



Workshop on Trade Facilitation and Regional Integration Nairobi, April 6-7, 2022

Agenda and Objectives



Background

The Horn of Africa Initiative (HoAI) was launched in October 2019 by the Ministers of Finance of Djibouti, Ethiopia, Eritrea, Kenya, and Somalia with the support of the African Development Bank, the European Union, and the World Bank. Sudan has been participating as an observer since October 2020 and is set to become the sixth full participant after formally expressing interest to join the Initiative in April 2019.

The initiative calls for investments close to US\$16 billion over the next decade, by supporting the design and implementation of a series of projects in 4 key areas, corresponding to the 4 Pillars in which the HOAI is articulated, namely: 1) economic corridors development (transport, energy, and digital networks); 2) trade and economic integration, 3) increasing resilience and 4) improvement of human capital.

During the HoA “Principals Only” Ministers of Finance Meeting held in December 2021, Ministers recognized that investment in infrastructure and other physical assets is a necessary condition for deepening integration, but that in order to maximize the impact of such investments, complementary “soft” interventions are also needed both at national and regional levels. Accordingly, the Ministers called for further consultations to identify those policy actions that should accompany physical investments which are necessary for facilitating trade and address

other Non-Tariff Barriers (NTBs) that currently hinder transport and investment in the HoA region. They therefore invited all stakeholders to discuss such actions at the technical level before presenting them at the April 2022 Ministerial meeting.

Objectives and deliverables

The objective of the workshop on trade is to identify shared priorities regarding the main barriers to cross-border trade and deeper regional integration and solutions for addressing them. The main outcome will be a prioritized action matrix and implementation road map that will be presented at the Ministerial meeting in April 2022. The discussions at the workshop will be informed by the regional and national working groups that have been constituted and have met several times to consider operational priorities.

To guide the discussions between counterparts, the HoA Secretariat has prepared a study on Trade Integration and Facilitation Reforms in the Horn of Africa and Way Forward, available on its website at this link: <https://hoainitiative.org/trade-integration-and-facilitation-reforms-in-the-horn-of-africa-and-way-forward/>. The study identifies a set of key challenges for cross-border trade in the HoA region and possible solutions, provided below in the Annex, which provides a base upon which to organise the discussions. This together with other work conducted by the World Bank and other development partners, will support the participating countries to develop an action matrix that identifies priority actions along the following three main themes:

- A) Implementing trade policy reforms and improving regional coordination: This includes leveraging Continental (AfCFTA), COMESA and IGAD regulatory frameworks as platforms for coordination and harmonisation of trade policies among HoA countries.
- B) Improving trade facilitation, logistics and connectivity and reducing non-tariff barriers. This includes actions to include digital trade and institutional reforms needed to address NTBs. These can be combined with other initiatives, especially those under Pillar 1, to improve operational efficiency and reduce trade costs.
- C) Improving small scale cross border trade including for women traders at the HoA countries common borders. This includes COMESA simplified trade regimes and immigration actions to expedite cross-border movement of persons undertaking trade activities.

Preparatory work prior to workshop: Country Delegations will be expected to bring with them to the workshop an action matrix with proposed reforms/steps that each member needs to implement to improve trade in the region. This action matrix needs to be split into the three categories highlighted above namely a) implementing trade policy reforms and improving regional coordination; b) Improving trade facilitation, logistics and connectivity and reducing non-tariff barriers; and c) Improving small scale cross border trade. Ideally the actions should be prioritized.

Expected outputs: The final output of the workshop will be a prioritized action matrix and implementation roadmap that will be presented at the April Ministerial covering the following: (i) short-term reforms (quick wins) around which necessary technical assistance and capacity building

can be quickly mobilised; (ii) more ambitious reforms, coordinated with infrastructure investments where relevant, which require concerted efforts to build capacity; and (iii) areas over which a further technical work and dialogue is required to achieve consensus.

Programme

Tuesday April 5, 2022: Arrival of Delegations (2-11 am)

NB: This meeting will be mainly in person, but a VC connection will be available for observers.

Wednesday April 6th, 2022 - Safari Park Hotel (to be confirmed)

Time	Activity	Speakers
Day 1 Wednesday April 6 2022		
9.00-9.15	Welcome Remarks and Presentation of Workshop Objectives and links to overall HoAI initiative.	Head of HoAI Secretariat
9.15-9.40	Overview of Trade issues in the Horn of Africa	Danilo Desiderio
9.40-10.40	Implementing Trade Policy and improving regional coordination	Djibouti; Ethiopia; Kenya; Somalia
10:40-11:00	Presentation of the draft IGAD Regional Trade Policy	IGAD
11.00-11.20	Coffee Break	
11.20-12.45	Improving trade facilitation, logistics and connectivity and reducing non-tariff barriers	Somalia, Kenya, Ethiopia, Djibouti
12.45-14.00	Lunch	
14.00-14.45	Improving small scale cross border trade including for women traders	Djibouti; Ethiopia; Kenya; Somalia

14.45-15.30	Development Partner Presentations/Feedback on HoAI Support	AfDB; EU; WBG
15.30-15.50	Tea break	
15.50-16.45	Working Group Session	All participants
16.45-17.00	Closing for day and Next day Agenda	HoA Secretariat
Day II – Thursday April 7, 2022		
9.00-9.10	Day's objectives	Head of HoAI Secretariat
9.10-10.30	Presentation of the time bound consolidated reform matrix across all three main themes for all HoAI countries.	Danilo Desiderio (HoA Secretariat) and Heads of delegations
10.30-11.00	Coffee Break	
11.00-11.30	Discussion on next steps, resource identification and planning for Ministerial	HoA Secretariat
11.30-12.00	Closing Remarks	Head of HoAI Secretariat; Djibouti; Ethiopia; Kenya; Somalia; Development Partners.
12.00-13.00	Lunch	
Afternoon	Departure for airport no later than 14:00h	

ANNEX: Matrix of critical issues in the HoA with possible solutions

Critical issues	Possible solution	Main Benefits	HoA countries affected
Policy harmonisation			
<p>Complex environment for trade policy – not all HoA countries participate in or have accessed key regional and multilateral trade agreements such as the COMESA Free Trade Area, the AfCFTA, WTO, etc.</p>	<ul style="list-style-type: none"> • Coordination/Harmonization of trade strategies at the national and regional levels. • Support accession to international agreements 	<ul style="list-style-type: none"> • Consistent and predictable trading environment. • Reduced costs of compliance for private sector. • Increased economic integration achieved among the HoA countries. 	ALL
<p>Insufficient coordination between the different categories of border agencies at border points (e.g. Customs, Immigration, Police, veterinary, sanitary and phytosanitary authorities, Bureaus of Standards, etc.).</p>	<ul style="list-style-type: none"> • Establishment of National Border Coordination Committees, made up of Heads of key border agencies in each HoA country • Exchange best practices through joint actions, exchange of officers of border agencies, working visits, seminars, training courses, project groups, 	<ul style="list-style-type: none"> • Enhanced border efficiency and improved inter-agency coordination in border management. • Identification, development, sharing and application of best working practices and administrative procedures, further to benchmarking activities; • Reinforcement of skills and competences of border officials; strengthening of relations and harmonisation of working practices 	<p style="text-align: center;">ALL*</p> <p style="text-align: center;">The establishment of National Border Coordination Committees regards all HoA countries except Kenya, that has already put into operation this body (Border Control & Operations Coordination Committee/BCOCC).</p>
<p>Lack of harmonization between the policies and regulatory frameworks of HoA countries in the areas of customs, trade and transport.</p>	<ul style="list-style-type: none"> • Harmonisation of axle load, vehicle dimension, and gross vehicle mass (weight) between the HoA nations. 	<ul style="list-style-type: none"> • Attainment of a more integrated and efficient road transport industry in the region. • Avoidance of multiple weight measurements along inter-State roads. • Possibility to electronically interconnect weighbridges in the region (so that they can share information with each other) • Possibility for transport companies to optimise and fully utilize load space of their trucks. 	ALL
Institutional mechanisms for NTBs			
<ul style="list-style-type: none"> • Lack of collaborative mechanisms for identification, monitoring and resolution of NTBs in the HoA. • Limited participation of the private sector in the design and implementation of trade facilitation reforms and weak dialogue between public 	<ul style="list-style-type: none"> • Establishment (in those HoA countries where they do not exist yet), of National Monitoring Committees (NMCs), and National Trade Facilitation Committees (NTFCs) with the participation of the private sector • Improving the use and strengthening the communication on the existing reporting platforms for NTBs complaints. • Implementation of joint surveys and Time Release Studies by Customs of adjoining HoA countries (or at regional level) for the coordinated identification and assessment of the performance of Customs and other 	<ul style="list-style-type: none"> • National policies on NTBs identification, monitoring and solution are better coordinated. • Efficient identification of NTBs in the HoA and implementation of coordinated solving mechanisms for reported NTBs • Public authorities in each HoA country can leverage the private sector experience in identifying NTBs in the Region. • Effective involvement of the private sector in the smooth implementation of trade facilitation reforms. 	ALL

<p>stakeholders and the business community.</p> <ul style="list-style-type: none"> Lack of coordination between trade facilitation tools adopted at national level by HoA countries 	<p>border agencies at borders, and development of an action plan for implementing ensuing recommendations.</p>		
Market access and regulation			
<p>Imbalance of trade flows between HoA nations and difficulty to find return cargo.</p>	<p>Development of regional electronic tools for facilitating matchmaking between supply and demand of transport services.</p>	<p>Savings in time and decrease of transport costs for transport operators.</p>	<p>Djibouti, Eritrea, Ethiopia, Somalia, Sudan</p>
<p>Cumbersome procedures for obtaining cross-border road transport permits allowing transportation of cargo in other neighbouring countries.</p>	<p>Development of a regional agreement or bilateral agreements between HoA nations allowing truckers to move in other countries in the region on the basis of a permit issued from the authorities of the country of origin of the shipment (e.g. Ministry of Transports).</p>	<ul style="list-style-type: none"> Facilitation of circulation of commercial vehicles in the HoA region. Less cumbersome procedures for obtaining the cross-border road transport permits. 	<p>ALL</p>
<p>Lack of harmonization between the policies and regulatory frameworks of HoA countries in the areas of customs, trade and transport.</p>	<p>Harmonisation of axle load, vehicle dimension, and gross vehicle mass (weight) between the HoA nations.</p>	<ul style="list-style-type: none"> Attainment of a more integrated and efficient road transport industry in the region. Avoidance of multiple weight measurements along inter-State roads. Possibility to electronically interconnect weighbridges in the region (so that they can share information with each other) Possibility for transport companies to optimise and fully utilize load space of their trucks. 	<p>ALL</p>
<p>Lack of regulatory information and of information on import and export procedures for trading in the Region, with such information often available in only one language, and not easy to access by traders and transport and customs service providers.</p>	<p>Development (in those HoA countries where they still do not exist) of information or knowledge portals with descriptions of laws and regulatory requirements on customs, trade and transport procedures applicable to cross-border transactions, possibly by interconnecting such portals so that information can be shared with each other.</p>	<ul style="list-style-type: none"> Improved access to laws, regulatory requirements and cross-border procedures. Increased market accessibility 	<p>Ethiopia, Djibouti, Somalia, Eritrea, Sudan</p>
<p>Uncompetitive trucking industry, operating old vehicle fleet, inadequate by modern standards and expensive to run.</p>	<ul style="list-style-type: none"> Creation of national Committees responsible for conducting surveys to determine both the types of trucks and their average age circulating in each HoA country. In those countries where vehicle fleets are particularly old, such Committees should prepare vehicle replacing plans to be transposed in a specific regulation, obliging transport companies to replace within a defined time limit those trucks that do not conform to the specified standards, prohibiting the import of non-conforming trucks. Members from Ministries of Finance and Customs should be included in such Committees to ensure that specific incentives (e.g. reductions of customs duties 	<ul style="list-style-type: none"> Increased productivity of the logistics sector as a result of lower operating costs, increased loading capacity (hence less trips) and lower fuel consumption of the new vehicles. 	<p>Somalia, Sudan, Ethiopia and Eritrea</p>

	on imports) or tax-breaks are designed, to encourage transport companies to replace the trucks that are not conforming to the adopted standards.		
Lack of harmonized tool on trade facilitation and approaches to trade policy	Prepare harmonized tools on trade facilitation such as OSBP policy, manuals of procedures	Such manuals would be easily adopted, with minor tweaks when establishing OSBPs, as is the case in other RECs, notably the EAC. Such tools would also guide member states in formulating their own national OSBP policies, Availability of such	ALL
Pre-Shipment Inspection/pre-export conformity assessment programmes and mandatory testing and verification requirements for products to be imported in most of HoA countries.	Adoption of a regional mutual recognition agreement or equivalence agreements by the HoA countries, allowing the products that have been tested in the exporting HoA country to be accepted by the importing HoA country, with minimal testing or certification.	Elimination of the need to obtain a Certificate of Conformity (CoC) from an agency or laboratory in the HoA country of the origin of the shipment for their import in the HoA country of destination.	Ethiopia, Eritrea, Kenya, Somalia
Lack of harmonisation among the pest lists adopted by each HoA country at national level.	Adoption of a regional quarantine agreement between HoA nations with an agreed pest list covering the main products traded at their borders.	Simplification of compliance verification procedures for at least the most commonly traded products at the HoA internal borders.	ALL
AEO (Authorized Economic Operator) programs adopted by HoA countries are not coordinated with each other.	<ul style="list-style-type: none"> • Introduction of the AEO programme. • Alignment of national AEO schemes to the COMESA/EAC Regional AEO Programme implementation guidelines. • Development of simplified and faster border clearing procedures, with less invasive controls for AEOs, with dedicated fast-track lanes at HoA borders for such operators. • Conclusion of Mutual Recognition Agreements between those HoA nations that have already adopted an AEO program. 	<ul style="list-style-type: none"> • Implementation of selectivity criteria for control at borders: AEOs traders are subject to less invasive controls, so that Customs can focus inspection resources on more high-risk operators. • Harmonised procedures and criteria for granting the status of AEO in the HoA countries • Faster border clearing procedures at borders for “trusted” operators. 	<u>Somalia, Sudan and Eritrea*</u> *MRAs should be concluded between Kenya, Ethiopia and Djibouti, as these are the only HoA countries that to date have AEO programs in place. The need to align national AEO programs to the COMESA Regional AEO Program implementation guidelines concern all the HoA countries.
High transit time and cost for moving goods in transit.	Interconnection of ECTS adopted by HoA nations along the main transit routes in the Region.	<ul style="list-style-type: none"> • More efficient tracking of cargo from departure to destination in all transit corridors in the HoA. • Complete elimination of Customs and Police escorts in the transit countries. • Improvement of the security of goods in transit. • Reduction of transit time, delays and of risks of diversion of goods in not authorized places before transit goods arrive at destination. 	Kenya, Sudan, Ethiopia and Djibouti
High transport cost due to not well-maintained and insecure roads.	Implementation of a Road Management Information System (RMIS) for monitoring the status of priority trade corridors in the region allowing roads and traffic authorities to rapidly intervene in case of incidents, breakdowns or others needs and to road users to receive real-time information on traffic and on the status of roads.	<ul style="list-style-type: none"> • Improvement of usability of trade corridors in the HoA • Reduced congestion and increased safety along HoA trade corridors (as road users receive real-time information on traffic and on the status of roads). • Efficient monitoring the status of trade corridors in the region. • Geospatial data can provide real-time information to the national road authorities in the HoA for planning, engineering, asset 	ALL

		management and operations associated with the use of their roads.	
Need for traders to carry out multiple documentary transmissions to different regulatory agencies and other private entities, for their cross-border transactions.	<ul style="list-style-type: none"> • Development of Single Window systems in those HoA where such systems still do not exist (Somalia and Eritrea). • Creation of electronic linkages between the national SWs of HoA countries so to allow traders to submit electronically one set of documentation that could be used as both entry and exit documentation in the importing and exporting country. 		<p><u>Djibouti, Somalia, Eritrea*</u></p> <p>*The creation of electronic linkages between the national SWs is a measure recommended for all HoA countries</p>
<p>Lack of convertibility among HoA countries' currencies makes costly for traders to engage in trading activities at borders and to pay duties or other fees in the importing country.</p> <p>Limited availability of banking services at the HoA borders, which obliges traders and transporters to travel with large amounts of cash, in order to pay customs duties and other levies (included border agencies fees and other charges)</p> <p>Problems of conversion among HoA currencies at the HoA countries' borders.</p>	Adoption of specific agreements with mobile operators to encourage the use of digital payments over cash for payment of border agencies fees, customs duties and other charges for import, export, or transit.	<ul style="list-style-type: none"> • Simplified payment of border agencies fees, customs duties and other charges for import, export, or transit. • No need for transporters to travel with large amount of cash and to convert currency for paying duties or other fees in the importing country after crossing the border. 	ALL
Facilitating small scale trade			
Prevalence of informal/small scale trade especially at the HoA countries' borders	<ul style="list-style-type: none"> • Adoption of IT tools to expedite submission of information and clearance of small-scale traders. • Development of an AEO-similar approach for pre-approved and pre-identified small-scale traders. • Implementation of the COMESA Simplified Trade Regime (STR) at borders between Kenya, Somalia and Djibouti. Implementation of STR equivalents in Ethiopia and Eritrea (as they are not part of the COMESA FTA), by virtue of specific bilateral preferential arrangements concluded with the other HoA countries. • Constructing market infrastructure near the borders. • Establishment of border information desks to give assistance and information to cross-border traders on procedures and formalities at the border and for reporting cases of corruption/irregular practices 	<ul style="list-style-type: none"> • Simplification of formalities and procedures for cross-border trade. • Implementation of selectivity criteria for control at borders: small-scale traders are subject to less invasive controls, so that Customs can focus inspection resources on more high-risk operators. • Informal traders are encouraged to declare their import/export transactions because of simplified procedures and exoneration from payment of customs duties for goods whose value is below a certain threshold. • Reduced transport and distribution costs for small-scale traders. 	<p><u>Djibouti, Eritrea, Ethiopia, Somalia</u></p> <p>*Kenya implements the EAC STR</p>