

Data Sheet

USAID Mission:	Regional Center for Southern Africa
Program Title:	A More Competitive Southern African Economy
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	690-014
Proposed FY 2004 Obligation:	\$7,500,000 DA
Prior Year Unobligated:	\$1,007,000 DA
Proposed FY 2005 Obligation:	\$7,722,000 DA
Year of Initial Obligation:	FY 2004
Year of Final Obligation:	FY 2010

Summary: USAID's regional program to increase the competitiveness of national economies in southern Africa includes technical assistance and training to improve the set of policies that affect free trade and competition; strengthen the production and marketing capacity of producers in industrial clusters; and lower the costs of doing business by improving infrastructure and financial services.

Inputs, Outputs, Activities:

FY 2004 Program:

Enhance policy and regulatory environment (\$2,000,000 DA). USAID will build national and regional capacity to formulate and implement policies that support free trade and capacity to participate in regional and global trade regimes. This will include support for the implementation of national commitments under the Southern African Development Community (SADC) free trade agreement (FTA) as well as the World Trade Organization (WTO), but USAID expects the major focus to be the ongoing work in support of the FTA between the United States and the Southern African Customs Union (SACU). Working with the U.S. Trade Representative, USAID will identify key trade capacity building issues arising from U.S.-SACU negotiations, as well as key economic and trade policies in need of reform. USAID will use that information to develop interventions in trade capacity building and to formulate legislative and regulatory reform packages. Principal contractor or grantee: To be determined.

Develop agricultural and industrial clusters (\$2,500,000 DA; \$1,007,000 prior year DA). USAID will apply the cluster approach, addressing all elements of the supply-to-market chain (including infrastructure and business services), to improve the competitiveness of industries or sectors that have already demonstrated the potential to compete in international markets. The program will identify new markets for southern African products, and assist in the formation of firm clusters and the development of competitive export strategies. In this effort, USAID expects to work with other U.S. government agencies such as the U.S. Department of Agriculture or U.S. Department of Commerce. Principal contractor or grantee: To be determined.

Reduce transaction costs (\$3,000,000 DA). USAID will continue to finance programs to improve the efficiency of economic infrastructure in the region (i.e., the infrastructure of transport, communications, and basic services that businesses need to operate). Ongoing efforts in the Trans-Kalahari and Dar es Salaam Corridors to establish international road and railway transit corridors with minimal cross-border delays will be consolidated, and lessons learned will be prepared for application in other potential corridors. Similarly, USAID will continue providing technical support to the Southern Africa Power Pool (SAPP) for the growth of the short-term electricity market from a cooperative market to a competitive market, and eventually to a spot market where power will be bought or sold for cash and delivered immediately. Finally, USAID will start working with the financial sector to determine priorities in policy areas relating to trade. In all areas, USAID will address the need for cross-border cooperation to ensure seamless services, capacity building, and training to ensure the provision of efficient services by service providers. Principal contractor or grantee: To be determined.

FY 2005 Program:

Enhance policy and regulatory environment (\$1,722,000 DA). USAID expects to continue pursuing economic and trade policy reforms in focus countries as well as technical assistance for trade capacity building in support of the U.S.-SACU FTA. A large part of this may be technical assistance and training to implement labor, environmental, and industry standards that comply with international agreements. Regionally, the next stage of tariff reductions under the SADC FTA will be imminent; USAID plans to work closely with countries that may need assistance to prevent policy backsliding during the transition. Principal contractor or grantee: To be determined.

Develop agricultural and industrial clusters (\$3,000,000 DA). USAID plans to advance its work with firms in clusters by helping them improve the quality of their goods to international standards. Such standards could include not just quality standards, but also environmental, labor, and safety standards, depending upon progress made at the policy level in these areas. At the same time, USAID expects to begin to provide marketing support and facilitate international business linkages such as regional and international production and service contracts. Principal contractor or grantee: To be determined.

Reduce transaction costs (\$3,000,000 DA). Building upon prior work in transit corridors to create simplified and common customs procedures, USAID plans to fund a pilot one-stop border post on the Trans-Kalahari Corridor. This will require the border authorities (especially health, immigration, and customs) of Namibia and South Africa to work together as a team, and should considerably reduce time spent at the border crossing, saving both time and money. In energy, USAID expects to help SAPP to expand its operations as two more countries are connected to the grid (under a World Bank loan to finance the needed infrastructure) and as SAPP completes the transition to a competitive market. In the financial sector, USAID may fund specific activities arising from discussions on financial sector priorities, such as the development of new and innovative financial products that facilitate the cross-country cluster approach to export development. Principal contractor or grantee: To be determined.

Performance and Results: Since this program is just now beginning under the new regional strategy, there are no results in place to discuss. However, by the end of the strategy it is expected that trade between the United States and SACU countries will be taking place under the agreed U.S.-SACU FTA. Regionally, most of the tariff reductions under the SADC FTA will be in effect, and regional trade from the poorer nations will be on the rise. More firms in targeted productive clusters will be meeting international and/or market standards and, as a result, will be exporting increasing volumes of goods from southern Africa. Increased efficiencies in the provision of transport, finances, electricity, and other basic services will lead to lower costs, thereby increasing the competitiveness of goods from southern Africa in the world marketplace, as well as the quality of life in the region.

US Financing in Thousands of Dollars

Regional Center for Southern Africa

690-014 A More Competitive Southern African Economy	DA
Through September 30, 2002	
Obligations	0
Expenditures	0
Unliquidated	0
Fiscal Year 2003	
Obligations	0
Expenditures	0
Through September 30, 2003	
Obligations	0
Expenditures	0
Unliquidated	0
Prior Year Unobligated Funds	
Obligations	1,007
Planned Fiscal Year 2004 NOA	
Obligations	7,500
Total Planned Fiscal Year 2004	
Obligations	8,507
Proposed Fiscal Year 2005 NOA	
Obligations	7,722
Future Obligations	46,061
Est. Total Cost	62,290