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# ZAMBIA REPORT

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

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

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E3 Analytics and Evaluation Project

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### **DISCLAIMER**

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## ACRONYMS

AEO	Authorized Economic Operator
AfDB	African Development Bank
ASYCUDA	Automated System for Customs Data
CBM	Coordinated Border Management
COMESA	Common Market for Eastern and Southern Africa
DRC	Democratic Republic of the Congo
E3	Bureau for Economic Growth, Education, and Environment (USAID)
EAC	East African Community
EU	European Union
GATS	General Agreement on Trade in Services
GCI	Global Competitiveness Index (WEF)
GDP	Gross Domestic Product
GNI	Gross National Income
GRZ	Government of the Republic of Zambia
HDI	Human Development Index
HS	Harmonized System
ICT	Information and Communications Technology
IT	Information Technology
KII	Key Informant Interview
LDC	Least Developed Country
LPI	Logistics Performance Index (World Bank)
M&E	Monitoring and Evaluation
MCTI	Ministry of Commerce Trade and Industry
MSI	Management Systems International
NSW	National Single Window
NTB	Non-Tariff Barrier (to trade)
OECD	Organisation for Economic Cooperation and Development
OSBP	One-Stop Border Post
PPP	Purchasing Power Parity
SACU	Southern Africa Customs Union
SADC	Southern Africa Development Community
SME	Small and Medium Enterprise
SOW	Statement of Work
SPS	Sanitary/Phytosanitary
STR	Simplified Trade Regime
TBT	Technical Barrier to Trade

TF	Trade Facilitation
TFA	Trade Facilitation Agreement (WTO)
TFI	Trade Facilitation Indicator (OECD)
TFM	Trade Facilitation Measure
TFP	Trade Facilitation Programme (SADC)
TIP	Trade Information Portal
TRR	Office of Trade and Regulatory Reform (USAID/E3)
UNCTAD	United Nations Conference on Trade and Development
UNECE	United Nations Economic Commission for Europe
USAID	United States Agency for International Development
USD	United States Dollar
WCO	World Customs Organization
WEF	World Economic Forum
WTO	World Trade Organization
ZRA	Zambia Revenue Authority

## EXECUTIVE SUMMARY

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

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

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

## Main Findings and Conclusions

### Key Obstacles to Trade Facilitation

**Lack of border agency coordination and risk management inefficiencies:** When asked about what are the key obstacles and constraints for trade facilitation in Zambia, 12 of the 16 key informants named poor coordinated border management (CBM). They find that the cumbersome number of agencies at the border with duplicated procedures present significant challenges and cause high costs for traders, which are passed on to customers. They mentioned that the reforms to create a one stop border post (OSBP) at Chirundu has been successful, but progress in the Zambian Revenue Authority (ZRA) modernization program at other border posts is slow or non-existent. Several of these respondents also find many border officials to be unprofessional and not committed to maintaining the schedule of interagency meetings and streamlining processes. Respondents also mentioned that the repeated budget deficits have dampened political will as the government has to determine priorities among many competing needs.

**Limited access to trade information:** Information asymmetry was the second most frequently cited challenge by respondents (10 of 16). Private sector respondents said firms have lost business opportunities or incurred high costs because they weren't aware of certain laws, sanitary/phytosanitary (SPS) measures, or other requirements. Respondents noted that the private sector's lack of awareness, create opportunities for border officials to engage in corrupt practices. They noted a trade information portal (TIP) is vital to help traders access regional markets for new products and leverage Zambia's membership in the Southern African Development Community (SADC) and the Common Market for Eastern and Southern Africa (COMESA). SMEs are particularly limited to trading the products for which they have the requisite information.



**Lack of a single window platform:** Half of the key informant interview (KII) respondents raised the need for Zambia to implement a national single window which they feel would reduce paperwork and increase the predictability of when goods will get to market. Several respondents endorsed the national single window (NSW) as having the potential to increase trade. For example, one noted that, depending on the product, export and import papers have to be submitted at several different agencies with varying waiting periods for clearance. This situation has discouraged some firms to trade across borders. Several respondents noted that the lack of funding and awareness of the benefits of an NSW has dampened the political will to implement.

KII respondents also identified several other constraints to trade in Zambia that are directly or indirectly related to specific TFMs. Six respondents raised that there is too much paperwork and the **need for simplified trade documentation and harmonized customs procedures** particularly in the application of non-tariff measures. Respondents noted that the implementation of the ZRA modernization program would also address these needed reforms. Four respondents raised the problems posed by **inefficient risk management systems** as a closely related aspect of CBM in the **inconsistent application of authorized economic operator (AEO) schemes**. Two respondents raised the issue of the **lack of transparency about legitimate fees and charges**, and that border officials apply these arbitrarily. A public sector representative raised the **removal of non-tariff barriers** through coordinating domestic policies and procedures, as well as, SADC member states implementing a sufficient instrument at the regional level in order to achieve economic integration. Other issues raised include: the lack of facilities for testing and quarantine of plants, animals, and foods; poor road and rail infrastructure at the borders; and weak ICT connectivity for customs modernization.

### Top Ranked Priority TFMs

Respondents raised eight different TFMs as priorities for implementation in Zambia. Based on the findings, the assessment team concluded that the priority TFMs for implementation in Zambia are ranked as follows:

1. Improved CBM
2. TIP
3. NSW

A summary of the potential benefits, costs, and issues for implementing the top three most cited TFM priorities is presented below.

**Coordinated border management:** As noted by 12 of the 16 key informants, improving CBM at all the key borders in Zambia would offer the largest range of benefits for Zambia traders. These respondents agree that CBM should be prioritized for government investment over other needs as it generates revenue and that the government should set a long-term goal for all border posts to operate under a OSBP concept similar to Chirundu. In terms of benefits, implementation of CBM as a step towards comprehensive OSBP coverage would reduce time and costs for trade as well as increase the ability of traders and their clients to know when goods will get to market. The Zambian authorities are in the process of enacting a CBM bill. Respondents hope it will direct agencies to cooperate in streamlining of border procedures, joint risk management criteria, and joint border committee meetings. Some respondents also advocated a regional approach of cross-border cooperation through harmonization of customs procedures under a OSBP concept. A public sector respondent mentioned that the beneficial CBM activities implemented at Kasumbaleesa and Nakonde crossing points should be rolled out to other border posts.

**Trade information portal:** In second place, 10 of the 16 KII respondents ranked the setting up of the TIP. These respondents believe that if implemented, a TIP would deliver immediate and tangible benefits,

particularly in reducing the cost of tracking basic trade information and delays caused by inadequate trade documentation at the borders. Findings from respondents and the secondary data demonstrate that the implementation of a web-based portal is required urgently. Traders want ease of access to basic trade regulatory information—laws, regulations, procedures, fees and charges, and others. In addition, they want to know when there is a change in any of these requirements. This information is important to help them make informed decisions on business strategy, but also breaks information asymmetries that in extreme cases are causing market failures in particularly for SMEs.

**National single window:** From KII responses, it appears that respondents view the NSW as a way of negating the requirement to submit different sets of the same data to obtain the approval of different controlling agencies, and as such potentially improving border clearance times and reducing costs. There is a single window project being supported by the United Nations Conference on Trade and Development (UNCTAD) in Zambia. The window will be based on the Automated System for Customs Data World system. Apart from connecting ZRA to the platform, only the Patents and Companies Registration Agency has been committed. It appears that the project is encountering challenges related to inadequate financing. The establishment of an NSW has some steps which include policy planning, erecting the legal and institutional framework, undertaking a business process analysis, simplifying trade documents, organizing the data harmonization for the single window, and managing the project.<sup>1</sup> The status of implementation of the UNCTAD support is not clear from the KII responses, nor is it clear that this is the approach that is being used to implement the project.

Establishing an NSW was a priority for 9 of the 16 KII respondents, who identified a range of significant benefits from a single window. When asked about the types of benefits the implementation of an NSW would generate, respondents stated that it would reduce trade costs and associated administrative costs, including paperwork. It would also reduce the time it takes to process the clearance of cargo at the border. Private sector respondents agreed that implementation of the NSW would generate large economic benefits for their firms in terms of thinning the border: (i) by promoting efficiency in licensing and approval procedures; and (ii) by streamlining import and export procedures, which will help cargo move more quickly as red tape is cut and opportunities for corruption are bypassed and/or limited. However, it is the view of the assessment team that the NSW is not an end in itself. There are other simple reforms that could easily be implemented in a staged manner to increase efficiency. As experience has proved elsewhere, establishing a single window is not a simple process and can be costly.

## Recommendations

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

### National Level

- In close collaboration with GRZ agencies and in alignment with the CBM bill, USAID should support the GRZ to improve CBM through the following interventions:
  - Support the development of an interagency coordination framework that will streamline and clarify roles and responsibilities between agencies for border clearance procedures, as well as identify regulations and formalities that can be simplified. The framework should also establish the appropriate and sustainable channels and systems for communication and information sharing between agencies, including maintaining a schedule of interagency coordination meetings at each post.

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<sup>1</sup> UNECE Trade Facilitation Implementation Guide <http://tfig.unece.org/details.html> (accessed on December 15, 2016).

- As part of the framework described above USAID should support GRZ to clarify responsibilities and define risk management criteria and control procedures for all agencies engaging in risk profiling. This framework should establish the appropriate application of risk management for traders with AEO status.
- As part of the framework above, USAID should support GRZ to develop a human capital management strategy that will guide the appropriate agencies to vet, recruit, train, monitor, and retain border officials. This strategy should encompass capacity development and performance management plans including immediate actions such as human resources (HR) policies reviews and training needs assessments.
- USAID should consider supporting GRZ to design and implement a TIP for Zambia. Based on the previous USAID Southern Africa Trade Hub's successful support to launch a TIP in Namibia, USAID should integrate lessons learned and best practices into its technical assistance. This technical assistance to the government would encompass procurement planning, design, capacity development, and platform launch, as well as an initial period of monitoring support to ensure the smooth operation of the portal. Led by the Ministry of Commerce Trade and Industry, USAID could assist the authorities to establish a development team, organize the content to be uploaded, and develop standard operating procedures to maintain the portal. Implementation of the portal could integrate other trade facilitation interventions, such as a processing mapping that would feed into the NSW.
- USAID should consider providing technical support to the GRZ for NSW development for needed coverage. While UNCTAD is providing much of the NSW project support it appears there may be gaps. USAID can consider liaising with UNCTAD, and ZRA to ascertain where these gaps exist. This technical assistance could include legal and institutional framework reviews, business process analysis, document simplification and standardization, national data harmonization, and cross-border exchange processes. This approach would strengthen the operational environment for the implementation of an NSW in the future.

### **Bilateral and Multilateral Donors**

- With USAID supporting the implementation of the Zambia TIP, bilateral and multilateral donors should be close collaboration with UNCTAD who are supporting the NSW. Traditionally the TIP is a first step towards a NSW as such, it provides platform for mapping the different procedures that are integrated into the NSW.

### **Government of the Republic of Zambia**

- The GRZ should facilitate public-private dialogues with the private sector and other non-state actors to ensure private sector views are considered in negotiations on regional trade agreements, e.g. in the COMESA-SADC-EAC Tripartite negotiations that are currently underway.
- The GRZ should enhance its transparency in the application of trade measures, such as fees and charges, export bans and standards. Export bans on maize and other products should not be applied haphazardly as is the current case. There is need to establish the criteria for implementing bans, and ensure that private sector actors are consulted early.

### **Zambian Private Sector**

- Private sector should participate more in public-private forums that have been established around a number of business-enabling environment agendas.

## Regional Level

### USAID

- 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 and borders, for example. There could be a potential for private sector operators to become involved, which might further incentivize creating efficiencies.

### USAID and Other International Partners

- USAID should partner with the Southern Africa Development Community (SADC) to develop and implement a regional trade portal, the scope of which does not replicate the national portals but rather links the various countries under the SADC Protocol on Trade, and which can serve as a repository for information on transit procedures and some domestic measures that would not traditionally not be found on a national trade information portal.
- USAID and international development partners should support the implementation of CBM across countries in SADC region. Cross-border cooperation that builds on borders that are well coordinated is seen as key to trade facilitation along the North-South Corridor.
- USAID should partner with SADC to undertake a feasibility study for a COMESA style Simplified Trade Regime for the SADC region. USAID and other international partners should also consider continuing to support the implementation of the STR in COMESA, for example through awareness raising among small traders. STR is in place between Malawi and Zambia; and Zambia and DRC, as well as Zimbabwe.

### Tripartite Free Trade Area Member States from SADC, COMESA, and East African Community (EAC)

- To address the concerns of many of the KII respondents about the lack of transparency in the application of regional transit procedures and measures, TFTA member states should encourage the development of a regional monitoring and advance notification mechanism amongst SADC member states. Given the complexity of regional membership with most countries being members of at least two regional economic configurations, perhaps this is an agenda that can best be tackled as part of the SADC-COMESA-EAC Tripartite negotiations.

### Opportunities for Future Research

- USAID should support the scoping of a regional trade information repository or portal.
- USAID should support feasibility assessment of a SADC STR mechanism
- USAID should undertake additional research focused on the political economy of NTBs related to the regional transit mechanism 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.

# INTRODUCTION

This report is the product of an assessment examining the anticipated costs and benefits of implementing selected trade facilitation measures (TFM) in Zambia. The United States Agency for International Development's (USAID) Southern Africa Regional Mission and the Trade and Regulatory Reform Office within USAID's Bureau for Economic Growth, Education, and Environment (USAID/E3/TRR) commissioned the assessment. USAID's E3 Analytics and Evaluation Project<sup>2</sup> conducted the study. Annex I contains USAID's statement of work (SOW) for the assessment.

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

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

## Background

For countries, reducing 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 Cooperation 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>3</sup>

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

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<sup>2</sup> Management Systems International is the lead implementer of the E3 Analytics and Evaluation Project, in partnership with Development and Training Services and NORC at the University of Chicago.

<sup>3</sup> Wilson, N., (2009). Examining the effect of certain customs and administrative procedures on trade. OECD Trade Policy Studies, 51-79.

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.

### **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 trade facilitation for SADC member states to use as a blueprint to help meet the WTO TFA’s recommendations. The TFP uses a 5-year timeline and covers 28 TFMs clustered around 4 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 (NSWs), trade information portals, appeals procedures, and an inter-regional transit management system.

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.<sup>4</sup> This is especially the case for southern Africa. In the absence of quantitative information on the costs and benefits of trade facilitation, Duval<sup>5</sup> argued that expert surveys, even with their limitations, could be used to examine the relative cost of implementing a range of TFMs.<sup>6</sup>

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

The TFM assessment is intended to provide useful guidance to USAID/Southern Africa in its oversight of future trade facilitation 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>7</sup>

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

USAID/Southern Africa and its implementing partners will use this assessment to guide the priorities and work plans for the future iteration of the Trade Hub and other activities to support trade facilitation in the region. In particular, this assessment 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 trade facilitation protocols, plans, and programs.

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<sup>4</sup> Yann Duval, *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, 2006).

<sup>5</sup> Ibid.

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

<sup>7</sup> USAID categorizes these five countries as within southern Africa.

## Assessment Questions

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

1. What is the potential range of benefits associated with the implementation of specific TFMs or categories of TFMs?
2. What is the potential range of costs associated with the implementation of specific TFMs or categories of TFMs?
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 KIIs with knowledgeable stakeholders, and brief online surveys that targeted members of trade and supply chain associations in each country of study. This largely qualitative approach generated in-depth country-specific analyses and rich descriptions of the perceptions of key stakeholders, primarily 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 trade facilitation 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 findings from the desk review, including trade facilitation and economic data. It intends to provide the background necessary for implementing the recommended TFMs and interventions.
- The second section presents the findings on the key obstacles and challenges to trade as identified by the KII respondents.
- The third section presents findings on how the KII respondents prioritized which TFMs were the most important to them during the KII discussions. These findings guided the assessment team to select the top three TFM priorities that will be discussed in detail to answer Assessment Questions 1–3.
- The next three sections present the findings for Assessment Questions 1 through 3 on the benefits, costs, potential obstacles, and sequencing considerations for the implementation of the top three priority TFMs.

- The report then presents conclusions in answer to Assessment Question 4, ranking the TFM's in terms of priority for implementation in Zambia. The assessment team applied its collective subject matter expertise to interpret all findings to develop these conclusions. Annex VI provides more detailed tables and bar charts that summarize the KII and online survey findings on how respondents ranked the TFM's.
- Finally, the report offers specific recommendations addressed to USAID and other key players.

## COUNTRY CONTEXT AND ANALYSIS

### Introduction

Classified by the UN as a least developed country (LDC), Zambia is a landlocked country with an estimated population of 16.21 million in 2015.<sup>8</sup> As the country has maintained political stability as well as steady growth rates for the past decade, the World Bank reclassified Zambia as a lower middle-income country in 2011, and in 2015 it reached a gross national income (GNI) per capita of US \$1,149.<sup>9</sup> Between 1980 and 2014, Zambia's Human Development Index (HDI) value increased from 0.418 to 0.586, an increase of 40.2 per cent.<sup>10</sup> The key indicators that supported this increase include: GNI per capita, citizens' life expectancy at birth, and years of schooling.<sup>11</sup> Ranked at 139 out of the 188 countries and territories included in the 2016 UNDP HDI, Zambia fits in the medium human development category.<sup>12</sup> Zambia's HDI is above the mean when compared other similar economies in the sub-Saharan African region as a whole (0.518).<sup>13</sup> When compared to neighboring countries included in this study, Zambia places above Malawi (0.445), but below Botswana (0.698) which has a higher GNI per capita, as well as Namibia (0.628) which has a higher life expectancy.<sup>14</sup>

Despite these gains, the country has chronic and extreme rural poverty, high unemployment, food insecurity, and undernutrition.<sup>15</sup> In addition to economic challenges and constraints, Zambia is facing numerous challenges, including high birth rates, a high HIV and AIDS burden, and droughts and other natural disasters.<sup>16</sup> In 2015, the Central Statistical Office calculated poverty levels based on the Zambian government's poverty line. It defined 54.4 percent of the Zambian population as poor and 40.8 percent as experiencing extreme poverty.<sup>17</sup> At the same time, the World Bank Group used the US \$1.9 per day measure for international comparison (in 2011 PPP terms), estimating Zambian poverty at 61.3 percent.<sup>18</sup> Poverty is heavier in rural areas, which include 77 percent of the poorest households.

In 2006, the Government of the Republic of Zambia (GRZ) released Zambia's first national long-term plan (Vision 2030) which lays out the targets and potential obstacles for the government's goal to

<sup>8</sup> Zambia's UN LDC status and estimated population data retrieved from <http://data.worldbank.org/?locations=XL-ZM> (accessed on December 19, 2016)

<sup>9</sup> WTO Secretariat, Zambia Trade Policy Review Report, Revision, October 7, 2016 WT/TPR/S/340/Rev.1, p. 9; Zambia's 2015 GNI data retrieved from <http://data.worldbank.org/country/zambia> (accessed on December 19, 2016).

<sup>10</sup> UNDP Zambia Human Development Report 2016 - Industrialisation and Human Development: Poverty Reduction Through Wealth and Employment Creation. Retrieved from: [http://hdr.undp.org/sites/default/files/zambia\\_human\\_development\\_report\\_2016.pdf](http://hdr.undp.org/sites/default/files/zambia_human_development_report_2016.pdf) (accessed on December 16, 2016), p. 32

<sup>11</sup> Ibid. UNDP Zambia Human Development Report 2016 p. 32

<sup>12</sup> Ibid. UNDP Zambia Human Development Report 2016 p. 32 -33

<sup>13</sup> Ibid. UNDP Zambia Human Development Report 2016 p. 32 -33

<sup>14</sup> Ibid. UNDP Zambia Human Development Report 2016 p. 32 -33

<sup>15</sup> Ibid. UNDP Zambia Human Development Report 2016 p. 24

<sup>16</sup> Ibid. UNDP Zambia Human Development Report 2016 p. 24

<sup>17</sup> Ibid. World Bank Group 2016 7th Zambia Economic Brief p. 1

<sup>18</sup> Ibid. World Bank Group 2016 7th Zambia Economic Brief p. 1



become a prosperous, middle-income nation by 2030.<sup>19</sup> This broad, long-term plan is operationalized through detailed action plans in the five-year development plans and annual budgets.<sup>20</sup> The current year plan (Revised Sixth National Development Plan 2013–2016) primarily maps out investment areas to inform sector planning and budgeting processes aiming to generate rural development and jobs.<sup>21</sup> Facing the constraints and conditions described above, there remains much for Zambia to achieve to meet its Vision 2030 ambitions.<sup>22</sup>

## Structure of the Economy

With an 82 percent ratio of trade in goods and services to GDP in 2014, Zambia's economy depends on trade.<sup>23</sup> Historically, aside from a few agriculture exports, a large portion of the Zambian economy is narrowly based in the mining sector, particularly in copper and cobalt.<sup>24</sup> With 10 percent of the world's copper, Zambia is also the global leader in cobalt production.<sup>25</sup> Zambia made halting efforts to diversify the economy starting in 1985–1991, and these goals have since gained more purpose and focus.<sup>26</sup>

In 2016, the African Development Bank (AfDB) reported that “Zambia is facing its worst economic crisis in more than ten years” and projected a slow growth rate for the medium term as the country faces a number of compounding challenges and constraints for diversification and growth.<sup>27</sup> Zambia's export economy remains highly vulnerable as it continues to be highly dependent on copper exports.<sup>28</sup> In 2015, copper prices fell to a seven-year low due to a decreasing international demand for copper, especially from China.<sup>29</sup> With daily power cuts since mid-2015, Zambia also faces a power crisis that impacts all economic sectors.<sup>30</sup> The current national development plan notes that 50 percent of the employed population works in agriculture, and it is critical to develop this sector if Zambia is to reduce poverty and achieve inclusive growth.<sup>31</sup> The plan further notes a number of obstacles to growing the sector, including market distortions resulting from policies that have favored maize production and disadvantaged other crops; non-utilization of research and technology including farm mechanization and information and communications technology (ICT) to disseminate market information; as well as poor storage and inadequate irrigation and other infrastructure.<sup>32</sup> Low agricultural outputs and the ongoing energy crisis energy supply has impacted all sectors and the real economy.<sup>33</sup> These factors continue to

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<sup>19</sup> GRZ, *Vision 2030: A Prosperous Middle Income Nation by 2030*, December 2006 <http://unpan1.un.org/intradoc/groups/public/documents/cpsi/unpan040333.pdf> (accessed on December 15, 2016) p. iv.

<sup>20</sup> Ibid. GRZ 2006, *Vision 2030* p. iv

<sup>21</sup> Ibid. WTO Secretariat 2016, Zambia Trade Policy Review Report p. 19

<sup>22</sup> Ibid. WTO Secretariat 2016, Zambia Trade Policy Review Report p. 9

<sup>23</sup> Ibid. WTO Secretariat 2016, Zambia Trade Policy Review Report p. 6

<sup>24</sup> Ministry of Commerce Trade and Industry (MCTI) Key Sectors, <http://www.mcti.gov.zm/index.php/investing-in-zambia/zambian-economy/key-sectors> (accessed on December 19, 2016).

<sup>25</sup> Ibid. MCTI website - Key Sectors

<sup>26</sup> United Nations Conference On Trade and Development (UNCTAD), Zambia Trade Policy Framework 2016: Harnessing the Potential for Trade and Sustainable Growth in Zambia UNCTAD/DITC/TNCD/2015/4

[http://unctad.org/en/PublicationsLibrary/ditctncd2015d4\\_en.pdf](http://unctad.org/en/PublicationsLibrary/ditctncd2015d4_en.pdf) (accessed December 9, 2016) p. v and 2

<sup>27</sup> AfDB, OECD, UNDP 2016 African Economic Outlook – Zambia Country Note. Retrieved on January 17, 2017 from: [https://www.afdb.org/fileadmin/uploads/afdb/Documents/Publications/AEO\\_2016\\_Report\\_Full\\_English.pdf](https://www.afdb.org/fileadmin/uploads/afdb/Documents/Publications/AEO_2016_Report_Full_English.pdf) p. 2

<sup>28</sup> World Bank World Bank Group - Macroeconomic and Fiscal Management Global Practice, 7th Zambia Economic Brief - Beating the Slowdown: Making Every Kwacha June 2016. Retrieved from <http://documents.worldbank.org/curated/en/804591467989562427/pdf/106508-WP-PI57243-PUBLIC.pdf> (accessed on December 12, 2016) p. 7

<sup>29</sup> Ibid. World Bank World Bank Group, 7th Zambia Economic Brief p. 7

<sup>30</sup> Ibid. World Bank Group, 7th Zambia Economic Brief, p. 1

<sup>31</sup> Ibid. UNDP Zambia Human Development Report 2016, p. 24; GRZ, Ministry of Finance, National Planning Department, Revised Sixth National Development Plan 2013-2016: People Centered Economic Growth and Development Volume I (2014), (accessed on December 13, 2016) p. 8

<sup>32</sup> Ibid GRZ, Ministry of Finance, National Planning Department, Revised Sixth National Development 2014 p. 8

<sup>33</sup> Ibid. AfDB, OECD, UNDP 2016 African Economic Outlook, p. 2

impede the country from exploiting the full potential of agriculture and other non-mining related sectors and have constrained efforts to diversify the economy to include other high-value markets.<sup>34</sup>

Zambia's economy faces several other structural weaknesses, including supply-side constraints, significant state intervention, fluctuating exchange rates due to the Kwacha's volatility, and high costs of doing business.<sup>35</sup> All these factors have been exacerbated by repeated fiscal deficits which have increased the cost of maintaining macroeconomic stability and reduced investor confidence.<sup>36</sup> As a result, the government's ability to allocate funding for development, operations, and investment was pressured by sharp increases in government expenditures and a fiscal deficit that more than doubled in 2013.<sup>37</sup>

Table I presents the percent of GDP distribution by sector for 2008–2010 and reflects the economic constraints mentioned above. In terms of the primary sectors, it demonstrates the recent decrease in the contribution of mining and quarrying from a high of 18.3 percent in 2013 to 10.6 percent in 2015. The agriculture sector has steadily decreased its contribution to GDP from a high of 12.7 percent in 2008 to a low of 8.5 percent in 2015.

**TABLE I: PERCENT OF ZAMBIAN GDP DISTRIBUTION BY SECTOR 2008–2015**

Percentage of Zambia's GDP Distribution by Sector at Constant 2010 Basic Prices								
Sectors	2008	2009	2010	2011	2012	2013	2014	2015
Primary sectors	22.3	23.4	24.1	26.9	25.6	27.4	23.9	19.1
Agriculture, forestry, and fishing	12.7	11.7	10.5	10.6	10.1	9.1	9.6	8.5
Mining and quarrying	9.6	11.7	13.6	16.3	15.4	18.3	14.4	10.6
Secondary sectors	24.4	23.3	21.9	21.1	19.4	17.4	18.6	23.3
Manufacturing	9.2	8.7	8.4	8.2	7.7	6.6	6.4	8.5
Electricity, gas, water	2.2	2.1	2.0	2.6	2.2	1.9	2.2	2.2
Construction	13.1	12.5	11.5	10.3	9.5	8.8	9.9	12.5
Tertiary sectors	56.9	56.6	56.9	54.1	56.8	57.1	59.2	59.4
Wholesale and retail trade; repair of motor vehicles and motorcycles	19.9	19.5	19.4	21.0	21.0	23.4	23.8	24.4
Transportation and storage	6.7	7.2	6.3	4.7	4.6	3.6	3.9	3.7
Financial and insurance activities	5.5	5.0	4.4	3.5	3.3	3.2	3.1	3.2
Real estate activities	8.2	8.2	4.5	4.2	4.1	4.0	4.2	4.2
Information and communication	N/A	N/A	1.8	3.1	3.4	2.9	2.9	2.8
Education	N/A	N/A	7.4	7.1	7.5	7.7	8.7	8.2
Public administration and defense; compulsory social security	N/A	N/A	4.3	3.2	5.2	4.9	5.4	5.5

(WTO, 2016)

<sup>34</sup> Ibid. WTO Secretariat 2016, Zambia Trade Policy Review Report p. 19

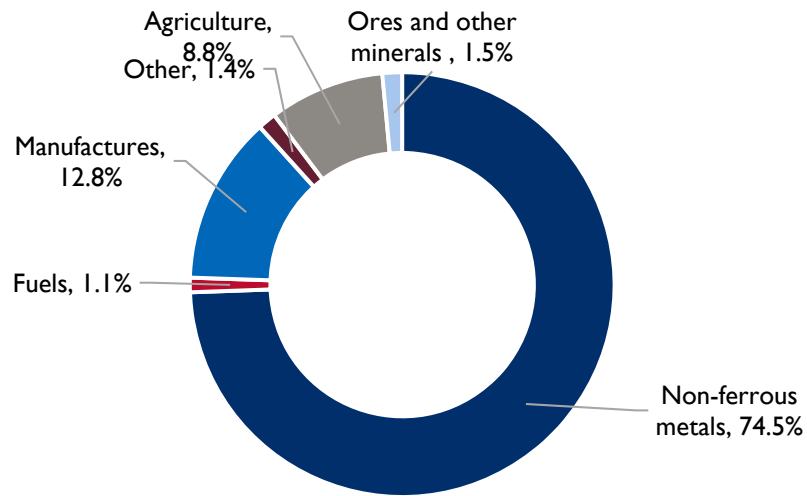
<sup>35</sup> Ibid. WTO Secretariat 2016, Zambia Trade Policy Review Report p. 9

<sup>36</sup> Ibid. World Bank 7th Zambia Economic Brief 2016 p. 1

<sup>37</sup> Ibid. AfDB, OECD, UNDP 2016 African Economic Outlook, p. 2

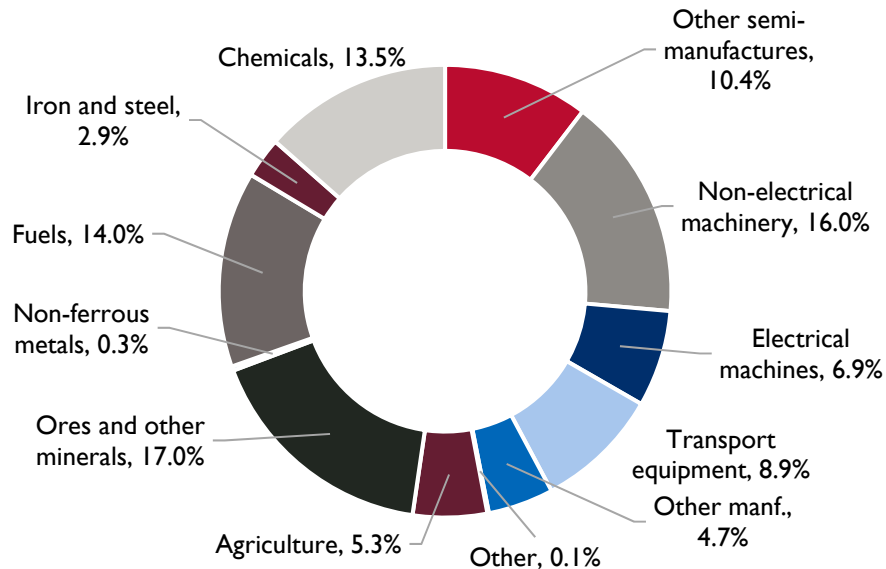
As depicted in Figure 1, copper continues to be Zambia’s top commodity, comprising over 70 percent of merchandise exports.<sup>38</sup> Figure 2 demonstrates that Zambia’s imports are more diverse, and primarily include ores and other minerals, non-electrical machinery, fuels, and chemicals.<sup>39</sup>

**FIGURE 1: ZAMBIA EXPORTS 2015 – COMPOSITION OF MERCHANDISE TRADE TOTALING US \$9.7 BILLION, 2014**



(WTO Secretariat, 2016)

**FIGURE 2: ZAMBIA IMPORTS – COMPOSITION OF MERCHANDISE TRADE TOTALING US \$9.5 BILLION, 2014**



(WTO Secretariat, 2016)

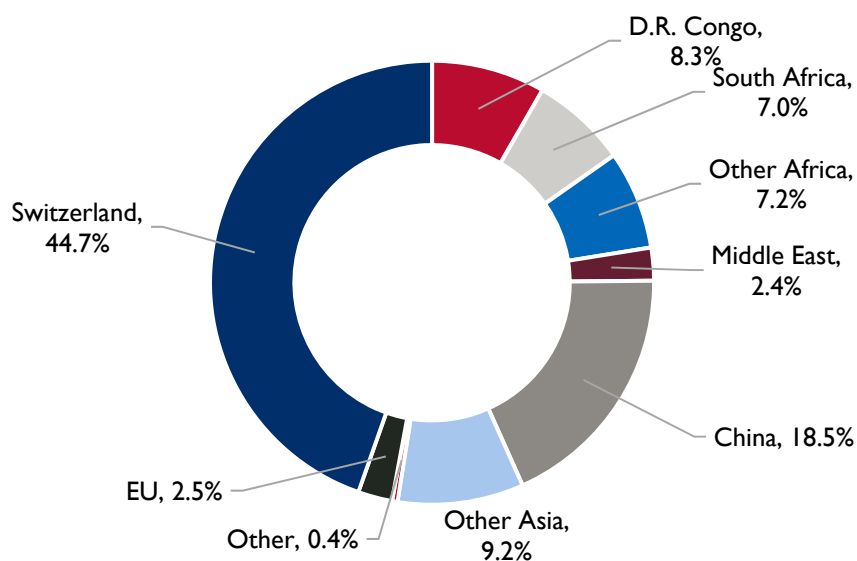
<sup>38</sup> Ibid. WTO Secretariat 2016, Zambia Trade Policy Review Report p. 6

<sup>39</sup> Ibid. WTO Secretariat 2016, Zambia Trade Policy Review Report p. 6

## Key Trading Partners

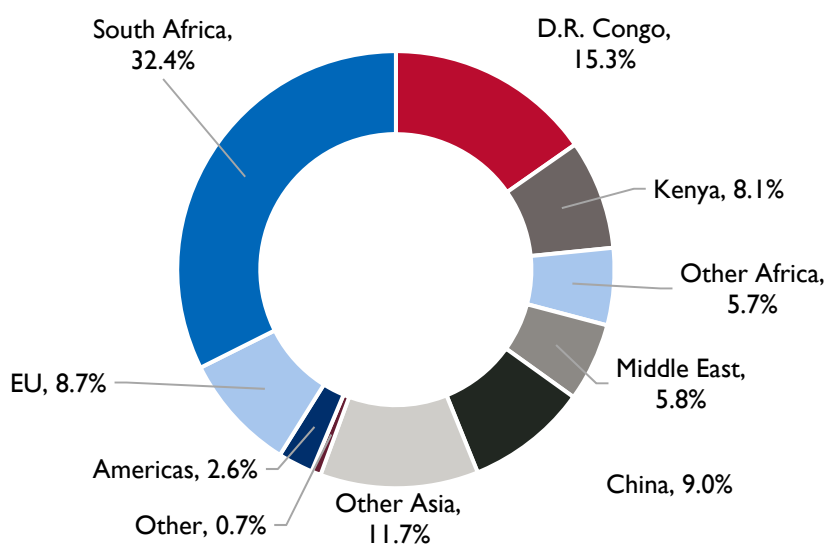
As Figure 3 demonstrates, Zambia's top export destination is Europe, and Switzerland is its largest export partner.<sup>40</sup> As depicted in Figure 4, Zambia's main imports originate mainly from Africa, especially South Africa and the Democratic Republic of the Congo (DRC), followed by China and other Asian nations, the European Union (EU), and Kenya.<sup>41</sup>

**FIGURE 3: ZAMBIA EXPORTS DIRECTION OF MERCHANDISE TRADE TOTALING US \$9.7 BILLION, 2014**



(WTO Secretariat, 2016)

**FIGURE 4: ZAMBIA IMPORTS DIRECTION OF MERCHANDISE TRADE TOTALING US \$9.5 BILLION, 2014**



(WTO Secretariat, 2016)

<sup>40</sup> Ibid. WTO Secretariat 2016, Zambia Trade Policy Review Report p. 6

<sup>41</sup> Ibid. WTO Secretariat 2016, Zambia Trade Policy Review Report p. 6

## Regional Trade Performance

In 2014, 52.9 percent of Zambia's imports came from other SADC countries, and 21.4 percent of its exports went to other SADC countries.<sup>42</sup> As Table 2 shows, most of Zambia's bilateral trade streams with SADC member states in 2014 were fairly one-sided, to the detriment of Zambia – with the exceptions of Angola, Botswana, Lesotho, Malawi, and Zimbabwe. The aggregate of Zambia's trade balance with SADC states created a trade deficit of nearly US \$2 billion. In 2014, Zambia imported the most and exported the most with DRC and South Africa, respectively, its first and second largest export partners for merchandise trade in SADC and across the continent.

Zambian exports to the DRC totaled US \$691,336,516 in 2014, and the top commodities included inorganic chemicals; organic or inorganic compounds of precious metals; salt, sulphur, earths, and stone; mineral fuels, oils, and waxes; sugars and confectionery; and machinery and mechanical appliances. Zambian imports from the DRC totaled US \$1,454,891,079 in 2014 and predominantly included ores, slag, and ash; inorganic chemicals; organic or inorganic compounds of precious metals; machinery and mechanical appliances; zinc powder and products; refined copper products; vehicles and parts; salt, sulphur, earths, and stone; pharmaceutical products; and essential oils and resinoids, perfumery, cosmetic, or toilet preparations. Unsurprisingly, among SADC members, bilateral trade between the landlocked country and Madagascar was by far the lowest as Zambia imported US \$ 14,210 and exported US \$1,346.<sup>43</sup>

**TABLE 2: BILATERAL TRADE BETWEEN ZAMBIA AND SADC MEMBER STATES 2014**

Trading Partners among SADC Member States	Trade Balance in Value in 2014
Angola	\$3,169,037
Botswana	\$13,596,421
DRC	\$-763,554,563
Lesotho	\$2,947,343
Madagascar	\$-12,864
Malawi	\$100,479,756
Mauritius	\$-58,000,960
Mozambique	\$-22,477,185
Namibia	\$-19,630,044
Seychelles	\$-746,487
South Africa	\$-1,146,168,411
Swaziland	\$-12,788,301
Tanzania, United Republic of	\$-39,580,768
Zimbabwe	\$88,594,574
<b>SADC aggregation</b>	<b>\$-1,854,172,452</b>

Source: Trade Map

Rather unsurprisingly, Zambia's main export products by value in 2014 to the SADC member states included copper, precious stones, and metals; sugars and sugar confectionery; inorganic chemicals; and tobacco and tobacco substitutes. Zambia has a trade surplus within SADC in only 16 out of the 97 coded commodities included in the 2014 Trade Map dataset. Zambia's top 10 export commodities within SADC are presented in Table 3.

<sup>42</sup> WTO Secretariat, Zambia Trade Policy Review Report, Revision, October 7, 2016 WT/TPR/S/340/Rev.1 p 21.

<sup>43</sup> All data was sourced from the Trademap dataset retrieved from:

<http://www.trademap.org/Index.aspx?AspxAutoDetectCookieSupport=1> (accessed on January 13, 2017).

**TABLE 3: BILATERAL TRADE BETWEEN ZAMBIA AND SADC MEMBER STATES 2014  
BY PRODUCT AT HS-2 – TOP 10**

Product Code	Product Label	Balance in Value in 2014
74	Copper and articles thereof	\$ 14,382,897,797
71	Natural or cultured pearls, precious or semi-precious stones, precious metals, metals clad with precious metal, and articles thereof; imitation jewelry; coins	\$ 541,455,380
17	Sugars and sugar confectionery	\$ 424,687,268
28	Inorganic chemicals; organic or inorganic compounds of precious metals, of rare-earth metals, of radioactive elements or of isotopes	\$ 291,322,539
24	Tobacco and manufactured tobacco substitutes	\$ 266,712,729
81	Other base metals; cermets; articles thereof	\$ 242,699,882
10	Cereals	\$ 134,720,480
52	Cotton	\$ 132,177,316
23	Residues and waste from the food industries; prepared animal fodder	\$ 108,559,252
41	Raw hides and skins (other than fur skins) and leather	\$ 101,746,810

Source: TradeMap

Within the SADC, Zambia had a trade deficit in most product categories in 2014. Table 4 presents the bottom 10 commodities.

**TABLE 4: BILATERAL TRADE BETWEEN ZAMBIA AND SADC MEMBER STATES 2014  
BY PRODUCT – BOTTOM 10**

Product Code	HS-2 Product Category	Balance in Value in 2014
40	Rubber and articles thereof	\$ -288,041,722
30	Pharmaceutical products	\$ -438,849,119
39	Plastics and articles thereof	\$ -511,807,430
31	Fertilizers	\$ -652,552,006
73	Articles of iron or steel	\$ -1,043,594,099
85	Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television image and sound recorders and reproducers, and parts and accessories of such articles	\$ -1,271,029,191
87	Vehicles other than railway or tramway rolling-stock, and parts and accessories thereof	\$ -1,463,928,499
27	Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral waxes	\$ -2,633,870,638
84	Nuclear reactors, boilers, machinery and mechanical appliances; parts thereof	\$ -2,641,505,183
26	Ores, slag and ash	\$ -2,734,314,101

Source: TradeMap

The final two tables in this section show the breakdown of Zambia's top 10 imports and top 10 exports within SADC by HS-2 product code for 2014.

**TABLE 5: ZAMBIA'S TOP 10 IMPORTS FROM SADC 2014**

Product Code	HS-2 Product Category	Value in 2014
84	Nuclear reactors, boilers, machinery, and mechanical appliances; parts thereof	\$ 2,964,796,320
26	Ores, slag, and ash	\$ 2,850,056,492
27	Mineral fuels, mineral oils, and products of their distillation; bituminous substances; mineral waxes	\$ 2,846,881,240
87	Vehicles other than railway or tramway rolling-stock, and parts and accessories thereof	\$ 1,611,726,516
85	Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television image and sound recorders and reproducers, and parts and accessories of such articles	\$ 1,410,115,920
73	Articles of iron or steel	\$ 1,077,043,197
31	Fertilizers	\$ 668,765,903
39	Plastics and articles thereof	\$ 530,954,712
30	Pharmaceutical products	\$ 439,692,615
72	Iron and steel	\$ 402,506,972

Source: TradeMap

**TABLE 6: ZAMBIA'S EXPORTS TO SADC, 2014**

Product Code	Product Label	Value in 2014
74	Copper and articles thereof	\$14,421,515,300
28	Inorganic chemicals; organic or inorganic compounds of precious metals, of rare-earth metals, of radioactive elements, or of isotopes	\$ 589,147,539
71	Natural or cultured pearls, precious or semi-precious stones, precious metals, metals clad with precious metal, and articles thereof; imitation jewelry; coin	\$ 544,943,995
17	Sugars and sugar confectionery	\$ 443,122,695
84	Nuclear reactors, boilers, machinery, and mechanical appliances; parts thereof	\$ 323,291,137
24	Tobacco and manufactured tobacco substitutes	\$ 286,724,848
25	Salt; sulphur; earths and stone; plastering materials, lime and cement	\$ 268,564,414
81	Other base metals; cermets; articles thereof	\$ 245,427,861
27	Mineral fuels, mineral oils, and products of their distillation; bituminous substances; mineral waxes	\$ 213,010,602
10	Cereals	\$ 156,310,098

Source: TradeMap

## National Trade Facilitation Policy and Strategic Frameworks

Zambia ratified the WTO TFA in December 2015, committing to simplify and modernize cross-border trade.<sup>44</sup> A member of COMESA and SADC, Zambia recognizes recent negotiation efforts for a Tripartite Free Trade Area between these two groups and the EAC.<sup>45</sup> This has related benefits as the country is an LDC, meaning it is eligible for the EU's Everything-But-Arms initiative.<sup>46</sup> Additionally, through the African Growth and Opportunity Act, Zambia has duty-free and quota-free access to the U.S. market.<sup>47</sup>

<sup>44</sup> Ibid. WTO Secretariat 2016, Zambia Trade Policy Review Report p. 7-8

<sup>45</sup> Ibid. WTO Secretariat 2016, Zambia Trade Policy Review Report p. 7-8

<sup>46</sup> Ibid. WTO Secretariat 2016, Zambia Trade Policy Review Report p. 7-8

<sup>47</sup> Ibid. WTO Secretariat 2016, Zambia Trade Policy Review Report p. 7-8

## Status of Implementing Key Trade Facilitation Measures

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

The World Bank Doing Business Trading Across Borders Indicators measures the time and cost (excluding tariffs) associated with three sets of procedures—documentary compliance, border compliance, and domestic transport—within the overall process of exporting or importing a shipment of goods.<sup>48</sup> Table 7 presents the 2017 scores and rankings for the five countries included in this assessment as well as the sub-Saharan Africa averages.<sup>49</sup> In terms of trading across borders, Zambia compares favorably with the sub-Saharan average in only four out of eight indicators. Notably, it has the second lowest distance to frontier score out of the five countries included in this assessment. However, it ranks 161<sup>st</sup> out of the 190 countries measured for the study for 2017.<sup>50</sup>

**TABLE 7: WORLD BANK DOING BUSINESS INDICATORS – TRADING ACROSS BORDERS 2017 FOR THE FIVE ASSESSMENT COUNTRIES**

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

Source: (World Bank, 2017)

<sup>48</sup> World Bank Doing Business 2017 data set <http://www.doingbusiness.org/data/exploreeconomies/zambia/#trading-across-borders> retrieved on January 17, 2017.

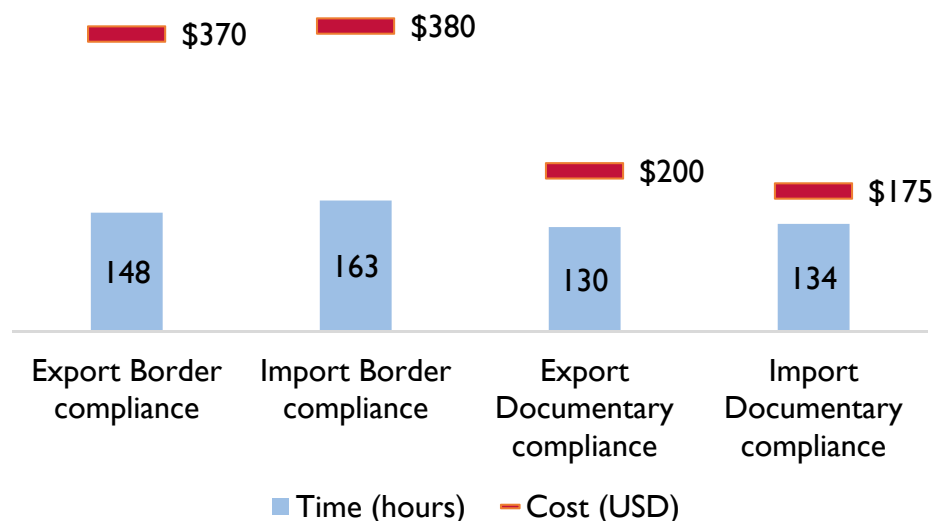
<sup>49</sup> World Bank. 2017. Doing Business 2017: Equal Opportunity for All. Washington, DC: World Bank. DOI: 10.1596/978-1-4648-0948-4. License: Creative Commons Attribution CC BY 3.0 IGO

<sup>50</sup> World Bank Doing Business 2017 data set <http://www.doingbusiness.org/data/exploreeconomies/zambia/#trading-across-borders> retrieved on January 17, 2017.



According to the World Bank Doing Business South Africa Economic Profile Report for 2017, Zambian businesses will spend about the same amount of time and money whether they are exporting or importing. Beyond importing and exporting, traders find it easier to comply with documentary over border requirements, again in terms of both cost and time, as demonstrated in Figure 5 below.

**FIGURE 5: ZAMBIA – DOING BUSINESS, TRADING ACROSS BORDERS 2017**



Source: (World Bank, 2017)

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. The LPI data comes from a survey of logistics professionals (e.g., global freight forwarders and express carriers) to elicit qualitative feedback on the logistics “friendliness” in their countries of operation as well as those they trade with. This feedback from one-the-ground operators is supplemented with quantitative data on the performance of key components of the logistics chain in the country of work. The components analyzed in the LPI were chosen based on theoretical and empirical research conducted by the World Bank and in cooperation with logistics professionals involved in international freight forwarding. The LPI scores the performance 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. International shipments: the ease of arranging competitively priced shipments.
4. Logistics competence: the competence and quality of logistics services—trucking, forwarding, and customs brokerage.
5. Tracking and tracing: the ability to track and trace consignments.
6. Timeliness: the frequency with which shipments reach consignees within scheduled or expected delivery times.

As shown in Table 8, Zambia currently ranks 114<sup>th</sup> out of the 161 countries measured in 2016, an improvement from 123<sup>rd</sup> place in 2014. Zambia scores 2.43 out of a maximum of five, a decrease from the 2014 score.

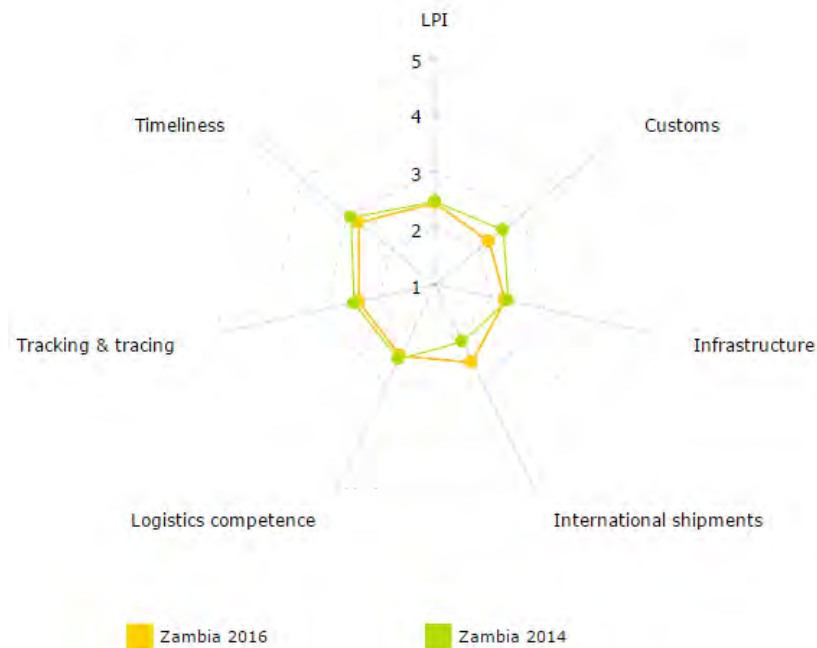
**TABLE 8: WORLD BANK LPI SCORES AND RANKINGS FOR THE FIVE COUNTRIES INCLUDED IN THIS ASSESSMENT 2014–2016**

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

Source: (World Bank, 2016)

In 2014, Zambia’s potential areas of improvement cut across the indicators to include customs, infrastructure, international shipments, logistics competence, and tracking and tracing. As demonstrated in Figure 6, the score for all these areas decreased in 2016 with the exception of international shipments. Considering the TFA focus areas, Zambia should make significant improvements in the LPI as implementation of its customs modernization program, and the expected rolling out of the COMESA Virtual Trade Facilitation System are likely to improve customs, tracking and tracing, and infrastructure.

**FIGURE 6: ZAMBIA – WORLD BANK LPI 2014–2016**



Source: (World Bank, 2016)

The OECD TFIs align with the WTO TFA and provide governments with information to improve their border procedures, reduce trade costs, and ultimately boost trade flow. The estimates based on the indicators help inform governments to prioritize specific trade facilitation actions and mobilize technical assistance and capacity-building efforts in a more targeted way. The OECD TFI scores countries' performance in each indicator on a scale from zero (being the lowest) to two (being the highest). As shown in Table 9, Zambia has not performed well, having scored the maximum of 2 points only in 1 indicator (Cooperation – External), and scoring 1 or more points in only 5 of the 10 remaining indicators. Areas of improvement include: Advance Rulings, Fees and Charges, Formalities – Procedures, Governance and Impartiality, and Formalities – Documents. In contradiction to the priorities raised during primary data collection (10 of the 16 KIs), Zambia scored high in Information Availability.

**TABLE 9: OECD 2015 TRADE FACILITATION INDICATORS – ZAMBIA**

OECD TFIs	Definition	Zambia's Score
<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; the rules and process applied to such statements.	0.29
<b>Appeal Procedures</b>	The possibility and modalities to appeal administrative decisions by border agencies.	1.25
<b>Cooperation – External</b>	Cooperation with neighboring and third countries.	2
<b>Cooperation – Internal</b>	Cooperation between various border agencies of the country; control delegation to customs authorities.	1
<b>Fees and Charges</b>	Disciplines on the fees and charges imposed on imports and exports.	0.67
<b>Formalities – Automation</b>	Electronic exchange of data; automated border procedures; use of risk management.	1.5
<b>Formalities – Documents</b>	Simplification of trade documents; harmonization in accordance with international standards; acceptance of copies.	0.83
<b>Formalities – Procedures</b>	Streamlining of border controls; single submission points for all required documentation (single windows); post-clearance audits; authorized economic operators.	0.69
<b>Governance and Impartiality</b>	Customs structures and functions; accountability; ethics policy.	0.75
<b>Information Availability</b>	Publication of trade information, including on internet; enquiry points.	1.6
<b>Involvement of the Trade Community</b>	Consultations with traders.	1

Source: (OECD, 2015)

Of all the indexes measuring a country's performance, the WEF GCI is regarded as the most comprehensive, although it does not specifically focus on global value chain analysis. The report includes a total of 114 indicators, which are scored 1–5, with 5 being the best, and grouped under the 12 pillars seen in Table 10 and Figure 7. Zambia's overall score is 3.9, ranking it 96<sup>th</sup> out of the 140 countries included in the 2015–2016 assessment period.<sup>51</sup> Of the 12 pillars, 7 are relevant to TFA implementation,

<sup>51</sup> World Economic Forum (WEF), Global Competitiveness Report 2015-2016, Date of data collection or release: 1st September 2015; <http://reports.weforum.org/global-competitiveness-report-2015-2016/economies/#economy=ZMB> (accessed on September 8, 2016)

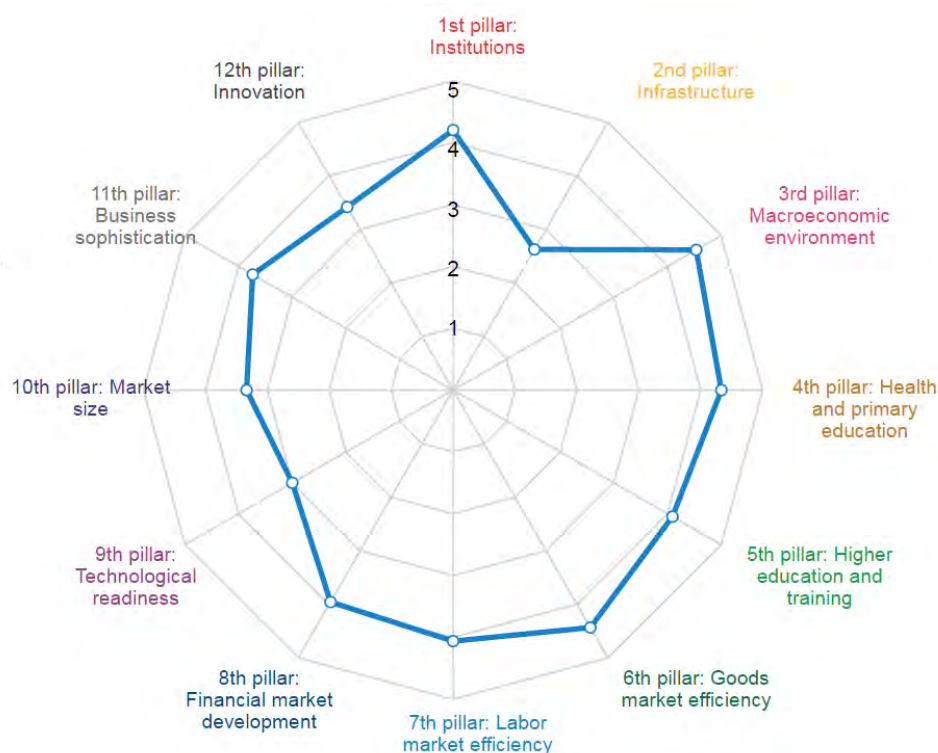
with the 6<sup>th</sup> pillar (goods market efficiency) being the most important. Zambia scored 4.4 and was ranked 56<sup>th</sup> out of 140 on this pillar.<sup>52</sup>

**TABLE 10: WEF GCI 2015–2016 – ZAMBIA**

Global Competitiveness Indicator	Zambia's Score
1st pillar: Institutions	4.2
2nd pillar: Infrastructure	2.6
3rd pillar: Macroeconomic environment	4.5
4th pillar: Health and primary education	4.3
5th pillar: Higher education and training	4.1
6th pillar: Goods market efficiency	4.4
7th pillar: Labor market efficiency	4.1
8th pillar: Financial market development	4
9th pillar: Technological readiness	3
10th pillar: Market size	3.3
11th pillar: Business sophistication	3.7
12th pillar: Innovation	3.4

Source: (World Economic Forum, 2016)

**FIGURE 7: WEF GCI 2015–2016 – ZAMBIA**



<sup>52</sup> Ibid. WEC GCI 2015-2016

## Measures that Facilitate Trade in Zambia

The importance of the regional trading environment, and trade facilitation enabling systems, on Zambia's trade performance is well recognized within the literature. While customs modernization is underway with the recent rolling out of the web-based Automated System for Customs Data (ASYCUDA) World, significant technology, administrative, and structural problems still constrain Zambia's performance, as measured by various trade facilitation performance measurements (see sections above).

However, there are a number of actions that present a good start towards facilitating trade in Zambia. The Zambia Revenue Authority (ZRA), with support from UNCTAD, has initiated a NSW project, the aim of which is to develop a single trade document lodgment system that connects customs to other border control agencies and reduces the time and costs that traders face to comply with procedures. So far, apart from rolling out ASYCUDA World at ZRA, and setting up an e-tax payment system, only the Patents and Companies Registration Agency has been connected to the platform. The MCTI has established a National Trade Facilitation Committee (NTFC) with support from the World Bank; the objective of the committee is to coordinate the implementation of Zambia's Category C commitments under the WTO TFA. The committee is composed of stakeholders from all border agencies, the private sector, and civil society associations.

## Impediments to Trade and Trade Facilitation

According to the latest Zambia Trade Policy Review (2016), there are challenges in applying the WTO Customs Valuation Agreement—although reports indicate common falsification of invoices by importers as the main cause. For importers, the process of estimating the value of a product at customs presents problems that can be just as serious as the actual duty rate charged. ZRA uses a central database that does not enable its staff ascertain the value on invoices, and in some cases the differences between the valuations and the actual invoices are large. There are efforts to enhance capacity in post-clearance audit and risk management.

While customs declarations are done electronically as Zambia implements ASYCUDA World, the system still faces challenges related to poor network connectivity and integration due to the weak ICT infrastructure nationwide. It is generally accepted by practitioners that the application of ICT—in paperwork reduction, customs clearance, border crossing, and tracking of shipments in transit—plays a major role in reducing delays in border and transit procedures and formalities, reducing trade transaction costs, and promoting further international trade. Indeed, when ASYCUDA World is online, several KII respondents attested to its working well and reducing the times needed for border clearance. However, during system outages (which can be frequent), they stated that in some cases the resulting delays have caused a build-up of traffic at the border as there is no alternative. Adequate ICT infrastructure nationwide is going to be important to facilitate trade through planned further automation (e.g. through an NSW), and also because it helps fundamentally change the concept of the customs service through various ICT-enabled customs techniques, such as risk management and real-time information sharing with relevant agencies within and across national borders. The lack of adequate ICT infrastructure in Zambia, if not addressed, will impede trade as there will be no system to support the application of these modern customs techniques or allow data sharing between countries at key border crossing points.

The GRZ developed a National Quality Policy in 2011 in order to establish a national quality infrastructure by 2020, with the intention of ensuring trading partners recognize and accept locally produced goods and services.<sup>53</sup> These guidelines aim to educate private sector actors to comply with

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<sup>53</sup> Ibid. WTO Secretariat 2016, Zambia Trade Policy Review Report p. 7

international standards in order to increase exports of manufactured goods. The lack of mutual recognition in the region and duplicative testing lead to additional costs and delays for some products upon importation. This is reflected in the KII findings as three private sector respondents mentioned that the Zambia Bureau of Standards (ZABS) is overly restrictive in the enforcement of certain measures, prioritizing revenue rather than trade facilitation. One of these respondent finds that ZABS staff at border stations are not well informed about required documentation or they are not trained on what to look for. Another found that that traders will have to complete documentation for the ministries of health and have duplicated procedures within ministries These delays drive up costs for companies in Zambia.<sup>54</sup>

The government also taxes some exports, including mineral ores, metals, and timber products, to discourage copper theft and to encourage value addition within Zambia. Further regulations prohibit the export of raw animal hides and some timber products. Every so often, as a food security strategy, the government also restricts maize exports.<sup>55</sup>

## FINDINGS

### Key Obstacles and Challenges to Trade

This section summarizes the KII findings about the key obstacles, constraints, and challenges to cross-border trade in Zambia and reflects the different perspectives and priorities of the private and public sector respondents. The KII respondents mentioned a wide range of different issues due to the open-ended nature of this question. This section does not seek to rank or prioritize the obstacles, but presents them in the order of frequency with which KII respondents cited them.

**Coordinated border management:** One of the key challenges to cross-border trade in Zambia is the poor coordination amongst agencies at the border. Private sector respondents pointed out that while the personnel of each border agency appear to understand their own agency's mandates and functions, there is no framework that coordinates joint functionalities such as joint risk assessments. The results are unilateral risk assessment criteria required by each individual border control agency that duplicate border crossing procedures, and consequently increase time and costs. Procedures among the agencies are not harmonized, and the systems for sharing and receiving pertinent information from each other are weak, which leads to a disorderly and disjointed series of steps to clear a border. Trade facilitation requires that these functions are interlinked in a systematic manner to deliver efficiency in border management and aims to reduce border crossing times.

Poor coordination of border management causes delays as traders move from one agency desk to another, in some cases being asked to complete duplicated processes. The lack of joint risk management criteria, for example, leads to unnecessary delays. One example referred to by several respondents was of instances where a truck has cleared almost all the agencies, only to be detained by the last agency. In some cases, shipments are stopped by agencies that are not even supposed to be at the border or further inland.

Poor CBM is also manifested in inconsistencies in the administration of border procedures by the agencies. The categories of agencies on Zambian borders are largely composed of customs control, veterinary control, phytosanitary control, and transport control. The authorities are working on a CBM

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<sup>54</sup> Personal communication with private sector representatives and firms in Blantyre, Malawi on 27 and 28 April 2016 and in Lilongwe on 25 and 26 April, 2016.

<sup>55</sup> Ibid. WTO Secretariat 2016, Zambia Trade Policy Review Report p. 7

bill that aims to improve coordination and the exchange of information. The expectation is that improved CBM could play a positive role, not only for border agency officials, but also for the trading community in terms of improved border crossing times and turnaround of traffic.

**Limited access to trade information:** Trade information related to procedures and legal requirements on how to import, export, and manage transit trade is not readily accessible in Zambia per respondents from both the private and public sectors. Zambia has no central repository of trade information, such as in Malawi and Botswana. Lack of public access to basic trade information creates several challenges and bottlenecks as cited by 10 of the 16 KII respondents. First, it creates border crossing delays as some traders/truckers arrive with inadequate documentation to clear border controls. These delays raise demurrage charges and border congestion. The time and costs required to track down current information are a toll for both large and small companies.

The KII respondents also found that limited access to information fuels inconsistent and arbitrary application of border regulations and procedures. A private association representative provided a typical example of this in which a consignment of imports of a certain commodity may require three documents at one border for trucks to be cleared without any difficulty. However, if the same company imports the same commodity from the same country with the same three forms of documentation, but through another border, then the trucks might be detained because additional documents are requested. It can then take up to three days to resolve this issue, and ZRA does not pay for demurrage charges incurred by the transporter.

Several KII respondents also mentioned that inadequate access to information forms an uneven operating field, especially for SMEs, which are able to trade only in the commodities for which they have current information. Small traders are susceptible to solicitation, which largely arises from the exploitation of their ignorance of the requirements and applicable fees and charges. There are instances in which small traders try to smuggle goods that are duty free across the border. One respondent stated that while the big (mining) firms have preferential access to current trade information, it is the SME-level traders who are disenfranchised and fail to comply, thus causing unnecessary delays.<sup>56</sup>

**Lack of national single window:** In trying to address the problems related to cross-border coordination, one of the solutions suggested by all private sector respondents was an NSW, to serve as a single electronic lodgment platform for the purposes of submission of a trade declaration document which is applicable to customs and all other controlling agencies. An NSW allows traders to submit all import, export, and transit information required by regulatory agencies via a single electronic gateway, instead of submitting and processing the same information numerous times to different government entities, including some that are automated and others that still rely heavily on paper. These respondents believe that NSW implementation will end the requirement to submit different sets of the same data to obtain the approval of different controlling agencies, and as such will improve border clearance times and reduce costs.

However, as experience has proved elsewhere, establishing an NSW is not a simple “plug and play” activity, nor is it possible to simply replicate what has worked in one country in another country that has quite different capabilities, resources, and institutional problems. Achieving meaningful trade facilitation gains requires a comprehensive interagency approach based on effective information-sharing among border and trade actors, harmonization and simplification of border procedures, and genuine collaboration among all border management agencies. It is the view of the authors that, whereas NSW would potentially enhance border clearance times and reduce transaction costs, it has to be implemented as part of a strategy of re-engineering border controls and procedures and addressing some policy inconsistencies. Whereas much of the focus has been on enhancing customs operations, the

focus of reform efforts also needs to shift beyond customs to tackle the systems and procedures employed by other border management agencies, such as health, agriculture, quarantine, police, immigration, standards, and myriad other organizations involved in border control.

**Customs risk profiling:** Since 2008, the ZRA has been implementing a modernization program that includes a voluntary program for cross-border traders to undergo a risk profiling assessment and be designated as either non-risky or risky.<sup>57</sup> Three private sector respondents acknowledged the progress that the ZRA is making in the automation of its systems, but raised a number of issues in the way customs procedures are administered. They noted that while there is a risk assessment mechanism in place, it is not being implemented well, as there is an unnecessarily high percentage of traffic that is stopped to undergo the procedures for risky shipments.<sup>58</sup> These respondents noted that their firms or association members that are already designated as authorized economic operators (AEOs) are “always” stopped to undergo both non-intrusive scanning and physical inspections, the procedure for non-vetted or designated potentially risky clients. Their view is that this process is inconsistently applied and dependent solely on the discretion of the individual customs inspector. These respondents recounted incidences in which long queues developed on account of one cargo’s being held up.

While acknowledging the high level of private sector complaints, especially from clearing agents and their associations, the public sector KII respondent noted that the operators that do not volunteer to participate in the risk profiling program will always be subjected to high-risk procedures each time they pass through the border. The operators that are designated AEOs will be eligible to pass through the non-intrusive scanning only after a trial period. This respondent believes that only in exceptional cases (usually depending on the goods that are being transported) may the operator be subjected to both inspections. Additionally, the Zambian authorities reported that they face difficulties in implementing the WTO Customs Valuation Agreement due mainly to frequent falsification of invoices by importers; however, this could not be verified within the scope of this study.<sup>59</sup> This discrepancy in experiences suggests a need for risk profiling procedures to be monitored, and solutions should entail alternative tracts to facilitate smooth movements of cargo by potentially risky operators and designated non-risky operators, and a corresponding training program for all customs officials.

**Lack of harmonized customs procedures and simplified documentation for trade:** As defined in the United Nations Economic Commission for Europe (UNECE) Trade Facilitation Implementation Guide, harmonization is the “alignment of national procedures, operations and documents with international conventions, standards and practices.”<sup>60</sup> The UNECE Guide further notes that harmonization “can come from adopting and implementing the same standards as partner countries, either as part of a regional integration process or because of business decisions.”<sup>61</sup> Simplification of documents for trade involves “eliminating all unnecessary elements and duplications in trade formalities, processes and procedures,” and “should be based on an analysis of the current, ‘As-Is,’ situation.”<sup>62</sup>

Lack of simplification of trade procedures leads to traders’ being required to complete a raft of documentation in order to comply. Several private sector associations and firms referred to “a lot of paperwork” to cross borders, and a “complicated” process for tax compliance. These respondents noted that whereas notable improvements have been made through the creation of an OSBP at the

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<sup>57</sup> This was noted during a KII with a public sector representative.

<sup>58</sup> This was noted during KIIs with the representatives of two firms and a trade association.

<sup>59</sup> WTO Secretariat, Zambia Trade Policy Review Report, Revision, October 7, 2016 WT/TPR/S/340/Rev.1 (accessed on December 19, 2016), p 7.

<sup>60</sup> UNECE Trade Facilitation Implementation Guide <http://tfig.unece.org/details.html> (accessed on December 15, 2016).

<sup>61</sup> Ibid.

<sup>62</sup> Ibid.



Chirundu crossing between Zambia and Zimbabwe, these reforms have not been rolled out to all other border crossing points across the country.<sup>63</sup>

In terms of harmonization of customs documentation, the government is a signatory to the Revised Kyoto protocol. According to the WTO Trade Policy Review 2016, the ZRA is migrating its customs management systems to ASYCUDA World.<sup>64</sup> The agency's main challenge is implementing the Customs Valuation Agreement; but according to the ZRA, this is due to declaration of false invoices by traders. In a bid to harmonize border control documentation with neighboring countries, the government has enacted the OSBP law which empowers the executive to enter into OSBP agreements. Discussions with the DRC and Tanzania are at different stages; the only OSBP being implemented by Zambia is at Chirundu.

**Arbitrary implementation of fees and charges:** Linked to the issue of inadequate access to trade information described above is the lack of transparency about the application of legitimate fees and charges. Several private sector respondents complained that what a trader is charged for a public service depends on who the individual officer is, and not necessarily the statutory fees and charges. This lack of transparency increases costs as truckers are making several stops to pay "fees" en route to their destinations; ultimately these costs are passed down to the consumers.

**Non-tariff barriers:** Most of the NTBs raised by the Zambian KII respondents were related to administrative procedures, including the following: a lack of transparency and consistency in customs procedures; overly bureaucratic and arbitrary processing methods and documentation requirements for consignments; high freight and transport charges; and services that are generally not user-friendly. One public sector respondent stated that NTBs were reversing the gains that have been made in reducing tariffs, and that while the cost of tariffs was predictable, it was difficult to plan for the costs of overcoming NTBs.<sup>65</sup>

**Poor border infrastructure:** A cross-section of respondents from across all categories raised the issue of poor border infrastructure, such as compliance-testing facilities for food and plant materials, quarantine facilities, and non-intrusive check machinery. Without such infrastructure and facilities, materials are being sent inland which causes delays. Inadequate machinery at the border for offloading and loading means that once goods are offloaded during inspections, they cannot be repacked, and this becomes a challenge for transporters. The magnitude of road blocks at border crossing points is affecting the turnaround time for most transporters. Given the high investment outlays related to such infrastructure, there was a proposal that if the region could adopt an OSBP policy for all borders along the corridor, then perhaps governments could also explore developing joint testing infrastructure, along with enhancing the dialogue and agreement around mutual recognition of standards and certification. Other infrastructure concerns were also raised around poor roads leading to borders regionally, and the lack of a good regional rail network. Other respondents also advanced poor internet connectivity and infrastructure as major impediments to the part of the trade facilitation agenda that is reliant on ICT technologies.

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<sup>63</sup> The Chirundu OSBP is a pilot trade facilitation project under the North South Corridor (NSC) Pilot Aid for Trade Programme initiated by the COMESA-EAC-SADC Tripartite, which was launched in December 2009 through a Bilateral Agreement between Zimbabwe and Zambia. Source: Republic of Zimbabwe Ministry of Industry and Commerce, "Chirundu One Stop Border Post: A Regional Trade Facilitation Programme" 31 January 2011 <https://www.oecd.org/aidfortrade/47750237.pdf> (accessed January 19, 2016).

<sup>64</sup> ASYCUDA is a "computerized customs management system which covers most foreign trade procedures," which "handles manifests and customs declarations, accounting procedures, transit and suspense procedures." The ASYCUDA software is developed in Geneva by UNCTAD. UNCTAD, About ASYCUDA <https://www.asycuda.org/aboutas.asp> (accessed January 19, 2017).

<sup>65</sup> Personal communication with a public agency representative in Lusaka.

**One-stop border post:** In practice, an OSBP is a border facility that combines two stops of two national border control agencies into one, and in theory consolidates border control functions in a shared space for goods exiting one country and entering another. The idea is to use simplified procedures and joint processing wherever appropriate. The underlying aim is to reduce transit costs incurred in cross-border movement. A number of respondents advocated for a regional approach to OSBP. Specifically, the private sector associations believed that this would facilitate the smooth movement of goods, especially in the context of the ongoing tripartite free trade approach to regional integration.

**Regional bond transit guarantee:** There was support for the regional bond transit guarantee system from some of the respondents, especially those that can be regarded as “big business.” They regarded the regional bond transit guarantee as “a very good system”; however, the main disadvantage stated was that the system crowds out middle dealers who are locals, as big multinationals begin to process all cargo. There is a need to see how local SMEs can best be incorporated by the large companies so that they can also benefit, and this can best be done by having a deliberate policy in place that compels multinational corporations to give part of the business or go into smart partnerships with local SMEs.

**Lack of transparency in regional transit procedures:** Private sector respondents were concerned with the increased lack of transparency in the administration of transit procedures by the authorities in Zimbabwe and Tanzania. This is compounded by their lack of advance notification when they make changes to compliance requirements. A specific case that was referenced is an environmental fee that was introduced by the Zimbabwean authorities, but about which Zambian transporters learned only when their trucks began to be stopped. Respondents recommended that COMESA or SADC strengthen monitoring of the regional transit system and procedures. Member states should be encouraged to notify the others of any changes they want to make in advance so that transporters and traders can plan and accommodate the fees in their bottom line.

**Small traders:** Associations dealing with small traders observed that lack of an equivalent of the COMESA STR under the SADC Trade Protocol was complicating the lives of small traders. Small traders complain of cumbersome documentation and procedures. Most small traders are semi-literate, and this exposes them to potential abuse from public officers, including solicitation and sexual harassment. From the respondents, it appears efforts to raise awareness of initiatives like the COMESA STR and other regional agreements need to be broadened to achieve the desired impact.

**Administration of commercial policies and non-tariff measures:** Generally, the respondents from private sector firms and associations were of the view that consultations by the authorities were improving, but more could still be done. For example, they offered that they could increasingly be involved in the negotiation of trade agreements, in particular at the regional level.

In terms of compliance, according to these respondents, the process of complying with non-tariff measures is still not efficient; it can take up to two weeks to get some licenses and permits. Also, implementation of some of these measures (e.g., export bans) remains ad hoc, and this uncertainty translates into inability to enter into long-term export supply contracts, and also into challenges in accessing credit from banks. Private sector respondents call for transparency and consultations in the way these measures are implemented. They call for a review of the current public-private forums to ensure that all aspects of the dialogue are adding value and not just mere talk shops. As part of the review, the frequency and membership of the consultative forums needs to be examined to ensure that the forums provide timely information to the private sector and allow for clear outcomes that take into account the private sector concerns.

## Findings on Respondents' Priorities for TFM Implementation

To determine the TFMs that were the top priority, the team measured the frequency with which interviewees raised a specific TFM as a priority across the respondent categories. During the 16 KIIs, respondents spoke in detail about 8 TFMs and 1 cross-cutting issue to improve trade facilitation that was included in the SADC TFP as their top priorities for implementation in Zambia:

- Improved coordinated border management (CBM) – 12 respondents;
- Trade information portal (TIP) – 10 respondents;
- Development of a national single window (NSW) – 9 respondents;
- Harmonization of customs procedures related to electronic clearing and ICT connectivity at borders – 4 respondents;
- Simplified and harmonized documentation for trade – 3 respondents;
- Melding national trade facilitation objectives with regional priorities – 3 respondents;
- Fees and charges – 2 respondents;
- Removal of non-tariff barriers (NTBs), including technical barriers to trade (TBTs) such as sanitary/phytosanitary (SPS) measures – 1 respondent.

As there was a high amount of convergence on the top priorities of the KII respondents, the team used this information to select the top three TFMs and then examined them in detail to answer Assessment Questions 1 through 3. The next three sections present these findings in order of the Zambian KII respondents' priorities:

1. Improved CBM
2. TIP
3. NSW

### 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.<sup>66</sup> CBM is a tool used to improve management efficiency at borders and to enhance trade facilitation.<sup>67</sup> CBM can take a number of different forms, including national efforts to strengthen cooperation among agencies or structures such as joint border committees.

The KII respondents that raised CBM as a priority noted several opportunities for improvement. First, most respondents noted their or others' experiences with unprofessional and untrained border officials that are not committed to a customer service approach, as well as incidents of corruption. Respondents noted that superior officers are challenged to train, equip, and support staff with limited resources and inadequate equipment. Respondents gave examples of where traders have cleared by all relevant agencies except one, which may not even have a significant mandate on the consignment, or where cargo is delayed by agency staff absenteeism. Noting the problem was so severe, one respondent recommended that the government to standardize salary structures of all border agencies in order to boost staff morale and reduce incentives for corruption.

Second, the respondents find that the border agencies have not harmonized clearance procedures and policies, and that they don't communicate using the same policy language. While the staff of individual agencies appear to understand their own mandate and functions, there is no coordination framework

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<sup>66</sup> WTO TFA, Articles 8.1 and 8.2.

<sup>67</sup> SADC TFP Final Report (2016), 33.

for operations such as joint risk assessments. The different agencies inconsistently apply regulations and procedures for the various functions including customs control, veterinary control, phytosanitary control, and transport control. As a result, agencies have duplicated clearance procedures, or may apply overly complex formalities depending on the agency. This creates an environment that lacks transparency and adds uncertainty in terms of border crossing times and unnecessarily increases times and costs to trade.

Third, the lack of communication and the distance between where different agencies at the border creates challenges for officials as well as traders. Respondents noted that the relevant agencies aren't currently able to share information through consistent and reliable channels. For example, they are aware of border agencies that don't maintain a schedule of interagency meetings. According to KII respondents, although the agencies do communicate, the system of coordination is very weak at the border, and joint border committees are not working well.

Fourth, related to the above, several respondents complained that inefficient risk management systems have negatively impacted the movement of goods at the borders. Improved CBM should encompass interagency coordination and capacity development to ensure that officials consistently apply risk criteria checks and controls. Training curricula should include AEO recognition, which will likely require policy clarification and alignment among domestic agencies, as well as more high-level coordination to ensure regional co-recognition instruments and procedures are in place.

Fifth, respondents suggested that the government GRZ needs to invest significantly in border infrastructure and equipment upgrades to improve CBM. These include roads that allow for smooth traffic flow as well as facilities to co-locate all relevant agencies under one roof. Respondents also said that facilities to test and quarantine plant and food materials at the border are lacking. Additionally, improved equipment and infrastructure are needed to enable border officials to apply sound risk analysis using non-intrusive inspection techniques.

All of these coordination issues result in "thick borders" as trucks are stopped unnecessarily causing delays, and increasing costs and uncertainties. Respondents believe that these reforms are necessary to improve CBM and the eventual implementation of the OSBP at all posts.

### **Assessment Question 1: What is the potential range of benefits associated with the implementation of TFM #1?**

As noted by 12 of the 16 KII respondents, improving CBM at all the key borders in Zambia would offer the largest range of benefits for traders. This was a priority across the respondent categories, as they were in agreement that the government should prioritize investing in CBM over other needs as implementation of this TFM would increase trade and generate revenue. Respondents agreed that improved CBM will reduce the cost and time to trade. Respondents noted that other ancillary benefits include the reduced burden of administrative paperwork for traders and officials. Specifically, private sector respondents noted that where border agencies are well coordinated, they are better able to anticipate when goods will get to market. A trade association representative noted that it is particularly important to manufacturers to know when they will receive materials for production and shipments will be delivered. Improvement in logistics would also potentially reduce their costs to trade. The removal of cumbersome and duplicated processes would fast-track clearing processes at the border. Streamlined procedures may help reduce the number of border agencies and also potentially bring about reductions in paperwork and administration, time, and costs.

Several respondents also noted that the potential benefits could be transformative for the country if SADC and COMESA member states are willing to adopt a regional approach for implementing CBM best practices. Combined with the domestic reforms listed above, regional implementation is necessary

to achieve the comprehensive rollout of the OSBP concept at all crossings, which respondents suggested should be GRZ's ultimate CBM goal. Four KII respondents noted that in order to implement any trade facilitation intervention, national priorities have to be aligned with regional objectives in order for the country, reflective of a cross-cutting issue highlighted in the SADC TFP. While acknowledging that the regional harmonization of cross-border procedures and comprehensive OSBP implementation were highly ambitious goals, respondents noted these achievements would enable greater regional economic integration. In this context, Zambian firms could be enabled to leverage COMESA and SADC membership and potentially explore new product lines and reaching new markets; thus potentially supporting the GRZ goals of diversifying economic sectors and adding high value markets.

### **Assessment Question 2: What is the potential range of costs associated with the implementation of TFM priority #1?**

This section presents a summary of findings on perceived costs to implement CBM. 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 public sector respondents had knowledge of some aspects of the costs to implement CBM. In their calculated estimate, it would not cost in excess of US \$1 million for the full implementation of such a reform. None of the private sector respondents had any knowledge of the costs. In terms of the types of resources required to implement CBM, the public sector respondents proposed that it would require new equipment and training of staff. The representatives said that, of these requirements, purchasing new equipment would incur the highest costs. In terms of implementation, they volunteered that the project approach was not the best suited mode of support because of the challenges in the past of transitioning projects into the mainstream government implementation structures. Sustainability concerns around project interventions are high with many projects disappearing once they come to end.

According to the respondents, the overriding reason why this TFM has not been implemented is financing. It was supposed to have been implemented over a five-year period starting in 2008. With funding being irregular from the treasury, it will take longer unless there is donor funding. A 2015 trade facilitation gap analysis commissioned by the MCTI estimated that border agency coordination would cost US \$520,000 and customs cooperation US \$275,000.

### **Assessment Question 3: What is the feasibility and timeframe of the implementation of TFM Priority #1?**

Of the five private firms that raised CBM as a priority, four said that other TFMs or steps do not need to be sequenced before implementing CBM. One firm stated that financing had to be identified before the reforms could be rolled out to all the borders. One out of the two representatives of the private sector associations emphasized the need for a change in management process that focuses on building the capacity of government officials to regulate trade in the spirit of trade facilitation, and not just focusing on "revenue generation and security."

Of the four public sector associations that raised CBM as a priority, one said that other TFMs or steps do not need to be sequenced before implementing CBM. The remaining three said there are other TFMs or steps that need to be implemented before CBM, including restructuring of border agencies, which includes revision of pay scales and enhancing border infrastructure, such as SPS testing facilities and staff housing. The multilateral organization representative was of the view that implementation of CBM should take a regional approach, because improving one side of the border without enhancing the other would not improve border crossing times. There was a need to also focus on cross-border cooperation which includes harmonization of procedures.

Most of the 12 respondents who raised CBM as a priority were in agreement that that CBM has not been implemented to date, while noting improvements at a few specific posts. The main challenges for implementation range from lack of funding to complete the ZRA modernization program, to a lack of political will on that part of border agencies that prefer the status quo to protect their turf and operate in silos. Some respondents stated that while efforts are underway at some border crossing points to implement the CBM approach, there was some reluctance on the part of some of the agencies to be involved in coordination. In terms of the time required to implement this TFM, out of the three public sector respondents who were asked the question, two did not know, but the one who had an idea stated that it would not take more than five years to implement the TFM in full.

## **Priority #2: Trade Information Portal**

A TIP is the primary site where one can obtain all the information on regulatory requirements needed to undertake international trade. Article I of the WTO TFA requires member states to publish trade information in a non-discriminatory and easily accessible manner to enable governments, traders, and other interested parties to become acquainted with it. Specifically, Article 1.2 mentions internet publication. Trade information related to procedures and legal requirements on how to import, export, and manage transit trade is not readily accessible in Zambia according to respondents from both the private and public sectors. The need for facilitating access to basic trade information was expressed across all responded categories (see Table I in Annex VI).

The KII respondents raised several concerns about the impact of inadequate access to information on Zambian traders. They find that the lack of information creates an uneven operating field, with information asymmetry favoring the more established firms. Several respondents mentioned that when traders and transporters arrive with inadequate documentation to clear border controls they create unanticipated delays that raise demurrage charges and border congestion.

### **Assessment Question 1: What is the potential range of benefits associated with the implementation of TFM priority # 2?**

A TIP was a priority for 10 of the 16 KII respondents who identified a range of significant benefits from its implementation. Across the categories, they agreed that a TIP would result in reduced time to trade and cost to trade. Respondents from private sector firms and academics also volunteered that a TIP would result in reduced paperwork and administration burden. Four out of the seven private sector respondents and the academic who discussed TIP in detail agreed on this point. Six of 10 private sector respondents also identified the benefit of certainty when goods get to market, and certainty as to costs of goods.

Considering the obstacles that lack of transparency in the administration of trade regulations present, a number of specific benefits have been highlighted by the respondents as follows:

**Prior knowledge of border procedures:** A TIP would help members to know well in advance what type of documentation a particular consignment should have before reaching the border posts to avoid being inconvenienced. Lack of adequate documentation at the border causes avoidable delays and stops, which in turn lead to the trader's facing high demurrage charges.

**Level playing field:** The lack of access to basic trade information is creating an information asymmetry at two levels: a) in terms of the relationship between regulators and the traders, and b) in terms of the trading decisions that are being made at the small to medium scale level. Information asymmetry occurs when one party in a transaction has more or better information than the other; in the worst cases, it can lead to market failures.

Respondents stated that most traders are not aware of what regulations apply to their line of business when it comes to importing/exporting because the regulations or changes are not published; they find themselves at the discretion or judgment of the authorities. The status quo is a breeding ground for corruption and inconsistencies in the application of rules. With a trade portal in place, all traders can know what they need to have before they import or export.

Secondly, the lack of information is also translating into SMEs' failing to make correct assessments of new trading opportunities that may exist around new product groups. SMEs are largely trading in homogenous blocs, largely around established commodities whose logistics and requisites are largely known factors. Promoting diversification will require evening out the playing field so that the perceived risk of undertaking new ventures is somewhat mitigated.

The benefits of a TIP would be further enhanced if a regional approach were also adopted, and also if the portal were extended to incorporate export market intelligence. With a regional TIP, traders would know in advance what is expected of them—in terms of documentation, permits, SPS measures, other TBTs, and applicable tariffs—in different markets in the region, and this could speed up border clearing. A TIP with market intelligence capabilities would improve information flow in terms of business opportunities in the region.

### **Assessment Question 2: What is the potential range of costs associated with the implementation of TFM priority #2?**

This section presents a summary of findings on perceived costs to implement TIP. Perhaps because TIP is a highly specialized system, KII respondents lacked basic knowledge of the costs to implement it. One government respondent stated that it would take between U.S. \$1 million and \$5 million to fully operationalize the trade portal. However, the assessment commissioned by the MCTI put the cost of implementing a TIP (without the market intelligence capability) at U.S. \$90,000.

In terms of the types of resources required to implement a TIP, the public sector respondents proposed that it would require new equipment, hiring more staff, training staff, and infrastructure. One of these respondents said that, of these requirements, purchasing new equipment would incur the highest costs. In terms of project implementation, respondents proposed that the anchor for this facility should ideally be a chamber of commerce or other trade body to absorb the operational costs for managing it.

### **Assessment Question 3: What is the feasibility and timeframe of the implementation of TFM Priority #2?**

The KII respondents mentioned a few other steps or measures that are required in order for the government to be able to implement a TIP.

The private sector respondents to the survey proposed that a number of steps would have to be undertaken before TIP is implemented, including enhancing the national internet grid and identifying all required laws and regulations, with the view of flow charting of procedures to highlight any fees and unravel bottlenecks. They also volunteered that the implementation of an OSBP at key border posts would be a prerequisite to TIP.

This TFM has not been implemented to date. The main challenges to its implementation are a lack of financing and technical expertise and an environment of competing fiscal priorities, with the government undertaking austerity measures. USAID under the Southern Africa Trade and Investment Hub has pledged to support the implementation of the TIP in Zambia. The project is expected to start in 2017.

## Priority #3: National Single Window

Implementation of a single window system enables international (cross-border) traders to submit regulatory documents at a single location and/or single entity. Such documents are typically customs declarations, applications for import/export permits, and other supporting documents such as certificates of origin and trading invoices.

From KII responses, it appears that respondents view the NSW as a way of negating the requirement to submit different sets of the same data to obtain the approval of different controlling agencies, and as such potentially improving border clearance times and reducing costs. There is a single window project being supported by UNCTAD in Zambia. The window will be based on the ASYCUDA World system. Apart from connecting ZRA to the platform, only the Patents and Companies Registration Agency has been committed. It appears that the project is encountering challenges related to inadequate financing.

The establishment of an NSW has some steps which include policy planning, erecting the legal and institutional framework, undertaking a business process analysis, simplifying trade documents, organizing the data harmonization for the single window, and managing the project.<sup>68</sup> The status of implementation of the UNCTAD support is not clear from the KII responses, nor is it clear that this is the approach that is being used to implement the project.

### **Assessment Question 1: What is the potential range of benefits associated with the implementation of TFM Priority #3?**

Establishing an NSW was a priority for 9 of the 16 KII respondents, who identified a range of significant benefits from an NSW. When asked about the types of benefits the implementation of an NSW would generate, the respondents stated that it would reduce trade costs and associated administrative costs, including paperwork. It would also reduce the time it takes to process the clearance of cargo at the border. Private sector respondents agreed that implementation of the NSW would generate large economic benefits for their firms in terms of thinning the border: (i) by promoting efficiency in licensing and approval procedures; and (ii) by streamlining import and export procedures, which will help cargo move more quickly as red tape is cut and opportunities for corruption are bypassed and/or limited.

### **Assessment Question 2: What is the Potential range of costs associated with the implementation of TFM Priority #3?**

By and large the respondents were not aware of the costs associated with the implementation of the NSW. The TFM Cost Assessment Study (commissioned by MCTI) puts the cost at U.S. \$2 million, given the capacity gaps in the country that include lack of human and ICT resources within non-ZRA agencies; advanced age and unreliability of existing ICT hardware across agencies and the business community; inadequacy of maintenance facilities and related financial resources across all ICT users; unreliability of the national internet network for communication across agencies, between organizations, and with the business community; coverage of the national internet network; and the low level of ICT capacity within SMEs. Therefore, resource requirements to implement the TFM range from tangibles such as ICT infrastructure and equipment to intangibles such as technical advisory services and the good will of the respective agencies. New equipment outlays are expected to be the most expensive budget item for this project.

Regarding the time needed to implement this TFM, the respondents stated that it would depend on the flow of funds and cooperation between the agencies and the project team. The ZRA has been implementing a customs modernization program that has included the rolling out of the ASYCUDA

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<sup>68</sup> UNECE Trade Facilitation Implementation Guide <http://tfig.unece.org/details.html> (accessed on December 15, 2016).



World. There is some level of expertise in that program that could feed into the implementation of the NSW.

### **Assessment Question 3: What is the feasibility and timeframe of the implementation of TFM Priority #3?**

Respondents across the different categories put forward a number of TFMs that have to be in place before the NSW could be implemented. While there was no convergence on the sequence of steps, the set of TFMs that should be advanced include the establishment of a trade information portal; rolling out OSBPs at Kazungula, Kasumbalesa, and even Nakonde; and CBM.

Two major obstacles to the implementation of this TFM that were raised are lack of adequate financing and lack of political will on the part of agencies to be included in the set-up. Public agency respondents also made mention of their dissatisfaction with project approaches that only resulted in big investments in white elephants. In this regard, it was felt that other, lower-risk TFMs should be implemented before the NSW. The private sector respondents also did not get the sense that implementation of trade facilitation measures in general is well coordinated, centrally or at delegated levels.

## **CONCLUSIONS FOR RANKING THE SELECTED TFMs**

### **Assessment Question 4: How do respondents rank their priorities among the TFMs they consider the most important to implement?**

This section presents the assessment team's conclusions for a final ranking of selected TFMs in order of priority for implementation in Zambia. 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, and subject matter expertise on these issues. The following is the final ranking of priority TFMs for action in the country:

1. Improved CBM
2. TIP
3. NSW

Drawing particularly on the KII findings, improving CBM at all the key borders in Zambia would offer the largest range of benefits for Zambian traders. Respondents perceive that cooperation amongst border agencies in their border operations would greatly reduce the time and cost of trade. This cooperation can take the form of streamlining of border procedures, including joint risk management criteria and joint border committee meetings. Some respondents also advocated a regional approach of cross-border cooperation through harmonization of procedures under an OSBP arrangement.

In second place, the assessment team ranks the setting up of the TIP. This TFM presents immediate and tangible benefits, particularly in reducing the cost of tracking basic trade information and delays caused by inadequate trade documentation at the borders. Traders want ease of access to basic trade regulatory information—laws, regulations, procedures, fees and charges, and others. In addition, they want to know when there is a change in any of these requirements. This information is important to help them make informed decisions on business strategy, but also breaks information asymmetries that in extreme cases are causing market failures, in particular at the level of SMEs. The implementation of a web-based portal is required urgently.

The third-priority TFM for Zambia as identified by the respondents is related to NSW, which supports single electronic lodgment of trade documentation. Respondents raised NSW as a priority because they

viewed it as a way of boosting efficiency in the way trade documentation and licensing/approvals are done. However, it is the view of the assessment team that the NSW is not an end in itself. There are other simple reforms that could easily be implemented in a staged manner to increase efficiency. As experience has proved elsewhere, establishing a single window is not a simple process and can be costly.

## RECOMMENDATIONS

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

### National Level

- In close collaboration with GRZ agencies and in alignment with the CBM bill, USAID should support the GRZ to improve CBM through the following interventions:
  - Support the development of an interagency coordination framework that will streamline and clarify roles and responsibilities between agencies for border clearance procedures, as well as identify regulations and formalities that can be simplified. The framework should also establish the appropriate and sustainable channels and systems for communication and information sharing between agencies, including maintaining a schedule of interagency coordination meetings at each post.
  - As part of the framework described above USAID should support GRZ to clarify responsibilities and define risk management criteria and control procedures for all agencies engaging in risk profiling. This framework should establish the appropriate application of risk management for traders with AEO status.
  - As part of the framework above, USAID should support GRZ to develop a human capital management strategy that will guide the appropriate agencies to vet, recruit, train, monitor, and retain border officials. This strategy should encompass capacity development and performance management plans including immediate actions such as human resources (HR) policies reviews and training needs assessments.
- USAID should consider supporting GRZ to design and implement a TIP for Zambia. Based on the previous USAID Southern Africa Trade Hub's successful support to launch a TIP in Namibia, USAID should integrate lessons learned and best practices into its technical assistance. This technical assistance to the government would encompass procurement planning, design, capacity development, and platform launch, as well as an initial period of monitoring support to ensure the smooth operation of the portal. Led by the Ministry of Commerce Trade and Industry (MCTI), USAID could assist the authorities to establish a development team, organize the content to be uploaded, and develop standard operating procedures to maintain the portal. Implementation of the portal could integrate other trade facilitation interventions, such as a processing mapping that would feed into the NSW.
- USAID should consider providing technical support to the GRZ for NSW development for needed coverage. While UNCTAD is providing much of the NSW project support it appears there may be gaps. USAID can consider liaising with UNCTAD, and ZRA to ascertain where these gaps exist. This technical assistance could include legal and institutional framework reviews, business process analysis, document simplification and standardization, national data

harmonization, and cross-border exchange processes. This approach would strengthen the operational environment for the implementation of an NSW in the future.

### **Bilateral and Multilateral Donors**

- With USAID supporting the implementation of the Zambia TIP, bilateral and multilateral donors should be close collaboration with UNCTAD who are supporting the NSW. Traditionally the TIP is a first step towards a NSW as such, it provides platform for mapping the different procedures that are integrated into the NSW.

### **Government of the Republic of Zambia**

- The GRZ should facilitate public-private dialogues with the private sector and other non-state actors to ensure private sector views are considered in negotiations on regional trade agreements, e.g. in the COMESA-SADC-EAC Tripartite negotiations that are currently underway.
- The GRZ should enhance its transparency in the application of trade measures, such as fees and charges, export bans and standards. Export bans on maize and other products should not be applied haphazardly as is the current case. There is need to establish the criteria for implementing bans, and ensure that private sector actors are consulted early.

### **Zambian Private Sector**

- Private sector should participate more in public-private forums that have been established around a number of business-enabling environment agendas.

## **Regional Level**

### **USAID**

- 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 and borders, for example. There could be a potential for private sector operators to become involved, which might further incentivize creating efficiencies.

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

- USAID should partner with the Southern Africa Development Community (SADC) to develop and implement a regional trade portal, the scope of which does not replicate the national portals but rather links the various countries under the SADC Protocol on Trade, and which can serve as a repository for information on transit procedures and some domestic measures that would not traditionally not be found on a national trade information portal.
- USAID and international development partners should support the implementation of CBM across countries in SADC region. Cross-border cooperation, that builds on borders that are well coordinated is seen as key to trade facilitation along the North-South Corridor.
- USAID should partner with SADC to undertake a feasibility study for a COMESA style Simplified Trade Regime for the SADC region. USAID and other international partners should also consider continuing to support the implementation of the STR in COMESA, for example through awareness raising among small traders. STR is in place between Malawi and Zambia; and Zambia and DRC, as well as Zimbabwe.

### **Tripartite Free Trade Area Member States from SADC, COMESA, and East African Community**

- To address the concerns of many of the KII respondents about the lack of transparency in the application of regional transit procedures and measures, TFTA member states should encourage the development of a regional monitoring and advance notification mechanism amongst SADC member states. Given the complexity of regional membership with most countries being members of at least two regional economic configurations, perhaps this is an agenda that can best be tackled as part of the SADC-COMESA-EAC Tripartite negotiations.

### **Opportunities for Future Research**

- USAID should support the scoping of a regional trade information repository or portal.
- USAID should support feasibility assessment of a SADC STR mechanism
- USAID should undertake additional research focused on the political economy of NTBs related to the regional transit mechanism 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.

## 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>69</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

<sup>69</sup> ACTE was launched at the AGOA Forum in Lusaka, Zambia in June 2011.

reorganized to focus on a single result or technical focus: Advancement of the Regional Trade, 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>70</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

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<sup>70</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 1.3: Increased Trade & Investment in the Textiles and Apparel Sector
- 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>71</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>71</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>72</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>73</sup> The survey should encompass the following SADC members: Angola, Botswana, Lesotho, Madagascar, Malawi, Mozambique, Namibia, South Africa, Swaziland, Zambia, and Zimbabwe.<sup>74</sup> The approach will include surveys of targeted key informants, as well as a review of secondary data and other analyses related to the 2013 TFA that is publically available.

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

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

<sup>72</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>73</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>74</sup> At the time of this writing, there are certain restrictions on USAID's ability to work in Zimbabwe. As new restrictions are implemented or current restrictions removed, the evaluation team must adjust its focus accordingly.

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

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

## Assessment Survey Data Collection Methods

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

## Data Analysis Methods

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

## Strengths and Limitations

### Performance Evaluation

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

### Trade Facilitation Measures Assessment Survey

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

## Deliverables and Reporting Requirements

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

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

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

## Team Composition

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

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

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

- **Team Leader (Evaluation Specialist):** The Team Leader will have a minimum of a Master's Degree in a relevant discipline (International Trade Law, Economics, etc.) and at least five years' of experience in donor-funded performance evaluations in Africa. The Team Leader will have excellent analytical and report writing skills as well as demonstrated skills in applied economic

analysis, project management, and survey administration. S/he will also possess sound knowledge of regional integration; particularly in SADC and the SACU.

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

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

## USAID Participation

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

## Scheduling and Logistics

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

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

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

## Reporting Requirements

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

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

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

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

### USAID EVALUATION POLICY, APPENDIX I

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

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



## Data Management

The storage and transfer of data collected for this evaluation will adhere to the requirements laid out in USAID's Automated Directives Systems (ADS) 579.<sup>75</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>75</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>76</sup> This is especially the case for southern Africa. In the absence of quantitative information on the costs and benefits of trade facilitation, Duval (2006) argued that expert surveys, even with their limitations, could be used to examine the relative cost of implementation of a range of TFMs.

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

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

### Country-Specific Approach

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

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

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

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

- As the intention of the study is to assess the costs and benefits of future TFM implementation, the criteria for prioritizing TFMs to be assessed in each country considered if the TFM was designated as “Category C” (TFMs that the country will require extra time and technical assistance to implement) through a WTO TFA Trade Facilitation Agreement Facility needs assessment process.
- For all five countries, and especially where a country of study has not yet completed and published a WTO TFAF needs assessment, the team assessed the status of TFM implementation in each country through a review of the OECD TFIs<sup>77</sup> and other secondary data and relevant literature.

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<sup>76</sup> Yann, D., (2006).

<sup>77</sup> <http://www.oecd.org/trade/facilitation/indicators.htm>

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

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

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

### **Desk Review**

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

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

### **Key Informant Interview Instruments**

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

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

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

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

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

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

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

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

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

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

### **Online Surveys**

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

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

## **Sampling Approach**

### **Country Selection**

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

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

### **Key Informant Interview Respondent Selection**

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

- 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 trade facilitation specialists identified and contacted several trade, logistics or supply chain associations in each country, which likely have a majority of members that trade across borders.

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

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

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

## Data Analysis Methods

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

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

Third, each trade facilitation specialist conducted pilot KII interviews to test the instruments. The data collected from the pilot KIIs generated a better understanding of the types of costs and benefits

associated with each TFM raised by respondents and the inter-related obstacle or thorny issues surrounding each TFM. The assessment team used the pilot KII data to select a list of eight to 10 TFMs that would likely be raised by the remaining KII respondents to be included in the country-specific online surveys.

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

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

### **Qualitative Data Analysis**

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

### **Assessment Team**

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

- Catherine Grant Makokera, Team Leader and Trade Facilitation Specialist for South Africa and Botswana.
- Temwa Gondwe, Deputy Team Leader and Trade Facilitation Specialist for Malawi and Zambia.
- Servaas van den Bosch, Trade Facilitation Specialist for Namibia.
- Heinrich Krogman and Asmita Parshotam, Local Researchers for South Africa.
- Salvation Andrese, 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 KIIs with a small number of stakeholders across several stakeholder groups in each country. Therefore, the study was not able to capture as large a range of perspectives as would be the case in a larger study.
- The ability of the assessment to conduct small-scale surveys was dependent on the willingness and cooperation of stakeholders to identify respondents and contact information. This was especially the case with members of trade associations, for whom contact information for the membership was required.
- It was likely that many respondents, and specifically private sector respondents, were unable to provide reliable information about the costs of implementing specific TFMs. As the study had a specific focus on understanding the views of the private sector, there may have been insufficient information about the costs to develop evidence-based findings.
- The qualitative nature of the assessment was unlikely to provide the team with the type of evidence required to provide quantitative or monetized assessments of costs and benefits.



## ANNEX III: KEY INFORMANT INTERVIEW DATA COLLECTION INSTRUMENTS

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

- 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)

- Thank the respondent for taking the time to participate in the interview
- 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.
- 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.
- 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.
- Explain recording, length and nature of discussion
- 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 TFMs 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 : \*

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

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

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

Yes

No

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

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

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

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

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

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

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

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

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

- Greater
- Less than
- Prefer Not to Answer

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

### Rate and rank identified trade facilitation policies

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

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

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

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

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
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!*

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

## **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**

4. Improved border management and agency coordination, including at Mwanza, Songwe.
5. Improvement in customs procedures related to poor IT network of ASYCUDA, no back up and frequent outages.
6. Removal of NTBs such as import restrictions, customs delays, or other systems preventing or impeding trade.
7. 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.
8. Simplified and harmonized documentation for trade, in particular for small traders.
9. 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.
10. 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.
11. OSBP: A concept whereby traffic crossing the border need only to stop at one border post between two countries.

## Namibia Priority Trade Facilitation Measures

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

## South Africa Priority Trade Facilitation Measures

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

## Zambia Priority Trade Facilitation Measures

1. CBM to address inefficiencies arising from the multiplicity of agencies at the border, which causes delays in the movement and clearing of goods.
2. Zambia Trade Information Portal, a web-based platform to address poor access to current trade information on regulations, procedures and forms governing the importing, exporting and transit of goods.
3. NSW to increase the efficiency in dealing with government agencies regulating cross-border trade. An NSW is an online platform that allows traders to process trade documents (like applications and payments for licenses and/or certificates; processing of customs declarations, etc.), with a single entry point.
4. Strengthened Risk Management Systems by implementing improved practices and operational tools that allow customs agents to assess, profile and target the flow of goods and people. If implemented, customs agents would not have to check/examine all shipments, but apply their scarce resources to more risky imports determined by an assessment of past compliance level of a trader.
5. Improved customs procedures for the valuation of goods. The current problem is that Zambia Revenue Authority does not accept the dutiable value as indicated on some invoices, resulting in

- lengthy appeals procedures.
6. Improved customs procedures through the automated ASYCUDA web platform, especially functional issues related to poor IT network of ASYCUDA (e.g., no back up and frequent outages).
  7. Enhanced coordination and notification of changes regional transit procedures. For example, there should be advanced notice every time the DRC and/or Zimbabwe is about to make changes in transit procedures.
  8. OSBP: Improve efficiency of operations at the Chirundu OSBP with Zimbabwe and rollout the OSBP concept to other border posts as well.

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

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

## ANNEX VI: ZAMBIA FINDINGS ON RANKING THE TFMS

**Assessment Question 4:** *How do respondents rank their priorities among the TFMs they consider the most important to implement?*

To address Assessment Question 4, this Annex presents the detailed findings from the KIIs and online survey of how the assessment participants ranked specific TFMs as a priority for implementation in Zambia. The online survey was intended to add the perspectives of a wide range of Zambian private firms that trade across the borders to the assessment findings.<sup>78</sup> As the response rate for the Zambian online survey was very low (eight completed surveys), the findings from this source are limited.

### Findings on how assessment participants ranked the TFMs

Table 1 below lists the TFMs and cross-cutting issues to improve trade facilitation included in the SADC TFP which the assessment team anticipated would be priorities for respondents across the five countries, as well as all others that emerged from the desk review and KIIs. The columns note the frequency which a specific TFM was raised as a priority by the different respondent categories. As demonstrated in Table 1 below the KII respondents chose to speak in detail about eight TFMs and one cross-cutting issue. Figures 1, 2, and 3 below illustrate how frequently the Zambian KII respondents ranked specific TFMs as their first, second, and third priorities, respectively. Figure 1 shows that the KII respondents most frequently cited the development of a TIP, followed by improved CBM and more efficient and stronger risk management systems as their number one priority. Figure 2 shows that the KII respondents most frequently cited the development of a NSW as their second priority, followed by harmonized customs procedures and ICT connectivity. Figure 3 shows that the KII respondents again most frequently cited improved CBM, followed by the development of a NSW as their third priority, noting that three of the 16 KII respondents chose not to rank a third TFM. The assessment team used this information, along with the desk review and KII findings on the status of trade facilitation indicators, as well as key obstacles and issues, to select the three TFMs that were then examined in detail to answer Assessment Questions 1 - 3 and the conclusions for assessment Question 4 in the body of this report.

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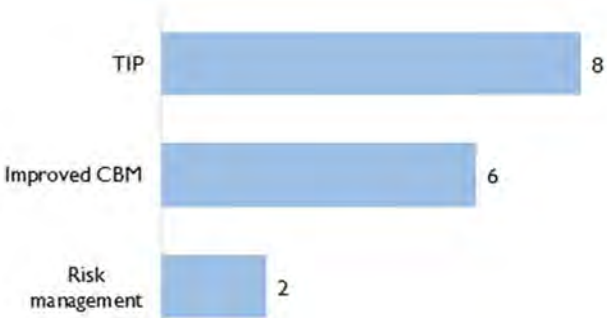
<sup>78</sup> Please see Annex II for the detailed Assessment methodology that explains the approach to identifying and contacting potential online survey respondents.

**TABLE I: FREQUENCY OF HOW MANY TIMES SPECIFIC TFMS RAISED AS A PRIORITY DURING THE KIIS**

	<b>Final List of Priority TFMs for Zambia</b> (not ranked in any particular order)	<b>Desk Review Priorities</b>	<b>Private - Firms 7</b>	<b>Private - Associations 3</b>	<b>Public - Agencies 5</b>	<b>Policy Experts 1</b>	<b>Total</b>
1	Improved CBM	✓	5	3	4		12
2	Harmonization of customs procedures related to electronic clearing and information technology (IT) connectivity at borders	✓	1	2		1	4
3	Stronger risk management systems	✓	1	1	1		3
4	Removal of Non-tariff barriers (NTBs) <sup>79</sup>				1		1
5	Enhanced coordination and notification of changes in regional transit procedures						0
6	Simplified and harmonized documentation for trade		3				3
7	National Single Window (NSW)	✓	3	1	5		9
8	Rail and road infrastructure upgrades						0
9	One Stop Border Posts (OSBPs)	✓					0
10	Trade information portal (TIP)	✓	5	2	2	1	10
11	Fees and charges		2				2
12	Efficiency at seaports and linking infrastructure upgrades						0
13	Monitoring trade corridors and borders						0
14	Authorized economic operators (AEOs)						0
15	Simplified trade regime (STR)						0
16	Melding National Priorities with Regional Objectives (TFA Simplification Cluster - cross-cutting issue for TFM implementation)	✓	1		2		3
17	Improved customs procedures for the valuation of goods	✓					

<sup>79</sup> NTBs include 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.

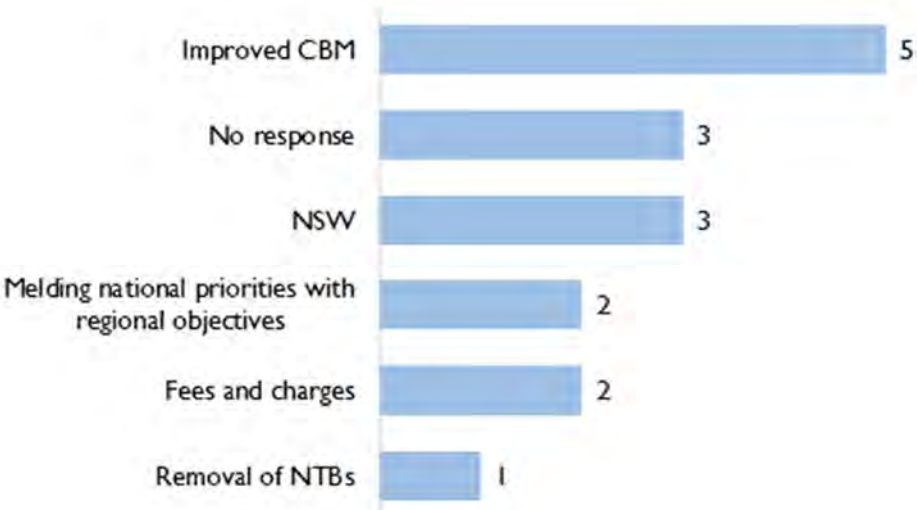
**FIGURE 1: FREQUENCY COUNTS OF HOW THE KII RESPONDENTS RANKED TFMS AS THEIR FIRST PRIORITY TO IMPLEMENT IN ZAMBIA**



**FIGURE 2: FREQUENCY COUNTS OF HOW THE KII RESPONDENTS RANKED TFMS AS THEIR SECOND PRIORITY TO IMPLEMENT IN ZAMBIA**



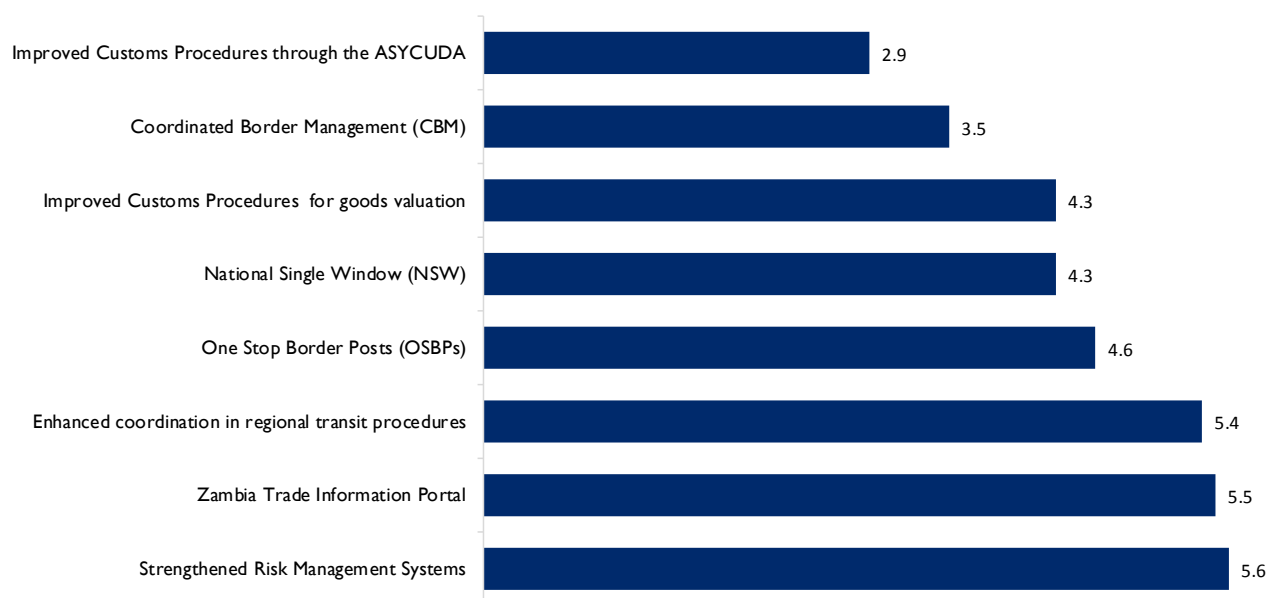
**FIGURE 3: FREQUENCY COUNTS OF HOW THE KII RESPONDENTS RANKED TFMS AS THEIR THIRD PRIORITY TO IMPLEMENT IN ZAMBIA**



## Online Survey Rankings of the Priority TFMs

Despite the best efforts of the assessment team, the response rate for the Zambia online survey was very low. Nevertheless, the results are reported here. Eight TFMs were selected for inclusion in the Zambia online survey based on a desk review of what are the likely priorities among the Zambia Category C TFMs.<sup>80</sup> The online survey respondents ranked each TFM from one to eight, with one being the highest priority and eight being the lowest priority; so the TFM with the lowest average score was ranked among the respondents' highest priorities most frequently. Figure 4 shows the average scores for the TFMs, and that improved customs procedures through the ASYCUDA World web platform was selected as a top priority the most frequently, followed by improved CBM, and improved customs procedures for the valuation of goods.

**FIGURE 4: HOW ZAMBIA ONLINE SURVEY RESPONDENTS RANKED TFMS**



## Comparison of Rankings

Table 2 compares how the 16 KII respondents and eight online survey respondents ranked the TFMS. Both groups included improved CBM, harmonization of customs procedures and IT connectivity, and NSW implementation in their top four priorities. Online respondents ranked the harmonization of customs procedures and IT connectivity at borders as their top priority the most frequently, which is also the fourth highest priority for the KII respondents. Fundamental for both groups are the delays caused by time-consuming customs procedures and the fact that systems do not talk each other, or that the process for filing documents is not automated. The KII respondents identified improved CBM as the answer to the most prevalent problems plaguing Zambian traders, which boils down to streamlining how traders interface with multiple agencies at borders. The KII respondents include a TIP in their top four priorities while the online survey respondents are more interested in improving customs procedures for the valuation of goods. These differences can be explained through the make-up of the groups. Where the online survey was exclusively directed at representatives of firms that trade across borders, the KIIs included private sector associations and public sector agencies, as well as a policy expert. These other

<sup>80</sup> For the Online Survey, the assessment team worded these TFMs in plain language for respondents that may not be familiar with policy terminology or jargon. For the online survey Assessment questionnaire that was used for Zambia please see Annex V.



types of respondents are likely to have had more exposure to the TIP concept and its potential to mitigate several most relevant obstacles to trade in Zambia.

**TABLE 2: FINAL TFM RANKINGS FOR THE TWO RESPONDENT GROUPS (HIGHEST TO LOWEST)**

Ranking TFMs by priority for implementation in Zambia by the KII respondents	Ranking TFMs by priority for implementation in Zambia by the online survey respondents
1. Improved CBM	1. Harmonization of customs procedures related to electronic clearing and IT connectivity at borders
2. TIP	2. Improved CBM
3. NSW	3. Improved customs procedures for goods valuation
4. Harmonization of customs procedures related to electronic clearing and IT connectivity at borders	4. NSW
5. Simplified and harmonized documentation for trade	5. OSBPs
6. Melding national priorities with regional objectives cross-cutting)	6. Enhanced regional transit procedures
7. Fees and charges	7. TIP
	8. Stronger risk management Systems

### Non-Priority TFMs

USAID/Southern Africa asked the assessment team to ask respondents about what TFMs are not a priority in each country of study to help verify the findings. In Zambia the TFMs that were not a priority to some interviewees included the following measures or issues. The KII respondents were asked if there are any TFMs they find are not priorities for Zambia. 11 of the 16 respondents said they can't think of anything that isn't a priority. A representative of a bilateral agency noted, "All TFMs are important, the challenge is funding. So they need to be implemented in a phased approach." Two private sector representatives said fees and charges are not a priority. Two private sector representatives said TBT and SPS measures. One firm representative mentioned AEOs and pre-shipment clearance as non-priorities. A public sector representative believes that the only priorities are improved CBM and NSW implementation. Of the cross-cutting issues to improve trade facilitation that are included in the SAD trade Facilitation Programme, only three KII respondents raised the issue of "*Melding National Priorities with Regional Objectives*, which falls under the simplification cluster.<sup>81</sup> Unlike the TFM assessment findings from Malawi, Namibia, and South Africa, Zambian respondents didn't raise tariff issues or other measures to address constraints to trade that aren't related to trade facilitation policies.

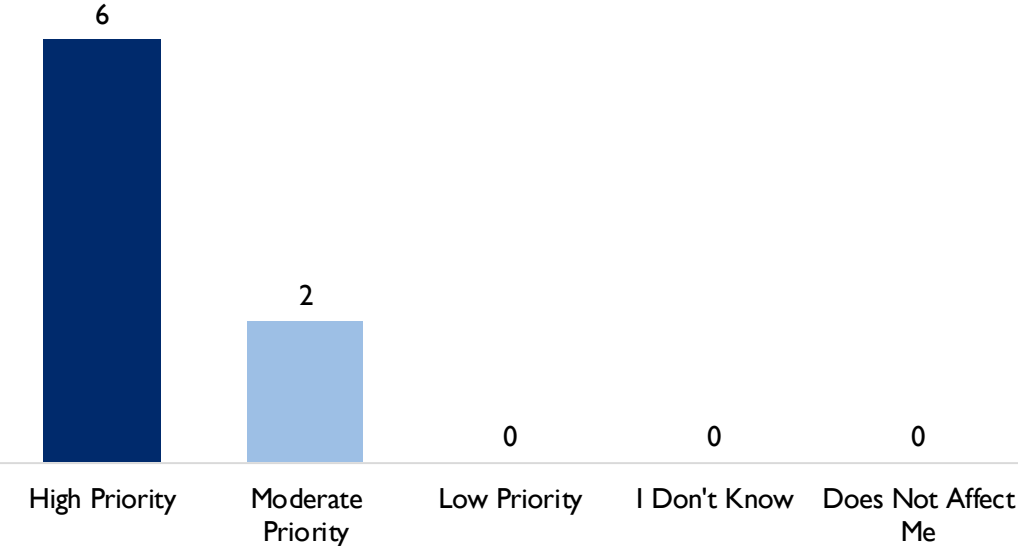
The following three sections present the detailed KII survey findings the on potential benefits and costs, as well as sequencing issues and obstacles for implementing the top three TFM priorities for Zambia: CBM, TIP, and NSW. These sections also include column graphs of how the online survey respondents rated each of these TFMs as a priority.

### TFM Priority I: CBM

Table 3 below presents the KII findings on the frequency of responses about the potential benefits and costs, as well as sequencing issues and obstacles for implementing CBM improvements. These findings include the responses from the 12 respondents that raised CBM as a priority including: five out of the seven private firm representatives; three of the three trade association representatives; and four of the five public sector representatives. As demonstrated in Figure 5, these KII findings are reflected the preferences of the eight online survey respondents that rated CBM as a high to moderate priority.

<sup>81</sup> See SADC TFP 5.4.9 p. 38

**FIGURE 5: HOW ONLINE SURVEY RESPONDENTS RATED CBM**



**TABLE 3: KII FINDINGS TFM PRIORITY #1 CBM**

Assessment questions and sub-questions	Private sector - firms 5/7	Private sector – associations 3/3	Public sector - bi- and multi-lateral agencies 4/5
<b>Assessment Question 1: What is the potential range of benefits associated with the implementation of this TFM? #of yes responses</b>			
Reduced time to trade	4	3	4
Reduced cost to trade?	1	1	2
Reduced paperwork and administration?	1	1	2
More certainty when goods get to market?	3	2	0
More certainty on costs to trade?	2	0	1
More firms interested in beginning international trade?	0	0	0
<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 - 5	Don't know - 3	< 1 million USD - 3 Don't know – 2
How much time do public sector respondents think is required for government to implement this measure? <sup>82</sup>	Not asked - 7	Not asked - 3	> 2 years - 1 Not asked - 1 Don't know - 2
What types of costs/ resources do public sector respondents think are required to implement this TFM?	Not asked - 7	Not asked - 3	New equipment - 3 Staff training – 3 Not asked - 1 Other – 1: A single project approach isn't feasible; interventions have to be comprehensively funded to be institutionalized
Of these types of costs, which would be the biggest government expense to implement this measure?			New equipment – 3
<b>Assessment Question 3: What is the feasibility and timeframe of the implementation of CBM?</b>			
Are there other measures or steps that need to be taken before this TFM can be implemented?	Yes - 1 No - 4	Yes - 1 No - 2	Yes - 3 No - 1

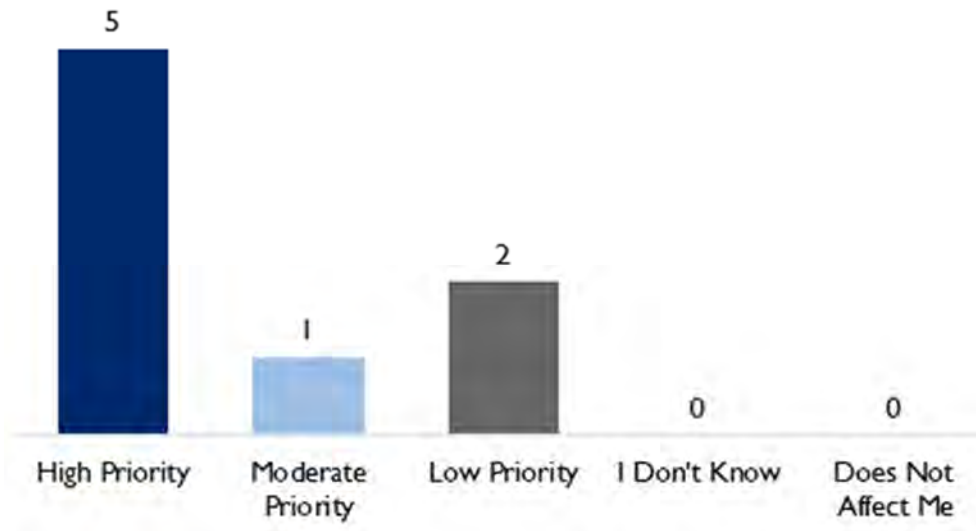
<sup>82</sup> The questions on the amount of time and types of costs/resources required to implement each TFM were included in the KII instruments for and directed to public sector and policy experts, academics or other donors only, unless a private-sector respondent was knowledgeable about the costs.

Assessment questions and sub-questions	Private sector - firms 5/7	Private sector – associations 3/3	Public sector - bi- and multi-lateral agencies 4/5
If yes, what are the steps or measure that need to be undertaken before implementation of this TFM?	1 - More funding is needed to ensure implementation is simultaneous and consistent at all posts and agencies	1 - Border agencies need to improve the commitment to customer service and professionalism of border post employees	1- government needs to standardize salary structures of all agencies at the borders in order to boost staff morale and reduce on corruption 1- Infrastructure to accommodate testing facilities related to SPS issues and staff housing
Opinion on why not implemented yet?	1 - Lack of government funding 2 - Lack of government prioritization 1 – All agencies need to ensure joint agency meetings happen 1 – All agencies need to ensure all officials are able to interpret government policy consistently 2- All agencies need to root out border officials with a bad work culture 1 - All agencies should regularly undergo WCO guidelines on best practices for better management of cross border trade 1 - The work of the USAID Trade Hub with the government at Nakonde and Kasumbalesa has generated a level of improvement only at these posts that needs to be rolled out to others as well	2 - Lack of government funding (esp. to implement OSBPs at all crossing points) 1- Poor work culture at border posts 2 - Political will is there as the ZRA modernization program is funded 1- There are no interagency meetings held regularly at some posts- coordination is a challenge that can only be resolved if all border posts have OSBP concept in operation 2 – some interventions are being done but are inconsistently and poorly implemented (e.g., posts that have already undergone CBM reforms are still uncoordinated)	1 - Funding is a challenge because of competing needs for the national treasury 1 - It is already being implemented in a phased approach 1 - There is political will but sometimes there are just too many competing needs from the Treasury to sufficiently allocate the right amount of resources 1 - Most MS are at varying levels of development- Others would like to see it implemented but lack funding 1 - Political will is there in most MS. CBM is something that the private sector would like to see happening sooner rather than later.

## TFM Priority 2: Trade Information Portal

Table 4 below presents the KII findings on the frequency of responses about the potential benefits and costs, as well as sequencing issues and obstacles for improving TIP implementation. These findings include the responses from the 10 respondents that raised this CBM TFM as a priority during the KIIs including: five out of seven representatives of private firms; two of three trade association representatives; two of the five public sector representatives, and the one policy expert included in the study. As demonstrated in Figure 6, these KII findings are somewhat reflected in the preferences of the eight online survey respondents which mostly rated CBM as a high priority.

**FIGURE 6: FREQUENCY COUNTS FOR HOW ONLINE SURVEY RESPONDENTS RATED TIP**



**TABLE 4: KII FINDINGS FOR TFM PRIORITY #2 TIP**

Assessment questions and sub-questions	Private sector - firms 5/7	Private sector - associations 2/3	Public sector - bi- and multi-lateral agencies 2/4	Academics, policy experts/other donors 1/1
<b>TFM # 2 Trade Information Portal</b>				
<b>Assessment Question 1: What is the potential range of benefits associated with the implementation of this TFM? (# of Yes responses)</b>				
Reduced time to trade?	5	2	2	1
Reduced cost to trade?	5	1	1	1
Reduced paperwork and administration?	4	0	0	1
More certainty when goods will get to market?	4	2	0	1
More certainty on costs to trade?	3	2	0	1
More firms interested in trading across borders?	1	1	0	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 - 5	Don't know - 2	\$1-5 million USD - 1 Don't know - 1	Don't know - 1
How much time do [public sector] respondents think is required for government to implement this measure? <sup>83</sup>	Not asked - 5	Not asked - 2	> 2 years - 1 Don't know - 1	Don't know - 1
What types of costs/ resources do public sector respondents think are required to implement this TFM?	Not asked - 5	Not asked - 2	New equipment - 2 Hiring more staff - 2 Staff training - 2 Infrastructure - 1	Don't know - 1
Which would be the most expensive?	Not asked - 5	Not asked - 2	New equipment - 2	Don't know - 1
<b>Assessment Question 3: What is the feasibility and timeframe of the implementation of CBM?</b>				
Are there other measures/ steps before implementation?	Yes - 1 No - 4	Yes - 1 No - 1	Don't know - 2	No - 1

<sup>83</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.

Assessment questions and sub-questions	Private sector - firms 5/7	Private sector - associations 2/3	Public sector - bi- and multi-lateral agencies 2/4	Academics, policy experts/other donors 1/1
If yes, what are these steps/ measures to be undertaken before implementation of this TFM?	<p>“There is need to identify all the applicable trade laws and/or regulations.</p> <ul style="list-style-type: none"> <li>• The anchor for this facility should ideally be government but without donor support, it will not function well. Thus, a chamber of commerce or other trade body should host it and absorb the operational costs for managing it (e.g. ZRA)</li> <li>• Internet connectivity needs to be improved so that issues of band width are dealt with and do not become an impediment to the smooth running of the project”</li> </ul>	<p>“Yes, it should be first implementation of the OSBP then the trade portal.’</p>		
Opinion on why not implemented yet?	<p>There is a lack of funding – 1 Lack of funding has been resolved/ Funding will be provided by WB – 1 1 1</p> <p>The Political will is there – 1 1 1</p> <p>There is a lack of political will - 1</p>	<p>There is a lack of funding -</p> <p>Lack of funding has been resolved/ Funding will be provided by WB –2</p> <p>Political will is there – 2</p>	<p>Lack of funding has been resolved – 1</p> <p>There is a lack of funding but the political will is there – 1</p>	<p>There is a lack of govt funding for competing needs – 1</p>
Opinion on why not implemented yet? Was political will an issue?	<p>"It is a question of lack of funding. There is political will to have it implemented"</p>	<p>"Yes, information reaching TAZ is that availability of funding has been the biggest</p>	<p>Funding was a challenge at the beginning now the project is being designed and soon will be launched</p>	<p>No. But CZI guess is that it may have something to do with budgetary constraints as</p>

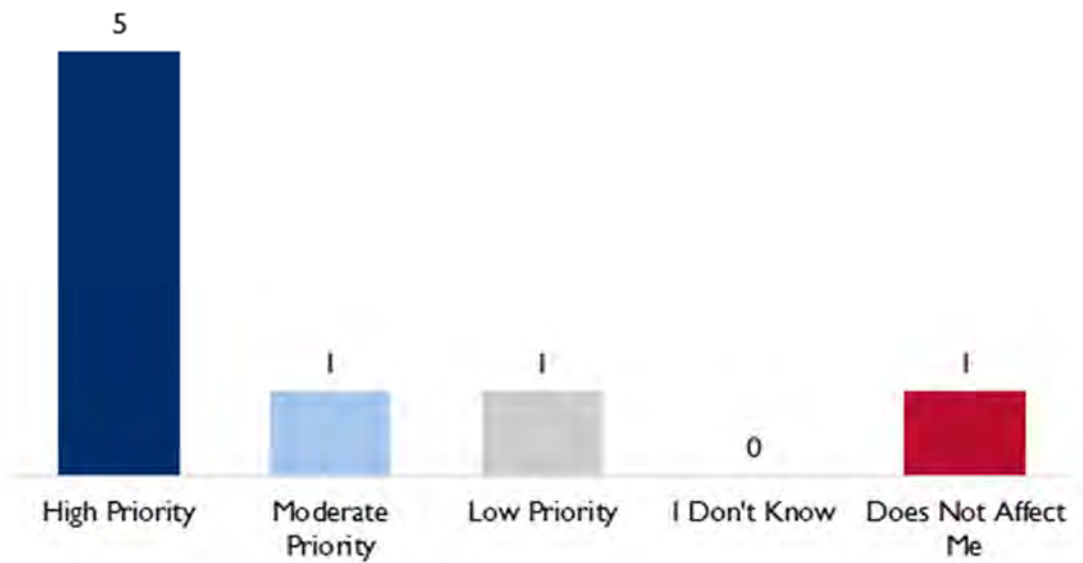
Assessment questions and sub-questions	Private sector - firms 5/7	Private sector - associations 2/3	Public sector - bi- and multi-lateral agencies 2/4	Academics, policy experts/other donors 1/1
	<p>“Funding was lacking. Now the World Bank has come to the aid of the government, the project is underway.”</p> <p>"Government has been lacking funding for some time now but it appears things are in the pipeline as mentioned at national working group on trade (TWG) held at MCTI. The World Bank has stepped in to finance the project. However, no time line for when it will start implementation was given. Implementation of this TFM has largely been delayed due to lack of funding coupled with lack of political will”</p> <p>“Yes, there is political will though to have this TFM implemented”</p> <p>“The biggest hindrance to the TFM being implemented has been lack of funding. Yes, there is political will is shown by the ability of the Govt to mobilize funding for this project.”</p>	<p>challenge to date. Now the World Bank has stepped in to fill the gap. Yes. Since this is a loan from the WB, it shows there is political will on the part of Govt to have the project implemented"</p> <p>"Yes, lack of funding for the project was the major drawback. But things will now change with the World Bank coming on board to bail out Govt. Yes. There is a bit of political will on this project though."</p>	<p>Lack of funding. There is at least political will on this project.</p>	<p>there are competing needs on the part of Govt to prioritize. If there is political will, it will be implemented in due course.</p>



### TFM Priority 3: National Single Window

Table 5 presents the KII findings on the frequency of responses about the potential benefits and costs, as well as sequencing issues and obstacles for NSW implementation. These findings include the responses from the nine respondents that raised CBM as a priority including: three out of the seven private firm representatives; one of the three trade association representatives; and five of the five public sector representatives. As demonstrated in Figure 7 below, these KII findings are reflected the preferences of the eight online survey respondents that mostly rated CBM as a high priority.

**FIGURE 7: FREQUENCY COUNTS FOR HOW ONLINE SURVEY RESPONDENTS RATED NSW**



**TABLE 5: KII FINDINGS FOR ZAMBIA TFM PRIORITY #3 NSW**

Assessment questions and sub-questions	Private sector - firms 3/7	Private sector - associations 1/3	Public - Bi- and multi-lateral agencies 5/5
<b>TFM # 3 NSW</b>			
<b>Assessment Question 1: What is the potential range of benefits associated with the implementation of this TFM? (# of Yes responses)</b>			
Reduced time to trade?	2	0	5
Reduced cost to trade?	2	0	4
Reduced paperwork and administration?	2	0	1
More certainty when goods will get to market?	1	0	3
More certainty on costs to trade?	1	0	2
More firms interested in trading across borders?	0	1	0
<b>Assessment Question 2: What is the potential range of costs associated with the implementation of CBM? (# of responses)</b>			
Estimated cost to implement?	Don't know – 3	Don't know - 1	1-5 million USD - 2 Don't know - 3
How much time do [public sector] respondents think is required for government to implement this measure? <sup>84</sup>	Not asked - 3	Not asked - 1	Don't know – 4 Not asked - 1
What types of costs/ resources do public sector respondents think are required to implement this TFM?	Not asked - 3	Not asked - 1	New equipment - 4 Hiring more staff - 3 Staff training - 4 Not asked - 1
Which would be the most expensive?	Not asked - 3	Not asked - 1	New equipment - 3 Don't know - 1 Not asked - 1
<b>Assessment Question 3: What is the feasibility and timeframe of the implementation of CBM? (# of responses)</b>			

<sup>84</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.

Assessment questions and sub-questions	Private sector - firms 3/7	Private sector - associations 1/3	Public - Bi- and multi-lateral agencies 5/5
Are there other steps that need to be undertaken before implementation?	Yes - 2 No - 1	Yes - 1	Yes - 5
If yes, what are these steps/ measures to be undertaken before implementation of this TFM?	OSBP – 1 OSBP then the trade portal, then NSW - 1	OSBP then the trade portal, then NSW - 1	1 - Regional Interconnectivity issues because an NSW is across states 1 - 1) OSBP, 2) Trade Portal, and 3) ICT connectivity issues 2- Trade Portal 1 - 1) Pre-shipment clearance, 2) Trade Portal, 3) CBM and OSBP
Opinion on why not implemented yet?	2 – Lack of funding, need donor assistance 1 – Depends on prioritization among other competing TFMs; Private sector is willing but need private sector champion in the administration to fast track 1 - Being implemented in phases - e.g. the Chirundu is an OSBP but not at all border posts, logical follow on would be CBM and then NSW. Political will is there but funding is a challenge. The private sector stands ready to support where they can if called upon	1 – TIP needs to be in place first for an NSW to work. Then the issue of interconnectivity between member states also should be addressed. Yes, there has been some level of political will to have the project implemented and the private sector would like to see this being done urgently	2 – Too many needs competing for limited government funding 2 – Political will of government is lacking 1 - 1 - Most COMESA member states (MS) are still discussing budgets and further regional integration. The political of MS executive branch – heads of state, ministers in charge of trade and agriculture is lacking. There is a misalignment between the priorities of some MS and COMESA Secretariat

## ANNEX VII: BIBLIOGRAPHY

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