

Public–private and institutional partnerships as a driver for strengthening the Accelerated Shared Growth Initiative for South Africa (ASGISA)

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ABSTRACT

Nations that trade internationally expect proven compliance of imported agricultural products and manufactured goods, against increasingly sophisticated technical requirements. These requirements can easily become perceived or real Technical Barriers to Trade (TBT's) by their trading partners. After a suitably detailed introduction to the topic, the role of and approaches to conformity assessment in addressing TBT's is investigated. Using examples taken from the Accelerated Shared Growth Initiative for South Africa (ASGISA), gaps in the provision of conformity assessment services, as well as the possible future roles of both the private and public sector are then explored. The article concludes by noting the important role of an appropriate and sustainable conformity assessment infrastructure as part of the industrial policy framework needed to deliver the intended benefits of ASGISA not only for South Africa but also for the SADC region.

INTRODUCTION

Developed nations expect proven compliance of imported agricultural products and manufactured goods, against increasingly sophisticated technical requirements, before allowing access to their markets. These are normally contained in technical regulations intended to protect the health and safety of their citizens. The need by governments to regulate in this area has created the situation that exporters often face voluminous paperwork, complex formalities, and many potential delays and errors. Hill (2002:485), quoting a United Nations (UN) report on trade and development, notes that 'a typical

international trade transaction may involve thirty different parties, sixty original documents and three hundred and sixty document copies, all of which had to be checked, transmitted, re-entered into various information systems, processed, and filed. Research by Wilson and Otsuki (2004:2), has found that *'technical requirements can constitute barriers to trade by imposing unnecessary costly and time consuming test'*. The same authors have also noted that manufacturers face *'various requirements'* that are usually significantly different for each of the *'different markets'* (Wilson & Otsuki 2004:2).

Clark provides a vivid example of the type of difficulties that may be encountered in different export markets. Clark (2000:72) uses the example of a toy teddy bear designed in the U.S and assembled in China from components made in Japan, Germany and Korea. Such a teddy bear potentially faces more paperwork than a tourist applying for a passport and the requisite visas. To enter the United States, the bear would have to prove that it meets a voluntary toy safety standard could easily request certificates from four different Hong Kong laboratories. Furthermore, Japan would require the bear to be labelled indicating its compliance with toy safety regulations and with formaldehyde testing requirements. If the bear were to be imported to the European Union (EU), it would need to have specific identification, the CE mark, showing it complied with the EU toy safety standard. A CE label can only be affixed to a product once conformance to European technical regulations has been proved.

The problems that will be experienced in developing countries, such as those in Africa, without credible demonstration of compliance with the aforementioned technical requirements are increasingly and painfully obvious. The public sector is already recognised as having an important role in assisting industry to address the market access issues noted in the opening paragraphs. A lot of donor effort in the area of conformity assessment is currently directed at public sector capacity building but doubts on sustainability are beginning to surface. A related problem concerns the creation of appropriate and sustainable private sector conformity assessment capability and capacity to support and supplement existing public funded institutions.

Unfortunately, little is currently being done to create conditions for a more active role in regional conformity assessment on the part of the private sector. Given that international trends appear to generally encourage a smaller, more focused, public service forms the basis of the question posed by this article. What approach should developing countries, like South Africa, adopt in addressing the need for sustainable capability and capacity for conformity assessment from a public administration perspective? The question has two distinct components. One concerns what should be provided and funded as a 'public good'. The other addresses what would be more appropriate to perhaps begin with a publicly administered activity which would then eventually move over to the private sector.

This article therefore discusses the potential roles of both public and private sectors, from a Southern African perspective, in creating sustainable conformity assessment infrastructure in support of the recently published Accelerated and Shared Growth initiative-South Africa (ASGISA) plan.

CONCEPTUAL ISSUES AND LITERATURE REVIEW

A worldwide increase in consumer sophistication has created a need to increase the quality of product and service offerings. The increase in demand for better quality is also coupled



with consumer expectations for better value for money. The global economy has created the real possibility to move production of goods and services from existing, well established but relatively expensive locations to other less well developed parts of the world that can offer similar outputs but more cost effectively (Stiglitz 2002; Hill 2002). The move towards global manufacturing capacity is already very evident in the motor and telecommunications sectors, to mention just two. As products become more complex, the public needs to know that they are safe. In developed nations, it is still common practise for government agencies to investigate and ban potentially unsafe products.

As seen from the example of the toy bear in the introductory paragraph, manufacturers must invest time and money to demonstrate that their products comply with the technical requirements in various markets. This aspect is vital when Multi-National Companies (MNC's) have, or are planning, to diversify their manufacturing capacity across the globe. The trend to spread manufacturing capacity worldwide is increasing due to the economic benefits that are obtained by doing so. The worst case scenario, from a manufacturer's point of view, is where they are forced to produce different versions of a product to meet different technical requirements in different markets. This can have a dramatically negative impact due to increased cost to the consumer. An indication of the problem is highlighted in an OECD study. It notes that different mandatory technical requirements exist in the countries chosen (USA, UK, Germany and Japan) for each of the three product categories studied, namely telecommunications equipment, dairy products and automotive components (OECD 2000:5).

The explosive growth in global trade and the increasing need to adhere to a set of uniform rules of trade places enormous pressures on governments, especially those of developing countries. As parties to international conventions and treaties, they need to intelligently participate in the creation and application of international, trade related, technical regulations and standards. A technical regulation is significantly different from a standard in that compliance is mandatory for the former and normally voluntary for the latter (SADC 2003). The reality of global consensus building in international organisations, such as the WTO, is captured by Micklethwait and Wooldridge (2000:169). These authors argue that *'everybody believes in the WTO when it is prying open foreign markets but not when it is prying open domestic ones'*. This hints at the protracted processes involved in building an international consensus, especially in the area of opening local markets to outside competition. In spite of such inherent difficulty, there has been a measure of progress in the area of trade liberalisation and the associated aspect of technical regulations and standards.

'Mozambique has been one of the world's fastest-growing economies for the past four years. GDP growth there has averaged 10 percent. Botswana has enjoyed average growth of 7 percent over that period. Despite Africa's disadvantages, business friendly reforms can work wonders, even in desperately poor countries'. (Friedman 2000:197).

Since the publication of the best selling book, the Lexus and the Olive Tree, quoted in the previous paragraph, the issue of Technical Barriers to trade have already begun to surface in these two SADC member states. They both agree that there is no way that they can afford the time or investment required to create the sophisticated infrastructures that exist in South Africa, mirroring all developed countries, to cope with this issue. SADC member states appear to have agreed that a regional solution is best but this is taking time, a commodity

that is becoming increasingly scarce. An important global trend is that regional organisations for Standards, Accreditation and Metrology are increasingly being seen as providing the necessary linkages between emerging regional trade blocs and the relevant international body for regions such as SADC. The regional activities of standards creation in Europe, CEN/ CENELEC and the Asia Pacific region, PASC, have also been mirrored in SADC committee, SADCSTAN (Bentley West 2001). The members of these organisations also form part of the International Standards Organisation (ISO). Similar regional bodies exist for Accreditation, SADCA and Metrology, SADC MET and SADC MEL. These bodies in turn are related to the international bodies for accreditation, ILAC and IAF, and metrology, BIPM and OIML. These relationships are shown in Addendum A.

The SADC region obviously has little choice but to develop and implement a functioning regional technical regulation framework, and to develop the institutional capacity in the Technical regulatory, Standards, Metrology and Accreditation domain to make it work. The voluntary domain will also benefit greatly. Both public and private purchasers of conformity assessment services will be provided with a transparent mechanism for recognising the technical competence of providers. Given the increased confidence, they can be expected to make more use of these independently verified service providers.

NEW ROLES FOR THE PUBLIC AND PRIVATE SECTOR

An increasing trend has been noted in work by Prefontaine, Ricard, Sicotte, Turcotte, and Dawes (2000:5) that *'Public administrations are turning to new means of collaboration for activities that were, until quite recently, their sole domain as they lay at the very heart of the Government's mission'*. Rainey & Chun (2005:648) quoting prior work by Jones and Ketti (2003), give an indication of why this might be so *'over the past three decades, criticism about government performance has surfaced across the world...Critics have alleged that governments are inefficient, ineffective...and failing in the provision of either the quality of services deserved by the taxpaying public'*. Closer to home, Kennedy and Hobohm (1999:1) assert that *'The private sector has become the central focus for the economic development of African countries in recent years. Two factors account for much of this new emphasis: the failure of public sector-led economic development and the rise of globalization'*. The same authors (1999:4) also declare that *'African economies need to... develop strong private sector enterprises that can compete effectively in world markets'*. Diale (2005:59) cautions however that *'an umbrella approach to replacing public sector practices with those of the private sector, without taking cognizance of the uniqueness of the public sector and its ethos, will in the long run leave the public,...at the mercy of the self-interested market forces'*. In addressing the role of the private sector as part of a holistic industrial strategy it is important to note another view on the link between the expectations of the electorate and the service delivery by the public sector in South Africa. Naidoo and Kuye (2005:624) have found that *'a new view is emerging on the role of the South African public service'* namely *'that it is not only the public service's obligation to provide services but to oversee that they are actually delivered'*. Research by Bayliss and Hall (2002:4) has found that *'without appropriate government stewardship and regulation there is a risk that informal private markets may provide low-quality services'*. They conclude that by implication *'private sector options should not be*



pursed where government stewardship is not able to enforce quality level'. This would imply and oversight role for government as part of a delegation of responsibilities in certain of the identified technical support areas.

Fox and Maas (1997:3) argue that one important difference between the public and private sector, is the presence in the public sector of *'a unique value system'*. According to them, these values include *'public accountability, efficiency, responsiveness, social equity and the application and upholding of individual rights'*. They also note *'that there is a sharp difference between the public and private sectors' distinction of clients and citizens'*. This last point is also highlighted by Kuye (2005:534) whose research has found that while *'treating citizens as customers supposedly empowers the general public,...critics insist that it leads to an impoverished concept of citizenship which dis-empowers the public in terms of setting the agenda and policy frameworks of government'*.

In the previous paragraph it was stated that the public and private sector operate under a different set of values. It was also observed that the end users of the service and or product offerings by the two sectors should realistically expect to be treated in fundamentally different ways, as either citizens or customers respectively. It is important that these differences in approach are factored into the relevant parts of the proposed industrial plan so that unintended consequences of policy are minimised. It is also important to realise the very different management styles that are at work in the two sectors. Research by Allison (2004:410) leads him to the conclusion that *'The single lesson of private management most instructive to public management is the prospect of substantial improvement through recognition of and consciousness about the public management function'*. This would imply that a deep insight of both public and private management philosophy is required when allocating tasks as part of the planning process. One of the major differences between the private and public sector makes effective use of public funds to achieve government policy objectives. Once an activity has begun under the management philosophy of either sector, it will be difficult to move it to the other unless this aspect has been carefully considered from the outset. This is perhaps only an issue where an activity is initiated in the public sector with the idea that it will eventually move to the private sector. This has got to be a well-considered process of transfer of activity to the private sector is echoed by Batley (2004:44) who points out *'that users accustomed to public sector provision generally supported its continuation and opposed alternative arrangements'*.

THE NEED FOR MARKET CONTROL

Once an activity has been identified for transfer to the private sector, what if any role is left for government? According to research by Kotler and Armstrong (1993:78), even the most liberal advocates of free market economies agree, that *'well-conceived regulation can encourage competition and ensure fair markets for goods and services'*. The problems with *'unfettered involvement of private enterprise'* in establishing transparent norms are also highlighted by Gray (2002:7) who has found that *'state intervention has been a key factor in economic development'*. A special report by the Economist (2004a:13) notes that in several African countries, regulations are proving to be hydra-headed. The more onerous they are, the more likely businesses are offered bribes to get around them; therefore, lawmakers have

a perverse incentive to keep inventing new ones, even as the old ones are removed. The same publication (2004b:77) furthers the point, arguing that needless regulations foster graft. A note of caution is also evident in the findings of Kennedy and Hobohm (1999:6) who point out that *'Regulation of the private sector is necessary to ensure competition and fair trade, but unnecessary regulation burdens the private sector and leads to fewer and less efficient enterprises, and reduced competition'*.

Given the difficulties of identifying areas where regulation is appropriate, and then ensuring that such regulation is well considered and appropriate, leads to the question of who should be involved in the drafting and implementation process? Government obviously has the responsibility and the private sector wants due consideration of their views but is there perhaps another source of impartial input? Increased collaboration between the local academic community and the public service is actively encouraged by Fraser-Moleketi (2005:12) *'with our academic and capacity-building community, we need to work at ensuring that we restore African influences in public administration and also work at exporting our insights to the mainstream of current public administration and government thinking'*. Davies (2006:1) is even more direct when he stated that *'We need to create mechanisms to draw in and build on expertise, which exists outside of the governmental framework, in Universities, research institutions and the like'*. These inputs from senior members of government highlight the necessity of drawing appropriately on the academic community to assist in finding appropriate and sustainable solutions to the issues raised by ASGISA. The area of TBT's associated technical infrastructure, and conformity assessment also needs such impartial and considered input on a continual basis to ensure that the resultant policies deliver the expected results and associated benefits.

Research by the United Nations Industrial Development Organisation (UNIDO 2004:4) has shown that any lack of international coordination and mutual recognition of technical infrastructure together with non-uniform technical regulations create Technical Barriers to Trade which are recognised as potential impediments for both developed and developing countries in accessing global markets. Developed countries are actively addressing these issues and, as a result, there is an increasing awareness of the need to improve the institutional infrastructure and capacity of developing countries. Metrology, documentary standards and conformity assessment are essential elements of any technical infrastructure created to underpin the global trading system. They also assist in creating and maintaining the foundations for sustainable economic growth and integration of developing countries into the world economy. The important role they play is addressed in detail in the next section.

THE ROLE OF CONFORMITY ASSESSMENT INFRASTRUCTURE

The inherent difficulty caused by each and every country defining its own individual regulatory requirements has created increasing international pressure for referencing internationally harmonised standards in national regulations. This strategy is prominent at global bodies such as the World Trade Organisation (WTO) and is seen as a vital component in removing Technical Barriers to Trade (TBT). Sophisticated technical requirements are obviously a major concern to developing countries, including South Africa, due to their potential impact on exports. The current focus on the role of internationally harmonised



standards in trade facilitation (OECD 2005), also logically leads to the issue of how does one satisfactorily prove compliance of a product against such a standard?

To ensure that products and services comply to a technical regulation or standard increasingly requires some sort of credible conformity assessment, such as laboratory testing, inspection or third party certification. A demand has therefore been created for appropriate mechanisms that allow both for independent proof of the competence of both local conformity assessment bodies and the integrity of the associated national, and normally publicly funded, support infrastructure. The availability of a commonly agreed technical standard is a basic pre condition. The World Trade Organisation (WTO) has recognised this by inviting the International standards Organisation (ISO) as an observer to their committee on Technical Barriers to Trade (TBT). This remedy also, unfortunately, assumes that a sophisticated technical support infrastructure is readily available and cost effective for local industry to use to demonstrate compliance to such a standard.

Much effort and donor funding, encouraged by the WTO, is currently being focused on creating such sustainable technical infrastructure in developing countries, particularly in Africa. Much of the current donor funded activity in this arena is aimed at creating or expanding public infrastructure, often in a non-sustainable way. Although the role of the private sector is recognised internationally as being an important role player, little unfortunately is actually being done to create suitable conditions for a more role in this area on their part.

The father of modern economics, Adam Smith expressed concern as far back as 1776 that *“merchants and manufacturers, pursuing their own self-interest, would orchestrate government regulation...to their advantage”* (20003: xviii). It is interesting therefore to note that, in Africa at least, public providers of conformity assessment services could potentially be just as problematic, especially in specifying which conformity assessment of service a provider must use to prove compliance to local technical regulations. The potential for such a problem was also raised, from a public administration viewpoint, by Woodrow Wilson. Wilson, quoted by Moe (2004:469), emphasised the need to intelligently address *‘what government can properly and successfully do, and ...how it can do these proper things with the utmost possible efficiency’*. Before we arrive at this issue, it is important to address the topic of the various approaches and provision of conformity assessment services; this is covered in the next section.

APPROACHES TO AND PROVISION OF CONFORMITY ASSESSMENT SERVICES

Several approaches to the provision of conformity assessment are currently being mooted by such influential bodies as the World Bank, the Organisation of Economic Cooperation and Development (OECD) and the European Union (EU). These proposed remedies fall, simplistically, into two categories. One is private sector dominated and based on an underlying philosophy of control by the “market forces” of competition. This approach is enthusiastically driven in international forums, largely, by the United States. The second is the “New Approach” including sophisticated regulation and, in some cases public funded, conformity assessment activity which is preferred by the EU. The EU promotes this view for

at least two reasons. One is the inherent risk from cheap but incorrect test results created by an overzealous reaction to competition. A second is a legislative need for public institutions within Europe to take appropriate responsibility for protecting the welfare of their citizens. Stone's (2004:571) assertion that '*Two contradictory interpretations cannot both be true...and political life is full of them*' sums up the situation exactly. South African industry needs to export to both of these important markets complete with *their 'contradictory interpretations'*. There is a need therefore to determine if there is a cost effective way, as a developing country exporter, to satisfy these apparently conflicting but entrenched export market philosophies. Another complication in the role of the private versus public sector has been identified by authors such as Fox and Mass (1997) and Allison (2004). They stress the difference in approach between the private sector, who address the needs of a self-selected group of specific customers, and the public sector, which must look after the various needs of a group of citizens. Applying these approaches to conformity assessment services identified as part of strategic national imperatives, but not profitable, could be placed in jeopardy unless public funded organisations, and appropriate ongoing funding, were made available to cater for them.

Developing Countries, including our Southern African Development Community SADC neighbours, have been encouraged over a period of many years, and often with external donor support, to establish unified public bodies that create and also participate in the harmonisation of standards, perform a technical regulatory and inspectorate function on behalf of their government in terms of legislation, and also provide test and or inspection services to prove compliance with both national and where appropriate, internationally harmonised standards. They are typically given the name of the "National Bureau of Standards". Most SADC Member States have such a publicly funded body. The need for producing national standards, often an expensive process, and the subsequent activity to prove compliance to such standards, a potential source of revenue, unfortunately can create the potential for a conflict of interest. This is especially true when additional revenue is required to supplement public funding, which is almost always the case for these organisations. Fox and Mass (1997:3) emphasise the need for a clearly defined goal for any public service delivery activity. The authors contend that '*the delivery of public goods and services, notwithstanding their efficient and responsive delivery, is of no value if it does not benefit the individual, the community and society at large*'. While the benefit of the work is without question, the role that these organisations should initially and continually perform, versus that of the private sector is the issue at hand.

Over time, and in order to ensure financial sustainability, some of these publicly funded organisations have further developed their service offerings, not always perhaps in the long term interest of more holistic national objectives (SADC:2003). This is especially true regarding the promotion of an appropriate private sector involvement in conformity assessment. The increasing trend of local adoption of internationally harmonised standards does place the future role of such bodies in question. Developing countries are normally standards takers not makers. The cost of over printing an international standard, and then distributing such a local agent, is relatively small compared to the typical annual budget of such body. The counter argument is that, especially in developing countries, many of the experts involved in the development of such standards, either locally or internationally, and their subsequent interpretation and assessment are specialist public officials, employed and



trained by such bodies. This is an important argument especially in areas of high technical specialisation. In order to understand how much of a problem there is in reality needs a deeper understanding of the current and potential gaps in the reality needs a deeper understanding of the current and potential gaps in the market. This is addressed in the next section.

GAPS IN THE PROVISION OF CONFORMITY ASSESSMENT SERVICES

Conformity assessment issues in South Africa

As previously stated, a sound technical infrastructure is vital to economic development. If ASGISA is to succeed there are certain key technical areas that must be prepared for. These domains require the presence of highly competent individuals and conformity assessment bodies. To give an idea of the task, one of the identified industrial sectors in ASGISA, chemical, is used as an example. Issues that would need to be addressed in more detail include the following:

- Environmental aspects- measurement of organic contaminants in water, dioxins and furans in air and also appropriate soil analysis.
- Food safety aspects – nutrient determination of plants, pesticide residue levels, food borne pathogens, regulation of persistent organic pollutants POP's), Genetically Modified Organism (GMO) testing.

A further and ever increasing problem, especially regarding food safety, is the introduction of stricter technical requirements, and associated certification schemes, for imported agricultural produce by major supermarket chains within Europe. These new voluntary standards are problematic. Each individual European retailer can decide who they trust as far as competent compliance testing prior to purchase. If local produce is rejected only on arrival in Europe, there is no hope of finding an alternative local purchaser and the total consignment is lost. As can be seen, these technical issues are not trivial and can be replicated across all of the other industrial sectors that have been targeted by ASGISA. The recognition by other regional and overseas trading partners of the technical infrastructure within South Africa is critical to maintaining and expanding export markets and also in attracting new investment and industry to South Africa.

The public sector obviously has a key role in creating initial technical capability and capacity. With reference to the topic under discussion, increasingly direct foreign and local investment is predicated on issues such as the availability of a sound conformity assessment infrastructure. To become an attractive investment destination, South Africa must have a technically competent and trusted conformity assessment infrastructure. It is vital that local production facilities can prove compliance locally with stricter international requirements, especially in respect of environmental and social issues. This trend can be expected to boost the demand for more sophisticated domestic conformity assessment capability and services. This must obviously be addressed in appropriate detail in the industrial policy that has been created by the dti in support of ASGISA. The creation of policy is an important first step but

it is also vital that this is backed by detailed implementation plans, including the role of the South African private sector with appropriate initial public funding.

Given the technical infrastructure challenges facing the region, perhaps the local focus might also be broadened to include appropriate role players from SADC. At least one of the local publicly funded bodies responsible for creating and maintaining part of the technical infrastructure has already appointed a regional representative onto its Board. Perhaps this aspect should also be considered as part of the future debate on implementation of ASGISA. Due to the inherently competitive nature of the private sector, this might only be realistic for the appropriate public entities in SADC. The competitive nature of some of the service offerings of the Standards Bodies referred to earlier is also an important point that needs further consideration in this regard. The competitive nature of some of the service offerings of the Standards Bodies referred to earlier is also an important point that needs further consideration in this regard. The SADC sub region is considered in more depth in the next section.

CONFORMITY ASSESSMENT ISSUES FOR SADC

Article 17 of the SADC Protocol on Trade (SADC 2004:11) concerns Standards and Technical Regulations on Trade. It provides that Member States have a duty to ensure that they make compatible their respective standards related measures so as to facilitate trade in goods and services within the community. SADC Member States now have, in terms of the Protocol on Trade, certain legal obligations to ensure that their standards, and related measures such as technical regulations, are based on relevant international standards in order for such measures to be presumed not necessary obstacles to trade. The adoption of the SADC Memorandum of Understanding (MoU) on Standardisation, Quality Assurance, Accreditation and Metrology (SQAM) in September 2001 (OECD 2005:76) is another important milestone in meeting the objectives of Article 17 of the Protocol on Trade. Article 4 of the SQAM MoU declares the objectives of the SADC SQAM Programme as the *“progressive elimination of technical barriers to trade (TBTs) among the member states and between SADC and other Regional and International Trading Blocks and the promotion of quality infrastructure in the member states”*.

According to research commissioned by SADC, it has been found that in almost all Member States, compliance of commodities with the requirements of the technical regulations is not, yet, verified effectively and efficiently (SADC 2003:4). Contrary to the international developments previously mentioned, a number of regulators capacity, tend to favour the approach of testing in their own laboratories (SADC 2003:34). The same source notes that some authorities make use of their legal powers in this regard to ensure income for their commercial operations. Unfortunately, technical regulations serve little purpose if the supporting conformity assessment system is weak or non-existent. Kalenga & Kirk (2003:25) note that in SADC, given the limited availability of financial and human resources, the emphasis should be on the regional provision of conformity assessment services rather than building specific institutions in all of the SADC Member States.

Although tremendous progress has already been made, there is still a general lack of awareness of international trade issues and the related use of standards, metrology, conformity



assessment and accreditation remedies within the SADC region. SADC has therefore created an Expert Group to deal with issues of Standards, Quality assurance, Accreditation, Metrology (SQAMEG) and related technical matters. This strategy also recognises the continual need to build confidence among Member States of the competence of bodies dealing with the entire subject of conformity assessment (ie. testing and calibration laboratories, certification and inspection bodies). Internationally this confidence is increasingly being achieved through accreditation of such bodies against internationally recognised guides, standards and specialised technical interpretative documents.

Before one can begin with creating a regional solution for conformity assessment provision, one must consider the environment and why it appears to be taking so long to get to implementation. Nwafor (2003:2) informs us that, post-independence, most SSA countries *'embarked on a public-sector approach to economic development'*. This led to the creation of a multitude of state-owned enterprises (SOEs). The end result has been that *'the public sector became the vanguard of delivering public goods and services, but also engages in the production and distribution of private goods through SOEs'*. This infrastructure also exists in SADC. There are still huge areas of infrastructure that need to be addressed. According to Davies (2006:1) *'The most credible analytical work on regional integration that I am aware of, has argued that in regions of developing countries many of the major barriers to promoting intra regional trade,...arise from...under developed production structures and inadequate infrastructure.'* Most of the experts currently involved in technical projects in SADC come from such SOEs. Given the very direct impact on these individuals, it is not difficult to understand why the transformation from a national to a regional solution is taking so long. Careful consideration of the long term impact of such a strategy will also need to address the concerns of and impact on the individuals that are directly involved.

As companies in Southern Africa grow from serving the needs of the local consumer they will be faced with issues accessing other markets that can only be solved by the local availability of appropriate technical support structures. It is vital therefore that SADC member states continue to support the regional solutions for their technical infrastructure needs, especially in the area of conformity assessment. Given the long lead times between conception and realisation it is vital that SADC member states identify this need as a priority project at the highest levels within government and commit appropriate and on-going resources to it. As Gilmour (2002:5) has noted *'some of the current SADC members are authorised to provide a complete range of standards and conformity assessment services, including accreditation. It was clear that there is awareness that providing some services may lead to conflicts of interest'*. It is therefore important that such conflicts are also addressed as part of medium to longer term, regionally developed, strategies.

SOUTH AFRICA, THE PROVISION OF CONFORMITY ASSESSMENT TO SUPPORT ASGISA AND AN EXPANDED ROLE IN SOUTHERN AFRICA

The initial and ongoing role of both private and public funded conformity assessment activity, and supporting technical infrastructure, is an important component in creating holistic

domestic solutions for addressing the issue of TBTs. There are important consequences regarding both provision and non provision of conformity assessment services for countries, especially developing ones, as they try to better integrate into the wider, and brutally competitive, global economy. In facing this challenge, there are several issues. One is how should a country migrate from donor or government driven creation of public service capacity and delivery to encouraging an appropriate mix of public / private institutional capacity? A related issue is how to address sustainable private sector conformity assessment service provision, especially SMMEs, in such a highly technical field? The answer to the latter is particularly important within the South African context given government policy to promote the creation of Small, Medium and Micro Enterprises (SMME's), in support of the objectives of ASGISA.

The Accelerated and Shared Growth Initiative – South Africa (ASGISA) plan was recently announced by the South African Deputy President, Phumzile Mlambo-Ngcuka (2006:1). The plan provided tangible evidence of the government's desire to use the public service as a major role player in service delivery against specifically defined policy objectives. The South African Deputy Minister of Trade and Industry, Rob Davies, stated in Parliament during the last budget vote, that *'those very few developing countries that have succeeded in breaking out of their historical places in the global division of labour as mere producers of raw materials, have all had active industrial policies'* (2006:1). Dr Davies also noted that *'The Accelerated and Shared Growth Initiative for South Africa (ASGISA) adds its voice to call for a more robust and active industrial policy in South Africa'*. What such a policy should contain concerning the conformity assessment issues already raised, is addressed later.

Mention was made in a media briefing by the South African Deputy President (2006:2) of six binding constraints. Three are relevant to the topic at hand. The first is *'Barriers to entry, limits to competition and limited new investment opportunities'*. The second is *'Regulatory environment and burden on small and medium businesses'*. The third, and for the purposes of this article, last, is *'Deficiencies in state organisation, capacity, and leadership'*. The briefing document notes that counters to these constraints *'entails a series of decisive interventions'*. It specifically identifies *'public administration issues'* as one of six specific categories under which responses to the constraints are then developed.

South Africa, fortunately, is not reliant on foreign donor assistance linked to prescriptive policy remedies. This allows the relative luxury of developing home grown solution that might also assist others in the SADC sub region. This approach is also encouraged by Naidoo and Kuye (2005:630), who are of the opinion that *'a combination of approaches are essential'*. The same authors also suggest the incorporation of *'traditional African values'* which would *'actively promote governance principles such as accountability, transparency, responsiveness, equality and public participation'*. The same sentiments are evident Davis (2006:1) who stated that *'Among the themes which we will be emphasising in our new approach to industrial policy, will be the need for government to facilitate and encourage all stakeholders to engage in a process of self discovery. Self discovery needs to...lead to the identification of key action plans needed to take our sectors from where they are to where we need them to be'*. Such action plans will obviously need to consider the issue of TBT's facing the various targeted industrial and agricultural sectors. Once the issues have been clearly identified a detailed plan can be formulated to address them. This would include the use of



existing conformity assessment capacity, the strengthening of such, where appropriate, as well as the creation of new public and private capability where required. Once a plan has been established and agreed, the next and perhaps the most important aspect arises, who is ultimately responsible for successful implementation?

Technical infrastructure capacity building and strengthening projects are by no means short term in nature and require large amounts of ongoing capital and operational expenditure. Obviously the successful elements of the South African experience cannot just be transplanted 'as is' into the rest of SADC. Mathiasen (20005:667), quoting Pollitt (2002) provides some sage advice in this regard. *'What works and what does not tends to be heavily context-dependent. That is to say, a technique or organizational structure that succeeds in one place may fail in another'*. This contextual sensitisation will obviously take time, a commodity that is normally not in abundant supply. Why not use local knowledge and resource from the outset? As Ngema (2005) has pointed out when he noted that *'what is...troubling is...that lack of capacity not only has local or national consequences, it has regional, continental and global consequences as well. It is not possible to draw from such processes until we have built the capacity for effective engagement'*. (Ngema 2005:11).

CONCLUSION

Developed nations increasingly expect proven compliance of imported agricultural products and manufactured goods, against sophisticated technical requirements, before allowing access to their markets. These are normally contained in technical regulations intended to protect the health and safety of their citizens. Due to the inherent difficulties caused by each country defining its own individual regulatory requirements, there is increasing international pressure to reference internationally harmonised in domestic regulations. This, in turn has led to an increased demand for appropriate and transparent mechanisms that allow both for independent proof of the competence of both local conformity assessment bodies and the integrity of the associated national support infrastructure. Much effort and donor funding, encouraged by the WTO, is currently being focused on creating such sustainable technical infrastructure in developing countries, particularly in Africa. The current donor funded activity in this arena is largely aimed at creating or expanding public infrastructure. Although the role of a vibrant private sector is actively promoted by some, there is little evidence that anything is actually being done to create conditions that would encourage them to take a more active role. In addressing the potential future roles of the public and private sector in the sustainable provision of conformity assessment, and related technical infrastructure, several key differences were noted. It was also established that addressing these needs required very different skill sets of the managers involved within the two different sectors. It was noted that the unintelligent application of a market driven approach to conformity assessment could easily create a scenario where only those serves that could realise a profit would be readily serviced by the private sector. Conformity assessment services identified as part of strategic national imperatives, such as those required to support ASGISA, but not profitable in the short term, could be placed in jeopardy unless public funded organisations, and appropriate ongoing funding, were made available to cater for them. In facing this challenge, several

issues were identified. One is how should one encourage an appropriate mix of ongoing public/private institutional capacity. A related issue was how to address sustainable private sector conformity assessment service provision, especially SMME's in such a highly technical field? The answer to the latter is particularly important within the local context given the stated policy to promote the creation of Small, Medium and Micro Enterprises (SMME's) in support of the objectives of ASGISA.

Once an activity has been identified for transfer to the private sector, what role is left for government? Given the difficulties of identifying areas where regulation is appropriate and then ensuring that such regulation is well considered, appropriate and implemented in a suitable manner leads to the question of who should be involved in the drafting and implementation process? Although government has the responsibility and the private sector will want a voice, the area of TBT's, associated technical infrastructure, and conformity assessment, like other ASGISA related strategies will also need impartial and considered input. Senior members of government have already highlighted the necessity of drawing appropriately on the academic community to assist in finding appropriate and sustainable solutions to issues raised by ASGISA. Conformity assessment issues would benefit from the same approach, especially given the local trend in some academic institutions for their testing laboratories to be accredited.

The article concluded by investigating the possibility of using local solutions as part of being a responsible member of the SADC region. South Africa's experience could provide valuable lessons for the rest of SADC. Technical infrastructure capacity building and strengthening projects are by no means short term in nature and require large amounts of ongoing capital and operational expenditure.

RECOMMENDATIONS

South Africa is a party to several international conventions and treaties concerning conformity assessment. There is a need therefore;

to coordinate intelligent participation in the creation and application of international, trade related, technical regulations and standards as part of a holistic strategy for trade facilitation, and,

for appropriate investigation on the need for future government intervention and oversight through regulation, especially if one is looking to create models that could be appropriately transferred to the rest of Africa. Given that South African industry needs to export, the technical conformity issues that need to be addressed in the industrial sectors that have been targeted by ASGISA must be addressed in appropriate detail in the industrial policy being created, including an enhanced future role for the private sector,

the demands for conformity assessment, and associated technical infrastructure, that will surely follow improvements in technology and or expansion of local manufacturing and agro processing capacity will require appropriate and ongoing improvement of the local technical infrastructure to ensure it keeps pace with global trends, and

there is a need to determine if there is a cost effective way to satisfy the apparently conflicting but entrenched market philosophies that apply in the United States and the European Union.



South Africa is currently the only country within the SADC that has developed the sophisticated and holistic infrastructure required to prove equivalence of conformity assessment activities. Therefore;

South Africa's experience could be offered for appropriate education and use by the rest of SADC.

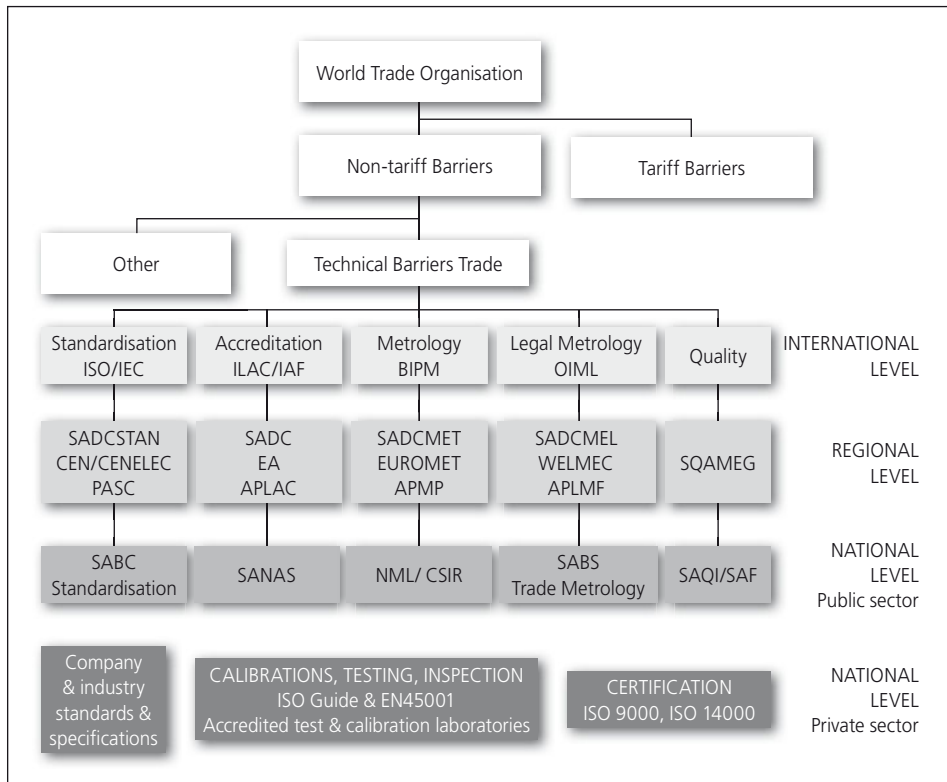
closer cooperation between the professionals in each country, with designated responsibility in this area, should be actively encouraged.

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Addendum 1 International and Regional Link ages for Standards, Accreditation and Metrology (Bentley West 2001:9)



Source: CSIR/ NML