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# SOUTH AFRICA REPORT

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

**NOVEMBER 10, 2016**

This publication was produced for review by the United States Agency for International Development. It was prepared by Management Systems International, A Tetra Tech Company, for the E3 Analytics and Evaluation Project.

# SOUTH AFRICA REPORT

## ASSESSMENT OF SELECTED TRADE FACILITATION MEASURES IN SOUTH AFRICA

Contracted under AID-OAA-M-13-00017

E3 Analytics and Evaluation Project

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### **DISCLAIMER**

The author's views expressed in this publication do not necessarily reflect the views of the United States Agency for International Development or the United States Government.

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## ACRONYMS

ASYCUDA	Automated System for Customs Data
BMA	Border Management Agency (South Africa)
CBM	Coordinated Border Management
CBRTA	Cross Border Road Transport Agency
CCB	Customs Control Bill
CDB	Customs Duty Bill
DAFF	Department of Agriculture, Forestry and Fisheries (South Africa)
DBSA	Development Bank of South Africa
DHA	Department of Home Affairs
DRC	Democratic Republic of the Congo
DTI	Department of Trade and Industry (South Africa)
E3	Bureau for Economic Growth, Education and Environment (USAID)
FESARTA	Federation of East and Southern African Road Transport Associations
GCI	Global Competitiveness Index (WEF)
GDP	Gross Domestic Product
JICA	Japanese International Cooperation Agency
KAP	Key Action Plan
KII	Key Informant Interview
KZN	KwaZulu-Natal
LPI	Logistics Performance Index (World Bank)
M&E	Monitoring and Evaluation
MCLI	Maputo Corridor Logistics Initiative
MSI	Management Systems International
MTEF	Medium Term Expenditure Framework (South Africa)
MTSF	Medium Term Strategic Framework (South Africa)
NEDLAC	National Economic Development and Labor Council
NSW	National Single Window
NDP	National Development Plan (South Africa)
NTB	Non-Tariff Barrier (to trade)
OECD	Organisation for Economic Co-operation and Development
OSBP	One-Stop Border Post
RKC	Revised Kyoto Convention
SAAFF	South African Association of Freight Forwarders

SACU	Southern Africa Customs Union
SADC	Southern Africa Development Community
SARS	South African Revenue Service
SEZ	Special Economic Zone
SME	Small and Medium-Sized Enterprises
SOW	Statement of Work
SPS	Sanitary/Phytosanitary
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 Programme (SADC)
TRR	Office of Trade and Regulatory Reform (USAID/E3)
USAID	United States Agency for International Development
WCO	World Customs Organization
WEF	World Economic Forum
WTO	World Trade Organization

## EXECUTIVE SUMMARY

The trade facilitation measure (TFM) assessment is intended to provide useful guidance to USAID/Southern Africa in its oversight of future trade facilitation (TF) related activities. This report presents results from the South Africa assessment, one of the five countries selected by USAID for the study. The assessment focuses on capturing stakeholders' informed views on the future costs of and benefits from TFM implementation. It is not intended to assess the costs and benefits of trade measures that have already been implemented.

To guide the approach for the assessment and ensure that its findings align with USAID's purpose and intended uses, 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?
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?

The priority TFMs for action in South Africa are ranked as follows:

1. Coordinated border management (CBM), including enhanced national mechanisms, such as the proposed Border Management Agency (BMA), and with neighbors such as Zimbabwe (at Beitbridge), Mozambique and Botswana.
2. Removal of non-tariff barriers (NTB) related to corruption and a harmonization of policies.
3. Improved trade-related and supporting infrastructure.

The rankings are based on key informant interviews (KII), an online survey of sector stakeholders, as well as the expertise of the assessment team. There was some variance in ranking between respondent groups; harmonized and simplified documentation for trade was the top-ranked priority among the survey respondents. This presents an opportunity to further explore the differences in the TF experience of larger firms in South Africa versus smaller operators as part of future research.

## Main Findings and Conclusions

**Coordinated Border Management.** Drawing particularly on the KII findings, the assessment team determined that improving CBM at Beitbridge would offer the largest range of benefits for South African traders. It is the single most important border post for TF in southern Africa and KII respondents prioritized it as a critical TFM. It should be noted that while the benefits are extensive, the cost of implementing reforms at Beitbridge are also high; and this is a complex political economy problem that will require a phased approach. Addressing this TFM could be broken down into smaller activities and then tackled consecutively until the situation in Zimbabwe allows for a more comprehensive approach to the problem.

Another aspect related to CBM is the relationship between the various national agencies involved in TF at border posts. Given the timing of this research, there was considerable interest from respondents in the proposed BMA for South Africa and its implications for TF. Enhanced national level cooperation is desired. But some respondents expressed skepticism about the potential for the BMA because the draft

legislation to realize these outcomes is set out in a manner where the benefits would outweigh the significant costs involved.

**Removal of Non-Tariff Barriers.** The removal of NTBs presents immediate and tangible benefits, particularly in reducing the cost of transport in South Africa and the rest of the region. Solutions to several NTBs could also be relatively inexpensive; therefore, the assessment team ranked it as the second most cost-effective issue that should receive attention. The challenge is the dynamic nature of NTBs and the political economy challenges related to issues such as corruption and lack of policy harmonization. Short of an agenda that attempts eliminating all NTBs in the short term, the challenges suggest a nuanced and adaptive approach would work. Also, tackling just a few critical issues, such as coordinating border opening hours and implementing a performance management system for customs officials, could result in improved TF.

**Trade-Related and Supporting Infrastructure.** Stakeholders broadly considered that there are solid plans already designed to improve the functioning of seaports in South Africa and to strengthen the trade-supporting infrastructure, such as special economic zones (SEZ). The key will be implementing these plans in a timely and efficient fashion.

The assessment team also called attention to two other priority TFMs that several key stakeholders in South Africa mentioned.

First, **corridor and border monitoring** was proposed as a way to provide a baseline that can be the basis for more consistent tracking of trends in regional TF as well as indirectly increasing the certainty around the time to trade goods in the region. Second, respondents identified the need to continue with improvements to **rail and road infrastructure**. They called for breaking down projects into manageable components that can be implemented in a manner that is aligned with regional objectives.

Respondents interviewed for this report identified three other constraints to trade in South Africa that are not directly related to specific TFMs. First, the **security** situation for road transporters is a priority for operators or regulators. They described it as a significant contributor to the high costs of transport in southern Africa, with organized crime syndicates operating in South Africa, Mozambique and the Democratic Republic of the Congo (DRC) mentioned. Second, some stakeholders questioned the commitment of governments to **regional integration and political will**. They regularly mentioned this as a reason for the lack of implementation of several TFMs. Third, some South African respondents made observations on the **regional context** for TF. They noted the challenge of information sharing in the Southern Africa Customs Union (SACU) due to the complex revenue sharing formula, as well as the ongoing political and economic crisis in Zimbabwe.

Based on the findings and conclusions of this research, the following recommendations are proposed in this report.

## National Level Recommendations

### USAID

- USAID should deploy border management and trade experts to southern Africa to identify key interventions and their sequence.
- USAID should facilitate a workshop between key stakeholders in South Africa to understand the practical implications (e.g., ownership of cargo at points along the supply chain) of the new customs legislation that is expected to enter into force in 2017.



- USAID should host a joint study tour for South African officials and private-sector representatives to consider the experience of other countries, such as Australia, Canada and the U.S., in establishing a BMA.
- USAID should identify potential private-sector associations that it can support through capacity building initiatives, project support, research, training, etc. to advocate more effectively on TF issues at the national and regional levels.
- USAID should work with South African stakeholders to develop a model for an authority for the North-South Corridor.

## **USAID and the International Donor Community**

- International development partners, including USAID, should form a coordination mechanism with the South African Revenue Service (SARS) and other South African government agencies, such as the Department of Trade and Industry (DTI), the Department of Agriculture, Forestry and Fisheries (DAFF) and the BMA, to have regular discussions on TF activities that could be jointly supported in South Africa and the rest of the region.

## **Government of South Africa**

- The South African government should include private-sector representatives in the National Trade Facilitation Committee.
- The South African government should ratify the World Trade Organization (WTO) Trade Facilitation Agreement (TFA).

## **South African Private Sector**

- South African private-sector firms should support the work of business associations that have the potential to advocate for improved TF, including at the regional level.

## **Regional Level Recommendations**

### **USAID**

- USAID should undertake a monitoring visit to Beitbridge to better understand CBM challenges for this important crossing.
- USAID should act as a facilitator for engagements between Zimbabwe and South Africa on Beitbridge, including in partnership with other international development organizations like the Japanese International Cooperation Agency (JICA).
- USAID should explore options for supporting the greater automation of customs procedures and processes in southern Africa as part of a regional TFM approach.
- USAID should partner with SARS to support its activities on TF in SACU and through its bilateral arrangements with other southern African countries. This could include the roll out of a performance management module developed by the United Nations Conference on Trade and Development that can be used in Automated System for Customs Data (ASYCUDA) systems.
- USAID, in cooperation with other international development partners and regional organizations, should support regular time-release studies at border posts in southern Africa.

### **USAID and Other International Partners**

- International development partners, including USAID, should coordinate activities aimed at establishing a corridor and border-monitoring platform for the Southern Africa Development Community (SADC).

## **Tripartite Free Trade Area Member States from SADC, Common Market for Eastern and Southern Africa (COMESA) and East African Community (EAC)**

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

## **Opportunities for Future Research**

- USAID should sponsor more detailed research on issues suggested by this study that are critical to facilitating trade, including in other key countries in southern Africa such as Zimbabwe and Mozambique.
- USAID should support the use of the online survey tool developed as part of this study on a more regular basis (e.g., annually). This would create as a cost-effective means of tracking broad trends in private sector viewpoints across the region on priority TF issues over time.
- USAID should undertake additional research focused on the political economy of NTBs in the region with a view to understanding the challenges of removing them and identifying actionable items that could be supported to address particular barriers.
- USAID and/or other international development partners should support a meta study of the time-release studies that have been done at key border posts in the region, such as Beitbridge, to undertake a detailed process analysis over time to identify trends and recommended changes.

# INTRODUCTION

This Malawi country report is one of a series of products for an assessment examining the anticipated costs and benefits associated with implementing selected TFMs in South Africa. The assessment was commissioned by the United States Agency for International Development's (USAID) Southern Africa Mission and the Trade and Regulatory Reform Office within USAID's Bureau for Economic Growth, Education and Environment (E3/TRR) and USAID/Southern Africa. The E3 Analytics and Evaluation Project conducted this assessment, and USAID's Statement of Work (SOW) for the study is included as Annex I.

From April to June 2016, the assessment team conducted a desk review and field research. The deliverables for this assessment include:

- Five stand-alone country reports, one for each of the five countries studied, including Botswana, Malawi, Namibia, South Africa and Zambia.
- An overall final report that consolidates the primary findings, conclusions and recommendations from all five country reports, as well as any 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 unnecessary delays and costs increases trade, 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 Organisation for Economic Co-operation and Development (OECD), for sub-Saharan African countries, a 4.5-day reduction at the border would generate approximately 10 percent increased exports with OECD countries and greater increases for exports to other regions.<sup>1</sup>

Given the prominence of TF 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 in implementing the WTO 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.
- Enhance the movement of goods in transit (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 support for capacity building before implementation.

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<sup>1</sup> Wilson, N., (2009). Examining the effect of certain customs and administrative procedures on trade. OECD Trade Policy Studies, 51-79.

## Southern Africa Development Community's Trade Facilitation Programme

The assessment examined TFMs that are based primarily on those described in the SADC's Trade Facilitation Programme (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 TF 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 such measures as national single windows (NSW), trade information portals, appeals procedures and an inter-regional transit management system.

While there is recent research on the positive effects of TF generally, there is a dearth of reliable quantitative information on the cost of implementation of specific TFMs (Duval, 2006).<sup>2</sup> This is especially the case for southern Africa. In the absence of quantitative information on the costs and benefits of TF, Duval (2006) argued that expert surveys, even with their limitations, could be used to examine the relative cost of implementing a range of TFMs.<sup>3</sup>

### Purpose, Audience and Uses

The TFM assessment is intended to provide useful guidance to USAID/Southern Africa in its oversight of future TF related activities. The assessment is not intended to assess the costs and benefits of trade measures that have already been implemented, but will instead focus on capturing stakeholders' informed views on the future costs of and benefits from TFM implementation. The assessment focuses 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 TF, industry and economic growth promotion, revenue collection and customs functions, as well as the SADC Secretariat, the 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 TF in the region. In particular, this is intended to generate evidence not available from other sources that will guide USAID in advising and assisting host country governments that request support in deciding how to implement WTO TFA "Category C" TFMs, and other national and regional-level TF 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:

- I. What is the potential range of benefits associated with the implementation of specific TFMs or categories of TFMs?

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<sup>2</sup> Yann D., (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>3</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.

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

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?

## Assessment Methodology

The assessment used a mixed-methods approach to generate and triangulate evidence about the perceptions of a wide spectrum of stakeholders as to the relative importance of TFMs, and how best to sequence them in the countries of study.

Data collection methods and sources included comprehensive reviews of national and regional level policy documents and secondary data, in-depth semi-structured KII with knowledgeable stakeholders, as well as 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 from private-sector actors involved in different aspects of cross-border trade.

The assessment report also provides some descriptive statistics for analyzing collected data. The assessment team used these findings to build conclusions on the optimal selection and sequencing of TFMs and recommendations for implementing TF interventions in each country of study. These recommendations will enable USAID and government counterparts to make informed decisions for future programming. Annex II provides a detailed description of the methodology used in this assessment.

## Organization of the Country Report

The assessment team organized this report as follows:

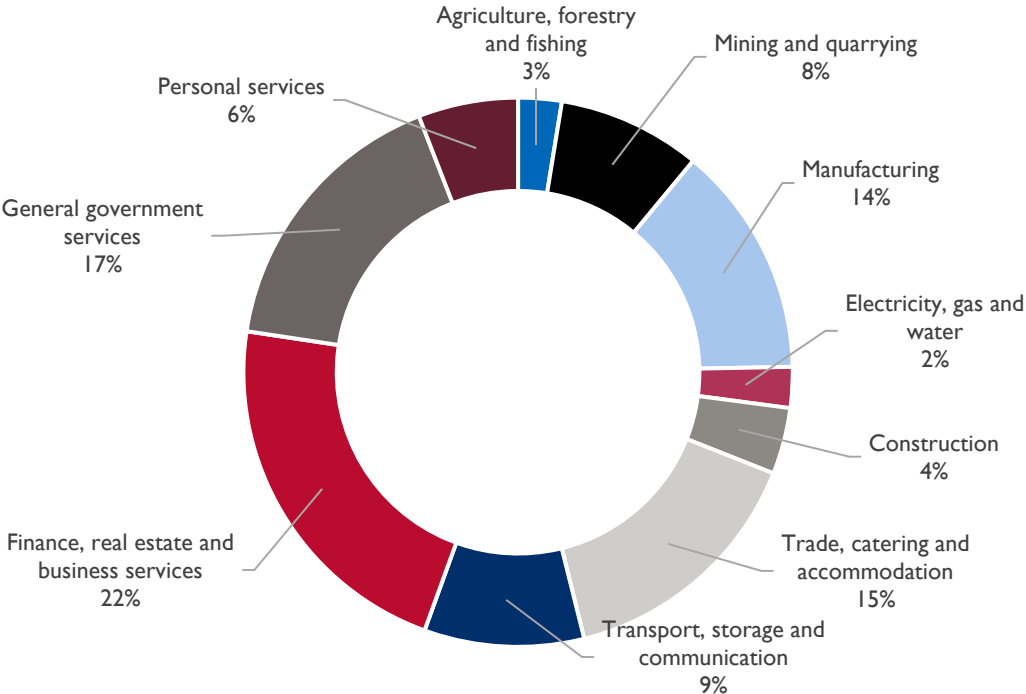
- The first section presents key TF and economic data and information. Together, they intend to provide an understanding for implementing recommended TFMs and interventions.
- The second section offers the findings for Assessment Question 4, detailing how respondents ranked the various TFMs in order of importance for implementation. This includes a table that lists the TFMs 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 South Africa KII data.
- The third section presents the findings on the key obstacles and challenges to trade as identified by the KII respondents.
- In the fourth section, the findings for Assessment Questions 1 through 3 (benefits, costs and sequencing considerations) are presented for each TFM that was selected as a priority.
- After the findings, conclusions are presented, ranking the TFMs in terms of priority for implementation in South Africa. The assessment team applied their collective subject matter expertise to interpret all findings to develop these conclusions.
- Finally, the report offers recommendations that are addressed to USAID and other key players.

# COUNTRY CONTEXT AND ANALYSIS

## Structure of the Economy

South Africa has a comparatively robust economy. Beyond having rare natural resources, including ores, minerals, fresh water and arable land, the country’s secondary and tertiary sectors contributes substantially to its economy. Primary sectors’ outputs are sensitive to global commodity prices, which have declined since 2011. This trend is reflected in the fluctuation of mining and quarrying sector’s contribution to real gross domestic product (GDP) in the medium term to its economy; while agricultural commodities are similarly sensitive, environmental conditions have a more direct impact on their outputs.

**FIGURE 1: 2015 INDUSTRY VALUE ADDED AND REAL GROSS DOMESTIC PRODUCT (CONSTANT 2010 PRICES)**



Source: StatsSA, 2016

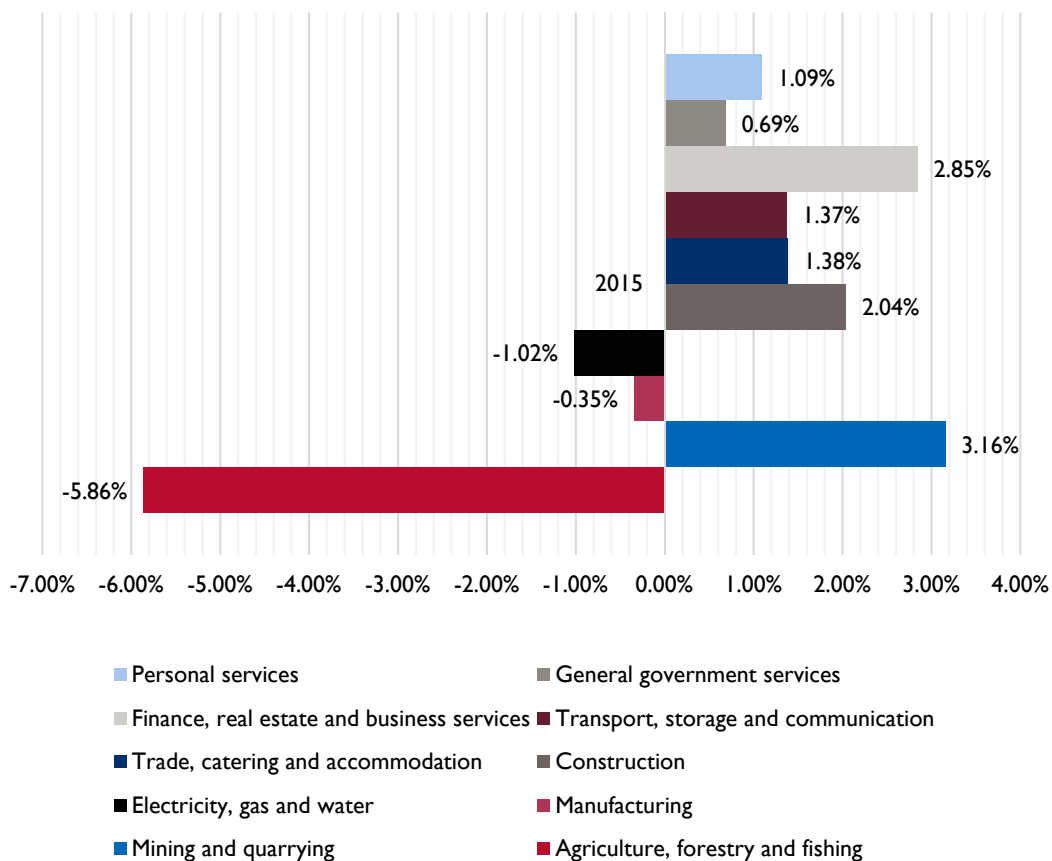
Over the long term, its secondary sector (manufacturing) has declined in importance over the past 20 years, with a marked slowdown since 2013. The electricity, gas and water sector’s share of the economy has also declined since 2011. Fortunately, South Africa has an enviable financial sector — ranked 12<sup>th</sup> in the World Economic Forum’s (WEF) Global Competitiveness Report — which is by far the largest contributor to its GDP. The remaining tertiary sectors (personal services, government services, transport, trade and storage) are also experiencing real year-on-year growth.

Unfortunately, the country’s current economy is built on structures that was geared towards serving the minority population. Bridging this structural gap and pulling more citizens into the formal economy has been the focal point of many growth policies in the past.

Over the next five years, the Medium Term Strategic Framework (MTSF)<sup>5</sup>, which focuses on the points below, will address South Africa’s structural constraints.

1. Radical economic transformation, rapid economic growth and job creation.
2. Rural development, land and agrarian reform and food security.
3. Ensuring access to adequate human settlements and quality basic services.
4. Improving the quality of and expanding access to education and training.
5. Ensuring quality health care and social security for all citizens.
6. Fighting corruption and crime.
7. Contributing to a better Africa and a better world.
8. Social cohesion and nation building.

**FIGURE 2: 2015 INDUSTRY VALUE ADDED AND GROSS DOMESTIC PRODUCT (CONSTANT 2010 PRICES, % CHANGE YEAR-ON-YEAR)**



Source: StatsSA, 2016

<sup>5</sup> The MTSF (2014-2019) is the “South African government’s strategic plan for the 2014-2019 electoral term and reflects the commitments made in the election manifesto of the governing party, including the commitment to implement the National Development Plan (NDP). The MTSF sets out the actions the government will take and targets to be achieved. It also provides a framework for the other plans of national, provincial and local government.” <http://www.dpme.gov.za/keyfocusareas/outcomesSite/Pages/default.aspx>.

## Regional Trade Performance

Historically, South Africa has enjoyed a positive trade balance with the SADC, even though the margins fluctuate a lot. No clear trend is visible looking at the trade balance in isolation, but the trade surplus for the last five years seems to teeter around USD 16 billion.

As shown in Table I, South Africa's largest trading partners in the SADC are its bordering SACU member states Botswana and Namibia, which have small populations, but benefit from participation in a customs union. Mozambique, with a population more than 10 times greater than Namibia's, is the third largest export destination for South Africa in the region, followed by Zambia in fourth position.

**TABLE I: SOUTH AFRICA'S TRADE BALANCE WITH SOUTHERN AFRICA DEVELOPMENT COMMUNITY'S MEMBER STATES (IN USD '000)**

Trading Partners among SADC Member States	Trade Balance in Value in 2015
Angola	\$ -688 274,00
Botswana	\$ 3 717 724,00
DRC	\$ 929 324,00
Lesotho	\$ 905 444,00
Madagascar	\$ 17 511,00
Malawi	\$ 312 961,00
Mauritius	\$ 112 704,00
Mozambique	\$ 1 516 176,00
Namibia	\$ 3 645 795,00
Seychelles	\$ 60 404,00
Swaziland	\$ 165 401,00
Tanzania, United Republic of	\$ 513 088,00
Zambia	\$ 2 115 936,00
Zimbabwe	\$ 1 683 751,00
<b>SADC aggregation</b>	<b>\$ 15 007 945,00</b>

Source: TradeMap

As the trade balances in Table I show, these trade streams are fairly one sided, the exception being Angola. South Africa imported USD 1.36 billion in 2015 from Angola (predominantly high-value oil products) but only exported USD 669 million; along with Swaziland (USD 1.1 billion imports in 2015) and Mozambique (USD 812 million imports in 2015), these states are South Africa's most valuable supplying countries or import partners.

Within the SADC, South Africa enjoys a trade surplus in most product categories. However, South Africa does not necessarily have trade surpluses in these categories on the global scale. The shaded rows in Table 2 and 3 indicate the categories with which South Africa has a global trade surplus. In the 2015 dataset, South Africa enjoyed a trade surplus in 81 out of the 96 product categories.



**TABLE 2: BILATERAL TRADE BETWEEN SOUTH AFRICA AND THE SOUTHERN AFRICA DEVELOPMENT COMMUNITY BY PRODUCT AT HS-2<sup>6</sup> (IN USD '000) - TOP 10**

Product Code	Product Label	Balance in Value in 2015
'84	Machinery, nuclear reactors, boilers, etc.	\$ 2 334 974,00
'87	Vehicles other than railway, tramway	\$ 1 834 645,00
'85	Electrical, electronic equipment	\$ 1 002 641,00
'73	Articles of iron or steel	\$ 827 738,00
'39	Plastics and articles thereof	\$ 706 114,00
'72	Iron and steel	\$ 590 451,00
'22	Beverages, spirits and vinegar	\$ 406 789,00
'48	Paper and paperboard, articles of pulp, paper and board	\$ 398 516,00
'31	Fertilizers	\$ 377 339,00
'34	Soaps, lubricants, waxes, candles, modelling pastes	\$ 376 743,00

Source: TradeMap

Rather unsurprising, South Africa's main import products by value in 2015 from the SADC included mineral fuels, oils, distillation products, etc., along with essential oils, perfumes, cosmetics, toiletries, and sugars and sugar confectionery.

However, South Africa has a positive trade balance within the SADC for mineral fuels, oils, distillation products, etc. and essential oils, perfumes, cosmetics, toiletries. Only in 2015 has South Africa seen a trade deficit in sugars and sugar confectionery within the SADC, historically a product category that it has a comparably large trade surplus.

**TABLE 3: BILATERAL TRADE BETWEEN SOUTH AFRICA AND THE SOUTHERN AFRICA DEVELOPMENT COMMUNITY BY PRODUCT AT HS-2 (IN USD '000) - BOTTOM 10**

Product Code	Product Label	Balance in Value in 2015
'74	Copper and articles thereof	\$ -156 236,00
'75	Nickel and articles thereof	\$ -118 621,00
'62	Articles of apparel, accessories, not knit or crochet	\$ -81 615,00
'01	Live animals	\$ -73 718,00
'03	Fish, crustaceans, mollusks, aquatic invertebrates	\$ -40 445,00
'17	Sugars and sugar confectionery	\$ -39 603,00
'79	Zinc and articles thereof	\$ -32 338,00
'52	Cotton	\$ -31 074,00
'61	Articles of apparel, accessories, knit or crochet	\$ -25 765,00
'41	Raw hides and skins (other than fur skins) and leather	\$ -23 984,00

Source: TradeMap

The final two tables in this section show the breakdown of South Africa's imports and exports by product type for 2015.

<sup>6</sup> Trade Harmonized System Classifications

**TABLE 4: SOUTH AFRICA'S IMPORTS FROM SADC, HS-2, USD '000, 2015**

Product Code	Product Label	Value in 2015
'27	Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral ...	\$ 2 023 031,00
'33	Essential oils and resinoids; perfumery, cosmetic or toilet preparations	\$ 316 905,00
'62	Articles of apparel and clothing accessories, not knitted or crocheted	\$ 231 760,00
'61	Articles of apparel and clothing accessories, knitted or crocheted	\$ 209 990,00
'74	Copper and articles thereof	\$ 192 724,00
'71	Natural or cultured pearls, precious or semi-precious stones, precious metals, metals clad ...	\$ 173 883,00
'85	Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television ...	\$ 170 216,00
'17	Sugars and sugar confectionery	\$ 165 907,00
'38	Miscellaneous chemical products	\$ 137 596,00
'84	Machinery, mechanical appliances, nuclear reactors, boilers; parts thereof	\$ 115 705,00

Source: TradeMap

**TABLE 5: SOUTH AFRICA'S EXPORTS TO SADC, HS-2, USD '000, 2015**

Product Code	Product Label	Value in 2015
'27	Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral ...	\$ 2 216 621,00
'84	Machinery, mechanical appliances, nuclear reactors, boilers; parts thereof	\$ 2 214 634,00
'87	Vehicles other than railway or tramway rolling stock, and parts and accessories thereof	\$ 1 718 004,00
'85	Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television ...	\$ 1 076 464,00
'73	Articles of iron or steel	\$ 776 262,00
'39	Plastics and articles thereof	\$ 645 004,00
'72	Iron and steel	\$ 573 858,00
'71	Natural or cultured pearls, precious or semi-precious stones, precious metals, metals clad ...	\$ 510 198,00
'22	Beverages, spirits and vinegar	\$ 475 360,00
'48	Paper and paperboard; articles of paper pulp, of paper or of paperboard	\$ 392 125,00

Source: TradeMap

## National Trade Facilitation Policy Objectives

South Africa has a number of economic policy plans and strategies that the assessment team reviewed for any specific references to TF. At the broadest level, the NDP does not mention TF, but it has a section on transport infrastructure in Chapter 4 and sets out objectives for South Africa to increase its share of global trade and strengthen regional economic integration in Chapter 3. The National Export Development Plan/National Exporter Development Program does not provide specifics about TF. While the National Ports Policy of 2002, Section 7 states “Ports needs to act as creative partners in international trade development and facilitate trade processes at sea/land interface. Policies dealing with transport infrastructure must therefore ensure that cognizance is taken of trade and economic policies,

strategies and programmes, and that alignment between what the economy requires and what the transport system provides are more coherent.”

Two policy documents from the DTI provide some related information on TF as outlined below.

**Industrial Policy Action Plan.** In terms of industrial financing (Section 8 in the Industrial Policy Action Plan), the government has provided for crosscutting and sectoral key action plans (KAP). These initiatives will alter the economic incentives, aiming to increase economic impact and delivery on the government’s industrial economic goals for 2014. To achieve this, the government will use a wide range of instruments, including regulatory changes, skills development and the provision of infrastructure and industrial financing, among others. Specifically, in terms of Section 8.5, industrial financing will take on two broad forms: (I) generic programs that will open on a self-selection basis to all firms that satisfy the criteria of the program, and (II) customized industrial financing that address the needs of the sector-specific KAPs, within the WTO’s disciplines. General industrial financing is subdivided into five streams, one of which is TF. The TF industrial financing is also subject to constraints and opportunities as detailed in the 13 strategic programs contained in the National Policy Action Plan.<sup>7</sup> Lastly, the government also realizes that, in many situations, industrial financing will require a re-organization and consolidation of existing financing mechanisms combined with the development of new mechanisms as needed.<sup>8</sup>

**Trade Policy and Strategy Framework, 2010.** This policy was implemented before the WTO TFA in 2014. However, the South African government has referred to the importance of TF within this document. Specifically, the government realizes the need to balance retaining policy space to pursue broad national development objectives while also advancing TF efforts.<sup>9</sup>

## Current State of the South African Tradable Sector

According to a DTI presentation in July 2015,<sup>10</sup> South Africa continues to emphasize consideration of the impact that the WTO TFA will have on regional integration processes within Africa, and with a focus on SACU membership. The DTI has established an interdepartmental working group to consider implementing the TFA, which has finalized the list of South Africa Category A commitments and terms of reference for establishing a national TF committee (it is awaiting legal advice from the Department of Justice on the classification of the Protocol of Amendment to incorporate the TFA into Annex AI of the WTO agreement). It is expected that South Africa will seek to ratify the TFA in the second half of 2016 after the local government elections in August and once the parliament resumes.

## Status of Implementing Key Trade Facilitation Measures

### How Does South Africa Rank in Trade Facilitation Measure Indices?

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 WEF Global Competitiveness Report, the World Bank Logistics Performance Index (LPI) and the OECD Trade Facilitation Indicators (TFI).

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<sup>7</sup> These strategic programs are recognized as follows: 1) sector strategies; 2) industrial financing; 3) trade policy; 4) skills and education for industrialization; 5) competition policy and regulation; 6) leveraging public expenditure; 7) industrial upgrading; 8) innovation and technology; 9) spatial and industrial infrastructure; 10) finance and services to small enterprises; 11) leveraging empowerment for growth and employment; 12) regional and african industrial and trade framework; 13) coordination, capacity and organization.

<sup>8</sup> DTI. National industrial policy framework. Section 8.5.

<sup>9</sup> Trade Policy and Strategic Framework, (May 2010).

<sup>10</sup> Kruger, N., (2015). Presentation to the portfolio committee on trade and industry: WTO TFA. <https://www.thedti.gov.za/parliament/2015/WTO.pdf>.

**TABLE 6: SOUTH AFRICA - WORLD BANK DOING BUSINESS INDEX (2016)**

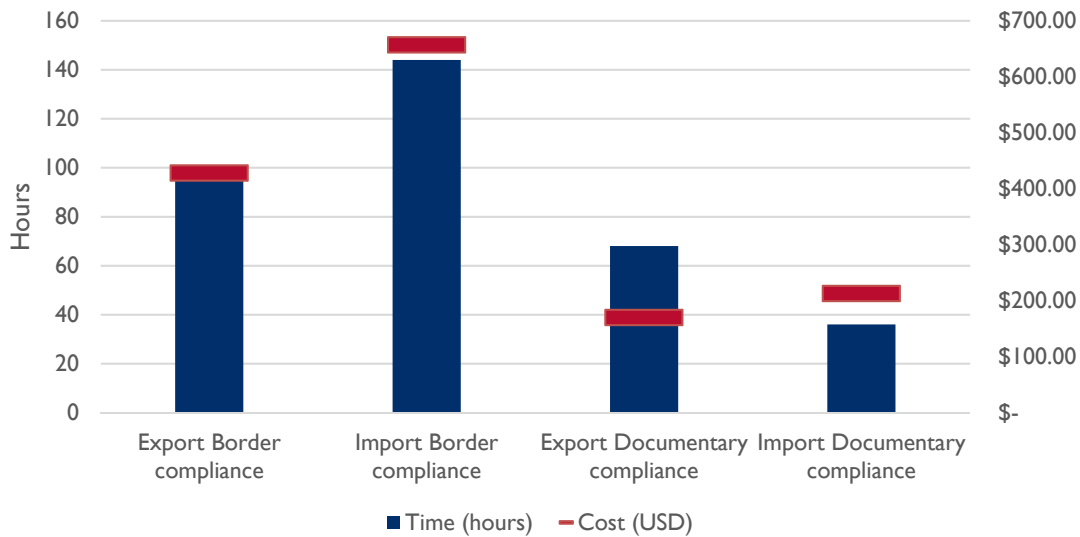
Trading Across Borders Indicator		South Africa	Sub-Saharan Africa
<b>Export:</b> border compliance	Time to export (hours)	100	108
	Cost to export (USD)	428	542
<b>Export:</b> documentary compliance	Time to export (hours)	68	97
	Cost to export (USD)	170	246
<b>Import:</b> border compliance	Time to import (hours)	144	160
	Cost to import (USD)	657	643
<b>Import:</b> documentary compliance	Time to import (hours)	36	123
	Cost to import (USD)	213	351
<b>DB 2016 trading across borders (ranking)</b>		<b>130</b>	
<b>DB 2016 trading across borders (distance to frontier score /100%)</b>		<b>58.01</b>	

Source: (World Bank, 2016)

In terms of trading across borders, South Africa compares favorably against the sub-Saharan average; however, it ranks 130<sup>th</sup> out of 160 countries measured in the study. When considering the distance to frontier score, South Africa still has some ways to go to match the world’s best performing countries.

According to the World Bank Doing Business South Africa Economic Profile Report, South Africans face much less of a challenge when importing than exporting in terms of both time and money spent. Beyond importing and exporting, traders find it easier to comply with documentary requirements than border compliance, again in terms of both cost and time, as demonstrated in Figure 3 below.

**FIGURE 3: SOUTH AFRICA - DOING BUSINESS, TRADING ACROSS BORDERS (2016)**



Source: World Bank, 2016

**TABLE 7: SOUTH AFRICA - WORLD BANK LOGISTICS PERFORMANCE INDEX, RANK AND SCORE (2014/2016)**

	Customs	Infra-structure	International Shipments	Logistics Competence	Tracking & Tracing	Timeliness	LPI
<b>2014 Rank</b>	42	38	25	24	41	33	34/160
<b>2014 Score</b>	3.11	3.20	3.45	3.62	3.30	3.88	3.43/5
<b>2016 Rank</b>	18	21	23	22	17	24	20/160
<b>2016 Score</b>	3.60	3.78	3.62	3.75	3.92	4.02	3.78/5

Source: World Bank 2014 and 2016

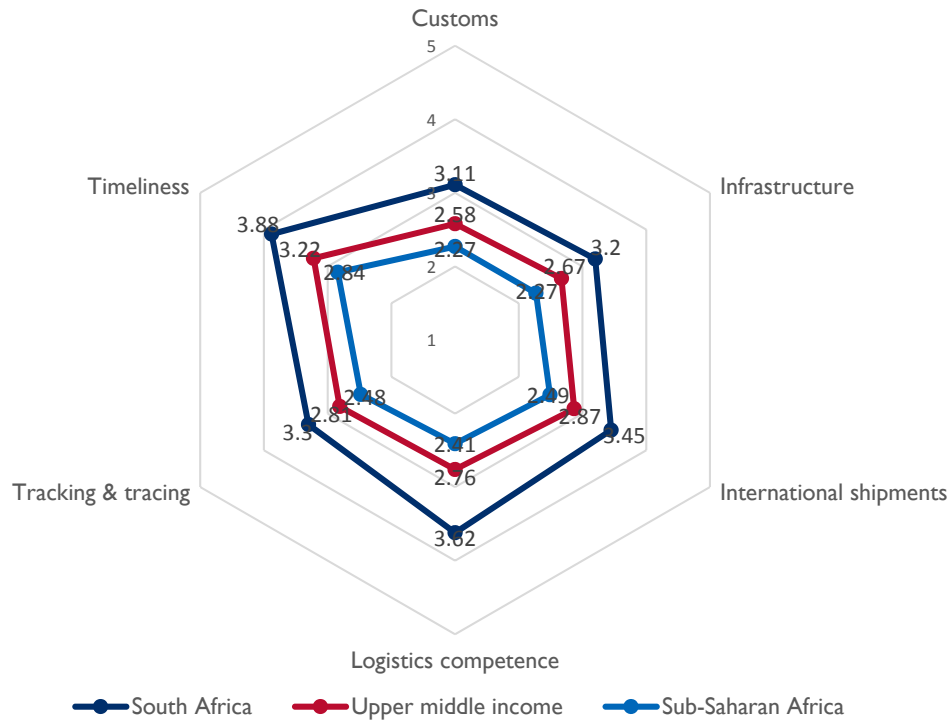
South Africa performs much better in the World Bank LPI as shown in Table 7. Unlike the Doing Business Index, the LPI measures six indicators to generate a holistic view of a country's performance in regards to cross border value chains. South Africa currently ranks 20<sup>th</sup> out of the 160 countries measured, an improvement from 34<sup>th</sup> place in 2014. South Africa scores 3.78 out of a maximum of five, an increase from the 2014 score, putting it in the world's top performing countries and the leader among upper middle-income countries.

The LPI scores the performance of each state on a scale of one (being the lowest) to five (being the highest) in regards to the following areas:

1. Customs: the efficiency of customs and border management clearance.
2. Infrastructure: the quality of trade and transport infrastructure.
3. Ease of arranging shipments: the ease of arranging competitively priced shipments,
4. Quality of logistics services: 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.

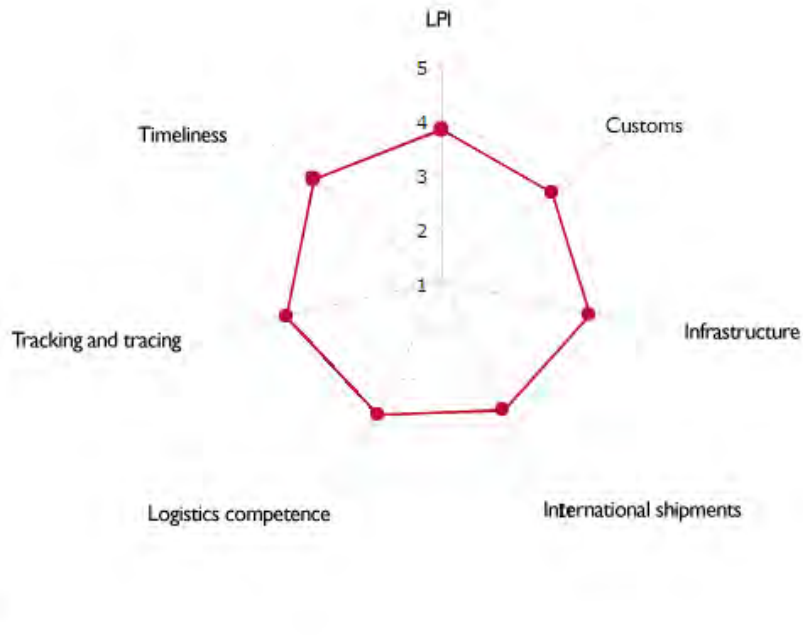
The data used in the ranking comes from a survey of logistics professionals. The components analyzed in the LPI were chosen based on theoretical and empirical research conducted by the World Bank and in cooperation with logistics professionals involved in international freight forwarding. In 2014, South Africa's potential areas of improvement include customs, infrastructure and tracking and tracing as demonstrated in Figure 4. Figure 5 shows that the score for these areas improved in 2016. Considering the TFA focus areas, South Africa stands to gain more ground in the LPI as implementation is likely to improve customs, tracking and tracing and infrastructure.

**FIGURE 4: SOUTH AFRICA – WORLD BANK LOGISTICS PERFORMANCE INDEX SCORES (2014)**



Source: World Bank, 2014

**FIGURE 5: SOUTH AFRICA – WORLD BANK LOGISTICS PERFORMANCE INDEX SCORES (2016)**



Source: World Bank, 2016

**TABLE 8: OECD TRADE FACILITATION INDICATORS - SOUTH AFRICA**

<b>OECD TF indicators</b>	<b>Definition</b>	<b>South Africa's Score</b>
<b>Advance rulings</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; and the rules and processes applied to such statements	1.86
<b>Appeal procedures</b>	The possibility of and modalities to appeal administrative decisions by border agencies.	1.86
<b>Co-operation – external</b>	Co-operation with neighboring and third countries	2
<b>Co-operation – internal</b>	Co-operation between various border agencies of the country; and control delegation to customs authorities	1.67
<b>Fees and charges</b>	Disciplines on the fees and charges imposed on imports and exports	1.25
<b>Formalities – automation</b>	Electronic exchange of data; automated border procedures; and use of risk management	1.75
<b>Formalities – documents</b>	Simplification of trade documents; harmonization in accordance with international standards; and acceptance of copies	1.50
<b>Formalities – procedures</b>	Streamlining of border controls; single submission points for all required documentation (single windows); post-clearance audits; and authorized economic operators	1.60
<b>Governance and impartiality</b>	Customs structures and functions; accountability; and ethics policy	2
<b>Information availability</b>	Publication of trade information, including on the internet; and enquiry points	2
<b>Involvement of the trade community</b>	Consultations with traders	1.25

Source: OECD, 2015

The TFIs align with the TFA and they 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 TF 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 (being the lowest) to two (being the highest). As shown in Table 8, South Africa performs very well in the OECD TFI, scoring the maximum two points in governance and impartiality, information availability and external co-operation.

Potential areas of improvement include involvement of the trade community and fees and charges. Unfortunately, the problem of involving the trade community cannot be as directly impacted with the implementation of the TFA, as is the case with fees and charges (improving predictability and transparency), but rather requires political will and commitment from the government and the business community.

Of all the indices measuring a country's performance, the WEF Global Competitiveness Index (GCI) is regarded as the most comprehensive, although it does not focus on global value chains analysis. The report includes 114 indicators grouped under the 12 pillars shown in Table 9. Of these 12 pillars, seven are relevant to TFA implementation with the 6<sup>th</sup> pillar (goods market efficiency) being the most important.

On aggregate, South Africa scored 4.6 out of seven on this pillar, making it the 38<sup>th</sup> best performing country out of 140 countries measured. In terms of the burden of customs procedures a 6<sup>th</sup> pillar indicator, South Africa scored 3.9 out of seven, ranking it as the 71<sup>st</sup> least burdensome country in the study.

**TABLE 9: WORLD ECONOMIC FORUM GLOBAL COMPETITIVENESS INDEX - SOUTH AFRICA (2015)**

Global Competitiveness Indicators	South Africa's Score
1st pillar: Institutions	4,43
2nd pillar: Infrastructure	4,12
3rd pillar: Macroeconomic environment	4,50
4th pillar: Health and primary education	4,22
5th pillar: Higher education and training	4,07
6th pillar: Goods market efficiency	4,63
7th pillar: Labor market efficiency	3,82
8th pillar: Financial market development	5,03
9th pillar: Technological readiness	4,56
10th pillar: Market size	4,94
11th pillar: Business sophistication	4,42
12th pillar: Innovation	3,69

Source: World Economic Forum, 2015

### Domestic Processes on Trade Facilitation

The SARS is in the process of rewriting the Customs and Excise Act of 1964 to give effect to the Revised Kyoto Convention (RKC), and indirectly the TFA. It was decided that the project would be best addressed by separating the Customs and Excise Act into a customs control bill (CCB), a customs duty bill (CDB) and an excise duty bill. Both the CCB and the CDA are awaiting approval by the president and will be implemented once a date is determined (SARS, 2015).

The BMA Bill seeks to establish itself as an overarching agency that will balance secure cross-border travel, TF and national security imperatives, within the context of South Africa's regional, African and international obligations. (On Aug. 5, 2015, the South African cabinet approved the bill (South African Government, 2015), but no further updates are available.)

SARS is also responsible for the Preferred Trader Compliance Programme (or level two Accreditation programme) that aims to further improve TF while securing international supply chains and encouraging greater compliance. The level two Accreditation programme, introduced on Aug. 1, 2011, is based on international standards as defined in the RKC, and it aims to enhance customs for business partnerships. Benefits of the scheme for level two clients include the appointment of a customs relationship manager, reduced security requirements for compliance with a customs procedure, fewer routine documentary and physical inspections, prioritized requests for tariff and valuation determinations, and prioritized access to non-intrusive inspection techniques (SARS, 2016).

Unfortunately, South Africa has not ratified the TFA, accepted the Protocol of Amendment to insert the TFA into Annex IA of the WTO agreement, or submitted any notifications (Category A, B or C) of its commitments (WTO, 2016).

### Measures Facilitating Trade Facilitation within Southern Africa

Information gathered from stakeholders, businesses and South African government departments display mixed results. On the one hand, South Africa appears to have been quite successful in creating a well-organized and coherent system for its own border processes, which includes a well-designed system currently implemented by SARS. This is an integrated customs business management system that has



created a highly automated system for South Africa. Using an electronic format, the system captures data, conducts risk assessments and facilitates decision-making at a port of entry.

Within South Africa, the World Customs Union (WCO) also offers training on this system to customs officials on a regular basis. SARS currently has 10 accredited experts that deliver training missions on behalf of the WCO throughout the southern African region,<sup>11</sup> thereby complementing South Africa's capabilities to support regional capacity development initiatives.

There are other benefits that place South Africa at a comparative advantage. For example, documentation is reportedly straightforward within South Africa, which also uses internationally recognized systems. SARS has established forums for key industries (e.g., tobacco, alcohol, glass, tires and textiles), and there are multi-sector roundtable discussions every six months. The purpose of these roundtables is, presumably, to encourage discussion among the various sectors, as well as identify practical issues or challenges. South African businesses also continue to drive value chains and to identify new ways to trade; in this way, businesses continue to find new ways to work around trade barriers as efficiently as possible.<sup>12</sup>

In contrast, the South African private sector is also prevented from leveraging some policies and public services that would be beneficial. A key informant noted that the preferred trader scheme is also not a priority unless there is a mutual recognition from neighboring countries.<sup>13</sup> South Africa has more sophisticated customs and border processes compared to some of its neighbors (e.g., Zimbabwe), which, although a huge advantage for international trade, also inhibits "doing business" for the region.<sup>14</sup>

Beitbridge, a South African-Zimbabwean border coordination point, continues to pose a variety of problems. Given the sensitive nature of this particular border post, there are various entrenched interests that have a resistance to engage. However there continues to be a high-level commitment from South Africa towards addressing the situation, with Japanese assistance.

Nonetheless, together with the Development Bank of South Africa (DBSA), JICA is working with Zimbabwe to improve the situation, particularly regarding Zimbabwe's infrastructure and coordination. They are also trying to create an integrated framework that brings both sides together, building the system from the bottom up.<sup>15</sup>

A KII respondent noted that, despite problems, SACU has also shown some positive changes. It now has some risk-management measures in place, with a common understanding throughout SACU of the current shared risks, and joint enforcement missions to address those risks.

While the region does not consistently use the South African approach that SARS implements, neighboring countries still use different version of ASYCUDA World and/or ASYCUDA++. SACU member states use the system, contributing to a harmonized approach.

Lastly, with the WCO as the leading partner, there are three ongoing projects in the SACU region to address regional discrepancies: (I) correct invoicing for collecting revenues within the region (the pilot project was the Swaziland-South Africa electronic export declaration); (II) mutual recognition for

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<sup>11</sup> Personal communication with a government agency representative in Pretoria, May 3, 2016.

<sup>12</sup> Personal communication with a trade association representative in Johannesburg, Mar. 28, 2016.

<sup>13</sup> Personal communication with a trade association representative in Johannesburg, Apr. 29, 2016.

<sup>14</sup> Personal communication with a government agency representative in Pretoria, May 3, 2016 and with a trade association representative in Johannesburg, Apr. 29, 2016.

<sup>15</sup> Personal communication with an international donor representative, Johannesburg, May 6, 2016.

preferred traders; and (III) system interconnectivity that allows for easy passage for accredited preferred traders.<sup>16</sup>

### **Current Measures by South Africa that Continue to Impede Trade and Trade Facilitation**

Despite some positive developments, freedom of transit within southern Africa continues to pose several hurdles. Across the board, many interviewees commented on the lack of cohesion and coordination among SADC countries in streamlining their processes and border controls. Therefore, whether government departments talk to each other remains questionable.<sup>17</sup> Even within South Africa, tensions exist between agriculture inspectors and customs agents at the border: the DAFF does not use the preferred trader system of SARS and will check all agricultural products, while greater coordination among the different agencies operating along South African borders is also required.<sup>18</sup>

The lack of coordination has worsened recently because of new customs legislation within South Africa that will remove the status of inland ports. For example, City Deep in Johannesburg requires all goods to be cleared at the ocean ports, despite the greater inefficiencies that this will present for trade within the region.<sup>19</sup> Other interviewees also expressed concern at the conditions in City Deep, specifically the lack of clearance present at the port.<sup>20</sup> Overall, ports and railways require more development and better planning of linkages.<sup>21</sup>

There has also been criticism directed at South Africa for its failure to implement measures that truly support regional integration, despite ongoing concerns for it.<sup>22</sup> Due to increased immigration within the region, the BMA has relocated and is now within the Department of Home Affairs (DHA), as several interviewees reported. This has presented a process that runs in parallel to SARS — thereby duplicating efforts and negatively impacting trade — and could possibly be driven by the government’s concerns surrounding security issues.<sup>23</sup> Although irregular migration presents a reason for the DHA’s involvement in customs-related affairs, other plausible reasons also include moving cargo faster across the border and combatting diseases and illegal trade.<sup>24</sup>

Moreover, citing certain examples such as Project Prisma, South Africa has not identified or learned from best practices used by other countries, and customs officials continue to face difficulties because they lack the skills and resources are misplaced.<sup>25</sup>

The Beitbridge border control continues to pose ongoing problems for most interviewees. Despite requests for Beitbridge to be a one-stop border post (OSBP), this is yet to be implemented. A lack of policy coherence heightens existing problems surrounding the bridge’s infrastructure<sup>26</sup> and transporters and bribes continue to worsen, forcing firms to factor in more time for transportation of goods. In addition, the lack of sufficient rail capacity presents ongoing problems for efficient and cost-effective transportation of goods, especially since road transportation, although competitive, continues to charge very high prices.

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<sup>16</sup> Personal communication with a government agency representative in Pretoria, May 3, 2016.

<sup>17</sup> Personal communication with trade association representative in Pretoria, Mar. 29, 2016.

<sup>18</sup> Personal communication with several representatives of a South African bilateral agency in Pretoria, Apr. 28, 2016.

<sup>19</sup> Personal communication with a trade association representative in Johannesburg, Apr. 29, 2016.

<sup>20</sup> Personal communication with a supply chain firm and association representative in Johannesburg, Mar. 30, 2016.

<sup>21</sup> Personal communication with a representative of trade services firm in Johannesburg, Mar. 30, 2016.

<sup>22</sup> Personal communication with a supply chain association representative in Johannesburg, Apr. 22, 2016.

<sup>23</sup> Personal communication with supply chain firm and association representative in Johannesburg, Mar. 30, 2016.

<sup>24</sup> Personal communication with an international donor representative, Johannesburg May 6, 2016.

<sup>25</sup> Personal communication with a representative of trade services firm in Johannesburg, Mar. 30, 2016.

<sup>26</sup> Personal communication with a trade association representative in Pretoria, Mar. 29, 2016.

Similarly, some interviewees also expressed views surrounding the Durban port's lack of competitiveness.<sup>27</sup> Interviewees identified the South African government's reluctance to engage with the Zimbabwean government in addressing business concerns surrounding the lack of coordination at the Beitbridge border post and the duplication of processes.<sup>28</sup>

Although SACU appears to be more coordinated than SADC, neither is without its difficulties. At the regional level, lack of coordination at the African Union and with donors has also been identified and no follow-ups with SACU and the private sector have occurred. Although South Africa might have the capacities to address some regional deficiencies by providing technical assistance, there remains some unwillingness from neighboring countries to harmonize around South African standards, despite businesses requiring this.<sup>29</sup>

Moreover, although SADC has been successful at reducing tariff barriers, it has been less successful at reducing NTBs, particularly since they are the most problematic because they constitute ad hoc policy changes.<sup>30</sup> Other ongoing regional challenges include a lack of political will to implement strategically manageable regional projects to address infrastructural deficiencies.<sup>31</sup>

Further, there are differences in the level of ambition among the SADC members (i.e., some member states are more dependent on tariffs than others), while national sovereignty continues to pose ongoing challenges as countries remain concerned with their individual benefits rather than advances that could be shared within the region.<sup>32</sup>

Concerns have also been raised about the lack of policy clarity surrounding the SEZs, including administrative requirements and logistical costs involved for small and medium-sized enterprises (SME) to access financing.<sup>33</sup>

## FINDINGS

### Ranking Trade Facilitation Measures in Terms of Priority

This section starts by presenting how the assessment participants ranked the TFMs. The analysis addresses Assessment Question 4, and is based on findings from both the KIIs and the online survey to examine the relative importance that members of the wider South African trading community place on different TFMs. The process of how the initial list of TFMs was selected is described in more detail in the Annex II.

Table 10 details how many times a specific TFM was raised as a priority across the respondent categories during the KIIs. This information was used to select TFMs that were then examined in detail to answer Questions 1 through 3 in the report.

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<sup>27</sup> Personal communication with a government agency representative in Pretoria, Mar. 30, 2016.

<sup>28</sup> Personal communication with a trade association representative in Johannesburg, Mar. 28, 2016 and with a representative of trade services firm in Johannesburg, Mar. 30, 2016.

<sup>29</sup> Personal communication with several representatives of a government agency in Pretoria Apr. 28, 2016.

<sup>30</sup> Personal communication with a trade association representative in Pretoria, Mar. 29, 2016

<sup>31</sup> Personal communication with a trade association representative in Johannesburg, Mar. 28, 2016.

<sup>32</sup> Personal communication with a trade association representative in Pretoria, Mar. 29, 2016.

<sup>33</sup> Personal communication with a government agency representative in Pretoria, Mar. 30, 2016.

**TABLE 10: FREQUENCY OF SPECIFIC TRADE FACILITATION MEASURES RAISED AS A PRIORITY DURING THE SOUTH AFRICA KEY INFORMANT INTERVIEWS**

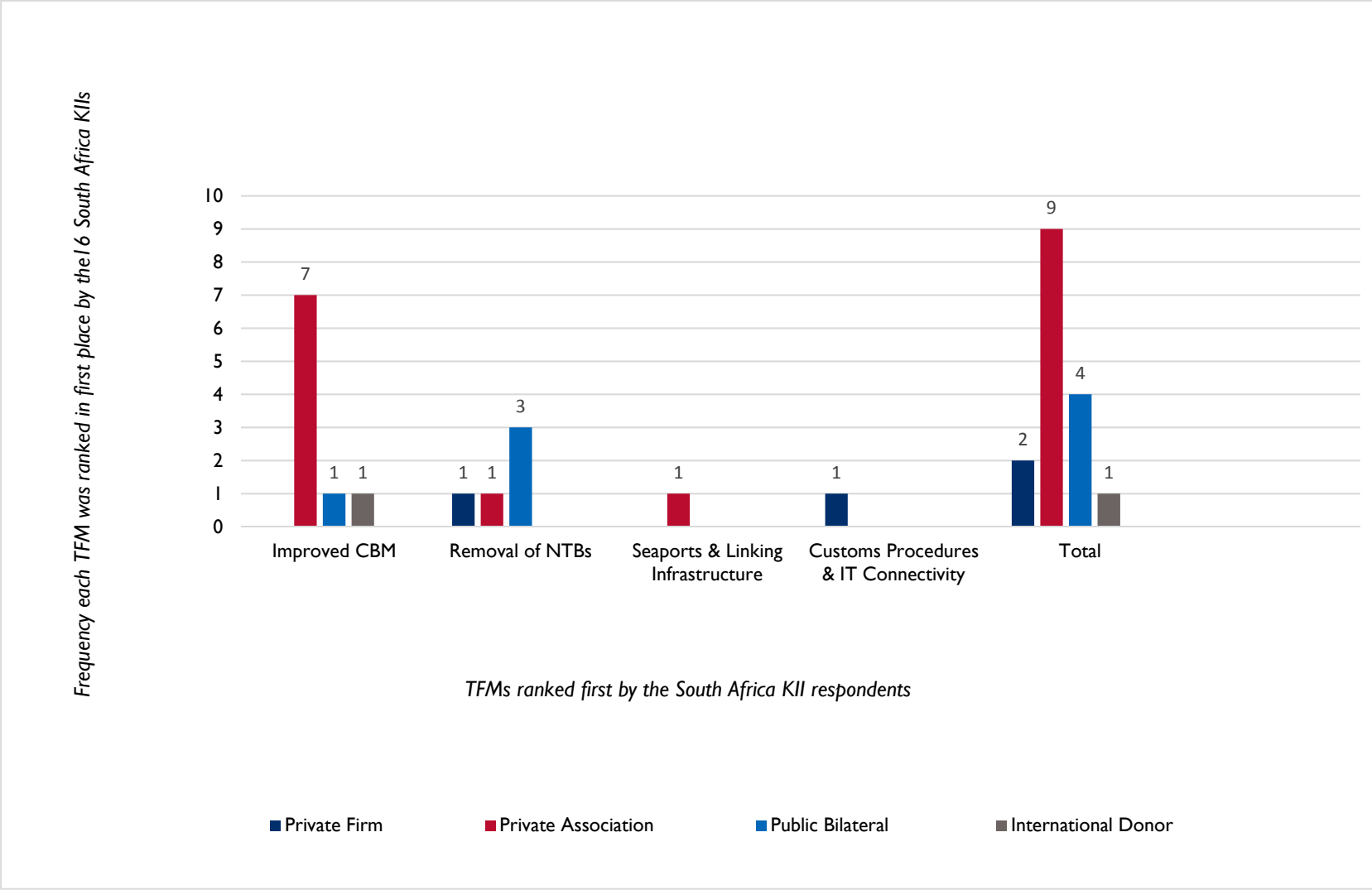
How many respondents by category discussed each TFM in detail?								
	Final List of Priority TFMs for South Africa	Desk Review Priorities	Private - Firm	Private - Association	Public Bilateral Agency	Public Multilateral	Donor/Academic/Policy Expert	Total
1	Improved CBM	Y	2	9	3		1	15
2	Harmonization of customs procedures related to electronic clearing and information technology (IT) connectivity at borders							0
3	Stronger risk management systems	Y		1				1
4	Removal of NTBs such as import restrictions, customs delays or other systems preventing or impeding trade, including technical barriers to trade (TBT) including sanitary and phytosanitary (SPS) measures		2	9	4			15
5	Enhanced coordination and notification of changes in regional transit procedures	Y						0
6	Simplified and harmonized documentation for trade	Y						0
7	NSW				1			1
8	Rail and road infrastructure upgrades	Y		2				2
9	OSBP						1	1
10	Trade information portal							0
11	Fees and charges	Y		1				1
12	Efficiency at seaports and linking infrastructure upgrades		1	4	1			6
13	Monitoring trade corridors and borders		1	2				3
14	Authorized economic operators (AEO)/ Preferred trader or driver schemes				1			1
15	Simplified trade regime (STR)							0
16	Harmonization of standards/regulations; and requirements for compliance by operators (height, load, drivers, etc.) (this is a specific NTB)				1			1

Figures 6, 7, 8 and 9 on the following pages illustrate how different KII respondents across the categories ranked the various TFMs as their first, second, third and fourth priorities for implementation. The 16 KII respondents in South Africa chose to speak in detail about 14 TFMs that they regarded as priorities.

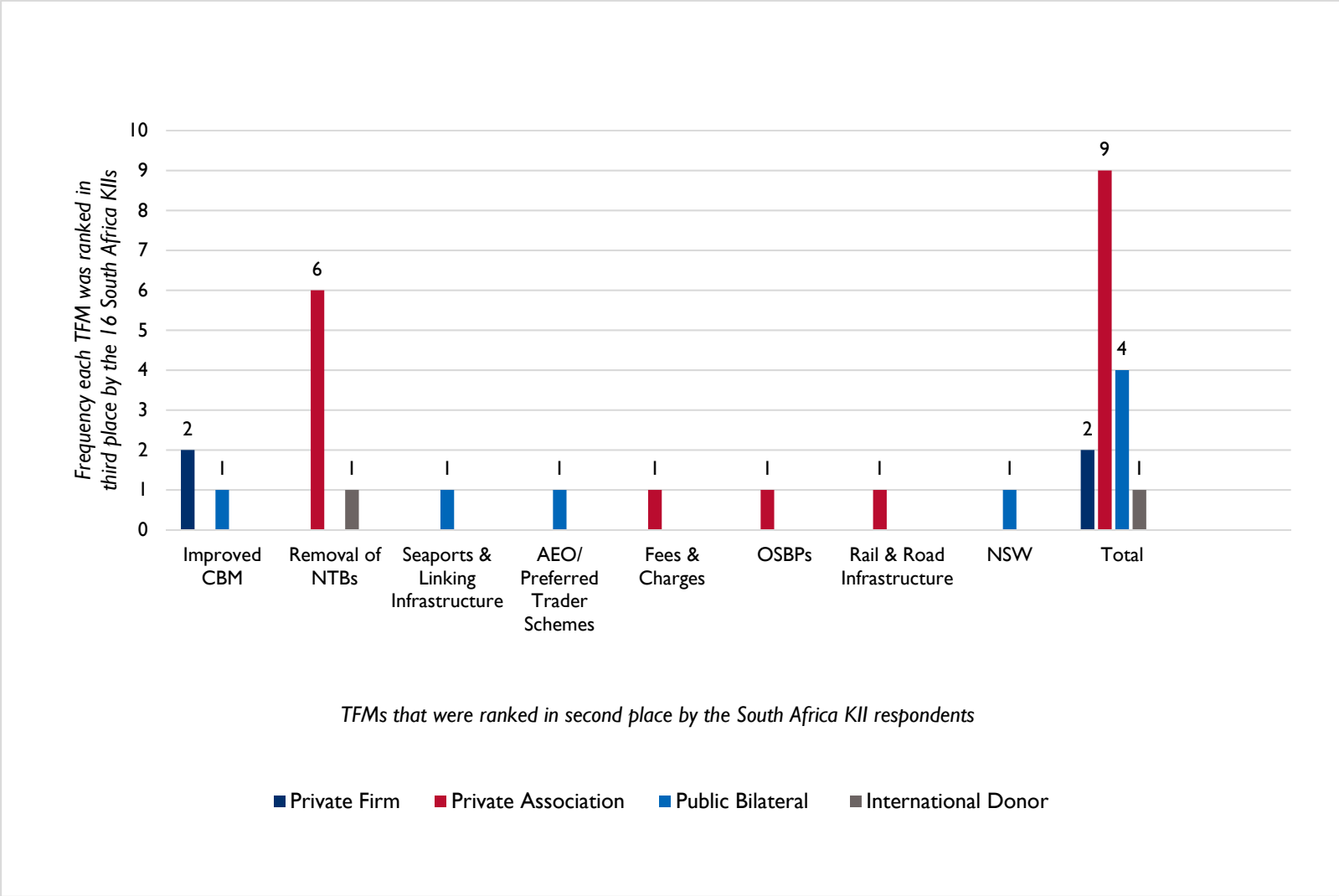
Figure 6 shows that improved CBM was most frequently cited by KII respondents as their top priority for implementation, with removal of NTB, including technical TBTs and unnecessary SPS measures, coming in second.

Figures 7 and 8 show preferences for the second and third ranking positions. Removal of NTBs is the most commonly cited TFM for second ranking, while no TFM clearly emerges as the most popular selection for the third and fourth ranking positions, with eight TFMs receiving either one or two selections.

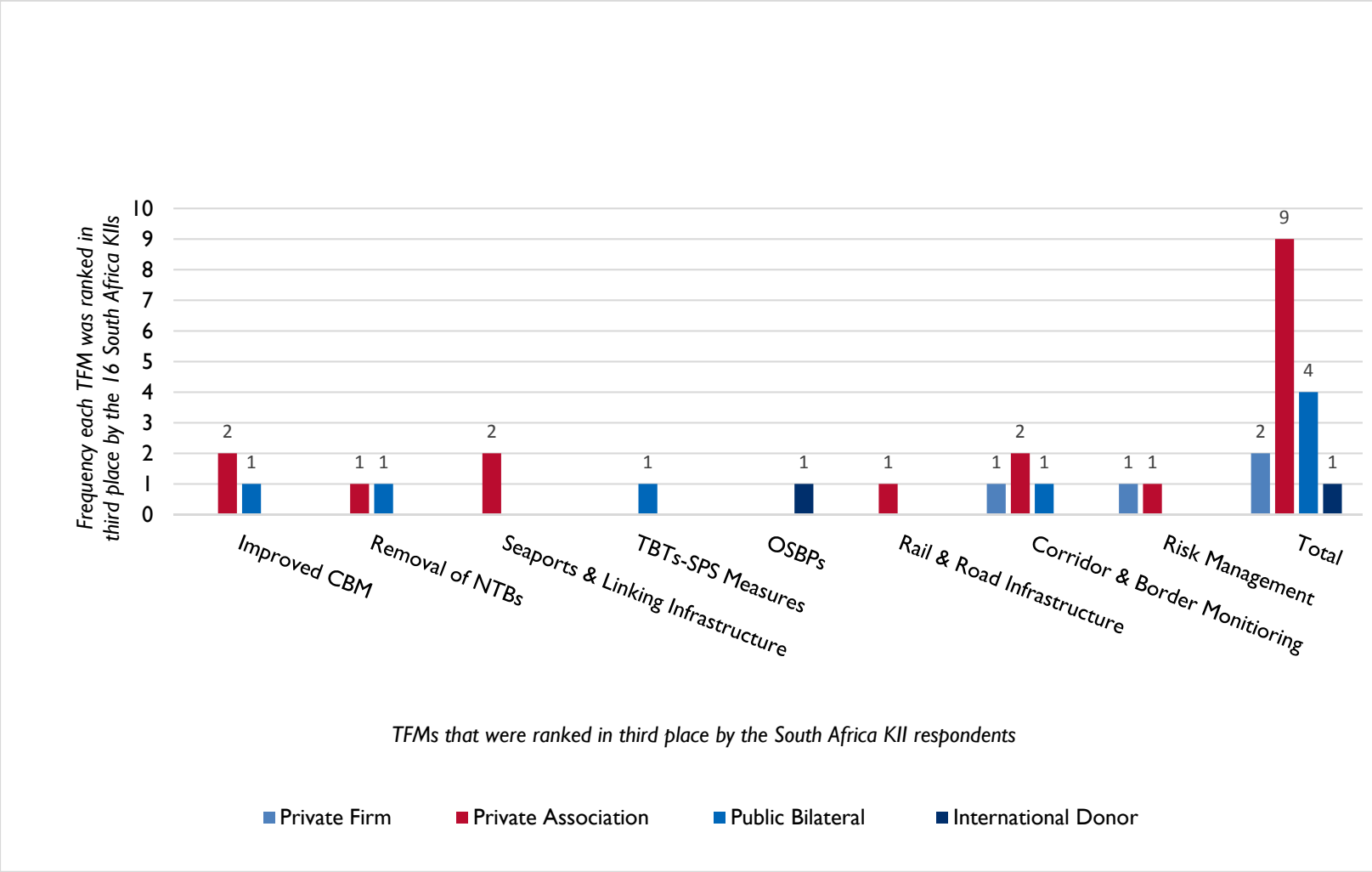
**FIGURE 6: HOW THE 16 SOUTH AFRICA KEY INFORMANT INTERVIEWS RANKED THE TRADE FACILITATION MEASURES FOR THEIR TOP PRIORITY FOR IMPLEMENTATION**



**FIGURE 7: HOW THE 16 SOUTH AFRICA KEY INFORMANT INTERVIEWS RANKED AMONG ALL THE POSSIBLE TRADE FACILIATION MEASURES FOR THEIR SECOND PRIORITY TO IMPLEMENT**

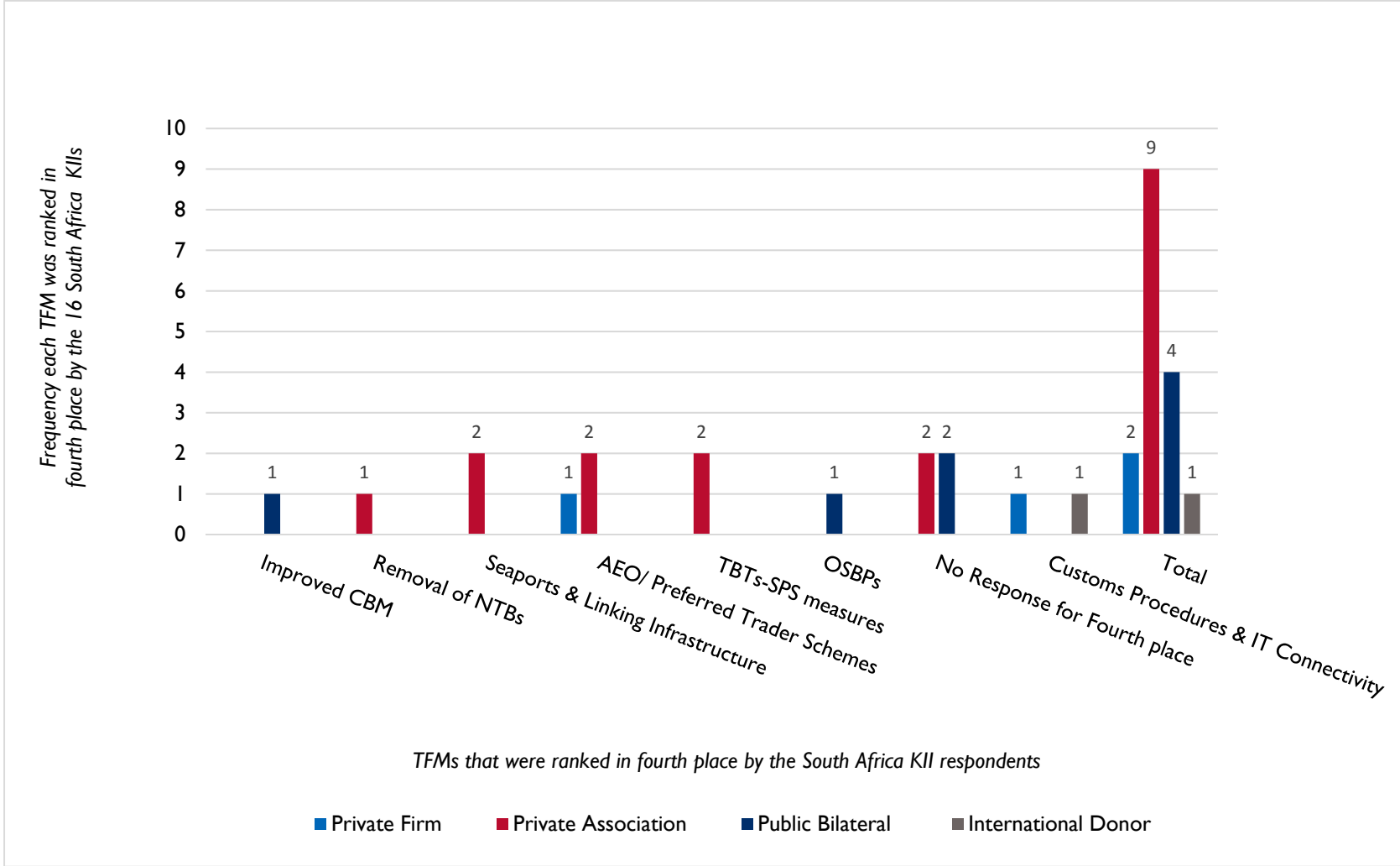


**FIGURE 8: HOW THE 16 SOUTH AFRICA KEY INFORMANT INTERVIEWS RANKED AMONG ALL THE POSSIBLE TRADE FACILIATION MEASURES FOR THEIR THIRD PRIORITY TO IMPLEMENT**



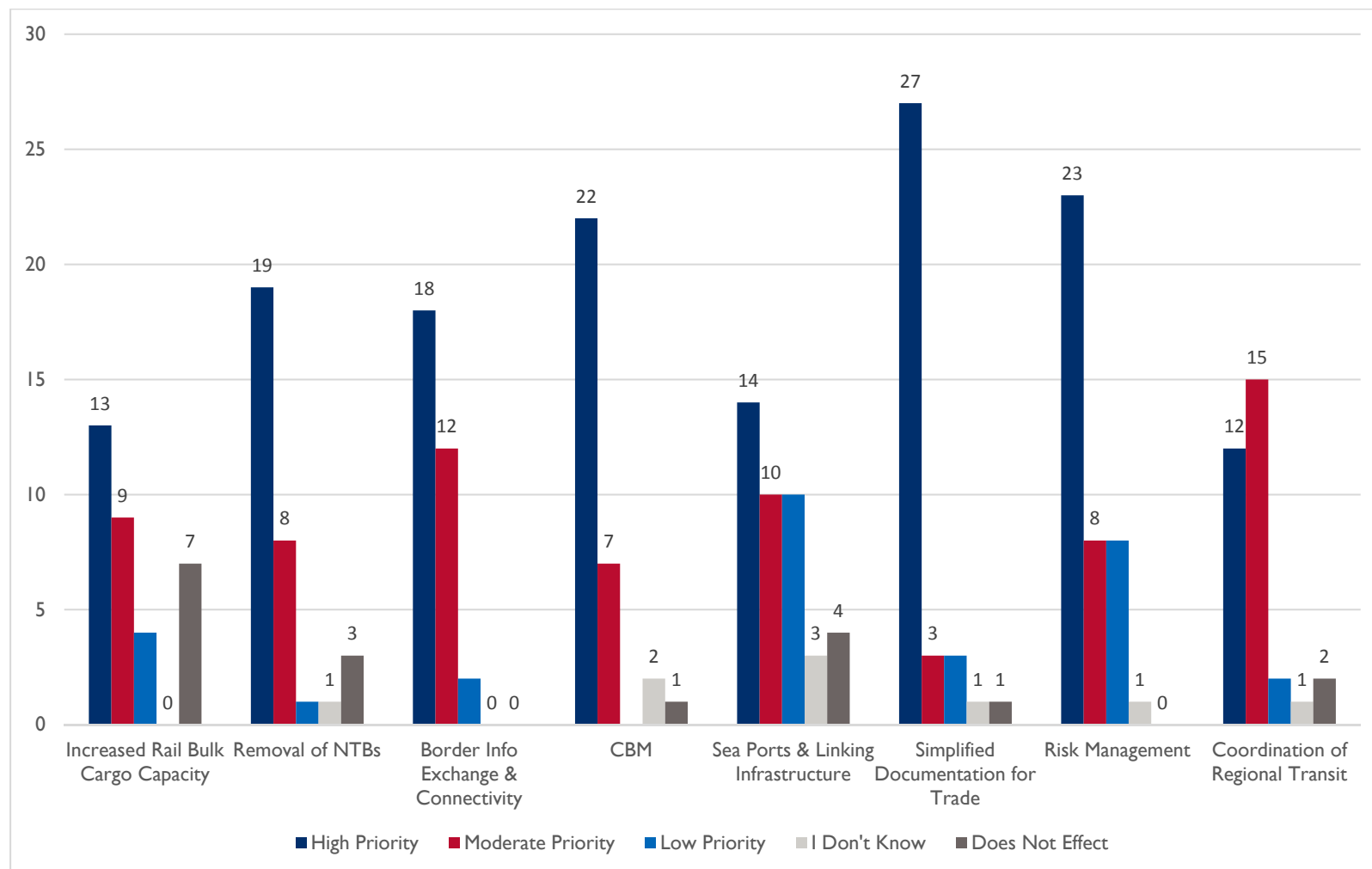


**FIGURE 9: HOW THE 16 SOUTH AFRICA KEY INFORMANT INTERVIEWS RANKED AMONG ALL THE POSSIBLE TRADE FACILIATION MEASURES FOR THEIR FOURTH PRIORITY TO IMPLEMENT**

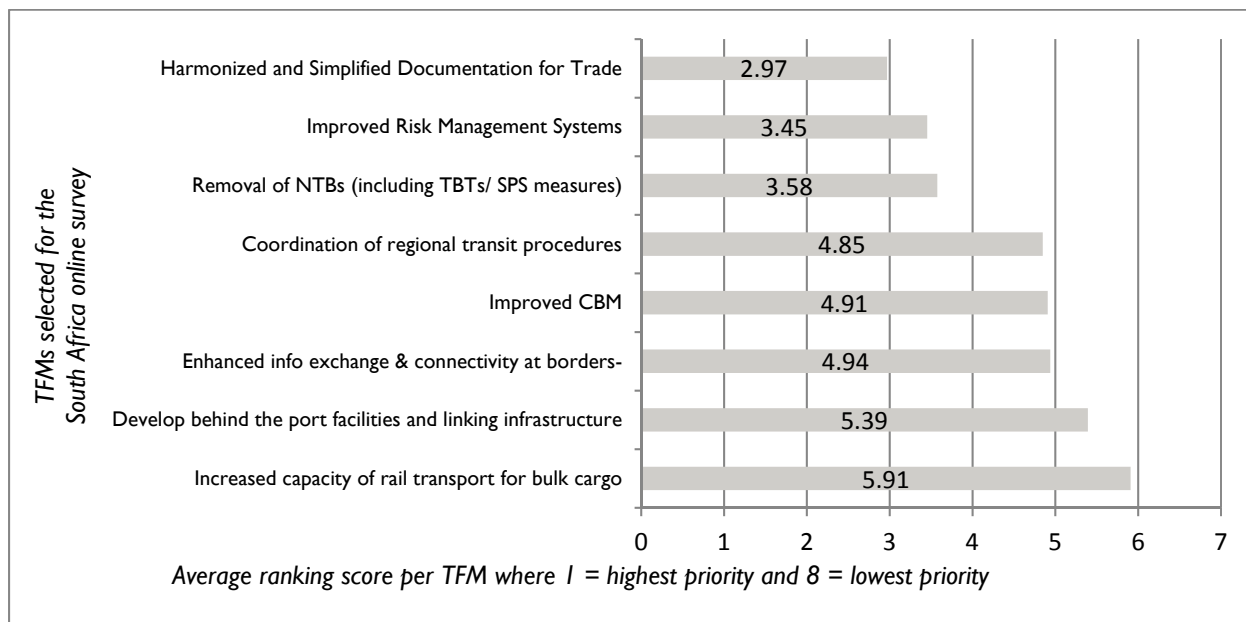


The respondents to the South African online survey were also asked to rank TFM in order of importance to their businesses. Figure 10 shows how online survey respondents classified eight TFM in terms of high, medium or low priority for their business.

**FIGURE 10: HOW ONLINE SURVEY RESPONDENTS RATED THE EIGHT SELECTED TRADE FACILITATION MEASURES AS A PRIORITY FOR IMPLEMENTATION IN SOUTH AFRICA**



**FIGURE 11: HOW ONLINE SURVEY RESPONDENTS RANKED THE EIGHT SELECTED TRADE FACILITATION MEASURES AGAINST EACH OTHER AS A PRIORITY FOR IMPLEMENTATION IN SOUTH AFRICA**



Using the above data, the assessment team developed rankings for the TFMs in answer to Assessment Question 4. Table 11 shows the two sets of rankings. The team concluded that the differences in the rankings are largely insignificant, and to some extent stem from differences in the characteristics of the two informant groups. This is discussed in more detail in the following section.

**TABLE 11: FINAL TRADE FACILITATION MEASURE RANKINGS FOR THE TWO DATA SETS (HIGHEST TO LOWEST)**

Ranking TFMs by priority for implementation in South Africa by the KII respondents	Ranking TFMs by priority for implementation in South Africa by the online survey respondents
1. Improved CBM	1. Harmonized and simplified documentation for trade
2. Removal of NTBs (including TBT/SPS measures)	2. Improved risk management systems
3. Development and efficiency of port facilities and linking infrastructure	3. Improved CBM
4. Monitoring trade corridors and borders (these processes are sometimes referred to as “monitoring and evaluation (M&E)” by TF experts)	4. Removal of NTBs (including TBT/SPS measures)
5. Rail and road infrastructure upgrades	5. Enhanced information exchange and connectivity at borders
	6. Development of behind the port facilities and linking infrastructure
	7. Increased capacity of rail transport for bulk cargo
	8. Coordination of regional transit procedures

### Analysis of Rankings

The two top-ranked TFMs by the KIIs come in the third and fourth positions for the online respondents. One explanation for the difference between the views of the key informants and online respondents about documentation and risk management is that respondents from the private sector tended to be representatives of business associations (and therefore not involved in the day to day operations of trading in South Africa) or senior staff from larger firms. The latter group of KIIs is so immersed in trade

that they have mastered the requirements related to documentation and risk management. Larger firms, including transporters and clearing agents, often have their own IT systems and procedures to manage the documentation requirements for trade. They also tend to be less targeted by customs authorities for risk management procedures, such as scanning. The size of the firms represented in the online survey varied, but just over half (16 respondents) employ 50 or less people. It is also worth noting that there were 13 respondents to the online survey who were involved in the trade of agricultural products, which often have greater procedural requirements than other goods (e.g., SPS certificates).

The top ranked TFM issues for online respondents — the need for harmonized and simplified documentation for trade — is reflected in South Africa’s data in the OECD TFIs.<sup>34</sup> It is also reflected, to a certain extent, in the time taken for documentary compliance for exports (68 hours) that is recorded by the World Bank in the Doing Business rankings for 2016.

One respondent to the online survey said, “The differences in documentation in procedures and documentation required by different customs authorities is a huge administrative cost that can cause delays, which translates to substantial costs for the transporters. Having a harmonized system that is backed by good information exchange has the possibility of ensuring smoother passage of goods across the borders.”

Another respondent specifically referred to the challenges faced by smaller firms: “Extremely frustrating to attempt to trade in an environment which is non-enabling to small businesses. [The] lack of proper trade information for cross-border trade impacts negatively on businesses. SARS provides good support in this respect; [and] should be mandated to supply more policy information and implementation with respect to trading locally and internationally.”

The difference in responses of the KIIs and online survey may well highlight an opportunity for further research, because it would be useful to explore in more detail the challenges faced by SMEs that are engaged in cross-border trade, as well as go into further detail on the specific challenges faced by certain sectors like agriculture.

## Key Obstacles and Challenges to Trade

This section summarizes the findings from across the KII respondent categories about the key obstacles, constraints and challenges to cross-border trade in South Africa. The KII respondents mentioned a wide range of different issues due to the open-ended nature of this question in the research methodology adopted for this study. Many of the issues are also closely linked to the priority TFMs identified by KII respondents. This section does not seek to rank or prioritize the obstacles, but are presented in the order of frequency that they were mentioned by KII respondents.

**Cost of Trade.** Private-sector respondents noted that one of the key challenges to cross-border trade in South Africa was the overall cost involved. Some respondents directly linked this to transport costs,<sup>35</sup> while others added the cost of administration and red tape.<sup>36</sup> One KII respondent gave a specific example related to fresh produce, where the cost of trade increases through wastage because of extensive delays at borders and theft.<sup>37</sup> The cost of trade can make South African exports less competitive and it results in higher prices for consumers.

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<sup>34</sup> OECD, (2015).

<sup>35</sup> Personal communication with a trade association representative in Pretoria, Mar. 29, 2016 and with a trade association representative in Johannesburg, Mar. 28, 2016.

<sup>36</sup> Personal communication with a representative of trade services firm in Johannesburg, Mar. 30, 2016 and with a trade association representative in Johannesburg, Apr. 29, 2016.

<sup>37</sup> Personal communication with a trade association representative in Johannesburg, Mar. 28, 2016.

**Fees and Charges for Transport.** The KII respondents who had a deeper understanding of the road transport sector in South Africa raised specific concerns related to the fees and charges levied on road transporters.<sup>38</sup> South Africa is perceived as a particularly expensive market to operate in for trucking firms. For example, a basic permit from the Cross Border Road Transport Agency (CBRTA) for cross-border trucks is approximately ZAR 6,000 per year<sup>39</sup> and there are significant additional costs related to the security situation and NTBs encountered. One private-sector respondent described the road transport sector as a perceived “cash cow” for government agencies and questioned how the money raised from fees and charges was used, especially because it is not seen to contribute directly to the maintenance of road infrastructure<sup>40</sup>.

**Non-Tariff Barriers.** Almost all KII respondents referred to NTBs as a key challenge.<sup>41</sup> They make trade more unpredictable, with new barriers emerging all the time. NTBs mean different things to different people, however, and there were many examples provided by KII respondents that have different impacts on trade and that require different solutions. More detail is included in the section below on NTBs, but some of the ones mentioned as key obstacles include:

- Lack of coordinated standards (TBT and SPS) in the region (e.g., requirements for trade of genetically modified maize and pharmaceutical products).<sup>42</sup>
- Corruption and bribery, including informal fees and charges.<sup>43</sup>
- Driver regulation and behavior.<sup>44</sup>

The Tripartite NTB Monitoring Mechanism was mentioned as a welcome start by some respondents but they added that the need is to remove, not just identify, the barriers.<sup>45</sup> This involves government agency and private sector participation, including through business associations that can interface between firms on the ground and policymaking processes, such as the Federation of East and Southern African Road Transport Associations (FESARTA). One private-sector respondent observed a degree of lethargy on the part of the private sector, which continued to do just “business as usual.”<sup>46</sup>

**Maintenance of Trade-Related Infrastructure.** South African KII respondents mentioned infrastructure concerns, but they acknowledged that, at a relative level, the physical trade-related infrastructure was quite strong. Challenges existed in terms of maintaining transport infrastructure, such as roads, rails and ports, as well as providing the most efficient linkages to industry through initiatives like inland ports and SEZs.

**Coordination among Government Agencies.** The other priority obstacles were largely about the “soft” infrastructure that supports trade in South Africa and the region. For example, both private and

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<sup>38</sup> Personal communication with a supply chain association representative in Johannesburg, Apr. 25, 2016; with a government agency representative in Pretoria, May 17, 2016; and background discussions with a supply chain association representative in Pretoria on Jul. 7, 2016.

<sup>39</sup> Background discussions with a supply chain association representative in Pretoria on Jul. 7, 2016.

<sup>40</sup> Personal communication with a supply chain association representative in Johannesburg, Apr. 25, 2016.

<sup>41</sup> Personal communication with a trade association representative in Pretoria, Mar. 29, 2016 and personal communication with a supply chain association representative in Johannesburg, Apr. 25, 2016.

<sup>42</sup> Personal communication with a trade association representative in Pretoria, Mar. 29, 2016; several representatives of a government agency in Pretoria on Apr. 28, 2016; and with a trade association representative in Johannesburg, Mar. 28, 2016.

<sup>43</sup> Personal communication with a supply chain association representative in Johannesburg, Apr. 25, 2016 and with a trade association representative in Johannesburg, Mar. 28, 2016.

<sup>44</sup> Personal communication with a government agency representative in Pretoria, May 17, 2016; a supply chain association representative in Johannesburg, Apr. 25, 2016; and with two representatives from a supply chain firm in Johannesburg, May 20, 2016.

<sup>45</sup> Personal communication with a trade association representative in Johannesburg, Mar. 28, 2016; a supply chain association representative in Johannesburg, Apr. 26, 2016; and with a supply chain firm and association representative in Johannesburg, Mar. 30, 2016.

<sup>46</sup> Personal communication with a trade association representative in Johannesburg, Mar. 28, 2016.

public sector KII respondents spoke of the lack of coordination between different government agencies and limited connectivity of government IT systems.<sup>47</sup> They viewed this as undermining the progress that SARS has made, in particular, to move to a paperless system through its customs modernization program. Two private-sector respondents noted that traders still have some uncertainty about the new South African customs legislation, expected to come into force in 2017, and its implications.<sup>48</sup>

The South African government proposed a solution to coordination challenges through the new BMA. KII respondents from the public and private sector highlighted this initiative as a potential future challenge for TF in the country.<sup>49</sup> The private-sector respondents perceived the BMA as a security driven solution that might cause greater delays for legitimate trade in a bid to deal with illegal migration and smuggling. They raise questions about the likely culture of the BMA given that it appears to be motivated by security concerns and not from a starting point that seeks to facilitate trade.

**Coordination at Borders.** KII respondents expressed concerns about the lack of connectivity and coordination with neighboring countries. For example, information cannot be sent electronically between the two customs systems at a border post, which increases the administrative burden for traders because they need to file documents multiple times.<sup>50</sup> They most frequently mentioned the Beitbridge border post between South Africa and Zimbabwe.<sup>51</sup> In fact, Zimbabwe was the most commonly mentioned country (other than South Africa) when discussing obstacles to regional trade.

The political and economic situation in Zimbabwe generates additional costs and challenges for trade, such as NTBs, poor infrastructure, erratic trade policy decisions and lack of finance. This undermines the potential that exists for South Africa and others in the region to trade more with Zimbabwe.

KII respondents identified the main problems at Beitbridge as being on the Zimbabwean side, where authorities used numerous techniques to raise revenue from the cargo crossing into the country. These included scanning requirements, import licenses, ad hoc changes to documentation requirements and informal charges. Some of these processes were duplicated on the South African side, which added to other difficulties like the lack of capacity of the hard infrastructure at the border post, including a single lane crossing.<sup>52</sup>

## Other Constraints to Trade

This section presents other constraints to trade — unrelated to specific TF policies or interventions — that South African KII respondents identified.

**Security and Trade.** Two private-sector KII respondents and one public-sector KII respondent cited security issues like cargo thefts and hijackings when discussing NTBs.<sup>53</sup> This aspect of security is considered a non-TFM related constraint to trade because it is an issue that TF interventions or policies are not designed to address. One respondent noted that the organized syndicates that commit the

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<sup>47</sup> Personal communication with a government agency representative in Pretoria, May 3, 2016 and a trade association representative in Pretoria, Mar. 29, 2016.

<sup>48</sup> Personal communication with a trade association representative in Johannesburg, Apr. 29, 2016 and a group interview with two representatives of a supply chain firm in Johannesburg, May 16, 2016.

<sup>49</sup> Personal communication with a government agency representative in Pretoria, May 3, 2016; a trade association representative in Pretoria, Mar. 29, 2016; and with two representatives of a supply chain firm in Johannesburg, May 16, 2016.

<sup>50</sup> Personal communication with a representative of trade services firm in Johannesburg, Mar. 30, 2016.

<sup>51</sup> Personal communication with a trade association representative in Pretoria, Mar. 29, 2016; a supply chain association representative in Johannesburg, Apr. 25, 2016; a trade association representative in Johannesburg, Mar. 28, 2016; and with a representative of trade services firm in Johannesburg, Mar. 30, 2016.

<sup>52</sup> Personal communication with a representative of trade services firm in Johannesburg, Mar. 30, 2016 and with a representative of trade services firm in Johannesburg, Mar. 30, 2016.

<sup>53</sup> Personal communication with a supply chain association representative in Johannesburg, Apr. 25, 2016; two representatives from a supply chain firm in Johannesburg, May 20, 2016; and a government agency representative in Pretoria, May 17, 2016.

crimes are always coming up with new approaches, and at least 75 percent of hijackings are traced back to drivers.<sup>54</sup> It is agreed that policing practices in South Africa can struggle to keep pace with the innovations criminal organizations use in this field. In discussions with KII respondents, they discussed their opinions about the costs due to the existence of this challenge. For example, the security situation increases the cost of transport and puts the lives of drivers and other staff in the transport sector at risk. Transport companies have invested significantly in advanced tracking systems and real-time monitoring of truck movements to deal with security issues. One private-sector respondent estimated that the cost of an armed escort for a truck could be at least ZAR 50/km. An escort for an abnormal load is estimated at around ZAR 25/km.<sup>55</sup>

The team interviewed one private-sector respondent to provide background information, while another noted that security threats are a serious challenge in Mozambique, which then affects South African traders. They noted that politics in Mozambique have destabilized the area to the north, where trucks are being robbed in the queue at the Beira port. It is no longer possible for single trucks to move alone and they have to go by convoy in northern Mozambique.<sup>56</sup> A public-sector respondent also mentioned security concerns in the DRC.

**Excise Taxes.** One private-sector respondent noted that tariffs are relatively low in South Africa so they are not really an issue for trade. But it hid the cost of sales tax or ad valorem excise tax charged to drivers on some manufactured products. To date, it has been difficult to get these taxes removed and the respondent speculated that this is because of the revenue generated for the government from these charges. There has been some limited success in having taxes removed from some products, including deodorant and shampoo, by the parliament.<sup>57</sup>

**Lack of Commitment to Regional Integration by South Africa.** Some KII private-sector respondents observed that the South African government has been prone to back tracking on its commitment to promoting TF and regional integration in southern Africa.<sup>58</sup> Costs and legislative requirements have worsened over the past five years. This has affected costs in many sectors and has had a “knock-on” effect where businesses pass on additional costs to consumers. The recent South African approach has tended towards legislating and bonding trade rather than freeing it up — why require a bond on goods moving to other duty free countries?<sup>59</sup>

South Africa seeks to use risk management and other customs-related policies to protect its own industries.<sup>60</sup> South Africa lacks an easily identifiable constituency that is actively promoting regional integration with any real impact on policymakers. For example, the manufacturing sector and organized labor tend to be protectionist. These two groups are particularly influential in discussions of trade agreements and South Africa’s trade policy in the National Economic Development and Labor Council (NEDLAC).

**Regional Considerations.** One private-sector respondent specifically observed that the SACU member states may not be willing to implement further TFMs that will improve efficiency at regional border posts. There are concerns about increased transparency and the possible impact on the revenue

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<sup>54</sup> Personal communication with supply chain association representative in Johannesburg, Apr. 25, 2016.

<sup>55</sup> Personal communication with a supply chain association representative in Johannesburg, Apr. 25, 2016

<sup>56</sup> Personal communication (background interview) with a supply chain association representative in Johannesburg on Jul. 7, 2016 and personal communication (KII) with two representatives from a supply chain firm in Johannesburg, May 20, 2016.

<sup>57</sup> Personal communication with a representative of a trade in services firm in Johannesburg, Mar. 30, 2016.

<sup>58</sup> Personal communication with a supply chain association representative in Johannesburg, Apr. 22, 2016 and with a representative of trade services firm in Johannesburg, Mar. 30, 2016.

<sup>59</sup> Personal communication with a representative of trade services firm in Johannesburg, Mar. 30, 2016.

<sup>60</sup> Personal communication with a trade association representative in Johannesburg, Mar. 28, 2016.

sharing formula in the customs union.<sup>61</sup> Intra-SACU trade levels are an important factor in determining the division of resources in the customs union's revenue pool, and each member state maintains its own records to ensure it can maximize its share. There is an active TF program in SACU (SACU Connect), which SARS and other customs administrations in the region actively support. This may in part undermine the argument of a reluctance to progress in this area, but it also remains to be seen how some SACU member states will commit to the WTO TFA.

In SADC, Zimbabwe is geographically at the heart of the region and is critical to the success of regional integration initiatives, including in the area of TF. Zimbabwe's economic and political situation is fast evolving, and this is a particularly thorny issue to be considered in implementing TFMs on CBM (especially Beitbridge), NTBs and corridor monitoring. Several KII respondents and participants in the validation workshop in Pretoria specifically requested that the research be extended to include Zimbabwe for these reasons.

## **ASSESSMENT QUESTIONS 1-3: FINDINGS BY TFM**

This section presents the findings for assessment questions 1 through 3 for each of the three TFMs selected as priorities for implementation in South Africa. The frequency counts how KII respondents prioritized the TFMs, which Table 11 detailed above.

The online survey findings and qualitative findings derived the content analysis from that KII data collection are presented under each TFM and related assessment question.

### **Trade Facilitation Measure Priority #1: Coordinated Border Management**

CBM refers to cooperation among agencies and authorities within a country 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 (Articles 8.1 and 8.2 of the WTO TFA). CBM is a tool used to improve management efficiency at borders and to enhance TF (SADC TFP, 2016, p. 33). CBM can take a number of different forms, including national efforts to strengthen cooperation among agencies or structures such as Joint Border Committees.

In the South African context, KII respondents referred to two particular areas when discussing CBM. The first is a national process to create a BMA. A bill to this effect has been drafted and will shortly be discussed by the South African Parliament. The BMA is envisaged to be a separate government agency that will be responsible for law enforcement activities at the borders and seaports of South Africa. Its jurisdiction will extend to a 10 km radius around every entry point and it will be charged with coordinating the activities of the government departments operating at the borders.<sup>62</sup> The BMA will have both a law enforcement function and the responsibility to facilitate legitimate trade.

The second South African CBM priority relates to cooperation between South African border authorities and their counterparts in neighboring countries. A number of specific relationships were discussed, most notably that with Zimbabwe at the Beitbridge border and to a lesser extent coordination with Mozambique, Botswana and Swaziland.

Table 12 shows how the various types of respondents prioritized different aspects of CBM.

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<sup>61</sup> Personal communication with two representatives of a supply chain firm in Johannesburg, May 16, 2016.

<sup>62</sup> The draft BMA bill identifies the following government departments (but is not limited to this list): DHA, DAFF, Department of Police, Department of Health, Department of Environmental Affairs and SARS.



**TABLE 12: KEY INFORMANT INTERVIEW FINDINGS FOR SOUTH AFRICA TRADE FACILITATION MEASURE  
PRIORITY #1: COORDINATED BORDER MANAGEMENT**

Assessment questions and sub-questions	Respondents that confirmed they think the implementation of this TFM will bring about specific benefits, disaggregated by respondent category			
KII respondent categories	Private sector - firms	Private sector - associations	Public sector - bilateral agencies	Academics, policy experts/other donors
Number of KII respondents by category that answered the TFM specific questions for CBM out of the total number of respondents for that category	2/2	9/9	3/4	1/1
<b>TFM # 1 CBM</b>				
<b>Assessment Question 1: What is the potential range of benefits associated with the implementation of this TFM?</b>				
Reduced time to trade? Yes	2	9	3	1
Reduced cost to trade? Yes	2	8	2	1
Reduced paperwork and administration? Yes	2	6	3	1
More certainty on when goods will get to market? Yes	2	9	3	1
More certainty on costs to trade? Yes	2	8	2	1
More firms/association members interested in beginning international trade? Yes	1	4	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 - 1 USD 1-5 million - 1	Don't know - 9	Don't know - 3	Don't know - 1
How much time do [public sector] respondents think is required for government to implement this measure? <sup>63</sup>	Not asked - 2	More than 2 years - 1 Not asked - 8	More than 18 months - 1 More than 2 years - 2	More than 2 years - 1
What types of costs/ resources do public sector respondents think are required to implement this TFM?	Not asked - 2	New equipment - 1 Hiring more staff - 1 Staff training - 1 Other - legislative reforms- 1	New equipment - 3 Staff training - 3 Hiring more staff - 3	New equipment - 1 Staff training - 1 Other - some physical infrastructure - 1

<sup>63</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. Of the 11 private-sector KII respondents that answered the battery of TFM specific questions about CBM, one trade association representative and one firm representative were knowledgeable about the costs of implementation.

<b>Assessment questions and sub-questions</b>	<b>Respondents that confirmed they think the implementation of this TFM will bring about specific benefits, disaggregated by respondent category</b>			
<b>KII respondent categories</b>	<b>Private sector - firms</b>	<b>Private sector - associations</b>	<b>Public sector - bilateral agencies</b>	<b>Academics, policy experts/other donors</b>
		Not asked - 8	Other - facilitation plus infrastructure building - 1	
Of these types of costs, which would be the biggest government expense to implement this measure?	N/A	Hiring more staff - 1	Hiring more staff - 1 Don't know - 2	Other - infrastructure - 1
<b>Assessment Question 3: What is the feasibility and timeframe of the implementation of CBM?</b>				
<b>Feasibility and sequencing sub-questions directed to all respondent categories</b>	<b>Responses disaggregated by respondent category</b>			
	<b>Private Sector - Firms</b>	<b>Private Sector - Associations</b>	<b>Public Sector - Bilateral Agencies</b>	<b>Academics, policy experts/ other donors</b>
Are there other measures or steps that need to be taken before this TFM can be implemented?	Yes - 1 No - 1	Yes - 3 No - 5 Don't know - 1	Yes - 1 No response - 2	No - 1
If yes, what are the steps or measure that need to be undertaken before implementation of this TFM?	Improved IT connectivity - 1	Legislative and regulatory reform - 1 Facilitation of dialogue/ trust building between South Arica and Zimbabwe (re: Beitbridge) - 2 Improved IT connectivity - 2 Infrastructure upgrades - 1 Private sector engagement - 2 Continue Joint Operations Committee between SA, Mozambique and Swaziland - 1	Political cooperation - 1	N/A

## Assessment Question 1: What is the Potential Range of Benefits Associated with the Implementation of Trade Facilitation Measure #1?

### Key Informant Interview Findings Summary

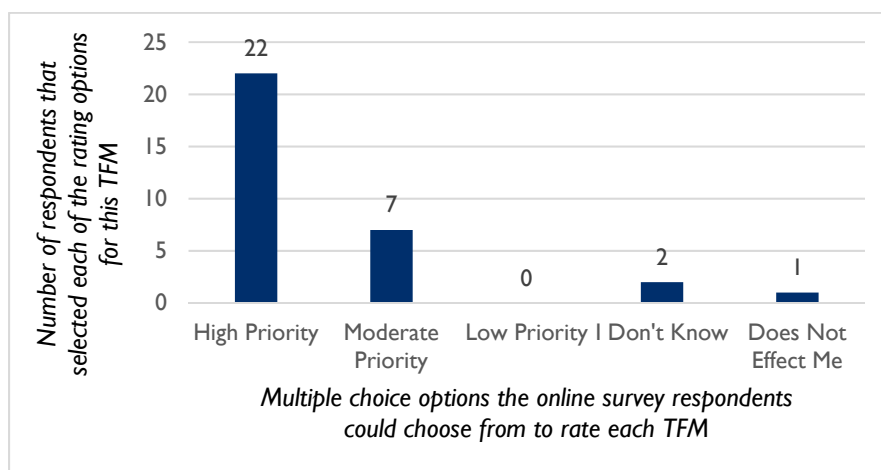
CBM, which was discussed in detail during the South African interviews, was a priority for 15 of the 16 KII respondents (one representative of a government agency did not raise CBM as a priority). These 15 KII respondents identified a range of significant benefits from CBM. Across the categories, they agreed that CBM would result in reduced time to trade and more certainty on when goods would get to market. Nearly all of the same respondents anticipated that CBM would reduce the cost of trade and improve certainty in this area. Eight of the 11 private-sector respondents also identified the benefit of reduced paperwork and administration from CBM. All three of public-sector respondents and the international partner that discussed CBM in detail agreed on this point. Five of the 11 private-sector respondents noted that there might be increased levels of trade as a result of CBM. The representative of a private firm and three representatives of private associations noted that CBM is required at a border crossing before South Africa can implement OSBPs.

### Online Survey Responses

As a required question in the South Africa 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>64</sup> Figure 12 demonstrates how the 32 South Africa online survey respondents rated CBM as a priority for implementation in South Africa:

- Twenty-two of the 32 respondents rated CBM as a high priority.
- Seven of the 32 online respondents rated CBM as a moderate priority.
- No respondents rated CBM as a low priority.
- Two of the 32 respondents said CBM was irrelevant for their business.
- One respondent said they did not know how the implementation of CBM in South Africa would impact their business.

**FIGURE 12: HOW ONLINE SURVEY RESPONDENTS RATED COORDINATED BORDER MANAGEMENT AS A PRIORITY FOR IMPLEMENTATION IN SOUTH AFRICA**



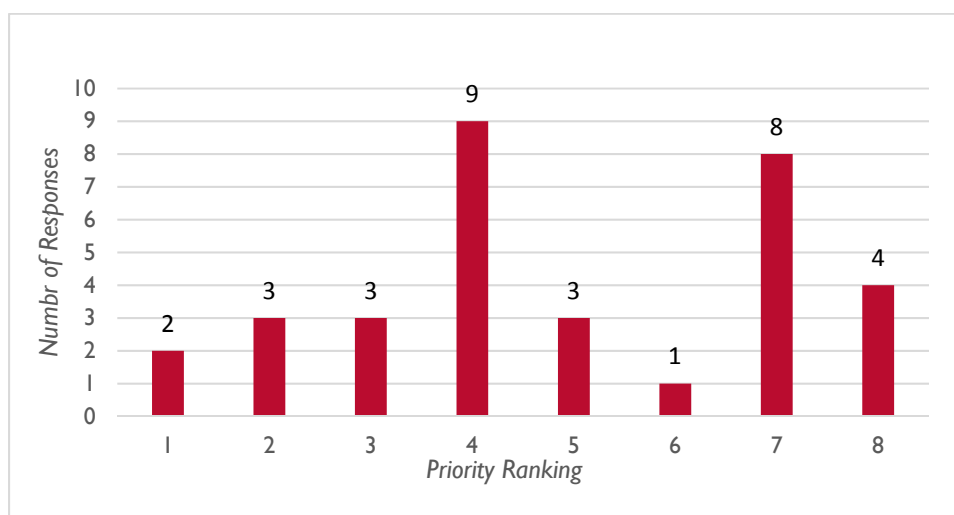
<sup>64</sup> This question was presented in a multiple choice question format (high priority, moderate priority, low priority, not relevant for my business or do not know). An example of a country specific online survey instrument and the eight TFMs selected for South Africa are in Annex VII.

In an online survey question, respondents ranked the selected TFMs against each other in terms of how they would prioritize them for implementation in South Africa based on their potential benefits for their business.<sup>65</sup> Figure 13 demonstrates how the 32 South Africa respondents ranked CBM among the eight selected TFMs as a priority:

- Only two of the 32 respondents ranked CBM in first place.
- Three respondents ranked CBM in second place.
- Three respondents ranked CBM in third place.
- Nine of 32 respondents ranked CBM in fourth place, the highest frequency ranking.
- Three respondents ranked CBM in fifth place.
- One respondent ranked CBM in seventh place.
- Eight of the 32 respondents ranked CBM in seventh place, the second most frequently cited ranking.
- Four respondents ranked CBM in eighth place.

The online survey results echo the KII results, both placing CBM as a high priority for implementation. However, when online survey respondents were asked to rank the eight selected TFMs against each other in order of priority, CBM was not the most frequently cited priority.

**FIGURE 13: ONLINE SURVEY FINDINGS FOR HOW RESPONDENTS RANKED COORDINATED BORDER MANAGEMENT AS A PRIORITY AMONG THE EIGHT SELECTED TRADE FACILITATION MEASURES**



The content analysis from the KII respondents that chose CBM as a priority measure shows a high degree convergence in their perspectives as to the obstacles, challenges and constraints for its implementation. The overwhelming majority — 15 of the 16 KII respondents — emphasized the benefits of coordination. They agreed that the main benefits would be the time to and cost of trade. These are closely related because the costs of trade in the region are influenced by the time taken to move goods between markets. One private-sector KII respondent estimated that the cost per day of an idle truck in South Africa was ZAR 8,000-9,000 per day on average, and noted that this can increase to ZAR15,000 depending on the

<sup>65</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 and the eight TFMs selected for South Africa are in Annex VII.

driver's salary, parking fees and security. A three-day wait by a truck will erode the transporter's profit earned from the cargo load.<sup>66</sup>

## **Beitbridge**

All KII respondents consistently identified the border post at Beitbridge as a priority for intervention. They agreed that improved coordination between the border authorities on both sides would generate significant benefits. These include reduced time to trade and reduced costs. Both these benefits are significant in the case of Beitbridge given the large amount of cargo that passes through this crossing. Given the fundamental importance of Beitbridge for much of South Africa's trade with the rest of the SADC region, there is also potential for an increase in exports if trade is facilitated through this particular border post. For example, one private-sector KII respondent noted that there would be increased agricultural trade between South Africa and Zimbabwe if CBM at Beitbridge improved.<sup>67</sup>

## **Border Management Agency**

Both public and private-sector KII respondents<sup>68</sup> noted that there would be benefits from increased levels of cooperation among South African government departments on TF. It has long been recognized that there is room to improve the interactions among the various agencies that are responsible for different aspects of border systems. Such agencies include SARS (customs and excise), DAFF, the border police and crime intelligence sections of the South African Police Service and the DHA, as well as other agencies involved in border management like the departments of transport, public works, agriculture and health. Potential benefits include greater efficiency at the borders, including through joint inspections, which will reduce the time to trade, the administrative burden if paperwork is shared among agencies, the direct costs if fees and charges are streamlined, and the openings for corruption with fewer separate engagements at the border with different officials.

There was some concern from private-sector KII respondents as to whether these benefits would materialize from the proposed BMA given that it is driven from a security perspective rather than as a tool to improve TF in South Africa. One respondent from a business association noted the potential for the BMA to make the situation worse and to roll back improvements already put in place by SARS.<sup>69</sup> This concern was also shared by two public-sector respondents<sup>70</sup> who were cautious about the ability of the proposed BMA model to unlock the benefits from greater levels of national level coordination.

## **Other Borders**

Where KII respondents discussed other border posts beyond Beitbridge (e.g., CBM between Mozambique and South Africa), the same types of benefits were mentioned in support of prioritizing this TFM, including the reduced time to and cost of trade.

## **One-Stop Border Posts**

Two KII respondents, one public-sector<sup>71</sup> and one international partner,<sup>72</sup> identified benefits from implementing OSBPs. They noted, however, that many benefits of OSBPs could be achieved through

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<sup>66</sup> Personal communication with supply chain association representative in Johannesburg, Apr. 25, 2016.

<sup>67</sup> Personal communication with trade association representative in Pretoria, Mar. 29, 2016.

<sup>68</sup> Personal communication with government agency representative in Pretoria, May 3, 2016 and personal communication with several representatives of another government agency, Pretoria Apr. 28, 2016.

<sup>69</sup> Personal communication with a trade association representative in Pretoria, Mar. 29, 2016.

<sup>70</sup> Personal communication with government agency representative in Pretoria, May 3, 2016 and personal communication with several representatives of another government agency, Pretoria Apr. 28, 2016.

<sup>71</sup> Personal communication with government agency representative in Pretoria, May 3, 2016.

<sup>72</sup> Personal communication with an international donor representative, Johannesburg May 6, 2016.

other TFMs, such as CBM, harmonization of customs procedures and IT connectivity. From a sequencing perspective, the representative of a private firm and three representatives of private associations noted that before South Africa can implement an OSBP, CBM is required at a border crossing.<sup>73</sup> The exception was one international partner KII respondent<sup>74</sup> who advocated for a more ambitious approach that targets OSBPs from the outset to maximize potential benefits.

## **Assessment Question 2: What is the Potential Range of Costs Associated with the Implementation of Trade Facilitation Measure Priority #1 Coordinated Border Management?**

This section presents a summary of findings on perceived costs to implement CBM, which is presented in Table 12. KII respondents lacked significant knowledge of the costs to implement most TFMs. The KII instruments addressed certain questions regarding costs 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. Two private-sector respondents had knowledge of some aspects of the costs to implement CBM. Of the two representatives of private-sector firms that selected CBM as a priority, one said they did not know the cost to implement and one estimated it would require USD 1-5 million.

All nine representatives of private-sector associations interviewed raised CBM as a priority. Most representatives (three of the four) of relevant bilateral agencies interviewed raised CBM as a priority. The one donor representative interviewed raised CBM as a priority. (None of the respondents mentioned in this paragraph knew the costs to implement CBM.)

In terms of the time required to implement it, most private-sector KII respondents were not asked this question, which was targeted to the public-sector participants. One representative of a trade association estimated it would require more than two years. Of the three bilateral agency representatives who raised CBM as a priority, one said it would take more than 18 months, and two said it would take more than two years. The donor representative said it would take more than two years.

In terms of the types of resources required to implement CBM, of the private-sector respondents one trade representative volunteered that it would require new equipment, hiring more staff, training staff and instituting legislative reforms to be able to implement the BMA bill. The representative said that, of these requirements, hiring more staff would incur the highest costs. All three bilateral agency representatives who raised CBM as a priority said implementation would require new equipment, staff training and hiring more staff, and one of the three mentioned that funding would be necessary for a facilitation process and for building infrastructure. Of these three, one said that hiring more staff would be the largest expense, and two did not know. The donor representative said that funding for new equipment, staff training and some infrastructure would be necessary to implement CBM, with infrastructure being the largest expense.

KII respondents provided little information on the costs of CBM initiatives at both the national and cross-border level. The overall perception was that this is a relatively expensive TFM to implement given that it can involve hard infrastructure improvements at borders and significant staff-related expenses for government agencies.

The potential benefits from CBM identified by KII respondents are also significant. For example, one international development organization KII respondent stated that CBM's potential benefits at Beitbridge outweighed the direct costs involved (mentioned to be in the hundreds of millions of dollars initially). It has been estimated that an OSBP at Beitbridge could generate USD 76 million per year in income. This

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<sup>73</sup> Personal communication with trade association representative in Pretoria, Mar. 29, 2016.

<sup>74</sup> Personal communication with an international donor representative in Johannesburg, May 6, 2016.

is based on current peak traffic, which sees 20,000 people crossing the border daily, together with 400 to 700 cargo carriers.

### **Beitbridge**

Several KII respondents noted that an important driver of the inefficiencies at the Beitbridge border post is the revenue generation activities by Zimbabwean authorities. One private-sector KII respondent suggested that it would be necessary to design incentives or compensation mechanisms for Zimbabwe to progress any CBM initiatives.<sup>75</sup>

A private-sector KII respondent pointed out that there have been many studies done in the past (by SADC, international development partners, TradeMark Southern Africa, etc.) on the options for CBM at Beitbridge, and that some of these had included costing of the interventions.<sup>76</sup> The information accessed for this study was not particularly up-to-date and did not have detailed costings. One international development partner KII respondent said that there is likely to be additional research done on CBM at Beitbridge in 2016, given the agreement in 2015 between the governments of South Africa and Zimbabwe to explore options in this regard.<sup>77</sup> A request had been made for assistance from the Japanese government to support this agreement.

### **Border Management Agency**

Two KII respondents referred to a detailed costing, which the South African government prepared, of the cost of implementing the proposed BMA.<sup>78</sup> The government developed this along with a socio-economic impact assessment that is expected to accompany the bill when it is introduced to the parliament later in 2016. These documents are not publicly available, but one KII respondent indicated that there is some concern about the anticipated high cost of creating the BMA.<sup>79</sup> Indirect costs include aligning 56 pieces of legislation with the new BMA legislation and the anticipated redeployment of approximately 9,000 government officials<sup>80</sup>. A number of private sector KII respondents had participated in the discussion of the BMA Bill at the NEDLAC<sup>81</sup> where the business and labor constituencies had raised questions and voiced concerns about the cost of the BMA, among other things.

As noted above, some KII respondents identified benefits for enhanced national level cooperation in South Africa, but others expressed skepticism about the potential for the proposed BMA to realize these outcomes. Private-sector respondents were fearful that the BMA's security focus might worsen the TF environment in South Africa and create additional inefficiencies at borders. One private-sector respondent asked if the BMA was necessary given its high cost and the low level of expected benefits, especially as this is the latest in a chain of South African attempts to improve trade coordination among government agencies.<sup>82</sup>

One public-sector respondent suggested that it might be best to consider other steps toward improved coordination first, and that these would be less costly.<sup>83</sup> For example, some government agencies need to automate their trade processes and then the respective IT systems can be linked to create share

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<sup>75</sup> Personal communication with the representative of a private sector association in Pretoria, Mar. 29, 2016

<sup>76</sup> Personal communication with supply chain association representative in Johannesburg, Apr. 26, 2016.

<sup>77</sup> Personal communication with an international donor representative in Johannesburg May 6, 2016.

<sup>78</sup> Personal communication with trade association representative in Pretoria, Mar. 29, 2016 and a government agency representative in Pretoria, May 3, 2016.

<sup>79</sup> Personal communication with trade association representative in Pretoria, Mar. 29, 2016.

<sup>80</sup> Refer to the presentation on BMA.

<sup>81</sup> NEDLAC is the formal structure for dialogue between government, business, labor and community in South Africa. It regularly provides input and suggestions on draft legislation before it is introduced to the parliament.

<sup>82</sup> Personal communication with two representatives of a supply chain firm in Johannesburg, May 16, 2016.

<sup>83</sup> Personal communication with a government agency representative in Pretoria, May 3, 2016.

information seamlessly. This would not need to be expensive and could build on existing IT platforms used by government agencies such as SARS.

### **Assessment Question 3: What is the feasibility and timeframe of the implementation of Trade Facilitation Measure Priority #1 CBM?**

Of the two private firms that raised CBM as a priority, one said that other TFMs or steps do not need to be sequenced before implementing CBM. Other firms stated that IT connectivity must improve at border crossings before CBM interventions begin.

Of the nine private-sector associations that raised CBM as a priority, five said that other TFMs or steps do not need to be sequenced before implementing CBM, and one said they did not know. Three associations said there are other TFMs or steps that need to be implemented before CBM, including one that mentioned legislative and regulatory reform (in reference to the requirements to implement the proposed BMA bill). KII respondents from two associations mentioned the facilitation of dialogue and trust building between South Africa and Zimbabwe (regarding Beitbridge) is needed.

KII respondents from two associations mentioned that improved IT connectivity needs to be implemented before CBM. KII respondents from two associations mentioned that private sector engagement is needed to implement CBM. One association mentioned that South Africa, Mozambique and Swaziland should continue the Joint Operations Committee. One association said that infrastructure upgrades are needed before CBM can be implemented.

Of the respondents from the three bilateral agencies that raised CBM as a priority, one said that political cooperation should be fostered before CBM can be implemented and two did not think that other TFMs or steps needed to be sequenced before CBM could be implemented. The international donor representative that raised CBM as a priority did not believe that other TFMs or steps were necessary before CBM could be implemented.

### **Beitbridge**

The governments of Zimbabwe and South Africa have a long history of trying to improve CBM at Beitbridge. Most recently this included commitment by the heads of state to making the border more efficient. At an operational level, there are also regular meetings between the two authorities at the border to deal with day-to-day issues that have implications for the smooth traffic of people and cargo.<sup>84</sup>

The failure to achieve CBM at Beitbridge is a complex issue. The KII respondents for this study most frequently attributed the current challenges to the ongoing political and economic instability in Zimbabwe. One private-sector KII respondent described the process on the South African side of the border as having improved and now being relatively efficient.<sup>85</sup> Beitbridge operates, however, on a dual clearance process that requires agreement from both SARS and ZIMRA for trucks to proceed to the border. One private-sector representative interviewed for background information on this study described the problem of long waiting periods for trucks at the border. The representative described the wait times as having shifted from the control areas at Beitbridge to the truck parking areas, largely on the South African side given the greater flow of cargo moving north.<sup>86</sup> In other words, there are no more queues of trucks at the border because the vehicles will wait in parking areas for permission to proceed to the border.

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<sup>84</sup> Personal communication with government agency representative in Pretoria, May 3, 2016 and with several representatives of a government agency, Pretoria Apr. 28, 2016.

<sup>85</sup> Personal communication with several representatives of a government agency in Pretoria, Apr. 28, 2016.

<sup>86</sup> Personal communication (background interview) with a supply chain association representative in Johannesburg, Jul. 7, 2016.



Private-sector KII respondents identified the lack of political will to make changes at Beitbridge as a reason for the delays in implementing this TFM. This was attributed on the Zimbabwean side to the use of the border post as a way to raise both formal and informal sources of revenue.<sup>87</sup> The economic and associated liquidity crisis in Zimbabwe is seen as having contributed to the lack of progress in recent years. Examples of formal measures included ZIMRA's requirement for completing customs documentation manually in a fixed format at the border; this resulted in more mistakes to customs declarations and thus more revenue from penalties. (This measure has since been removed.) Zimbabwe also imposed a licensing requirement for those importing products. KII respondents reported that this had resulted in increased delays and costs.

In June and July 2016, an additional political dynamic emerged in response to the Zimbabwean government's ban on importing specific consumer products. Informal traders, in particular, opposed this and it came to head on July 1, 2016 when the border post was closed because of protests where buildings and cars were burned. The protesters focused on the import ban while some carried banners calling for President Mugabe to go. This sparked similar protests around Zimbabwe and an unprecedented pattern of people taking to the streets to express their dissatisfaction with the current economic and political situation in the country.

In addition to a lack of political will on the side of the Zimbabwean government, several KII respondents noted that there has also been a reluctance on the part of South Africa to push hard for reforms at Beitbridge. One respondent also attributed this to a disinterest from the South African private sector to lobby for change.<sup>88</sup> There are stakes in the inefficiencies created by a poorly coordinated border post. For example, a significant border economy has been created on the Musina side in South Africa. This includes both formal and informal enterprises, such as clearing agents, porters, truck stops, caterers and security firms, that provide support to the trucks, buses and private vehicles that pass through the border post.<sup>89</sup> There are also some deep linkages between the employment of Zimbabwean migrant workers on the commercial farms near the border in South Africa and the traders who frequent the Beitbridge post.<sup>90</sup> A more coordinated border post at Beitbridge could have negative implications for some stakeholders and this needs to be considered in any solution implemented going forward.

### **Border Management Agency**

The BMA Bill has been drafted and discussed at NEDLAC with business, labor and community constituencies. Once it is introduced, there will be a further opportunity for public comment on the bill as part of the parliamentary process. If there are relatively few changes to the legislation, then it is possible that the process of establishing the BMA could begin as soon as 2017. This will not, however, be a straightforward process; and is anticipated to take more than two years to see the necessary changes to other pieces of legislation, the employment of staff, the establishment of a border police or enforcement unit, and the required infrastructure (such as IT systems, offices, etc.).

One KII respondent observed that there is much work that needs to be done to bring all of the government agencies that will be coordinated under the proposed BMA to the same level of commitment. There is still some skepticism among both private and public-sector respondents on the likelihood of the successful establishment of the BMA as planned. One private-sector respondent specifically referred to the high costs involved, which might make the plan unfeasible because there are budget pressures in South Africa. The minister of finance will present the mid-term budget in September

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<sup>87</sup> Personal communication with a trade association representative in Pretoria, Mar. 29, 2016. Secondary sources include Mundia, V., (2014). *Anti-corruption strategies of the Zimbabwe Revenue Authority (ZIMRA) customs department at Beitbridge border post: a case-based analysis*. Diss. Stellenbosch: Stellenbosch University.

<sup>88</sup> Personal communication with a representative of trade services firm in Johannesburg, Mar. 30, 2016.

<sup>89</sup> Polner, M., (2011). Coordinated border management: from theory to practice. *World Customs Journal* 5.2: 49-64.

<sup>90</sup> Bolt, M., (2012). Waged entrepreneurs, policed informality: work, the regulation of space and the economy of the Zimbabwean-south African border, *Africa*, 82(1): 111-130.

2016 and may provide some indication of the commitment to the BMA if financial resources are allocated for it.

### **One-Stop Border Posts**

An OSBP is on the agenda for the border between Mozambique and South Africa, but it has not yet progressed beyond a rhetorical commitment.<sup>91</sup> In the meantime, there has been some progress toward greater levels of coordination. For example, at peak periods, the border officials from both sides will sit together to increase efficiencies in the processing of people and cargo. This is however a temporary or ad hoc solution that cannot be rolled out on a more regular basis until there is a legal basis to do so. The necessary legal framework to allow for such coordination measures is not yet in place on both sides (South Africa and Mozambique) despite the existence of a relatively efficient transport corridor from Gauteng to the Maputo Port. There appears to be limited political commitment to progressing more quickly to an OSBP. The economic slowdown in both South Africa and Mozambique and the reduced level of trade in bulk commodities, such as manganese, along the corridor provides fewer incentives.

Work is underway at the regional level among SACU member states to improve border coordination and increase efficiencies for TF. The South African government is strongly committed to collaborating with its SACU partner customs administrations and provides significant levels of support for TF initiatives within the customs union, including on CBM.<sup>92</sup> This is often in the form of training, capacity building and cooperation activities, such as operations aimed at reducing illegal trade in the region.<sup>93</sup>

The South African National Treasury has prepared a study on the options for OSBPs, which has not progressed yet. KII respondents displayed a limited desire for OSBP as a priority intervention in South Africa. Private-sector KII respondents favored other approaches to CBM in the first instance.

One public-sector KII respondent saw OSBP as the best solution, but also in the longer run.<sup>94</sup> One international development organization KII respondent commented that setting an early goal for an OSBP can be more efficient in avoiding difficulties of integrating two different approaches and systems later.<sup>95</sup>

### **Trade Facilitation Measure Priority #2: Removal of Non-Tariff Barriers**

The SADC TFP refers to NTBs in the context of TBTs and SPS measures and the Trade Monitoring and Compliance Mechanism (the WTO TFA does not refer to NTBs).<sup>96</sup> The TFP notes that there has been an NTB Monitoring and Compliance Mechanism in SADC since 2007. This has increased awareness of the NTBs impact on trade in the region, but progress in removing barriers has been slow.<sup>97</sup> One private-sector KII respondent echoed this by noting that while the SADC Trade Protocol reduced tariffs in the region, it has not been effective in addressing NTBs.<sup>98</sup>

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<sup>91</sup> Personal communication with a supply chain association representative in Johannesburg, Apr. 22, 2016.

<sup>92</sup> Personal communication with a government agency representative in Pretoria, May 3, 2016 and background discussions with a bilateral agency representative on Apr. 11, 2016 in Pretoria.

<sup>93</sup> Personal communication with a government agency representative in Pretoria, May 3, 2016 and with several SACU representatives in Windhoek, Namibia, Apr. 20, 2016.

<sup>94</sup> Personal communication with a government agency representative in Pretoria, May 3, 2016.

<sup>95</sup> Personal communication with an international donor representative in Johannesburg, May 6, 2016.

<sup>96</sup> SADC established a Trade Monitoring and Compliance Mechanism for monitoring 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>97</sup> SADC TFP final draft report (2016): 42.

<sup>98</sup> Personal communication with trade association representative in Pretoria, Mar. 29, 2016.

NTBs cover a wide range of issues; and KII respondents noted that this dynamic area that can change over time, making it difficult to anticipate appropriate solutions. South African KII respondents specifically mentioned the following NTBs:

- Five KII respondents, including the representatives of three supply chain and two bilateral agencies, mentioned corruption, bribes and informal charges.<sup>99</sup> These respondents noted corruption was a major NTB that trucks experience, particularly at border posts and on the road at police roadblocks, weigh bridges, etc., which creates hidden transportation costs.
- A lack of harmonization and enforcement of drivers' (and driver behavior) regulations. This NTB includes the variation of vehicle standards, driver training and competencies.<sup>100</sup>
- The overuse of scanners and other risk management tools, especially at Beitbridge and the border between Mozambique and South Africa, was mentioned.<sup>101</sup> One private-sector respondent provided additional information on the use of scanners at "Kilometer 4" in Mozambique,<sup>102</sup> which was described as a moneymaking scheme. One result is increased levels of corruption as well as the bypassing of border scanning by some trucks. Scanning equipment can look at one truck in three minutes, but then customs officers still pull the trucks over to do a physical inspection. Scanning is used on all cargo instead of on high-risk shipments only. When scanners were introduced at Kilometer 4, the processing time for a truck increased from 40 minutes on average to three hours. Trucks are also charged an additional scanning fee. Another private-sector respondent noted that there is a need to achieve a balance between stopping illegitimate trade versus facilitating legal trade.<sup>103</sup>
- The imposition of costly, irrational inspections restricts trade flows and could be resolved, in part, by regulatory harmonization, including in TBT and SPS measures, transparent cross-border charges and third-party insurance.<sup>104</sup> One private-sector respondent provided a specific example: genetically modified maize certification requirements are very costly (e.g., Zimbabwe makes trucks stop on the whole route after farm inspection and requires that trucks be escorted) and standards are not onerous, but are enforced in an inefficient, costly manner.<sup>105</sup> Another private-sector respondent spoke about the lack of harmonized requirements for pharmaceutical products.<sup>106</sup>
- There is a lack of coordinated opening hours at border posts. In addition, one private-sector KII respondent noted that the border between Mozambique and South Africa is not open 24/7, even though the Port of Maputo has these operating hours. Clearances finish at 10pm for passengers and 12am for cargo, and the border opens again at 6am.<sup>107</sup>

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<sup>99</sup> Personal communication with supply chain association representative in Johannesburg, Apr. 25, 2016; a supply chain association representative in Johannesburg, Apr. 22, 2016; a representative of both a supply chain firm and association in Johannesburg, Mar. 30, 2016; a government agency representative in Pretoria, Mar. 30, 2016; and a government agency representative in Pretoria, May 3, 2016.

<sup>100</sup> Personal communication (KII) with two representatives from a supply chain firm in Johannesburg, May 20, 2016 and a government agency representative in Pretoria, May 17, 2016.

<sup>101</sup> Personal communication with a supply chain association representative in Johannesburg, Apr. 22, 2016 and a supply chain association representative in Johannesburg, Apr. 25, 2016.

<sup>102</sup> Personal communication with a supply chain association representative in Johannesburg, Apr. 22, 2016.

<sup>103</sup> Personal communication with a trade association representative in Johannesburg, Mar. 30, 2016.

<sup>104</sup> Personal communication with a trade association representative in Pretoria, Mar. 29, 2016; several representatives of a government agency in Pretoria, Apr. 28, 2016; and a government agency representative in Pretoria, May 17, 2016.

<sup>105</sup> Personal communication with a trade association representative in Pretoria, Mar. 29, 2016.

<sup>106</sup> Personal communication with a trade association representative in Johannesburg, Mar. 28, 2016.

<sup>107</sup> Personal communication with a supply chain association representative in Johannesburg, Apr. 22, 2016.

- One private-sector respondent said that the proposed restriction on movement of trucks put forth by the Department of Transport<sup>108</sup> would reduce the time for deliveries to about five hours a day in South Africa.

Table 13 presents the KII findings from assessment questions 1, 2 and 3.

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<sup>108</sup> Personal communication with a trade association representative in Johannesburg, Apr. 29, 2016.

**TABLE 13: KEY INFORMANT INTERVIEW FINDINGS FOR SOUTH AFRICA TRADE FACILITATION MEASURE PRIORITY #2: REMOVAL OF NON-TARIFF BARRIERS, INCLUDING TECHNICAL BARRIERS TO TRADE AND SANITARY/PHYTOSANITARY MEASURES**

Assessment Questions and Sub-questions	Respondents that confirmed they think the implementation of this TFM will bring about specific benefits, disaggregated by respondent category				
KII respondent categories	Private Sector - Firms	Private Sector - Associations	Public Sector - Bilateral Agencies	Public Sector - Multilateral Organizations	Academics, policy experts/ other donors
Number of KII respondents by category that answered the TFM specific questions for CBM out of the total number of respondents for that category	2/2	9/9	4/4	0/0	0/1
<b>South Africa TFM Priority #2 Removal of NTBs including TBTs and Unnecessary SPS MEASURES</b>					
<b>Assessment Question 1: What is the potential range of benefits associated with the implementation of this TFM?</b>					
Reduced time to trade?	Yes - 1	Yes - 7	Yes - 1		
Reduced cost to trade?	Yes - 2	Yes - 9	Yes - 2		
Reduced paperwork and administration?	Yes - 1	Yes - 2	Yes - 0		
More certainty on when goods will get to market?	Yes - 2	Yes - 7	Yes - 1		
More certainty on costs to trade?	Yes - 2	Yes - 9	Yes - 3		
More firms/ association members interested in beginning international trade?	Yes - 0	Yes - 6	Yes - 2		
<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 - 1 Not asked - 1	USD 1-5 million - 1 Don't know - 8	Don't know - 4		
How much time do [public sector] respondents think is required for government to implement this measure? <sup>109</sup>	Not asked - 2	Not asked - 9	More than 2 years - 3 Don't know - 1		
What types of costs/ resources do public sector respondents think are required to implement this TFM?	Not asked - 2	Not asked - 9	New equipment: Yes - 1 No - 2 Don't know - 1 Hiring more staff: Yes - 1 No - 2 Don't know - 1 Staff training:		

<sup>109</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.

<b>Assessment Questions and Sub-questions</b>	<b>Respondents that confirmed they think the implementation of this TFM will bring about specific benefits, disaggregated by respondent category</b>				
<b>KII respondent categories</b> Number of KII respondents by category that answered the TFM specific questions for CBM out of the total number of respondents for that category	<b>Private Sector - Firms</b>	<b>Private Sector - Associations</b>	<b>Public Sector - Bilateral Agencies</b>	<b>Public Sector - Multilateral Organizations</b>	<b>Academics, policy experts/ other donors</b>
	2/2	9/9	4/4	0/0	0/1
			Yes - 3 Don' know - 1		
Of these types of costs, which would be the biggest government expense to implement this measure?	N/A	N/A	Staff training - 1 Don't know - 2 No response - 1		
<b>Assessment Question 3: What is the feasibility and timeframe of the implementation of CBM?</b>					
<b>Feasibility and sequencing sub-questions directed to all respondent categories</b>	<b>Responses disaggregated by respondent category</b>				
	<b>Private Sector - Firms</b>	<b>Private Sector - Associations</b>	<b>Public Sector - Bilateral Agencies</b>	<b>Public Sector - Multilateral Organizations</b>	<b>Academics, policy experts/ other donors</b>
Are there other measures or steps that need to be taken before this TFM can be implemented?	Yes - 1 No - 0 Don't know - 0 No response - 1	Yes - 2 No - 7 Don't know - 0	Yes - 2 Don't know - 1 No response - 1		
If yes, what are the steps or measure that need to be undertaken before implementation of this TFM?	Harmonization of regional standards and qualifications for drivers - 1	Electronic systems and better monitoring of performance of public officials - 1	Regulatory harmonization - 1 Regional driver standards developed - 1		

# Assessment Question 1: What is the Potential Range of Benefits Associated with the Implementation of Trade Facilitation Measure Priority #2?

## KII Findings Summary

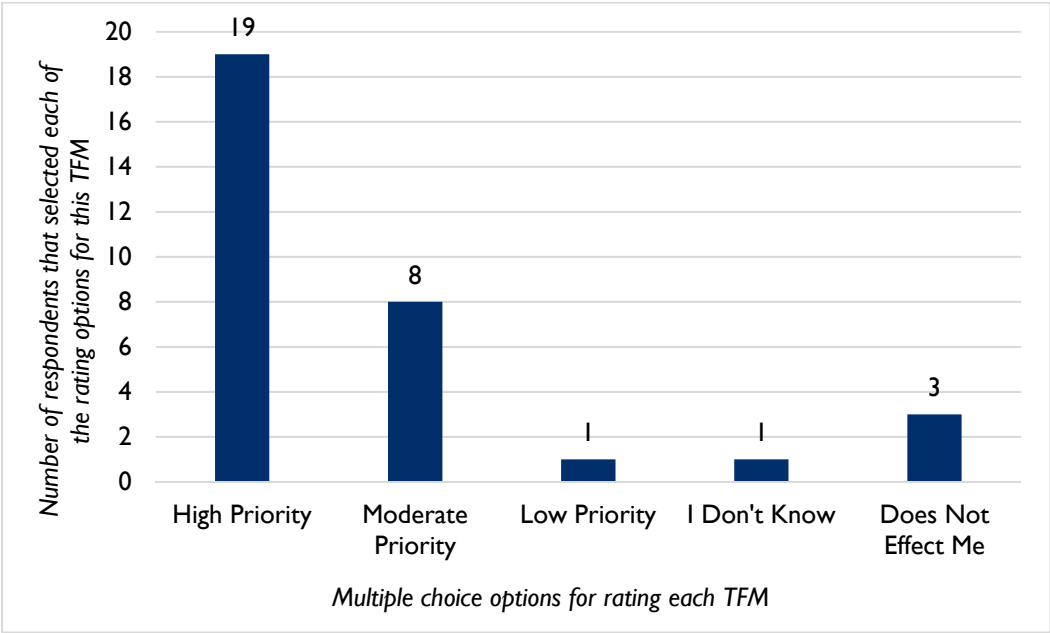
The removal of NTBs is a priority for 15 of the 16 KII respondents. During the interviews, specific types of NTBs were discussed in detail and a range of benefits was identified. All of the private and public-sector respondents prioritized the removal of NTBs. Nearly all of the respondents that raised NTBs as a priority (13) anticipated that removing NTBs would reduce the costs to trade, and 14 believed it would increase certainty about the costs to trade. From across the respondent categories, nine (one private firm, seven trade associations and one bilateral agency) agreed that the removal of NTBs would reduce the time to trade; and 10 (two private firms, seven trade associations, and one bilateral agency) agreed this TFM would bring about more certainty on when goods would get to market. Respondents from six of the nine private associations and from two of the four bilateral agencies agreed that removing NTBs would increase the number of their private-sector actors interested in trading across borders.

## Online Survey Responses

In the online survey, respondents were asked to rate how they would prioritize each of the eight TFMs selected based on their potential benefits for their business. Figure 14 demonstrates how the 32 South Africa online survey respondents rated the removal of NTBs:

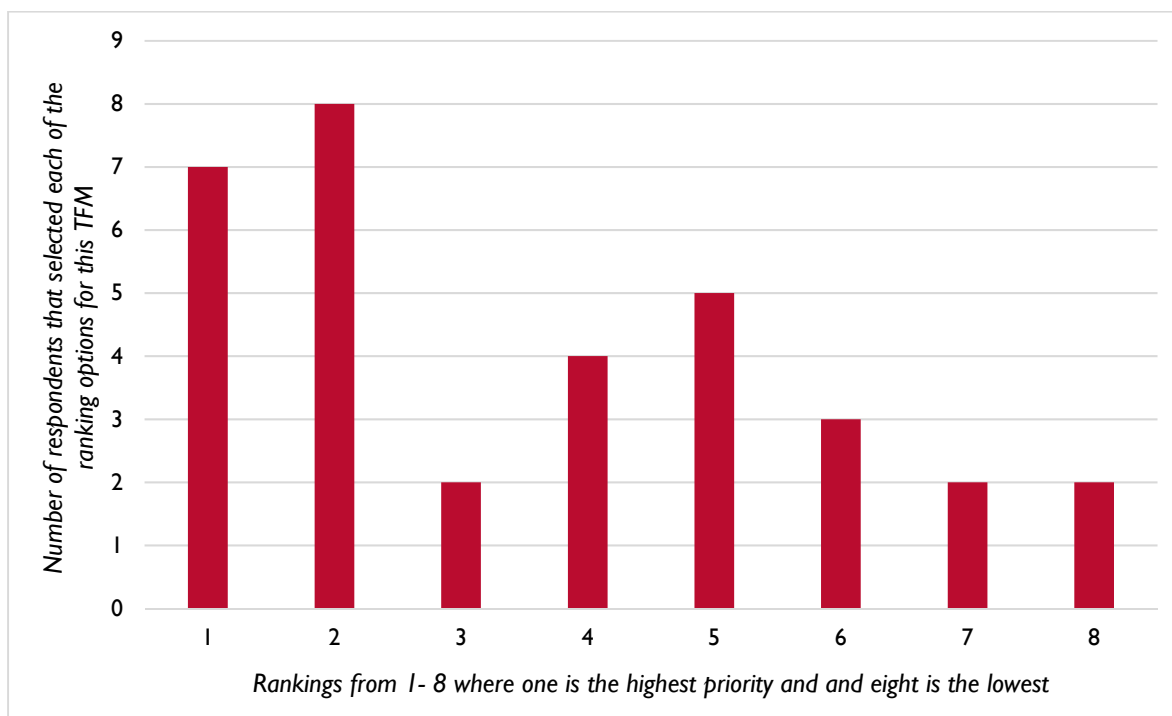
- 19 respondents rated the removal of NTBs as a high priority.
- 8 respondents rated the removal of NTBs as a moderate priority.
- One respondent rated the removal of NTBs as a low priority.
- Three respondents said the removal of NTBs was not relevant for their business.
- One respondent did not know how removing NTBs in South Africa would impact their business.

**FIGURE 14: ONLINE SURVEY FINDINGS FOR HOW RESPONDENTS RATED THE REMOVAL OF NON-TARRIF BARRIERS AS A PRIORITY IN SOUTH AFRICA**



For the other required questions in the online survey, respondents were asked to rank the eight TFMs. Figure 15 shows how the 32 respondents ranked the removal of NTBs in relation to the other TFMs, with one being the highest and eight being the lowest.

**FIGURE 15: SOUTH AFRICA ONLINE SURVEY FINDINGS FOR HOW RESPONDENTS RANKED THE REMOVAL OF NON-TARRIF BARRIERS AS A PRIORITY AMONG THE EIGHT SELECTED TRADE FACILITATION MEASURES**



The results from this question show that seven of the respondents ranked the removal of NTBs in first place, the second highest frequent ranking. Eight respondents ranked the removal of NTBs in second place, making this the most commonly cited TFM in this ranking position.

All of the KII respondents who discussed this TFM in detail were clear that improvements in NTBs would result in significant benefits concerning reducing the cost of trade, although how it could affect the costs of transport are difficult to anticipate or quantify. The uncertainty is particularly challenging and that is why one private-sector KII respondent said that it is critical to reduce NTBs.

As noted in the section above on CBM, one private-sector KII respondent estimated that a one-day delay might cost between ZAR 8,000 to 9,000 on average (as high as ZAR 15,000).<sup>110</sup> Removing NTBs that create delays will benefit trade by reducing costs. Another private-sector KII respondent noted that the additional costs generated by NTBs are passed on to consumers and therefore, if reduced costs are passed on through lower food prices, another potential benefit could be a positive impact on food security for South African consumers.<sup>111</sup> Reducing corruption or bribery, which was one of the specific NTBs identified by KII respondents, has broader benefits for the entire economy.

<sup>110</sup> Personal communication with a supply chain association representative in Johannesburg, Apr. 25, 2016.

<sup>111</sup> Personal communication with a trade association representative in Pretoria, Mar. 29, 2016.



## Assessment Question 2: What is the Potential Range of Costs Associated with the Implementation of Trade Facilitation Measure Priority #2?

Of the 15 KII respondents that raised the removal of NTBs as a priority, one private-sector association representative estimated that implementation might cost between USD 1 to 5 million. Of the remaining 13 KII respondents, 12 said they do not know and one private firm did not discuss costs as this was seen as more of an issue for transport firms. Five of the nine private sector associations that raised NTBs as a priority said the costs to implement depends on the NTB.<sup>112</sup> Questions about the time and resources required to remove NTBs were directed to public-sector KII respondents only.

Representatives of three of the four government agencies interviewed estimated that it would require more than two years, and the remaining government representative did not know. In terms of the types of resources required to implement the removal of NTBs, KII respondents from three government agencies agreed it would require staff training, and one government representative mentioned hiring more staff and procuring new equipment.

KII respondents did not provide specific information on the cost to remove NTBs and implement this TFM. Private-sector KII respondents noted that the cost will vary depending on the specific barrier and the solution adopted.<sup>113</sup> KII respondents also noted that NTBs are dynamic and vary over time and location, making it difficult to generalize the associated benefits and costs.

Other KII respondents mentioned that the NTBs in South Africa are largely encountered by transporters and the implications can be hidden by clearing agents who build in the additional costs to total fees.<sup>114</sup> For example, one private-sector respondent estimated the cost of an incident or corruption reporting mechanism that could be part of an app or cellphone-based system.<sup>115</sup> The estimate was for set-up costs of between ZAR 1.5 to 2 million, although this could be less as some models already exist (e.g., that used by the Johannesburg Road Agency). Such a system can then fund itself through add-ons and advertising.

The costs of not removing NTBs was raised by KIIs, even though they were unable to give specific information on the costs to eliminate specific barriers. Some comments included:

- Corruption or informal charges result in direct cost increases from the amounts paid. But it can also cause delays, especially if truck drivers are not willing or able to pay bribes (e.g., moving through the scanners).<sup>116</sup>
- Costs related to driver behavior (such as the inefficient use of fuel, road accidents, unplanned stops, etc.) drive up overall transport costs and create inefficiencies for road transporters. It can also affect other issues such as security of cargo, accident rates and insurance costs.<sup>117</sup>
- One public-sector KII respondent discussed SPS-related NTBs and noted that it would cost the government money to implement reforms. The largest expense is likely to be staff training and it could take more than two years to implement sustainable changes.<sup>118</sup>

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<sup>112</sup> Personal communication with representatives of five private-sector associations in Johannesburg, Mar. 28/30 and Apr. 22/25, 2016.

<sup>113</sup> Personal communication with a trade association representative in Pretoria, Mar. 29, 2016; a supply chain association representative in Johannesburg, Apr. 25, 2016; and a supply chain association representative in Johannesburg, Apr. 22, 2016.

<sup>114</sup> Personal communication with a trade association representative in Johannesburg, Mar. 30, 2016 and two representatives of a supply chain firm in Johannesburg, May 16, 2016.

<sup>115</sup> Personal communication with a supply chain association representative in Johannesburg, Apr. 22, 2016.

<sup>116</sup> Personal communication with a supply chain association representative in Johannesburg, Apr. 25, 2016.

<sup>117</sup> Personal communication with two representatives from a supply chain firm in Johannesburg, May 20, 2016.

<sup>118</sup> Personal communication with several representatives of a government agency in Pretoria, Apr. 28, 2016.

## Assessment Question 3: What is the Feasibility and Timeframe of the Implementation of Trade Facilitation Measure Priority #2?

### KII Findings Summary

Three private-sector KII respondents stated that the Tripartite NTBs Reporting and Monitoring Mechanism was a good start, but that more regional action was needed to actually get barriers removed.<sup>119</sup> One private-sector respondent observed that the majority of reported NTBs under the mechanism were related to transport and Beitbridge.<sup>120</sup> A public-sector respondent also said that most challenges faced by South African cross-border transporters were encountered in Zimbabwe.<sup>121</sup>

A private-sector respondent noted the role that had been played by FESARTA in monitoring NTBs on behalf of the road transport industry in the region.<sup>122</sup> This process resolved some NTBs but, with new criminal schemes continuously popping up, the respondent said it felt a bit like “one step forward and two steps back.” Support for organizations like FESARTA is important for the active involvement of the private sector in the NTB reporting mechanism.

A private-sector respondent attributed the failure to resolve many reported NTBs to a lack of political will to improve the situation,<sup>123</sup> “It will not be possible to get harmony on the ground without political support from the top.” One private-sector respondent mentioned that corruption specifically requires leadership in order to be addressed.<sup>124</sup> This might require long-term processes, which are often difficult to implement because of political demands and election cycles.

Another private-sector respondent identified lethargy on the part of the private sector to lobby for change and said that there is no real constituency arguing for removing NTBs,<sup>125</sup> “It appears to be easier to just do business as usual and find ways to work around the barriers as efficiently as possible.” The impact of NTBs is just built into the costs of traders.

One private-sector association representative added that the hegemony of South African firms in the region also contributed to this situation; it impacts competition and the level of advocacy by the business community for policy changes to address NTBs. One public-sector respondent mused as to whether NTBs, such as corruption issues, were just “a way of life” and a part of doing business that the private sector accepts.<sup>126</sup>

Another reason mentioned for the failure to remove NTBs is the revenue that is generated by officials and governments in the region. This is entrenched in some countries, such as Zimbabwe, where salaries are low and there are limited options for raising revenue through formal mechanisms. This is a difficult issue to address. As noted above, there can be a change in respect of one issue but then another issue replaces it.<sup>127</sup>

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<sup>119</sup> Personal communication with a trade association representative in Pretoria, Mar. 29, 2016; personal communication with a supply chain association representative in Johannesburg, Apr. 26, 2016; and personal communication with a supply chain association representative in Johannesburg, Apr. 25, 2016

<sup>120</sup> Personal communication with a supply chain association representative in Johannesburg, Apr. 26, 2016.

<sup>121</sup> Personal communication with a government agency representative in Pretoria, May 17, 2016.

<sup>122</sup> Personal communication with a supply chain association representative in Johannesburg, Apr. 25, 2016

<sup>123</sup> Personal communication with a supply chain association representative in Johannesburg, Apr. 26, 2016.

<sup>124</sup> Personal communication with a supply chain association representative in Johannesburg, Apr. 22, 2016.

<sup>125</sup> Personal communication with a trade association representative in Johannesburg, Mar. 28, 2016.

<sup>126</sup> Personal communication with a government agency representative in Pretoria, Mar. 30, 2016.

<sup>127</sup> Personal communication with a supply chain association representative in Johannesburg, Apr. 25, 2016.

Two private-sector respondents and one public-sector respondent suggested that the lack of automation of certain trade procedures contributes to the existence of NTBs, including corruption.<sup>128</sup>

It is widely understood at a global level that NTBs can be reduced through electronic systems and better monitoring of performance of officials. This is reflected in a number of provisions of the WTO Trade Facilitation Agreement and the WCO Revised Kyoto Convention (e.g. on national single windows). Automation on its own will not result in a comprehensive solution to corruption issues but it is an important technical tool for the implementation of anticorruption programs.<sup>129</sup> The IMF confirms that computerization of customs procedures reduces the room for discretion by officials.<sup>130</sup>

The South African Revenue Service (SARS) has embraced modernization and automation of its customs and taxation processes over a number of years. It is expected that this will be reflected in its notification to the WTO when the TFA is ratified. A public sector KII respondent described how South Africa had re-engineered many of the border processes to the place that almost all declarations are now electronic. There is a high degree of automation, which includes capturing data at the port of entry, doing risk assessment and deciding on whether to let the consignment continue its journey or not.<sup>131</sup>

There is still scope however for the extension of computerization of trade processes that are implemented by other South African government departments, such as permits for agricultural exports. This was acknowledged by a public sector KII respondent who also suggested that there is room to improve the performance management systems for border officials in South Africa and the rest of the region.<sup>132</sup> For example, Uganda has adopted a performance management module as part of its Asycuda system that has allowed for the building of institutional capacity in the customs administration. One of the objectives of these initiatives is the reduction of corruption and other NTBs.

On the issues related to driver behavior, one private-sector respondent said that these challenges exist, in part, because of a lack of investment by the private sector in more training activities.<sup>133</sup> There is an oversupply of untrained drivers and the private sector appears unwilling to spend money on improving the situation. Possible solutions could include incentive payment for drivers, such as vouchers (rather than cash), and greater involvement of transport owners who often do not have direct experience in cross-border trade in the region.

Monitoring mechanism go hand-in-hand with training so that the impact can be tracked. There is also a role for governments to intervene on reviewing regional standards for drivers and improving national training programs. The majority of countries in the region still struggle with accessing funding to implement regulatory initiatives. There is a role for development partner organizations to play, but the traditional approach to capacity building has not worked. One public-sector respondent suggested that there needs to be a new orientation to make interventions sustainable and practical by involving local institutions.<sup>134</sup>

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<sup>128</sup> Personal communication with a supply chain association representative in Johannesburg, Apr. 25, 2016; a supply chain association representative in Johannesburg, Apr. 22, 2016; and a government agency representative in Pretoria, May 3, 2016.

<sup>129</sup> Ndonga, D. (2013). Managing the Risk of Corruption in Customs through Single Window Systems. *World Customs Journal*, Volume 7 (Number 2), 23-37.

[http://worldcustomsjournal.org/Archives/Volume%207.%20Number%202%20\(Sep%202013\)/05%20Ndonga.pdf](http://worldcustomsjournal.org/Archives/Volume%207.%20Number%202%20(Sep%202013)/05%20Ndonga.pdf)

<sup>130</sup> Crotty, 2010 cited by Ndonga, D. (2013). Managing the Risk of Corruption in Customs through Single Window Systems. *World Customs Journal*, Volume 7 (Number 2), 23-37.

[http://worldcustomsjournal.org/Archives/Volume%207.%20Number%202%20\(Sep%202013\)/05%20Ndonga.pdf](http://worldcustomsjournal.org/Archives/Volume%207.%20Number%202%20(Sep%202013)/05%20Ndonga.pdf)

<sup>131</sup> Personal communication with a government agency representative in Pretoria, May 3, 2016.

<sup>132</sup> Personal communication with a government agency representative in Pretoria, May 3, 2016.

<sup>133</sup> Personal communication with two representatives from a supply chain firm in Johannesburg, May 20, 2016.

<sup>134</sup> Personal communication with a government agency representative in Pretoria, May 17, 2016.

One public-sector respondent discussed SPS, TBT and food safety standards in detail.<sup>135</sup> It was noted that South Africa has the capacity to provide technical assistance to its neighbors to assist in meeting capacity gaps around SPS issues. Countries in the region lack sufficient capacity to develop the necessary legislation and regulations, to test products and to implement standards.

Some countries impose requirements for “financial” reasons rather than scientific ones. There is still some unwillingness from other countries in the region to harmonize around South African standards, despite requests for this from businesses. Without harmonized standards and regulations, SPS measures can become an NTB and have a negative impact on regional trade.

### **Trade Facilitation Measure Priority #3: Efficient Seaports and Linking Infrastructure**

As noted previously, the WTO TFA does not specifically address physical infrastructure construction or upgrades as a separate TFM. The SADC TFP prioritizes improving the efficiencies of seaports, a TFM, for the region. The proposed activities at a regional level relate largely to assessing the processes at seaports and improving the time taken to clear cargo through seaport facilities. For the purpose of this study, the TFM on seaports has been broadened to include hard infrastructure issues. This TFM deals with the efficiency of seaports as well as other linking and supporting infrastructure. In the context of South Africa, this includes inland ports like City Deep and SEZs, or industrial development zones that are linked to ports in Durban, Richards Bay and Port Elizabeth.

There is some overlap with the TFM on rail and road infrastructure because they are part of the linkages to seaports to ensure overall efficiency of transport systems. KII respondents mentioned that the main obstacles related to this TFM were the lack of maintenance and oversight of infrastructure,<sup>136</sup> poor planning of linkages<sup>137</sup> and uncertainty around the continued gateway status of inland ports under the new customs legislation.<sup>138</sup>

At a broad level, South Africa’s ports are considered among the most efficient in Africa. They are relatively modern in their infrastructure, and there is regular engagement between public and private-sector stakeholders on plans to upgrade, extend and improve the operation of the ports.

The KII respondents largely focused on the Port of Durban. This facility is part of the North-South Corridor initiative and is a critical entry and exit point for goods traded by South Africa’s neighbors in the region, including Botswana, Zimbabwe and Zambia. One public-sector respondent noted that the Durban Port was a crucial part of trade activities in the province of KwaZulu-Natal (KZN); and it has driven regional initiatives, such as the East 3 route initiative (Swaziland, Mozambique, KZN and now Seychelles).<sup>139</sup>

One private-sector respondent noted that South Africa’s seaports are generally not a major concern, and that they operate relatively efficiently compared to other ports around the world.<sup>140</sup> There is a concern, however, that there is a difference between the reported installed capacity at the Port of Durban and the actual useable capacity.

When the South African economy and that of Zimbabwe begin to grow again, will the seaports be able to cope and continue to function efficiently with more demand? For example, their capacity will be

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<sup>135</sup> Personal communication with several representatives of a government agency in Pretoria, Apr. 28, 2016.

<sup>136</sup> Personal communication with a representative of trade services firm in Johannesburg, Mar. 30, 2016.

<sup>137</sup> Personal communication with a trade association representative in Johannesburg, Mar. 28, 2016.

<sup>138</sup> Personal communication with a supply chain firm and association representative in Johannesburg, Mar. 30, 2016.

<sup>139</sup> Personal communication with a government agency representative in Pretoria, Mar. 30, 2016.

<sup>140</sup> Personal communication with a trade association representative in Pretoria, Mar. 29, 2016.

tested in the second half of 2016 and 2017, when South Africa and other countries in the SADC are expected to increase large amounts of grain (an estimated 7 million tons) to offset the impact of the drought.

Another related and linked infrastructure issue is the development of SEZs or industrial development zones linked to seaports and other transport infrastructure such as airports, rail or road hubs. One public-sector respondent pointed out that there has already been some success from SEZ initiatives in South Africa, for example, the investment by Samsung in a manufacturing operation at the Dube Trade Port in KZN.<sup>141</sup> This demonstrates the potential for positive impacts on trade and economic development of such infrastructure programs.

Table 14 presents the KII findings in answer to assessment questions 1, 2 and 3.

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<sup>141</sup> Personal communication with a government agency representative in Pretoria, Mar. 30, 2016.

**TABLE 14: KEY INFORMANT INTERVIEW FINDINGS FOR TRADE FACILITATION MEASURE PRIORITY #3: SEAPORTS AND LINKING INFRASTRUCTURE UPGRADES**

Assessment questions and sub-questions	Respondents that confirmed they think the implementation of this TFM will bring about specific benefits, disaggregated by respondent category				
KII respondent categories	Private sector - firms	Private sector - associations	Public sector - bilateral agencies	Public sector - multilateral organizations	Academics, policy experts/ other donors
Number of KII respondents by category that answered the TFM specific questions for CBM out of the total number of respondents for that category	1/2	4/9	1/4	0/0	0/1
<b>TFM Priority #3 More efficient seaports and linking infrastructure upgrades</b>					
<b>Assessment Question 1: What is the potential range of benefits associated with the implementation of this TFM?</b>					
Reduced time to trade?	Yes - 1	Yes - 4	Yes - 1		
Reduced cost to trade?	Yes - 0	Yes - 3	Yes - 1		
Reduced paperwork and administration?	Yes - 0	Yes - 0	Yes - 0		
More certainty on when goods will get to market?	Yes - 1	Yes - 4	Yes - 1		
More certainty on costs to trade?	Yes - 0	Yes - 4	Yes - 1		
More firms/ association members interested in beginning international trade?	Yes - 0	Yes - 1	Yes - 1		
<b>Assessment Question 2: What is the potential range of costs associated with the implementation of CBM?</b>					
Estimated cost to Implement?	Not asked - 1	Don't know - 3 Not asked - 1	More than USD 5 million - 1		
How much time do [public sector] respondents think is required for government to implement this measure? <sup>142</sup>	Not asked - 1	Not asked - 4	More than 2 years - 1		
What types of costs/ resources do public sector respondents think are required to implement this TFM?	Not asked - 1	Not asked - 4	Other - Policy development plus infrastructure building - 1		

<sup>142</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.

<b>Assessment questions and sub-questions</b>	<b>Respondents that confirmed they think the implementation of this TFM will bring about specific benefits, disaggregated by respondent category</b>				
<b>KII respondent categories</b>	<b>Private sector - firms</b>	<b>Private sector - associations</b>	<b>Public sector - bilateral agencies</b>	<b>Public sector - multilateral organizations</b>	<b>Academics, policy experts/ other donors</b>
Of these types of costs, which would be the biggest government expense to implement this measure?	N/A	N/A	Other - Policy development plus infrastructure building - 1		
<b>Assessment Question 3: What is the feasibility and timeframe of the implementation of CBM?</b>					
<b>Feasibility and sequencing sub-questions directed to all respondent categories</b>	<b>Responses disaggregated by respondent category</b>				
	<b>Private sector - firms</b>	<b>Private sector - associations</b>	<b>Public sector - bilateral agencies</b>	<b>Public sector - multilateral organizations</b>	<b>Academics, policy experts/ other donors</b>
Are there other measures or steps that need to be taken before this TFM can be implemented?	No - 1	Yes - 1 No - 3	Yes - 1		
If yes, what are the steps or measure that need to be undertaken before implementation of this TFM?		Make systems and procedures at the ports more efficient before improving hard infrastructure - 1	Agreement needed on policy around SEZs including incentives - 1		

# Assessment Question I: What is the Potential Range of Benefits Associated with the Implementation of Trade Facilitation Measure Priority #3?

## KII Findings Summary

Six KII respondents (one of the two private firms, four of the nine private associations and one of the four bilateral agencies) raised the need for improved efficiency and infrastructure upgrades for seaports and linking infrastructure.

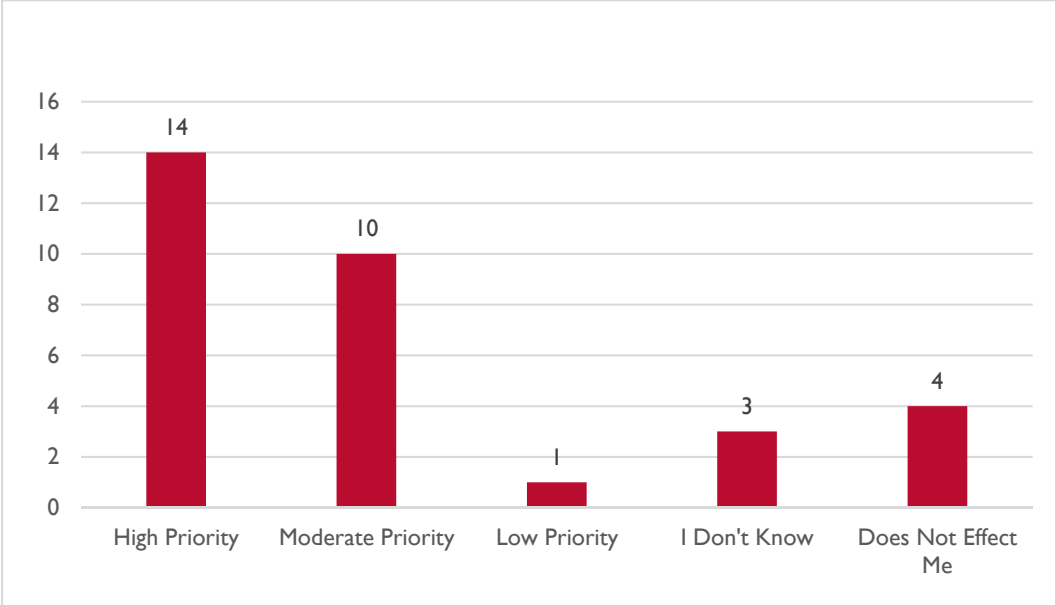
Respondents from the five private sector and one public-sector organizations that raised efficient seaport and linking infrastructure agreed that this intervention would reduce the time to trade, and improve certainty on when goods would get to market. Respondents from the four associations and one bilateral agency agreed that this intervention would increase certainty about the costs to trade. Respondents from three of the four associations and one bilateral agency agreed that this intervention would reduce costs to trade. Only one private and one public-sector respondent thought that this intervention was likely to increase interest in international trade.

## Online Survey Responses

As a required question in the online survey, respondents rated how they would prioritize the eight TFMs selected for implementation based on the potential benefits for their businesses. Figure 16 shows how the 32 online survey respondents rated improved efficiency and infrastructure upgrades for seaports and linking infrastructure:

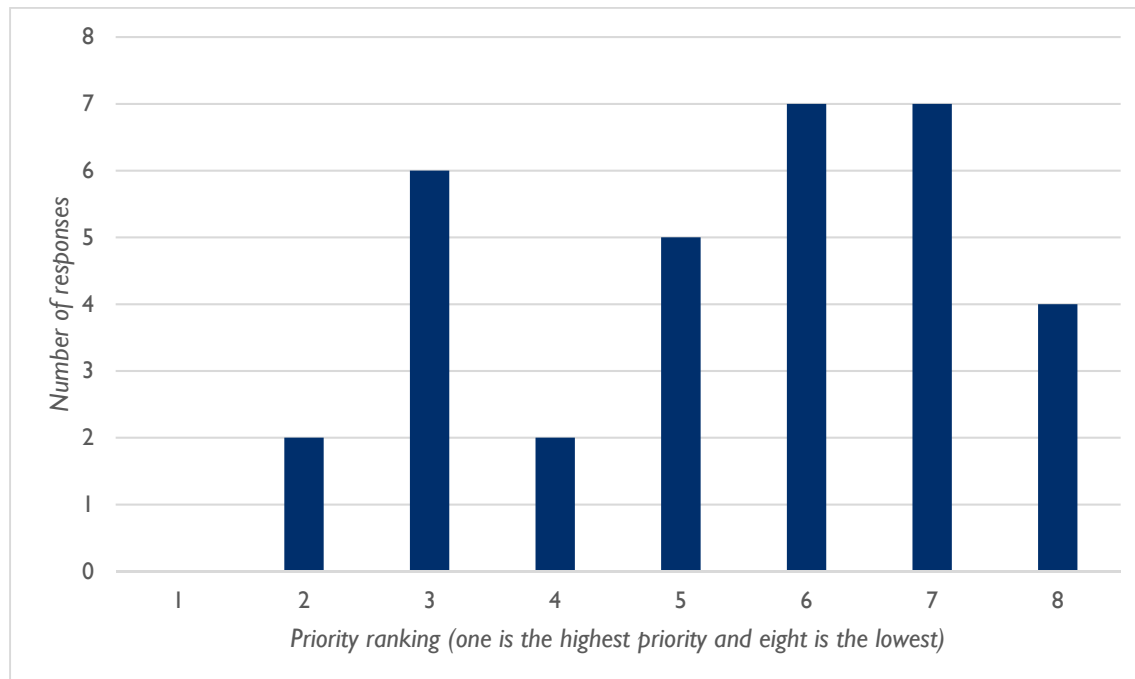
- 14 respondents rated this intervention as a high priority.
- 10 respondents rated this intervention as a moderate priority.
- One respondent rated this intervention as a low priority.
- Three online survey respondents did not know how the implementation of this intervention in South Africa would impact their businesses.
- Four of the 32 respondents said this intervention was not relevant for their businesses.

**FIGURE 16: HOW SOUTH AFRICA ONLINE SURVEY RESPONDENTS RATED THE SEAPORT FACILITIES AND INTERMODAL LINKAGES AS A PRIORITY**





**FIGURE 17: HOW ONLINE SURVEY RESPONDENTS RANKED THE SEAPORT FACILITIES AND INTERMODAL LINKAGES AS A PRIORITY AMONG THE EIGHT**



### SELECTED TRADE FACILITATION MEASURES

KII respondents agreed on the benefits of more efficient seaports and supporting infrastructure in terms of reducing time to and costs of trade. One private-sector KII respondent explained that congestion at seaports drives up the costs of logistics; and it is therefore critical for traders to have seaports operating as efficiently as possible. There were some divergences between KII respondents on the benefits of inland ports.

One private-sector respondent stressed the importance of inland ports that are recognized as international trading gateways (i.e., cargo travels to the inland port on the shipping manifest and only clears customs at that point).

They also said that inland ports can bring other benefits in terms of relieving pressure at seaports, reducing costs for traders (i.e., the transportation between a seaport and inland port is not subject to value-added tax if the cargo has not been cleared and still moves on international transport terms), and encouraging the greater use of rail (in South Africa and SACU there are strong rail links between the main seaports and inland ports).<sup>143</sup>

Two other private-sector respondents, in part, supported this, too.<sup>144</sup> There were different views taken on the benefits of inland ports by a private and public-sector respondent.<sup>145</sup> They questioned the value

<sup>143</sup> Personal communication with a trade association representative in Johannesburg, Apr. 29, 2016.

<sup>144</sup> Personal communication with a representative of trade services firm in Johannesburg, Mar. 30, 2016 and personal communication with a supply chain firm and association representative in Johannesburg, Mar. 30, 2016.

<sup>145</sup> Personal communication with two representatives of a supply chain firm in Johannesburg, May 16, 2016 and with a government agency representative in Pretoria, May 3, 2016.

of allowing cargo to travel on the shipping manifest to an inland port. The public-sector respondent noted that this was not common practice in other countries as it can pose a real security risk.<sup>146</sup>

### **Assessment Question 2: What is the potential range of costs associated with the implementation of Trade Facilitation Measure Priority #3?**

One public-sector respondent estimated the cost of improving seaports and linking infrastructure at over USD 5 million.<sup>147</sup> All of the respondents who discussed this TFM noted that implementation requires significant funding and that it is an expensive exercise to improve seaport infrastructure.

### **Assessment Question 3 What is the Feasibility and Timeframe of the Implementation of Trade Facilitation Measure Priority #3?**

One public-sector respondent noted that it would take more than two years to implement improvements to seaports and supporting infrastructure. This was widely viewed as a long-term solution to TF obstacles. In the short term, there might be possibilities to maximize the installed capacity of the seaports and that any bottlenecks in processes and systems are identified and resolved.

KII respondents were not sure exactly why there has been little progress in implementing this TFM. Three respondents noted that the plans were already there for the necessary upgrades, expansion and new infrastructure at the Port of Durban, but that they have not been actioned.<sup>148</sup> KII respondents linked this to the cost involved and speculated that a lack of funds meant a lack of progress.<sup>149</sup>

Two private-sector respondents were clear that the South African government did not prioritize spending on trade supporting infrastructure, such as seaports and SEZs.<sup>150</sup> One respondent observed that decisions on government spending for infrastructure were made without consideration of the real economy and the factors that drive economic growth and development. A more political economy approach is needed to making such decisions.<sup>151</sup>

Two respondents suggested that there were measures that could be put in place before significant investment is made in the hard infrastructure for seaports and linked facilities, like inland ports and SEZs. A private-sector respondent said it would be useful to make the systems and procedures at the ports more efficient.<sup>152</sup> For example, greater attention could be given to the movement of trucks within the seaports to ensure that they minimize their waiting time. A public-sector respondent noted that there needed to be an agreement on the SEZs policy, including the incentives provided to firms locating within these areas, before further work can be done on the hard infrastructure and supporting linkages.<sup>153</sup>

On the issue of inland ports, one private-sector KII respondent proposed a stakeholder engagement that physically mapped the process of the flow of trade through South Africa to terminals in Johannesburg

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<sup>146</sup> Personal communication with a government agency representative in Pretoria, May 3, 2016.

<sup>147</sup> Personal communication with a government agency representative in Pretoria, Mar. 30, 2016.

<sup>148</sup> Personal communication with a supply chain association representative in Johannesburg, Apr. 25, 2016; two representatives of a supply chain firm in Johannesburg, May 16, 2016; and with a government agency representative in Pretoria, Mar. 30, 2016.

<sup>149</sup> Personal communication with a supply chain association representative in Johannesburg, Apr. 25, 2016 and two representatives of a supply chain firm in Johannesburg, May 16, 2016.

<sup>150</sup> Personal communication with a trade association representative in Pretoria, Mar. 29, 2016; and a representative of trade services firm in Johannesburg, Mar. 30, 2016.

<sup>151</sup> Personal communication with a representative of trade services firm in Johannesburg, Mar. 30, 2016.

<sup>152</sup> Personal communication with a supply chain association representative in Johannesburg, Apr. 25, 2016.

<sup>153</sup> Personal communication with a government agency representative in Pretoria, Mar. 30, 2016.

and onto Gaborone and Zimbabwe, for example. This would expose the implications of the new customs legislation that is due to enter into force in 2017, including for inland ports.<sup>154</sup>

## **Findings on Other Trade Facilitation Measure Priorities Raised by Key Informant Interview Respondents**

### **Corridor and Border Monitoring**

The WTO TFA does not have a specific provision on M&E of TF issues. It is envisaged that the Committee on TF at the WTO will regularly review the agreement's implementation and that the national committees established under Article 23(2) will have an oversight function.

The SADC TFP recognizes the importance of M&E to ensure the program's implementation. It includes a framework that will be used for performance M&E, which outlines possible sources of data, an overall approach and principles to be reflected in the M&E system. The SADC TFP refers to the National Monitoring Committees in each member state that were established as part of the NTB Monitoring Mechanism. The TFP will be reviewed on an annual basis to ensure that activities are "efficient and effective."<sup>155</sup>

In the context of this study, KII respondents raised the issue of M&E from a slightly different perspective. It was discussed in relation to corridor and border-monitoring activities that seek to track the flow of goods either along trade routes (corridors) and/or through border posts. This monitoring can be done in several different ways and by different stakeholders. For example, the WCO has a methodology for time-release studies that are carried out at borders to assess the operation of customs systems and processes. These studies provide a snapshot at a point in time and are often only done on an ad hoc basis. It is possible to use such studies, however, to provide a baseline that can be the basis for more consistent tracking of trends in the functioning of a border post.<sup>156</sup> Such studies are also known as "choke" studies and are usually carried out by a team of consultants/experts and government officials.

There are also ways to monitor transport operations along a particular route or corridor. Public sector players, such as corridor authorities, or regional organizations can do corridor monitoring. It can use data from private sector monitoring initiatives, such as the U.S. Generalized System of Preferences (GSP)/Global system for mobile communications (GSM) and satellite tracking of trucks. There are currently no corridor monitoring platforms operational in the SADC. TradeMark Southern Africa (TMSA) started developing a system for the North-South Corridor, but this discontinued when TMSA closed down.

### **Benefits of Implementing Corridor and Border Monitoring**

KII respondents agreed that the main, albeit indirectly generated, benefit from monitoring trade of corridors and border crossings would be increased certainty around the time to trade in the region. One private-sector KII respondent noted that good monitoring systems can be used to determine the

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<sup>154</sup> Personal communication with two representatives of a supply chain firm in Johannesburg, May 16, 2016.

<sup>155</sup> Final SADC TFP (2016): 22.

<sup>156</sup> Personal communication with a supply chain association representative in Johannesburg, Apr. 26, 2016.

most efficient regional transport routes.<sup>157</sup> This can indirectly contribute to keeping down trade costs.

### **Costs of Implementing Corridor and Border Monitoring**

KII respondents who discussed this TFM in detail were not able to provide specific indications of the overall costs involved in setting up corridor and border monitoring systems. There was however some information given about aspects of the monitoring system. For example, one private-sector KII respondent had been previously involved in corridor monitoring activities in the region and had provided data that was part of the TMSA platform.<sup>158</sup> The fee paid to access the data was minimal as it was agreed by the transporters who track their trucking fleets that there would be broader benefits in participating in a corridor monitoring initiative.

Another private-sector KII respondent said that it would be useful to have strong private-sector business associations at the regional level that are able to use the information from monitoring systems for lobbying and advocacy around identified barriers to trade.<sup>159</sup> For example, FESARTA had played this role to a limited extent under the TMSA system. There would be costs involved in strengthening FESARTA given its limited human and financial capacity. A corridor authority could also play a similar role with regards to monitoring platforms. Again, there are not particularly well resourced authorities in southern Africa. One private-sector KII respondent pointed out that the Maputo Corridor Logistics Initiative had prepared a costing for the inclusion of a full-time staff member who could undertake the analysis for a monitoring platform. The budget came to approximately USD 277,000 over a period of five years. One private-sector KII respondent also noted that additional costs involved in setting up monitoring platforms included developing the IT/software systems.<sup>160</sup>

### **Feasibility and Timeframe for Implementing Corridor and Border Monitoring**

There are many examples of border monitoring studies that have been undertaken in the SADC region over the years. For example, there have been at least six such studies at Beitbridge in the last 12 years.<sup>161</sup> These are funded traditionally by international development organizations, such as DFID and JICA. Two private-sector KII respondents observed that there was little willingness among those involved in these studies to share the information gathered and there was little coordination among those involved.<sup>162</sup> This resulted in limited value and no real tracking over longer periods.

According to one KII respondent, the lack of coordination also extended to an unwillingness to share data.<sup>163</sup> There are some private-sector tracking companies, for example, that are willing to provide data that can be used for ongoing corridor monitoring, but some stakeholders take a more protective approach; and this limits the coverage and accuracy of previous regional initiatives like TMSA.

As discussed in the section on costs, two private-sector KII respondents stressed the importance of having private-sector organizations and/or corridor authorities involved in monitoring activities.<sup>164</sup> These associations that can use the generated information to lobby for TF improvements and to hold regional governments accountable for implementing commitments. The challenge for involving such organizations

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<sup>157</sup> Personal communication with two representatives from a supply chain firm in Johannesburg, May 20, 2016.

<sup>158</sup> Personal communication with two representatives from a supply chain firm in Johannesburg, May 20, 2016.

<sup>159</sup> Personal communication with a supply chain association representative in Johannesburg, Apr. 26, 2016.

<sup>160</sup> Personal communication with a supply chain association representative in Johannesburg, Apr. 22, 2016.

<sup>161</sup> Personal communication (background interview) with a supply chain association representative in Johannesburg on Jul. 7, 2016.

<sup>162</sup> Personal communication with a supply chain association representative in Johannesburg, Apr. 26, 2016 and two representatives from a supply chain firm in Johannesburg, May 20, 2016.

<sup>163</sup> Personal communication with two representatives from a supply chain firm in Johannesburg, May 20, 2016.

<sup>164</sup> Personal communication with a supply chain association representative in Johannesburg, Apr. 22, 2016 and a supply chain association representative in Johannesburg, Apr. 26, 2016.

is their limited capacity. They generally do not have many staff members and battle with funding. One KII private-sector respondent provided the example of FESARTA and its weak capacity to push ahead in this area.<sup>165</sup> Another private-sector KII respondent also provided information on the Maputo Corridor Logistics Initiative (MCLI). They said that it had included a position for a full-time trade economist to regularly monitor and analyze collected data in its strategic plan for strengthening the institution.<sup>166</sup>

A public-sector KII respondent indicated that SARS was working with the WCO to undertake time-release studies in South Africa this year.<sup>167</sup> The WCO will train 15 SARS officials who can undertake the studies more regularly. Ideally there would be a move away from ad hoc, one-off studies on trade corridors to more regular monitoring like that done by New Zealand and Australia, as well as the Brazilian private-sector initiative to map trade issues in that country.

## **Rail and Road Infrastructure Upgrades**

The WTO TFA and the SADC TFP do not specifically address transport infrastructure (rail and road) as a separate TFM. For the purposes of this study, however, KII and online respondents were not limited to discussing TFMs that excluded hard infrastructure concerns. The inclusion of infrastructure was considered important as a means to ensure a complete representation of the major factors that impact the free flow of goods in the region. This TFM deals with rail and road infrastructure, including as part of transport corridors where relevant. It is discussed in the context of the South African report as an influence on both the cost and efficiency of trade. For example, one private-sector KII respondent noted that the condition of road and rail infrastructure has slowed the movement of freight. Another KII respondent spoke of the importance of transport infrastructure to growing regional trade.<sup>168</sup>

## **Benefits of Implementing Rail and Road Infrastructure Upgrades**

KII respondents identified several potential benefits from improvements to rail and road infrastructure in South Africa, including more trade<sup>169</sup> and greater scope for advocacy on other TF issues (according to one private-sector KII respondent, once infrastructure is addressed, then there are no excuses and advocacy becomes easier). It is widely accepted that efficient transport infrastructure benefits the broader economy and is important for achieving regional economic development objectives.<sup>170</sup>

Figure 18 shows that when asked to rate rail and road infrastructure upgrades as a priority, 13 of the 32 online survey respondents rated it highly. However, when asked to rank it as a priority among the eight TFMs selected for the online survey, only two respondents ranked it in first place and 11 ranked it last.

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<sup>165</sup> Personal communication with a supply chain association representative in Johannesburg, Apr. 26, 2016.

<sup>166</sup> Personal communication with a supply chain association representative in Johannesburg, Apr. 22, 2016.

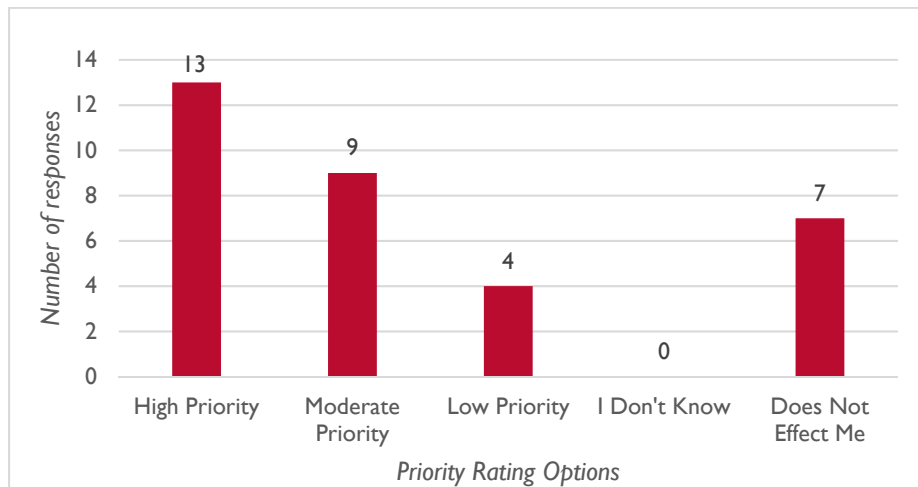
<sup>167</sup> Personal communication with a government agency representative in Pretoria, May 3, 2016.

<sup>168</sup> Personal communication with a representative of trade services firm in Johannesburg, Mar. 30, 2016.

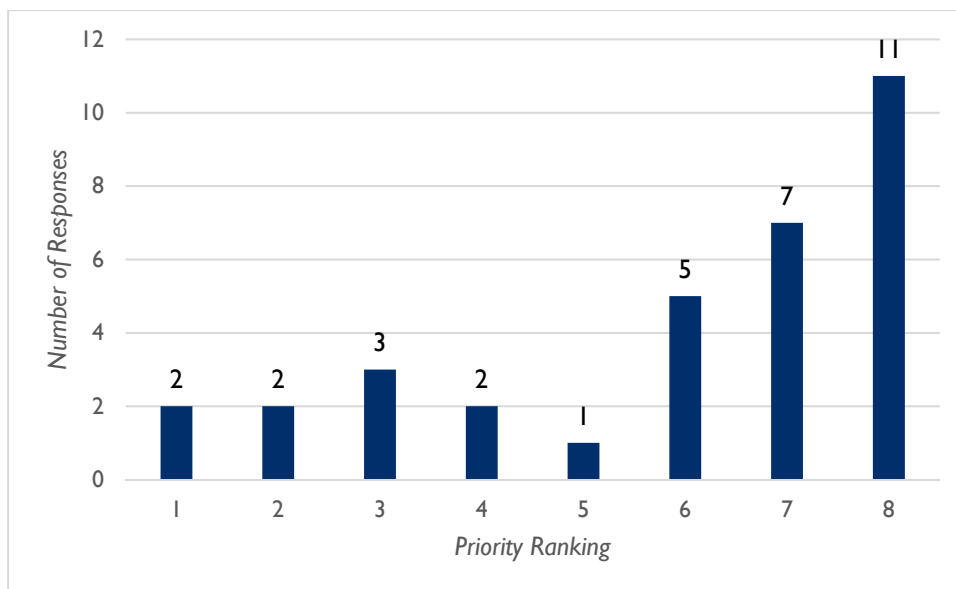
<sup>169</sup> Personal communication with a representative of trade services firm in Johannesburg, Mar. 30, 2016 and personal communication with a trade association representative in Johannesburg, Mar. 28, 2016.

<sup>170</sup> Personal communication with a trade association representative in Johannesburg, Mar. 28, 2016.

**FIGURE 18: HOW ONLINE SURVEY RESPONDENTS RATED INCREASED RAIL BULK CARGO CAPACITY AS A PRIORITY FOR IMPLEMENTATION IN SOUTH AFRICA**



**FIGURE 19: ONLINE SURVEY FINDINGS FOR HOW RESPONDENTS RANKED RAIL BULK CARGO CAPACITY AS A PRIORITY AMONG THE EIGHT SELECTED TRADE FACILITATION MEASURES**



### **Costs of Implementing Rail and Road Infrastructure Upgrades**

None of the KII respondents provided specific information on the cost of improving rail and road infrastructure in South Africa. They mentioned considerations related to planning and financing as reasons for the failure to address this TFM, as is noted in more detail below.

### **Feasibility and Timeframe for Implementing Rail and Road Infrastructure Upgrade**

South Africa’s road and rail network is widely considered to be relatively extensive and in a condition that enables the free flow of cargo. There was significant investment in road infrastructure upgrades and passenger rail services before the 2010 *Fédération Internationale de Football Association* World Cup tournament. KII respondents mentioned specific concerns about the maintenance of infrastructure and

the expansion of freight rail facilities.<sup>171</sup> Several reasons were provided for the lack implementing improvements in this area, including the costs involved, especially in light of the budget constraints and the slowdown of the economy.<sup>172</sup> For example, one private-sector KII respondent observed that Transnet Freight Rail was not actively pursuing the expansion of cargo services from the Port of Durban to Gauteng. This would require expensive changes to be made to several tunnels on the line that are too small to take trains with two layers of containers.<sup>173</sup> Transnet Freight Rail has focused its support for bulk goods and is not facilitating the movement of mixed loads in containers from road to rail.

Two private-sector KII respondents observed that regional governments do not prioritize investment in transport infrastructure, despite rhetorical commitment to do so.<sup>174</sup> This is reflected in the failure to complete any significant regional infrastructure projects in the last two years — the start of construction on the Kasungula Bridge between Zambia and Botswana being the one recent exception.

Two private-sector KII respondents specifically mentioned a lack of political will in implementing this TFM.<sup>175</sup> One of them described it as a “political resistance to prioritizing spending on infrastructure.”<sup>176</sup>

Challenges in the planning process for infrastructure projects was described by one private-sector KII respondent as a critical factor in the failure to make progress in this area.<sup>177</sup> Projects are not broken down into management pieces to enable the implementation of strategies to address the needs. A lack of planning also makes it difficult for governments to access the required financing for transport infrastructure projects. A private-sector KII respondent observed that there was a certain amount of liquidity currently available in the southern African market for rail and road infrastructure projects. It should therefore not be difficult to access financing when a project is well developed and bankable. None of the KII respondents identified TFMs that would first be required to be implemented before addressing rail and road infrastructure issues. One private-sector KII respondent however, did comment that infrastructure development requires supporting work on coordinated regulation for railway in the region and the alignment of some standards while building infrastructure.

## CONCLUSIONS FOR RANKING THE SELECTED TRADE FACILITATION MEASURES

This section presents the assessment team’s conclusions for a final ranking of selected TFMs in order of priority for implementation in South Africa. These conclusions were made based on the interpretation of all the findings across the selected TFMs drawn from the various data sources, including a desk review, KIIs and online survey responses, as well as subject matter expertise on these issues. The following is the final ranking of priority TFMs for action in the country:

1. CBM, including enhanced national mechanisms such as the proposed BMA, and with neighbors like Zimbabwe (at Beitbridge), Mozambique and Botswana.
2. Removal of NTBs related to corruption and a harmonization of policies.

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<sup>171</sup> Personal communication with a trade association representative in Johannesburg, Apr. 29, 2016.

<sup>172</sup> Personal communication with a supply chain firm and an association representative in Johannesburg, Mar. 30, 2016.

<sup>173</sup> Personal communication with a representative of trade services firm in Johannesburg, Mar. 30, 2016.

<sup>174</sup> Personal communication with a trade association representative in Johannesburg, March 28, 2016 and personal communication with a supply chain firm and association representative in Johannesburg, Mar. 30, 2016.

<sup>175</sup> Personal communication with a trade association representative in Johannesburg, Mar. 28, 2016., Personal communication with a trade association representative in Johannesburg, Apr. 29, 2016

<sup>176</sup> Personal communication with a trade association representative in Johannesburg, Apr. 29, 2016.

<sup>177</sup> Personal communication with a trade association representative in Johannesburg, Mar. 28, 2016.

### 3. Improved trade-related and supporting infrastructure.

Drawing particularly on the KII findings, improving CBM at Beitbridge would offer the largest range of benefits for South African traders. It is the single most important border post for facilitating trade in southern Africa and, therefore, the KII respondents prioritized it as a critical TFM. It should be noted that while the benefits are extensive, the cost of implementing reforms at Beitbridge would be high. This complex political economy problem would require a phased approach. Addressing this TFM could be broken down into smaller activities — tackled consecutively — until the situation in Zimbabwe allows for a more comprehensive approach to the problem.

In second place, the assessment team ranks the removal of NTBs. This TFM presents immediate and tangible benefits, particularly in reducing the cost of transport in South Africa and regionally. The cost of solutions to several NTBs could also be relatively inexpensive, which, on balance, led to the assessment team ranking it as the second most cost effective issue for potential attention going forward. The challenge is the dynamic nature of NTBs. This suggests that a nuanced and adaptive approach, short of an agenda that attempts the elimination of all NTBs in the short term, and a focus on tackling a few key issues that could result in improved TF, such as facilitation of coordinated border opening hours and implementation of a performance management system for customs officials.

The third-priority TFM for South Africa is related to hard infrastructure that supports trade. Stakeholders broadly considered that there are solid plans already designed to improve the functioning of seaports as well as to strengthen the trade-supporting infrastructure, such as SEZs. The key will be implementation of these plans in a timely and efficient fashion. The costs involved are significant, but there is room to consider greater levels of cooperation with the private sector to expand financing options and develop a partnership for action in this area.

## Non-Priority Trade Facilitation Measures

USAID requested that the assessment team also identify which TFMs are not a priority for South Africa respondents. In the view of the majority of KII private-sector respondents, SARS has made significant improvements to customs systems in South Africa.<sup>178</sup>

The automation of customs clearance and processing was mentioned specifically. The clearance of cargo before it gets to the physical border post has made a big difference in facilitating trade in South Africa, especially for retailers and other larger companies that can get clearance at depots where cargo is loaded.<sup>179</sup> Increased levels of automation is one factor identified as contributing to reduced corruption, which is a significant NTB in the view of several KII respondents. Other improvements mentioned were to the risk management system and the introduction of an AEO or preferred trader scheme. One private-sector KII respondent observed that AEOs now get very quick clearance and receive advice to proceed to the border without any delay. The same respondent favorably noted the openness of the AEO program to foreign transport operators, as long as they have a local guarantee company.

Another private-sector KII respondent, however, expressed frustration about the continuous changes to the AEO scheme in South Africa and the delays that this has caused in realizing the full benefits of the program.<sup>180</sup> A third private-sector KII respondent added that the AEO initiative cannot be a particular

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<sup>178</sup> Personal communication with a trade association representative in Pretoria, Mar. 29, 2016 and personal communication with a supply chain association representative in Johannesburg, Apr. 25, 2016.

<sup>179</sup> Personal communication with a supply chain association representative in Johannesburg, Apr. 25, 2016.

<sup>180</sup> Personal communication with a representative of trade services firm in Johannesburg, Mar. 30, 2016.



priority until other trading partners recognize it, and therefore reduces challenges to trade on both sides of the border.<sup>181</sup>

There is an ongoing process in SARS to enable ongoing reform of the legal framework for TF in South Africa to ensure that customs laws support the technical needs of the trading community. One public-sector KII respondent raised an NSW as a priority TFM in South Africa.<sup>182</sup>

If there is one system for filing documents electronically, there are big benefits for the government in terms of reduced administration and time to trade. An NSW not only facilitates trade, it offers better control — too many systems allow things to “fall through the cracks.” It would be possible to base an NSW on the existing SARS IT system, but there is still reluctance from other government agencies to adopt the platform. Ideally, there could be a regional system leveraging off the SARS system in the future. The challenge to implementing an NSW is political because the infrastructure and IT systems already exist in South Africa.

Other TFMs that were named as non-priorities in South Africa included customs documentation,<sup>183</sup> customs procedures and risk management.<sup>184</sup> One private-sector KII respondent explained that there had been significant improvements along the Maputo Corridor between South Africa and Mozambique.<sup>185</sup> Trucks can now go from Johannesburg to the Port of Maputo and back (a distance of 590km) in 24 hours. There are greater levels of reliability, predictability and efficiency along this route.

## RECOMMENDATIONS

### Recommendations for Implementing South African Activities

#### Recommendations to USAID

- USAID should deploy border management and trade experts to southern Africa to identify key interventions and their sequence. The Agency should map administrative structures and procedures that are in force at the borders, as well as describe incentive systems in place that require modification. This should be done in cooperation with international development partners already engaged in similar activities in the region (e.g., JICA, African Development Bank) and regional organizations, where appropriate (e.g., SACU and SADC Secretariats).
- USAID should facilitate a workshop between key stakeholders in South Africa to understand the practical implications (e.g., ownership of cargo at points along the supply chain) of the new customs legislation that is expected to enter into force in 2017. This could include a modeling of the entire trade process from the point of export to destination city or country using real documentation and processing by SARS officials. USAID should work in partnership with South African business associations such as the Shippers and Logistics Council and/or the South African Association of Freight Forwarders (SAAFF). If this is done before the legislation enters into force, then it could feed into the process of implementation and enable any procedural adjustments that are required to avoid unintended inefficiencies from the new legislation.
- USAID should host a joint study tour for South African officials and private-sector representatives to consider the experience of other countries like Australia, Canada and the

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<sup>181</sup> Personal communication with a trade association representative in Johannesburg, Apr. 29, 2016.

<sup>182</sup> Personal communication with a government agency representative in Pretoria, May 3, 2016.

<sup>183</sup> Personal communication with a government agency representative in Pretoria, May 3, 2016; a trade association representative in Johannesburg, Apr. 29, 2016; a representative of trade services firm in Johannesburg, Mar. 30, 2016; and a trade association representative in Johannesburg, Mar. 28, 2016.

<sup>184</sup> Personal communication with a government agency representative in Pretoria, May 3, 2016.

<sup>185</sup> Personal communication with a supply chain association representative in Johannesburg, Apr. 22, 2016

U.S. in establishing a BMA. This could be accompanied by case studies to highlight the lessons learned from the experience of each country that is part of the tour. With both public and private-sector representation in this process, there would be the opportunity to encourage the development of a mutually agreeable solution to the border management issues in South Africa.

- USAID should identify potential private-sector associations that it can support through capacity building initiatives, project support, research, training, etc. to advocate more effectively on TF issues at the national and regional levels. This could be done initially through a mapping of the existing associations and an assessment of their current TF-related strengths and weaknesses.
- USAID should work with South African stakeholders to develop a model for a corridor authority for the North-South Corridor.

### **Recommendations to USAID and Other International Partners**

- International development partners, including USAID, should form a coordination mechanism with SARS and other South African government agencies, such as the DTI, DAFF and the BMA, to have regular discussions on TF activities that could be jointly supported in South Africa and regionally. The discussions should yield concrete benchmarks to present to donors and government counterparts in facilitating trade.

### **Recommendations to the South Africa Government**

- The South African government should include private-sector representatives in the National Trade Facilitation Committee.
- The South African government should ratify the WTO TFA.
- South African private-sector firms should support the work of business associations that have the potential to advocate for improved TF, including at the regional level.

## **Recommendations for Implementing Regional Activities**

### **Recommendations to USAID**

- In the short term, USAID should undertake a monitoring visit to Beitbridge to identify key stakeholders and to get more detail on its CBM challenges and issues they have raised.
- USAID should act as a facilitator by engaging Zimbabwe and South Africa on Beitbridge, including in partnership with other international development organizations like JICA. In the short term, this could focus on supporting private-sector associations and firms from both countries — and possibly from Zambia, the DRC and Malawi that also rely on Beitbridge for much of their regional trade — to exchange information and develop joint advocacy positions. It should be based on a political economy analysis of Beitbridge that would provide context for such facilitation efforts.
- USAID should explore options for the greater automation of customs procedures and processes in southern Africa. This would reduce the risks for corruption at scanning points, borders, etc. There could be a potential for private-sector operators to become involved, which might further incentivize creating efficiencies.
- USAID should partner with SARS to support its activities on TF in SACU and through its bilateral arrangements with other southern African countries. For example, this could include the roll out of a performance management module developed by the United Nations Conference on Trade and Development that can be used in ASYCUDA systems. USAID could work with the WCO to develop a team that will train in country and provide in-country support to establish performance management units.

- USAID should support systems for more regular time-release studies at border posts in southern Africa, in cooperation with other international development partners and regional organizations.

### **Recommendations to USAID and Other International Partners**

- International development partners, including USAID, should coordinate activities aimed at establishing a corridor and border-monitoring platform for the SADC.

### **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.

### **Recommendations for Future Research**

- USAID should sponsor more detailed research on issues suggested by this study that are critical to facilitating trade, including in other key countries in southern Africa, such as Zimbabwe and Mozambique. The studies will provide reliable data and in-depth analysis that reveal alternative interventions to advancing trade in Southern Africa.
- USAID should support the use of the online survey tool developed as part of this study on a more regular basis (e.g., once a year). The tool provides a cost effective means to track broad trends from the view of the private sector in the region on priority TF issues over time.
- USAID should undertake additional research focused on the political economy of NTBs in the region with a view to understanding the challenges of removing them and identifying actionable items that could be supported to address particular barriers.
- USAID and/or other international development partners should support a meta-study of the time-release studies that have been done at key border posts in the region, such as Beitbridge, to undertake a detailed process analysis over time to identify trends and recommended changes.

## 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>186</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>186</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 Programme (CTFP)<sup>187</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>187</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>188</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>188</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 towards 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>189</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>190</sup> The survey should encompass the following SADC members: Angola, Botswana, Lesotho, Madagascar, Malawi, Mozambique, Namibia, South Africa, Swaziland, Zambia, and Zimbabwe.<sup>191</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;

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<sup>189</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>190</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>191</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.

- **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 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.

<b>Deliverable</b>	<b>Estimated Due Date</b>
<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>192</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>192</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>193</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

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<sup>193</sup> Yann, D., (2006).

in each country through a review of the OECD TFIs<sup>194</sup> and other secondary data and relevant literature.

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 TF 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 TF 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 TF issues, as well as suggestions for future TF 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

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<sup>194</sup> <http://www.oecd.org/trade/facilitation/indicators.htm>

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 VI.

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 TF 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 TF 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 III.

## Sampling Approach

### Country Selection

USAID asked MSI to prioritize data collection 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:

- Private-sector business owners and managers.
- Private-sector trade association representatives.
- Public-sector government and regional body officials.
- 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 TF 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	Klls	Individuals	Klls	Individuals	Klls	Individuals	Klls	Individuals	Klls
Klls - Private Sector - trade, supply chain, or professional services firms that trade across borders	9	6	8	7	8	8	4	3	9	8
Klls - Private Sector - trade or supply chain associations	6	6	5	5	3	3	8	8	2	2
Klls Public sector – government officials	3	3	3	3	4	3	9	4	6	4
Klls - Public sector - multilateral and regional organizations	0	0	0	0	3	1	0	0	2	1
Klls - Academics, policy experts/ other donors	3	3	1	1	3	3	1	1	1	1
Total number of Klls 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 TF 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 TF specialists conducted a comprehensive country contextual analysis and identified the likely TFMs that would be raised by KII respondents. Each TF 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 TF 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 TF 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 provided assistance 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 KIs 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:

- Private sector.
- Public sector.
- 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)

- a. Role of Respondent
  - Position
  - Responsibilities
  - Length of time with the organization
- b. 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)

- a. **Transition:** *I would like to spend a little time speaking with you about the experiences of your members in trading across borders...*
- b. 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?
- b. **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
  - i. 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.
  - ii. 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)
  - iii. 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
  - i. Understand better the challenges faced by the government in supporting trade facilitation.
  - ii. Understand better what the Agency views as the most important steps that could be taken to make trading across borders easier and why.
  - iii. 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]:
  - i. 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.
  - ii. Explain how collected data will be stored without identifying information.
  - iii. 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's 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 KII's 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 an 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 ten 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 : Response box  \*

**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”)

<b>Selected trade facilitation policies that haven't been implemented in South Africa</b>	<b>High priority</b>	<b>Moderate priority</b>	<b>Low priority</b>	<b>This policy is not relevant for my business interests</b>	<b>I don't know how this policy would impact my business interests</b>
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.					
5. Development of behind the port facilities and					

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
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.					

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

**14) 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):

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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. A 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**

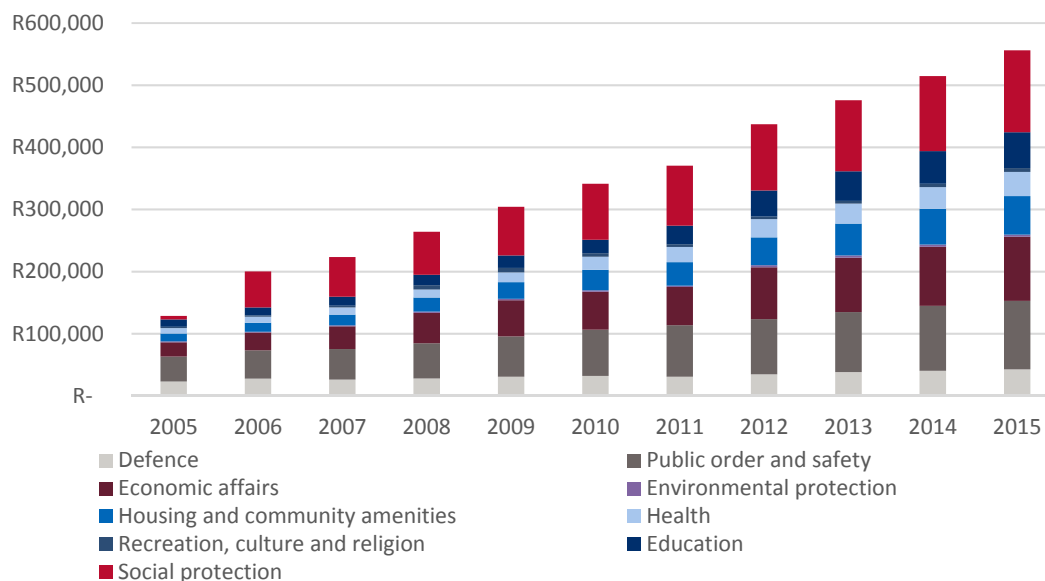
1. Improved border management and coordination.
2. Enhanced electronic clearing for customs, IT connectivity and information exchange at borders.
3. Removal of NTBs such as import restrictions, customs delays, or other systems preventing or impeding trade.
4. Improved physical infrastructure at ports 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: SOUTH AFRICA NATIONAL FISCAL CONTEXT

There are a number of other priorities in the national budget that will affect the support for funding implementation of the WTO TFA or the priority interventions as identified by this assessment team. As demonstrated in Figure 1, current government spending on general public services is concentrated on three areas, public order and safety,<sup>195</sup> social protection,<sup>196</sup> and economic affairs.<sup>197</sup> Where the MTSF identifies skills shortage as a constraint and education as a priority for national development, spending on education has been sporadic. While there was a notable increase in spending on education from 2010 to 2012, the spending growth on education has declined since then.

Unfortunately, due to South Africa's sluggish real GDP growth in the past six years, the national budget is very tight limiting funding for expenditure on the MTSF. In the 2017 Medium Term Expenditure Framework (MTEF), the National Treasury stated that "no additional resources are available for allocation in the 2017 MTEF, this budget cycle will focus on expenditure control within budget limits."

**FIGURE 1: GENERAL PUBLIC SERVICES (CURRENT PRICES, R MILLION)**



Source: StatsSA, 2016

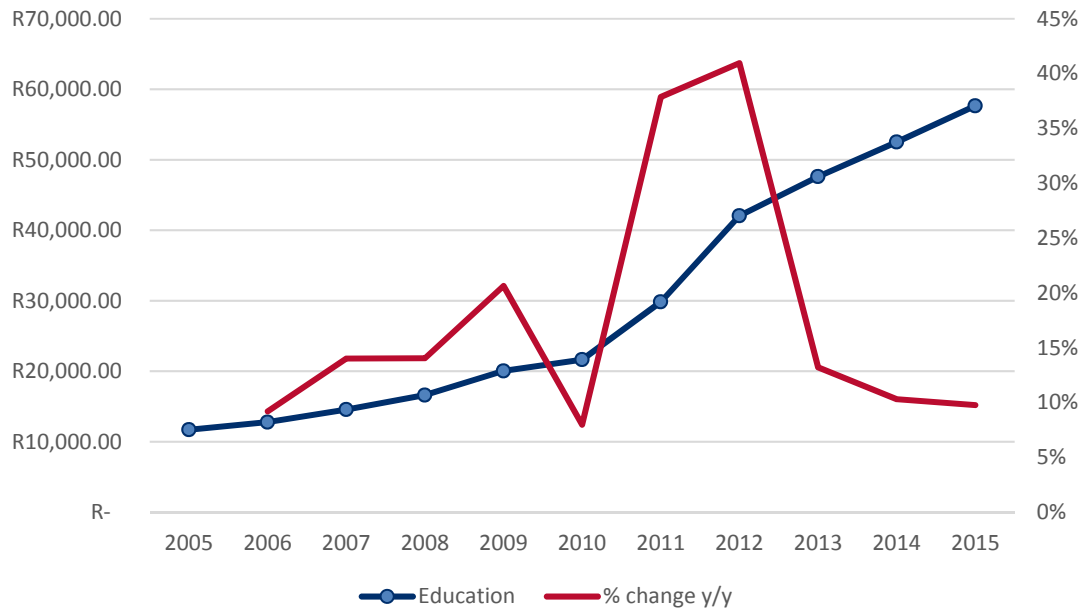
Furthermore, South Africa's economic activities are being affected by these structural constraints, specifically the supply of electricity. As demonstrated in Figures 2 and 3, there has been a marked decline in the electricity available for distribution in South Africa, while immense power shortages were noted in the period Oct. 2008 to Nov. 2009. While South Africa exports electricity, the decline in production is not matched by an equal increase in electricity exported, in nominal term the amount of electricity exported has only increased slightly.

<sup>195</sup> This encompasses these public services: police and fire protection services, law courts and prisons.

<sup>196</sup> This encompasses these public services: support for sickness, disability, old age, family and children; unemployment; housing; social exclusion; R&D; and social protection.

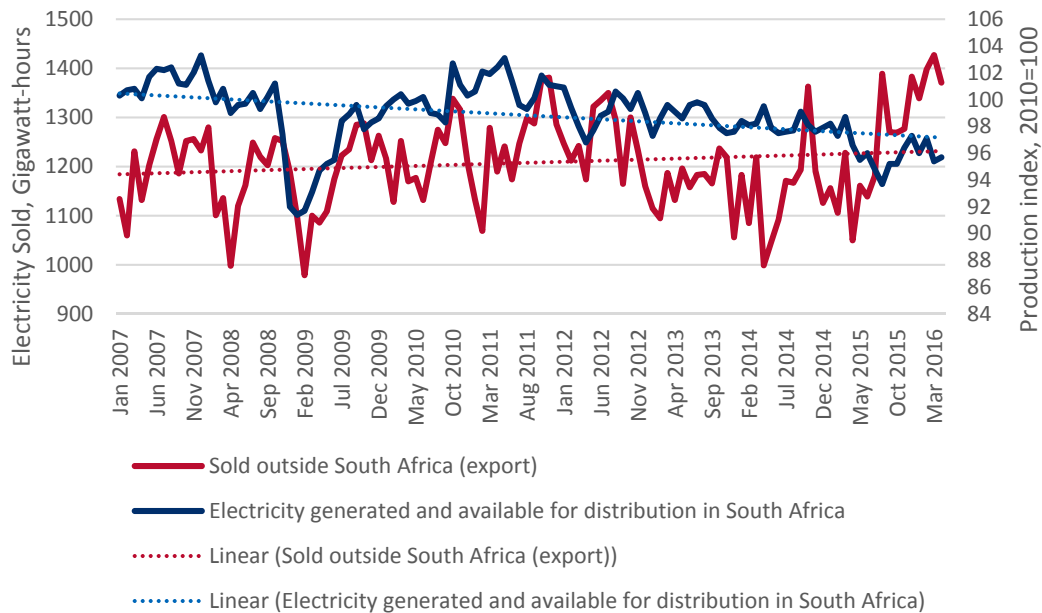
<sup>197</sup> This encompasses these public services: general economic, commercial and labor affairs; agriculture, forestry, fishing and hunting; fuel and energy; mining, manufacturing and construction; transport; communications; other industries; research and development economic affairs.

**FIGURE 2: GENERAL PUBLIC SERVICES: EDUCATION (CURRENT PRICES, R MILLION)**



Source: StatsSA, 2016

**FIGURE 3: ELECTRICITY AVAILABLE FOR DISTRIBUTION IN SOUTH AFRICA**



Source: StatsSA, 2016

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## **ANNEX VIII: STAKEHOLDER VALIDATION WORKSHOPS REPORT**

Two validation workshops were held in the Southern Africa region in early April 2016. These workshops served to review and discuss the research design and key informant interview instruments of the Trade Facilitation Management (TFM) Assessment Survey. These workshops also provided an opportunity for USAID to present key policymakers and private sector representatives with the TFM survey assessment methodology and data collection instruments. The methodology, survey and results of the initial desk research and pilot studies in South Africa and Botswana were presented during the workshops in order to elicit feedback on the assessment approach and design from key stakeholders. The objective was to gather stakeholder input and ensure a robust and relevant survey, which provides information useful to regional stakeholders working on trade facilitation policy and programs.

### **Workshop Objectives**

The two validation workshops brought together a small group of key stakeholders from different entities. The workshops provided an avenue to achieve several objectives, key among them:

- Explain the purpose and value of the TFM study and bring about buy-in from the stakeholders.
- Present draft instruments for TFM study.
- Outline sampling framework to be used in TFM study.
- Share findings from pilot research/interviews.
- Provide opportunity to stakeholders to give feedback on the above objectives.

The purpose of the TFM study itself was well captured by USAID: “USAID Southern Africa commissioned MSI to help us organize and prioritize our development assistance as it relates to Trade Facilitation.”

### **Workshop Attendance**

Invitations were sent to participants several weeks ahead of time and both sessions recruited a fruitful group of participants. Participants hailed from seven different sectors:

- Former Trade Hub employees
- Government officials
- Academics, policy experts, and researchers
- National business organizations
- Trade associations
- Donors, regional and international bodies
- Private sector firms

#### **April 1 event in Pretoria, South Africa**

Nineteen participants attended the workshop, excluding USAID and MSI facilitators.

#### **April 8 event in Gaborone, Botswana**

Twenty-two participants attended the workshop, excluding USAID AND MSI facilitators.

## Workshop Agenda

The workshops were designed as half-day events, shown in the agendas below.

### April 1 event in Pretoria, South Africa

Session Description	Presented by:
Arrival, Registration – arrival tea served	
Welcome Remarks	Mr. Paul Pleva, Mr. Evan Chinembiri
Presentation and discussion of survey methodology	Ms. Catherine Grant
Mid-morning tea	
Presentation on results of pilot study	Ms. Catherine Grant
Participants interactions and feedback	
TFM next steps	Ms. Catherine Grant, Mr. Temwa Gondwe
Closing remarks	Mr. Paul Pleva, Mr. Evans Chinembiri

### April 8 event in Gaborone, Botswana

Session Description	Presented by:
Arrival, Registration – arrival tea served	
Welcome Remarks	Mr. Evans Chinembiri
TFM study, Instruments and SA Pilot interview	Ms. Catherine Grant
Participants interactions and feedback	Participants
Botswana Pilot interviews & findings	Mr. Isaac Ndung'u
Participants interactions and feedback	Participants
Mid-morning tea	
TFM next steps	Ms. Catherine Grant and participants
Closing remarks	Mr. Evans Chinembiri

## Key Issues

### April 1, Pretoria Workshop

Studies to help prioritize TFMs show that South Africa has advanced trade facilitation measures; however, the government and private sector perspectives provided valuable analysis and critique.

#### **Supply Chains/Corridors**

In South Africa, each business needs a complete supply chain in order to trade productively. Individual supply chains compete for business. A Department of Transport (DOT) study in South Africa focused on supply chains in the South African Development Community (SADC) context and found the supply chains were physically defined within eight corridors. Therefore, it is important to focus on transport infrastructure, logistics and time issues, trade and development facilitation, education, and legal funding in order to help increase production capacity within the supply chains. From a logistics perspective, cost is most important for transport economics, but it is important to focus more on multi-modalism rather than individual modes of transport. It might be important to incorporate the Federation of East and Southern Africa Road Transport Associations (FESARTA) as stakeholders. It is important to focus on suggestions of the USAID Open Expedited Trade studies to explore methods of sharing information and ensuring supply chains are used to create a better trade environment.

#### **Lack of Alignment in Regulatory Environment**

In South Africa's current regulatory environment there is a lack of alignment, which results in lost time and cost as well as in breaks in the supply chain. One example of this is the fact that there are 39 principle acts in a supply chain focusing on border management yet these principle acts only exist in practice within a ten kilometer radius of border posts. Thus, there is no perceived combined risk profile across the whole supply chain. Another contributing factor to the lack of alignment is that the private sector has different strategies for individual countries rather than a one-size-fits-all approach.

#### **Zimbabwe and Beitbridge**

For South Africa, Zimbabwe is the gateway to Zambia and Malawi, but Zimbabwe's main border post, Beitbridge, often has bottlenecks so Botswana is used as an alternative route. However, when South Africa is exporting to Malawi, there is no option to use any border but Beitbridge, which results in delays and additional costs for Malawian consumers. Another issue is that the lack of border authority coordination between states affects the fleet capacity utilization as trucks sit at the border and this causes only 50% of the fleet to be used at one time. One recommendation was use rail lines to ship goods to Harare, bypassing the need for crossing the road border at Beitbridge. One question was raised as to whether there needs to be more emphasis on South Africa's role in this international transportation system. However, it was noted that it is also helpful to talk to smaller players with creative solutions to manage the borders. Zimbabwe should be included in this assessment given the importance of it to trade in the region.

#### **Double Border Post vs. One Stop Border Post**

One possible solution to these border issues is having a streamlined double border post rather than a single stop solution. One of the challenges to the one stop solution is the immense legal issues it would present. South Africa's National Treasury paper on one stop border posts raises the question of whether sharing of technology is viable. Zimbabwe and South Africa negotiating a technology sharing agreement would mitigate the process delays experienced at Beitbridge, for example.

## **Bonds and Trade Guarantees**

The SADC regional transit bond was delayed by financial regulations and SADC is not sure it will be delivered. If that is the case, it raises the question of what will happen to the trade of transport services under the SADC Protocol. Another question arises about guarantees and when one country's responsibility in the export process ends what country will pick it up.

## **The Border Management Agency**

Discussions are being held in the National Economic Development and Labour Council on the Border Management Authority (BMA). However, the people authoring the bill are not the people conducting trade (the process is being led by the Department of Home Affairs). Therefore, they do not have as much insight into the actual problems in border management. Furthermore, the bill may hamper trade flow rather than enable it. A National Treasury study shows the BMA legislation may be moving towards a single authority system with significant implementation costs involved.

## **Other Country Needs Assessment**

South Africa is trying to assist the World Customs Organization at the regional office and is pushing for the further adoption of the Kyoto Protocol by countries in the region.

## **Capacity and Process Constraints at Border Posts**

When looking at informal cross border trade, specifically Zambia and Malawi, it is important to discuss the issues with cross border traders during field research. Some of the border posts have a capacity constraint tied to infrastructure. These capacity and infrastructure issues can create bottlenecks. Additionally, there is a process constraint, which might contribute even more to bottlenecks than infrastructure constraints.

## **Where We Should Focus**

An important consideration is whether to keep interviews at a national level or try and expand them internationally. No matter which decision is made, a part of the interviews will need to be on issues of regional harmonization. Additionally, it is important to know how to engage on the political level, which includes discovering how important trade facilitation measures are in the regional political discourse. It is possible to look at the various participants in the value chains to emphasize these issues. For example, an operator in Botswana faces registration challenges going into Zambia.

## **South African Customs Union vs. South African Development Community**

In the South African Development Community (SADC) context there is a growing divide on South African Customs Union (SACU) versus SADC challenges. SACU to SACU trade is easier than SACU to SADC. The World Trade Organization Trade Facilitation Agreement is actively trying to ensure all countries, including SACU countries, fully implement and coordinate financial connectivity notifications on the agreement. South Africa's ratification of the WTO TFA is still with Parliament, specifically the National Council of Provinces.

## **Informal Cross Border Trading**

Informal cross-border traders generally do not have large enough scale, volume or systems in place to comply with the border regulations. It is unknown how the informal traders will be affected by TFM. Some traders may work within their own borders to make trade work more productively as most of

the issues are governmental in nature. The informal services around the movement of goods might also have a great impact on the efficiency of border posts.

### **Other Points**

In addition, the following points were mentioned:

- A solution stemming only from WTO TFA is not strong enough because security agencies, which play an important role, are often left out.
- Is it possible to use the information from Global Track to help monitoring (similar to the NTBs Monitoring Mechanism) the performance of border posts.
- SACU push on implementation by South Africa of WTO TFA and RKC implementation.
- Low hanging fruit is procedures, not infrastructure, which is slow and expensive. Work with corridor initiatives where relevant: MCLI, Walvis Bay.
- NTBs need real unpacking. There is a transit issue in South Africa where trucks disappear.
- FEWSNET data on informal cross border trade such as access to technology. Comparison between smaller and bigger players. Andre Riche, trade facilitation consultant, shows examples of how the private sector can improve trade facilitation.

### **April 8, Gaborone Workshop**

The workshop attendants actively participated in the TFM assessment presentation as well as on other issues they considered of paramount importance. To several participants, the workshop provided an avenue to air out grievances or concerns regarding trade facilitation. Equally, the workshop provided an opportunity for certain issues to be clarified to the assessment team. Key issues raised by the participants can be summarized as follows:

#### **Change from CTFP to TFP**

An officer from SADC clarified that although the draft document was referred to as Comprehensive Trade Facilitation Programme (CTFP), the final version adopted by SADC Council of Ministers dropped the 'C' and therefore the document is Trade Facilitation Programme.

#### **Risk Factor – Road Transport**

Desk research has identified lack of policing along major roads to be a risk factor. However, some participants were of the view that the presence of police on roads, particularly in the neighboring countries, presents additional costs to truckers in term of bribes demanded. Hence, police presence may act as a hindrance to free movement of goods. In the case of South Africa, it was noted that hijacking is rampant and therefore the presence of police within short intervals is helpful. Some routes are more prone to car hijacking than others. In past years, this risk has increased dramatically. According to BusinessTech<sup>1</sup>, in 2015 truck hijacking in South Africa increased by 29.1% from 991 to 1279. It is suspected that some truck drivers could be part of criminal networks.<sup>198</sup>

#### **Aid for Trade Strategy**

Botswana government under the Ministry of Trade and Industry is currently working on Aid for Trade strategy, which is expected to be finalized in June 2016. Consultations have been completed and draft

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<sup>198</sup> <http://businesstech.co.za/news/government/99648/2015-crime-stats-for-south-africa-everything-you-need-to-know/>

strategy is expected soon. When operational, the Aid for Trade strategy will address several trade facilitation measures.

### **Non-Tariff Barriers**

The participants observed that Non-Tariffs Barriers (NTBs) remain the greatest hindrance to regional trade though SADC's NTB Monitoring mechanism is in place. The participants observed that the NTB monitoring mechanism is non-effective. The SADC secretariat does not have the power or a mechanism in which to eliminate reported NTBs. However, any solutions that require corrective action may be difficult to implement. Countries give various justifications for their regulations, which, in essence, are NTBs. The SADC relies on the goodwill of the member country to eliminate NTBs.

Example: Botswana truckers transporting perishable goods to Namibia or Angola will be required to travel to Windhoek for clearance.

A number of NTBs in transit issues has complicated Botswana truckers' operations in the region. Some truckers have exited the business on account of frustration with cross border businesses.

There is a gap between reporting NTBs and finding solutions. Peer review mechanisms between countries could be helpful if developed. The SADC secretariat is limited and waits for the private sector to report NTBs. The Southern African Business Forum (SABF) will meet in August during the SADC summit and could provide a platform for engagement with the private sector on TF. This initiative is supported by the European Union delegation.

### **Implementation of Regional Programs**

A participant observed that for regional integration, public sector driven solutions rarely achieve their intended objectives and that solutions can only be found if an "outside the box" approach is adopted by active participation from the private sector. Initiatives that are private-sector driven often realize faster results.

During key informant interviews, it was reported that Business Botswana has had limited engagement with chambers of commerce in the region. The Botswana National Productivity Center (BNPC) representative pointed out that many are frustrated by the slow pace of benefits accruing from membership of SACU and SADC. To this end, the TFM study should solicit solutions as opposed to the usual approach of first investigating challenges/problems and later trying to attain solutions. Any approach that is not solution oriented is not appropriate. Key informants should be used to help policymakers in fast tracking implementations.

### **Transit Challenges**

Transit challenges are a major issue for trade in Southern Africa. This issue was expanded upon by the Managing Director of Botswana Vaccine Institute (BVI). He stated that BVI is a Botswana government-owned private company. It is the only African vaccine lab able to provide purified Foot-and-Mouth Disease vaccines as well as offer emergency antigen banks. The company has potential, through trade, to be the premier vaccine supplier in Africa. However, vaccines and requisite raw materials are classified as hazardous goods. Transit challenges of hazardous goods negatively impact business operations, as per the following examples of BVI:

- Air Botswana airplanes lack capacity to transport raw materials from Johannesburg, yet road licenses cannot be given by South Africa to transport the materials.
- South Africa fails to give permits to transport vaccines or raw materials by road from Oliver Tambo Airport.

- South Africa buys vaccines from BVI and transports them by road to South Africa but cannot allow BVI to transport consignments by road.
- BVI forced to transport products from South Africa via Nairobi – which does not have restrictions imposed by South Africa.

Some South African companies penalize transporters for delayed cargo. The penalty is deducted from invoice amounts. This results to transporters making losses. However, addressing transit issues is in the SADC agenda.

### **Coordinated Border Management (CBM)**

SADC has guidance on Cross Border Management (CBM) implementation. There are case studies including:

- Zambia piloted CBM in some selected borders.
- The Democratic Republic of the Congo and Zambia have a joint border management commitment.
- In Malawi different agencies such as police, customs, immigration, health etc. are collaborating. Some development agencies could be willing to help member states regarding CBM.

BURS is in the process of upgrading their systems at the borders and as soon as neighboring countries are ready BURS will be working on a connectivity agenda.

### **Political Will**

There is a lack of political will emanating from lack of trust between member countries hindering regional integration. In a number of cases, talks between governments do not yield intended results. There is a perception that a lack of strong political will between South Africa and Botswana has hindered deepening of regional trade.

### **Trade Facilitation within SACU**

It was reported that Trade Facilitation within SACU is still under discussion. Currently, there is more collaborative understanding between member countries, particularly South Africa and Botswana.

### **Discriminating Fees**

Botswana-registered trucks crossing to Zambia at Kazungula are charged higher fees than Zambian registered carriers. However, Botswana officially charges uniform amounts irrespective of the country where the truck is registered, leading to a discrepancy between laws and practices.

### **Conclusion**

Both workshops benefitted from vigorous participation from the attendants, which will lead to sustained participation in the survey going forward. USAID was able to present key policymakers and representatives from the private sector with the methodology and data collection instruments to be used. The two workshops offered valuable input, which was used to redefine the TFM study methodology and priority areas.

## April I Participating Organizations

Organization
Global Track
Global Track
Tralac
ARUP/FSCMA
SAPICS
Unitrans
SAIIA
DBSA
North-West University
Department of Transport South Africa
US Department of State
US Embassy
DTI
AGBIZ
Department of Agriculture, Forestry & Fisheries
SARS
DOT
Graca Machel Trust
MSI
USAID
MSI
TIPS
MSI
MSI



## April 8 Participating Organizations

Organization
Former SATT Employee
Blue Sky Airways
Former SATT Employee
Former SATT Employee
BOTRA
BURS
BEMA
BURS
Western Apparels
BNPC
BVI
Ministry of Trade - DIT
Business Botswana
Botswana Chamber of Mines
Trade Hub
Business Botswana
Business Botswana
WIBA
WIBA
EU Delegation
Ministry of Trade & Industry
SADC
USAID
MSI
MSI
MSI