

**Multi-year Expert Meeting  
on Transport, Trade Logistics and Trade Facilitation  
Second Session**

**Trade facilitation rules as a trade enabler:  
Options and requirements**

**Geneva, 1–3 July 2014**

**Implementing  
the WTO Trade Facilitation Agreement in Africa  
The Role of the AfDB**

**by**

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## Implementing the WTO Trade Facilitation Agreement in Africa

### The Role of the AfDB

**SESSION 3: Multilateral and regional trade facilitation negotiations and agreements:  
Ensuring coherence**

**MULTI-YEAR EXPERT MEETING ON TRANSPORT, TRADE LOGISTICS AND TRADE FACILITATION,  
Second session**


  
 African Development Bank Group

# AfDB

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## I. Introduction

- The AfDB's new TYS for 2013-2022 has 2 **strategic objectives**:
  - inclusive growth
  - the transition to green growth.
- **5 Core priorities** are:
  - Regional integration,
  - Infrastructure development,
  - Private sector development,
  - Governance and accountability,
  - Skills and technology.
- **The purpose of this presentation** is
  - to provide a snapshot of Bank financed hard & soft infrastructure MOs & ROs in Africa
  - to illustrate the AfDB's contribution to recent development in Africa concerning TF commitments.

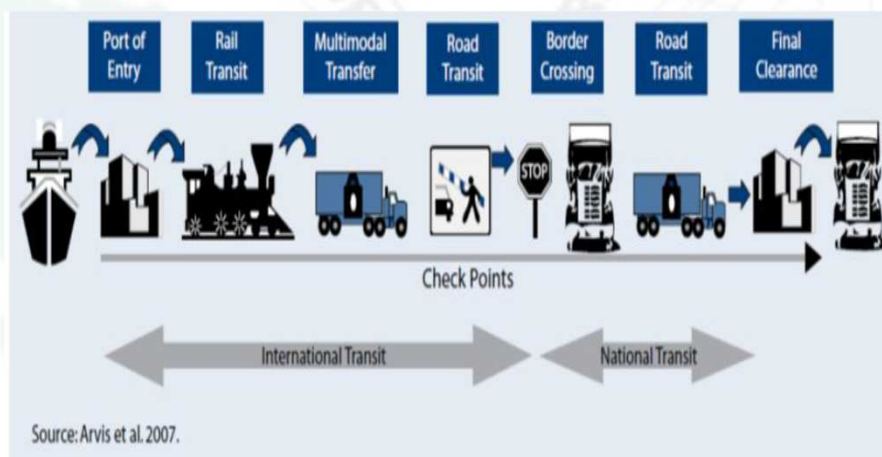
## Evaluation of AfDB's MOs 2000-2010

- AfDB has *“developed an increasingly coherent strategic and operational framework to guide its assistance towards RI”*
- MOs have *“responded to imperative needs”*.
- that there has been a significant expansion of funding for “MOs”
  - 6% in 2000
  - 15% in 2010,
  - 21% in 2013,
- that the quality of these MOs appeared to compare favourably with that for NOs.
- There exist **a range of future challenges**:
  - not least the need to identify projects that contribute to RI (e.g. TTFs), which are not necessarily only MOs, as well as
  - the need to pay more attention to the “soft” areas of RI.
- Many of the RIS Outputs were not clearly defined in terms of
  - indicators, targets and
  - in assigning responsibility and accountability in implementing the RIS's objectives.
- **As a result insufficient progress was made on soft issues of RI**

## Outline

1. Introduction
2. Trade and Transport Challenges in Africa
3. Bank Project Portfolio in support of RI
4. Review of multinational corridor AfDB projects
5. The AfDB's emerging approach
6. Implementing the WTO Trade Facilitation Agreement in Africa
7. Way Forward: The Trade Facilitation Framework

## II.1a: Trade and Transport Challenges in Africa: *Transport Logistics Supply Chain*



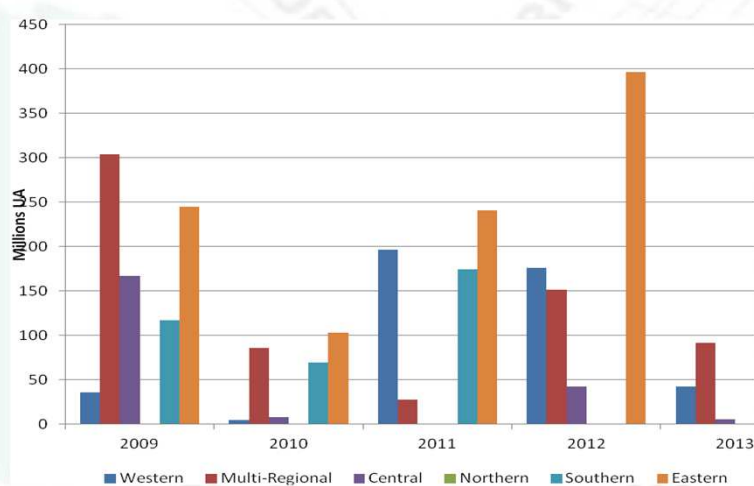
## II.1b: Trade and Transport Challenges in Africa: *Non-Tariff Barriers*

MAIZE	WITH NON TARIFF BARRIERS			WITHOUT NTBS	
	Distance (Km)	Transfer cost per km/maize ton (USD \$)	Total Transfer cost (USD \$)	Transfer cost per km/maize ton (USD \$)	Total transfer cost (USD \$)
Nairobi-Namanga	170	0.46	78	0.37	63
Nairobi-Busia	500	0.46	230	0.37	185
Busia-Kampala	250	0.44	110	0.29	73
Dar-Namanga	772	0.35	270	0.24	185
BEEF	WITH NON TARIFF BARRIERS			WITHOUT NTBS	
	Distance (Km)	Transfer cost per km/maize ton (USD \$)	Total Transfer cost (USD \$)	Transfer cost per km/maize ton (USD \$)	Total transfer cost (USD \$)
Nairobi-Namanga	170	0.34	57.8	0.17	28.9
Nairobi-Busia	500	0.34	170	0.17	85
Busia-Kampala	250	0.40	100	0.09	22.5
Dar-Namanga	772	0.43	331.96	0.20	154.4

### II.1c: Other Trade & Transport Challenges in Africa:

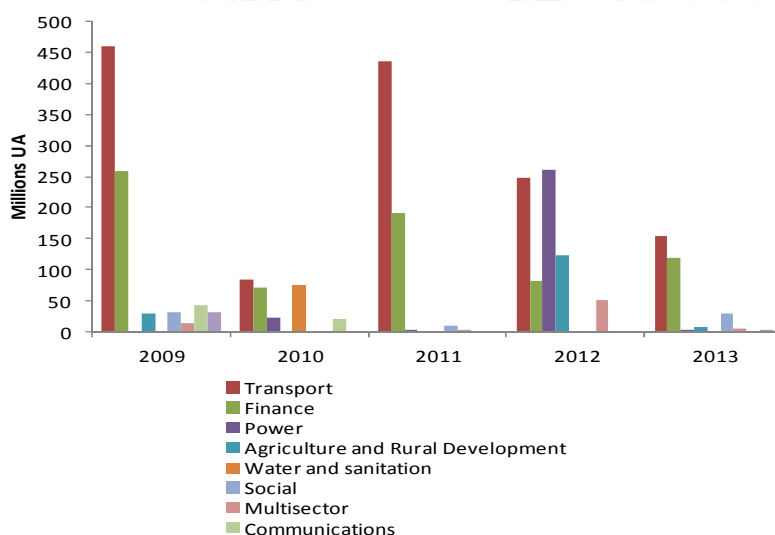
- On-the-Border Challenges
- Border Post Delays
- Transparency – Trade & Transport Procedures and Documentation
- Beyond-the-border Challenges
- Roads is below international standards.
- Unwarranted Check Points/Road Blocks
- The Cost of Transport for Land Locked Countries

### III.a. Bank Project Portfolio in support of RI: Figure 3.1: Total Approvals by Region



### III.b. Bank Project Portfolio in support of RI:

Figure 3.2: Total Approvals by Sector



#### IV.1. Independent review of multinational corridor projects.

- **In the case of the BOAT corridor**, the Bank's involvement was more focused on the provisions of physical infrastructure connecting the region.
- The objective was to connect the WAEMU and ECOWAS hinterland with sea access in Ghana.
- This involved
  - surfacing roads,
  - **building juxtaposed checkpoints and**
  - **weighbridges to speed up border crossings,**
  - a cargo information system,
  - technical assistance to WAEMU and
  - **institutional mechanism for regional trade facilitation.**

### Findings of the BOAT Review

- Generally outcomes related to the Bank's **lending operations** were effective in **delivering on many of the goals**,
  - improved access to markets along the route,
  - increased trade
  - a decline in vehicle costs.
- The Bank played an important role as **an honest broker** in facilitating the deal among the 2 RECs.
- There were a number of ambiguous and negative outcomes.
  - It was unclear what impact there was on **the cost of trade**,
  - there was a potential increase in **NBT's** along the route.
  - **Time spent** processing at the Tema port was not decreased.
- It was found that **the Bank's non-lending involvement** was not exploited to its full potential.
  - Tema port was not operating efficiently and in a commercially viable manner

### IV.2. AfDB's role in supporting trade & transport facilitation reforms across Africa

- AfDB has been [a strong supporter of TTF reforms & CB](#),
- which we consider critical to
  - fostering efficient (intra-regional) trade and
  - integrating Africa into regional and global trading systems.
- **Bank's approach** is built around its focus on addressing the **"soft infrastructure aspects"** of regional transport infrastructure,
- which underlies part of the WTO's TFA in-so-far as it relates to **freedom of transit and clearance of goods** by customs
- In 2013, AfDB approved infrastructure operations worth **US\$3,113 Bn.**
- Over half of this was for transport infrastructure projects across Africa.
- **AfDB has also been major financier of regional transport corridors** which we consider key to facilitating regional integration and trade.



### V.1. The AfDB's emerging approach

- To conduct ex-ante studies **assessing the trade and transport facilitation needs** of regional transport projects,
  - [Senegal-Gambia OSBP study](#)
  - Nacala Corridor Feasibility study, detail design and development of a legal framework for operation of two OSBPs along the Corridor,
    - through a NEPAD-IPPF provided Grant to the SADC.
- In some cases **the assessment of trade facilitation issues** are articulated and addressed during the implementation of the project.
  - AfDB is co-financing [Kazungula Bridge Project](#) to link Botswana and Zambia.
  - The project will include
    - construction and equipping of an OSBP, as well as
    - technical assistance for implementation of trade facilitation procedures aimed at:
      - reducing border transit time, costs,
      - improving border management operations.

### V.2: Bank's work to support Institutional Strengthening Projects (ISPs), 2002-2012

- **ISPs** are the main tool the Bank uses to help strengthen governance institutions or CB with a view to improving performance of key institutions crucial to the governance sector
- This evaluation also addresses four overarching questions relating to:
  - ❖ what the Bank is doing;
  - ❖ how it is designing and managing its interventions;
  - ❖ what results it is achieving; and
  - ❖ what factors hinder or enable good results.
- The Bank has maintained an approach in which it can combine TA with training and purchase of equipment.
- The OPEV evaluation finds
  - that in general, the Bank is set up for **large infrastructure projects** and
  - that there is room for differentiation in how **smaller and "softer" interventions like ISPs** are designed and implemented, and
  - the skills and guidance needed to maximize their success.



### V.3. TTF a key cross-cutting element of the AfDB's new Regional Integration Strategy (2014-2023)

- AfDB has a comprehensive portfolio of **TTF projects**
- Selected examples include:
  - Kazungula Bridge Project (connecting Zambia-Botswana with a focus on **OSBP construction & operationalisation**);
  - Nacala Road Corridor (including IPPF feasibility studies on **possible construction of OSBP** at Malawi/Zambia & Malawi/Mozambique borders)
  - Arusha-Namanga-Athi River Corridor (with a focus on **OSBP operationalization** enhancing knowledge in modern customs practices and revision of the Customs Management Act etc.);
  - Lomé-Ouagadougou corridor road rehabilitation and transport project;
  - Trans-Gambia Road Bridge and Cross-Border Improvement Project (with a Study on **OSBP design**); etc.
- **AfDB's TTF activities** constitute the "*Soft*" *infrastructure*, which is critical to complement the Bank's investments in the "*Hard*" *infrastructure*.
- AfDB's **revised Trade and Transport Facilitation Framework (TTFF)** will provide an approach to mainstream and link trade and transport priorities within the Bank's regional & country operations.

### V.4 .The initiative of OSBPs as one of the main tools for trade and transport facilitation

- In last years, EAC has seen the # OSBP significantly increased.
- EALA has passed a **One Stop Border Posts Bill** in April 2013
- Subsequently, AfDB is collaborating with the EAC to develop OSBP Regulations for use in the region.
- Common Border posts designated in EAC as OSBPs e.g. include:
  - The Taveta-Holili border and the Namanga border (Kenya-United Republic of Tanzania);
  - Busia and Malaba borders (Kenya – Uganda); and
  - The Kanyaru-Akanyaru border (Burundi-Rwanda).
- The recently inaugurated and **AfDB financed OSBP at the border of Burundi and Rwanda** shows an OSBP designed in a unique style
  - not the common juxtaposed OSBP found elsewhere.
  - Here, a **joint building** was established in the centre of the common control zone
  - it is being shared equally by border services of both countries.
  - Permit commuting passengers and vehicles to stop only once
  - Inspection of customs are jointly accomplished

## VI.1: Implementing the WTO Trade Facilitation Agreement in Africa: The Case of Namibia

- [The Bank-supported expansion of the Walvis Bay Container Terminal](#) (US \$338 million) includes
- a grant of US\$ 1.5 million to **improve logistics services and trade facilitation** and
- could potentially be structured to help with implementation of Namibia's commitments under the TFA.
- The removal of bottlenecks and corridor-based customs reforms by customs administrations in the region could go a long way in making the port an attractive option for the region.
- It is possible for Namibia to link the expansion of Walvis Bay Port with the various regional and TFA measures in order to position itself as one of the more competitive ports in the region.
- Other examples where trade facilitation measures related to **the TFA have featured in Bank-financed infrastructure projects** include:
  - the West Africa TTF project (Ghana, Burkina Faso, Mali: Tema-Ouagadougou-Bamako corridor);
  - the Cameroon-Nigeria [Bamenda-Mamfe-Abakalliki-Enugu Corridor](#);
  - institutional support for the East Africa Trade and Transport Facilitation Project etc.

## VI.2: Institutional strength and financing trade facilitation implementation

- The AfDB is **well positioned to scale up support** for TFA implementation initiatives on the continent:
  - by working with individual RMCs and RECs, or
  - through partnering with other organizations like the WTO, UNCTAD, ITC and the WCO.
- **The Bank has multiple departments** whose work is directly relevant to trade facilitation efforts. This includes departments covering
  - Regional NEPAD, Regional Integration and Trade (ONRI);
  - Transport and ICT (OICT);
  - Training and capacity building (EADI);
  - Development research (EDRE): See e.g. ADR 2010, 2014
- These departments frequently interact, for example, in developing a **Bank-wide Transport and Trade Facilitation framework**, which will ensure that TTF measures are mainstreamed in the Bank's transport infrastructure projects.

### VI.3: The AfDB has various financing instruments available to support trade-related activities.

- **The Bank's project loans and grants** (including thematic Trust Funds like the [Africa Trade Fund](#)) **generally support TTF** as a component of larger regional transport infrastructure projects.
- **The Africa Trade Fund (AfTra)** is designed to be a responsive TA facility for RMCs and RECs to benefit more from regional and international market opportunities.
- AfTra was designed with the intentions of aligning its goals *inter alia* with the WTO's TF framework.
- It aims to assist LICs to:
  - develop trade-related skills,
  - regulatory regimes and
  - infrastructure in order to enhance their trade performance and competitiveness.
- Mobilizing additional multi-donor resources under the AfTra would help the Bank to scale up interventions to help implement the TFA.

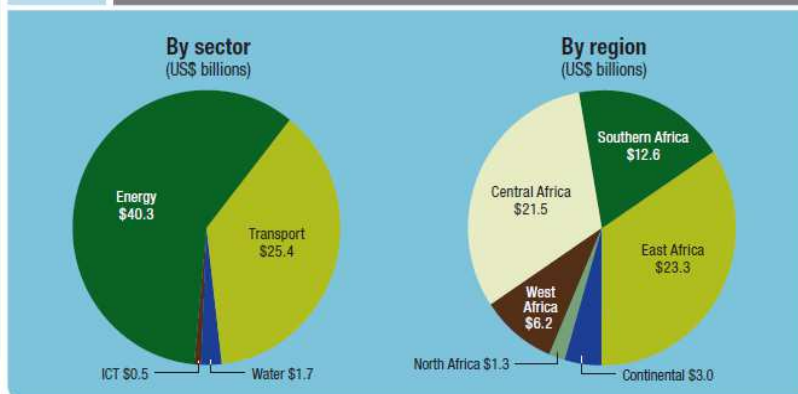
### Sample of Trade Facilitation Projects Shortlisted by AfTRA

ORGANIZATION NAME	GENERAL INFORMATION				
	Project Name	Region/ Country	Brief Description	Strategic pillar	
African Development Bank	West Africa Women Cross Border Trade Program	Sierra Leone	Upgrading border facilities, facilitating cross border trade, establishing 4 border posts, trainings, policy dialogue in MRU	Trade Facilitation	1
Senegal Customs Authority	Senegal Customs Modernization & Corridor Management Program	Senegal	Feasibility studies and development of customs modernization softwares for widening the reach of the single window	Trade Facilitation	2
Borderless Alliance	WA Border Information Program	West Africa	Establishment of border information centers, studies, trainings, recruitment of consultants	Trade Facilitation	3
Northern Corridor Transit and Transport Coordination Authority	Regional Electronic Cargo System Project	East and Central Africa	Establishment of a Regional Electronic Cargo System	Trade Facilitation	4
Ministry of Trade and Infrastructure	Multinational TransAfrica Highway North South Corridor Project	Zambia	Establishment of OSBPs, trainings of customs officials, funds to facilitate implementation of bank funded road project	Trade Facilitation	5
SADC	SADC Transit and Border Management Project	Southern Africa	Transit and border management, customs modernization, trainings of custom officials, etc.	Institutional Capacity Building	11
East African Community	Establishment of Tanzania/Kenya One Stop Border Post Project	East Africa	Construction of OSBP, development of regulations, training of Customs Authorities, etc.	Trade Facilitation	13
Tanzania Trade Development Authority	East Africa Informal cross border trade Program	Tanzania	Capacity building for informal cross border trade	Trade Facilitation	19
Alliance Africaine pour le Commerce Electronique (AAE)	Africa Customs Modernization Program	Continental	Facilitate sharing of trade related information, establishment of trade data portal, etc.	Trade Facilitation	24
System of Indicators to Monitor Regional Integration in Africa	Statistics and Knowledge capacity Development Project	Continental	Development of indicators to measure impacts of regional integration on trade, investments, migration.	Knowledge capacity	25
UEMOA	UEMOA Transit and Border Management Reforms Project	West Africa	Reforms in transit management systems,	Institutional Capacity Building	26
SARC	Southern Africa Transit and Border Management Reforms Project	Southern Africa	Border Management information Systems	Knowledge capacity	27
Ghana Customs Authority	Ghana Customs Modernization Project	Ghana	Establishment of 5 single border posts, customs modernization, small works, trainings and technical assistance.	Trade Facilitation	29
Sao Tome Customs Authority	Customs Modernization Project	Sao Tome	Establishment of a single window system and rolling out of ASCYUDA	Trade Facilitation	33

## The Programme for Infrastructure Development in Africa – Priority Action Plan 2020 (PIDA-PAP)

Figure 1

**Total capital cost of PIDA's PAP by sector and region: \$67.9 billion through 2020**

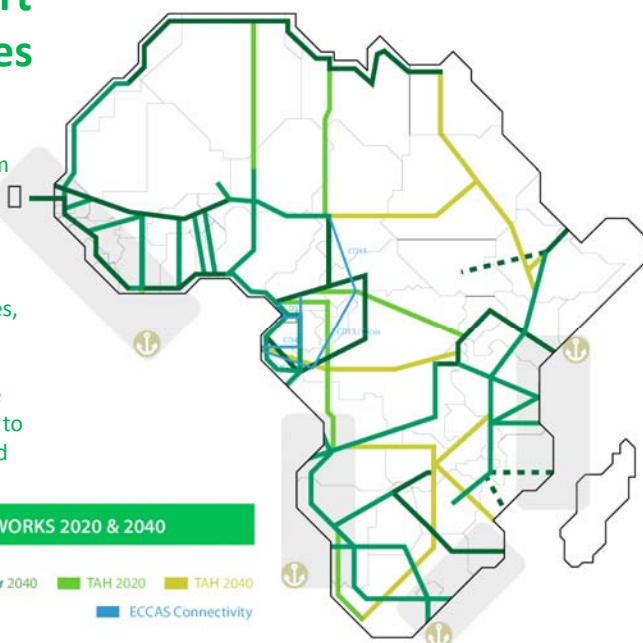


## 24 Transport programmes USD 25 bn

The transport program links the major production and consumption centers, provides connectivity among the major cities, defines the best hub ports and railway routes, and opens the land-locked countries to improved regional and continental trade.

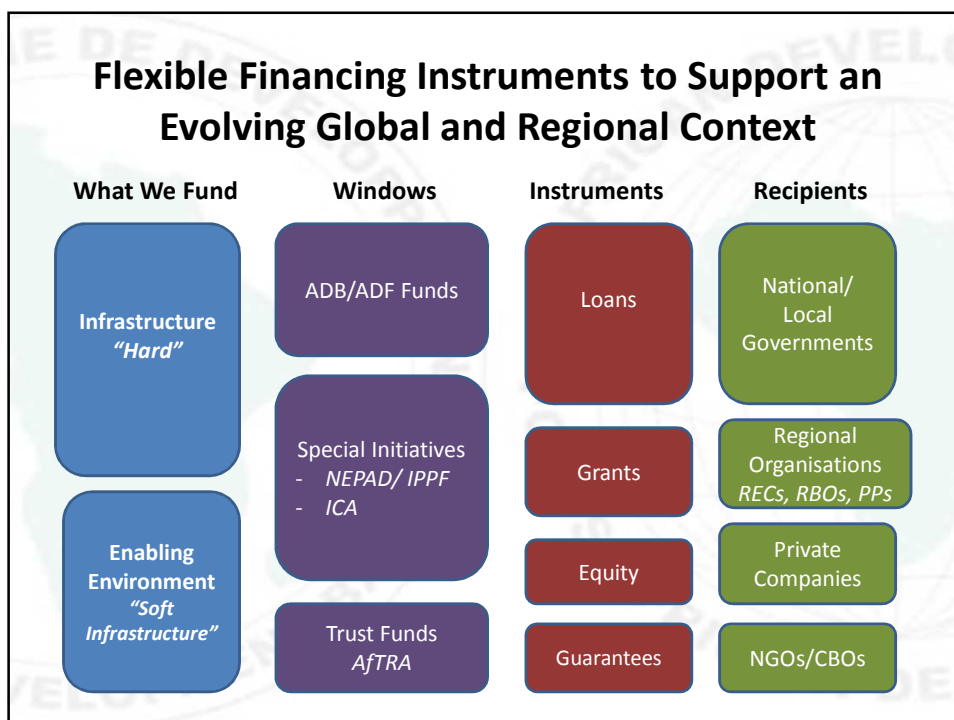
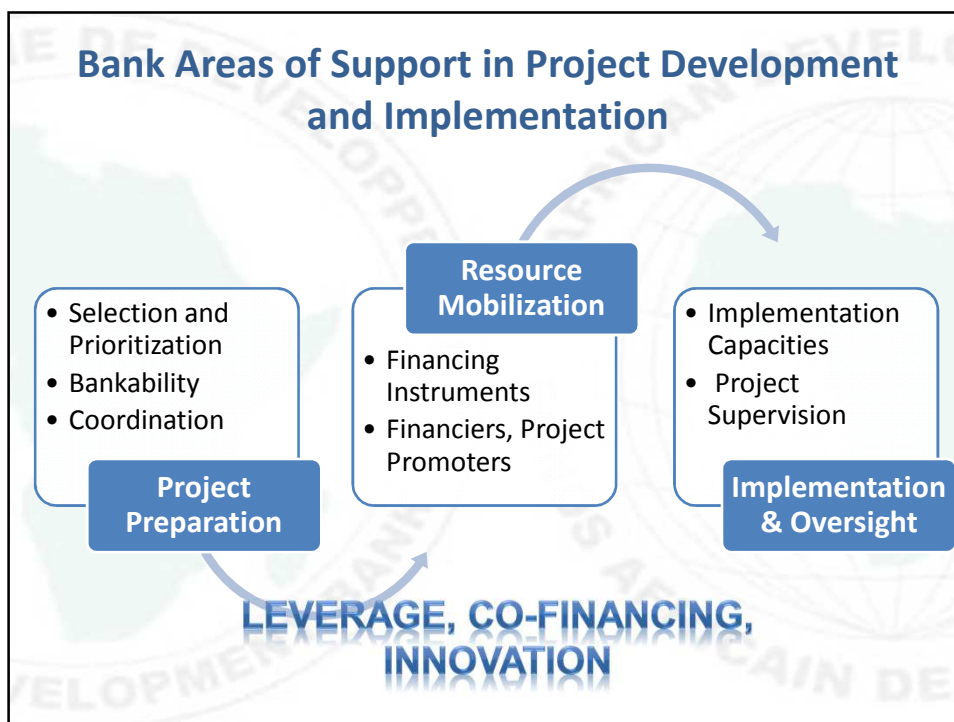
### PIDA - TRANSPORT NETWORKS 2020 & 2040

■ Corridor 2020   
 ■ Corridor 2040   
 ■ TAH 2020   
 ■ TAH 2040  
⬇ Hub Port Programmes   
■ ECCAS Connectivity



PIDA Priority Action Plan 2020

22





### VII.1. Way Forward: The Trade Facilitation Framework

- The AfDB TTF (2011, 2014) Approach document provides a **conceptual framework for the development of a TTF instrument** to address the “soft” elements of infrastructure related services in the road transport and ICT sectors.
- Essentially, this entails an analysis of the commercial or procedural transactions
  - that are an integral part of an international supply chain and
  - which will be important in supporting design and implementation of regional and national programs.
- To this effect, **the Bank has a staged approach** for each REC in Africa:
  - Firstly, of primary importance, is **the initial trade facilitation situational analysis exercise**, upon which, the Bank’s **TTF program or action plans** could be built in form of a common work program.
  - Secondly, a **trade facilitation mapping and gap analysis exercise** could be undertaken in each REC.

### VII.2: Recommendation: Identify key areas for the Bank to scale up its support for African countries in implementing the WTO TFA:

- Development of **implementation plans** for the TFA for both RECs and RMCs.
- Preparation of **APs** for implementation with prioritized measures under the TFA.
- Prioritization of **measures and of beneficiary RMCs** within each REC.
- **Mainstreaming TTF measures** within the Bank’s transport projects.
- **Identification of provisions** in bilateral and regional trade facilitation commitments, that *overlap or must be adapted* to comply with TFA requirement with the national implementation plans
- Identification of comparative national and regional **best practices to replicate**
- Identification of a **category of measures** under the TFA that require regional cooperation.
- **Publish success stories and lessons learned** in the implementation of the TFA and related TF reforms by African countries, as a means to encourage across the board implementation,
- The above-mentioned measures could be **addressed holistically** e.g. using AfTra
- **Mainstreaming TTF measures** within the AfDB’s infrastructure projects.

