



Regional Trade Facilitation Programme

# FINAL WORK PROGRAMME

November 2007 – October 2008

October 2007

## Introduction

The Regional Trade Facilitation Programme (RTFP) was designed by DfID as a strategic response to the challenge of improving trade performance within the southern Africa



region. Its particular focus has been on supporting measures to facilitate increased trade in Southern Africa for the benefit of the poor.

The contract to manage the RTFP was awarded to Imani Development International Limited. Implementation of the programme commenced at the beginning of 2004 and was due to end October 2007 at the expiry of its original four year lifespan. The programme has since been extended by a further two years and will now end in October 2009. The current work programme covers projects and activities that will be implemented during the first year of the extension period.

### **Programme Objectives**

The overall objective of the RTFP is to benefit the poor and contribute to poverty reduction, both indirectly by increasing economic opportunities in the region, and directly by focusing on trade constraints including those of particular importance to poor producers and small-scale traders. The purpose of the RTFP is to facilitate increased trade in southern Africa for the benefit of the poor. The goal to which RTFP contributes is sustainable job creation and increased incomes for the poor.

The RTFP has relatively low levels of financial resources available to it and places the emphasis on the following:-

- i) To provide incremental assistance to regional organisations and countries in the southern and eastern Africa region to facilitate increased trade for the benefit of the poor. This will be done by providing technical assistance to support programmes initiated by the regional organisations and the countries in the southern and eastern Africa region, either using programme management staff, or long-term and short-term technical assistance recruited specifically for the task.
- ii) Where possible, implementing programmes in partnership with other donor funded programmes (EU, USAID, JICA) or financial institutions, such as the, World Bank, Commonwealth Secretariat, African Development Bank, UN agencies and IMF so as to allow a sharing of costs and improved donor co-ordination in the region.
- iii) To assist regional organisations and ESA countries to identify appropriate sources of finance for programmes on a larger scale to support the facilitation of increased trade and improve access finance by assisting to prepare financing proposals in line with the guidelines of the appropriate financing institution or co-operating partner.
- iv) To make available all appropriate information on trade facilitation activities and instruments through one web portal (website) and keep this web portal up-dated for the duration of the RTFP implementation period.

Additional funding amounting to £4.58 million was recently allocated to fund the implementation of a regional infrastructure programme (regional aid for trade pilot programme) which will be implemented under the RTFP.

During the period of the present work programme from November 2007 to October 2008, the programme will focus on supporting activities that will contribute to the realisation of the following outputs:

- Output 1 - Streamlined transport, customs/border procedures and common regional transit system
- Output 2 - Pro-poor trade agreements negotiated at WTO and as part of EPAs
- Output 3 - Improved Functioning of Regional Trade Agreements (SADC, SACU, COMESA)
- Output 4 - Increased Participation by Local Communities in the Production and Export of Selected Pro-poor Commodities
- Output 5 - Improved Trade Policy Capacity

## **WORK PROGRAMME ACTIVITIES TO DELIVER OUTPUTS**

### **Output 1 - Streamlined Transport, Customs/border Procedures and Common Regional Transit System**

#### TA Inputs:

RTFP Programme Director and Programme Managers, COMESA Trade Policy Adviser, SADC Trade Facilitation Manager, Chirundu Project Manager, and short term consultants

#### Results:

- Preparatory work for the establishment of the One Stop Border Post (OSBP) on Zambia/Zimbabwe border at Chirundu completed, OSBP launched and implementation facilitated.
- Development of standard operating procedures and details of the legal framework for the OSBP at Lebombo-Ressano Garcia completed. Assistance also provided to redesign/renovate existing border facilities and designing a new commercial terminal at KM4.
- Piloting of SADC's transit management system completed, including a regional risk management (electronic validation and tracking) system.
- A simplified common regional transit bond guarantee system for the southern and eastern Africa region developed and presented to the COMESA-EAC-SADC Task Force for their consideration and possible implementation.
- Harmonised customs procedures, practices, documentation and laws in southern and eastern Africa proposed to the Task Force and assistance with implementation.
- Efficiency of North-South Transport Corridor improved and transit times reduced.
- Three Wellness Centres (HIV/AIDS) established along North-South Corridor and operational

#### Purpose:

Border procedures throughout the region can be complex and cumbersome leading to increased costs of trade which make regional production less competitive in all markets. One stop border posts (OSBP) involve harmonising and rationalising border procedures resulting in reduced waiting times. RTFP will undertake activities to support the establishment of at least two OSBPs.

#### Mandate:

Letter from COMESA or SADC Secretariats. Decisions of the COMESA-EAC-SADC Task Force. Request from South African Revenue Service (SARS) on behalf of South African and Mozambican governments

#### Activities:

## Chirundu One-Stop Border Post

To enhance customs efficiency at the border COMESA plans to introduce One-Stop Border Posts across the region, beginning with a pilot project at Chirundu, the most heavily used border between Zambia and Zimbabwe.

The activities undertaken under this project are guided by work programmes specific to the Chirundu OSBP, that are endorsed by the project's Steering Committee and implemented by four sub-committees<sup>1</sup> with additional technical expertise provided by short term consultants. The RTFP appointed a Project Manager who provides overall oversight and coordinates implementation of the project.

Under the present work programme RTFP continues to finance the activities of the Steering Committee and its sub-committees, technical inputs and meetings of stakeholders from both countries. The sub-committees facilitate the ratification of the legal instruments by the two countries; finalise the development and harmonisation of border operating and management procedures; develop a Border Information Management System, facilitate IT connectivity; and oversee the modification of infrastructure facilities and layout. Training will be provided to all border agencies and stakeholders, including the private sector.

A study on a Border Information Management System will be undertaken to explore the possibility of developing a more versatile, robust and cost-effective system that offers additional facilities.

A study will be carried out to collect baseline/benchmarking data that will be used to monitor the performance and measure the effectiveness of the OSBP. This will supplement findings of a Time Release Study that was undertaken on the Zambian side with funding from the USAID Southern Africa Hub. Additional benchmarking data will be collected on an annual basis as following implementation of the OSBP.

## South Africa – Mozambique (Lebombo/Ressano Garcia)

The Governments of South Africa and Mozambique have committed themselves to implementing a one stop border post at the Lebombo-Ressano Garcia Border Post (which is the second busiest in the region). When the OSBP is finally implemented commercial and passenger traffic will be cleared at separate sites. The existing border facilities will be renovated and utilised for ordinary passenger traffic, while commercial traffic will be processed at a new site (KM4) that will be constructed for this purpose. It is anticipated that the OSBP will be operational by end of 2009.

The two countries have already signed a bilateral legal agreement and are in the process of ratifying the agreement. Details of the legal provisions will be spelt out in several annexes (to the Bilateral Agreement) which will be developed during the course of this work programme period.

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<sup>1</sup> These are: Procedures, Legal/Legislation, Facilities and Information and Communication Technology.

Work to develop harmonised standard operating procedures and set up the necessary supporting institutional frameworks, information management system, performance management system and joint border management system has just commenced and is expected to be completed during this work programme period.

#### Other OSBP initiatives:

The RTFP is committed to support the establishment of additional OSBPs in the region and has already identified border posts that will be considered for selection. The choice of a border post to convert into OSBPs will depend on a number of factors, among them the impact it will have on trade facilitation and whether it will complement and add value to other corridor based initiatives that the RTFP is already supporting in the region.

#### Common Regional Customs Bond Guarantee Transit System

i. SADC Pilot

The SADC Regional Transit Bond Chain Guarantee System is being pilot tested along the Durban and Beira corridors with the support of RTFP, prior to roll out to other corridors in the region. The pilot phase will continue under the current work programme and will be completed at the beginning of 2008.

COMESA is also piloting its own Regional Customs Bond Guarantee Scheme.

ii. Common System

Due to complexities and weakness inherent in the design of the COMESA and SADC systems coupled with anticipated implementation difficulties, the COMESA-EAC-SADC Task Force decided to explore the possibility of merging the COMESA and SADC Systems so as to develop a hybrid system that is more cost effective and efficient.

A study that reviewed the architectural designs of the COMESA and SADC schemes and proposed a hybrid of the two has already been undertaken. A workshop to consider the proposed hybrid scheme will be held during the early stages of the current work programme period. This will be followed by further work to refine the proposed hybrid scheme. All relevant stakeholders (including the private sector) will participate fully in this process.

The piloting of the COMESA and SADC systems will continue while the common system is being developed with technical assistance from the RTFP.

#### Regional Aid for Trade Pilot Programme (RAFT Programme)

This is a new initiative that has recently been added to the portfolio of the RTFP. DFID has approved additional funding for this programme that will be utilised over a two-year period. The COMESA-SADC-EAC Task Force has approved this trade related infrastructure programme which will be piloted on the North-South Corridor (including Zambia - Dar-es-Salaam link) as illustrated in Figure 1. The programme will bring together under one umbrella all ongoing initiatives taking place along the North-South Corridor so that they can be managed in more effective and holistic manner. The programme will also provide a platform for dealing with trade-related infrastructure

problems that need to be addressed at a regional level (where national approaches are too fragmented and ineffective to address).

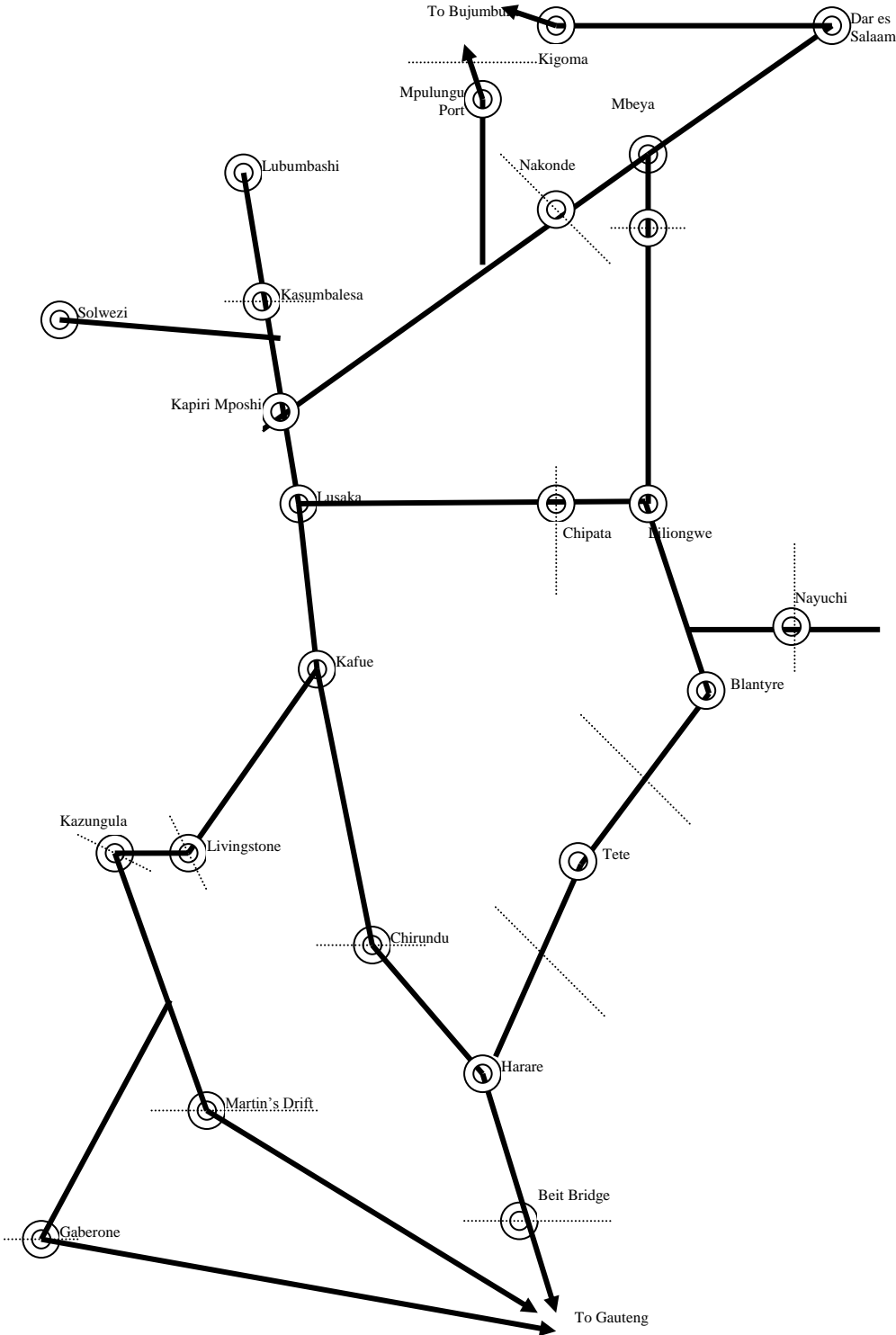
The main focus of the programme is to facilitate and coordinate the implementation of projects and activities that are aimed at:

- improving existing transport infrastructure as well as the efficiency of its utilisation;
- increasing the adoption and utilisation of existing trade facilitation measures and instruments by all countries along the corridors, including by those that are currently not using them; and
- identifying missing links and gaps in infrastructure as well as for trade facilitation measures and wherever possible, in conjunction with other partners, donors and International Financial Institutions provide assistance to bridge these.

The programme will be implemented in close liaison and in partnership with the COMESA, EAC and SADC Secretariats. Direct technical assistance will also be provided to each Secretariat as and when the need arises.

The RTFP PMU requires additional capacity to manage and facilitate the implementation of this programme. The recruitment of a Programme Manager who will be responsible for this programme is already underway.

Figure 1 – Schematic Diagram of the North-South Corridor



## Liberalisation of Air Transport in the EAC

The three REC's are pursuing harmonised infrastructure programmes. COMESA and SADC already have agreements in place on the liberalisation of air transport. The RTFP is considering financing a programme through which the EAC would develop a framework for the implementation of the Yamoussoukro Decision. This would entail developing:

- i. its own regulations for competition in Air Transport Services based on COMESA, EAC and SADC agreed Competition regulations;
- ii. a code of fair competitive practices and dispute resolution mechanism; and
- iii. legal and institutional arrangements for the establishment and empowerment of the EAC body mandated to act on behalf of parties of the region.

## Wellness Centres

The RTFP is funding a project that will establish and operate three Wellness Centres along the North-South Corridor, two at Chirundu (one on each side of the border) and the third at Beit Bridge on the Zimbabwe side. These wellness centres will mainly provide primary healthcare, treatment for sexually transmitted infections (STI's) condom distribution, HIV prevention information, voluntary counselling and testing (VCT), and referrals to follow-up services like tuberculosis and anti-retroviral therapies (ART's). Treatment for minor ailments will also be provided.

Services provided at the wellness centres are targeted at mobile populations, particularly long-distance truck drivers, other transport workers and sex workers, who have been identified as highly vulnerable to STI's including HIV. All services provided will also be extended to local communities.

## **Output 2 - Pro-poor trade agreements negotiated at WTO and as part of EPAs**

### TA Inputs:

Programme Director, SADC Trade Policy Adviser, COMESA Trade Policy Adviser and short term consultants

### Results:

- At the all-ACP level, an analysis of each of the regions' Rules of Origin (where these exist) as regards EPAs and recommendations for a single harmonised Rules of Origin, taking into account various EC proposals on Rules of Origin.
- Provision of support to ESA and SADC EPA negotiations in terms of policy and strategy and in specific areas.
- Service needs assessment and GATS templates prepared for the ACP COMESA countries and services databases developed
- Provision of support to the LDC Group in Geneva in the development of positions in the Doha negotiations, in particular in NTBs, Trade Facilitation, NAMA, Agriculture, TRIPS and Services
- A 'living' LDC briefing reference book for use during negotiations produced and regularly updated

- LDC portal designed and relevant information uploaded and kept up-to-date
- Continued support to the LDC Group in designing the Enhanced Integrated Framework (EIF) and ensuring its more efficient implementation.
- Regional position and strategy for Aid for Trade developed
- LDC Ministerial meeting held

**Purpose:** Market access improved through successful negotiation of pro-poor trade programmes and policies.

**Mandate:** Letters from the Coordinating country of the LDC group and requests from COMESA and SADC Secretariats.

**Activities:**

**Market access improved through successful negotiation of pro-poor trade programmes and policies:**

The WTO LDC Group, with support from RTFP, has tabled a proposal on Duty Free Quota Free Market Access and Rules of Origin to the Committee on Trade and Development in Special Session (CDTSS) as well as to the Committees on Agriculture and NAMA. In addition, the LDC Group is being supported to further develop and improve its positions on NAMA, Agriculture (including Food Aid), TRIPS, Services and Trade Facilitation. Work is also still on-going on Aid for Trade and the Enhanced Integrated Framework, including implementing the resolutions of the EIF workshop for southern and eastern Africa held in July 2007. Although the DDA negotiations are currently “off-track”, technical work is still taking place to ensure that the LDC Group remains engaged and is adequately prepared for negotiations.

Support to the LDC Group is on a request basis and mainly in the form of technical assistance, either short-term technical assistance or inputs from the PMU itself.

The RTFP has been working with DFID London and the LDC Group on a proposal to establish a more permanent system of support to the LDC Group in Geneva, in terms of an LDC Secretariat, and if this is successful, it is anticipated that the RTFP support to the LDC Group will be phased out in favour of this more sustainable longer-term support.

The LDC Group Ministers of Trade last met in 2005 to prepare for the Hong Kong WTO Ministerial Meeting. A follow up Ministerial meeting, to be partially financed by the RTFP, is planned during this work programme period. The purpose of the meeting is to review progress and developments that have taken place since the last LDC meeting and to endorse new positions and strategies.

**Mainstreaming LDCs in the global economy**

During the previous work programme period support was provided to the LDCs using technical inputs from UNCTAD, through a financing facility sponsored by the RTFP. The purpose of the project has been to assist LDCs to identify key trade issues that could be

mainstreamed into their development plans to achieve better economic growth and reduce poverty. Activities undertaken during the first phase of this project include:

- i. Undertaking research and follow up to the Duty Free Quota Free (DFQF) initiative.
- ii. Assisting COMESA Secretariat to design a survey on preferences and rules of origin that will measure the immediate impacts that the erosion of trade preferences could have on exports and changes on rules of origin. The survey will be undertaken during the current work programme period.
- iii. Undertaking work on rules of origin for the LDCs, COMESA-EAC-SADC Task Force, and All ACP (EPA) as briefly outlined in relevant subsections below. Work is still on-going and will be finalised under the second phase during this work programme period.

Under this component, RTFP financed a study on erosion of trade preferences and this is being published by UNCTAD.

SADC and ESA negotiate EPAs, covering both trade and development, which are beneficial to the region:

The LTTA serving as the SADC Regional Integration and Trade Policy Adviser will continue to support the SADC EPA Unit with activities in the context of SADC ESA coordination; the RPTF; the SADC EPA Negotiating forum and the SADC-EC technical teams.

During previous work programme periods RTFP financed several studies for the SADC EPA Unit that provided inputs in the process of developing EPA negotiation positions. These included the development of market access strategies for the BLNS countries and a comprehensive review of the preparations and negotiation process. The RTFP will continue to support related studies in response to the evolving situation.

Negotiations on EPAs in the ESA Group have been supported by the RTFP but the ESA Group has now made arrangements to get resources to continue the negotiations from the EDF9-financed Regional Integration Support Programme (RISP). The RTFP has gradually phased out its engagement in these negotiations, although it still plays an active part in the marine fisheries component of the negotiations and will carry out some work to look at the various options open to the ESA region as regards rules of origin or fish and fish products. The RTFP has also been requested, more recently, to provide strategic guidance to the group in terms of negotiating the ESA EPA.

The Indian Ocean Commission, a part of the ESA, is also receiving support to develop EPA negotiation positions that meet the specific interests and needs of its members.

ACP group assisted to advance dialogue on EPA Rules of Origin during 2006 and 2007

In order to contribute to the successful negotiation of EPAs, it was agreed that a single set of Rules of Origin should be prepared for the whole ACP region. An ACP RoO Group of Experts was formed and a study on RoO was commissioned and undertaken and a protocol/template on Rules of Origin developed. The RTFP then did an analysis of all

Rules of Origin used by the ACP Groups and on the Cotonou Rules of Origin and, developing on from this work, is looking at whether there are similarities between the regions and, if so, whether the ACP Groups could converge on a single set of Rules of Origin.

ESA and SADC countries have prepared a Services Needs Assessment and Developed a GATS Template by 2008

The COMESA Secretariat has largely completed work on its Trade in Service Project and has developed a GATS database with national templates on most ESA countries; a Sectoral Assessment of Services and a regional report showing the extent of liberalisation. Some countries have not provided information on all sectors and further work is still required to fill in the gaps. This work will continue in the next work programme.

**Output 3 - Improved Functioning of Regional Trade Agreements (SADC, SACU, COMESA)**

TA Inputs: RTFP Programme Director and Programme Managers, SADC and COMESA Trade Policy Advisers, SADC Trade Facilitation Manager, and short term consultants

Results:

- Technical papers and analyses prepared for the RTAs
- Secretariat support provided to the COMESA-EAC-SADC Task Force.
- The operations of COMESA Competition Commission begun.
- A structured formal mechanism for enhancing technical cooperation among national competition authorities (from southern and eastern Africa) established and functional.
- The number of harmonised regional standards (for COMESA, EAC and SADC) will double. A scheme to facilitate mutual recognition of standards and testing methods will be developed. A regional framework for cooperation among national standards bodies will be established.
- A common NTB monitoring and reporting mechanism developed for COMESA, SADC and EAC
- Harmonisation of trade, business and other economic statistics in southern and eastern Africa
- Harmonised customs procedures, practices, documentation and laws in southern and eastern Africa
- Recommendations for simplifying Rules Origin in Regional Trade Arrangements
- Institutional mechanism to facilitate harmonisation, cooperation and integration of regional programmes (of COMESA, EAC and SADC) established. The first tripartite summit will be held in 2008.

Purpose: Countries in the region have over the past decade made steady progress in developing instruments required to deepen and strengthen regional

integration. This is required if countries are to benefit from larger markets and economies of scale associated with Regional Trade Agreements (RTAs). However, there is still a lot to be achieved and countries and regional organisations need technical assistance inputs in the resolution of trade disputes and in developing and implementing policies necessary for the effective functioning of RTAs which are pro-poor.

Mandate: Requests from the secretariats of SADC, SACU, COMESA, the joint SADC/COMESA/EAC Task Force, East Africa Business Council and IRCC.

Activities:

Strategic support to SACU

RTFP has provided support to SACU through commissioning papers which have informed strategic discussions on its future direction. During past work programme periods, it also financed the Intra-SACU trade data audit and provided technical assistance towards the development of a SACU strategy, establishment of a SACU Tariff Board, etc. RTFP will continue to respond to SACU for requests for strategic technical assistance.

Strategic support to COMESA

Both the LTTA and the PMU have made inputs into the strengthening of the COMESA FTA and in the design and structure of the COMESA Customs Union. The LTTA has been instrumental in finalising the COMESA Competition Policy and the establishment of the Commission.

The PMU continues to provide strategic back-up support to the COMESA Secretariat on an *ad hoc* basis. For example, a PMU staff member was part of the COMESA meeting to the IMF/WB AGM and were invited to be on a ministerial mission to Europe.

COMESA has requested support from PMU staff, on the basis of specific inputs from the PMU, to establish and manage the COMAid Unit in COMESA, which will also involve further developing a COMESA Aid for Trade strategy and implementation programme as well as further developing the COMESA Fund.

Strategic support to SADC

In addition to the activities of the Trade Policy Adviser, attached to SADC Secretariat, who himself carries out work on strategic policy issues, the PMU will provide technical assistance to SADC Secretariat upon request thus expanding their access to an informed pool of expertise.

COMESA-EAC-SADC Task Force

RTFP continues to provide secretariat services to the Task Force including servicing the various sub-committees and ministerial meetings; coordinating joint studies and providing technical input on a demand-driven basis.

RTFP funded long term personnel based in SADC and COMESA coordinate and act as champions for facilitating the implementation of Task Force related activities in their respective organisations.

#### Customs Best Practices, Procedures, Practices, etc

Through the COMESA-EAC-SADC Task Force, the three RECs are receiving RTFP technical and financial assistance to undertake activities aimed at adopting best practices; harmonising customs procedures, practices, laws, documentation; developing common training modules and undertake joint training; etc.

#### Rules of Origin

A comprehensive comparative analysis of Rules of Origin used by the three RECs covering all trading arrangements be they regional, international or bilateral, is underway. The study will propose harmonised and simplified Rules Origin criteria which, if adopted, will be applicable to the entire southern and eastern Africa. This would facilitate and enhance the growth of regional and international trade and contribute to deeper integration of the region.

#### Harmonisation and Collaboration in the Production of Statistics

National Statistical Offices from southern and eastern Africa will through COMESA-EAC-SADC Task Force cooperate in an effort to improve the quality and timeliness and availability of statistics, prioritising on trade, prices, investment, industrial, and business statistics.

#### Competition Policy

COMESA, EAC and SADC are committed to enhance and cooperate in the development of a competition culture in the region. This will be achieved through strengthening cooperation among national competition authorities through establishing a regional forum which will provide a formal and structured mechanism for undertaking dialogue and sharing of technical expertise and information. A regional informal forum already exists. Assistance will be provided to transform this into a formal institution.

#### COMESA Regional Competition Commission

Following extensive consultative work, a report has been produced with detailed recommendations for the establishment of a COMESA Regional Competition Commission and its Tribunal.

#### COMESA SPS Database

COMESA is implementing a programme to assist its Member States to harmonise sanitary and phytosanitary (SPS) measures. This will enable them to meet the requirements of regional and international markets for agricultural and food products. Further work is required to develop a database that will contain information on the occurrence of animal diseases, plant pests and diseases and food poisoning in the region. Such a database would enable countries to identify specific risks related

to export commodities and thus effectively implement targeted and more cost effective measures to mitigate such risks. Support will be provided by the RTFP in conjunction with ComMark Trust.

#### Addressing issues of overlapping memberships to RECs

The issue of overlapping membership of Regional Economic Communities is a topic that countries in the region cannot avoid to address. There is pressure from the AU and from within the RECs themselves, as well as from partners, in particular through the EPA negotiations. There is also a lot of mis-information being circulated on the issue of overlapping memberships. The RTFP will continue to be a part of the debate and will provide information, as opposed to opinions, at both national and regional levels.

#### Inter-REC Trade Relations

The COMESA,-EAC-SADC Task Force is working towards a vision that would ultimately result in the establishment of a single customs union with a common regional trade policy and common external tariff. In furtherance of the desire to facilitate the deepening and strengthening of their economic integration, the RTFP is preparing a paper that will propose the most effective strategies and ways of attaining this objective.

#### Number of harmonised regional standards doubled

One constraint to the expansion of cross-border trade is the lack of enforceable and harmonised regional standards. Assistance is being provided to the COMESA,-EAC-SADC Task Force to facilitate the setting up of a scheme for mutual recognition of standards and testing methods as well as to establish a framework for regional cooperation among national standards bodies.

The RTFP continues to assist COMESA, EAC and SADC to increase the number of standards agreed upon (with the private sector having a greater contribution in prioritising the order in which they are harmonised); make mandatory standards legally binding and create more awareness of the existence of harmonised standards.

#### Monitoring and Reporting on Trade and NTBs

The RTFP continues to support COMESA, EAC and SADC find an effective method of dealing with NTBs. During the first half of 2007 further work was done with RTFP assistance to update the SADC 2004 and EAC 2005 NTB inventories. In addition to this, comprehensive inventories were compiled for all COMESA countries that had not been surveyed before, followed by the development of an action plan for monitoring and elimination of NTBs in the COMESA region. SADC was assisted to develop its action plan for monitoring and elimination of the NTBs at the end of 2006. The EABC will also be assisted to finalise its action plan.

At a regional level work is already underway to develop a common mechanism that will be used to identify and report on the existence of NTBs and formulate a system for eliminating NTBs is being coordinated through the COMESA-EAC-SADC Task Force. A web-based common NTB monitoring and reporting mechanism is being developed with COMESA taking the lead. SADC and EAC kept informed and engaged through out this

process. The mechanism will be launched at the beginning of 2008. During the course of this work programme period SADC and EAC will be assisted to adopt the mechanism.

#### Small Scale Cross Border Trade

Small scale cross border trade takes place on a much greater scale, and contributes larger amounts of revenue, than is readily acknowledged. The Southern African Migration Project (SAMP) completed the first phase of border monitoring surveys and has produced basic information on the profile of the traders; volumes, values, origins and destinations of the goods; type of transport used; time taken to clear the border and other factors which inhibit smooth and profitable trading. Follow-on work that will build on the findings of SAMP study and complement its shortfalls will be undertaken during this work programme period.

#### **Output 4 - Increased Participation by Local Communities in the Production and Export of Selected Pro-poor Commodities**

TA Inputs: Programme Director, Programme Manager and short term consultants

#### Results:

- The doubling of coffee imports to South Africa from the region from 3,000 to 6,000 tonnes by the end of 2007.
- Increased exports of smallholder-produced macadamia and cashew nuts as well as the exportation of 800 tonnes of fair-trade groundnuts by 2007.
- Incomes of gatherers of natural products will be doubled and exports doubled.
- A marketing action plan for Devil's Claw produced and new markets identified.
- Regulatory approval by the US FDA for Devil's claw approved and North American market exploited by 2009
- An environmental management plan for Devil's Claw developed by 2009
- Regulatory barriers for Baobab in the EU identified and marketing strategies developed

Purpose: To assist with the diversification of products traded in the region and to develop regional and international markets in specific products.

Mandate: Requests from private sector or non-governmental organisations which have received approval from the Executive Committee or PMU, prior to the development of agreed work programmes.

#### Activities:

Trade and Market Expansion Programme for African Coffees in the South African Market:

This project aims to increase the market share of African coffee in South Africa since the vast majority of coffees consumed in South Africa are generally of a poor quality and mostly sourced from South America, Europe and Asia. Africa has a very small share of the South African coffee market any yet it produces very high quality coffees. The project, thus also, seeks to raise the profile of high quality African coffees among the South African consumers.

The RTFP is supporting the East Africa Fine Coffee Association (EAFCA), which is also financed by the USAID-funded RATES programme, to hold awareness-raising and media events in the three main cities of South Africa following which a local chapter of EAFCA was formed. Public relations activities were followed up to maintain the burgeoning interest whilst marketing efforts are focusing on the small, speciality coffee roasters. EAFCA is also being assisted to exhibit at the Summer Good Food and Wine Show (to be held in Gauteng November 2007), where it will also run a barista competition using African coffees which will be served to the public so that they can sample and taste a good cup of real coffee.

#### TWIN – Capturing Value for Smallholder Nut Producers in Southern Africa through Fairtrade Nut Market Access:

The project primarily seeks to improve economic opportunities for smallholder groundnut, macadamia and cashew nut producers from Malawi, Zambia and Mozambique<sup>2</sup> through facilitating access to regional and international markets, including fair-trade markets. This is being achieved through building the capacity within the producer associations to develop and implement supply chain and quality management systems. As a result of these interventions smallholder nut producers are increasingly participating in the value chain and the number of fair-trade nut producers with access to markets is growing steadily.

The current phase of this project is nearing completion. A second phase that will be implemented during the current work programme period, in addition to scaling up on the activities and outcomes of the first phase, will expand the number of benefiting producer associations in the various partner countries; scale up on assistance provided to facilitate fair-trade certification of producer associations; focus on generating higher exports for macadamia; and expand project activities in South Africa, Tanzania and Kenya.

#### Natural Products: Trade Component of the Natural Futures Programme - Promoting Natural Products in Trade Negotiations and Multilateral Environmental Agreements (MEAs)

This project has been implemented since June 2006 and the first phase is due to end in November 2007 and a second phase will follow thereafter. Support is being provided for a group of 5 natural products<sup>3</sup> for which the region has inherent competitive advantage.

Key barriers to market growth for natural products include the negative impacts of international environmental agreements and international trade agreements such as

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<sup>2</sup> South Africa, Tanzania and Kenya were later included in the project.

<sup>3</sup> These are: (a) plant derived; (b) occur naturally; (c) are harvested from the wild or organically cultivated in their natural Southern African environment; (d) are sustainably harvested; (e) are pro-poor.

TRIPS, and non-tariff barriers to developed markets such as safety and trade regulations. Activities being implemented under this project are intended to alleviate these problems. Specific being addressed include:

- Trade related aspects of biodiversity and access and benefit sharing - Access and Benefit Sharing arrangements<sup>4</sup> (ABS) ensure that people/communities providing access to indigenous biological resources share in the benefits arising from commercialization of the resources
- Research into economic intellectual property management and patenting  
Patenting is one way to protect the region's natural resources from other countries cultivating their own plants or developing synthetic substitutes.
- Tariff and Non-Tariff Trade Barriers facing Natural products identified, analysed and mitigating measures established
- Certification and Eco-Labeling.  
The project is press for certification arrangements that favour environmentally friendly products from developing countries.
- Development of marketing plans and strategy
- Develop a traceability management manual – from harvester/producer to consumer
- Assess potential for using geographical indications as a marketing tool for natural products

#### Trade in Devil's Claw:

Devil's Claw is a wild-harvested plant found in certain areas of southern Africa which has anti-inflammatory properties of particular benefit to the elderly (for example in the treatment of arthritis). It has been estimated that there are approximately 10,000 gatherers of Devil's Claw in southern Africa and that they are among the poorest and most vulnerable communities. Devils Claw has been traded for a while, initially the prices were goods but over time declining severely diminishing the returns to both the gatherers and the traders.

The Devil's Range State Working Group (DCRSWG) comprising representatives from the Kalahari eco-zone (comprising of government and non-state representatives from Namibia, Botswana, South Africa and Zimbabwe) was established in 2003 is an effort to revive the fortunes of this sector, to promote and ensure sustainability of harvesting techniques, and to promote other interests of the range states.

A number of interventions supported by the RTFP are underway. These include:

1. A feasibility study to identify and assess options for expanding export markets for devil's claw, including promoting fair-trade in this product.  
Specific issues covered include:
  - i) Identification of new markets and quantification of future demand for devil's claw;
  - ii) Development of a marketing strategy highlighting options for accessing potential markets;

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<sup>4</sup> The SADC countries are drafting legislation and policy on ABS, indigenous knowledge systems and bioprospecting. There are concerns, however, that the model legislation may not be sufficiently strong enough.

- iii) Identify models for enhancing fair-trade, modalities and instruments required for attaining fair-trade status for devil's claw, certification and branding;
  - iv) Determine capacity building needs and other support required by harvesters, traders and producers; and
  - v) Options for fair-trade environment framework, including sustainability issues.
2. Study of the Sustainable Utilisation of Devil's Claw
- The study undertakes an investigation into the optimal harvesting practices including the physiological state of the plant at harvest time, frequency of harvesting and the effect of these parameters on chemical composition. The overall aim of this project is to determine what the sustainable harvesting rotation for this plant species is by monitoring plant fitness. This will be compared with the concentration of the active substance before and after harvesting.
- In the final analysis the project outcomes will determine the best harvesting and drying methods and formulate an Environmental Management Plan which if implemented will ensure the sustainable utilisation of devil's claw.
3. Developing Regional Export Trade of Devil's Claw
- This project has seeks to address some of the problems identified by the feasibility study. It will implement activities that are aimed at revitalising the market for Devil's Claw and as well as capture more value and improved terms of trade for harvesters and regional exporters that comply with good harvesting practices within the region. Specifically the activities will entail
- i) Addressing Regulatory Barriers to the trade of Devil's Claw in the EU by seeking for compliance and approval under the Traditional Herbal Medicines Directive and the EU Labelling Directive. Similar regulatory approval will be sought in the North America markets
  - ii) Compile a marketing dossier that will highlight the benefits of trading with exporters (from the region) that follow sustainable harvesting practices and fair trade principles. The strategy for accessing the target EU and North American markets will also be developed. One of the main issues the marketing strategy will try to address is the multiplicity of middlemen in the devil's claw value chain. The intention is to restructure and shorten the value chain by establishing direct relationships between regional exporters and European manufacturers and in the process cut off middlemen deemed to be unnecessary; and
  - iii) Selling the new marketing concept to the private sector.

#### Baobab: Access into the North American Markets

The project will implement activities that will prepare for future penetration of exports of baobab pulp as an ingredient into the North American food and beverages market. Exports of baobab pulp and its other derivatives into North America is currently not permitted as the necessary US FDA approval for baobab as a safe food product and as a New Dietary Ingredient has not been granted. This project therefore seeks to address this by:

- i) Submitting two separate applications for GRAS (Generally Recognised As Safe) and NDI (New Dietary Ingredient) regulatory approval for baobab pulp;
- ii) Undertaking a systematic process of identifying and establishing linkages with potential market contacts in the USA and Canada for Baobab Fruit Pulp as an ingredient in preparation for a market launch once regulatory approval has been obtained; and
- iii) Participating in at least two trade fairs within the USA and Canadian markets aimed at developing new business to business contacts for PhytoTrade Africa members supplying Baobab Fruit Pulp.

## **Output 5 - Improved Trade Policy Capacity**

TA Inputs: Programme Director, Programme Manager, RTFP funded long term Advisers and SADC and COMESA and short term consultants

### Results:

- Research studies commissioned, published and disseminated.
- Trade negotiation skills developed through regional workshops.
- Postgraduate students at TRALAC supported and informed and teaching services provided.
- The capacity of tax experts increased during workshops.
- SADC “Lekgotla” – Ministerial Seminar on regional tax coordination held
- Joint regional customs training modules developed and joint training commences

Purpose: To increase the capacity of regional organisations and their member states to undertake policy analysis which will inform and develop their negotiating skills as well as expanding the ability of regional research institutions to respond to the demands.

Mandate: Requests from SADC, COMESA, COMESA-EAC-SADC Task Force and regional research bodies.

### Activities:

#### Trade negotiation and policy analysis skills developed:

Through the attachment of the Long Term Trade Advisers (LTTAs) to the two Secretariats of SADC and COMESA, trade negotiation and policy analysis skills will be developed through day-to-day interactions. Both LTTAs also carry out specific functions relating to the negotiation of EPAs; the improved management of the COMESA and SADC FTAs; the development of the Customs Unions; issues relating to NTBs; WTO issues; regional competition issues, etc.

By sharing technical knowledge and skills with the RIOs, the PMU will also contribute to the development of a cadre of regional negotiators and policy-makers.

Dialogue, research and knowledge base on international and regional trade issues increased:

External research institutions and consultants will be commissioned to undertake research studies to contribute to the body of knowledge on regional trade issues. These studies will feed into specific programmes (such as the negotiation of EPAs) supported under the RTFP work programme. The resulting studies will be disseminated on the RTFP website and will be published in hard copy and widely distributed.

Regional capacity will also be developed at workshops and seminars by taking advantage of the information acquired whilst carrying out the research studies to expand the regional knowledge base. One such activity will be the hosting of in-country meetings for national parliamentarians so that their understanding of the implications of EPA negotiations, and the related processes, is increased.

Two regional post-graduate students are currently benefiting from RTFP-financed scholarships.. In addition, regional institutions and teaching faculties may be supported, either financially or through the provision of RTFP in-house technical expertise, to carry out focussed activities such as training on subjects of relevance to trade negotiation and facilitation.

The PMU will continue to attend regional and international workshops and seminars and to prepare and present papers of relevance to the RTFP at these workshops and seminars. In addition, RTFP will continue to write articles for other publications, on request, if these articles are considered relevant to the overall activities of the RTFP.

During the previous work programme period the RTFP website was upgraded and redesigned and it is now a more effective dissemination tool. In addition, further studies which have been undertaken, or which will be undertaken, will be published.

Tax experts trained

The programme of support to the SADC Tax harmonisation programme was extended by a further year will now come to an end following the conclusion of the SADC Tax Policy and Harmonisation Adviser's contract at the end of 2007 but workshops to develop the skills of revenue officials in the region will be continued during the period remaining.

During the first quarter of this work programme period the SADC Tax Policy and Harmonisation Adviser will wind up outstanding work initiated during the previous period with various SADC tax subcommittees and working groups covering indirect taxes; tax incentives; investment issues (tax related); tax agreements and tax aspects of the Finance and Investment Protocol. The Adviser is also coordinating preparations for and will participate in the SADC Ministerial Seminar on regional tax coordination that will among other issues develop a strategy for coordinating taxes in the region.

## RTFP WORK PROGRAMME BUDGET: NOVEMBER 2007 – OCTOBER 2008

ACTIVITY	TOTAL BY PROJECT £
<b>Output 1</b>	
Chirundu OSBP	300,000
Lebombo Resanno-Garcia OSBPs	300,000
Other OSBPs	100,000
Pilot SADC transit system	200,000
Common regional transit system	100,000
Regional Aid for Trade Pilot Programme	800,000
Liberalisation of air transport in EAC	80,000
Wellness Centres	120,000
<i>Total Output 1</i>	<i>2,000,000</i>
<b>Output 2</b>	
Negotiation of pro-poor trade programmes and policies	350,000
ACP Rules of Origin	50,000
EPAs	400,000
Unclaimed commitment from previous WP period	40,000
<i>Total Output 2</i>	<i>840,000</i>
<b>Output 3:</b>	
Support to COMESA, SADC, SACU	200,000
COMESA/SADC/EAC Task Force	
Meetings	60,000
Harmonisation customs best practices, procedures, etc	30,000
Rules of origin	
Harmonization Production of Statistics	30,000
Competition Policy	30,000
Inter-REC Trade relations	
NTB Monitoring	250,000
Regional standards	40,000
COMESA SPS Database	20,000
COMESA Competition Commission	20,000
Small Scale Trade	100,000
Trade Liberalisation Sn Africa Study	50,000
<i>Total Output 3</i>	<i>830,000</i>
<b>Output 4:</b>	
Trade in Pro-poor commodities	
EAFCA Coffee	

TWIN	150,000
IUCN Natural Products	30,000
Devils Claw	140,000
Baobab	55,000
Contingency	50,000
<i>Total Output 4</i>	<i>425,000</i>
<b>Output 5:</b>	
Improved trade capacity	
Trade neg & policy skills developed	20,000
Knowledge base increased	50,000
Workshops for parliamentarians	100,000
SADC Lekgotla	45,000
Tax policy skills developed	5,000
<i>Total Output 5</i>	<i>220,000</i>
<b>TOTAL BUDGET ALL OUTPUTS</b>	<b>4,315,000</b>