



Accelerating regional integration through trade facilitation in the Horn

AfDB presentation at the Horn of Africa Initiative Technical Trade Workshop

Nairobi, 6-7 April 2022



Outline of the presentation

1

Opportunities and Challenges

2

AfDB's Trade Facilitation interventions in the Horn

3

Other Trade Projects within the horn

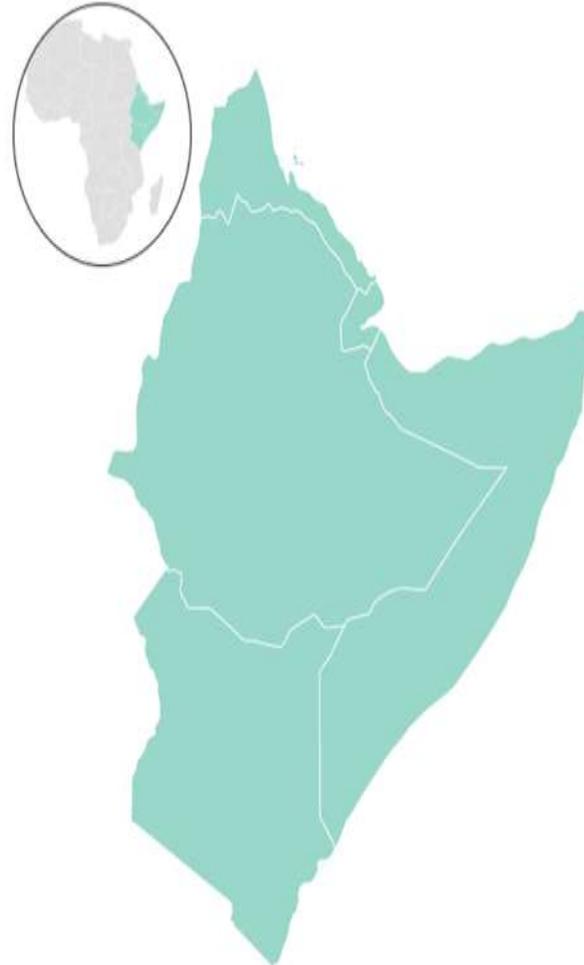
4

Conclusion

Context: Opportunities and Challenges in Trade Facilitation within the Horn of Africa

Opportunities

- **Strategic geographic location**
- **Djibouti and Kenya are members of the World Trade Organization (WTO), while Ethiopia, Somalia and Sudan are undergoing accession**
 - Laying the ground for more transparent trade regimes in the region
- **Ratification of the African Continental Free Trade Area (AfCFTA) by an increasing number of countries in the region:**
 - Djibouti, Ethiopia, Kenya have ratified while for Somalia, the process of ratification is at an advanced stage
- **Cross-border infrastructure provides an opportunity to mainstream trade facilitation measures.**
 - e.g., OSBPs



Challenges

- **Existence of many administrative hurdles (intra-agency(within borders) and inter-agencies(across borders))**
- **Persistence of Non-tariff barriers (NTBs)**
- **Lengthy border crossing processes**
- **Restrictions to the movement of vehicles and persons**
 - Due to the lack of harmonized policies and regulatory frameworks on issues such as axle loads, restrictions on foreign-registered trucks
- **Inadequate hard and soft Infrastructure to support trade facilitation**



AfDB's trade facilitation interventions within the Horn



Moyale OSBP

- The Moyale One Stop Border Post (OSBP) was launched in **December 2020** by the President of Kenya and Ethiopia's Prime Minister
- The border post is part of the Mombasa-Nairobi-Addis Ababa corridor Phase I- part of Trans-Africa Highway No.4 from Cape to Cairo
- **Construction of the OSBP facility was completed in 2018**, after which the facility has been kitted with appropriate ICT hardware and software to enable it run smoothly as a modern facility
- However, gaps remain on the soft elements to enable coordinated border management. Other DPs such as TMEA are engaging with the Parties to address lingering challenges



THE TRANS AFRICAN HIGHWAY

Mombasa - Nairobi - Addis Ababa Road Corridor

Joint Inauguration of :

The Hawassa - Moyale Road (500K.M) /Ethiopia /
And

Isiolo - Moyale Road (503K.M) /Kenya/
And

The Moyale One Stop Border Post (OSBP)

Financed by :- African Development Bank

December 09/2020, Moyale

KENYA TO ETHIOPIA
(A2) ROAD

Impounded Goods
Vehicles Office →

← Generator House

Main Terminal

Verification Building →

Customs Warehouse →

Transit Vehicles
Parking

Animal Holding

Moyale OSBP launch

Somalia Governance Program

The project worth USD 7.8 million was approved in December 2017 and aims to be completed in June 2022

The overall development objective of the project is to strengthen macroeconomic management and enhance transparency and accountability in the use of public resources

The project supports **Trade Facilitation** by including a component on customs reforms: development of national inland revenue and national customs administration reforms envisioned in the National Anti-Corruption Strategy (NACS).



Improving the Trade Facilitation Environment in Eastern Africa Project (ITFE)

- In 2018 the Bank approved a grant of CAD950,000 to IGAD and Pan African Chamber of Commerce and Industry (PACCI) to implement the project named “improving the trade facilitation environment in Eastern Africa (ITFE)”
- Project components:
 - **Diagnostic Studies:** to analyze the current state of logistics and trade facilitation; assess trade facilitation issues that constraints participation of private sector; asses the technical, human and financial capacities of business support organizations and Trade Facilitation agencies involved in supporting trade and investment activities
 - **Capacity Building** for trade facilitation and export development (IGAD, PACCI and Member Associations)
 - **IGAD Trade Policy** and Action Plan
 - Provision of ICT hardware and software to PACCI and IGAD to enhance service delivery



Ethiopia-Djibouti Transport Corridor Project

- The project was approved in 2019 and will support trade facilitation by improving logistics and access to sea-ports for Ethiopia
- The project consists of the construction of 60km of the new 126 km 4-lane expressway from Adama to Awash and support transport sector reforms and capacity building for Djibouti
- **One stop Border Post:** Trade facilitation will be enhanced through the design of a one-stop-border post (OSBP) at Gaulile border between the two countries
- The project will cost USD 254 million and is financed by an ADF Grant of USD 97.2 million to Ethiopia and ADF Grant of UA 5.4 million to Djibouti and Government of Ethiopia contribution of USD 151.4 million.

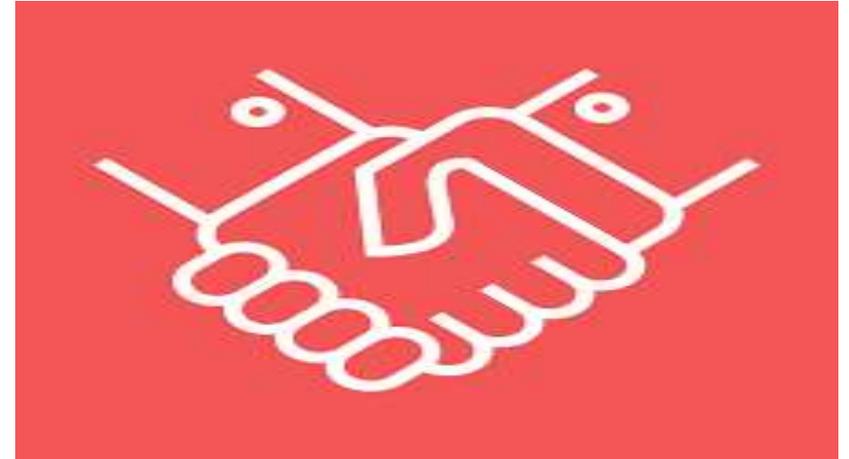


Technical Assistance to HoAI

Financed the recruitment of a Trade Expert.

- To support the secretariat and HoA countries in the identification of priority actions to facilitate policy harmonization under the trade and economic integration pillar of the HoA Initiative

Financed the recruitment of in-country focal points supporting the national advisors in the HoAI countries





Other Trade Projects within the Horn

Other Trade Projects within the Horn

- **Regional Program on Enhancing the Investment Climate for the Economic Empowerment of Refugee, Returnee and Host/Return Community Women in the East and Horn of Africa and Great Lakes Region**
 - Approved in 2021 for a total of USD 2.1M
 - Aims to identify sectors of competitive advantage for investment and trade in selected refugee-hosting and return areas
 - Address the legal, regulatory, procedural, and infrastructural barriers to the economic empowerment of refugees, returnees and host/return community women
 - Covers eleven countries in the East and Horn of Africa and Great Lakes Region: Burundi, Djibouti, Eritrea, Somalia, South Sudan, Sudan, and neighboring countries hosting large numbers of refugees from these countries: Ethiopia, Kenya, Rwanda, Tanzania, and Uganda
- **Technical Assistance to the Government of Ethiopia in the revision of its Industrial Policy and implementation framework:**
 - Project amount: USD 300 000
 - Provide technical assistance to the Ministry of Industry and Trade in the review of past and ongoing industrial policy initiatives
 - Setup a framework and systems to effectively formulate, implement and coordinate policy interventions





Thank You!