Germany – unlocking trade and customs potential in Africa

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Abstract

Aid for Trade is an initiative that assists developing and, in particular, least-developed countries to integrate into the multilateral trading system by boosting their capacity to export goods and services. It encourages developing and least-developed countries’ governments and donors to recognise the role that trade can play in enhancing economic growth and development. According to the World Trade Organization (WTO), since the initiative was launched in 2005 in Hong Kong, Aid for Trade commitments from donors — governments, international and regional development institutions — reached USD41.5 billion in 2011, up 57 per cent from 2005. The initiative is an example of the WTO’s mandate to achieve ‘coherence in global economic policymaking’. Aid for Trade is particularly important for Africa as it has the highest number of least-developed countries facing a myriad of supply-side trade-related infrastructure challenges which constrains their ability to engage in international trade. This paper seeks to highlight the significant contribution that Germany has made to bolstering trade and customs capacity in Africa, particularly in the regions of Economic Community of West African States (ECOWAS), East African Community (EAC) and South African Development Community (SADC).

1. Introduction

Germany and Africa are linked by a long shared history, extending from the era of the German colonial presence in Namibia, Tanzania, Rwanda, Burundi, Cameroon and Togo, to the support that Germany has given to African countries since their independence. Today, Germany maintains diplomatic ties with every country in Africa and has embassies in nearly every capital city on the continent. Germany, one of the continent’s leading trade partners, is generally well regarded and is viewed as an attractive partner for Africa. According to the latest figures, taken from the joint WTO/OECD publication, Aid for Trade at a Glance: Connecting to Value Chains, in 2011 it spent USD3.7 billion on Aid for Trade (in the broad sense); this puts the country in second place – after Japan – among bilateral donors (see Figures 1 and 2). While a large percentage of these funds is invested in infrastructure projects in the energy sector, support for transport routes, warehousing, communication systems and logistics issues is also notable.

Germany’s support for trade and regional integration processes in Sub-Saharan Africa dates back to the 1990s. Assistance for Regional Economic Communities (RECs) has increased substantially over the past decade. German development policy is formulated by the Federal Ministry for Economic Cooperation and Development (BMZ) and implemented by organisations such as the BMZ, the Society for International Cooperation (GIZ) and the Reconstruction Loan Corporation (KfW).
The main goal of Germany’s trade-related development policy, as laid down in the BMZ Aid for Trade Strategy Paper (published in June 2011), is to assist partner countries in their efforts to diversify their economies and exports, become successfully integrated into the global trade system and regional economic communities, and use trade and foreign direct investment to reduce poverty more effectively in the context of sustainable development.

Six fields of interest for the implementation of the new Africa Strategy for Germany were identified by the German government: peace and security; good governance; economy; environment and climate; energy and natural resources (mainly raw materials), as well as sustainable and knowledge-based development.
2. Germany and East African Community (EAC)

The EAC is one of eight regional economic communities recognised by the African Union (AU), and the only one that has a vision of political federation. In the treaty establishing the EAC, the partner states decided to expand and intensify their economic, political, social and cultural integration. Since as early as 1998, German development cooperation, on behalf of the German BMZ, has contributed to the capacity development of the Secretariat of the EAC through a variety of programs and projects. Germany’s financial commitment to the EAC integration process amounted to about a total of Euro55.8 million in 2012. Also since 1998, German development cooperation has made substantial contributions to the integration process in East Africa, in accordance with the German Government’s Africa Strategy including:

2.1 Organisational development and strengthening of public relations in the EAC, with focus on improving the structures, systems, processes and capacities of the EAC Secretariat

- Introduction of an organisational diagnostic tool, a quality management system and an East African system for monitoring the integration process.
- Strengthening public relations through improved EAC branding and training measures for the East African media on the EAC integration process.

2.2 Deepening of regional economic integration

- Advancing the liberalisation of trade in services in selected sectors, and removing restrictions for the mutual recognition of training and qualifications.
- Improving implementation of the customs union, harmonisation of taxes and procedures, and elimination of non-tariff barriers.
- Promoting regional industrialisation and investment policies, with focus on private investments in the pharmaceutical and energy sectors, and on the establishment of a regional industrial promotion centre.

2.3 Improving the dialogue between the EAC Secretariat and private sector and civil society organisations

A consultative dialogue framework (CDF) has been set up to facilitate the dialogue involving the private sector, civil society and the EAC. The program is now concentrating on the following measures for its implementation:

- Establishing topical dialogue platforms integrated in the East African Business Council (EABC) and the East African Civil Society Organisation Forum (EACSOF) to represent the interests of the private sector and civil society.
- Capacity building (training) for private sector and civil society organisations.
- Awareness raising and information campaigns to ensure broader awareness of the EAC, and of the opportunities it creates among the general population, ultimately leading to greater public participation in the EAC through the CDF.
- Publishing the Non-Tariff-Barrier Index.
Box 1: EAC Industrialization policy

The EAC industrialisation policy was approved by the Summit of EAC Heads of State in November 2011. The German support program to the EAC integration process facilitated the elaboration of the EAC Industrialization Policy and Strategy through studies, expert meetings and an international conference on industrialisation and technology transfer. The fast pace of developing and approving this policy shows that industrialisation constitutes one of the EAC’s priority policy areas. The vision of the EAC Industrialization Policy is ‘a globally competitive, environmentally-friendly and sustainable industrial sector, capable of significantly improving the living standards of the people of East Africa by 2032’. In addition, GIZ supported the EAC Secretariat in the development of draft roadmaps and sub-sector strategies on the harmonisation of education systems and training curricula, the drafting of the Customs Management (Enforcement and Compliance) regulations, as well as the drafting of the EAC – European Commission Economic Preferential Agreements (EPA) development matrix.


3. Germany and the Economic Community of West African States (ECOWAS)

ECOWAS is a regional group of fifteen countries (Benin, Burkina Faso, Cape Verde, Côte d’Ivoire, the Gambia, Ghana, Guinea, Guinea-Bissau, Liberia, Mali, Niger, Nigeria, Senegal, Sierra Leone and Togo), founded in 1975. Its mission is to promote economic integration in ‘all fields of economic activity, particularly industry, transport, telecommunications, energy, agriculture, commerce, monetary and financial matters’.

The basic approach of the support program for the ECOWAS Commission consists of strengthening sector-specific expertise at the ECOWAS Commission and enhancing its strategic management structures and capacities. This should facilitate the design and implementation of regional agreements on taxes, customs, tariffs and other trade-related issues, and also support reform processes in conflict prevention and mediation. On trade and customs matters, the technical assistance of Germany is to support the introduction of the Common External Tariff (CET) in the ECOWAS region. Other services include providing advice on legal changes, offering training for customs administrations in the member states and support for the introduction of the Common External Tariff (CET) in the ECOWAS region.

4. Germany and Southern African Development Community (SADC)

One of the eight RECs recognised by the African Union Head of States as the building blocks for continental integration is the SADC. The Treaty is the main agreement establishing the Southern African Development Community in 1992 and comprises of Angola, Botswana, Democratic Republic of Congo, Lesotho, Namibia, Madagascar, Malawi, Mauritius, Mozambique, Namibia, Seychelles, South Africa, Swaziland, Zambia and Zimbabwe.

In the SADC, technical assistance was provided to spur the process of developing the SADC Trade Protocol starting in 1996. Since 2002, the cooperation approach between SADC and Germany has been much enhanced so as to include, under the overall heading of ‘Support to Governance Reform Processes’, support for the organisational development and institutional strengthening of the SADC Secretariat, and also support for trade policy, standards and quality assurance, customs modernisation, macro-economic convergence, and promotion of regional private sector associations and public-private dialogue.
4.1 Enhancement of private sector involvement

SADC places great importance on strengthening cooperation between Customs and the private sector in order to give customs administrations in the SADC region an opportunity to offer more efficient and effective service to their clients. The overall purpose of Customs-to-Business partnerships is to ensure a partnership and dialogue structure of key stakeholders in the trading chain that contributes to trade facilitation, improvements in customs operations and higher compliance by the trading community. The SADC Private Involvement Strategy urges the establishment of National Customs Business Forums in every member state. The SADC Secretariat, in collaboration with the GIZ and other partners, has established such forums in Malawi, Zambia, Namibia and Seychelles. These forums are designed to facilitate a stronger partnership between Customs and business at the national level, promoting a regular and results-orientated dialogue, and taking action on existing challenges in the supply chain of goods.

Box 2: Establishment of Namibia Customs Business Forums in Namibia (2013) and Seychelles (2014)

The Namibia Customs Business Forum was launched by the Finance Minister Saara Kuugongelwa-Amadhila in 2013 in Windhoek, Namibia. According to the Minister, the forum is envisaged to become ‘a bi-annual dialogue forum that brings together public and private sector [actors] in the trading chain to continually assess and adopt measures that promote effective trade facilitation, as well as enhance customs operations and higher compliance’.

While launching the Seychelles Customs Business Forum, the Minister of Finance, Trade and Investment, Mr Pierre Laporte addressed that ‘It is undeniable that our country relies heavily on international trade for economic growth and prosperity. Agencies at the border, especially Customs, must constantly reflect on how its regulatory framework and procedures impact on the trading community, and must see how existing compliance frameworks can become more effective in facilitating legitimate trade in and out of Seychelles. “Customs-to-Business Partnership” has been highlighted by the World Customs Organization (WCO) in its Customs in the 21st Century Strategy (adopted in June 2008) as one of the building blocks of modern customs administrations. For our own administration to take this bold step, it therefore signifies their commitment to engage into reforming and modernising to the prescribed “World best practices”, under the Revised Kyoto Convention and also the SAFE Framework of Standards’.


4.2 International Leadership Training (ILT)

Germany recognises the fact that for developing countries, efficient customs administration is a key tool for promoting economic growth and social development as public revenues in developing countries still largely depend on Customs. The traditional functions of customs administrations are highly challenged by the liberalisation and globalisation of trade. Customs administrations therefore need to prepare for their new tasks: bringing forward trade facilitation, elaborating trade statistics, supervising trade agreements, protecting intellectual property rights and supporting the development of regional economic communities such as free trade areas and customs unions.

Consistent with this, Germany introduced the International Leadership Training program in 2005 with the main purpose of providing advanced training for officials of customs authorities from SADC, EAC and ECOWAS member states, eventually supporting the RECs to modernise their customs administrations. The objective was also to create a pool of qualified professionals who are able to prepare and implement the respective transformation processes. The training program consists of different parts, which are interlinked: the preparatory, training in Germany and transfer phases. The following chart gives an overview of the educational goals and processes in each phase:
The specific objectives of the ILT ‘Global Trade’ were to:

- increase the professional know-how and practical expertise of young professionals in customs authorities, ministries of finance and other relevant institutions from SADC, EAC and ECOWAS member countries
- enable graduates of the course to perform tasks professionally relating to modern customs policy and administration, in international and regional negotiation teams on trade and customs, regional and international institutions respectively, to serve national interests at their home organisation and fulfil daily tasks at their workplace
- enable graduates of the course to contribute to further developments and improvements in the customs administration of their countries.

However, the crux of the ILT program was the professional technical courses held at the University of Münster. Six main technical areas and three managerial areas were covered as follows:

- Customs policy and legislation
- International customs rules and customs instruments
- International customs management (including risk management)
- International trade law and non-tariff trade rules
- The multilateral system of trade
- International trade relations
- Self-organisation, work organisation and presentation techniques
- Communication and networking
- Competence in transfer project implementation.

The program finally covered a short internship period at German customs stations such as Frankfurt Airport, Examining and Scanning Units, Hamburg Port and study visits to the European Commission and the WCO. The ILT Global Trade program was implemented during the period from June 2005 to December 2011 for a total of seven courses and 133 participants.
Box 3: Some key achievements by alumni:

The success/impact of the International Leadership Program can actually be measured by the number of high calibre professionals and experts it has produced in the region. Experts from the alumni are currently working as key experts in the EAC, COMESA, SADC and SACU Secretariat, African Development Bank (ADB), respective Customs/Revenue Administrations and even as Commissioners, Deputy Commissioners and Customs Attachés. Below is feedback from some of the Alumni on how the ILT impacted on their career.

**Tebello Makhechane, Deputy Commissioner Customs of Lesotho Revenue Authority**
The ILT in Germany has been the program that took my career to a level I could never have imagined. A year after my return from Germany and within six months of graduating, I again applied for a managerial position and this time succeeded in getting the position. I was appointed as a Regional Manager in charge of six border posts in 2010. My success this time was due to my training in ILT. I had gained not only confidence but also the necessary knowledge in both management and administration of Customs. Three years later in 2013, I applied for a senior managerial position of Deputy Commissioner of Customs and was thankfully appointed. The breakthrough to this success was the ILT. This success was not unique for me, many of the ILT participants in Lesotho have improved their careers; two are working for international organisations outside Lesotho (one at SACU, another at African Development Bank), six have joined the management cadre of the Lesotho Revenue Authority with three of the six being part of the Senior Management Team.

**Ajay Dunputh, Internal Auditor, COMESA Secretariat**
I am actually working as Internal Auditor at COMESA, Lusaka, Zambia as from August 2013. The requirement to join COMESA was a master’s degree. Given that I had a master’s degree from Germany, I was recruited at COMESA. The master’s degree is like a “Green Card” whereby all the graduates from Germany are very marketable and can easily get a job on the foreign job market. I thank the Government of Germany, Inwent, the WCO and all others who have helped me to obtain my master’s degree.

**Ally Allexander, Customs Expert, EAC Secretariat**
After completing my ILT Program studies in 2006, I joined the Institute of Tax Administration which is part of Tanzania Revenue Authority as Assistant Lecturer. I decided to join because I felt I have sufficient knowledge and experience and therefore I wanted to impact/share with a wide community through training others. In 2007, I joined the East African Community Secretariat as Customs Officer responsible for administration of the EAC Tariff regime, Rules of Origin and Customs Valuation code, compilation and dissemination of trade statistics, customs-related negotiations and training in customs-related matters. Without undergoing the ILT Program, performing these duties and responsibilities could not be possible.

**Alcides Monteiro, Program Officer Customs, SADC Secretariat**
I always keep seeing Münster in my mind. This sentence summarises the short and long way I took on my professional career. Soon after Münster I had a lot of expectation in my Administration but very soon realised that whatever I had learnt over there was not easy to implement. At that time, my Administration was been restructured from a single Customs Administration to a Revenue Authority and because of that there was an opportunity to introduce new ways of conducting business.

**Rajeev Nawosah, Internal Audit Officer, Mauritius Revenue Authority**
After successfully completing the ILT Program in 2010, I was transferred to the Capacity Building Unit to assist the Director of Customs in the development of Customs Reforms and Modernisation Projects. I was appointed as Trade Analyst in 2011 at the Ministry of Industry, Commerce and Consumer Protection (Trade Division) where I was responsible for advising the business community on Trade Policies, Execution of Trade Policy Measures and approval of Trade Documents. I am presently working as an Internal Audit Officer at the Mauritius Revenue Authority. I am also part of the Technical Team of the Investigation Authority under the aegis of the Ministry of Foreign Affairs, Regional Integration and International Trade to conduct investigation on cases of dumping, subsidies and safeguard.
Box 3: Some key achievements by alumni: continued

**Gugu Treasure Dlamini-Zwane Customs Attaché, Brussels**

The Master of Customs Law and Policy described in one word is an "enabler". It all began in 2005 in Münster, Germany. Straight from there, I was tasked with establishing an International Relations and Cooperation Office. I am currently a Customs Attaché based at the Embassy of Swaziland in Brussels. After this training I can boldly say I have been able to integrate myself nationally, regionally, continentally and globally. I have never felt irrelevant. My confidence levels are increasing day by day and I am able to accept bigger challenges such as being the first Chairperson of the WCO Working Group on Trade Facilitation Agreement. The greatest moment in my life was when I chaired a WTO Information Session organised by the WCO. I found myself sitting between Mr Kunio Mikuriya (Secretary General of the WCO) and His Excellency Ambassador Roberto Azevêdo (Director-General of the WTO. I can’t imagine how we could have dealt with the challenges of Customs in the 21st Century without the MCA. The MCA is the correct dose for African customs administrations.

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**4.3 SADC Training of Trainers Program 2013-2016**

The SADC Protocol on trade provides for member states to undertake to develop or adopt joint training programs, exchange staff and share training facilities and resources. In the same vein, an SADC Training of Trainers Program has been implemented in collaboration with GIZ and the WCO since 2013. The SADC Training of Trainers Program is a response to the challenges of a future integrated operational customs environment within SADC which will include the reform and modernisation of SADC customs administrations. The main objective of the program is to provide technical and professional support to the implementation of the SADC Protocol on Trade, particularly in view of the contribution of customs administrations to the successful implementation and consolidation of the SADC Free Trade Agreement (FTA) and the SADC Protocol on Trade.

Priority is given to those issues that are particularly relevant for the implementation of regionally agreed commitments, such as the Trade Protocol, or which are demanded by a majority of member states. The priorities will also derive from a systematic and continuous review of training needs, which should provide a realistic direction in which the training will be delivered. To date, the following courses have been covered under the program:

- Communication and Facilitation Skills
- SADC Rules of Origin
- Risk Management in Customs
- Tariff and Non-Tariff Barriers
- Customs Valuation (August 2015).

One of the distinctive features of the training is that customs administrations are expected to ensure dissemination of the training to relevant stakeholders and cascading of same to other officers at the national level. According to information gathered, some of the trainers are already cascading such training at the national level especially on SADC Rules of Origin. Finally, it is also notable that the training is being held in close collaboration with the WCO Regional Office for Capacity Building (ROCB) and the WCO Regional Training Centres in Mauritius, South Africa and Zimbabwe.
Box 4: Training of Trainers (TOT) Course on Tariff and Non-Tariff Barriers (NTBs) held in November 2014

The SADC Protocol on Trade, which came into force in 2000, seeks to further liberalise intra-regional trade between Member States and provides for elimination of Non-Tariff Barriers to Trade (NTBs) and requires Member States to refrain from imposing any new NTBs.

The objectives of this training were to:

- Equip the trainers so that they are able to conduct training on NTBs at the national level for other customs officials and stakeholders
- Educate trainers on the need to eliminate NTBs
- Understand the nature, categories and impact of NTBs in SADC.

Categories of NTBs within the SADC region include Customs and administrative entry procedures, Technical Barriers to Trade and Sanitary & Phyto-Sanitary (SPS) measures.


4.4 Strengthening quality infrastructure for trade enhancement

The SADC recognises that maintaining standards of quality are important to businesses and consumers in the region and beyond. As a result, it has established a formal framework – the Standardization, Quality Assurance, Accreditation, and Metrology Programme – to oversee standardisation of policies and procedures for ensuring quality and safety of trade in the region. The implementation of the Technical Barriers to Trade Annex poses some challenges to the member states, as both the capacities and the competences of quality infrastructure are not yet sufficiently developed.

Box 5: SADC – PTB (Phisikalisch Technische Bundesanstalt) project “Strengthening Quality Infrastructure (QI) for trade enhancement and consumer protection in SADC”

The project was implemented between July 2010 and August 2013 and had four components, directed at capacity development of the Secretariat in the area of Quality Infrastructure/Technical Barriers to Trade, capacity enhancement of the QI structures, the international recognition of the QI-Structures as well as the participation of the private sector. In September 2013, the German National Metrology Institute (Physikalisch Technische Bundesanstalt [PTB]) launched a follow-up project based on the very promising evaluation results of the last project. The overall objective of the project is to strengthen the quality infrastructure for trade enhancement and consumer protection in SADC in accordance with the TBT Annex to the SADC Protocol on Trade. The project will run until August 2016 with a commission value of Euro1.5 million.


4.5 The customs leadership program for EAC and SADC

The new initiative ‘Customs Leadership Training for Managers in African Customs Authorities and Trade Ministries’ is focused on a special human capacity development (HCD) approach. Its goal is to reinforce the capacities in the customs authorities and trade ministries of the EAC and SADC member states and to provide executives/decision makers with special competences for their facilitation and mediation tasks during ongoing implementation processes of regional and international customs agreements. Particularly, management and leadership abilities in connection with special strategic technical customs expertise will be enhanced, so that senior managers/executives will be acquainted with identifying and developing sustainable solutions to the challenges facing them. The course program has three main components as shown in Figure 4.
According to GIZ, the overall objective of the regional integration component is, firstly, to update and inform custom officials on relevant technical issues. The selection of topics will be based on the specific interests and demands of the participants in order to ensure practical relevance for the customs authorities concerned. The regional economic integration component aims to provide participants with the following:

- Provision of specialised and demand-orientated technical knowledge with high relevance for the practical work of customs authorities in the context of African regional economic integration
- Updates on latest developments and decisions in the context of regional economic integration and the potential consequences for customs authorities.

Practical application of acquired content in the design and implementation of change management processes.²

### 4.6 Supporting the deepening of regional integration

In November 2014, based on the SADC Treaty, Protocols and the Revised Regional Indicative Strategic Development Plan (RISDP), the SADC Secretariat and Germany agreed on the overarching aim of ‘supporting the deepening of regional integration for the benefit of the people in the SADC region’, with a special focus on:

- Regional economic integration and infrastructure
- Peace, security and good governance and management
- Protection of biodiversity and resilience to climate change.

In addition to some specific sectors, increased importance will be given to support SADC’s priorities of industrial development and infrastructure in the region, which will have a definite impact on SADC intra and extra trade. From the outset, both parties recognised the significance and value added of more than twenty years of cooperation during which Germany has committed around Euro300 million to SADC. Apart from the above, GIZ is also assisting SADC in building the capacity of the Secretariat, monitoring the implementation of the Protocol on Trade and conducting trade-related studies and surveys.
5. Conclusions

Mother Africa is rising and it’s the fastest growing continent in the world. According to the Annual Effectiveness Development Review (AEDR) 2013, more than two-thirds of the continent has registered overall improvement in the quality of economic governance in recent years, with increased capacity to deliver economic opportunity and basic services. The report further adds that greater regional economic integration on the continent will improve the prospects for growth by enabling African producers to build regional value chains, achieve economies of scale, increase intra-African trade and become internationally competitive. According to the AEDR, growth in the continent’s low-income countries exceeded 4.5 per cent in 2012 and is forecast to remain at above 5.5 per cent in the next few years. Africa’s collective gross domestic product (GDP) reached USD953 while the number of middle income countries on the continent rose to 26, out of a total of 54.

However, Africa’s inadequate infrastructure remains a major constraint to the continent’s economic growth and development. Infrastructure can be attributed to ICT and logistics performance of an economy. According to various credible global and regional indexes and surveys, such as the World Bank’s Doing Business Report, Logistics Performance Index, WEF Competitiveness report, the IMF Regional Outlook and the Global Innovation Index, Africa still suffers from logistics performance and supply-side constraints and is lagging behind other regions. Lack of productive capacity, poor infrastructure, poor trade diversification, inefficient customs procedures, excessive red tape and difficulties to meet technical standards in high value export markets have a negative impact on the ability to trade and on the competitiveness of the exports.

Aid for Trade can be the right window for African economies to take advantage of opportunities created by unilateral, bilateral or multilateral trade openings and hence it is an important tool to facilitate trade reforms, improve the business environment, support regional integration and provide opportunities to integrate into global value chains. Aid for Trade from various countries, including Germany, should in normal circumstances be the most appreciated cooperation considering its associated benefits and achievements. This is also essential especially at a time when implementation of the same measures of the WTO Trade Facilitation Agreement 2013, such as Advance rulings, Electronic payment, the Single Window concept, Authorised Operator initiative, Risk Management, Post Control Audit and Border Agency Cooperation can be a challenge to all the least-developed countries and many developing countries. However, Africa should also not become dependent on development aid, hence the need for considerable commitments from the region. Trade-related reforms, including trade facilitation and customs modernisation in Africa, will be successful and sustainable if Africa can take ownership of such reforms. A program of regional trade reform can only be credible if governments are fully committed to it and take ownership of the process (Jayne et al. 2002).

References


Notes

1 The views and opinions presented in this paper are those of the author and do not necessarily reflect the views or policies of the Southern African Development Community (SADC) or its Member States.


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