research
  - Introduce yourself: I am a Trade facilitation Specialist residing in \_\_\_\_\_. I represent an assessment team fielded by Management Systems International, a Washington DC based firm that has been contracted by the U.S. Agency for International Development (USAID) to conduct an independent assessment of the costs and benefits of selected trade facilitation measures (TFMs) or interventions in 5 SADC states.
  - Research intended to help USAID and regional and government stakeholders better address the obstacles to trade and specifically to help countries comply with the recent WTO Trade Facilitation Agreement (if the respondent is unfamiliar with the agreement, a short explanation will be provided)
  - Research will be used to identify what changes in policy and practice would make it easier for businesses to trade across borders.
- c. Description of the objectives of the discussion
  - Understand better the challenges faced by the government in supporting trade facilitation.
  - Understand better what the Agency views as the most important steps that could be taken to make trading across borders easier and why.
  - Understand the amount and nature of the costs required to implement these measures
- d. We will follow these privacy protocols to protect your anonymity if you prefer not to be quoted [interviewers will be trained to be compliant with USAID policy in regards to the "USG Common Rule" for the protection of human subjects]:
  - Explain confidentiality and anonymity and note whether the respondent would like to remain anonymous, and that the assessment team will ask permission if would like to use a quote from the respondent in the final report.
  - Explain how collected data will be stored without identifying information.
  - Ask if the respondent is willing to be recorded and note their response.
- e. Explain recording, length and nature of discussion.
- f. Check whether respondents have any questions.

### II. Background Information (~ 5 minutes)

- a. Role of Respondent
  - Can you please tell us a little bit about yourself and your role here at \_\_\_\_\_?
    - Position
    - Responsibilities
    - Length of time with the ministry/agency

- b. Structure and Purpose of the Agency.
- Can you tell us a little bit about the role or responsibilities of your organization in supporting the implementation of the TFA?

**The next two topic sections (III and IV) can be delivered in any order. It is recommended that if the respondent is cooperative and engaged, section III should be addressed prior to IV. If however the respondent appears uncooperative or reticent, section IV should be addressed prior to III.**

### **III. Obstacles to Cross-Border Trade (~ 15 minutes)**

- **Transition:** *I would like to spend a little time speaking with you about your experience working with the private sector in moving goods across borders – both importers and exporters...*
  - a. Could you describe what you think the biggest challenges are faced by trade actors in your country in trying to move goods across borders?
    - Could you explore why these are the major challenges?
    - Do they make your private sector actors (importers, exporters or transport companies) trade less than they otherwise would?
    - How might these challenges impact private sector exporters, importers, or transport companies differently?
    - Has the situation improved in the last five years?
    - Do you have any opinions on why this is such a challenge/why policies haven't been changed to make it easier?
    - Can you tell me a little bit about what steps your agency has taken or is taking to try to address these challenges and make it easier for private sector to move their products across borders?

### **IV. Institutional Challenges (~ 10 minutes)**

- a. **Transition:** *Thank you for all of that information. I would like to switch topics a little bit and talk some about the opportunities and challenges that you and your agency faces in trying to work with importers, exporters and shipping companies to move products about borders...*
- b. Can you describe for me what you think are the main strengths of the Ministry/Agency? As an organization, where do you think you are most successful in achieving your objectives? **[If the respondent needs clarification on the question, try offering up the prompts below]**
  - Clear standards and processes
  - Talented and well trained staff
  - Good relationships with the private sector
  - Good collaboration with colleagues from other agencies
- c. What are some of the biggest challenges your organization faces in trying to achieve your objectives? **[If the respondent needs clarification on the question, try offering up the prompts below]**
  - Funding not sufficient
  - Difficult to find good staff
  - Changing standards and rules for performance
- d. Are there one or two issues facing your organization right now that are especially important? Please describe them and their impact on TF.

### **V. Battery of Questions about Each TFM the respondent has identified is a priority (~25 minutes)**

**Transition:** *Thank you very much for all of that information. I would like to switch topics a bit and speak to you about some of the specific trade facilitation measures or issues that are planned to be implemented in the next*

few years. Now, not all of these may be relevant to your organization, so just let me know if it isn't something that is important to you and we can move on to the next measure.

**\* \*Begin Battery for first TFM \*\*\*\*\***

TF Issue/ Measure I Interviewer explains the next set of questions: Now I am going to ask you some questions about each TF issues you have raised and/or TFMs that have yet to be implemented in your country. [Repeat this line of questioning for each TFM or TF issue selected for the country of study. Remember to ask about the TFMs of study in a random order, so the same order isn't followed in each interview.]

- Would implementing this measure be important to your improving trade facilitation in your country? [If no, move on to the next measure]
- Would your agency be involved in implementing this? [If no, move on to the next measure]
- What benefits do you think implementing this measure would have for traders?
- If this measure were implemented, what kind of impact would this have on your organization?
  - Reduced paperwork and administration?
  - Reduced time and costs?
- Will this measure cost money and time for the government to implement?  
Yes/ No
- Interviewer to follow this Skip Logic: [If respondent answered yes to the previous question, ask the next four questions, if not skip to question "If this measure was implemented, what would be the impact on trade?"]
  - Do you have any sense of how much it would cost the government to implement this measure? [Please read verbatim this question and the options below for every relevant measure]

If YES – Ask the responded to specify and note the Currency

please specify amount and currency if respondent uses other than USD

- 
- Less than USD 1 million
  - USD 1-5 million
  - More than USD 5 million
  - The respondent doesn't know
- 
- Do you have any sense of how much time it would take for the government to implement this measure? [Please read verbatim this question and the options below for every relevant measure]
    - Less 6 months
    - Less than a year
    - More than 18 months
    - More than 2 years
  - What are the types of costs and/or resources that will be required of the government to implement this measure?
    - New equipment
    - Hiring more staff
    - Staff training
    - If other please specify \_\_\_\_\_
  - Of these, which would be the biggest expense for you to implement this measure?

- If this measure were implemented, what would be the impact on trade? (**The interviewer will ask the prompt questions below relevant to the TFM in question**)
  - Reduced time to trade?
  - Reduced cost to trade?
  - Reduced paperwork and administration?
  - More certainty on when goods will get to market?
  - More certainty on costs to trade?
  - More firms interested in beginning international trade?
- **Interviewer explains the next set of questions:** Now I am going to ask you about the status of implementation and sequencing this TFM.
  - Do you have any opinions on why this trade measure hasn't been implemented yet?
  - Are you aware of any political or private sector resistance to this TFM? If yes, please describe.
  - Are there other TFMs or trade facilitation interventions that have to be implemented before this one can be implemented?
    - If yes, please list these TFMs that must be implemented in the order they should be sequenced before and/or after the implementation of this TFM?
- **Interviewer explains the next set of questions:** Now I am going to ask you some questions about how would you describe the importance of this measure to your country. I am going to read the TFM aloud we have been discussing and make a statement with it. And then I will ask you whether you agree or disagree with the statement: [**Read the TFM aloud at part of the statement and then read verbatim this question and the options below**]
  - "If implemented, [**read TFM in question aloud**] will generate large economic impacts for this country. Do you "strongly agree," "agree," "disagree," "strongly disagree," or "do not know" with this statement?"
 

\_\_\_\_\_.
- **Interviewer to follow this Skip Logic:** If the respondent stated that they "strongly agree" in the previous question, then ask the question below verbatim; if the respondent didn't answer "strongly agree to the previous question skip to the conclusion and end the interview. (~5 mins)
  - "In the previous question you stated that you "Strongly agree that [**read TFM in question aloud**] will generate large economic impacts for your country. Can you tell me why this measure is so important for your country to implement?"

**\*\*End Battery for first TFM and Repeat the above questions for the remaining priority TFMs\*\***

## VI. Final Ranking of TFMs the Respondent has identified as his/her priorities:

*Thank you very much for all of that information. As a final point, I would like to ask you to rank in order of priority the specific trade facilitation measures that we have discussed.*

**Interviewer to list each TFM the respondent noted was important to confirm they both have the same TFMs in mind before ranking**

- *Could you please tell me which of these TFMs do you consider the most important for [your Country] to implement first?*
- *Which of the remaining TFMs is the most important for [your Country] to implement second?*

- Which of the remaining TFM<sub>s</sub> is the most important for [your Country] to implement third?
- [etc. through to the least important]

**VII. Conclusion:**

- Thank the respondent for their time.
- Tell the respondent they are welcome to contact you to ask questions at a later date.

Ask permission of the respondent to use their name in the report if you might use a quote. Note their response: \_\_\_\_\_.

## Key Informant Interview Topic Guide – International Donors, Policy Experts and Academics

This Topic Guide is intended for use in field research with representatives of international donors, as well as trade facilitation policy experts and academics. It should be followed as closely as possible to guide KIIs with these respondents. There are a few questions where a specific set of responses are provided in order to assist in the collection of data that can be more easily quantified. Instructions to the interviewer are in red.

### I. Introduction (~5 minutes)

- a. Thank the respondent for taking the time to participate in the interview
- b. Introduction to the researcher and the research
  - Introduce yourself: I am a Trade facilitation Specialist residing in \_\_\_\_\_. I represent an assessment team fielded by Management Systems International, a Washington DC based firm that has been contracted by the U.S. Agency for International Development (USAID) to conduct an independent assessment of the costs and benefits of selected trade facilitation measures (TFMs) or interventions in 5 SADC states.
  - Research intended to help USAID and regional and government stakeholders better address the obstacles to trade and specifically to help countries comply with the recent WTO Trade Facilitation Agreement (if the respondent is unfamiliar with the agreement, a short explanation will be provided)
  - Research will be used to identify what changes in policy and practice would make it easier for businesses to trade across borders.
- c. Description of the objectives of the discussion
  - Understand better what the researcher views as the most important steps that could be taken to make trading across borders easier and why.
  - Understand better the challenges in supporting trade facilitation.
  - Understand the amount and nature of the costs required to implement these measures.
  - Explore existing research and other processes underway that might be relevant for this survey.
- d. We will follow these privacy protocols to protect your anonymity if you prefer not to be quoted [interviewers will be trained to be compliant with USAID policy in regards to the "USG Common Rule" for the protection of human subjects]:
  - Explain confidentiality and anonymity and note whether the respondent would like to remain anonymous, and that the assessment team will ask permission if would like to use a quote from the respondent in the final report.
  - Explain how collected data will be stored without identifying information.
  - Ask if the respondent is willing to be recorded and note their response.
- e. Explain recording, length and nature of discussion.
- f. Check whether respondents have any questions.

### II. Background Information (~ 5 minutes)

- c. Role of Respondent
  - Can you please tell us a little bit about yourself and your role here at \_\_\_\_\_?
    - Position
    - Responsibilities

- Length of time with the academic institution?
- d. Areas of research being undertaken by academic institution in the area of Trade Facilitation.
  - Can you tell us a little bit about the areas of research that your organization is undertaking in the area of trade facilitation?

### III. Obstacles to Cross-Border Trade (~ 15 minutes)

- **Transition:** *I would like to spend a little time speaking with you about your experience studying/researching/working on trade policy and trade facilitation- both imports and exports...*

Could you describe what you think are three of the biggest challenges faced by trade actors in your country in trying to move goods across borders?

- Could you explore why these are the major challenges?
- Are you seeing any evidence that these challenges are effectively making private sector actors (importers, exporters or transport companies) trade less than they otherwise would?
- How might these challenges impact private sector exporters, importers, or transport companies differently?
- Has the situation changed in the last five years?
- Do you have any opinions on why this is such a challenge/why policies haven't been changed to make it easier?
- Can you tell me a little bit about the research that is currently being undertaken in this area, and any policy recommendations that are coming through?

### IV. Trade Facilitation Measures (~25 minutes)

- **Transition:** *Thank you very much for all of that information. I would like to switch topics a bit and speak to you about some of the specific trade facilitation measures that are planned to be implemented in the next few years.*

**Measure 1** [Repeat this line of questioning for each TFM or TF issue selected for the country of study. Remember to ask about the TFMs of study in a random order, so the same order isn't followed in each interview.]

- Would implementing this measure be important to improving trade facilitation in your country? [If no, move on to the next measure]
- What benefits do you think implementing this measure would have for traders?
- Will this measure cost money and time for the government to implement? Yes/ No?
- Interviewer to follow this Skip Logic: **If yes to the previous question, ask the next four questions, if not skip to question "If this measure was implemented, what would be the impact on trade?"**
  - Do you have any sense of how much it would cost the government to implement this measure? [Please read verbatim this question and the options below for every relevant measure]
    - Less than \$1m dollars [please specify if respondent uses other currency]
    - \$1-\$5m dollars
    - More than \$5m dollars.
  - Do you have any sense of how much time it would take for the government to implement this measure? [Please read verbatim this question and the options below for every relevant measure]
    - Less 6 months
    - Less than a year
    - More than 18 months
    - More than 2 years
  - What are the types of costs and/or resources that will be required of the government to implement this measure?



- New equipment
- Hiring more staff
- Staff training
- If other please specify \_\_\_\_\_
- Of these, which would be the biggest expense for you to implement this measure?
- If this measure were implemented, what would be the impact on trade? (**The interviewer will ask the prompt questions below relevant to the TFM in question**)
  - Reduced time to trade?
  - Reduced cost to trade?
  - Reduced paperwork and administration?
  - More certainty on when goods will get to market?
  - More certainty on costs to trade?
  - More firms interested in beginning international trade?
- **Interviewer explains the next set of questions:** Now I am going to ask you about the status of implementation and sequencing this TFM.
  - Do you have any opinions on why this trade measure hasn't been implemented yet?
    - Are you aware of any political or private sector resistance to this TFM? If yes, please describe.
      - Are there other TFMs or trade facilitation interventions that have to be implemented before this one can be implemented?
    - If yes, please list these TFMs that must be implemented in the order they should be sequenced before and/or after the implementation of this TFM.
- **Interviewer explains the next set of questions:** Now I am going to ask you some questions about how would you describe the importance of this measure to your country. I am going to read the TFM aloud we have been discussing and make a statement with it. And then I will ask you whether you agree or disagree with the statement: (**Read the TFM aloud at part of the statement and then read verbatim this question and the options below**)
  - “If implemented, [read TFM in question aloud] will generate large economic impacts for this country. Do you “strongly agree,” “agree,” “disagree,” “strongly disagree,” or “do not know” with this statement?”  
\_\_\_\_\_.
- **Interviewer to follow this Skip Logic:** If the respondent stated that they “strongly agree” in the previous question, then ask the question below verbatim; if the respondent didn't answer “strongly agree to the previous question skip to the conclusion and end the interview. (~5 mins)
  - “In the previous question you stated that you “Strongly agree that [TFM X] will generate large economic impacts for your country. Can you tell me why this measure is so important for your country to implement?”

**Repeat the above questions for the remaining priority TFMs.**

- **Ranking:** *Thank you very much for all of that information. As a final point, I would like to ask you to rank in order of priority the specific trade facilitation measures that we have discussed. Could you please tell me which one you consider the most important to implement followed by the second, third etc. through to the least important?*

**V. Conclusion:**

- Thank the respondent for their time.
- Tell the respondent they are welcome to contact you to ask questions at a later date.

Ask permission of the respondent to use their name in the report if you might use a quote. Note their response: \_\_\_\_\_.

## **ANNEX IV: SOUTH AFRICA ONLINE SURVEY QUESTIONNAIRE**

This Annex presents the South Africa online survey as an example of the country-specific online survey instruments. Annex V presents the lists of the specific TFMs that were selected to be included in the online surveys for each country of study as well as a Southern Africa Regional online survey requested by USAID.

### **USAID Trade Facilitation Assessment Short Online Survey**

#### **Trade Association Members**

Re: South Africa trade association members - request to participate in an online survey for a USAID Trade Facilitation Assessment

Dear respondent,

We are interested in learning from your experiences in trading across borders and you have been selected for this online survey based on your membership in a South African trade or supply chain association.

This online survey was developed in response to a request from the United States Agency for International Development (USAID) Southern Africa Regional Mission as part of a larger study of the costs and benefits of different types of trade facilitation measures (TFMs). This study includes key informant interviews and online surveys being collected in five countries: Botswana, Malawi, Namibia, South Africa, and Zambia, and implemented by Management Systems International (MSI) a US-based international development firm through the USAID E3 Analytics and Evaluation Project.

TFMs are trade facilitation policies/ interventions that aim to simplify and harmonize the necessary steps for easing the flow of trade across national borders including import, export and transit procedures.

USAID has asked us to gather private sector perspectives on the challenges for trading across borders, and the benefits that certain types of trade facilitation policies or interventions would have for firms such as yours. This research may be used to inform USAID and government decision-making and priorities.

This survey will ask you to rate and rank selected TFMs that have not yet been implemented in your country which the assessment team has identified as potentially beneficial for the private sector, so we can learn about your priorities for improving trade facilitation.

We appreciate it greatly if you could take the time to complete this short survey on your experiences trading or moving goods across borders. Your survey answers will be kept anonymous and no information that you provide will be publicly disclosed in a manner such that it is attributable to you.

This survey is composed of 15 questions and should not take more than 10 minutes to complete. If you have any questions about this survey please contact the Jessica Gajarsa, the MSI Technical Manager for this study on email at [jgajarsa@msi-inc.com](mailto:jgajarsa@msi-inc.com)

Thank you for your time.  
Jessica Gajarsa, Technical Manager  
Management Systems International, A Tetra Tech Company  
Arlington, VA USA

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**1) Please provide your name\***

First:

Last:

**2) Please share the name of the trade association that invited you to take this survey:\***

**3) Please provide the name of your organization:\***

*Please spell out all acronyms.*

**4) Please share the country in which your organization operates:\***

*Please select all that apply*

- South Africa
- Malawi
- Botswana
- Namibia
- Zambia
- Other : \*

**5) What is your role in your organization?\***

- Owner
- CEO
- CFO
- Manager
- Other (Please Describe)

**6) Is your organization involved in trading goods and/or services across borders?\***

Yes

No

**7) Which of the following describes your business? (If “yes” to #6”)**

*Please select all those that are applicable to your business.*

- Importer of Goods/Services
- Exporter of Goods/Services
- Transportation or Shipping Enterprise
- Other (Please Describe)

**8) Which of these describe the sector(s) in which your business operates? (If “yes” to #6”)**

*Please click on all those that are applicable to your business.*

- Agriculture
- Manufacturing
- Mining or Natural Resource Extraction
- Professional Services
- Transportation
- Other (Please Describe)

**9) How many persons do you employ? (If “yes” to #6”)**

- 1-5
- 6-20
- 21-50
- 51-100
- More than 100

**10) Is your annual turnover greater or less than ZAR 3 million? (If “yes” to #6”)**

- Greater
- Less than
- Prefer Not to Answer

**I1) Please describe the most significant challenge that you face when trading or moving goods or services across borders? (If “yes” to #6”)**

### Rate and rank identified trade facilitation policies

Please rate and rank the 8 identified Trade Facilitation policies as below in terms of the potential for positive beneficial impacts for your business.

#### I2) Rating the 8 TFMs selected for South Africa:

Based on initial research the assessment team has identified the following 8 trade facilitation policies that have not been implemented in South Africa. Considering the potential of each policy to generate positive beneficial impacts for your business, would you recommend it to be a high, moderate, or low priority to implement in your country?\*( If “yes” to #6”)

Selected trade facilitation policies that haven't been implemented in South Africa	High priority	Moderate priority	Low priority	This policy is not relevant for my business interests	I don't know how this policy would impact my business interests
1. Improved border management and coordination, including at Beitbridge.					
2. Increased capacity of rail transport for bulk cargo.					
3. Removal of non-tariff barriers (such as import quotas, subsidies, customs delays, technical barriers, or other systems preventing or impeding trade).					
4. Enhanced information exchange and connectivity at borders.					

Selected trade facilitation policies that haven't been implemented in South Africa	High priority	Moderate priority	Low priority	This policy is not relevant for my business interests	I don't know how this policy would impact my business interests
5. Development of behind the port facilities and enhanced inter-modal linkages for transportation.					
6. Simplified and harmonised documentation for trade.					
7. Enhanced coordination of regional transit procedures.					
8. Stronger risk management systems— an intervention for customs officers implement improved risk management practices and tools so they do not have to examine 100% of all shipments, but apply their scarce resources to more risky imports determined by an assessment of past compliance level of a trader.					

**I3) If you marked one or more trade facilitation policies as a high priority can you explain more about why? (If “yes” to #6”)**

**I4) Ranking the 8 TFMs selected for South Africa:**

Considering the potential beneficial impacts for your business, please rank the identified trade facilitation policies in order of your priority for South Africa to implement from 1 - 8, with 1 being your highest priority and 8 being the lowest priority.\* (If “yes” to #6”)

Improved border management and coordination, including at Beitbridge.

Increased capacity of rail transport for bulk cargo.

Removal of non-tariff barriers (such as import quotas, subsidies, customs delays, technical barriers, or other systems preventing or impeding trade).

Enhanced information exchange and connectivity at borders.

Development of behind the port facilities and enhanced inter-modal linkages for transportation.

Simplified and harmonised documentation for trade.

Enhanced coordination of regional transit procedures.

Stronger risk management systems— an intervention for customs officers implement improved risk management practices and tools so they do not have to examine 100% of all shipments, but apply their scarce resources to more risky imports determined by an assessment of past compliance level of a trader.

**15) Please share your experiences in trading or moving goods across borders that affected how you ranked the trade facilitation policies that are priorities for your business interests? (If “yes” to #6”)**

**16) Would you be willing to be briefly interviewed by an Assessment team member to answer a few follow up questions?**

Yes

No

**What is the best way to contact you?**

Skype

Please share your Skype address:

Email

Please share your email address:

Telephone

Please share your phone number (country code, area code and telephone number):

Thank You!

*Conclusion - please submit your survey responses now.*

*Thank you very much for your time and cooperation.*

*Please have a nice day!*

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*Please contact Jessica Gajarsa if you have any questions or concerns about the survey.*

*Jessica Gajarsa, Technical Manager  
Management Systems International, A Tetra Tech Company  
Arlington, VA USA*



## **ANNEX V: TRADE FACILITATION MEASURES SELECTED FOR THE COUNTRY SPECIFIC ONLINE SURVEYS**

This annex includes the TFMs that were selected for each country-specific online survey based on the priority trade facilitation issues identified during desk review for each country. Where the concept of a TFM may not be straightforward to all audiences, explanatory language was included in the online survey itself to aid respondents that may not be familiar with the trade facilitation policy language.

### **Botswana Priority Trade Facilitation Measures**

1. Improved border management and coordination.
2. Improvement in harmonization of customs procedures, including enhanced electronic clearing for customs, IT connectivity and information exchange at borders, especially with South Africa.
3. Removal of NTBs (such as import restrictions, customs delays, technical barriers, sanitary/ phytosanitary measures, or other systems preventing or impeding trade).
4. Improvement of roads and physical infrastructure at border posts, for example Kasungula Bridge, truck parking and rest stops.
5. Simplified and harmonized documentation for trade, in particular for small traders.
6. Enhanced coordination of regional transit procedures.
7. Stronger risk management systems, including the efficient use of scanners and sampling of containers.
8. NSW: An online platform that allows traders to process trade documents (like applications and payments for licenses and/or certificates; processing of customs declarations, etc.), with a single entry point.

### **Malawi Priority Trade Facilitation Measures**

1. Improved border management and agency coordination, including at Mwanza, Songwe.
2. Improvement in customs procedures related to poor IT network of ASYCUDA, no back up and frequent outages.
3. Removal of NTBs such as import restrictions, customs delays, or other systems preventing or impeding trade.
4. NSW: An online platform that allows traders to process trade documents (like applications and payments for licenses and/or certificates; processing of customs declarations, etc.), with a single entry point.
5. Simplified and harmonized documentation for trade, in particular for small traders.
6. Enhanced coordination and notification of changes regional transit procedures. For example, there should be advanced notice every time Mozambique is about to make changes in transit procedures.
7. Stronger risk management systems: a concept whereby customs do not have to check/examine all shipments, but apply their scarce resources to more risky imports determined by an assessment of past compliance level of a trader.
8. OSBP: A concept whereby traffic crossing the border need only to stop at one border post between two countries.

### **Namibia Priority Trade Facilitation Measures**

1. Improved border management and coordination.

2. Increased capacity of rail transport for bulk cargo, as well as unlocking hinterland through rail upgrades.
3. Removal of NTBs, such as import quotas, subsidies, customs delays, TBT and SPS measures, or other systems preventing or impeding trade.
4. Enhanced electronic clearing for customs, IT connectivity and information exchange at border.
5. Increased efficiency of the seaport especially in terms of handling and customs clearing.
6. Simplified and harmonized documentation for trade.
7. Enhanced coordination of regional transit procedures.
8. Stronger risk management systems: an intervention for customs officers implement improved risk management practices and tools so they do not have to examine all shipments, but apply their scarce resources to more risky imports determined by an assessment of past compliance level of a trader.
9. NSW: An online platform that allows traders to process trade documents (like applications and payments for licenses and/or certificates; processing of customs declarations, etc.), with a single entry point.

### **South Africa Priority Trade Facilitation Measures**

1. Improved border management and coordination, including at Beitbridge.
2. Increased capacity of rail transport for bulk cargo.
3. Removal of NTBs such as import quotas, subsidies, customs delays, technical barriers, or other systems preventing or impeding trade.
4. Enhanced electronic clearing for customs, IT connectivity and information exchange at borders.
5. Development of behind the port facilities and enhanced inter-modal linkages for transportation.
6. Simplified and harmonized documentation for trade.
7. Enhanced coordination of regional transit procedures.
8. Stronger risk management systems (to ensure the efficient implementation of practices and tools to assess compliance by traders).

### **Zambia Priority Trade Facilitation Measures**

1. CBM to address inefficiencies arising from the multiplicity of agencies at the border, which causes delays in the movement and clearing of goods.
2. Zambia Trade Information Portal, a web-based platform to address poor access to current trade information on regulations, procedures and forms governing the importing, exporting and transit of goods.
3. NSW to increase the efficiency in dealing with government agencies regulating cross-border trade. An NSW is an online platform that allows traders to process trade documents (like applications and payments for licenses and/or certificates; processing of customs declarations, etc.), with a single entry point.
4. Strengthened Risk Management Systems by implementing improved practices and operational tools that allow customs agents to assess, profile and target the flow of goods and people. If implemented, customs agents would not have to check/examine all shipments, but apply their scarce resources to more risky imports determined by an assessment of past compliance level of a trader.
5. Improved customs procedures for the valuation of goods. The current problem is that Zambia Revenue Authority does not accept the dutiable value as indicated on some invoices, resulting in lengthy appeals procedures.
6. Improved customs procedures through the automated ASYCUDA web platform, especially functional issues related to poor IT network of ASYCUDA (e.g., no back up and frequent outages).

7. Enhanced coordination and notification of changes regional transit procedures. For example, there should be advanced notice every time the DRC and/or Zimbabwe is about to make changes in transit procedures.
8. OSBP: Improve efficiency of operations at the Chirundu OSBP with Zimbabwe and rollout the OSBP concept to other border posts as well.

## **Southern Africa Regional Priority Trade Facilitation Measures**

1. Improved border management and coordination.
2. Enhanced electronic clearing for customs, IT connectivity and information exchange at borders.
3. Removal of NTBs such as import restrictions, customs delays, or other systems preventing or impeding trade.
4. Improved physical infrastructure at ports and border posts as well as on roads and rail networks.
5. NSW: An online platform that allows traders to process trade documents (like applications and payments for licenses and/or certificates; processing of customs declarations, etc.), with a single entry point.
6. Simplified and harmonized documentation for trade, in particular for small traders.
7. Enhanced coordination of regional transit procedures.
8. Stronger risk management systems: An intervention for customs officers implement improved risk management practices and tools so they do not have to examine all shipments, but apply their scarce resources to more risky imports determined by an assessment of past compliance level of a trader.

# ANNEX VI: KII AND ONLINE SURVEY FINDINGS ON RANKING THE TFMS

## Priority Ranking of TFMs

The overall ranking was determined by the frequency that KII respondents raised a specific TFM as a priority across the respondent categories. Table 1 below lists the TFMs and cross-cutting issues for trade that the assessment team anticipated would be prioritized across the five countries, as well as all other TFMs and/or crosscutting issues that emerged as priorities from the desk review and KII data. The columns note the frequency that KII respondents raised a specific TFM as a priority across the respondent categories. This information was used to select TFMs that were then examined in detail to answer assessment questions 1 through 3 in the body of this report. During the 17 KIIs, respondents chose to speak in detail on 13 TFMs which they regarded as the top priorities for implementation in Botswana. They demonstrated a high level of congruency in their top three priorities as listed below:

1. Rail and road infrastructure upgrades (10 KIIs)
2. Removal of NTBs (10 KIIs)
3. Improved CBM (nine KIIs)
4. NSW (four KIIs)
5. AEOs (two KIIs)
6. Increased efficiency of Air transport at Airports (two KIIs)

One key informant raised each of the following TFMs:

- Harmonization of customs procedures and ICT connectivity at borders
- Stronger risk management systems
- Enhanced coordination and notification of changes in regional transit procedures
- TBTs including SPS measures
- Monitoring trade corridors and borders
- Fees and charges

One key informant also raised measures to address other constraints to trade that are unrelated to trade facilitation policies and interventions (e.g. tariffs, regulatory or VAT harmonization, VAT rebate schemes, security, or corruption).

In an online survey question, respondents were asked to rank eight selected TFMs against each other in terms of how they would prioritize them for implementation in Botswana based on their potential benefits for their business.<sup>58</sup> Figure 1 demonstrates how the 29 Botswana respondents each of the eight selected TFMs, which include the following:

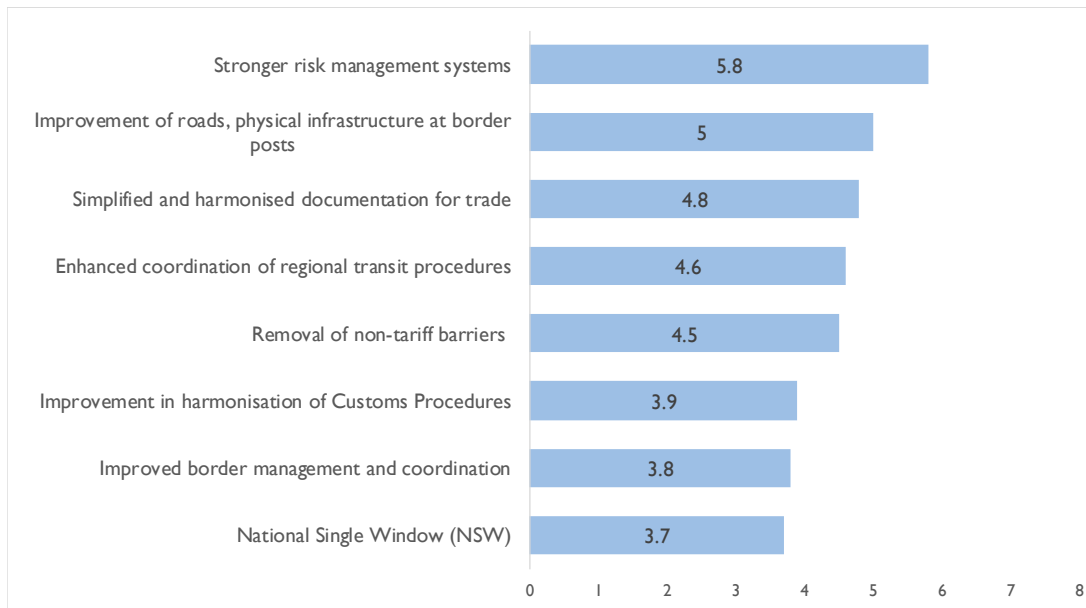
1. Improved border management and coordination
2. Improvement in harmonization of customs procedures, including enhanced electronic clearing for customs, IT connectivity and information exchange at borders, especially with South Africa
3. Removal of NTBs (such as import restrictions, customs delays, technical barriers, sanitary/ phytosanitary measures, or other systems preventing or impeding trade).

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<sup>58</sup> This question was presented in a multiple choice question format (one being the highest priority and eight being the lowest). An example of a country specific online survey instrument is presented in Annex V and the TFMs selected for each of the country specific online surveys are listed in Annex VI.

4. Improvement of roads and physical infrastructure at border posts, for example Kasungula Bridge, truck parking and rest stops
5. Simplified and harmonized documentation for trade, in particular for small traders.
6. Enhanced coordination of regional transit procedures
7. Stronger risk management systems, including the efficient use of scanners and sampling of containers
8. NSW: An online platform that allows traders to process trade documents (like applications and payments for licenses and/or certificates; processing of customs declarations, etc.), with a single entry point

**FIGURE 1: HOW ONLINE SURVEY RESPONDENTS RANKED THE EIGHT SELECTED TFMS AGAINST EACH OTHER AS A PRIORITY**



**TABLE I: FREQUENCY OF SPECIFIC TFMS RAISED AS A PRIORITY DURING THE BOTSWANA KIIS**

	<b>Final List of Priority TFMs for Botswana</b>	<b>Desk Review Priorities</b>	<b>Private - Firms - 7</b>	<b>Private - Associations - 5</b>	<b>Public Bilateral Agencies - 2</b>	<b>Donor/ Academic/ Policy Experts - 3</b>	<b>Total- 17 KIIs</b>
1	Improved CBM	✓	3	3	2	1	9
2	Harmonization of customs procedures and ICT connectivity at borders	✓	1				1
3	Stronger risk management systems	✓			1		1
4	Removal of NTBs	✓	2	4	1	3	10
5	Enhanced coordination and notification of changes in regional transit procedures	✓	1				1
6	Simplified documentation for trade, especially for small traders	✓					0
7	NSW	✓		2	1	1	4
8	Rail and road infrastructure upgrades	✓	3	5	1	1	10
9	OSBP						0
10	Trade information portal						0
11	Fees and charges			1			1
12	Efficiency at airports and linking infrastructure upgrades		2				2
13	TBTs including SPS measures					1	1
14	Monitoring trade corridors and borders		1				1
15	AEO		1	1			2
16	Simplified trade regime (STR)						0
17	Melding National Priorities with Regional Objectives						0
18	Measures to address other constraints to trade (Non-TFMs) e.g., tariffs, regulatory or VAT harmonization, VAT rebate schemes, security, corruption		1				1

Figures 2, 3, and 4 illustrate how frequently the interviewees ranked specific TFMs as their first, second, and third priorities for implementation. Some respondents declined to rank TFMs as noted in each chart. Figure 2 shows that the KII respondents most frequently cited improved CBM the most frequently and the removal of NTBs, and NSW development the second most frequently as their top priority.

**FIGURE 2: FREQUENCY COUNTS OF HOW THE KII RESPONDENTS RANKED TFMS AS THEIR FIRST PRIORITY**

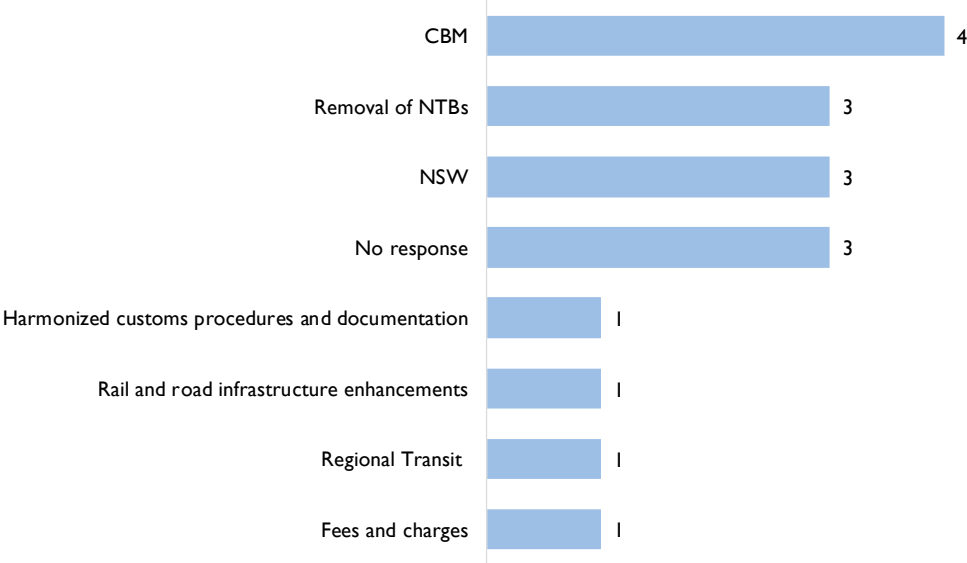


Figure 3 shows that the KII respondents most frequently cited the removal of NTBs as their second priority, followed by improved CBM, rail and road infrastructure enhancements, and harmonized regulations for the region.

**FIGURE 3: FREQUENCY COUNTS OF HOW THE KII RESPONDENTS RANKED TFMS AS THEIR SECOND PRIORITY**

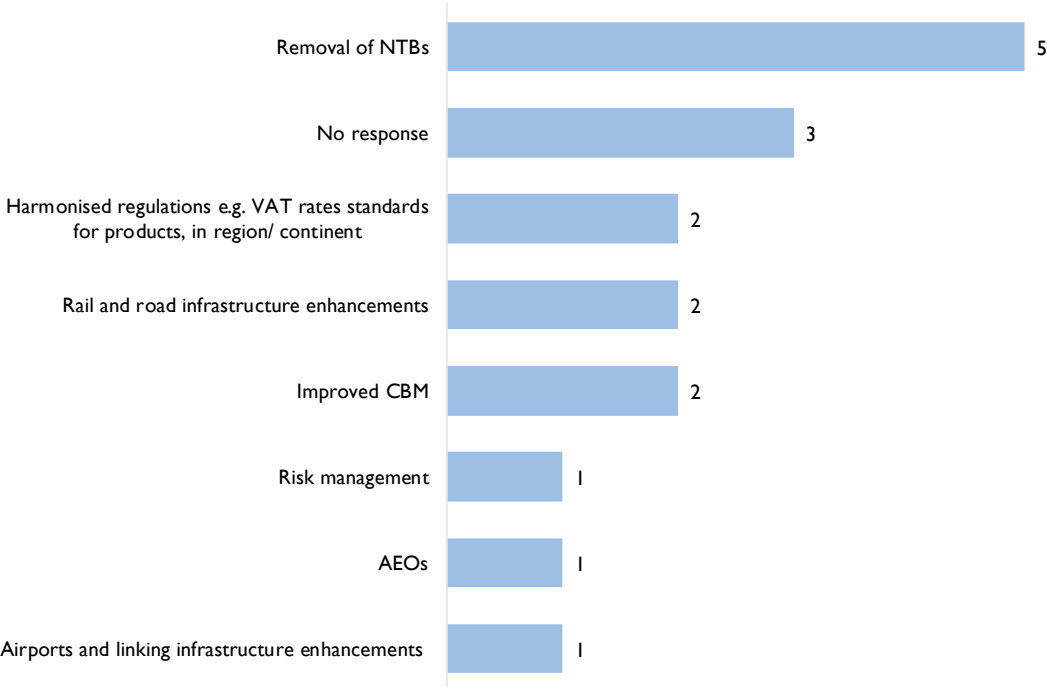


Figure 4 shows that the KII respondents most frequently cited road infrastructure enhancements as their third priority, followed by the removal of NTBs.

**FIGURE 4: FREQUENCY COUNTS OF HOW THE KII RESPONDENTS RANKED TFMS AS THEIR THIRD PRIORITY**

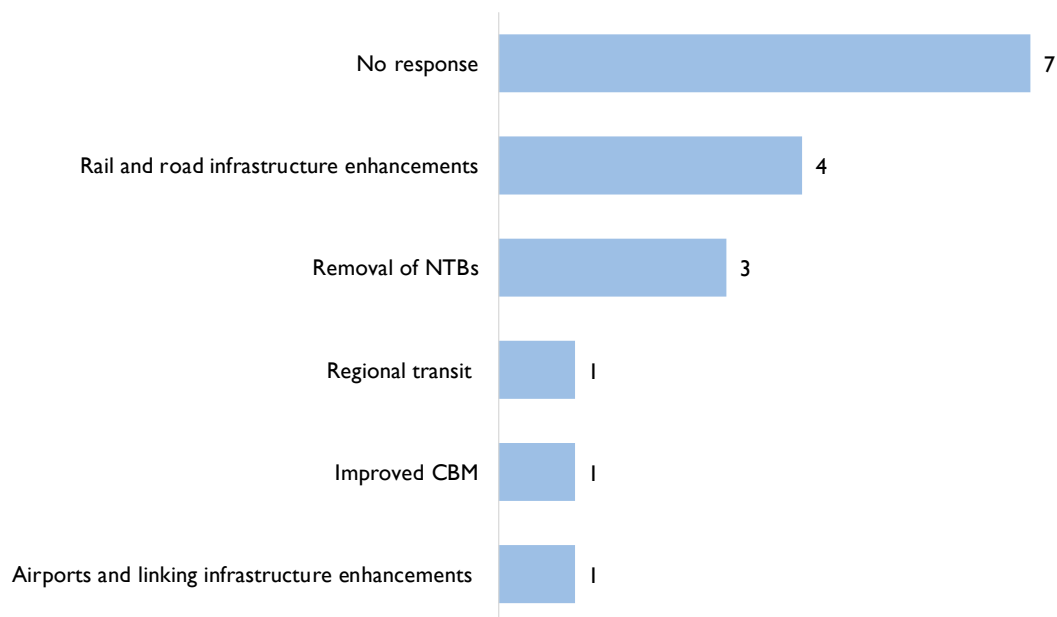


Table 2 compares how the KII and online survey respondents most frequently ranked TFMs as their highest priority. There is some alignment between the responses of the KIIs and the online survey respondents in key priority areas, such as the need to improve road and other physical infrastructure in support of trade as well as the removal of NTBs. The prioritization of risk management and simplified documentation by online respondents possibly highlights that these TFMs are more important for smaller traders in Botswana. The information collected on the online survey respondents was limited but the distribution via business associations in Botswana suggests that it reached a much wider range of firms. The KIIs tended to represent larger companies or organizations, including those who are part of the logistics supply chain. The trade experience of KIIs is likely to be more automated and formalized in a way that minimizes the frustrations associated with risk management and documentation requirements. This divergence in response indicates a gap in this assessment and an opportunity for further research on the experience of small-scale traders. Additional observations of the different prioritization between KIIs and the online survey respondents are reflected in the analysis of specific TFMs below.



**TABLE 2: FINAL TRADE FACILITATION MEASURE RANKINGS FOR THE TWO DATA SETS (HIGHEST TO LOWEST)**

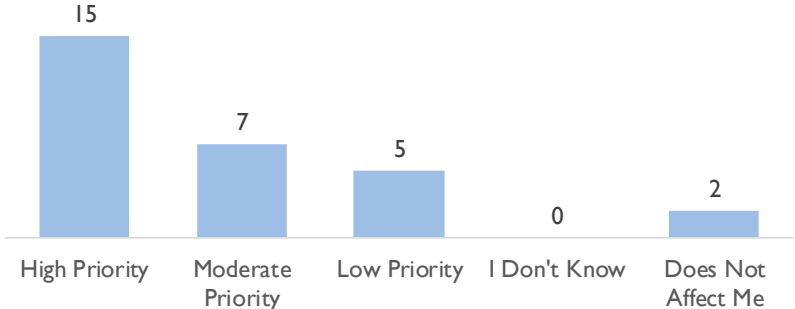
Ranking TFMs by priority for implementation in Botswana by the KII respondents	Ranking TFMs by priority for implementation in Botswana by the online survey respondents
<ol style="list-style-type: none"> <li>1. Rail and road infrastructure upgrades</li> <li>2. Removal of NTBs</li> <li>3. Improved CBM</li> <li>4. NSW</li> <li>5. AEOs</li> <li>6. Increased efficiency of air transport at airports</li> </ol>	<ol style="list-style-type: none"> <li>1. Stronger risk management systems</li> <li>2. Improvement of roads, physical infrastructure at border posts</li> <li>3. Simplified and harmonized documentation for trade</li> <li>4. Enhanced coordination of regional transit procedures</li> <li>5. Removal of NTBs</li> <li>6. Improvement of harmonization of customs procedures</li> <li>7. Improved border management and coordination</li> <li>8. National Single Window</li> </ol>

This next section presents the detailed findings on how KII and online survey respondents viewed the perceived benefits, costs and sequencing issues of the top three priority TFMs for Botswana.

**TFM Priority #1: Rail and Road Infrastructure Upgrades**

As a required question in the Botswana online survey, respondents were asked to rate how they would prioritize each of eight selected TFMs for implementation in their country based on their potential beneficial impacts for their business.<sup>59</sup> Figure 5 demonstrates how the Botswanan online survey respondents rated rail and road infrastructure upgrades as a priority for implementation in Botswana.

**FIGURE 5: HOW THE 29 ONLINE SURVEY RESPONDENTS RATED ROAD INFRASTRUCTURE UPGRADES AT BORDER POSTS AS A PRIORITY FOR IMPLEMENTATION IN BOTSWANA**



<sup>59</sup> This question was presented in a multiple choice question format (high priority, moderate priority, low priority, not relevant for my business or do not know). An example of a country specific online survey instrument and the eight TFMs selected for South Africa are in Annex VII.

**TABLE 3: KEY INFORMANT INTERVIEW FINDINGS FOR BOTSWANA TFM PRIORITY #1: RAIL AND ROAD INFRASTRUCTURE**

Assessment questions and sub-questions	Private sector - firms 3/7 <sup>60</sup>	Private sector – associations 5/5	Public sector - bi- and multi-lateral agencies 1/2	Donors/ Academics/ Policy experts 1/3
<b>TFM # 1 RAIL AND ROAD INFRASTRUCTURE</b>				
<b>Assessment Question 1: What is the potential range of benefits associated with implementation? #of yes responses</b>				
Reduced time to trade	3	5	1	1
Reduced cost to trade?	3	3	1	1
Reduced paperwork and administration?	0	0	0	0
More certainty when goods get to market?	3	5	1	1
More certainty on costs to trade?	3	3	1	1
More firms/ association members interested in beginning international trade?	2	Yes- 2 Maybe- 2	Not asked - 1	1
<b>Assessment Question 2: What is the potential range of costs associated with the implementation of CBM?</b>				
Estimated cost to implement?	Don't know - 2 Not asked - 1	Expensive but I don't know - 3 Not asked - 2	Don't know - 1	> 5 million USD - 1
How much time do [public sector] respondents think is required for government to implement this measure? <sup>61</sup>	Not asked - 3	Not asked - 5	Don't know - 1	> 2 years - 1
What types of costs/ resources do public sector respondents think are required to implement this TFM?	Not asked - 3	Not asked - 5	<ul style="list-style-type: none"> <li>• Staff training, particularly on ICT – 1</li> <li>• New infrastructure: <ul style="list-style-type: none"> <li>○ ICT infrastructure</li> <li>○ Construction of roads and railway (such as trans Kalahari)</li> </ul> </li> <li>• Improved internet connectivity in the country -1</li> </ul>	Hard infrastructure

60 Number of KII respondents by category that answered the TFM specific questions for CBM out of the total number of respondents for that category.

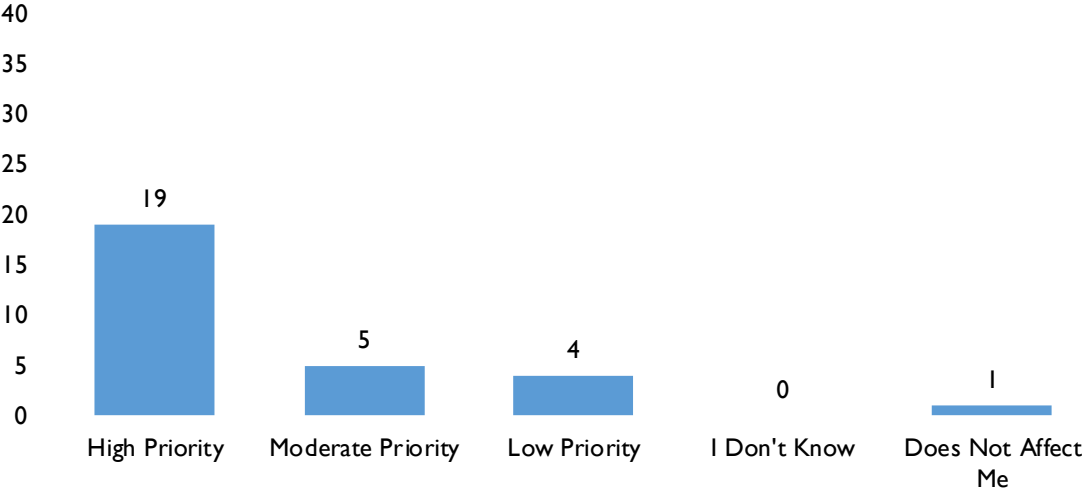
61 The questions on the amount of time and types of costs/resources required to implement each TFM were included in the KII instruments for and directed to public sector and policy experts, academics or other donors only, unless a private-sector respondent was knowledgeable about the costs.

Assessment questions and sub-questions	Private sector - firms 3/7 <sup>60</sup>	Private sector – associations 5/5	Public sector - bi- and multi-lateral agencies 1/2	Donors/ Academics/ Policy experts 1/3
Which of these types of costs would be the biggest government expense?			New infrastructure	Hard infrastructure
<b>Assessment Question 3: What is the feasibility and timeframe of the implementation of TFM priority #1?</b>				
Are there other measures or steps that need to be taken before this TFM can be implemented?	Yes - I	Yes - I Maybe - I	Yes - I	Yes - I
If yes, what are the steps or measure that need to be undertaken before implementation of this TFM?	Proper planning is required and thinking about future needs (e.g. when Kasungula Bridge is complete – is Botswana ready to take more truck traffic?)	Maybe – need to make sure border posts are operating efficiently for Kasungula bridge to be used to full potential Yes – bridge won't solve congestion – need to have systems for smooth passage of goods in the region e.g. regional transit arrangements that don't require checking at every border.	Proper planning and coordination	Projects need proper planning and preparation if they are going to attract financing. Work with private sector (e.g. NBF) to help in this way.

## TFM Priority #2: Removal of NTBs

As a required question in the Botswanan online survey, respondents were asked to rate how they would prioritize each of eight selected TFMs for implementation in their country based on their potential beneficial impacts for their business. Figure 6 demonstrates how the eight Botswanan online survey respondents rated the Removal of NTBs as a priority for implementation in Botswana.

**FIGURE 6: HOW ONLINE SURVEY RESPONDENTS RATED THE REMOVAL OF NTBS AS A PRIORITY FOR IMPLEMENTATION IN BOTSWANA**



**TABLE 4: KEY INFORMANT INTERVIEW FINDINGS FOR BOTSWANA TFM PRIORITY #2: REMOVAL OF NTBS**

Assessment questions and sub-questions	Private sector - firms 2/7 <sup>62</sup>	Private sector - associations 4/5	Public sector agencies 1/2	Policy experts/ donors 3/3
<b>TFM # 2: REMOVAL OF NTBS</b>				
<b>Assessment Question 1: What is the potential range of benefits associated with implementation of TFM Priority #2?</b>				
Reduced time to trade	2	3 (1 maybe)	1	2
Reduced cost to trade?	2	4	1	2
Reduced paperwork and administration?	0	0	1	0
More certainty when goods will get to market?	2	3	1	2
More certainty on costs to trade?	2	3	1	2
More businesses interested in beginning international trade?	2	1	N/A	2
<b>Assessment Question 2: What is the potential range of costs associated with the implementation of TFM Priority #2?</b>				
Estimated cost to implement?	Don't know - 2	Don't know – 2 Not asked - 2	Don't know - 1	Less than \$1m dollars - 1 Varies – 1 Won't cost the govt \$ to implement - 1
How much time is required for government to implement? <sup>63</sup>	Not asked - 2	Not asked - 4	Don't know - 1	Govt will not implement – 1 Less than 1 year - 1 More than 18 months - 1
What types of costs/ resources do public sector respondents think are required to implement this TFM?	Not asked - 2	Not asked - 4	Staff training - 1 Other - Harmonized trade regulations/legislation with neighbors - 1	On New Equipment/ training staff and hiring new staff: 2 - No/ 1-Don't know Other resources required to implement: Education - 1 Consultation with SA and also better communication with private sector - 1 hard infrastructure - 1

62 Number of KII respondents by category that answered the TFM specific questions for CBM out of the total number of respondents for that category.

63 The questions on the amount of time and types of costs/resources required to implement each TFM were included in the KII instruments for and directed to public sector and policy experts, academics or other donors only, unless a private-sector respondent was knowledgeable about the costs.

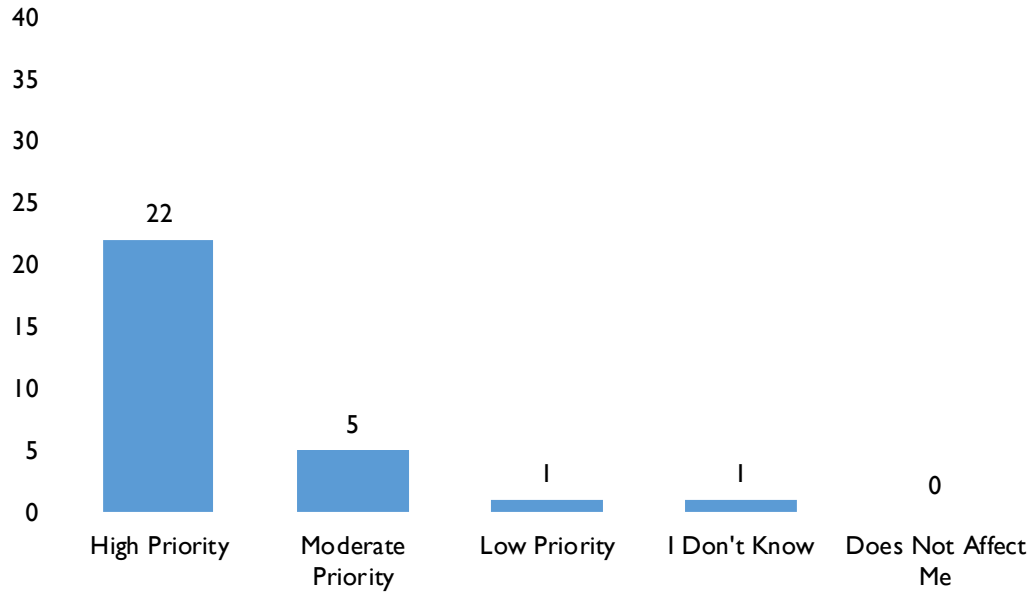
Assessment questions and sub-questions	Private sector - firms 2/7 <sup>62</sup>	Private sector - associations 4/5	Public sector agencies 1/2	Policy experts/ donors 3/3
Which would be the biggest expense to implement this measure?			Other: Harmonized trade regulations/legislation with neighbors - 1	Consultation with SA and also better communication with private sector – 1 Don't know – 1 No response - 1
<b>Assessment Question 3: What is the feasibility and timeframe of the implementation of TFM priority #2?<sup>64</sup></b>				
Are there other steps that need to be taken before implementation?	No - 1 Don't know - 1	Yes - 1 No - 3	No response / not asked - 1	None - 3
If yes, what are the steps or measure that need to be undertaken before implementation of this TFM?	Not sure – maybe more automation but really just need to get discipline into the system.	Technology (e.g. proper tracking devices on trucks) is a good starting point – the less money a driver is carrying the less likely he is to be asked to pay bribes and the more likely he can negotiate his way out of corruption. Skills development for drivers is needed.		N/A

<sup>64</sup> Feasibility and sequencing sub-questions directed to all respondent categories.

### Trade Facilitation Measure Priority #3: Improved CBM

As a required question in the Botswana online survey, the 29 respondents were asked to rate how they would prioritize each of eight selected TFMs for implementation in their country based on their potential beneficial impacts for their business. Figure 7 demonstrates how the eight Botswana online survey respondents rated improved CBM as a priority for implementation in Botswana.

**FIGURE 7: HOW ONLINE SURVEY RESPONDENTS RATED IMPROVED CBM AS A PRIORITY FOR IMPLEMENTATION IN BOTSWANA**



**TABLE 5: KEY INFORMANT INTERVIEW FINDINGS FOR BOTSWANA TFM PRIORITY #3: IMPROVED CBM**

Assessment questions and sub-questions	Private sector - firms 3/7	Private sector - associations 3/5	Public sector - bi- and multi-lateral agencies 2/2	Donors/ Academics/ Policy experts 1/3
<b>TFM # 2: Improved CBM</b>				
<b>Assessment Question 1: What is the potential range of benefits associated with implementation of TFM Priority #3? #of yes responses</b>				
Reduced time to trade	3	3	2	1
Reduced cost to trade?	2	3	1	1
Reduced paperwork and administration?	2	2	1	Maybe - 1
More certainty when goods get to market?	3	3	2	1
More certainty on costs to trade?	2	3	1	1
More firms/ association members interested in beginning international trade?	Maybe – 1 n/a - 1	3	n/a - 1 don't know 1	1
<b>Assessment Question 2: What is the potential range of costs associated with the implementation of TFM Priority #3?</b>				
Estimated cost to implement?	< 1 million USD - 1 Don't know – 2	Not asked - 3	Don't know - 2	- Don't know - 1
How much time do [public sector] respondents think is required for government to implement this measure? <sup>65</sup>	- Not asked - 3	Not asked - 3	> 18 months - 1 Don't know - 1	Don't know – 1
What types of costs/ resources do public sector respondents think are required to implement this TFM?	Not asked – 3	Not asked - 3	Staff training – 2 (esp. Training of border officials) Other - Streamline mandate of different agencies to ensure synergy and reduce unhealthy competition - 1	Staff training - 1 Other - facilitation of engagement including with private sector - 1
Of these types of costs, which would be the biggest government expense to implement this measure?			Staff training (training of border officials)- 1	Staff training - 1
<b>Assessment Question 3: What is the feasibility and timeframe of the implementation of TFM priority #3?</b>				
Are there other measures or steps that need to be taken before this TFM can be implemented?	Yes - 1 No - 2 Don't know - 1	No - 3	No - 1 No response - 1	No - 1

<sup>65</sup> The questions on the amount of time and types of costs/resources required to implement each TFM were included in the KII instruments for and directed to public sector and policy experts, academics or other donors only, unless a private-sector respondent was knowledgeable about the costs.



Assessment questions and sub-questions	Private sector - firms 3/7	Private sector - associations 3/5	Public sector - bi- and multi-lateral agencies 2/2	Donors/ Academics/ Policy experts 1/3
If yes, what are the steps or measure that need to be undertaken before implementation of this TFM?	Automation/electronic systems would help – some loads go through a border post with 15-16 documents that all need to be printed out and filed manually.			

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