

AID-FOR-TRADE CASE STORY

BOTSWANA

Trade Facilitation (33120): Customs Modernization and Trade Facilitation towards the SADC Customs Union Project

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Region: Southern African Development Community Region

Country: Botswana

Type: Project

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EXECUTIVE SUMMARY

The Customs Modernization and Trade Facilitation towards a SADC Customs Union was a regional trade-related technical assistance (TRTA) projects which the European Commission (EC) has supported the SADC region under the 9th European Development Fund (EDF).

ISSUES ADDRESSED

The project had the following seven key results areas:

- (a) Establishment of the Legal and Institutional Framework for the SADC Customs Union;
- (b) Adoption of a Common External Tariff for the SADC region;
- (c) Establishment of a Wide Area Network (WAN) for SADC Customs Administrations;
- (d) Establishment of a region-wide SADC Customs training network;
- (e) Establishment and implementation of an effective Regional Transit Management System;
- (f) Establishment of a functioning framework of cooperative and collaborative mechanism at the regional and national levels; and
- (g) Development of Regional and National Strategies for Customs modernization.

OBJECTIVES PURSUED

The overall objective of the project was to contribute to the economic integration of SADC Member States into the world economy and to increase economic growth through increased trade, thus contributing to poverty reduction in the region. The purpose was to support closer regional economic integration and harmonization of Customs legislation and procedures, including improved transit flows, and to prepare for a smooth transition to a SADC Customs Union by 2010.

PROJECTS AND PROGRAMMES: DESIGN AND IMPLEMENTATION

The SADC Secretariat was the implementing agency of the Customs project. The duration of the project implementation was three years from September 2007 to September 2010. The total operational budget of the project was €11.8 million. The target groups included staff of the TIFI Directorate of the SADC Secretariat, Customs Administrations of the SADC Member States and other public and private sector stakeholders.

PROBLEMS ENCOUNTERED

Although the Financing Agreement was signed by the SADC and EU on 27 April 2006, it took more than one and a half years to launch the project because there were many administrative and procedural delays in starting the implementation of the project. The project team only joined the SADC Secretariat in September 2007.

FACTORS FOR SUCCESS / FAILURE

- (a) Turnover of Team Leaders – the Project had effectively had 5 team leaders during its existence
- (b) Team effectively reduced to 5 Key Experts for a total of approx 18 months of Project due to delay in replacing team leader and termination of ICT Key Expert after Mid-Term Review
- (c) SADC approval procedure up until last quarter of 2009. The situation improved considerably after the introduction of quarterly approvals and decentralization of financial administration
- (d) Accommodation and administration – lack of suitable office space for the first two years.
- (e) SADC Customs Unit: total change of staff in the three years of the Project
- (f) Insufficient project support staffing – both admin and financial.

RESULTS ACHIEVED

The following were the key achievements based on six result areas

6.1.KRA 1: Legal and Institutional Framework

- (a) SADC Customs Legislative Framework with provisions that incorporate International “Best Practices” with specific focus on Revised Kyoto Convention completed
- (b) Technical assistance missions to 4 MS (Angola, Botswana, DRC, Malawi) for alignment of their Customs laws with International Best Practices.
- (c) Study on the Legal Administrative and Institutional Framework completed

6.2.KRA 2: Common External Tariff

- (a) Updating of Common Tariff Nomenclature completed
- (b) Updating of Product Categorization completed
- (c) Study on Optimum Option for a Customs Union Common External Tariff completed and follow up study on Seychelles completed

6.3.KRA3: ICT

- (a) Transit application User Requirement Specification developed
- (b) Detailed Functional Specification developed for Transit Application
- (c) Transit Tracking prototype developed
- (d) Data Schema, Data Dictionary and Data Entities developed
- (e) SADC Customs Website developed with SADC IT Unit

6.4.KRA 4: Capacity Building

- (a) Gap and Training Needs Analyses conducted across all SADC Member States
- (b) HR Gap Analysis and 5-year regional HR strategy developed
- (c) Design and implementation of 5-year SADC Customs Training Strategy and 3-year Training Programme
- (d) Inaugural regional Capacity Building Conference for improved communication, networking and co-ordination of Customs Capacity Building initiatives. Attended by various regional and international stakeholders such as AU, REC's, World Customs Organization, academia and Private Sector representatives, generating spin off activities especially with WCO.
- (e) Design and delivery of 12 training events to 210 delegates.
- (f) Review of 13 training modules. Design and delivery of 2 further modules
- (g) Creation and implementation of monitoring and evaluation tools for CB activities
- (h) Study to assess feasibility of accrediting SADC trainers and training material/programmes completed.
- (i) Development of an E-Learning pilot with WCO with potential for future global implementation

6.5.KRA 5: Transit

- (a) Legal instruments comprising common law and documentation, enforcement and facilitation arrangements, single bond guarantee agreement and risk management criteria in place.
- (b) User Handbooks developed for Customs and Private sector users
- (c) Training on TMS delivered to Customs and Private Sector trainers and technicians
- (d) All documents and user handbooks available on SADC Customs Website

6.6. KRA 6: Cooperation and Collaboration

- (a) National Customs to Business Partnership Forums set up or prepared for set up in : DRC, Swaziland, Lesotho, Zambia and Zimbabwe
- (b) NCBF Guidelines developed and circulated
- (c) Development of web-based Monitoring and Evaluation Tool
- (d) Study on Integrated Border Management completed
- (e) Staff members from Customs administrations were seconded from Member States to support capacity building for officers in areas of Legal, Capacity Building and Private Sector Collaboration
- (f) Establishment of the Federation of Clearing and Forwarding Associations for Southern Africa facilitated
- (g) Development of the Strategic Plan for the Sub Committee on Customs Cooperation for 2011 to 2015 facilitated (Blueprint for future ICP support to Customs programmes)

LESSONS LEARNED

The following key lessons were learnt from the project design and implementation:

- (a) A number of external, institutional and procedural constraints played an important part in the success or failure of project implementation.
- (b) The project was too ambitious in terms of timeframe and scope. The scope was too broad, and the duration was too short. The political commitment of SADC Member States towards a Customs Union was also not clear.

- (c) One of the assumptions of the project was to establish a SADC Customs Union by 2010. When the assumption was clearly not met, there was no risk analysis and mitigation strategy in place when the project was launched. If the objectives were not achievable, the Project Team, EU and the Secretariat should have modified them and should have amended the logical framework.
- (d) Project design excluded stakeholder involvement and did not integrate mitigation measures for those who could be negatively affected as a result of changes brought by the project.
- (e) There was some disconnect between high-level decision-makers and trade experts in the region. Whilst politicians and Customs authorities pursued an agenda for the formation of a SADC Customs union through this project, trade experts believed that there should have been appropriate industrial and trade policies put in place by all countries in the region, coupled with support to address the supply constraints and other trade and regulatory barriers.
- (f) There was no integration of the project team to that of the SADC Secretariat own staff – to ensure the transfer of the skills and knowledge and capacity building in the Secretariat.
- (g) During the initial phase, the reporting structure of the project that was adopted during implementation was quite complicated and not clear. The project team reported to many groups.
- (h) The governance of the project was weak and direction and leadership were lacking. There were five Team Leaders during the three-year project implementation. The SADC programme officers and the EU project managers also changed during this period.
- (i) The participation of the private sector in the project implementation was very limited although some chambers of commerce and business associations were invited to join some project activities.

CONCLUSION (APPLICABILITY TO OTHER PROGRAMMES)

- (a) Future project designs should be demand-driven with full consultations with intended stakeholders and beneficiaries in the region in order to ensure strong political will and full ownership by beneficiaries.
- (b) The SADC Secretariat, along with its Member States, should give the right direction and play a leadership role in the design and implementation of future projects/programmes.
- (c) Following the contribution agreement which may be signed with the EU, SADC should ensure that the unfinished businesses under the Customs project are integrated into the design of the regional economic integration programme under EDF10.
- (d) The SADC should design and implement its future programmes/activities with active participation of the private sector, in particular, selected chambers of commerce and business associations in the Member States.
- (e) SADC should ensure that the regional economic integration programme is coordinated and sequenced with national programmes/activities of the Member States in order to ensure the coherence and synergy.
- (f) SADC should work closely with other regional economic groupings, particularly COMESA, EAC, SACU and others to strengthen cooperation and collaboration.