

## **SECTION C- STATEMENT OF WORK**

### **C.1 OBJECTIVE**

The purpose of this contract is to implement the Southern Africa Trade and Competitiveness Program, whose overarching goal is: **Increased International Competitiveness, Intra-Regional Trade, and Food Security in the SADC Region.** This will be accomplished through the advancement of the regional integration agenda and increased trade capacity of regional value chains in selected sectors. The delivery of targeted technical assistance is expected to help the SADC region, including government, the private sector, and civil society organizations, to realize the advantages of greater regional and global trade linkages and export-oriented business development through assistance in eight results areas:

- Enhanced Trade Liberalization
- Improved Trade Facilitation in Transit, Customs, and Other Areas
- Alignment of Regional Agricultural and Other Standards with International Standards
- Strengthened Regional Capacity for Energy Sector Planning and Cooperation
- New Trade Linkages Established and Greater Competitiveness in Staple Foods and Other Strategic Value Chains
- Enhanced Private Sector Capacity to Comply with Regional and International Market Standards, Including Agricultural Standards
- Increased Use and Availability of Financial Products and Services for Trade and Investment
- Increased Use and Availability of Trade-Related Information and Communications Technology (ICT) Products

### **C.2 BACKGROUND**

The following provides relevant background information regarding trade, the history of the USAID regional trade program and the work of other donors and stakeholders.

#### *C.2.a Program Rationale*

Economic growth in the Southern African Development Community (SADC) region has accelerated in recent years. After stagnation in the early 1990s, SADC GDP grew at around five percent per year from 1995 to 2005, buoyed by extremely high growth rates in Angola, Mozambique, and Botswana. Despite this rapid growth, development in the region is still at very low levels, with the majority of citizens living on less than one dollar per day and over 40 percent living in abject poverty. The global economic downturn has exacerbated the situation.

Spurring economic growth and translating that growth into poverty reduction is a complex process, driven by a multitude of fixed and changeable factors. One area that has proven effective in achieving both of these objectives is trade. In other parts of the world, increasing value-added exports has been shown to boost productivity, create jobs, and reduce poverty.

Particularly in Asia, export-led growth strategies over the last fifty years have had dramatic and impressive results.

Trade levels in the SADC region and throughout Sub-Saharan Africa are low. The Sub-Saharan African share of world exports declined from 3.5 percent to 1.5 percent between 1970 and 1999, and has recovered to only 1.8 percent in 2007. Exports from Southern Africa, with the exception of South Africa and Mauritius, are minimal and consist mostly of primary products. Expanding intra-regional trade is seen by some as a key component of increasing exports and improving regional food security, particularly for landlocked countries. Unfortunately, such trade remains at dismally low levels—around 25 percent of total trade, but much lower when South Africa's exports to the region are excluded.

The SADC region continues to be severely affected by chronic food insecurity, with 21 percent of children experiencing malnutrition and 31 percent of adults experiencing undernourishment in 2008. Trade plays a key role in the issue of food security. Improvements in productivity will not translate into higher farm incomes and reduced hunger unless surplus harvest and products can be sold in local, regional, and international markets. Excessive costs and delays in trading across borders leads to fragmented food markets, contributes to the cost of food to consumers, and reduces incentives for farmers to adopt more efficient or trade-oriented agricultural technologies. Food production in certain parts of the SADC region is volatile due to a number of factors, and inevitably there are countries that experience food deficits each year that could benefit from improved trade with surplus producing regions. For example, Malawi, which has had a surplus in maize in recent years, has been unable to effectively export that surplus to neighboring food-deficit countries.

Reasons behind the low levels of intra-regional and international trade are manifold and complex. Some of them include insufficient, unharmonized, and poor policies; institutions that lack capacity to implement programs and enforce rules; lack of consistency and transparency in tariff regimes; significant non-tariff barriers (NTBs) to trade; insufficient infrastructure; non-competitive businesses who lack knowledge of export markets; difficulty in complying with international standards; low levels of investment; inadequate finance; and expensive and inadequate communications services. Through the Southern Africa Trade Hub, USAID/Southern Africa aims to substantively address or eliminate many of these constraints, with the Overarching Goal of **Increased International Competitiveness, Intra-Regional Trade, and Food Security in the SADC Region.**

There is some debate over the role that intra-regional trade needs to play in the development of the region. It is clear that the unencumbered movement of goods is an imperative for the landlocked countries in the region; even if these countries do not pursue an intra-regional trade strategy, they need to be able to move goods efficiently to and from sea ports in order to export and import. Intra-regional markets also offer the prospect of low transit costs (assuming gains are made in trade facilitation) and familiar market preferences. In agriculture, different countries belong to similar agro-ecological zones and are thus natural trading partners for agricultural inputs, outputs, and technologies.

Many experts express doubt, however, that an intra-regional trade strategy will be sufficient for rapid export growth, citing small markets, low purchasing power, and low levels of market sophistication in the region. Rather, they claim, Southern African firms need to take advantage of the large markets, high demand, and technology transfer offered by developed and rapidly industrializing countries before they can turn to intra-regional markets. Experts also express concern at the role of South Africa in the region, and its ability to stifle business growth in other SADC countries as trade liberalization proceeds.

It is the view of USAID/Southern Africa that both intra-regional and international trade and commerce will play important and distinct roles in the region's development. This is reflected in the SATH's Overarching Goal and will need to be considered as the Contractor implements the SATH's various activities and aims to achieve targeted results.

### *C.2.b The Southern Africa Trade Hub*

USAID has been engaged in various regional integration and competitiveness efforts in Southern Africa for almost twenty years. The USAID Southern Africa Trade Hub (also known as the Southern Africa Global Competitiveness Hub) in its current form began work in 2004 and has been USAID's primary mechanism for this work since that time.

The project has worked in a number of areas, including trade and integration policy; institutional capacity building and support; agricultural policies and standards; trade facilitation, including transport and trade corridors, customs, and other NTBs; finance; energy investment and institutional support; competitiveness and business development; and export and investment promotion. Notable accomplishments by the Trade Hub have included drafting—leading to adoption—of key annexes of the SADC Trade Protocol; drafting of tariff phase down schedules and monitoring implementation of the SADC Free Trade Agreement resulting in member state compliance with earlier commitments; assistance leading to the establishment of the Dar Es Salaam Corridor Committee; piloting and facilitating the adoption of the Single Administrative Document 500 for customs in Botswana, Namibia, and South Africa; becoming the preferred provider in the region of World Customs Organization Time Release Studies and WTO Trade Facilitation Needs Assessments; and generating about \$70 million of exports from Southern African firms through technical support, the creation of a key annual business to business event, and participation in trade shows.

The Southern Africa Trade Hub (SATH) currently operates under the African Global Competitiveness Initiative (AGCI), which seeks to enhance the export competitiveness of African business through direct technical assistance to export-ready firms and establishment of business linkages with buyers in the USA and elsewhere, and to confront key constraints in the areas of infrastructure, policy, finance and agriculture. The AGCI is a \$200 million, five-year Presidential initiative aimed at expanding African trade and promoting the export competitiveness of enterprises in sub-Saharan Africa.

With the end of the AGCI in September 2010, it is anticipated that a new trade initiative will be designed to replace it. This RFP and the work to be completed by the SATH will need to respond to the requirements and objectives of the new initiative. Further information about the

current operations of the Southern Africa Trade Hub can be found on the website: <http://www.satradehub.org>. It is anticipated that many (but not all) of these activities will continue to be implemented, under the same name, by the SATH. Substantial continuity should be maintained such that gains from ongoing activities are not lost.

### *C.2.c Role of Other U.S. Government Agencies and Programs*

A number of other U.S. Government (USG) agencies are involved in trade-related programs in Southern Africa. These include the Office of the U.S. Trade Representative (USTR), the Department of State (DOS), the Department of Agriculture (USDA), the Millennium Challenge Corporation (MCC), the U.S. Trade and Development Agency (USTDA), the Department of Commerce (DOC) including the Foreign Commercial Service, U.S. Customs and Border Protection, and the Federal Aviation Administration. There are also other USAID programs that engage in trade-related activities. These include bilateral and regional economic growth programs, including the East and Central Africa and West Africa Trade Hubs, as well as HIV/AIDS programs and those undertaken by the Office of Foreign Disaster Assistance (OFDA) and Food for Peace (FFP). USAID/Washington also has several relevant programs and certain performance monitoring responsibilities (see Appendix B). It is expected that the SATH will be aware of any overlapping or related USAID and USG programs and coordinate accordingly.

In particular, two USG efforts will have a key role to play in the SATH. The African Growth and Opportunity Act (AGOA) provides significant preferential access to the U.S. market to most African countries. AGOA has facilitated sizeable investments in Southern Africa, notably in apparel and textiles. It is anticipated that the SATH will continue to facilitate exports from Southern Africa into the U.S. under AGOA.

The USG recently announced plans for a Global Hunger and Food Security Initiative (GHFSI). This multi-billion dollar initiative will be a coordinated effort between a number of agencies, potentially including USAID, DOS, USDA, MCC, DOC, the Department of Treasury, USTDA, and others. Within USAID, the Initiative will be spread across a number of activities and offices, including OFDA and FFP. It will also partner with African countries, regional organizations and multilateral and bilateral donors among others. The initiative will seek to increase sustainable market-led growth across the entire food production and market chain; prevent and treat under-nutrition; and increase the impact of humanitarian food assistance and social safety-nets.

The key principles of the Initiative, formulated at the L'Aquila G8 Summit, outline the basis for foundation activities for the initiative:

1. Adopt a comprehensive approach to food security;
2. Invest in country-led plans;
3. Strengthen strategic coordination—globally, regionally, and locally;
4. Leverage the benefits of multilateral institutions; and
5. Deliver on a sustained and accountable commitment.

The SATH will be the primary implementer of the trade-related components of GHFSI for USAID/Southern Africa and will be expected to adhere to all GHFSI requirements and coordinate its efforts with other USG programs where necessary. Given the key role that trade efforts will play in the Initiative, funding in this area is anticipated to be substantial. As a result, food security and agriculture-related activities will feature prominently in all of the Trade Hub's activities. This is further elaborated in the Technical Services section below.

During the first year of the SATH, actions will partly be directed toward assisting the Southern Africa region to develop and adopt a comprehensive approach to food security through investment in a regional plan aligned with the L'Aquila principles and the African Union/Comprehensive African Agriculture Development Program (CAADP). Capacity building and technical assistance in relevant areas to SADC and other regional economic organizations will support these actions leading to more fully developed regional food security programs, primarily focused promoting regional trade and spurring regional economic integration.

#### *C.2.d The Aid for Trade Agenda*

The 2005 Hong Kong WTO Ministerial Declaration called for the expansion and improvement of aid for trade and in 2006 the WTO formally launched the Aid for Trade Initiative. The role of the WTO is to work with other international organizations and the Bretton Woods institutions to bring coherence to trade and development discussions. The Initiative calls for alignment of donor activities with developing country priorities and effective monitoring of these activities. It also requires that Least Developed Countries (LDCs) integrate their trade-related assistance requests with their national planning strategies through the Enhanced Integrated Framework for LDCs. More general principals of ownership, effectiveness, and harmonization encompassing the Aid for Trade agenda were outlined in the Paris Declaration on Aid Effectiveness and reaffirmed and strengthened under the Accra Agenda for Action.

U.S. Aid for Trade is about giving countries, particularly the least trade-active, the training and technical assistance needed to make decisions about the benefits of trade arrangements and reforms; implement their obligations to bring certainty to their trade regimes; and enhance such countries' ability to compete in a global economy. The SATH is a part of U.S. Government participation in the Initiative. The Trade Hub's priorities represent a response to needs articulated by developing countries in the region, and its objectives are concrete, transparent, and verifiable.

#### *C.2.e SADC Interests*

The Southern African Development Community (SADC) will be the primary (but far from the only) client of the SATH. SADC, as one of four primary regional economic communities in Sub-Saharan Africa, has a broad mandate and numerous priorities, most completely articulated in the SADC Regional Indicative Strategic Development Plan (RISDP) and updated in its annual Activity Report and the annual plans of individual Directorates. Priority intervention areas articulated in the RISDP that are of relevance to the SATH are Trade and Economic Liberalization, Private Sector, Infrastructure Support for Regional Integration, and Information and Communications Technology. In following with the Paris Declaration on AID

Effectiveness, the SATH will align relevant activities to these SADC priorities and will work closely with SADC in their implementation. The SADC Directorates that the SATH will work with most closely are Trade, Industry, Finance, and Investment (TIFI), Infrastructure and Services (I and S), and Food, Agriculture, and Natural Resources (FANR).

SADC has historically been burdened by severe institutional constraints. Several concurrent initiatives have been undertaken over the last several years to clarify its organizational structure, create structural alignment with RISDP and program priorities, and improve administrative and programmatic efficiencies. Considerable progress has been made, though it is yet to be seen if such improvements will result in a more effective organization. SADC staff members are generally highly qualified but few in numbers, and the organization is having difficulty recruiting staff as a result of its quota system and other institutional constraints. Where relevant, the SATH will have to find ways to maintain effectiveness and facilitate SADC ownership and sustainability of its efforts despite these constraints.

At the Tripartite Summit in 2008, SADC signed an agreement with the Common Market for East and Southern Africa (COMESA) and the East African Community (EAC) that will lead to the creation of an East and Southern Africa free trade area (see IR 1.1.2 below).

#### *C.2.f Work of other Donors*

Several other donors are substantively involved in the areas discussed above. The U.K.'s Department for International Development (DFID) has just completed its Regional Trade Facilitation Program (RTFP), and it is about to launch its new Trade Mark Southern Africa, which will include £67m for infrastructure and £33m for trade facilitation over five years. The trade facilitation component of Trade Mark will focus on efficiency of trade corridors—notably the North-South Corridor and its eastern spurs; trade policies and trade negotiation capacity; harmonization and development of regional economic policies; and grants to governments and producers to assist with agricultural standards compliance. The European Union has several large programs under the Ninth European Development Fund (EDF) aimed at building SADC capacity in various administrative and technical areas, including customs, standards, finance, and energy. Due to low SADC absorptive capacity, however, it is looking to shift its support to infrastructure development under the Tenth EDF. The German Development Agency (GTZ) also supports SADC institutionally, focusing on human resources and administrative systems as well as on the Policy Planning and Resource Mobilization Directorate. It also provides technical support on a variety of trade issues, including project preparation and the SADC business forum, which is comprised of 11 regional private sector associations; this technical support will soon include a new five million Euro facility around the SADC Protocols in Finance and Investment and Trade in Services and other trade policies. The Japan International Cooperation Agency (JICA) is in the process of designing a large-scale infrastructure program and is identifying appropriate investments for support. The World Bank contributes to regional trade facilitation efforts through its Washington-based Trade Facilitation Facility, as well as through analytical work. The U.N. Economic Commission on Africa (UNECA) is supporting SADC through the funding of staff, workshops/conferences, and computer systems hardware, notably in the area of the SADC FTA and tariff phase-downs and monitoring. The Government of Norway is the lead donor in energy issues, and it is supporting SADC—and to a lesser extent the Regional

Electricity Regulators Association of Southern Africa (RERA) and the Southern African Power Pool (SAPP)—to build capacity around issues of electricity generation, transmission, and regulation.

It is expected that the SATH will be fully aware of the work of other donors and coordinate with them to avoid duplication, minimize SADC's and other partners' burden of donor coordination, and maximize synergies.

### **C.3 OVERALL RESULTS FRAMEWORK**

The Contractor shall provide the services and deliverables specified below in the context of the following overall results framework. The Overarching Goal of the SATH is **Increased International Competitiveness, Intra-Regional Trade, and Food Security in the SADC Region**. This Goal will be accomplished through the achievement of two Objectives and eight Intermediate Results outlined below.

#### **Overarching Goal: Increased International Competitiveness, Intra-Regional Trade, and Food Security in the SADC Region**

Objective 1: Advancement of the Regional Integration Agenda

IR 1.1: Enhanced Trade Liberalization

Sub-IR 1.1.1: Effective Implementation of the SADC FTA

Sub-IR 1.1.2: Successful Implementation of the Tripartite Summit Agreement

Sub-IR 1.1.3: Increased Capacity of Member States to Engage in Trade Negotiations and Implement Trade Agreements

IR 1.2: Improved Trade Facilitation in Transit, Customs, and Other Areas

Sub-IR 1.2.1: Improved Performance of Trade Corridors and Transit Systems

Sub-IR 1.2.2: Streamlined Customs Procedures

Sub-IR 1.2.3: Increased Investment through Improved Policies and Promotion Efforts

Sub-IR 1.2.4: Greater Trade in Services through Improved Policies

IR 1.3: Alignment of Regional Agricultural and Other Standards with International Standards

IR 1.4: Strengthened Regional Capacity for Energy Sector Planning and Cooperation

Objective 2: Increased Trade Capacity of Regional Value Chains

IR 2.1: New Trade Linkages Established and Greater Competitiveness in Staple Foods and Other Strategic Value Chains

IR 2.2: Enhanced Private Sector Capacity to Comply with Regional and International Market Standards, Including Agricultural Standards

IR 2.3: Increased Use and Availability of Financial Products and Services for Trade and Investment

IR 2.4: Increased Use and Availability of Trade-Related ICT Products

This results framework makes the following assumptions: SADC member states are committed to achieving the goals they have committed to under various SADC and AU/NEPAD agreements; there is adequate SADC capacity; and, that there is cooperation from relevant

stakeholders, including SADC, member state governments, donors, the private sector, associations, and other regional organizations.

In the context of the U.S. Foreign Assistance Framework, the SATH's program components fall under the Trade and Investment, Financial Sector, and Agriculture Program Areas and the Infrastructure/Modern Energy Services Program Element.

#### **C.4 GENERAL PROGRAM PARAMETERS AND GUIDANCE**

The following general guidance is provided with respect to issues such as gender, environment, funding, staffing, services to other missions, communications, sustainability, donor coordination and continuity. These parameters and guidance apply to the overall performance of the Contract.



#### *C.4.a Gender*

USAID places emphasis on improving the status of women throughout SADC communities. In some instances, women's lack of education, undeveloped skills, and limited access to markets, credit and other business assets compromise economic growth efforts, as do cultural constraints limiting women's mobility and participation in public life. The Contractor is required to see that gender issues are suitably addressed in various program components and to undertake specific efforts to ensure that the activities do not discriminate against or disproportionately benefit either gender. To the greatest extent possible, the Contractor will seek to encourage men and women of all ages to be involved in all aspects of this program, including participation and leadership in meetings, working groups, training and counseling activities, exchanges and delegations. In particular, the Contractor is encouraged to propose ways to facilitate women's advancement within the business community, including access to export capacity building and trade development opportunities such as targeted training programs. When undertaking analytical work, the Contractor should include the gender implications of new policies or projects where relevant, for example in working in different value chains. The Contractor will monitor and report on the direct and indirect impacts of its activities on gender balance, collect gender disaggregated data whenever available, and report on the gender composition of the trainings and other activities it undertakes.

#### *C.4.b Environment*

Although a complete environmental analysis was done for the current Regional Trade program, the Contractor should be aware that for any activities proposed under this activity, an environmental review will be needed to screen each activity for its potential environmental impact and to help develop mitigation and monitoring measures. The Contractor must comply with all environmental guidance in the contract, particularly the requirements found in Section H.20, "ENVIRONMENTAL COMPLIANCE".

#### *C.4.c Anticipated Funding Levels*

Services delivered under the Contract must take into account the type of funding provided. The two main anticipated funding sources are Global Hunger and Food Security Initiative funding and trade-oriented Development Assistance (DA) funding. It is estimated that in Year One, Global Hunger and Food Security Initiative funding will constitute 35% of the total funding, with the remainder being trade-oriented DA. This is an estimate and is subject to change, both in Year One and in subsequent years. USAID anticipates that Global Hunger and Food Security Initiative funding could more than double in Year Two, and may continue at that level until the end of the Contract, with DA funding remaining the same each year of the contract.

USAID further anticipates funding will be apportioned across results areas during Year One (1) as follows:

Objective 1 (60%)

RESULT 1 (Enhanced Trade Liberalization): 20%

RESULT 2 (Improved Trade Facilitation in Transit, Customs and Other Areas): 25%

RESULT 3 (Alignment of Regional Agricultural and Other Standards with International Standards): 10%

RESULT 4 (Strengthened Regional Capacity for Energy Sector Planning and Cooperation): 5%

Objective 2 (40%)

RESULT 1 (New Trade Linkages Established and Greater Competitiveness in Staple Foods and Other Strategic Value Chains): 20%

RESULT 2 (Enhanced Private Sector Capacity to Comply with Regional and International Market Standards, Including Agricultural Standards): 6%

RESULT 3 (Increased Use and Availability of Financial Products and Services for Trade and Investment): 10%

RESULT 4 (Increased Use and Availability of Trade-Related ICT Products): 4%

#### *C.4.d Staffing*

The descriptions below are of functional positions for which effort will be required. A single functional position may be performed by more or less than a full-time equivalent person. The following positions, with the requirements specified, are required under the Contract (the desired skills, experience and education for each position are specified in Section L.8(b) below and are subject to the requirements for key personnel specified in Section F.6 below).

**Senior Trade Advisor - Chief of Party**

**Trade Advisor - Export Business Development Specialist**

**Senior Sector Specialist - Transit and Customs Facilitation Advisor**

**Senior Trade Advisor – Regional Integration Specialist**

**Senior Sector Advisor – Finance and Investment**

#### **Additional Technical Advisors**

USAID does not have a strong preference for a division between long-term and short-term technical assistance. USAID seeks to grant maximum flexibility to the Chief of Party and to senior staff in the engagement of technical advisors within the established budget. Technical advisors should be based wherever most appropriate to maximize effect and to minimize cost. Example of the types of advisors that might be appropriate:

- Regional Staple Foods Market Advisor
- Value Chain Specialists (technical expertise in staple foods and the other two selected value chains)
- AGOA Trade Specialist
- Investment Promotion and FDI Advisor
- Energy Sector Advisor
- Communications Sector Advisor

As a matter of policy, USAID seeks to strengthen expertise in the countries where it operates programs. Cooperating-country nationals (CCNs) shall be employed to the extent practicable with respect to achieving results. (Note the term CCN is defined in AIDAR 702.170-5). Third-country nationals (TCNs) who are nationals of countries within the Southern Africa sub-region may be employed where they offer particular expertise that will enhance performance under the contract (e.g. language capabilities, particular knowledge of trading systems or markets, etc.).

Other TCNs (e.g. Europeans, Canadians, other Africans from outside Southern Africa, etc.) may be employed as needed upon presentation of evidence of prior unsuccessful effort to secure suitable staffing of comparable quality within Southern Africa. Generally this evidence will include a statement of how the position was advertised, copies of the advertisements, as well as a resume of a Southern African applicant if there were any, or a statement indicating no applications were received from Southern Africans.

### **Administrative and Other Staff**

The Contractor is to recruit from throughout Southern Africa for administrative and other staff, however the Contractor is highly encouraged to recruit within Botswana, when feasible. It is anticipated that the bulk of administrative staff will be nationals as well as residents of Botswana.

#### *C.4.f Services Provided in Support of Bilateral Missions or AID/W*

Services, within the scope of the Contract, may be provided for the benefit of USAID bilateral missions located within Southern Africa, operating units in USAID's Headquarters, or other USG agencies so long as the required activities and services are included in the applicable annual work plan pursuant to the requirements in Section C.6(b). In general, such requests for services or activities will be considered by the Contracting Officer's Technical Representative (COTR) with the understanding that budgetary resources are made available from the requesting bilateral mission, USAID office or USG agency, and that one of two conditions must typically be met -- either:

1. The Southern Africa Regional Program, as implemented by the SATH, does not have the budgetary resources to expand work at the bilateral level, despite the need for work to be done at the level to support the regional trade integration agenda; or,
2. The work requested by the bilateral mission will have greater impact nationally, rather than regionally, yet the work will ultimately result in outcomes at the regional level or in strategic, trade-related areas. Specific examples of this may include work on a country's foreign exchange or banking controls as it affects international trade; or, work on a specific country's investment policies which will need to dovetail with the development of a regional investment policy.

#### *C.4.g Website and Related Communication Tools*

Currently, the SATH manages and maintains a website specific to the work of the SATH, but incorporating links to other USG agency websites and websites of the West and East/Central

Trade Hub websites. This website has become a critical element in the communications strategy of the Southern Africa Trade Hub and USAID/Southern Africa. The continued maintenance and regular updating of this website throughout the life of the Contract is required. The Contractor shall be responsible for maintaining the domain name registration at all times under this contract.

In addition, the Trade Hub currently develops, drafts, and publishes a series of essential documents for wide distribution throughout the SADC region and within the U.S. While the exact nature, content, and frequency of these various publications will be determined during implementation, it is required, at a minimum, to produce (in both hardcopy and softcopy) a quarterly newsletter, a monthly publication that provides updates on current work and focus, and success stories on a regular basis. The utility of these publications to regional government and private sector actors should be maximized.

#### *C.4.h Communications and USG Coordination*

The Trade Hub program is an Africa-wide program and staff of USAID's Africa Bureau in Washington has responsibilities for overall reporting and for coordinating communications to various audiences, including the Office of the U.S. Trade Representative, the National Security Council, the Congress, the Department of State, and the general public. While USAID/Southern Africa is the principle point of contact for this contract, staff in the Africa Bureau and USTR may communicate directly, from time to time, with the Contractor in order to expedite the flow of information. The COTR should always be keep abreast of these communications, as ultimately programmatic approvals can only be granted by the COTR and the Contracting Officer.

In addition to USAID/Washington technical staff, the work of the Trade Hub is relevant to the mandates of numerous other agencies and departments within the U.S. Government. It is of particular interest to the State Department, the Office of the U.S. Trade Representative (USTR), the Foreign Agriculture Service (FAS) of the U.S. Department of Agriculture, U.S. Trade and Development Agency, the Foreign Commercial Service of the Department of Commerce and others.

Another important set of institutions is comprised of USAID bilateral missions throughout the SADC region. USAID/Southern Africa is the key point of contact between the Regional Trade Program implemented under the SATH and these bilateral missions. However, for ease of communication and information flow, the Contractor may be in direct contact with these missions. Again, the COTR should always be keep abreast of these communications, as ultimately programmatic approvals can only be granted by the COTR and the Contracting Officer.

U.S. Embassies in Southern Africa are the key points of interaction between African governments and the U.S. Government (USG). Embassy economic/commercial officers in particular regularly inquire about the status of Trade Hub programs, and report regularly to Washington on the status of trade between their country of operation and the USA. This is true of USAID presence and non-presence countries. Foreign Commercial Service officers of the Department of Commerce, who are typically based within U.S. Embassies, are particularly

interested in how expansion of exports to the US generates increased demand for American-made machinery and equipment for Southern African factories. Public Affairs officers are important points of contact whenever an event or accomplishment may receive press coverage or otherwise further the public diplomacy interests of the USG.

The USTR is responsible for developing and coordinating U.S. international trade, commodity, and direct investment policy, and overseeing negotiations with other countries. The U.S. Trade Representative is a Cabinet member who serves as the President's principal trade advisor, negotiator, and spokesperson on trade issues. The role of the USTR with respect to AGOA implementation is specifically noted in legislation as the primary point of contact in the executive branch for those persons engaged in trade between the U.S., and sub-Saharan Africa. There is thus a direct link between the work of the Trade Hub and the mandate of the USTR. The USTR regularly receives information from the Trade Hub about its activities with particular businesses, participates in regional workshops and forums, and plays an important role in encouraging American companies to buy from Southern Africa.

#### *C.4.i Sustainability, Capacity Building, and Strategic Engagement*

USAID has been operating under a revised paradigm for the past several years. This paradigm is based on five fundamental principles for effective assistance: 1) Ownership: building on the leadership, participation and commitment of a country and its peoples to work toward common objectives. 2) Capacity Building: building local public and private institutions, transferring skills and knowledge, and promoting appropriate policies. 3) Sustainability: promoting interventions appropriate to the capacity of a country or community to sustain them. Sustainability must be built into program design and all phases of implementation. 4) Accountability: designing programs that build and strengthen systems, institutions and processes of accountability. 5) Assessment: using careful research and knowledge of local conditions to inform program design, and adapting best practices imported from other contexts to local conditions.

All technical assistance should be based on need, U.S. foreign policy interests, and recipient country commitment, and should be invested where it has maximum impact. The policy framework for foreign aid emphasizes: an insistence on measurable and comparable results to ensure that development is making a difference; partnership -- collaboration among donors, governments, communities, NGOs, the private sector and universities to build ownership, capacity and sustainability and to leverage results; flexibility to adapt to changing conditions and seize opportunities when they arise; and selectivity to invest resources where they will have most impact.

Using this paradigm as a foundation, sustainability of program impact implies the demand-driven delivery of assistance that, in most instances, will result in the development of best practices, models, standard procedures, or laws. These best practices must be implemented, in almost all cases, with an understanding they have a natural "home" within a key stakeholder or partner, and that these will be adopted and continued after the end of USG assistance to the sector. There will be few instances, if any, where the Contractor will provide development assistance in a vacuum without a clearly identified "client", "beneficiary" and "local implementing partner". The SATH Contractor must build the capacity of local institutions (such as SADC, the SAPP or regional trade associations) to enable these institutions to continue to achieve results long after the close

of the SATH. In addition, the development of these partnerships and alliances will enable the SATH to leverage additional resources throughout the contract performance period.

Because the SATH is a demand-driven project responding to requests from a variety of stakeholders, its work risks being nonstrategic and piecemeal. The SATH must therefore ensure that its activities are complementary to those of USAID/Southern Africa's clients and support their larger goals. A key strength of the Trade Hub has been its ability to provide short and long-term technical assistance quickly and on a demand-driven basis to work synergistically with the activities of partners. Such an approach is in line with the Paris Declaration on Aid Effectiveness, the Aid for Trade Agenda, and other agreements on aid effectiveness.

#### *C.4.j Donor Coordination*

USAID/Southern Africa presently has strong regional working relationships with several donors based in Pretoria and Gaborone who are responsible for trade and investment issues. Other such relationships may be established in the future. At the moment, SADC has established a number of Thematic Working Groups under one or more of its Directorates. The Working Groups are comprised of all donors working within that sector and SADC representatives. A lead donor has been designated for each Thematic Group, often based on the funding levels of that donor to that particular sector.

The Contractor shall work closely with USAID/Southern Africa to identify appropriate routine exchanges of information with other donors. The Contractor will develop an understanding of the programs of other donors and international organizations in order to identify synergies and to propose appropriate joint implementation of key programs.

USAID also expects the Contractor will remain cognizant of the latest information generated by other donors. Key reference resources will be documents from SADC strategic plans and documents, as well as the International Cooperating Partner (ICP, i.e. donor) Matrix of activities.

#### *C.4.k Transition and Continuity*

This contract will continue the Trade Hub program that has been operating and evolving in Southern Africa for the past six years. The Contractor will begin operations and will place the Chief of Party and one or two senior staff members on the ground in Gaborone within 30 days of award. During the remaining weeks or months of the incumbent Hub Contractors' operations, the incoming Contractor will familiarize itself with the existing operations of the Trade Hub.

During the final two weeks of the incumbent Hub operator's contract, the formal transition will take place, with handovers of key documents, contact lists, and any expendable and non-expendable materials, including vehicles, computing equipment, and other operational infrastructure. The incumbent has the requirement for full cooperation with the incoming Contractor and the complete transfer of any non-proprietary material and data.

### **C.5. SERVICES AND TASKS REQUIRED**

The Contractor will provide the services and deliverables specified below. With respect to the six Contract Line Item Numbers (CLINs) identified in Section B.4 and Section F.5 of the Contract, the correspondence between the CLINs and the Statement of Work is as follows:

<u>CLIN</u>	<u>Title</u>	<u>SOW Section</u>
CLIN 0001	Management and Administrative	Section C.5(a)
CLIN 0002	Technical Services/Integration	Section C.5(b)(1)
CLIN 0003	Technical Services/Trade Capacity	Section C.5(b)(2)
CLIN 0004	Management and Administrative (Op. Year)	Section C.5(a)
CLIN 0005	Technical Services/Integration (Op. Year)	Section C.5(b)(1)
CLIN 0006	Technical Services/Trade Capacity (Op. Year)	Section C.5(b)(2)

In general, services and deliverables will be provided to achieve the results specified in Section C.3 by performing the required and illustrative activities specified in Section C.5.b below and elsewhere in the Contract. Specific services, activities and deliverables required will be established in the annual work plans approved by the Contracting Officer's Technical Representative and, when necessary, through modifications to work plans approved in writing by the Contracting Officer's Technical Representative. Such technical direction must be consistent with all of the terms and conditions of the Contract and the determinations of the Contracting Officer.

CLINS 0001 through 0003 covers the base period and CLINs 00004 through 0006 cover the option year (the specific periods are set forth in Section F.2).

### *C.5(a) Management and Administrative Services*

The Contractor will provide all general management and administrative support necessary to perform the Contract. The services authorized by this section include, but are not limited to:

1. Overall management and administration of the Contract, including both expatriate and home office support and administrative services. The Contractor will provide both the key personnel specified in the Contract and additional personnel, both long-term and short-term, necessary to meet recurring general management and administrative support needs under the Contract.
2. The Contractor shall procure or lease necessary facilities, supplies and services as necessary to perform the Contract. The Contractor shall be based in Gaborone, Botswana when performing services under the Contract.
3. General advice regarding planning for the contract. As discussed in more detail elsewhere, work plans are required.
4. Oversight, quality control and general technical support of all services and deliverables provided pursuant to the Contract.
5. Provide and assure the proper, efficient and uniform use of modern management and administration, accounting practices, information technology (IT), communications, reporting, human resource management, property control, security, records and other administrative processes and systems required under the Contract.
7. Manage the overall database and reporting needs of the program as specified in the Contract and developed in work plans in conjunction with the COTR.
8. Manage and administer a small grants program pursuant to Section H.19 and as developed in the work plans required in C.6(b) below. "Small grants" shall in no event have a total value in excess of \$750,000 per year. The Contractor shall publicize and competed potential award opportunities, identify and review viable program proposals and prepare them for review by USAID and other participants in the evaluation process for project funding, financial, management and technical capability. The Contractor shall monitor performance under the grants and ensure that the grants comply with all USAID grant requirements such as semi-annual progress reports, audits, evaluations and completion of disbursement vouchers.

### *C.5(b) Technical Services*

The technical focus of the Statement of Work is: 1. Advancement of the Regional Integration Agenda; and 2. Increased Trade Capacity of the Regional Value Chains. Goals, required activities and illustrative activities for each objective and sub-objective are specified below.

#### C.5(b)(1) Objective 1: Advancement of the Regional Integration Agenda

**Objective 1 is comprised of Intermediate Results (IRs) covering Enhanced Trade Liberalization, Improved Trade Facilitation, Alignment of Regional Agricultural and**



**Other Standards with International Standards, and Strengthened Regional Capacity for Energy Sector Planning and Cooperation. Information on goals and activities for these IRs and sub-IRs are set forth below.**

***C.5(b)(1)(i) IR 1.1: Enhanced Trade Liberalization***

This IR has three sub-IRs relating to: A. Effective Implementation of the SADC FTA; B. Successful Implementation of the Tripartite Summit Agreement; and C. Increased Capacity of Member States relating to Trade.

**C.5(b)(1)(i)(A) Sub-IR 1.1.1: Effective Implementation of the SADC FTA**

The SADC Protocol on Trade was signed by member states in 1996 and expanded under the RISDP. It set out a timetable that included the launch of the FTA in 2008 and includes a customs union by 2010, a common market by 2015, and a full economic union by 2018, though it is widely accepted that the customs union and future targets will not be met on time, possibly due to a new focus on the Tripartite agreement. The FTA contains provisions both on tariffs and NTBs. When the FTA came into effect in 2008, 85 percent of tariff lines had been zeroed out, though little increase in regional trade was seen, most likely because goods in these tariff lines are not widely traded in the region. The remaining 15 percent of tariff lines—the so-called “sensitive” or Category C goods—are set to go to zero by 2012; this is expected to generate a measurable increase in intra-regional trade, though the extent of the increase is difficult to estimate. Not all SADC countries are party to the Protocol—the DRC and Seychelles have not acceded and Angola has not presented its schedule of tariff reductions. Further, not all countries have published updated tariff phase down schedules or are on target to meet their published tariff reductions for a variety of reasons, including the need for tariff revenues.

High tariffs are not seen, however, as a key constraint to trade in the region. NTBs are more often cited as holding back integration. Reducing NTBs is a necessary step in increasing the flow of staple foods and other goods and achieving food security in the region. The Trade Protocol provided for the immediate elimination of specified core NTBs and gradual elimination of remaining NTBs. There has been substantial progress in the reduction of many of these core NTBs, including cumbersome customs documentation and procedures, import and exporting licensing permits, import and export quotas, and import bans. The removal of other NTBs has been more challenging due to their complexity; these include expensive cross-border payment mechanisms, inconsistent insurance cover, differing product standards, difficulty in obtaining truck driver visas and temporary import permits for trucks, restrictions on the movement of shipping containers, complex rules of origin, non-transparent requirements for licenses, permits, and quotas on certain goods, price controls and export bans in agriculture, and technical barriers to trade, including SPS regulations, IPR, plant health requirements, and biotechnology certification. In particular, the private sector has cited lack of information regarding tariff levels and other import/export requirements (licenses, permits, etc.) as a major constraint to trading in the region. As part of the Tripartite arrangement, the three RECs have agreed to an NTB monitoring mechanism that will be available on the internet (see discussion below). The SADC and COMESA mechanisms are already up and running, but they will need to be harmonized.

To date, the Trade Hub has played a key role in supporting the tariff phase down process, assisting member states with their tariff phase down schedules and auditing their compliance with such phase downs. This support has been critical in influencing some member states' willingness to comply with previously-made agreements. The Trade Hub has also helped to develop and roll out the Trade Monitoring and Compliance Mechanism (TMC), which builds on a previously developed DFID NTB monitoring mechanism and is available publicly through the SADC website. The rollout process—which is not yet complete—has involved conducting workshops in each SADC country—generally one day each for government and private sector focal points. Though the TMC has been approved by SADC, member states are only beginning to implement it, and there is still uncertainty regarding the parties responsible at both the country level and SADC level to resolve complaints. There is also uncertainty around the future of the TMC under the new Tripartite Agreement (see below), as SADC, COMESA, and the EAC will probably look to harmonize such mechanisms; this could lead to use of a different tool entirely.

These issues are further complicated by a lack of permanent SADC staff dealing with barriers to trade. Up until now the work has been done mostly by temporary staff who were scheduled to depart at the end of 2009. There is a plan to hire one permanent staff member dealing with barriers to trade, but this isn't likely to happen soon and additional staff will probably be necessary.

The Trade Hub will continue to support similar work with the participation of key stakeholders, including SADC, member state governments, and the private sector.

**Goal:** Effective implementation of the SADC FTA, including appropriate phase down and monitoring of SADC tariffs; reduced NTBs; eventual SADC and member state ownership of tools and processes; and transparent and publicly available tariff schedules and other importing/exporting requirements.

### **Required Activities**

- Provide technical assistance to SADC in their annual audits of tariff phase downs in line with commitments under the Trade Protocol, building SADC capacity to eventually take over the process.
- Provide technical assistance to SADC in their rollout of the TCM or similar mechanism through sensitization, training, and implementation and by facilitating ownership by member states, the private sector, and SADC itself.

### **Other Illustrative Activities**

- Provide technical assistance to both private sector and public sector entities to support the design, installation, and training for needed software and systems that will facilitate use of the TCM or similar mechanism.
- Provide technical support to both private sector and public sector entities on other trade barriers covered by the SADC Protocol on Trade (see various activities throughout Section C.5).
- Provide technical assistance to SADC in the acquisition and online publication of tariff rates and other trading requirements on a timely and frequent basis for the benefit of the private sector.

### **C.5(b)(1)(i)(B) Sub-IR 1.1.2: Successful Implementation of the Tripartite Summit Agreement**

In 2008 SADC, COMESA, and the EAC signed an agreement at the Tripartite Summit announcing a free trade area in East and Southern Africa. This is to include a harmonization of trading agreements, free movement of business persons, joint implementation of infrastructure programs, enhanced institutional arrangements, and efforts to improve regional food security. Negotiations are ongoing regarding the implementation of this agreement, and it is likely that new institutional structures and systems will need to be set up. Given the uncertainty surrounding previously existing trade arrangements and ongoing negotiations—including the effective implementation of regional FTAs, overlapping membership in regional economic communities (RECs), and intra-regional contention surrounding EPA and WTO negotiations—it is clear that many difficult issues will need to be worked out. This will require the effective participation of RECs, member states, and private sector businesses and associations, most of which would benefit from support in this process.

Though it is not yet clear what an East and Southern Africa FTA would look like, an agreement has the potential to have substantial impact on trade in the SADC region, including trade in staple foods. As such, it is expected that the SATH would adjust to new opportunities and constraints accordingly. In addition, the SATH would coordinate work on this issue with the USAID East and Central Africa Trade Hub based out of Nairobi, which is providing technical assistance to COMESA and its member states.

**Goal:** Successful implementation of the Tripartite Summit Agreement, resulting in commonly beneficial liberalization agreements and schedules and effective execution thereof.

## **Required Activities**

- Provide technical assistance to SADC, member states (in cooperation with bilateral missions), and the private sector on a demand-driven basis as they engage in Tripartite negotiations on a broad range of trade issues, including trade in goods and services, investment, trade facilitation, and trade in staple foods.

## **Other Illustrative Activities**

- Provide technical support to SADC and member states in the implementation of an East and Southern Africa FTA under the Tripartite agreement on a demand-driven basis and with the goal of sustainability where appropriate. This could include drafting and monitoring of tariff phase down schedules, developing and harmonizing tools (monitoring mechanisms, software, systems, etc.), and supporting the restructuring of relevant institutions.

### **C.5(b)(1)(i)(C) Sub-IR 1.1.3: Increased Capacity of Member States to Engage in Trade Negotiations and Implement Trade Agreements**

In recent years, SADC countries have engaged in negotiations at the WTO, with the EU on EPAs, and with the U.S. on the U.S.-SACU FTA. Compared to their developed country counterparts, SADC trade negotiators often lack experience and expertise. Additionally, once trade agreements have been negotiated, SADC countries sometimes need assistance to implement certain provisions of those agreements—for example, in the case of the U.S.-SACU Trade, Investment, and Development Cooperative Agreement (TIDCA). SADC countries are also engaged with the African Union’s regional integration agenda, which envisions an African Economic Community by 2025 and emphasizes inter-regional trade and integration on the continent. The private sector has a role to play in trade negotiations as well, and many trade delegations include private sector representatives.

The Trade Hub has helped to prepare member state trade negotiators to engage in trade negotiations on a variety of issues, including trade in services, rules of origin, trade data analysis, and tariff reduction formulas. The Trade Hub became the preferred provider in the region of WTO Trade Facilitation Needs Assessments, which, among other things, help developing countries engage in WTO trade negotiations by determining the resource implications of implementing proposed trade facilitation measures. This activity has been completed; however, partners may request USAID assistance to implement a newly negotiated WTO agreement on trade facilitation. As a regional center of excellence, the Trade Hub is well positioned to serve as a contact point and respond to requests.

Under AGOA, a Congressionally mandated annual AGOA Forum takes place each year, held alternately in an African country and the U.S. In 2011 the Forum may be held in Southern Africa, in which case the SATH would help coordinate USAID’s engagement.

**Goal:** Increased capacity of SADC member states to engage in a variety of trade negotiations and agreements on a regional, bilateral, and multilateral basis, resulting in favorable outcomes

and increased capacity to work as a regional bloc and with countries with similar interests, and to effectively implement those trade agreements.

### **Required Activities**

- Provide regional trade negotiation workshops/trainings in specific areas on a demand-driven basis (such as WTO agreements, Economic Partnership Agreements, and Free Trade Agreements).
- Provide technical assistance on an as-needed basis to support the implementation of the U.S.-SACU TIDCA.
- Provide technical and logistical assistance for the annual AGOA Forum if it takes place in Southern Africa in 2011, and support participation of Southern African civil society and the private sector to attend and participate in the Forum each year, regardless of its location.

### **Other Illustrative Activities**

- Provide technical support to individual member states (in cooperation with bilateral missions) and RECs in trade negotiations on a demand-driven basis.
- Provide technical support to individual member states (in cooperation with bilateral missions) and RECs in the implementation of trade agreements on a demand-driven basis.

### ***C.5(b)(1)(ii) IR 1.2: Improved Trade Facilitation in Transit, Customs, and Other Areas***

This IR has four sub-IRs relating to: A. Improved Performance of Trade Corridors and Transit Systems; B. Streamlined Customs Procedures; C. Increased Investment through Improved Policies and Promotion Efforts; and D. Greater Trade in Services through Improved Policies.

#### **C.5(b)(1)(ii)(A) Sub-IR 1.2.1: Improved Performance of Trade Corridors and Transit Systems**

Southern Africa is endowed with well established historical trade routes or transport corridors. Corridors are systems of physical infrastructure of transportation (by road or rail) that link major ports to their hinterland and to landlocked countries. Corridors carry 50% of SADC port throughput (excluding SA's bulk commodities) and nearly 100% of landlocked countries' exports/imports. Corridors (including their ports) carry more than 20% of intra-regional trade and almost 80% of the region's trade with the rest of the world. Despite efforts to enhance corridor performance, key constraints persist, which limit the corridors' contribution to the region's growth and development, including in the area of food security. There are exceptions, however. The Maputo Development Corridor is an example of a concerted multi-country effort to address such constraints and, moreover, to turn a traditional transport corridor into a development corridor.

Transit systems play a key role in the area of food security. Excessive costs and delays in trading across borders leads to fragmented food markets, contributes to the cost of food to

consumers, and reduces incentives for farmers to adopt more efficient or trade-oriented agricultural technologies. As a result, agricultural markets in Southern Africa are highly fragmented and in some cases completely isolated during certain times of the year. Reducing transport costs and making transit more efficient is necessary to ensure food security in the region. Bulking and storage facilities along corridors—which are frequently lacking—also facilitate the efficient transportation of staple foods.

SADC's Transport, Communications and Meteorology Protocol provide a comprehensive framework for cooperation in all modes of regional transport. It includes all policy, legal, regulatory, institutional, operational, logistical, technical, commercial, administrative and human resource issues related to the region's transport.

The Trade Hub's past corridor work has been focused on three corridors: the Trans Kalahari Corridor (TKC), the Maputo Corridor (MC), and the Dar es Salaam (part of the North-South) Corridor (DC). Work supported has included liaising with and strengthening all three corridor management institutions (CMIs) on technical activities, including the introduction of the Customs System Interface and Connectivity (CSIC) and Corridor Performance Monitoring Systems (CPMS). The Corridor Management Committees (CMCs) of these corridors accepted Trade Hub recommendation that sustainable funding can best be achieved through the user-pay principle. The SATH also facilitated the recruitment and appointment of the Dar Es Salaam Corridor Committee (DCC) Executive Director and helped guide activities of the DCC.

The Trade Hub has supported work in other areas as well. It conducted assessments of experiences in the SADC region of concessioning of railways and ports and assessed the potential impact of the implementation of Yamoussoukro Decision, which is aimed at liberalizing and integrating the African air transport markets.

Future Trade Hub work will continue to support the three trade corridors listed above and possibly expand to others; recently, SADC asked the Trade Hub to support work on the Trans Cunene (Namibia-Angola, Walvis Bay) and Trans Caprivi (Namibia-Zambia-DRC, Walvis Bay) corridors. The Trade Hub will also continue to respond to requests from SADC and other regional trade-related organizations for analytical work and other technical support. Efforts will be taken to improve trade corridor performance specifically in relation to enhance regional food security. Key partners and customers under this component are expected to include: the SADC Transport and Infrastructure Directorate; Corridor Management Institutions and Committees, such as the Maputo Corridor Logistics Initiative (MCLI), Trans-Kalahari Corridor Management Committee (TKCMC), and Dar Corridor Committee (DCC); the Federation of East and Southern African Road Transport Associations (FESARTA); and other relevant private sector associations and businesses. Additionally, DFID's new Trade Mark program focuses substantial resources on trade corridor development, primarily on the North-South Corridor and its eastern spurs. Development of the North South Corridor is a major initiative of the Tripartite Agreement between SADC, COMESA and the EAC.

**Goal:** Improved time, cost, and predictability of transportation along transport corridors and throughout the region.

## **Required Activities**

- Provide technical support for Trans-Kalahari, Maputo, and Dar Es Salaam Corridor development, as well as for other trade corridors as needed, including technical assistance to CMI and Committees on relevant issues, including corridor performance monitoring, sustainable funding of CMIs, and facilitation of dialogue among relevant stakeholders.
- Conduct a regional transport services and logistics needs assessment with an emphasis on the need for the efficient transport of staple foods and other crops to local and regional markets; this study will supplement a Southern Africa AgCLIR assessment, which is planned to be carried out by early in FY 2011. Design a set of activities based on the recommendations of these studies in collaboration with relevant stakeholders, ensuring complementarities with other donor efforts and alignment with SADC priorities.

## **Other Illustrative Activities:**

- Provide technical support regarding other modes of transportation—air, sea, and rail—on a demand-driven basis.
- Promote adoption and implementation of international best practices for transit and transportation systems in SADC.
- Provide technical assistance to support the continued establishment and development of one stop border posts in the region on a demand-driven basis.
- Improve transport corridor efficiency vis-à-vis police stops, weigh bridges, corruption, and other time delays.

### **C.5(b)(1)(ii)(B) Sub-IR 1.2.2: Streamlined Customs Procedures**

Cumbersome customs procedures are identified as a major constraint to trade in the region. Some progress has been achieved, but much more remains to be done. Procedures have to be further improved, including simplification, reduction of unnecessary regulations, enhancement of transparency in customs law and information, and modernization of customs administration. Much of this work is closely intertwined with work on the trade corridors and transit facilitation.

At present, many SADC member countries retain their own specific set of documents and regulations required for goods passing through their borders. This leads to frustration and long delays at borders. SADC member states have agreed to work towards remedying this situation with the development of a matrix of areas to be worked upon and resulting actions to be taken. Focal areas include trade facilitation and customs best practices; capacity building; rules of origin; customs declaration documents; common tariff; NTBs; and one stop border posts. Work is already being undertaken on such aspects as the development of common customs documents, harmonized rules of origin, and reconciliation of templates on product categorization.

The Trade Hub has engaged in a wide range of activities around customs issues. It successfully supported the piloting of a single customs document (the SAD 500) on the Trans Kalahari Corridor, resulting in the adoption of its use by many SADC member states; it is now the sole

customs document for Botswana, Namibia, and South Africa. In collaboration with the World Customs Organization (WCO), it has been the preferred facilitator in the region of Time Release Studies (this work is now complete). It has assisted the Malawian and Tanzanian governments in implementing the RADDex software to facilitate exchanging customs information. Additionally, the Trade Hub has conducted customs gap analyses; drafted and reviewed customs legislation and regulations; produced technical reports and manuals on customs procedures based on international best practices; assisted countries on cargo security issues; undertaken feasibility studies on one-stop border posts; and conducted training for customs officials and the business community to ensure uniform interpretation of laws and regulations.

Similar work will continue under the new Trade Hub contract, much of it on a demand-driven basis. Key partners and customers in this work will include the SADC TIFI Directorate, member states' customs administrations, and private sector associations. It is through fostering capacity in these organizations that this work will become sustainable.

**Goal:** Improved customs procedures that reduce delays and costs to traders, including fostering greater regional cooperation and capacity on rules, systems, and implementation.

#### **Required Activities**

- Provide technical assistance for the development/implementation on a demand-driven basis of: single administrative documents; international standards on efficiency and transparency of customs procedures; WTO customs valuation rules; electronic single windows and pre-clearance procedures; and/or appropriate customs software and technology to facilitate the transfer of customs information between countries, including computerization of the SAD 500 and its processing.

#### **Other Illustrative Activities:**

- Conduct a regional customs reform needs assessment and design a set of activities based on its recommendations in collaboration with relevant stakeholders, ensuring complementarities with other donor efforts and alignment with SADC priorities.
- Conduct training events for customs and trade officials and the private sector.
- Provide technical support to SADC member countries (in cooperation with bilateral missions) on a demand-driven basis on analyses, legislation and regulations, and customs procedures.
- Provide technical assistance for follow-up action on diagnostics of customs clearance processes.
- Provide technical assistance for the implementation of the U.S.-SACU TIDCA through provision of technical assistance and training on customs (and possibly other trade facilitation) issues.

### **C.5(b)(1)(ii)(C) Sub-IR 1.2.3: Increased Investment through Improved Policies and Promotion Efforts**

Investment, including bringing new technologies from abroad, is the primary driver of economic growth in developing countries. However, poor countries have a difficult time attracting



investment—from both local residents and international companies—for a wide variety of interrelated reasons, including uncertainty, real and perceived risks, lack of identified opportunities, small markets and low demand, unclear or inadequate regulation, weak legal and financial institutions, poor infrastructure and utilities, inadequate or high costs of business services, and low skill levels. Local investment is vital, as it is the primary source of capital for most countries. International investment can bring technology transfer, and studies show that foreign firms are more likely than local firms to export. Recently, some forms of international investment have been raising questions, namely investment in Africa by China and other emerging market economies. This is due, at least in part, to questionable labor and environmental practices and non-transparent agreements between countries.

Regional integration in SADC is expected to have a positive impact on investment into the region due to the creation of larger markets. However, if integration is to make a substantive impact on investment, it must address some of the other issues listed above as well. Many of these are best addressed at a national level, but some lend themselves to regional work, including a regional investment policy. SADC is in the process of articulating its investment policy: the Protocol on Finance and Investment has been signed, but as of October 2009, has not yet been officially released by the SADC Secretariat for public perusal.

To date, the Trade Hub has engaged in a small amount of work in investment in the energy sector (see IR 1.4) and at the policy level, producing investor roadmaps at the request of the governments of Namibia and Swaziland. It followed up this work with prioritization matrices and, for Swaziland, an investor guide and foreign investment process improvement workshop. Future Trade Hub work in investment policy and promotion will generally be demand-driven. Opportunities to increase investment that boosts demand for and productivity of staple foods maybe sought. Key partners will likely include the TIFI Directorate of SADC, national investment promotion agencies, and the private sector.

**Goal:** Increased investment from within the region and international sources and adherence to appropriate practices in FDI.

### **Illustrative Activities**

- Conduct a regional investment policy and promotion needs assessment and design a set of activities based on its recommendations in collaboration with relevant stakeholders, ensuring complementarities with other donor efforts and alignment with SADC priorities; including looking at ways in which investment can help to boost demand for and supply of staple foods and agricultural productivity.
- Provide technical assistance to SADC on a regional investment policy.
- Provide technical support in response to country-specific requests (in cooperation with bilateral missions) with technical assistance on issues such as investment policy reform and implementation of investor roadmap studies.
- Provide information and technical assistance to American and other international firms to facilitate investment in Southern Africa.
- Establish a regional Center of Excellence—within the Trade Hub or in partnership with an appropriate regional actor—in foreign direct investment through the development of regionally-relevant, practical tools based on established best practices. Provide technical

support to governments on these tools and other essential policy issues. Host investor forums and investment missions throughout the region and provide matchmaking services for investors and investment promotion authorities. Promote appropriate labor, environmental, and other standards.

#### **C.5(b)(1)(ii)(D) Sub-IR 1.2.4: Greater Trade in Services through Improved Policies**

Trade in goods has often been the focus for academics and policy-makers, as trade in services present many complex issues. In domestic economies, however, services usually make up more than 50% of the GDP. In 1999, services were the largest contributor of SADC GDP at 48.6 percent. For the past two decades, world trade in services has grown faster than world trade in goods. Over half of all FDI flows are linked to services. Key producer services, notably telecommunications and financial services, have been shown to be closely linked with economic growth. Countries involved in international production networks require adequately developed services sectors.

Many aspects of services liberalization will have to take place at the national level, and much progress has already been made in this regard in the financial, telecommunications, and transport sectors. At the regional level, a first step is harmonization, and much has been done in SADC, including a SADC Draft Protocol on Trade in Services adopted in 2007.

The Trade Hub has responded to requests for support in trade in services, including the development of liberalization strategies, review of legislation, and workshops in trade in services for trade negotiators. Future work will be driven by requests and conducted in collaboration with key stakeholders, including SADC, member state governments, and the private sector.

**Goal:** Increased trade flows in the services sector and increased capacity of SADC and other relevant institutions to engage in trade in services issues in accordance with current frameworks and commitments .

#### **Illustrative Activities**

- Conduct a regional trade in services needs assessment and design a set of activities based on its recommendations in collaboration with relevant stakeholders, ensuring complementarities with other donor efforts and alignment with SADC priorities.
- Provide technical assistance on trade in services to SADC and member states (in cooperation with bilateral missions).
- Provide technical assistance to SADC through technical advisors in the areas of transport, finance, and energy (see relevant components).

#### ***C.5(b)(1)(iii) IR 1.3: Alignment of Regional Agricultural and Other Standards with International Standards***

A prerequisite for greater economic integration and food security in the SADC region is the harmonization of member countries' standards and technical regulations, which will facilitate the movement of goods in the region. In the area of food security, harmonization of regional

agricultural standards, including sanitary and phytosanitary (SPS) measures, will increase flows of staple foods. Further, adoption and implementation of international agricultural and other standards can help to boost demand, stimulating production. Generally, Southern African countries face increasing constraints in exporting products to European and U.S. markets due to ever-growing food safety and quality standards that result both from compulsory public regulatory systems—encompassing issues like SPS standards—and market-driven voluntary standards around issues of quality, food safety, and environmental and social standards.

SADC countries have embarked on technical regulatory and standards reforms to eliminate these problems and to align their development of technical regulations with the requirements of the World Trade Organization (WTO) and the work of international standards-setting bodies. These reforms are also expected to assist member countries to have a competitive edge on trade relations and ensure the accrual of gains from trade liberation initiatives.

In an attempt to support efforts to facilitate trade and eliminate unnecessary barriers, SADC believes that it is important to strengthen current regional standards, including issues around quality assurance, testing, and accreditation. The aim is to establish common principles for technical regulatory reform that can lead to deeper regional trade integration within the SADC region.

The Trade Hub collaborated with the FANR Directorate of SADC, the USDA, bilateral missions, the EU, and DFID to facilitate the formal adoption of the SPS Annex to the SADC Protocol on Trade. It has also worked with national government agencies on standards regulation and agricultural pest-related issues. Future Trade Hub work is intended to contribute significantly to the facilitation of the movement of staple foods and inputs throughout the region, as well as to trade in other goods. This work will require working with the above organizations as well as the TIFI Directorate in SADC on broader standards issues, national government agencies, and the private sector. Given that much of this work is agricultural in nature, it will be a part of GHFSI and coordinated appropriately.

**Goal:** Alignment of regional agricultural and other standards with international standards and best practices thereby facilitating increased international exports and smoother intra-regional flow of agricultural and other goods.

#### **Required Activities**

- Provide technical and capacity building support to SADC on the harmonization of regional standards, including SPS and other agricultural requirements and the use of international standards.
- Provide technical support throughout the region on a demand-driven basis on agricultural and other standards and policy issues through workshops, trainings, and/or analytical work.

#### **Other Illustrative Activities**

- Conduct a regional needs assessment of agricultural and other standards and design a set of activities based on its recommendations in collaboration with relevant stakeholders, ensuring complementarities with other donor efforts and alignment with SADC priorities.

- Conduct an assessment of private sector standard setting and its implications for key sectors.
- Provide technical assistance for the implementation of the U.S.-SACU TIDCA through provision of technical assistance and training on standards and other technical barriers to trade.

***C.5(b)(1)(iv) IR 1.4: Strengthened Regional Capacity for Energy Sector Planning and Cooperation***

As a result of rapid growth, diminishing excess capacity, and lack of significant investments in new generation and transmission capacity, the Southern Africa region experienced a severe power shortage in 2008. Despite the decreased demand and temporary relief provided by the global recession, the Southern Africa region remains in need of additional generation capacity to meet the growth in electricity demand over the medium- to long-term. While the key market for new power will remain South Africa, other countries in Southern and East Africa will also need to address increased local demand. The potential for sales in and to regional countries have become increasingly attractive, but these require policy definition and agreements on how such transactions will work. Dramatically increased electricity tariffs (from a base well-below world averages) announced by Eskom in late 2009 will increase demand for new generation sources. Set against a backdrop of increasing sensitivity to global climate change, alternative energy sources and independent power producers will likely play a larger role in Southern Africa's historically coal-dominated energy sector.

The SADC Energy Strategy provides the broad framework and support for member states to promote regional integration; consolidate reforms of the energy sector; and restructure the electricity supply industry in order to create an enabling environment for private sector investment.

Past Trade Hub work in the energy sector has included providing training in energy-related policy and regulatory practices; facilitation of large power generation agreements in Mozambique and Botswana through provision of technical assistance in late stage financial transactions; technical support to the Regional Electricity Regulators Association of Southern Africa (RERA) to remove impediments to investment in the energy sector through improved regulation and transparency, including a regional licensing framework for trans-boundary projects and an annual tariff publication; and technical assistance in response to specific requests from the governments of Swaziland (road map for an energy regulatory authority and capacity building of the newly appointed regulator), Botswana (drafting of a national energy policy), and Mozambique (developing a framework agreement on independent power producers). USAID has also provided substantial support to the Southern Africa Power Pool (SAPP) when it was first established.

Energy work under the new Trade Hub contract will not include technical assistance in late stage transactions (this function will move to a central mechanism based at USAID headquarters), but will build upon regulatory and institutional work. Increased cooperation in clean energy will be prioritized. Key partners are expected to include RERA, SAPP, the Africa Utility Regulators Association (AFUR), SADC (TIFI and I and S), member state governments, the SADC

International Cooperating Partners Energy Thematic Group, private sector associations, and the USAID/Washington African Infrastructure Program, which is also partly coordinated out of USAID/Southern Africa.

**Goal:** Strengthened SADC regional energy cooperation, policy harmonization, and institutional capacity that will ensure the availability of sufficient, least-cost energy services and promote private sector development and environmental sustainability.

#### **Required Activities**

- Provide technical support through training and other demand-driven assistance to SADC, RERA, SAPP, AFUR, and SADC member countries (in cooperation with bilateral missions).
- Support the energy planning process in the SADC region.

#### **Illustrative Activities**

- Conduct a regional energy needs assessment and design a set of activities based on its recommendations and collaboration with relevant stakeholders, ensuring complementarities with other donor efforts and alignment with SADC priorities.
- Provide technical support in the development of policies and regulation of independent power production.
- Provide capacity building support for nascent energy regulators in Southern Africa.
- Provide support for the development national energy strategies.
- Establish a working relationship/collaboration with other USAID-funded energy programs that can provide support to the SATH activities.
- Develop a regional licensing framework for trans-boundary electricity projects.

#### C.5(b)(2) Objective 2: Increased Trade Capacity of Regional Value Chains

**Objective 2 encompasses Intermediate Results (IRs) covering New Trade Linkages Established and Greater Competitiveness in Staple Foods and Other Strategic Value Chains, Enhanced Private Sector Capacity to Comply with Regional and International Market Standards, Including Agricultural Standards, Increased Use and Availability of Financial Products and Services for Trade and Investment, and Increased Use of Trade-Related ICT Products. Information on goals and activities for these IRs and sub-IRs are set forth below.**

#### *C.5(b)(2)(i) IR 2.1: New Trade Linkages Established and Greater Competitiveness in Staple Foods and Other Strategic Value Chains*

Southern African economies are largely undiversified, heavily reliant on agriculture and/or other commodities. Much intra-regional trade is in primary products. Despite this reliance on agriculture, food insecurity persists throughout the region, and reducing hunger will require comprehensive efforts in food production and trade. Additionally, there is consensus that, in order to grow, the region must diversify and add-value through manufacturing and higher value services. This imperative has both a policy/institutional component (discussed under Objective 1) and a value-chain/firm-level component.

Southern African firms tend to be small and unsophisticated. They generally lack the ability to produce products at sufficient quality and quantity or reliably enough to export regionally or internationally. Even when this is not the case, they lack the information, market sophistication, and contacts to begin exporting. The small size of firms in the manufacturing sector may contribute to low levels of manufactured exports, as there is some evidence that small manufacturing firms (less than 100 employees) are less able to export than larger firms.

South African firms dominate intra-regional and inter-regional trade, representing approximately \$10 billion of the \$15 billion in intra-regional exports in 2006. There are, however, some value-added sectors in which other countries are regional exporters, including (but not limited to) apparel, specialty and confectionary foods, electrical equipment, machinery, pharmaceuticals, and retail trade. This is to say that there is an existing supply-side base for increased intra-regional trade.

Agriculture plays a key role in the region. Approximately 70 percent of people in SADC depend on agriculture for income, employment, or household consumption. Agriculture is a dominant source of exports in many countries, on average contributing 13 percent to total export earnings and about 66 percent to the value of intra-regional trade. Production of staple foods is dominated by smallholder farmers, who generally do not have access to improved technologies, risk-hedging instruments, or large markets. Variable weather conditions and other factors mean that output in any given country fluctuates, leading to food shortages in some areas, with simultaneous surpluses in other areas.

The Global Hunger and Food Security Initiative (GHFSI) aims to improve intra-regional trade in staple foods. This will permit countries and areas within countries to take advantage of regional diversity and different harvest periods for the same and/or substitute crops and livestock products, moving staple foods from surplus to deficit areas. Reliable access by the private sector to larger, multi-country, and more predictable markets will create incentives for important investments in storage systems, market information systems, improved supply networks, and other systems that stimulate productivity. This will in turn increase the reliability of food supplies, buffer fluctuations across seasons and years, reduce dependence on imports from outside of the region, and accelerate agricultural growth.

To date, the Trade Hub has provided technical assistance to regional businesses and clusters to produce, market, and export competitive products. Work has been primarily in the exportable agriculture, specialty foods, and textiles and apparel sub-sectors. In the last two years of its operations, the Trade Hub has seen a dramatic increase in exports and new business linkages by supported firms, from \$8 million in the first three years to \$19 million in Year 4 and \$42 million in Year 5. These were generated through support to pavilions at large industry trade shows, business-to-business events, and targeted matchmaking support. Such activities raised the credibility and positioning of Southern Africa as a place to do business; provided a venue for Southern Africa firms and industry representatives to establish market contacts and engage influential buyers and investors in key markets; and helped Southern African firms translate market contacts into deals. The major trade shows attended were the MAGIC (apparel) show in Las Vegas and the Fancy Food Show in New York, where the Trade Hub, along with other

partners from the continent, established the African Pavilion and the effective “Source Africa” and “Taste of Africa” brands. In 2006 the Trade Hub launched the African Textile and Apparel Business to Business Event (B2B), designed to promote regional and international exports and regional integration in textiles, apparel, and trim products.

The Trade Hub has provided regional textile and apparel market linkage services, serving as a sourcing information resource for buyers/retailers/sourcing houses looking for qualified apparel manufacturers to fill specific needs/orders; garment manufacturers looking to outsource production or identify suppliers of fabric and trims; and fabric manufacturers looking for new customers. It has also provided support to Southern African companies looking for information on ways to access the U.S. market through AGOA. The Trade Hub has also worked in regional value chains, notably honey in Zambia and Swaziland.

Work under the new Trade Hub contract will seek to build upon and expand these successes, including a significant expansion of work in the area of staple food trade and food security. USAID/Southern Africa would like to continue its high-impact matchmaking and trade show work while replacing some of its lower-impact firm-to-export-market support with a broader and deeper regional value chain approach, including in the area of staple foods. It is hoped that a more systematic approach would have larger developmental impacts (food security, job creation, competitiveness, investment, etc.). Such work would require working in the staple foods value chain and identifying other high-potential regional value chains and engaging firms that are currently exporting or that are export-ready. The Contractor would need to develop criteria for value-chain and firm selection. This work would also require engaging regional private sector organizations. These might include the Association of SADC Chambers of Commerce and Industry (ASCCI), the Federation of East and Southern African Road Transport Associations (FESARTA), the Mining Industry Associations of Southern Africa (MIASA), the Southern African Confederation of Agricultural Unions (SACAU), SADC Bankers Association (SBA), and SADC Employers Group (SEG). American Chambers of Commerce are also quite active in some Southern African countries. It will also involve looking at key support services—such as finance, transport, ICT, and other business services—and working with providers of those services along the value chain, with potential spillover into other sectors. As with the other components described in this SOW, this work would need to be coordinated with other USAID projects, donors, and other relevant organizations. In particular, certain work—for example trade show visits or use of the “Source Africa” brand—would likely be done in conjunction with the USAID East and Central Africa and West Africa Trade Hubs. Coordination with other GHFSI programs will also be needed.

**Goal:** Increased intra-regional and international exports, greater regional food security, and a higher profile of Southern African businesses internationally through more competitive regional value chains and businesses—including support services—in staple foods and other high-impact sectors.

## Required Activities

- Conduct a diagnostic to determine two high-potential regional value chains that, along with staple foods, will be the focus of trade promotion activities; also look at needed support services, such as finance, transport, and ICT. Develop criteria for value chain selection based both on feasibility (e.g., demand in potential regional and/or international export markets, export readiness, etc.) and development impact (e.g., job creation, technology transfer, spillover effects, etc.). Consider the implications for women versus men of work in different value chains. Design a regional value-chain program for these three value chains based on the conclusions of the diagnostic. Work with relevant partners, including regional business associations, to achieve buy-in and ownership. Develop a technical approach that fosters long-term sustainability, possibly including cost-sharing and work with local business service providers.
- Provide support to regional firms through trade shows, business to business events, and other services linking businesses to export markets. Develop new marketing and matchmaking strategies, possibly in conjunction with the USAID East and Central Africa and West Africa Trade Hubs.
- Act as a center of information for local firms on accessing U.S. markets through AGOA and other international markets, as well as for U.S. and international importers and distributors in sourcing goods and services from Southern Africa.

## Other Illustrative Activities

- Conduct scoping exercises to identify export-ready or near export-ready firms in identified value chains or for quick matchmaking opportunities.
- Provide trainings on a range of export issues, including AGOA and other preference programs, on a demand-driven basis.
- Provide technical assistance to regional business associations to provide services to their members to access and expand market presence and/or engage more effectively with the public sector.

### ***C.5(b)(2)(ii) IR 2.2: Enhanced Private Sector Capacity to Comply with Regional and International Market Standards, Including Agricultural Standards***

The flow of staple foods and inputs in Southern Africa is constrained by inadequate private sector understanding of differing country standards throughout the region. Additionally, Southern African countries face increasing constraints in exporting products to European and U.S. markets due to ever-growing safety and quality standards that result both from compulsory public regulatory systems—encompassing issues like SPS standards—and market-driven voluntary standards around issues of quality, food safety, and environmental and social standards. While these standards are a constraint, they also provide opportunities for firms to differentiate their products. Meeting these standards is a challenge for most Southern African firms: there is a multitude of different standards schemes and these standards are constantly evolving. This requires producers to have ongoing access to information about private standards requirements and continuously make investments in infrastructure and systems to meet the required demands.



The Trade Hub has engaged in a limited range of activities dealing with private sector compliance with standards, including support to individual businesses to meet export standards requirements, facilitation of regional agricultural policy/SPS workshops, training of food safety trainers, and trainings on requirements for agricultural exports. Some of this work has been conducted in cooperation with the U.S. Department of Agriculture through a Participating Agency Service Agreement. This work will continue, with considerable focus on the ability of firms to comply with regional and international agricultural standards. Engagement of other key supporters of the private sector will be necessary, including associations, national governments (business and export promotion agencies), and SADC. It is hoped that, through working with these organizations, such support to the private sector can be institutionalized locally and made sustainable. Because of the strong agricultural aspect of this component, GHFSI funding will likely be used and coordination with other GHFSI programs will be required.

**Goal:** Better private sector understanding of and ability to comply with agricultural and other market standards, including the increased ability of local institutions to provide standards-related support to businesses.

#### **Required Activities**

- Provide technical support at all levels of selected value chains (firms, associations, etc.) on agricultural and other market standards through trainings, workshops, and/or local business services providers, on a demand-driven basis.

#### **Other Illustrative Activities**

- Once regional value chains are selected, conduct an agricultural and other market standards needs assessment and design a set of activities based on its recommendations in collaboration with relevant stakeholders.
- Provide technical assistance for the implementation of the U.S.-SACU TIDCA through provision of technical assistance and training on TBTs, specifically standards.

#### ***C.5(b)(2)(iii) IR 2.3: Increased Use and Availability of Financial Products and Services for Trade and Investment***

Many countries within Southern Africa are insufficiently served with financial products and services as a result of both demand- and supply-side constraints, as well as regulatory shortcomings. In many cases, financial institutions do not provide products oriented toward SMEs and emerging industries, while businesses lack the systems that banks are looking for in loan recipients or knowledge on how to frame financial proposals. Underdeveloped regulatory frameworks create legal uncertainties and do not facilitate the exchange of information desired by both lenders and borrowers. In particular, lack of trade finance in the region reduces opportunities to export, including in the staple foods sector. Trade credit and asset finance are not readily available, even to export-ready businesses, and trade insurance products are expensive and fragmented, resulting in high financial risk management costs. Volatile regional currencies—particularly the South African Rand—also increase trade risk, and appropriate hedging instruments are not easily available to all traders. Notably, in the Regional Business Climate Survey 2008 by the Association of SADC Chambers of Commerce and Industry

(ASCCI), exchange rate fluctuation was identified as the third-most important obstacle to doing business in the region.

The launch of the Making Finance Work for Africa initiative by the World Bank has energized work in African finance at the levels of both large-scale development finance and grassroots micro-, small-, and medium-enterprise finance. The initiative provides an extensive agenda for potential work on financial sector development in Africa should resources be made available. With support from USAID/Washington, the Trade Hub has made small contributions to the regional work on the Making Finance Work for Africa initiative and responded to requests from the Central Bank of Angola and the Government of Botswana for short-term technical assistance. It has also supported Women in Finance, a regional NGO.

New SATH activities will focus on increasing trade-related finance in the value chains identified in IR 2.1. Such assistance will boost trade in staple foods and other selected products and, ideally, create spillover effects into other sectors. Trade-related finance may encompass trade credit, asset finance, warehouse receipt systems, commodity exchanges, and financial risk management instruments, including regional insurance products, foreign exchange hedging tools, and customs bond schemes (dependant on progress in customs rules harmonization and successful implementation of pilot projects). This work will likely require engaging financial institutions directly as well as looking at value-chain finance. Support for agriculture and agriculture-related finance will need to be conducted in collaboration with other GHFSI partners.

**Goal:** Increased use and availability of financial products for trade and investment in staple foods and other selected value chains, resulting in greater value of trade-related finance and increased use of trade-related financial risk management instruments.

### **Required Activities**

- Work with financial institutions and/or value chain actors to expand trade-related finance—potentially encompassing trade credit, asset finance, warehouse receipt systems, commodity exchanges, and risk management instruments—for staple foods and other strategic value chains described under IR 2.1, possibly utilizing a DCA guarantee.
- Work with selected value chains and financial institutions to promote trade-related investment.
- Work on financial infrastructure development to strengthen the regional enabling environment for financial intermediation in support of trade and investment in the economic infrastructure for trade, including central banking, the legal and regulatory environment for financial services, financial market oversight and supervision, and/or financial market infrastructure such as credit information bureaus, leasing, real estate market development, property valuation, fixed and movable property and collateral registries, mobile financial services, and debt and equity capital markets.

### **Other Illustrative Activities**

- Conduct a regional financial sector needs assessment and design a set of activities based on its recommendations in collaboration with relevant stakeholders, ensuring complementarities with other donor efforts and alignment with SADC priorities.

- Collaborate with the Partnership for Making Finance Work for Africa Secretariat in Tunis and with participating donors to implement the Paris Declaration on Aid Effectiveness through coordination of programs and activities.
- Provide technical support on a demand-driven basis to national governments (in cooperation with bilateral missions) and other regional stakeholders on trade-related financial services and policies.
- Expand access to core financial sector training, including for risk management, accounting and financial management, and market supervision, building regional training capacity through universities and other public and private training institutions.
- Collaborate with the financial sector leads in the East and Central and West African Trade Hubs to leverage expertise and activities to foster regional development and harmonization on best practices across Sub-Saharan Africa.

***C.5(b)(2)(iv) IR 2.4: Increased Use and Availability of Trade-Related ICT Products***

Improving information and communication technology (ICT) is both a means and an end of regional integration and a key aspect of increasing trade. ICT systems enable rapid dissemination of pricing and other market information to a greater number of economic actors, promote broader market participation, enlarge market size, facilitate the exchange of new ideas and technologies, and play a critical role in trade in services, including in the area of food security and trade in staple foods and inputs. Though mobile phone and internet use has increased rapidly in Africa, it still lags behind other parts of the world. The SADC region faces a number of constraints in the ICT sector, including a lack of infrastructure, differing regulations between member countries, unfriendly policies, lack of competition and anti-competitive practices, low human capacity, and little dynamism within the sector. The result of this is high ICT costs and limited access. The recent completion of the SEACOM submarine fiber-optic cable is hoped to ameliorate some of these issues in regard to broadband internet access.

The adoption of ICT within SADC is mainly guided by the SADC Protocol on Transport, Communications and Meteorology, the SADC ICT Declaration, and the Regional Indicative Strategic Development Plan (RISDP), where ICT has been singled out as an enabling tool for socio-economic development and regional integration. More recently, the e-SADC Initiative was launched in October 2009, which promotes regional harmonization and capacity building in the ICT sector.

USAID/Southern Africa recognizes the importance of ICT services in food security and regional value-chain development, and would like to see the SATH engage more directly on this issue. As with the finance component, it is expected that work on ICT services in identified value chains will impact the availability of such services in other economic sectors. Key partners for this activity will be value-chain actors and ICT service providers.

**Goal:** Increased use and availability of appropriate trade-related ICT products in the staple foods sector and other selected value-chains.

**Illustrative Activities**

- Conduct a regional trade-related communications services needs assessment in the staple foods sector and other selected value chains and design a set of activities based on its recommendations in collaboration with relevant stakeholders, ensuring complementarities with other donor efforts and alignment with SADC priorities.
- Promote the development of innovative ICT products and services that will lead to increased trade information flows.

## **C.6. REPORTS AND DELIVERABLES:**

The following reports and plans are required. All costs directly associated with producing the reports and plans specified in Sub-sections C.6(a), C.6(b), C.6(e) and C.6(f) will be billed to CLINs 0001 or 0004, Management and Administrative, described in C.5(a) above, as appropriate. In addition, the reports, plans and other deliverables required under the Contract are subject to the deadlines specified in Section F.7, or in the case of *ad hoc* reports specified in C.6(c) below, deadlines provided by the COTR (referenced in Section G.3). The Contractor shall submit to the COTR three (3) hard copies and an electronic copy (in PDF format) in English of all reports, strategies and studies completed during the course of implementation within two weeks of their completion, with the exception of Trip Reports.

### *C.6.a Monitoring and Evaluation Plan*

The Contractor, with support from USAID as needed, will develop a monitoring and evaluation plan (M&E Plan) that supports USAID's Performance Management Plan (PMP) consistent with the schedule set forth in Section F.7(a) below. The Contractor's M&E Plan should contain the relevant PMP standard and custom indicators as well as annual performance targets that support USAID's Operational Plan (OP) objectives, program areas, and elements (see Attachment No. 1 for the SATH PMP).

USAID/Southern Africa anticipates that additional indicators will be required under the trade program that follows the African Growth and Competitiveness Initiative and under GHFSI, as well. The Contractor's monitoring and evaluation plans should contain direct and applicable references to the USAID Operational Plan components that will be provided by the Contracting Officer's Technical Representative. The M&E Plan will be done on an annual basis.

### *C.6.b Annual Work Plan*

The Contractor shall develop an annual work plan to be approved in content and format by the COTR of USAID consistent with the schedule set forth in Section F.7(b) below. The work plan shall list activities grouped according to the activity categories and expected results defined above. The following shall be indicated for each activity:

- Anticipated start and end dates.
- Anticipated life-of-activity funding.
- Principal Contractor implementing personnel.
- Performance indicator(s).
- Baselines for each performance indicator.

- Disaggregated reporting by sex where applicable.

The annual work plan shall then describe in narrative form the activity rationale (i.e. the development hypothesis) and expected outputs. It shall include a discussion of relationships to other Contractor activities and to activities performed by others that are necessary for the accomplishment of higher level results, if any. It shall also include a discussion of how crosscutting areas are to be addressed.

#### *C.6.c Activity Reports, Strategies, and Studies*

The Contractor shall submit additional reports, studies, and analyses as required for particular activities as identified and approved through the annual work plan process. In addition, the Contractor may be requested to submit documents and information to USAID/Southern Africa or USAID/Washington on an *ad hoc*, but urgent basis, based on the needs of the Agency and the Africa Bureau. The due dates for these deliverables will be established in the work plan (or written modification thereto) or, in the case of an emergency *ad hoc* report, by the COTR in writing.

#### *C.6.d Trip Reports*

Trip reports are required on the schedule set forth in Section F.7(d). Timeliness is critical for trip reports, as USAID will immediately circulate them to embassies and USAID bilateral missions to keep them informed of program progress in their countries. Trip reports shall be concise, stating the purpose of the trip, key issues addressed, outcomes, recommendations, and next steps. Organize each trip report around key issues, and not as a chronological account of each meeting. Include key contact information as an attachment, along with any pertinent other information, depending on context (photographs, schedules, presentations). Separate sensitive information from the main body of the report, and mark appropriately. Specific formatting shall be developed in consultation with the COTR.

#### *C.6.e Quarterly Progress Reports*

The Contractor will prepare and submit quarterly reports to USAID/Southern Africa and the Africa Bureau in USAID/Washington consistent with the schedule set forth in Section F.7(e) below. Quarterly reports will summarize progress in relation to agreed upon milestones contained in the Annual Work Plan and will specify any problems encountered and indicate resolutions or proposed corrective actions. For each action, the Contractor will designate responsible parties and establish a timeframe for completion. The report will list activities proposed for the next quarter, noting where they deviate from the approved Annual Plan and explaining why. Progress reports should include financial information highlighting accurate pipeline levels and accurate expenses.

#### *C.6.f Quarterly Financial Reports and Accruals*

Financial reports are required on the timeline specified in Section F.7(f) below. These reports will only be considered delivered when accepted by the COTR as containing the information required.

The financial report will show, for the contract and each subcontract, cost to date, the budget estimate for the upcoming quarter, variations from previous estimates (should be highlighted on any spreadsheets and should be addressed in a narrative if significant) and the estimated cost to complete. Actual cost information shall be submitted in the format of the budgets submitted in the Contractor's cost proposal. The Contractor will track the level of funding available and utilized for sub-grants and the level of funding available and utilized for administrative support and oversight.

The financial report format will be determined by the COTR after consultations with the Contractor, except as specified above. Specifically, the report should contain at a minimum the following information:

- Total funds committed to date by USAID into the Contract.
- Total funds expended by the Contractor to date, including a breakdown to the budget categories provided in the Contractor's cost proposal, with additional detail to be provided upon request by the COTR.
- Pipeline (committed funds minus expended funds)
- Funds and time remaining in the Award
- Breakdown of expenditures by type of funding

The Contractor will also provide statements of accrued expenditures on a quarterly basis to the COTR based on the schedule specified in Section F.7(f) below.

#### *C.6.g Annual Report*

The Contractor will submit an annual report covering activities of the previous fiscal year based on the Schedule in Section F.7(g) below. These reports will provide a succinct presentation of Contractor achievement of results, milestones and targets in the previous year, with supporting discussion as warranted, including as necessary explanation of any shortfalls. These reports will summarize progress, highlight success stories, provide an analysis of impact based on activities completed or in progress, and suggest resolution of any outstanding issues. USAID/Washington Africa Bureau's Communications Officer and AFR/SD's Knowledge Sharing and Analysis contractors will be copied on annual reports.

#### *C.6.h Submission of Geospatial Data*

USAID is required to make non-proprietary geospatial data available to the public. Therefore, where appropriate, geospatial data may be required under this contract. Such data will be electronically submitted to the COTR within the time frame set forth in Section F.7.h. Data shall be consistent with U.S. Federal Geographic Data Committee (FGDC) level 1 metadata standards. USAID is in the process of developing standards and protocols for geospatial related activities. The Contractor will be provided a copy of these once they are developed, and will be required to abide by them.

#### *C.6.i Websites, Virtual Media, and Software*

All websites, virtual media and software produced with the financial resources of this contract are the property of the U.S. Government and shall be used for public purposes as approved by USAID. The Contractor will provide DVDs with all websites, virtual media, software, and associated training manuals produced during the course of this contract within the time frame specified in Section F.6.i.