



**UNITED NATIONS
ECONOMIC COMMISSION FOR AFRICA
SOUTHERN AFRICA OFFICE**

2 – 4 June 2008



**Fourteenth Meeting of the Intergovernmental Committee
of Experts (ICE) for Southern Africa**

Lusaka, Zambia

Distr.: GENERAL

E/ECA/SA/ICE.XIV/2008/6

Date: 29 July 2008

Original: ENGLISH

**Proceedings of the Fourteenth Intergovernmental Committee of Experts (ICE)
for Southern Africa**

TABLE OF CONTENTS

<i>Contents</i>	<i>Page</i>
<i>Acronyms and Abbreviations</i>	<i>iii</i>
<i>Introduction</i>	<i>1</i>
<i>Policy Brief</i>	<i>2</i>
<i>ATTENDANCE</i>	<i>6</i>
<i>OPENING OF THE MEETING</i>	<i>6</i>
<i>ACCOUNT OF PROCEEDINGS</i>	<i>8</i>
<i>Election of Officers, Adoption of the Agenda and Work Programme</i>	<i>8</i>
<i>Review of the Economic and Social Conditions in Southern Africa in 2007</i>	<i>9</i>
<i>Presentations and discussions on the theme of the meeting “Achieving Free Trade Area and Customs Union: Emerging Challenges and Opportunities for Southern Africa”</i>	<i>11</i>
<i>Launching of the ECA-SA Knowledge Management (KM) Programme</i>	<i>13</i>
<i>Review of the Programme Performance of the ECA-SA for the Period 2006-07 and Reports from the ECA Headquarters’ Divisions</i>	<i>14</i>
<i>Reports from Cooperating Partners</i>	<i>17</i>
<i>Any Other Business, Date and Venue of the Next Meeting</i>	<i>18</i>
<i>Adoption of the Report</i>	<i>18</i>
<i>Closure of the Meeting</i>	<i>18</i>

ACRONYMS AND ABBREVIATIONS

AfDB	African Development Bank
AIDS	Acquired Immune Deficiency Syndrome
APRM	African Peer Review Mechanism
ASYCUDA	Automated System for Customs Data
AUC	African Union Commission
CET	Common External Tariff
COMESA	Common Market for Eastern and Southern Africa
CU	Customs Union
CSOs	Civil Society Organizations
BIDPA	Botswana Institute for Development Policy Analysis
DBSA	Development Bank of Southern Africa
EAC	East African Community
ECA	Economic Commission for Africa
ECA-SA	Economic Commission for Africa Southern Africa Office
ECOWAS	Economic Community of Western Africa States
EPAS	Economic Partnership Agreements
EU	European Union
FTA	Free Trade Area
GDP	Gross Domestic Product
HIPC	Highly Indebted Poor Countries
HIV	Human Immune Virus
ICE	Intergovernmental Committee of Experts
ICT	Information and Communication Technology
IDEP	Institute for Economic Development and Planning
ILO	International Labour Organisation
IMF	International Monetary Fund
IOM	International Organization for Migration
ISTD	ICT and Science & Technology Division
KM	Knowledge Management
MDGs	Millennium Development Goals
MoU	Memorandum of Understanding
MP	Member of Parliament
NEPAD	New Partnership for Africa's Development
NEPRU	Namibian Economic Policy Research Unit
NGOs	Non-governmental Organizations
NGOCC	NGO Coordinating Committee
NRID	NEPAD and Regional Integration Division
OECD	Organization for Economic Co-operation and Development
ODA	Official Development Assistance
OIOS	Office for Internal Oversight Services
PPP	Public-Private Partnerships
PRs	Poverty Reduction Strategies

PTA	Preferential Trade Area for Eastern and Southern Africa
RCM	Regional Consultation Meeting
RECs	Regional Economic Communities
RETOSA	Regional Tourism Organisation for Southern Africa
RISDP	Regional Indicative Strategic Development Plan
SACU	Southern Africa Customs UNION
SADC	Southern Africa Development Community
SARDC	Southern Africa Research and Documentation Centre
SARPN	Southern African regional Poverty Network
SIPO	Strategic Indicative Policy Organ
SROs	Sub-Regional Offices
SRO-SA	Sub-Regional Office for Southern Africa
STP	SADCC Trade Protocol
UNECA	United Nations Economic Commission for Africa
UNDP	United Nations Development Programme
WLSA	Women in Law in Southern Africa
WTO	World Trade Organization

INTRODUCTION

The Intergovernmental Committee of Experts (ICE) of the Economic Commission for Africa Southern Africa Office (ECA-SA) was established by Commission Resolution 826 (XXXII) of May 1977, to provide a forum for engaging with member States on policy and programme related matters. ICE-Southern Africa meets annually to oversee the overall formulation and implementation of the programme of work and priorities of the respective subregion and make recommendation on important development issues confronting the subregion.

The 14th ICE meeting, which coincides with the launching of the Free Trade Area was organized under the theme: “*Achieving Free Trade Area (FTA) and Customs Union (CU): Emerging Challenges and Opportunities for Southern Africa*”, providing strategic opportunity to reflect on the preparedness and emerging challenges ahead. The fourteenth ICE meeting held from 2 – 4 June 2008 in Lusaka, Zambia was preceded by a forum on the implementation of those SADC protocols and COMESA Treaty Provisions having direct bearing to the establishment of the Free Trade Area (FTA) and the Customs Union (CU).

With respect to the theme of the meeting, delegates undertook a status review on the preparedness of the stakeholders, opportunities and challenges in establishing and operating the upcoming Free Trade Area and Customs Union in Southern Africa. The meeting also made recommendations on the way forward on how to address the challenges, exploit the opportunities and implement the process

before and after launching the Free Trade Area (FTA) and Customs Union (CU).

The meeting proposed a number of interventions to accelerate and unlock benefits from the FTA and CU and deepen regional integration in Southern Africa. These have been summarized in a policy statement outlining a set of recommendations, to serve as a guide on actions to be undertaken by stakeholders. This is included in this report.

The meeting also considered other issues including macroeconomic related issues focusing on the economic and social conditions in Southern Africa, providing Member States with an overview of achievements and issues relating to the economic and social conditions in Southern Africa and prospects for 2008. The meeting reflected on macroeconomic policy criteria, which SADC has set for the countries in the region to achieve by 2008, an important milestone at the eve of launching the FTA. These policy criteria are defined in the framework of convergence variables that serve to express the degree of homogeneity of the economies belonging to a regional integration arrangement.

The ICE through the programme performance report presented to it reviewed the work of ECA-SA for the period 2006-2007 in the Southern Africa sub region including an assessment of the results achieved.

**Achieving Free Trade Area (FTA) and
Customs Union (CU): Emerging
Challenges and Opportunities for
Southern Africa**

Policy Brief (June 2008)

Background

Southern African countries are vigorously pursuing regional co-operation and integration to leverage their collective resources towards achieving sustainable economic growth and development as they seek to become effective players in the global marketplace. The benefits of regional integration come from two main sources: economies of scale and competition. Regional integration expands domestic markets, thus increasing their competitiveness and efficiencies, which in turn raises domestic productivity.

Based on the provisions of the treaty of the Common Market for Eastern and Southern Africa (COMESA), plans are in place to transform the Free Trade Area (FTA) to a Customs Union by December 2008 (revised from the previous target of 2004). The creation of the Customs Union will be a step further in COMESA's quest to achieve economic growth and prosperity through dismantling trade barriers and opening up markets, hopefully leading to increased trade and welfare gains for the region's citizens.

The Southern Africa Development Community (SADC) Regional Indicative Strategic Development Plan (RISDP) and the Strategic Indicative Plan for the Organ (SIPO) provide the basis for the SADC Regional Integration Strategy and

Programme. In this regard, RISDP calls for the establishment of the SADC Free Trade Area (FTA) by 2008; a Customs Union by 2010; a Common Market by 2015; a Monetary Union by 2016; and a Single Currency by 2018.

Both COMESA and SADC have been actively pursuing policies and trade facilitation measures for the implementation of their respective Customs Union and FTA. While COMESA and SADC have made much progress in this process, they still face major challenges that need to be addressed in order to successfully launch and operationalize these milestones.

This Policy Brief outlines the main challenges as COMESA moves to the Customs Union in 2010 and SADC towards launching the Free Trade Area in August 2008. The Policy Brief also provides recommendations to address key challenges, which might constrain the attainment of these milestones.

What are the key challenges?

The implementation of the SADC FTA and COMESA Customs Union will be a gradual development process supported by measures to deal with outstanding and lingering issues to ensure that member States benefit from the FTA and Customs Union.

The Custom Union's road map, derived from the COMESA treaty, sets out the parameters member States must implement jointly and severally for the attainment of the 2008 milestone. The main elements include the common external tariff, customs legislation and procedures, as well as supportive

institutional (legal and administrative) structures.

This road map has many facets that place enormous strain on the COMESA Secretariat's human resources, who must manage the process successfully in addition to managing the many other programmes that define the regional economic community. It is equally difficult for member states to keep up with the multiplicity of demands on limited human resources.

SADC plans for its Customs Union are included as part of the integration road map enunciated in the RISDP. The regional body's road map¹ for the establishment of FTA, completion of negotiations for a Customs Union, a Common Market and establishment of a Monetary Union and a regional Central Bank with a common currency requires that negotiations leading to the creation of a Customs Union by 2010 start now. While a ministerial Task Force on regional economic integration has been created and charged with the responsibility of driving the Customs Union process, some key issues remain to be addressed. These specific issues relate to: negotiations for the adoption of Common External Tariff; Legal, Administrative and Institutional Arrangements; Revenue Collection, Sharing/Distribution Mechanism including a Compensatory Fund; and Harmonization of Customs related Policies

Based on the issues that need to be addressed as COMESA and SADC move towards achieving their important milestones, these challenges can be grouped into six key areas: simplification

and harmonization of customs and immigration procedures; monitoring mechanisms for tracking the implementation of protocols; information needs for trade facilitation; financing regional integration; promotion of the Public Private Partnership (PPP) in regional integration agenda; and Knowledge Management (KM).

On the basis of these challenges, the 14th Intergovernmental Committee of Experts (ICE) for Southern Africa at its meeting on 2-4 June 2008 in Lusaka, Zambia made the following recommendations for action by both member States and the Regional Economic Communities (RECs).

Recommendations

1. How to Simplify and Harmonize Customs and Immigration Procedures?

Currently, customs and immigration procedures are not only complex and time consuming but they do not reflect efficiency measures needed to enhance implementation of the milestones. In this regard, harmonization of customs and immigration procedures like most of the issues in regional integration steps being a shared responsibility by all member States and stakeholders in each REC, demands the pooling of financial and human resources. In doing so, a primary consideration is on ensuring that no country is left behind in realizing the benefits of the FTA and Customs Union. This will require concerted efforts by countries taking action to address challenges relating to customs and immigration by reinforcing technological, human and financial capacities of border

¹ RISDP, SADC 2003, page 66

management for information sharing and sharing of resources etc.

2. How to improve information needs for trade facilitation?

Establishment of an efficient information management system should be a cornerstone in the trade facilitation process to ensure experience sharing among member countries and the respective secretariats of the two RECs. Member States should embrace the use of technology for facilitating domestic and international trade as well as integrating markets. Use of information technology has demonstrated its value in reducing the cost of doing business and integrating markets. Therefore, trade facilitation should encourage increased use of information technology. The integrated border management committees should be strengthened and empowered through developing ICT infrastructure needs of border operations, incorporating these in regional ICT policies and providing resources for implementation and resources management systems. The indispensable role of statistics in comparing progress requires member States to harmonize trade and regional integration statistics.

3. How to mobilize financial resources for regional integration?

Both COMESA and SADC integration is impeded by a lack of financial resources and they depend on international donors and partners to survive. To improve financing of regional integration the two RECs need to: create a Project Preparation and Development Unit within SADC, and strengthen the same

within COMESA; prepare the Business Plan for programme implementation with identified deliverables, responsibilities, budgets and time frames; and develop mechanisms to operationalize the Development Fund for COMESA and SADC.

4. How to promote Public Private Partnership (PPP) in regional integration agenda?

The launch of the COMESA Customs Union as well as the SADC Free Trade Area and Customs Union will be a new progressive development of significant importance to the private sector in particular as well as all other stakeholders in the respective groupings. A well organized private sector is seen as key to the success of regional integration efforts. It can play an important role in conceptualizing, designing and adopting integration programmes, providing human and financial resources for regional projects, thus generating wealth to stimulate growth and finance regional projects. In this respect, public private partnerships (PPP) can be strengthened or supported in the following ways: (i) facilitating the formalization of cross border trade; (ii) enhancing the role of the private sector and regional business organizations in regional integration and in particular, trade development.; and (iii) developing a system of accreditation of enterprises (transport companies and clearing agents) by national authorities within the region in order to facilitate cross border trade. With the shortage of investment capital, the role of the private sector should be encouraged as an avenue for mobilizing investment capital across Southern Africa to meet the region's growing capital needs, especially for

infrastructure development and energy. This would require the strengthening of mechanisms to attract private capital including capital markets and private regional equity funds for channeling national and regional capital to productive sectors. The mobilization of investment capital should also be supported by an improved corporate governance regime.

5. How to put in place monitoring mechanisms for tracking the implementation of Free Trade Area and Customs Union?

Currently monitoring mechanisms are inadequate in both RECs to enhance forward planning and implementation of the various integration milestones. There is therefore need to develop mechanisms for disseminating information for tracking progress on the implementation of the FTA and Customs Union and their related protocols. Furthermore, compliance enforcement procedures such as peer review mechanism should be developed. Member States should also establish inter-state facilitation committees comprising trade, transport, customs, immigration and the private sectors to monitor progress in the FTA and customs union processes.

6. How Knowledge Management can enhance sharing of information

For regional integration efforts to succeed, all stakeholders need to have access to information, and share best practices. Accordingly, the application of ECA's Knowledge Management (KM) programme has relevance to all, including the private sector, civil society organizations, research institutions, as it facilitates linkage for information sharing. Considering the multi-sector nature of

regional integration, and therefore the need to involve all sector ministries in the implementation of the regional integration programme, the value of KM in linking various government departments and agencies should be explored by member States. This will encourage harmonized policy making process that, take into account all the concerns of all government stakeholders, thus ensuring a coherent and sustainable approach to regional integration.

Conclusion

The achievement of the above recommendations requires strong political commitment supported by strengthened and well resourced institutional mechanisms.

DONE ON 04TH JUNE 2008 AT THE 14TH ICE MEETING IN LUSAKA, ZAMBIA.

A. Attendance

1. Representatives from the following member States attended the meeting: Botswana, Democratic Republic of Congo (DRC), Lesotho, Malawi, Mozambique, Namibia, Zambia and Zimbabwe.

2. The following intergovernmental, United Nations and development partner organizations participated in the meeting: the African Union Commission (AUC), Common Market of Eastern and Southern Africa (COMESA), Japan International Cooperation Agency (JICA), the European Union, UN Resident Coordination Office in Zambia, United Nations High Commission for Refugees (UNHCR), Food and Agriculture Organization (FAO), United Nations Information Centre (UNIC), Office of the Internal Oversight Services (OIOS) and the World Bank.

3. A number of organizations from the private sector, civil society, academia and research institutions also attended the meeting. These were: Lesotho Chamber of Commerce, South Africa Chamber of Commerce and Industry (ASCCI), Southern African Research and Documentation Centre (SARDC), Cross Border Traders Association, Women and Law in Southern Africa (WLSA), Non-Governmental Organization Coordinating Committee (NGOCC), Botswana Institute for Development Policy Analysis (BIDPA), Zambia Chamber of Commerce and Industry (ZACCI), Zambia Business Forum and Catholic Commission for Justice and Peace (CCJP).

B. Opening of the meeting (Agenda item 1)

4. Opening statements were delivered by the Director of ECA-SA, Ms. Jennifer Kargbo, AU Regional Delegate to SADC, Professor Raphael Omotayo Olaniyan and Honourable Jonas Shakafuswa, MP, Deputy Minister of Finance and National Planning of the Republic of Zambia.

5. Ms. Jennifer Kargbo, Director of ECA-SA, welcomed the delegates to the 14th ICE Meeting on behalf of the Executive Secretary of the ECA and thanked the Government and people of the Republic of Zambia for hosting the meeting for the second time after hosting it last year. She further extended her sincere thanks through the Deputy Minister of Finance and National Planning for the hospitality of the Government and people of the Republic of Zambia and for the support the office had continuously received over the years.

6. She underscored the significance of the meeting as it coincided with the 50th Anniversary of the Economic Commission for Africa. It is gratifying, she said, that these discussions bring concrete expression to the implementation of the SADC Free Trade Area resonates with ECA's long standing vision of an integrated Africa. She noted the historic and catalytic role of ECA in promoting regional integration as a development paradigm and the steps taken in developing and strengthening the Regional Economic Communities (RECs) and relevant technical institutions within the region as the Commission celebrated its fiftieth anniversary. She also highlighted major achievements of the ECA-SA during the last 40 years. These included facilitating the formulation of national development policies in Southern

Africa and serving as convener for policy dialogue.

7. On the theme of the meeting, the Director reiterated the need to focus on addressing key challenges to get measurable and concrete results through the full involvement and participation of all the stakeholders. Finally, she urged member States to come up with recommendations to accelerate the implementation of the SADC FTA, paving the way to the launch of Customs Union in 2010.

8. The AU Regional Delegate to SADC, Professor Omotayo Olaniyan, commended the ECA-SA for its commitment to the provision of a robust technical support for the regional integration process in Southern Africa. He noted the importance of the theme of the 14th ICE meeting and the opportunity it provides to review and make recommendations on vital issues related to the continent's regional integration agenda.

9. He acknowledged the progress accomplished in recent years in strengthening regional integration in the area of Free Trade Area, Customs Union and macroeconomic convergence in the sub-region and pointed out the lingering challenges in this process. He informed the meeting that the AU was paying more attention to the implementation of its agreements, constitutive acts, conventions, charters and protocols underscoring the need to ratify and implement them in order to consolidate the regional integration process on the continent.

10. He emphasized the importance of the FTA and CU to SADC and COMESA as well as the AU and called upon

countries and other stakeholders to address the bottlenecks in the process of ratifying the regional integration protocols and putting in place adequate mechanisms for implementation and monitoring. He called for strong political will and courage to gradually surrender national sovereignty as the sub-region moves towards the FTA and CU. Furthermore, he underscored the need for the outcome of the meeting to contribute to the advancement of regionalism in Africa.

11. Honourable Jonas Shakafuswa welcomed all the delegates to Lusaka and thanked them for finding time to participate in this important statutory meeting of the ECA-SA. He recalled the outcome of the SADC Ordinary Summit of Heads of State and Government held in August 2006 in Maseru, which emphasized the need to accelerate the implementation of the SADC Regional Economic Integration Agenda. He mentioned that the Extraordinary Summit in Midrand, South Africa, in October 2006 also reviewed the progress made in this regard and mandated the Ministerial Task Force to accelerate and finalize the negotiations on the outstanding issues pertaining to the attainment of FTA.

12. The Minister reiterated that the focus of the Regional Indicative Strategic Development Programme (RISDP) is to attain the SADC Free Trade Area by 2008; a Customs Union by 2010; a Common Market by 2015; a Monetary Union by 2016 and a Single Currency by 2018. He underscored the need to support the Member States that are lagging behind in implementing fully the tariff phase down programme and the necessity to re-double efforts to develop the trans-boundary infrastructure in order to unlock

opportunities for the SADC liberalized trade.

13. In addition, the Minister underscored the need for SADC to move decisively into the Customs Union and, as rapidly as possible, into a Common Market as indicated in the RISDP as the only way it would make a difference and integrate into the world market. Furthermore, the launch of the SADC FTA would be a progressive development of significant importance to the private sector in particular and all other Stakeholders in the SADC Region.

14. The Minister, however, warned that the bold milestones come with challenges and opportunities. The challenges highlighted relate to weak structural, operational and institutional mechanisms to enforce adherence to agreements, multiple country memberships of RECs, potential effect of loss of tax revenues from trade liberalization, lack of harmonized customs regulations and procedures among member States. Delay in implementing SADC Draft Protocol on Facilitation of Movement of Persons and the challenge to raise resources for sustainability of the region's integration process are also obstacles to realizing the benefits of FTA and CU.

15. The Minister urged member States to reduce the gap between signing and implementation of the instruments contained in the framework of FTA in order to accelerate the process for deeper integration.

16. Turning to his expectations from the ICE meeting, the Minister reminded the Committee of their role in supervising the work of the ECA-SA, and urged the

ICE to appropriately advise the ECA-SA on actions to address the challenges and exploit the opportunities arising from the FTA. In conclusion, the Minister underscored the need for stakeholders to adopt different and creative approaches to addressing the regional integration agenda to achieve tangible results. In order to achieve expected tangible results, he advised the Committee to include in the outcomes of the meeting a follow-up plan with time line for the implementation of recommendations and policy prescriptions.

C. Account of Proceedings

Election of the Bureau, Adoption of the Agenda and Programme of Work (Agenda Item 2)

17. The meeting elected the following countries to constitute the bureau:

Chair: Zambia
Vice Chair: Malawi
Rapporteur: Zimbabwe

18. The meeting unanimously adopted the proposed agenda as follows:

1. Opening of the Meeting
2. Election of the bureau, adoption of the Agenda and Programme of Work
3. Presentation and Discussion on Economic and Social Conditions in Southern Africa 2007
4. Presentations and Discussion on the theme of the Meeting – *Achieving Free Trade Area (FTA) and Customs Union (CU): Emerging Challenges and Opportunities for Southern Africa*
5. Launching of the ECA-SA Knowledge Management Programme

6. a. Presentations and Discussion on Programme Performance report of ECA-SA for the period 2006-2007 in the sub region
 - b. Presentation of Reports from ECA Headquarters Divisions
 7. Presentations and Discussion of Reports from Cooperating Partners
 8. Any Other Business, date and venue of the next meeting
 9. Adoption of the Report
 10. Close of the meeting
19. The meeting adopted the following organization of work:

Morning: 09:30 - 13:00
 Afternoon: 14:30 - 17:30

Review of the Report on Economic and Social Conditions in Southern Africa in 2007

(Agenda item 3)

20. The Secretariat presented the Report ECA/SA/ICE.XIV/2008 on **Economic and Social Conditions in Southern Africa**. The report noted that the progress the sub-region has made was generally encouraging, especially on macroeconomic convergence (MEC), which is one of the key goals of regional integration. The MEC aims at ensuring cross-country similarity in policies over time for realizing important milestones including FTA, Customs Union by 2010, Common Market by 2015 and a regional central bank by 2016. The primary MEC criteria to achieve these milestones include inflation, fiscal deficit, public debt and current account balance. Misalignments of these macro-economic variables among member countries would be disruptive to the establishment and operation of the

above mentioned milestones. Furthermore, sectoral developments and social conditions as enshrined in the SADC Regional Indicative Strategic Development Plan (RISDP) are also among the key objectives of regional integration. It was further noted that despite challenges facing the sub-region, progress in macroeconomic convergence, especially in variables such as inflation and fiscal deficit were commendable.

21. Subsequent discussions, focused on adverse global developments and their likelihood to undermine progress made in inflation, budget deficits and economic growth targets. These adverse factors include the high oil and food prices that could lead to balance of payments problems, especially for oil importing countries causing them to borrow more, and thus could slide back into high indebtedness. Participants noted that these global developments are likely to stay and encouraged member States to pay more attention to how these unfold with a view to taking appropriate measures to address any negative impact. Delegates observed that policy changes made in the mining sector for government to benefit from the current price boom should be approached with caution so as to avoid sending mixed messages on the predictability of the fiscal regime, which is a prerequisite for a conducive business environment, a key consideration for private investment. They also suggested that the current energy crisis experience in the sub-region be addressed to prevent any negative impact on the economic prospects by exploring renewable energy sources such as solar and wind energy.

22. The discussion also highlighted other related issues including the specific

needs of land locked and island countries, the importance of statistics and intra-regional trade. In situations where regional integration efforts are being made in the face of unequal economies, participants suggested that the regional integration process should have in place adequate compensation mechanisms to ensure that smaller, landlocked or even small island economies are benefiting from the integration process, and remain supportive of the process.

23. Regarding statistics, the meeting noted its importance for an informed analysis of social and economic conditions as integral to the regional integration process. It was suggested that the production and use of statistics in the sub-region be harmonized, and capacity of institutions strengthened and made autonomous.

24. On the issue of the potential to increase intra-regional trade, the meeting suggested the adoption of measures to facilitate and support trade in the region. In this regard, the meeting was informed that the UNECA in collaboration with the World Trade Organization (WTO) and African Development Bank (AfDB) is engaged in the aid for trade initiative to improve intra-Africa Trade by channeling funds to help promote trade in Africa. Delegates urged ECA to look into how the private sector can access this Fund.

25. The meeting underscored the need for a balanced approach in the mobilization of domestic and external resources for implementing regional integration and development programmes in the region. This scenario provides a window for private sector engagement and contribution to the integration and development process

in the region. This calls for the creation of a conducive environment for private sector involvement in wealth creation. The role of the private sector as a catalyst in assisting member States with energy generation, infrastructure building and other economic matters should be explored and encouraged.

26. Regarding the increasing influence of China in the trade and other areas in the region, it was suggested that recipient governments should develop policies that would ensure appropriate bilateral relationship in trade and other development programmes. This will ensure that countries harness foreign resources and other benefits including technology transfer without undue negative socio-economic impacts to the sub-region.

Presentations and discussions on the theme of the meeting “Achieving Free Trade Area and Customs Union: Emerging Challenges and Opportunities for Southern Africa” (Agenda item 4)

27. The ECA-SA Secretariat presented a report entitled “Achieving the SADC FTA and COMESA Customs Union: Emerging Challenges and Opportunities for Southern Africa” focusing on the Protocols and Treaty Provisions on Trade, Transport, and Movement of Persons. In addition to outlining the extent to which the Southern African countries were implementing trade facilitation measures agreed upon by their respective organizations in light of the forthcoming SADC FTA and COMESA CU, the report also identified key challenges faced by the region in deepening integration and provided recommendations on the way forward.

28. The report alluded to the progress made by both COMESA and SADC in implementing trade facilitation measures including development of regional transport routes through the corridor concept as well as the one-stop border post concept. For SADC, despite considerable progress in implementing the Trade Protocol, challenges in the rules of origin still remained a major drawback. The report emphasised that harmonisation of trade facilitation measures between the two RECs would be key to deepening sub regional trade.

29. Challenges to deepening integration in Southern Africa cited in the report, include the multiple membership of regional economic communities by member States, problems with the implementation of the complimentary free movement of persons, inadequate information flows, the lack of an effective institutional framework to facilitate the implementation of agreements, limited productive capacity to take advantage of opportunities for further trade, human and financial capacity constraints as well as the lack of mechanisms to compensate for losses in revenues by some member States due to integration. Despite these challenges, the report alludes to good prospects for both the SADC FTA in August 2008 and the COMESA CU in December 2008? 2010.

30. In conclusion, the report recommends the development of regional integration monitoring mechanisms and strengthening of the official monitoring and evaluation units. Further, the report recommends the development of a framework to assist in compensating those member States recording losses due to integration. On macroeconomic

convergence, the report observes that targets are achievable for 2008 for most member States. However, these achievements are threatened by the rising oil and food prices, as well as power shortages.

31. The Southern Africa Development Forum on Progress and Prospects in the Implementation of Protocols in Southern Africa held in Lusaka, Zambia from 29 to 31 May, 2008 considered reports from various presenters focussing on key issues in regional integration. In the ensuing discussions, recommendations were made on five thematic areas.

32. The Rapporteur of the Forum presented the recommendations highlighting actions to enhance the effective implementation of FTA and CU to enable the realisation of the full benefits to all member States. These included general recommendations such as the need to accelerate the harmonisation of regional economic communities in light of the ongoing SADC, EAC and COMESA initiative in trade and transport programme harmonisation.

33. Further recommendations were given on simplification and harmonization of customs and immigration procedures with special reference to reinforcement of the technological, human and financial capacities of border management.

34. In addressing issues pertaining to trade facilitation and integrated border management, the meeting identified the need to develop ICT infrastructure, human resources management systems and harmonize trade statistics to facilitate cross border trade.

35. The meeting made further recommendations on financing regional integration with a focus on setting up of a Project Preparation and Development Unit within SADC and to strengthen the same within COMESA. Another recommendation entailed the preparation of Business Plans with the deliverables as well as the development of mechanisms to operationalize the COMESA Fund and SADC Development Fund.

36. During the discussions that followed, proposals were made to ECA-SA on a number of issues. This included encouraging countries to take action to attain MEC targets so as to realize the full benefits arising from regional integration. It was also suggested that a framework for the harmonization of trade statistics to facilitate regional integration be developed. Methodological issues in MEC be streamlined to allow comparability among countries in variables such as inflation, fiscal deficit, etc. The meeting noted that the EU has already established a EUROSTAT – a regional statistical body that ensures quality control in Europe and thus Southern African countries could emulate this best practice.

37. It was suggested that the SADC region should consider establishing an institutional framework to enforce compliance with protocols and principles of regional integration given that member countries currently depend on moral suasion. This is necessary in order to address the current low compliance rate among member States, which posed challenges for the region to move fast in achieving integration milestones. With regard to monitoring mechanisms for tracking the implementation of protocols, the meeting made several

recommendations including the development of mechanisms for disseminating information on implementation of protocols to stakeholders and development of compliance enforcement procedures such as peer review mechanism. Best practices from other regional groupings included the Economic Community of West African States (ECOWAS), which has established autonomous bodies to enforce compliance.

38. On the implications of overlapping membership to the RECs it was noted that according to the WTO rules and as a matter of practicality, it is impossible for a member country to belong to two or more customs unions applying two different Common External Tariffs (CETs). In this regard, the RECs were urged to fast track the formation of the Eastern and Southern Africa CUs, which will be in line with one continental CU as envisaged by the African Union. This could be undertaken in the framework of the harmonization exercise currently under review by the SADC/COMESA/EAC Task Force.

39. Considering the multi-faceted nature of regional integration, there was need to pay attention to all aspects including, the political, economic and social. In this respect, while, particular emphasis is placed on the challenges in meeting trade-related goals, the progress being made in non-trade issues, especially, social sectors such as education and health have to be documented also. In order to ensure full participation of all stakeholders, the meeting proposed the establishment of the inter-state facilitation committee comprising the trade, transport, customs immigration sectors and the private sector. The committee would be responsible for dealing with issues pertaining to trade

related concerns, corridor performance issues and overall monitoring of relevant activities in the sub-region.

40. A recommendation was made on the need for the secretariat to work with SADC and COMESA with a view to incorporate any new areas arising from the Forum recommendations.

Launching of the ECA-SA Knowledge Management (KM) Programme (Agenda Item 5)

41. The Secretariat took the opportunity presented by the ICE to launch the KM programme. The presenter gave the definition, objectives and how the initiative will assist in harnessing knowledge that reside in the sub-region, enabling countries to learn best practices from one another. Furthermore, the programme will facilitate the dissemination and outreach activities of ECA, while ensuring that its work takes the inputs of area experts into account.

42. The presenter stressed that the topics will be linked to those relevant and demanded by member States, including on regional integration, food security, gender, ICT, governance and statistics, among topical sub-regional issues. He encouraged participants to sign onto the website and get involved as part of community of practitioners on preferred areas. The Secretariat further gave an example of technical assistance being given to Mozambique on KM, inviting all member States to engage ECA in developing their own KM.

43. The presentation was well received by participants, some of which indicated the need for Africa to self-rely when it

comes to ideas relevant to the continent. Participants observed that the opportunity Knowledge Management provides in making information easily available to all stakeholders can be a useful instrument to speed up the regional integration programme. The application of Knowledge Management has relevance to all, including the private sector, civil society organizations, research institutions, as it enables linkage for information sharing. Considering the multi-sector nature of regional integration, and therefore the need to involve all sector ministries in the implementation of the regional integration programme, the value of KM in linking various government departments and agencies should be explored by member States. This will enable a harmonized policy making process that, take concerns of all government stakeholders, thus ensuring a coherent and sustainable approach in all aspects.

44. In light of the role of the private sector in the regional integration process, the meeting suggested that ECA-SA should ensure that the private sector also be a beneficiary of the KM programme. This will be a useful support in facilitating the participation of the private sector in regional integration. The same participation should be sought for Civil Society Organizations as well.

Review of the Programme Performance of the ECA-SA for the Period 2006-07 and Reports from the ECA Headquarters' Divisions (Agenda Item 6)

45. Under this agenda item, a number of reports informing the meeting on the work of the ECA both at the headquarters

and subregional levels were presented as follows:

a. Programme Performance of the ECA-SA for the period 2006-07

46. The Secretariat submitted a report (E/ECA/SA/ICE.XIV/2008/5) on the ECA-SA programme performance during the 2006-2007 biennium. In the presentation, the Secretariat provided the context, highlighting the mandate, vision and mission and how these oriented the work programme for the period under review. The Secretariat emphasized the important role of the ICE in giving direction on the work of the Office as well as the opportunity it provides in policy recommendation on various development issues of concern to the subregion.

47. On the overall performance of the ECA-SA, the report highlighted key achievements, mostly aligned with the ultimate objective of achieving regional integration, providing support to the work of the RECs and providing technical assistance to individual member States. In the past year the office dedicated an enormous amount of time to issues surrounding progress towards the MDGs, sensitizing member States to reinvigorate their efforts in this area. The work of the Office was delivered in the form of: technical publications; facilitation of expert meetings/workshops/seminars; provision of technical assistance (e.g. African Peer Review Mechanism (APRM) country support; SADC Secretariat on macroeconomic policy and institutional convergence and the e-SADC initiative); forming partnership with expert institutions such as those within the UN and outside.

48. The Office had therefore delivered on its mandate during 2006/07 against the three desired expected accomplishments. The results showed deepened collaboration with RECs, and other cooperating partners. Further, the use of technology for enhanced information dissemination and outreach was emphasized.

b. Report on Statistics in Regional Integration

49. A representative of the ECA Secretariat presented a report on statistics for regional integration. The report emphasized the need for accurate and up to date statistics to ensure effective tracking of the convergence criteria within the sub region. Convergence criteria such as on inflation and budget deficit, need to be comparable across countries and hence the need for methodological issues in the compilation of these parameters be harmonized. Similar methodologies permit the aggregation of data at sub regional level.

50. The study recommended the establishment of a working group consisting of representatives of Central Banks, Central Statistical Offices, ECA and RECs to work on the harmonization of methods in national accounts, trade statistics and price statistics and other economic areas. ECA should support these working groups through resources to enable them to meet and share experiences and review progress.

The meeting appreciated the information provided and took note of the report.

c. Presentation on the AU-ECA Economic Report on Africa 2008.

51. A representative of the ECA Secretariat presented the joint AU-ECA *Economic Report on Africa 2008*. He outlined the key recent economic and social developments at the global and continental levels as well as elaborating on the theme of the report, “Africa and the Monterrey Consensus: Tracking Performance and Progress”. He stated that Africa’s economy had grown by 5.8 percent in 2007 from 5.7 percent in 2006, and was projected to grow by 6.1 percent in 2008. This stellar performance in 2007 is attributed to strong global demand for African exports, high commodity prices, consolidation of macroeconomic stability, increased private capital inflows, debt relief and a decline in political conflicts and wars. However, the presenter expressed concern that this strong growth performance did not translate into meaningful social development. The risks to Africa’s growth in 2008 include mounting inflationary pressures, currency appreciation, high oil prices, infrastructure constraints, unreliable energy supplies and climate changes.

52. On the Monterrey Consensus, the presenter outlined the key messages raised by African policy makers on the progress and performance in the implementation of the commitments taken. He noted that overall, very limited progress has been made in realizing the objectives of the Monterrey Consensus in Africa except in the area of external debt relief. The presenter emphasized the steps undertaken to monitor the commitments made by both the African countries and their development partners, as well as the importance of improving the financial system and promoting capital market development at the regional level.

d. Presentation on the African Economic Outlook: 2007/2008

53. The ECA representative also presented the *African Economic Outlook 2007/2008*, a joint AfDB-OECD-ECA publication. The report provides economic developments in 35 African countries and focuses on issues and challenges on technical and vocational skills development in Africa. He highlighted the lessons learnt and emphasized the need for a clear vision to improve forecasting and planning of vocational skill needs in the region. He underscored the necessity to address the needs of the informal sector in fostering partnerships with all stakeholders to harness resources. The presenter concluded by emphasizing the importance of technical and vocational skills development in poverty alleviation.

The meeting appreciated the information provided and took note of the reports.

e. Presentation on UN System-wide Support to the African Union and its NEPAD Programme

54. The Secretariat made a presentation on report (ECA/NRID/ICE-SA/2008/2) entitled “United Nations System-wide Support to the African Union (AU) and its New Partnership for Africa’s Development (NEPAD) Programme”. The presentation provided an overview of support provided to the AU and its NEPAD Programme during 2007. It highlighted the main issues and recommendations of the Eighth Meeting of the Regional Consultation Mechanism (RCM), including the need to further align cluster activities with AU and NEPAD priorities. It underscored the overall results and achievements, as well as lessons learned and the way forward,

including the need for better coordination, increased commitment, institutional leadership and capacity building. Further, the presentation provided a snapshot of main issues and recommendations emanating from recent discussions on the establishment of subregional coordination mechanisms. It concluded by tabling for the Committee's consideration, a number of issues related to the possible establishment of a coordination mechanism in the Eastern Africa subregion.

55. The 8th RCM, held on 5 and 6 November 2007, reviewed the support provided on the sectoral issues covered by the nine thematic clusters of the RCM, namely: infrastructure development; governance; agriculture, food security and rural development; environment, population and urbanization; human resource development, employment and HIV/AIDs; science and technology; advocacy and communications; peace and security; and industry, trade and market access.

56. The impact of the support was under scrutiny at the 8th RCM, particularly the need to align cluster activities with AU programmes and priorities, and recommendations on the establishment of subregional coordination mechanisms endorsed by the meeting. Among the key lessons drawn from past cluster experiences were the need for better coordination, increased commitment, institutional leadership and capacity building.

57. Given the different mandate of agencies, the Secretariat observed the difficulties posed by the absence of an effective coordination mechanism. A number of issues aimed at improving the

RCM and its possible replication at the subregional level were presented for the Committee's consideration.

58. In the ensuing discussions, delegates observed the apparent need to improve on the functioning of the RCM to ensure coherence and the provision of effective support. Delegates suggested that the knowledge management platform could serve as one vehicle for coordinating activities around cluster issues.

59. The delegates took note of the report and the issues brought to it for consideration. They also suggested that the secretariat report at the next ICE on the outcomes of the ongoing study, particularly, those related to the possible establishment of subregional coordination mechanisms aimed at enhancing UN system support to the AU, NEPAD and RECs at that level.

Reports from Cooperating Partners (Agenda Item 7)

60. Four cooperating partners presented reports as follows:

COMESA: The delegate from COMESA informed the meeting that COMESA launched its FTA in 2000 with an initial membership of 9 member states, which later increased to 14. He also mentioned that plans to introduce a Customs Union at the end of 2008 (2010) were at an advanced stage. He emphasized that the regional bloc was working on the outstanding issues such as the preparation of a list of sensitive products by member States. The delegate highlighted the challenges faced by the COMESA in terms of overlapping membership and

acknowledged efforts being made on harmonization by the COMESA-SADC-EAC Tripartite Task Force. He mentioned the adverse impact of tariff erosions on members' fiscal revenues as an additional challenge and welcomed the COMESA Fund initiative aimed at mitigating against the revenues losses.

Botswana Institute for Development Policy Analysis (BIDPA):

The representative of BIDPA introduced his institution as a non-governmental research organization whose mandate is to conduct research and provide policy advice to the government of Botswana and other stakeholders in the region. He highlighted the issues covered by BIDPA's work comprising macro and micro-economic policy analysis and research related to enterprise development, country governance, regional integration, democracy development, among others.

Cross Border Traders Association:

The representative of the Cross-Border Traders Association informed the meeting that the association was a non-profit and non-political organization formed in 1998 to foster the welfare of informal cross border traders. He underscored that his association was advocating a simple and user-friendly trade regime between and among COMESA and SADC member States as a vehicle for poverty alleviation. He appealed to the sub-region to work towards formalizing the status of Cross Border Trade.

Zambia Association of Chambers of Commerce and Industry (ZACCI):

The representative of the Zambia Association of Chambers of Commerce and Industry introduced ZACCI as the national umbrella organization for commercial and industrial

enterprises, through district chambers, direct membership and sector-based trade organizations. He observed that given that the bulk of Zambian trade was with SADC, the government, through the Ministry of Commerce, Trade and Industry needed to choose SADC as the preferred free trade in any negotiations. On harmonization of trade procedures within SADC and COMESA, the representative emphasized the importance of expediting the process in order to overcome problems related to duplicity of membership.

Any Other Business, Date and Venue of the Next Meeting

(Agenda item 8)

61. With respect to the date of the fifteenth ICE meeting, this should be determined in consultation with the Government of Malawi who have indicated interest to host. The Secretariat was mandated to pursue this interest with the Government of Malawi and inform member States accordingly. For subsequent ICE meetings and the need to ensure that the outcome of the ICE meetings feed into the ECA Conference of Ministers, the meeting requested the secretariat to have internal consultations and earmark a period to enable member States to plan accordingly.

Adoption of the report

(Agenda item 9)

62. The ICE considered its draft report together with the Policy Brief outlining the main recommendations on the theme of the session. After comments, observations and proposed amendments to the report, the representative of Zimbabwe moved for its adoption seconded by the representative of

the Cross Border Traders Association. The comments and proposed amendments have been incorporated in this final report.

Closure of the Meeting

(Agenda item 13)

63. The Director of ECA-SA thanked the participants for the fruitful, engaging and inspiring discussions. She assured them that their recommendations will be fully communicated to all stakeholders particularly the governments. She expressed her gratitude to the chairperson, the rapporteur and the interpreters and acknowledged the exemplary service of the Protocol Service of the Zambian Ministry of Foreign Affairs for the success of the meeting. She informed the meeting that ECA-SA was engaged in putting together a documentary to give voice and face to the message convened by the 14th ICE Meeting and wished all participants safe passage to their respective homes

64. Mr. Justin McUstins Chisulo, the Chairperson of the Bureau, thanked the Committee for the lively discussions. He acknowledged with great appreciation the high level of interaction during the deliberations, which contributed to the successful outcome of the meeting and thanked the delegates for such a performance.

65. Ms. Monde F. Sitwala, Acting Director, Ministry of Finance and National Planning, and representative of the Government of the Republic of Zambia, thanked the delegates for the fruitful deliberations and urged them to be results oriented and translate the policy briefs and the recommendations of the 14th ICE into a clear work plan with timelines. She called for the involvement of all stakeholders in the regional integration

initiatives and emphasized the importance of private sector and civil society participation in achieving an accelerated, broader and deeper regional integration. She underscored the necessity for the FTA and CU attainment process to consider the ultimate objective of poverty alleviation in the sub-region and encouraged the delegates to be part of the network and community of practitioners on this important agenda. In her concluding remarks, She wished all delegates a safe return to their respective countries and declared the meeting officially closed.