



Economic Commission for Africa
Southern Africa Office

Report on the Forum on Progress and Prospects in the Implementation of Protocols in Southern Africa



Economic Commission for Africa (ECA)

Southern Africa Office (SRO-SA)

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Report on the Forum on Progress and Prospects in the Implementation of Protocols in Southern Africa

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Lusaka, Zambia

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1. Background

1. As part of its multi-year programme for 2008-09 with the Southern Africa Development Community (SADC), the ECA Office in Southern Africa (ECA-SA) convened a Forum at the Cresta Golfview Hotel in Lusaka, Zambia from 29 to 31 May, 2008 to review progress towards regional integration in the sub region in light of the coming into force of SADC Free Trade Area (FTA) and the launching of the COMESA Customs Union (CU) in 2008 focusing on the protocols and treaty provisions on trade, transport and the free movement of persons. The objective of the Forum was to assess the progress made towards the launch of the CU in COMESA and the coming into force of FTA in SADC, the preparedness of all stakeholders and provide recommendations towards enhancing the process of regional integration in Southern Africa.

2. Attendance

2. The Forum was attended by representatives from the governments of Botswana, Malawi, Namibia, Tanzania, Zambia and Zimbabwe, the African Union Commission, SADC, COMESA and SACU Secretariats, the African Development Bank, the Development Bank of Southern Africa, the International Organisation for Migration, the Southern Africa Enterprise Network, the Federation of East and Southern Africa Road Transport Associations, Walvis Bar Corridor Group, Botswana Institute for Development Policy Analysis, Southern African Research and Documentation Centre, Trade and Industrial Policy Strategies, Cross Border Traders Association, the private sector, civil society and media. The names of participants and their affiliation appear in Annex I.

3. Opening Session (Agenda Item 1)

(a) Opening Statements

3. The opening session included statements by; the Director of ECA-SA, a representative of the SADC Secretariat and a representative of the African Union Commission. A representative of the Government of Zambia officially opened the meeting.

4. The Director of ECA-SA, Ms. Jennifer Kargbo, welcomed the participants to the Forum and thanked them for accepting ECA's invitation to attend the meeting. She highlighted the low levels of intra-SADC trade and the sub-region low performance in attracting investment as some of the key challenges confronting Southern Africa. The FTA and CU presented a great opportunity for the sub region to enlarge its market, foster economic growth and development and tackle some of its socio-economic challenges.

5. She outlined some of the challenges arising from the FTA and CU attainment and underscored the necessity to base regional integration processes on a comprehensive and inclusive view of integration beyond economics. Issues such as politics, security, culture and diplomacy should

be included. She emphasized the importance of the involvement of all the stakeholders in the process.

6. The Director challenged the forum to clearly identify the progress achieved and outline the challenges faced by all stakeholders in the process towards the attainment of the FTA and CU and beyond. She emphasized that the forum had to develop recommendations to strengthen the implementation framework to ensure attainment of milestones. Ms. Kargbo informed the Forum that the outcome of the discussions would be presented to the 14th Intergovernmental Committee of Experts of ECA-SA.

7. The SADC Senior Programme Manager for Transport, Ms. Mapolao Rose Mokoena, delivered remarks on behalf of the SADC Secretariat. She stated that the Forum was part of the operationalization of the joint SADC/ECA-SA work collaboration as contained in the Multi Year Programme for 2008 to 2009. She observed that the collaboration between SADC and ECA is supported by a long history of support by ECA to harmonizing policies and programmes of action, providing policy advisory services, facilitating and ECA serving as a convener for policy dialogue.

8. She informed the meeting that the Forum provided an opportunity to review progress on the implementation of infrastructure development projects, specifically transport and trade facilitation programmes. Ms. Mokoena observed that the forum would help reinforce SADC's commitment to regional integration in view of the forthcoming operationalization of SADC Free Trade Area in August 2008 and SADC Customs Union in 2010. Ms. Mokoena alluded to the timeliness of the forum because of the importance and critical role of infrastructure and, in particular, transport and the role it plays in trade. Transportation links Africa to global markets and hence adequate and affordable transportation capacity was vital to economic growth, trade, and development in the sub region.

9. She pointed out that transport was a priority area in accelerating regional integration which will in turn contribute to achieving sustainable development, economic growth, eradicate poverty and enhance the standard and quality of life in Southern Africa. She concluded her remarks by stating that, in order to facilitate trade and economic liberalization, there is need to address key bottlenecks to trade through provision of seamless trans-boundary infrastructure such as power generation, transmission and regional telecommunications systems as well as water and sanitation.

10. The Representative of the African Union Commission (AUC) to Southern Africa, Professor Raphael Omotayo Olaniyan delivered the Key Note Address to the Forum focusing on Challenges in Achieving Regional Integration in Africa.

11. Prof. Olaniyan expressed his appreciation to ECA-SA for having organized the Forum and for ECA's commitment to provision of technical support for the deepening of regionalism. Such support helped in bringing development work closer to the member States and was also key in deepening on-going efforts of the UN reforms, supporting the implementation of AU/NEPAD

programmes through the RECs and for the repositioned role to effectively support the RECs. He pointed out that the Forum shows the commitment of ECA on operationalizing the Windhoek Declaration, the instrument which underpins a stronger and more effective partnership between SADC and its international and African Cooperating Partners.

12. He pointed out that the forum was timely as it would feed into the 14th Intergovernmental Committee of Experts of ECA-SA. Professor Olaniyan stated that the outcome of the Forum would also enrich the forthcoming meetings of COMESA that would address the deepening of economic integration in the sub region.

13. Professor Olaniyan bemoaned the slow pace of economic integration in Africa despite the immense benefits which such integration would bring. He mentioned that regional integration facilitates economic growth and development; helps promote agricultural, industrial, infrastructural and technological development. However, since economic integration did not occur in a vacuum, it becomes an important instrument for promotion of political stability and international cooperation.

14. He informed the meeting that regional economic communities (RECs) and the AU have promoted good relations among African countries. Notwithstanding, integration processes in the continent are hindered by political, socio-economic challenges emanating from the colonial past as well as unforeseen developments in the international economy. He identified challenges to regional economic integration in Africa to include; political instability wars and concerns over sovereignty and nationalism. Other challenges include limited participation of non-state actors such as civil society, trade unions and private sector in the regional integration processes, weak infrastructures and weak institutions.

15. He concluded by recommending effective involvement of non-state actors in the articulation and implementation of protocols and allocation of resources to infrastructure and strengthening of institutions to support regional integration efforts as key to enhancing the pace of regional integration.

16. The Acting Permanent Secretary for Planning and Economic Management in the Ministry of Finance and National Planning, Ms. Agnes Musunga officially opened the meeting on behalf of the Government of the Republic of Zambia. While commending the work of ECA in the area of regional integration in Africa, she informed the meeting that the forum provided an opportunity for all stakeholders to review progress, identify challenges and propose recommendations on the way forward.

17. She noted that the COMESA's FTA, launched in 2000, has been beneficial in expanding the intraregional trade and creating an environment that fosters wealth and job creation. Ms. Musunga emphasized the role of the FTA in engendering continual innovation, better-paying jobs, new markets, and increased savings and investment in Southern Africa. She noted that these regional integration milestones will be a stepping-stone to global integration and thereby strengthening the sub-region's bargaining power in the multilateral negotiations.

18. She underscored that the FTA and CU would create winners and losers and hence called members States to assess the prospective benefits and costs of the process. The overall aim should be to boost gains and minimize losses and build a transparent and rules-based system for sharing gains and resolving disputes in the sub region. She emphasized the need to address the supply side constraints on trade and promote a strong industrial base to produce competitive exportable goods for the successful FTA and CUs.

19. She concluded by calling on the participants to focus their recommendations on instruments and enforcement mechanisms for protocol implementation; institutional, financial and human capacity requirements; and specific roles for key stakeholders in the implementation process.

(b) Election of the Bureau

20. The participants elected the following bureau to guide the meeting;

Chairman:	Mr. Gideon Phiri, Fikani Regional Support Services, Botswana
Vice Chair:	Ms. Mary Hangula, National Planning Commission, Namibia
Rapporteur:	Mr. Siphon Billiat, Ministry of Economic Planning, Malawi

(c) Adoption of the Agenda and Work Programme

21. The Agenda shown below was adopted for the meeting:

1. Opening Session, election of the bureau and adoption of programme of work
2. Presentation on Progress and prospects in the implementation of the protocols in Southern Africa
3. Presentation on Challenges in Trade Development and Transport in Southern Africa
4. Presentation on Financing regional integration
5. Presentation on The status of free movement of persons in Southern Africa
6. Presentation on Progress achieved by the Joint SADC/COMESA Task Force on Trade and Transport Development
7. Discussants' presentations
8. Plenary presentations and Adoption of the recommendations
9. Closure of the Meeting

4. Account of Proceedings

(a) Progress and Prospects in the Implementation of Protocols in Southern Africa (Agenda item 2)

22. The ECA-SA consultant, Mr Farai Zizhou, presented a report on progress in the implementation of protocols in Southern Africa focusing on the Protocols and Treaty Provisions on Trade, Transport, and Movement of Persons. The presentation outlined the extent to which countries were implementing trade facilitation measures in light of the 2008 regional integration milestones.

23. He informed the meeting that the principal legal instruments from which the three protocols derive are the COMESA Treaty and the SADC Treaty as amended. SADC's Protocol on Trade and the Regional Indicative Strategic Development Plan (RISDP) elaborate the process of liberalisation of trade. The SADC Protocol on Transport, Communications and Meteorology guides liberalisation and other activities in the transport sector. For COMESA, Article 4 of the COMESA Treaty contains provisions for the organisation's integration agenda, including trade, transport and communications. Both SADC and COMESA have also developed protocols on free movement of persons.

24. He noted that with respect to the implementation of the Protocol on trade, ten SADC member States have implemented their 2008 tariff phase down obligations and are on course to participate in the SADC FTA at its coming into force in August 2008. However, D.R. Congo, Angola, Madagascar and Malawi are not prepared for the SADC FTA. Twelve SADC member States implementing the Protocol on Trade have satisfied the revised SADC Rules of Origin. The member States have agreed on a range of trade facilitation instruments, but their practical implementation remains problematic due to capacity constraints.

25. He informed the meeting that fourteen COMESA FTA member States have agreed to the harmonised COMESA Common External Tariff, but have not yet implemented the new rates. Work on the sensitive products lists is ongoing and there are fears the lists could jeopardise the Customs Union launch scheduled for December 2008.

26. The presenter identified the trade facilitation instruments being implemented by COMESA member States to include the COMESA Yellow Card (Vehicle Insurance) Scheme and the COMESA Customs Bond Guarantee Scheme; and Harmonised Road Transit Charges. He also mentioned that the SADC Transit Customs Bond Guarantee system has successfully gone through the pilot phase but has still to be widely implemented.

27. He informed the meeting that SADC and COMESA member States are working on regional transport routes through the corridor concept and the Spatial Development Initiative approach. They are also working on modalities to implement the Yamoussoukro Decision on freeing the airways. The two RECs have pilot projects on one-stop border posts concept, but

these are not yet operational. International cooperating partners are assisting with funding, including that of feasibility studies for the eventual roll-out of the programme to other border posts. COMESA member States have not yet signed the Protocol on Free Movement of Persons but they have implemented the Protocol on Visa Relaxation. SADC member states have not signed the SADC Protocol on Movement of Persons.

28. The presenter underscored that the implementation of the COMESA common external tariff (CET) would highlight the problems of multiple memberships of regional economic communities and would also have a negative impact on revenues in some member States. He thus called for the enhancement of the size of the COMESA fund so that it can be an effective compensation mechanism for those States to be affected adversely by the CET. For SADC, the presenter observed that COMESA experiences would help the former prepare adequately for the launch of the SADC CU in 2010 as revenue loss problems will also occur.

29. The need for both SADC and COMESA to develop regional mechanism to accommodate small economies and to ensure that benefits of freeing trade in the region accrue to all was underscored by the presenter. He suggested that the implementation of the common external tariff be a gradual process over several years to lower the costs of adjustment especially to the smaller economies. This should be accompanied by measures that address issues of industrial competitiveness, as well as structural changes in single commodity economies. A clearer and more accommodative policy environment could spur the private sector play a bigger role in infrastructure provision.

30. The presenter alluded to the challenges posed by lack of compatibility of the Customs authorities' IT systems and sharing of information in trade facilitation. He noted that failure to share data by adjoining border posts using the same system (mostly ASYCUDA++) shows that there is more than just technical compatibility that is involved in facilitating movement of goods and people. Similarly, compatible trade databases should be availed to traders in order to facilitate smooth trade.

31. Funding of regional integration programmes remains a big challenge in the sub region. The presenter observed that although International Cooperating partners were currently supporting human technical capacity building programmes at secretariats and member State levels, infrastructure development through the transport corridors, as well as trade facilitation instruments, among others, more resources were required for the speedy execution of these programmes.

32. In conclusion, the presenter reiterated the need for greater political commitment to the free movement of persons and the right of establishment; the empowering of regional integration structures at national level and the integration agenda of COMESA and SADC. He emphasised that institutional restructuring within the RECs must be geared towards the elimination of administrative constraints to quicken decision-making and facilitate implementation of infrastructure projects and trade facilitation instruments. Further, SADC and COMESA should utilise the harmonisation process to consolidate their integration agendas.

33. In the discussions following the presentation, participants observed the challenges posed to the implementation of the protocol on free movement of persons given that a few countries in SADC had signed and an even smaller number had ratified the protocol. Despite concern by some member States about possible ramifications of increased migrant inflows, it was emphasized that migrants were a resource which could make a positive contribution to the economies of destination countries. Participants highlighted that the facilitation of the free entry of people, service providers and traders in the region was key to the success of the Free Trade Area and Customs Union.

34. The SADC Secretariat informed the meeting of initiatives to address some of the challenges to the operationalisation of the FTA. The initiatives include:

- Setting up of a monitoring and information unit within the Secretariat to monitor protocol implementation and facilitate information flow;
- Development of draft accession guidelines;
- Use of the UNCTAD system to minimize non-tariff barriers; and
- Development of a Protocol on the liberalization of services (A draft protocol has been produced but some legal concerns still have to be resolved before the protocol is presented).

35. The meeting also raised other challenges with respect to the FTA and CU such as the different trading arrangements with the European Union, negotiations on economic partnership agreements given that the sub region had five different configurations, differences in the exclusion lists and the issue of the development of a competition policy to protect the smaller industries. These issues needed to be dealt with as the region moves towards deeper integration.

36. On tariff phase down, the meeting recommended that a gradual phase down of tariffs and the gradual introduction of the CET was paramount so as to minimize costs to the sub region, especially to the smaller economies.

(b) Challenges in Trade Development and Transport in Southern Africa (Agenda item 3)

37. The presentation by ECA-SA outlined the challenges in trade development and transport integration in Southern Africa focusing on the FTA in SADC and the CU in COMESA. The presentation showed that despite efforts to improve trade in Southern Africa, the volume of trade between the two regional economic communities remains low due to many challenges. These include; the non-complementary trade structure; low purchasing power; supply-side constraints; high dependence on taxes for State revenues; trade imbalances; non-tariff barriers; complex rules of origin and trade development and coordination. Although potential for intra-regional trade exists, the low levels of industrial development and the lack of product complementarities imply only limited potential for expanded intra-regional trade.

38. The important role of the transport sector in regional integration was emphasized in the presentation. It permits the development of integrated, seamless transport infrastructure and services to support the smooth functioning of a SADC FTA characterised by free movement of goods, services and people. The important roles of transport development corridors and Spatial Development Initiatives were highlighted in the presentation. However, these face challenges including: high transaction costs, inadequate support in the implementation of regional transport policies, vehicle overloading problems, inadequate transit facilities for long distance transport operators, inefficient and antiquated border posts, institutional constraints at national and corridor levels, slow restructuring and concessioning process, limited private sector participation in road infrastructure development, poor levels of computerization (databases) and border posts and poor implementation of regional initiatives. The presenters alluded to the low ranking of transport projects by investors and cited the resultant infrastructure financing gap in Africa as a major constraint to development. The gap is estimated at US\$6 billion for regional trunk road network, US\$15 billion for rail and US\$15 billion for ports and inland waterways.

39. Despite these challenges, the presenters alluded to considerable progress made in the harmonization of policies in the transport sector in the sub region. They also mentioned that effort has been made in financing and managing of the transport infrastructure through public/private partnerships most notably in the roads sector.

40. To overcome these challenges and enhance trade development and transport integration, the presenters recommended: the adoption of a harmonized system of legislation, development and implementation of a coordinated framework for transit facilitation, matching of ratification of instruments with implementation of provisions, setting up of a pool of resources to spearhead projects to avoid dependence on donors, creation of decision making organs to minimize delays in implementation and addressing the human, financial and institutional constraints to the smooth progress of regional integration. They called for a holistic approach to trade development and transport integration issues to facilitate smooth and faster progress towards FTA and CU.

41. To accelerate the implementation of protocols and hence regional integration, the presenters recommended that Southern African countries set up a regional integration management system to coordinate regional integration requirements. The management systems would ensure that member States; sign, accede, ratify protocols and agreements; domesticate protocols and agreements and ensure their implementation; create conditions for the development of an all-inclusive regional integration constituencies that participate, monitor, evaluate and lobby for the integration process; provide adequate resources, both financial and human to ensure that the regional integration process proceeds as planned and create political will to accept ceding of national sovereignty as need arises. They also recommended that the Regional Economic Communities establish a committee on trade, immigration, customs and transport which will meet regularly and be responsible for ensuring the implementation of the joint decisions agreed upon.

42. The presenters underscored that the implementation of the SADC Regional Indicative Strategic Development Plan and the COMESA Priority Investment Programme would be key for the acceleration of regional integration as envisaged in the African Union Vision.

43. In the ensuing discussions, the meeting recommended that RECs should prioritize development of transport infrastructure to enhance the impact on economic growth and regional integration. The effort being made in improving intra-Africa trade and travel through programmes such as the Yamoussoukro Declaration on the liberalization of air transport should be strengthened.

44. The immense benefits in facilitating trade and the movement of persons to emerge from projects such as the Kazungula Bridge which will link five countries were highlighted. Given the huge resource requirements for infrastructure development, the meeting emphasized the important role which private-public partnerships can play in infrastructure development and maintenance.

45. Recommendations were made for both SADC and COMESA to adopt a holistic approach for human resource and transport infrastructure development.

(c) Financing Regional Integration (Agenda item 4)

46. Representatives from the Development Bank of Southern Africa (DBSA) and the African Development Bank (AfDB) delivered presentations focusing on financing regional integration.

47. The representative from DBSA outlined the bank's vision, mission and activities in promoting development in South Africa. He mentioned that the bank was now participating in projects in the Southern African region and beyond. DBSA has had two phases of restructuring, one in 1983 and the other in 1997. The 1997 restructuring has made the bank more regional. The bank's focus is on infrastructure development and general economic growth, paying attention on projects that impact positively on communities.

48. He stated that DBSA has five key focus areas: financier, advisor, partner, implementer, and integrator. Its mandated areas are on investment in infrastructure, stressing on development, infrastructure and regional integration; a catalyst in investment; private sector development and Black Economic Empowerment; and Human Resources development.

49. Since the 1997 restructuring, the bank has increased its investment outside of South Africa into neighboring countries in Southern Africa, and beyond as part of its regional spread. The presenter informed the meeting about impending changes in the ownership structure of the Bank away from the South African government to reflect a regional configuration and shareholding. Legislation to this effect is being prepared.

50. The representative of the AfDB's presentation focused on the activities of the bank and its role in regional integration. The bank cooperates with the African Union-recognized region-

al economic commissions, namely, UMA, CENSAD, ECOWAS, ECCAS, COMESA, EAC, IGAD and SADC. The bank has gradually moved away from its traditional focus on project financing, budget support and financing of country-based projects. It has up-scaled and expanded its activities to the financing of cross-country activities in support of regional integration. With this strong regional integration mandate, the bank has restructured itself, creating dedicated departments at regional levels and creating other departments to focus on NEPAD and Trade. It has also created a number of financing 'windows' to cater for different type of needs from member States, including those relatively developed, those emerging from conflict, fragile states and others. The windows have different levels of concessions, reflecting different development levels and needs of member States.

51. He mentioned that the bank also manages funds belonging to other organizations such as the NEPAD's Infrastructure Project Preparation Facility (IPPF), to which it provides personnel for management, free of charge. The regional integration activities of the bank are embodied in some of the following facilities: African Water Facility (AWF), Fragile States Facility, and in the Infrastructure Consortium for Africa.

52. He emphasized that the bank is more committed to regional integration and in this regard will continue working closely with ECA as a partner. In the same way that the bank does with respect to gender and environment, it is now ensuring that trade is being mainstreamed in all its activities in support of ongoing African trade agenda. It is further intensifying its work on building the human and institutional capacities of RECs and regional organizations, especially weaker ones such as IGAD. The bank is further increasing its role in enhancing the business environment and private sector development, noting that the private sector is key to the development of the continent. Other activities include: macroeconomic convergence and financial stability; regulation and policy harmonization; and development of regional databases/repositories.

53. Subsequent discussions focused on the possibility of DBSA funding non-South African projects given the South African exchange control legislation. The meeting was informed that despite the South African legislation, the bank's activities were governed by its own legislation and therefore, there is no impediment to accessing DBSA funds as long as projects were bankable. Furthermore, the bank was increasing its sensitization of customers outside of South Africa, through the imminent legislative changes, marketing, and increasing investment activities. The Forum was further informed that although the bank was risk averse, it was guided by the objective of impacting positively on communities and improving living standards and hence lending policies are shaped as such. A project impacting more than one country was defined as regional in the DBSA configuration and thus would be funded as such if it met all the required conditions.

54. On the AfDB presentation, the forum appreciated the banks commitment to the regional integration efforts, especially through its work to boost the private sector environment on the continent. The Forum agreed that Africa's needs could be funded through concerted efforts by all stakeholders, private commercial banks, the public sector, and development banks who

could work together to provide social and economic infrastructure, each one focusing on areas in which it had relative comparative advantage.

55. The meeting was informed about the need for Southern African countries to submit bankable projects for funding by the AfDB. In this regard, AfDB would assist the RECs in setting up a project preparation and development unit which would be responsible for the preparation of business plans.

56. The AfDB further confirmed that any approaches by the private sector for project financing as part of the private public partnerships (PPP) would be considered.

(d) Free Movement of Persons in Southern Africa (Agenda Item 5)

57. A representative of the International Organisation for Migration (IOM) presented a report based on the outcome of a study on the status of implementation of the SADC Protocol on the Facilitation of Movement of Persons. The presentation provided a comprehensive review of the provisions of the Protocol on the Facilitation of Movement of Persons concerning; visa free entry for SADC nationals to all other SADC Member States; the right of establishment; and the right to residence. The IOM study explored the facilitation of travel provisions in the SADC Tourism Protocol which contain considerable overlaps with the Facilitation of Movement Protocol. The presentation was thus based on the findings of field missions to various sites in Southern Africa and a survey of best practices from various regional cooperation and integration initiatives, in particular the European Union and Schengen. It provided suggestions and recommendations for next steps in the implementation of the Protocol.

58. The presenter identified the main challenges to the implementation of the Protocol on the free Movement of Persons to include: the structure and limited capacity of SADC, the need to address the concerns of Member States regarding the loss of sovereignty, fears over cross-border crime and the influx of large numbers of workers, for example.

59. Drawing upon valuable experiences from the European Union, the presenter suggested the creation of a SADC Harmonization Desk, and concrete steps to achieve harmonisation between Member States. She informed the meeting that technical recommendations concerning the issuance of Visas, the right of establishment and residence are also addressed in the study.

60. In conclusion, the presenter pointed out the achievements of the Regional Tourism Organisation for Southern Africa (RETOSA) in the implementation of the Tourism Protocol and emphasised how these experiences could benefit the implementation of the protocol for the free movement of persons.

61. The forum identified the need to strengthen the immigration information sharing mechanisms among member States so as to eliminate some of the challenges faced in migration and immigration. The forum also underscored that the harmonization of immigration and customs

policies and laws was an important pre-requisite to enhancing the smooth movement of people.

62. The need to share experiences and best practices on different One Border-Stop initiatives in both SADC and COMESA as a strategy to improve on customs and immigration challenges was emphasized by the meeting.

**(e) Progress achieved by the Joint SADC/COMESA Task Force on Trade and Transport Development
(Agenda item 6)**

63. Representatives of the SADC and COMESA Secretariats presented reports on progress achieved by the joint taskforce on trade and transport development in the sub region.

64. The representative of the COMESA Secretariat informed the meeting that the member States of the three RECs have developed and agreed on programmes to foster economic integration. He mentioned that infrastructure development and trade arrangements (trade and customs) as priority areas for harmonisation. The Tripartite Task Force has met five times since 2005 and will meet in mid-June 2008 - in Maputo, Mozambique.

65. The objective of harmonisation in the area of trade is to create, as a first step, a large Free Trade Area encompassing the membership of the three RECs. He then outlined the specific areas identified for harmonisation and/or co-operation in the field of trade.

66. In infrastructure development and transport, the presenter informed the meeting that the three RECs have agreed to implement joint programmes in: surface and water transport; corridor transport and trade facilitation; civil aviation, Information and Communications Technologies (ICT), energy projects focusing on increasing power availability through greater power generation capacity and regional grid interconnectivity and measures aimed at mitigating the transmission and spread of HIV and AIDS.

67. On progress achieved so far, the presenter informed the meeting that over the last two and half years, progress has been achieved in transport, particularly air transport under the ambit of the Yamoussoukro Declaration; the development of transport corridors, the energy sector; telecommunications, trade facilitation, particularly with regard to documentation and computerisation of customs processes; and development of a mechanism for monitoring and reporting non-tariff barriers in intra-regional trade.

68. The presenter underscored that the process of harmonisation among the three RECs was progressing well under the guidance of the respective Chief Executive Officers and that the activities of the Tripartite Task Force is regularly reported to the Policy Organs of each REC separately and appropriate guidance, specific to each REC, is provided. He however, mentioned that the process would benefit from joint ministerial meetings on trade, infrastructure and energy. As a way forward, the political leaderships of COMESA, East African Community (EAC) and

SADC have further agreed to hold a joint summit for the Heads of State and/or Government of the three RECs with the first one scheduled for October 2008.

69. The representative of the SADC Secretariat informed the meeting that the taskforce has a mandate to develop an implementation mechanism for the harmonisation of trade arrangements and infrastructure development within the sub region focusing initially on regional infrastructure and services and customs and trade. The taskforce has to address regulatory/administrative trade facilitation bottlenecks and attend to challenges in transport and trade facilitation instruments

70. In line with the taskforce's mandate, several activities are being undertaken such as; an audit Study of Member States' gazetted tariff schedule was being undertaken, a review of the status of implementation of Customs instruments adopted to facilitate movement of goods under the SADC Protocol on Trade; and an assessment of the status of implementation of the WTO Customs Valuation Agreement.

71. The challenges raised in the Study report for facilitation of the launching of the FTA by August 2008 included; the need for consistent implementation of agreed tariff phase down schedules; back-loading of tariff phase down schedules and the implication on revenues; overlapping membership and implementation of new bilateral preferential trading arrangements; lack of implementation of Customs and trade facilitation instruments; and finalisation of negotiations on review of rules of origin.

72. Focusing on transport, the presenter informed the meeting about sub regional programmes on axle load limits, harmonized road user charges and on vehicle equipment and dimensions. On vehicle equipment and dimensions she alluded to discrepancies in vehicle dimension limits not only between the RECs but also within RECs which has resulted in difficulties being experienced in moving cargo across states and regions in SADC. She informed the meeting that draft proposals on various standards on vehicle equipment and dimensions are under preparation. In conclusion, she expressed confidence in the work of the taskforce and emphasized that this demonstrated the seriousness which the RECs attached to harmonization of programmes.

73. The meeting appreciated the progress made by the taskforce so far but underscored the need to extend its work to other areas and also to expedite the ongoing collaboration programmes.

(f) Discussants' Presentations
(Agenda Item 7)

(i) *Simplification and Harmonization of Customs and Immigration Procedures*

74. A representative of the Zimbabwe Revenue Authority made a presentation on the Chirundu One-Stop Border Post (OSBP) between Zimbabwe and Zambia. He explained that a one-stop border allows travelers and cargo to exit one country and enter another country in a single secure facility and in that way makes border procedures between two countries a seamless flow.

75. The Chirundu OSBP has juxtaposed facilities where both States provide facilities. Each facility will handle the traffic entering the State in which it is located. Officers from both states are stationed on each side of the border. The current border procedures involve traffic under-going duplicated processes when they move between two countries. This is inefficient and results in the duplication of processes in that border formalities conducted in one country are repeated in the other, doubling of time spent at border posts; congestion at entry and exit points and additional costs in moving goods

76. He explained that to facilitate the Chirundu OSBP, both Zimbabwe and Zambia government signed a bilateral agreement in August 2007. A number of issues pertaining to procedures, capacity building and sharing of information technology are still being attended to. It is envisaged the first phase of the Chirundu one-stop Border Post will be implemented before the end of 2008.

77. The ZIMRA official concluded that a one stop border posts will result in joint inspections, sharing of facilities and cooperation between the two countries. Both Zambia and Zimbabwe have a common history and similar procedures, resulting in it becoming easy to set up the project.

78. In a presentation focusing on immigration issues around the OSBP at Chirundu, a representative of the Department of Immigration in Zambia provided an assessment of the organisation and supervision of border agency activities and the adequacy of border crossing facilities procedures technology needs and the related capacity issues. He mentioned that the easiest way of adopting the concept of free movement of people within the region would be through the issuance of an OSBP Act and signing of Bilateral agreements. This should be followed by amendments to legislation relating to border controls in the countries to provide for extraterritorial application and allow for hosting arrangements in the context of an OSBP concept.

79. He also mentioned that to facilitate trade and the movement of persons in the region, it is critical to improve border administration to ensure timely and efficient clearance systems. Currently poor border crossing facilities, cumbersome immigration procedures and poor technology systems are major hindrances to the implementation of free movement of people within SADC and COMESA. Further, he mentioned that lack of modern technology on border management to cope with challenges of free movement of persons has greatly contributed to the reluctance among member states of the region to consider opening up their borders.

80. The presenter alluded to progress on the Chirundu OSBP and the benefits the approach will bring to trade in the sub region especially the expeditious and more effective border controls and the reduction in the number of stops in cross border trade and other transactions by combining border controls activities. To enhance efficiency at the OSBP, the presenter recommended the development of an information sharing system, among members States, establishment of a single entry visa within the sub-region which would lead to the COMESA/SADC single entry Visa, development of a smart card that would harmonise movement of people within the region, implementation of standardised pre-arrival procedures and application of extraterritorial

application and hosting arrangement of other national laws in relation to border areas where the country may enter into. He however observed fears about the impact on national sovereignty which may delay adoption of the OSBP concept throughout the region.

81. The presenter underscored the importance of the simplification and harmonization of immigration procedures in fostering economic growth and development through promotion of trade and investment. An efficient, effective and co-coordinated trade arrangement with one or more adjoining states would result in immense benefits to the region.

82. In the ensuing discussions, the meeting appreciated the benefits of the OSBP approach and highlighted the challenges faced in its implementation. It was agreed that the OSBP concept would indeed solve many of the sub region's customs and immigration problems. However, the meeting also appreciated the huge resource requirements and other logistical challenges such as amendments to legislation required to operationalise such border posts. In order to develop harmonized border posts, the meeting recommended the development of model legislation on one stop border posts.

(ii) The FESARTA Experience

83. A representative of the Federation of East and Southern African Road Transport Association (FESARTA) made a presentation on the association's experience along the transport corridors in the region focusing on factors affecting the free flow of road transport. In introducing the presentation, he emphasized that for FESARTA, the objective was to get trucks through to their destination as quickly and as cheaply as possible so as to reduce the cost to the end user of the cargo.

84. The presenter alluded to initiatives being spearheaded by the COMESA/EAC/SADC task Force in addressing some of the challenges faced by transporters. He singled out the customs and immigration harmonization initiatives specifically focusing on the implementation of regional customs bond guaranteeing, development of a single administrative document, pre-clearance and harmonized third party insurance. He highlighted the importance of the liberalization of visas to facilitate transport along the corridors. Currently reciprocity between countries is not common in the region and this affects transport. The resolution of Third Party Insurance issues and the interface of the Yellow Card System of COMESA with the Fuel Levy System in the SACU countries will improve efficiency and reduce delays at border posts. Similarly, the development of harmonized Road User Charges would help the transporters.

85. He informed the meeting that the increase in road transport over the years has not been matched by improvements in border post facilities resulting in transporters facing delays at the border and this increased costs. Although procedures at the borders have improved, the presenter observed that efficiency could be enhanced through periodic meetings between the private sector and authorities. Further, infrastructure at the border needed upgrading. Some border posts do not have electricity and some lack effective

communication infrastructure. Up to date communication systems would facilitate dissemination of the experiences from the Chirundu OSBP, for example.

86. He expressed concern at the financial challenges impacting on the sustainability of regional associations such as FESARTA and called for the development of innovative funding mechanisms. He advocated for the use of instruments such as the “user-pay” principle to sustain such institutions. He suggested that corridor management institutions could be funded by a levy on goods, ASANRA from a commission on RUCs, SARA from a commission on railway operator fees, PMAESA from a commission on port charges to shipping and FESARTA from a commission on transport permits issued to transporters.

87. The presenter informed the meeting of the enormous HIV and AIDS challenges along transport routes. FESARTA is working with stakeholders such as the North Star Foundation, for example, for the establishment of Wellness Centres on the main corridors. The statistics and trends from these Centres will be disseminated to all stakeholders.

88. The meeting appreciated the role of transport associations in facilitating trade and recommended that sustainable funding mechanisms be developed to sustain the activities of these associations.

(iii) Monitoring mechanisms for tracking the implementation of protocols, treaty provisions and dispute settlement/resolution mechanisms - the SACU experience

89. A representative of SACU outlined the experience of the organization in economic integration and the challenges it has faced since its inception. He informed the meeting that SACU comprised five countries Botswana, Lesotho, Namibia, South Africa and Swaziland of which four are in a common monetary area. The presenter mentioned that as a region, SACU has relatively free movement of people; it has a Common External Tariff, a common revenue pool and an agreed revenue sharing formula. As a Customs Union, SACU is committed to ensure equitable sharing of benefits, development of a common industrial policy, cooperation in agricultural policies, competition policies in member States and cooperation on enforcement of competition laws and in policies to minimize unfair trade practices within the region.

90. The presenter informed the meeting that the policies governing SACU are periodically reviewed to accommodate any emerging issues and concerns by member States within the group. For example, SACU is currently reviewing the Customs and Excise Act to bring it in line with international customs instruments and is currently developing an industrial policy framework and a competition policy framework.

91. The presenter outlined SACU’s major challenges to include, dependence on trade taxes, varying levels of development of the member States, the alignment of programmes with other

regional initiatives, economic partnership agreements negotiations, limited capacity in member States, the slow legal processes, supra nationality issues and the slow process in changing existing practices within the group. At national level, the presenter noted that domestication of legal instruments often takes rather long and this impacts on implementation. The presenter also identified the weak institutional setup to deal with SACU matters as a major constraint at national level.

92. At secretariat level, the presenter identified the major challenges to be the limited technical capacity due to low staffing levels and the lack of enforcement mechanisms for non-compliance or slow pace of compliance by member States.

93. Despite these challenges, the presenter underscored that SACU has worked reasonably well as a CU and its lessons could inform the SADC and COMESA processes. He emphasized that experiences with the revenue sharing formula, the common external tariff, the relatively free movement of goods and the ability to successfully negotiate trade agreement with 3rd parties could help SADC and COMESA as they move forward with economic integration.

94. The meeting identified the need to share the SACU experience in terms of developing mechanisms to deal with the question of different levels of development among CU members, revenue sharing and strategies to be adopted to deal with overlapping memberships.

95. The issue of sensitive products needed careful consideration given the lack of diversification in the economies in the sub region and the different levels of development among member States and the SACU experience on this could help both SADC and COMESA.

96. The necessity for SACU to take into account the AU, COMESA and SADC's position in its negotiations with other partners such as the EU through the EPAs process was underscored by the meeting.

(iv) Information Needs for Trade Facilitation

97. A representative of the ICT and Science and Technology Division of ECA (ECA-ISTD) made a presentation on information needs for trade facilitation. He highlighted the crucial role of ICT as a component of trade and transport facilitation. The presenter informed the meeting of ECA's commitment to the strengthening of infrastructure on the continent which lay in its strong belief that sound inter-regional transport and communications contributed to the facilitation, promotion and expansion of international and intra-regional trade leading to sustainable economic growth and poverty alleviation.

98. He highlighted that facilitating information flows between traders and major players in an international supply chain (customs and other governmental agencies, ports, airports, freight forwarders, banks) was a key requirement for enhancing economic performance. This constituted a specific application of e-government for transparency and efficiency. The presenter noted that the ordered integration of ICT solutions into transport and customs operations resulted in

a broad array of benefits such as faster processing times, increased revenue collection, reduced red tape and increased capacity and efficiency.

99. The presenter informed the meeting that ICT interventions to facilitate trade could be in the following areas:

- ICTs to expedite customs clearance - the faster turnover of vessels or containers in ports - capacity of numerous ports today is effectively limited due to containers waiting for clearance in the yard;
- ICTs to increase revenue collection - Customs automation minimizes direct contacts between customs officers and traders or their agents therefore, leading to a reduction of corruption;
- ICTs to reduce costs of logistics - Logistics costs are mainly composed of transport and inventory (cargo on trucks or in containers that are waiting at border crossings or in ports). Any trade and transport facilitation measure that reduces handling times reduces.

100. He identified ICT-enabled trade and transport facilitation measures to include: customs automation - replacement of paper documents, original signatures, cash payments etc; cargo tracking; pre-arrival clearance; information management and risk analysis; electronic submission of documents; and electronic single windows - an integrated electronic platform that allowed traders to submit trade data once and once only to a single body, most often in electronic format and using Internet-based transactions (electronic single window systems).

101. The ECA representative advised participants that although ICT's had the considerable potential to promote economic development, foster innovation and improve productivity, there were lots of challenges which needed to be overcome. These included: the lack of institutional, human and financial capacity to reform and modernize trade procedures and introduce the required ICTs; lack of compatibility between the systems used by different customs authorities - moving away from "silo" approaches; human capacity especially policymakers to initiate reliable trade and transport procedures to facilitate trade, encourage foreign direct investment and generate trade volumes justifying; low levels of investments in ICT-based trade facilitation measures; and limitations in the availability of infrastructure especially telecommunication networks and services including access to electricity.

102. In conclusion, the presenter provided a summary of results from country studies on ICTs, Trade and Economic Growth launched in July - August 2006 in six countries: Egypt, Ethiopia, Ghana, Kenya, Senegal and South Africa. The overall goal of these studies was to assess the use of ICTs to facilitate domestic and international trade.

103. The meeting concurred on the need for the sub-region to develop a strategy to overcome legal constraints related to the use of ICT and to expedite the actions for rapidly developing ICTs. They also emphasized the need to expedite the development and harmonization of ICT policies at the sub-regional level. The e-SADC initiative was hailed as an important strategy to improve ICT use in the sub region.

104. The Forum recommended the promotion of communication and the sharing of experiences between ASYCUDA users at the sub-regional level as well as joint training programmes for borders' officers in the sub-region

(g) **Plenary Presentations, Discussions and Adoption of Recommendations**
(Agenda Item 9)

105. Four groups to undertake detailed discussions addressing the following thematic areas were set up:

- Harmonization and simplification of immigration procedures;
- Monitoring and evaluation of the implementation of protocols;
- Information needs for trade facilitation and the FESARTA experience, and
- Financing regional integration.

106. The outcome of group discussions is presented in Annex 2.

(i) ***Plenary Discussions***

107. In the ensuing plenary discussions on harmonization and simplification of immigration procedures, the overlapping memberships and the need to expedite the RECs harmonization process were highlighted as key issues. There was also a need to clarify the responsibilities of different stakeholders at national and regional levels in order to improve the immigration and customs procedures.

108. The forum also highlighted the necessity to acknowledge the on-going work on customs modernization in the RECs and the ongoing collaboration between COMESA and SADC on custom modernization initiatives. The meeting also emphasized that the facilitation of visa free movement of persons should be considered as an immediate priority by the sub region.

109. On the monitoring and evaluation of the implementation of protocols, plenary emphasized the urgent need to sensitize the existing committees and structures aimed at strengthening the implementation of relevant protocols at the national level. A suggestion was made for the periodic review of the protocol implementation process to ensure that everything is kept on track and any challenges are addressed timeously.

110. In discussions on information needs for trade facilitation, the meeting emphasized the importance of upgrading ICT and other infrastructure at border posts and also the importance of collecting and sharing statistics, not only on trade but on all regional integration issues.

111. On regional associations, the forum emphasized the need for the accreditation of transporters to avoid delays at the border resulting in high transaction costs.

112. The need for the African Development Bank to develop and strengthen mechanisms aimed at enhancing the absorptive capacities of the sub-region was underscored by the forum. The forum also acknowledged the Windhoek Declaration and the guidelines provided for the SADC-donors relationships and recommended that the discussion on financing regional integration to take them into account. The meeting highlighted the need to promote strong stakeholders and donors support to the regional integration process.

113. Following these discussions, the forum then adopted the recommendations as given below.

(ii) Recommendations

114. The following general/overall recommendations are adopted:

- Expedite the harmonization of RECs, particularly through the SADC, EAC and COMESA tripartite task force.
- Facilitate the formalization of cross border trade.
- Develop a simplified and trade facilitating regime with a strong development component.
- Strengthen the capacity of the policy regulatory framework for SADC and COMESA.
- Enhance the role of private sector and regional business organizations in regional integration and in particular, trade development.
- Establish a trade, transport, immigration and customs committee.

115. To address customs and immigration challenges through the simplification and harmonization of customs and immigration procedures, the following recommendations were made:

- Develop an implementation framework for the protocol on facilitation of movement of persons within SADC in consultation with all stakeholders.
- Harmonise the immigration procedures, policies and laws among member States.
- Reinforce technological, human and financial capacities of border management institutions.
- Enhance policy dialogue among immigration officials with other stakeholders in regional integration and build public awareness regarding the benefits of migration.
- Establish a unit to address the implementation of protocols related to immigration and free movement of persons.
- Expedite and operationalize the SADC Transit Bond System and strengthen the COMESA system.
- Standardize and harmonize customs ICT systems.
- Develop simple, harmonised and transparent customs procedures.
- Accelerate the establishment of the one-stop border mechanisms in the sub-region and develop fora for building awareness and sharing experiences.
- Strengthen the role of immigration in trade facilitation.

116. On monitoring mechanisms for tracking the implementation of protocols, the meeting adopted the following recommendations:

- Strengthen the capacity of the national and regional protocol monitoring mechanisms including bilateral structures.
- Develop mechanisms for disseminating information on implementation of protocols to stakeholders.
- Develop and strengthen compliance enforcement procedures such as peer review mechanism.

117. To address the challenges relating to information needs for trade facilitation, the following recommendations were adopted:

- Develop a matrix of ICT infrastructure needs of border operations, incorporate these in regional ICT policies and provide resources for implementation.
- Clearly identify the authority responsible for border management.
- Upgrade and strengthen joint IT and other infrastructure and human resources management systems at border posts.
- Develop a framework for the harmonization of trade and regional integration statistics.

118. On financing regional integration, the following recommendations were made:

- Create a Project Preparation and Development Unit within SADC, and strengthen the same within COMESA.
- Develop mechanisms to operationalize the COMESA Fund and the Development Fund for SADC.

119. The forum adopted the following recommendations to address challenges faced in corridor management and by regional associations:

- Develop a system of accreditation of enterprises (transport companies and clearing agents) by national authorities within the region in order to facilitate cross border trade.
- Speed up the process of implementing the proposed SADC road user charge guidelines and harmonize them with COMESA.
- Harmonize motor vehicle insurance practices throughout the region.
- Develop sustainable funding mechanisms for regional associations and corridor management institutions.
- Strengthen support to HIV and AIDS initiatives along transport corridors.
- Develop maintenance units along transport corridors supported by rescue operations.
- Develop and strengthen mechanisms for constructing and maintaining transboundary infrastructure.

120. The meeting noted that SADC, COMESA and EAC had Action Plans covering many of the issues raised in the Forum recommendations. ECA-SA Secretariat was requested to work with SADC and COMESA with a view to incorporate any new areas arising from the Forum recommendations into the existing Action Plans of the RECs and the multi-year programme.

(h) Closure of Meeting
(Agenda Item 10)

121. The Chairperson and Vice Chair of the Bureau of the meeting thanked ECA-SA for organising the Forum and expressed satisfaction with the outcome. They commended participants for the high level of debate during the meeting and thanked the rapporteur for capturing all discussions and recommendations. They expressed hope that recommendations from the Forum would be incorporated into the SADC and COMESA Actions plans so that they can contribute to the process of regional integration in the sub region.

122. In closing the meeting, the Director of ECA-SA Ms. Jennifer Kargbo, expressed gratitude to all participants for their contribution to discussions during the meeting. She thanked the participants for their input during the three days of intense work and assured them that recommendations of the Forum would indeed be communicated to SADC and COMESA and the member States.

123. She informed the participants that ECA-SA would continue to call on their expertise in work to further the integration agenda in the sub region.

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Annex 2: Group Reports

Group 1

Simplification and Harmonization of Customs and Immigration - Procedures

Chair: Kamara

Rapporteur: Willie Shumba

Challenges in Immigration

- Member states belonging to overlapping RECs
- The member states to decide if they start the implementation process when all of them have signed or wait until all of them sign and ratified the protocols
- Need to develop the implementation framework for the protocol on facilitation of movements of persons
- Need to provide resources and activate the public security clusters within the SADC organ on politic affairs and security
- Need to bring together the RETOSA and the public security clusters and agree on the implementation framework of the protocols on free movement of persons
- The 3 major concerns are: visa free travels for SADC national to all SADC members, the right of establishment and the right to residence. The visa free travels is the most urgent
- The need to harmonize the immigration procedures, policies and laws among the member states
- The need to reinforce the borders actors technological, human and financial capacities (personal shortages, lack of training, database management, ICT systems user friendly...)
- Enhance policy dialogue among immigration officials and with other stakeholders in regional integration and build the public awareness on the migrations benefits
- Regular bilateral meeting between borders` post officials and exchange of information
- Strengthen the capacity of the existing bilateral structures (joint permanent commissions) in monitoring the implementation of protocols
- SADC to design and dedicate a special body to the implementation of protocols within the SADC Secretariat build on the ECOWAS and EAC success stories in facilitating the free movement of people.
- The cross-border traders should be given special attention if we want to be consistent in terms of poverty alleviation
- Need to expedite the process of abolishing visa process aiming SADC countries
- The need to enhance people and all stakeholders participation from the early beginning of the protocols process and to capacitate them to allow a full participation

- Strengthening existing focal point within governments to deal with SADC affairs and to engage the civil society in that

Challenges in Customs

- Member states belonging to overlapping RECs
- Different ICT systems in customs (ASYCUDA for Botswana, Namibia..., South Africa having its own system, Kenya also) pose a challenge
- NTBs creation by some countries while reducing the tariff barriers
- Capacity building within the customs
- The integrity which is linked to transparency to guard against offers and soliciting of bribes
- Expedient and full Operationalization of the Transit Bond System to guard against uncoordinated paying of guaranteed transit bonds and selling the goods on transit and added costs to the goods being transported
- Need for harmonization of customs procedures (Although harmonization process is on-going, there are still differences that need to be attended)
- To address the rules of origin (simplified trade regime) to assist the small, informal and cross border traders) to get a certification of origin

Recommendations

- Standardize and Harmonize Customs ICT Systems
- The SADC, EAC and COMESA task force to expedite the rationalization of belonging to overlapping RECs
- Strengthen the monitoring system and dispute settlement as a way of addressing NTBs
- Simplified and transparent procedures.
- Member states must adopt the SADC and COMESA regional integrity action plan
- Accelerate the process of putting in place the one-stop border mechanisms in the sub-region and improve awareness about them but also bring them together to share experiences through workshops and meeting.
- Simplified trade regime

Group 2

Challenges and Recommendations Towards Successful Implementation of Protocols in Light of the SADC FTA and COMESA CU and Beyond

Challenges

- Inadequate information/data and lack of monitoring reports
- Information dissemination of information to stakeholders is a challenge
- No clear monitoring mechanisms at the national level for different obligation
- Lack of enforcement procedures for non-compliance
- No integrated monitoring mechanism in place

Recommendations

- Establishment of a national monitoring mechanism through a unit linked to the regional unit:
 - Ensure adequate resources at both national and regional units
 - Adequate use of the existing structures
- Information dissemination on implementation of protocols to stakeholders quarterly
 - Print media/TV
 - Specific scheduled meetings
- Sensitive existing committees and structures at national level due to relevant protocols
- Introduce Peer review mechanism to support compliance
- There is need for mid term review clause for all protocols
- Review and adopt already existing monitoring mechanisms from other RECs as required

Conclusion

Generally there are delays in approving or ratifying protocols by member states even before beginning implementation; and there is need to ensure monitoring of all SADC protocols and COMESA treaties to ensure compliance with other international treaties/protocols

Group 3

Information Needs for Trade Facilitation and the Integrated Border Management Systems and FESATRA Experience

Challenges to Information Needs for Trade Facilitation

- Lack of infrastructure at border posts e.g. electricity, ICT
- Unclear which part of government structure is responsible for managing the border
- Duplication of management modalities at border posts
- Data collection & storage is not in a centrally, accessible place

Challenges to Border Management Systems and the FESARTA Experience

- 90-day visa system causing complications
- No bilateral/multilateral agreements on cross-border management, except Chirundu
- Poor condition of some roads in the region & border crossings e.g. ferry crossings
- Fees paid into road user charges don't always feed into improving the road infrastructure
- HIV & AIDS – losing experienced drivers
- Three insurance systems in the region: yellow card, fuel levy & cash.
- Financial sustainability of corridor management institutions and regional associations (SARA, PMAESA, FESARTA, ASANRA)

Recommendations

- Matrix of infrastructure needs (electricity, telephones) at the border – outcomes need to link into national/regional policy
- Authority responsible for border should be clearly identified
- Joint management system at border post is needed. Two neighbouring countries would need to have a bilateral agreement, followed up with regular monthly meetings.
- Compatible software would be needed – this could be done on a regional basis.
- Multilateral & bilateral agreements would facilitate movement of persons across borders.
- Accreditation of enterprises by national authorities within the region to be done, which could provide special permits for their workers to cross borders e.g. truckers.
- Bilateral agreement on cross-border traders which would include actual modalities.
- Lessons learnt from implementation of Chirundu one-stop border post should be disseminated
- Trade ministries within national structure should be leading trade facilitation process, but immigration should take a more proactive role (to ensure reduced bottlenecks).

- Quality of road infrastructure needs to be improved – link up with Regional Trade Facilitation Programme.
- Speed up process of implementing new road user charge guidelines, which are currently in draft form.
- HIV & AIDS - Support North-Star foundation in its setting up of wellness centres and other such initiatives.
- Improving recovery & maintenance facilities along the routes e.g. at truck stops.
- Speed up process towards interfacing fuel levy and yellow card systems to address issue of multiple insurance systems.
- Regional association and corridor management institutions should be funded through user pay principles. Cost-Benefit Analysis needs to be conducted to quantify this.
 - Idea would be that corridor management institutions can be funded through levy on goods transiting the corridor;
 - Railways commission funded through railway user fees;
 - Shippers that come into port have to pay port fees, with a portion going to fund PEMAESA;
 - a percentage of transport permit fees goes to FESARTA;
 - a percentage of road fees go to ASANRA.
 - RECs need to facilitate process to put this in place. They provide the guidelines to the national authorities to make it happen. Also element of domestic resources being raised to ensure independence from donor funding e.g. for infrastructure and corridor management.

Group 4

Financing Regional Integration

Chair: AfDB

Rapporteur: DBSA

A. KEY CHALLENGES (Financing Regional Integration)

1. *Infrastructure Constraints*

- Transport
- Meteorology
- Communication (ICT, Facilitation of Free Movement of People)

2. *Trade Constraints*

i. Trade Facilitation requirements

- Implementation of CET
- Regulation
- Harmonization
- Capacity Building (Institutional and Human)

ii. Implementation of Liberalisation Commitments

- Tariff Phase-Down
- NTBs
- Implementation of CET
- Tariff Revenue Loss and Compensation Issues

iii. Resource Mobilisation

- Cooperating Partners
- SADC Development Fund
- Lack of Legal Entity to Guarantee Liability of Borrowed Funds for Regional Integration Projects
- Procurement Procedures
- Low Response Levels from RECs
- Capacity Constraints in the RECs

B. FRAMEWORK (Financing Regional Integration)

- Preparation of medium-long term MOUs between RECs and donors (with priorities, projects and programmes as funding proposal to donors)

- Creation of Project Preparation and Development Unit
- Needs Assessment of Specific Programmes and Business Plan for Implementation with Deliverable, Responsibilities, and Timeframes
- Funding Arrangements – detailed budgeting on specific projects in financing regional integration (Issues of Subsidiarity)
- Implementation - Monitoring and Evaluation

C. RECOMMENDATION AND WAY FORWARD

- Development of the Technical Cooperation Fund for
- Strong resource (financial) stakeholder support for the SADC
- Transformation of SADC Secretariat from coordinating function to strong executive function (supranational agency)
- Financial support by member states and cooperating partners
- Establishment and Resourcing of the Project Preparation and Development Unit
- Strengthening capacity of RECs in procurement, institutional, human resources
- Creation of a Regulatory Body for the Harmonisation of Regulatory Frameworks
- Operationalisation of the Development Fund

D. Other Issues

- Need to have discussion in terms of how RECs relate to donors and other stakeholders
- Capacity problems in the RECs are result of slow response
- RECs need to move away from event-driven approach (EPAs) into broader areas of integration
- Insufficient Funding for Regional Projects
- Insufficient Absorptive Capacity
- Technical Assistance to Develop Bankable Project Proposals
- Institutional Capacity
- Human Capacity (skills constraints)
- Financial Capacity
- Technological Capacity
- Infrastructure Capacity
- National Budgetary Constraints
- Absorptive Capacity with RECs (financial resources)