



Background Paper

Analysis of the Institutional Structure/ Coordination Mechanism for Trade and Investment policies:

Mapping and possible collaborative approaches for HoAI countries



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ABBREVIATIONS

AfCFTA	African Continental Free Trade Area
AfDB	African Development Bank
CIPE	Center for International Private Enterprise
COMESA	Common Market for Eastern and Southern Africa
COMFWB	COMESA Federation of Women in Business
EAC	East African Community
EACCIA	East African Chamber of Commerce Industry and Agriculture
ECCAS	Economic Community of Central African States
ECOWAS	Economic Community of West African States
EFTA	European Free Trade Association
HoAI	Horn of Africa Initiative
IA	Initiative Africa
IGAD	Intergovernmental Authority on Development
NMC	National Monitoring Committees
NTB	Non-Tariff Barriers
NTTFC	National Trade and Transport Facilitation Committees
PACCI	Pan-African Chamber of Commerce and Industry
REC	Regional Economic Communities
SADC	Southern African Development Community
TFTA	African Tripartite Free Trade Area
WACOMP	West Africa Competitiveness Program
WTO	World Trade Organization

1. Introduction

This paper explores ways to create an effective coordination mechanism for trade and other trade-related policies between the Horn of Africa Initiative (HoAI) active countries (Djibouti, Ethiopia, Kenya, South Sudan and Somalia) to accelerate the implementation of the HoAI Trade Facilitation Roadmap and strengthen the economic integration and investments in the region. While this paper is focused primarily on trade, it also covers -albeit more briefly- institutions and mechanisms covering closely related topics, notably investment and export promotion. Some of these institutions may not be policy making per-se, but as implementors of policies they play an important role in ensuring overall coherence of the policy framework and provide feedback loops to fine-tune and improve arrangements.

Efficient and effective coordination among Ministries of Trade and other government agencies with trade, export promotion and investment related mandates in the Horn of Africa (HoA) states, and good collaboration between the public and private sectors are both crucial for the successful design and implementation of facilitation measures. In the area of trade, although some HoA countries have made good progress in improving cooperation among government authorities to provide coordinated controls at borders, streamline and harmonize documentation, and simplify formalities and procedures, these measures are not sufficient to meet the needs of trade facilitation in the region, which with an average level of intra-HoA trade of about 6%¹, is one of the less integrated in Africa.

Efficient and effective coordination and cooperation among all the relevant agencies with trade and economic responsibilities through proper inter-agency coordination mechanisms is crucial to facilitate trade, with a view to reduce and, where possible, eliminate the existing non-physical barriers that currently constrain trade in the region and avoid fragmented and/or overlapping mandates.

The aim of this paper is to provide an overview of trade, transport and other closely related policies and their coordination mechanisms in the HoAI countries based largely on public information available, with examples of good practices in coordination of such policies in other national and regional areas.

This paper also identifies the main stakeholders from the private sector that contribute to shaping the above policies, while also how their role can be enhanced to participate in the formulation of such policies at the regional level.

The final purpose is to draw initial lessons from the experiences of HoAI countries, as well as from countries and regional organizations in other geographical areas, analyzing the possibility to adapt the coordination schemes developed by them to the HoAI. To this end, this paper provides some recommendations to strengthen regional coordination mechanisms for trade and transport facilitation in the HoA.

¹ See Desiderio, D., Alikhani, I., Trade integration and facilitation reforms in the Horn of Africa and way forward, 2021.

2. Purpose of the study

This paper analyzes possible solutions to achieve greater coordination among government agencies with trade and trade-related responsibilities in the HoA, while also between government agencies and the private sector. Its purpose is to help support trade and transport facilitation actions to be launched in the region as envisaged in the HoAI Regional Trade Facilitation Roadmap² to make them more effective, impactful and inclusive, with the inclusivity factor being particularly important in a region where most of economies are considered as “unfree” or “mostly unfree” (see Annex I).

To this end, this paper provides:

- (i) An overview of trade and investment policy coordination mechanisms currently existing in the HoAI countries;
- (ii) An overview of the main interlocutors from the private sector of governments in the HoAI countries who contribute to shaping trade, customs, transport and investment policies;
- (iii) A description of regional mechanisms currently adopted in the HoA and other geographical contexts to coordinate investment, trade and transport facilitation programs at a regional or multi-country level, drawing on key lessons learnt;
- (iv) Good practices in establishing new and in strengthening existing coordination mechanisms; and
- (v) Recommendations to establish or strengthen the coordination mechanisms for trade and trade-related facilitation reforms in the HoA, so as to provide insight for improved dialogue with policy makers and institutions.

2.1. Definitions of and interactions between trade and transport facilitation

Although there is no internationally agreed definition for trade and transport facilitation, most definitions stress the need to simplify, standardize and harmonize procedures and associated information flows required to move goods from seller to buyer and to make payments³. This is also reflected in the Annex IV of the Protocol on Trade in Goods of the African Continental Free Trade Area (AfCFTA) Agreement dedicated to Trade Facilitation, which defines trade facilitation (art. 1(i)), as the *‘simplification and harmonization of international trade procedures, including activities, practices, and formalities involved in collecting, presenting, communicating, and processing data required for the movement of goods in international trade’*.

Trade facilitation and transport facilitation are inter-related and partly overlapping concepts. In simple terms, **trade facilitation** encompasses a broad spectrum of measures aimed at reducing the financial costs, time and efforts required to move goods across borders, so as to expedite their movement, clearance and release⁴. On the other hand, **transport facilitation** deals with the simplification of the processes

² <https://www.hoainitiative.org/wp-content/uploads/2022/06/HoAI-Trade-Facilitation-Roadmap-English.pdf>

³ United Nations Economic Commission for Europe (UNECE), Trade facilitation Implementation Guide, 2012, available at: <https://tfig.unece.org/>

⁴ The Nelson Mandela School, Trade Facilitation and Regional Integration in Africa – Summary Report, Cape Town, 2022.

and activities necessary to ensure the smooth movement of goods and people within and across borders⁵.

Trade and transport reforms that can be adopted to facilitate trade vary from country to country, depending on the prevailing circumstances and policy priorities in such states. In regional and multi-country settings, these priorities need to be aligned in order for these reforms to produce effective results. This is also the case of HoAI states that although share common problems (e.g., the lack of infrastructure, which is a major cause for delays in the flow of goods in the region), attach different priorities and importance to different obstacles existing at their borders⁶, leading to conflicting interests, uncoordinated activities among their border agencies⁷, and ultimately to a slower pace of economic integration and development.

2.2 Critical factors behind the successful implementation of trade and transport facilitation reforms

One of the crucial factors behind the successful implementation of trade and transport facilitation reforms is to ensure effective coordination among the various government agencies and private players involved in cross-border activities⁸. In regional or multi-country reforms, the activities of a large number of players (both from the public and the private sector) need to be harmonized and coordinated, not only at the intra-state, but also at inter-state level. In all, government actors must be brought together and critical stakeholders from the private sector need to be engaged to ensure the appropriate convergence of their interests on the objectives pursued by these reforms. This will prevent that the disarticulation of these actors' roles and responsibilities will undermine their results.

Currently, the key government agencies responsible for the formulation and coordination of trade-related policies in all HoAI states are Ministries of Trade, with a pivotal additional role played by Ministries responsible for Finance and Economic Planning, which provide oversight on development planning and mobilization of donor and public resources. In some, **National Trade and Transport Facilitation Committees (NTTFCs)** have also been established to play an advisory role to governments in the implementation of trade facilitation policies. The creation of NTTFCs or the designation of similar alternative mechanisms to facilitate both domestic coordination and implementation of trade facilitations initiatives and measures is also a requirement of the AfCFTA Agreement (Article 28). In the HoA, countries that have established a NTTFC are Kenya, Ethiopia, Djibouti and Somalia. However, as described in the next sections, most of these committees face significant budget constraints and inadequate technical capacity to fulfil their mission.

Additional mechanisms that are used to coordinate trade and trade-related policies in the HoA include the establishment of bilateral Ministerial Committees on several

⁵ United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP), Study on national coordination mechanisms for trade and transport facilitation in the UNESCAP Region, 2007.

⁶ Desiderio, D., Alikhani, I., (2021), Ibidem.

⁷ This means that in most cases they work in silos, implementing rules and procedures under their competence without considering their impact on the activities carried out by other agencies.

⁸ Sustainable and resilient transport and trade facilitation in times of pandemic and beyond: key challenges and opportunities, Implementing Sustainable and Transparent Trade Facilitation Reforms: Private sector view, Multi-year Expert Meeting on Transport, Trade Logistics and Trade Facilitation 9th Session, 12–14 July 2022, Presentation by Mr. Carlos Enriquez Montes Senior Director for the Regulatory Affairs DHL Express Americas.

thematic areas, including on trade, customs and transport. Ethiopia has occasionally established such committees with Sudan and Kenya (notably, to facilitate the cross-border movement of goods and persons or to solve peace, security or other border-related issues),⁹ while with Djibouti they are particularly numerous and act under the coordination of the Ministers of Foreign Affairs, who meet periodically whenever there is a need, to discuss areas of cooperation in various sectors. This is done within specific Ethio-Djibouti Joint Ministerial Commission meetings that are organized on a rotational basis in the two countries. Other Ministers from both countries may participate in the Joint Ministerial Commission works, whenever other areas of discussion belonging to their respective mandates are included on its agenda. At a technical level, representatives from Ministries and other governmental agencies in each country meet periodically to discuss the practical solutions to bilateral cross-border trade, customs and logistics issues affecting their respective states. Similar committees are in place in South Sudan, having specific functions of monitoring cross-border trade flows, while one is in course of being established in Somalia to monitor the movement of specific commodities at main border posts between the two countries. In addition, Kenya and Somalia have occasionally established bilateral ministerial commissions to elaborate policy recommendations to solve temporary diplomatic tensions and trade disputes¹⁰.

3. Experience of coordination of trade policies at regional level

3.1 The IGAD Regional Trade Policy

An initiative aimed at ensuring a better coordination among the trade policies of the HoAI states was launched by IGAD (of which all the HoAI countries are members)¹¹, which adopted a Regional Trade Policy¹² in 2022 as a 5-year cooperation framework to guide its members towards closer economic and trade integration. The document identifies a series of strategic objectives which include, among others, the improvement of the environment for foreign and domestic investments by developing a regional framework for (i) the free movement of investments within the region; (ii) the removal of barriers to the movement of goods and services in the region; and (iii) the provision of support to IGAD Member States to implement their commitments arising from regional trade agreements, in particular the AfCFTA. In this regard, IGAD also developed in 2022 an AfCFTA Implementation Strategy to identify opportunities, gaps and steps required to take full advantage of continental and global markets resulting from the AfCFTA¹³.

With regard to trade facilitation, the IGAD trade policy identifies a series of areas of intervention where IGAD will focus its support activities during the period 2022-2026.

⁹ Examples are the Ethio-Kenya Joint Border Commission, the Ethiopia-Kenya joint peace committee or the Ethio-Sudan Border Committee.

¹⁰ See, for instance, Abdullahi, A., Somalia and Kenya still have a road to neighbourly cooperation, Al Jazeera, 11 Jan 2021.

¹¹ Eritrea recently rejoined IGAD after 16-year of inactivity in such Community, taking back its seat at the 14th Ordinary Summit in Djibouti, held on 12 June 2023 (Reuters, Eritrea rejoins regional East African bloc after 16-year absence, June 13, 2023).

¹² <https://igad.int/wp-content/uploads/2022/09/IGAD-Regional-Trade-Policy-2022-2026.pdf>

¹³ The IGAD draft strategy for the AfCFTA implementation strategy was validated in Nairobi during a workshop held on 8-9 December 2022.

These areas of intervention broadly reflect the objectives and the activities planned under the HoAI regional Trade Facilitation Roadmap:

- simplification and harmonization of procedures to obtain trade documents (and ensuring that they are uniform across all IGAD member states);
- establishment of Electronic Single Windows (ESW) to facilitate the clearance processes of imports, exports, and the transit of goods;
- establishment of electronic customs management systems for customs control and clearances to maximize operational efficiencies and improve service delivery;
- establishment of a regional electronic cargo tracking system;
- development of harmonized regulations on cross-border freight transport;
- visualization of official trade statistics to enhance transparency, the quality of data, and planning;
- promotion of the establishment of One-Stop Border Posts (OSBPs) in borders between IGAD Members;
- Identification of measures to strengthen both customs administration procedures and institutional capacity building for cross-border trade facilitation among the IGAD member states;
- prevention, investigation and suppression of customs offences; and
- provision of training facilities and programs for customs officials (for instance, on harmonized transport regulations, special economic zones, small scale cross-border trade).

In addition, the IGAD trade policy document recognizes the importance put in place adequate cooperation mechanisms among its members around trade promotion and investment promotion and protection. With specific regard to trade promotion cooperation, the document notes that most IGAD states lack the resources to collect, analyze and disseminate market information for the benefit of their importers and exporters. IGAD proposes to fill this gap by:

- developing and disseminating market intelligence and trade information to provide the widest possible knowledge-base of intra-IGAD trade opportunities and encourage the development of exports and markets;
- supporting the execution of supply and demand surveys, multi-country contact promotion events to further identify and exploit the potential of the region; and;
- encouraging the improvement and harmonization of services relating to trade such as: export financing, quality control and standardization, packaging of goods, warehousing and storage operations and other activities that aim to increase the flow of goods within IGAD.

With regard to the cooperation in investment promotion and protection, the areas of intervention that the document recommends IGAD should pursue are the following:

- assisting the member states to implement the AfCFTA Protocol on Investment;
- promoting fair and equitable treatment to private investors;

- adopting a program for the promotion of cross-border investment, including through the preparation of concepts and pilots of Regional Economic Zones;
- creating and maintaining a predictable, transparent and secure investment climate in the member states; and
- building the capacity of IGAD members' investment promotion agencies.

Furthermore, the IGAD trade policy urges member states to promote their common interests and positions both at the regional, continental and global arena by speaking with a single voice, so that they will negotiate trade deals better than member states individually. In this respect, it is suggested that IGAD should coordinate regular regional meetings on trade negotiation topics among individual IGAD countries, so that they can formulate common priorities and negotiation strategies to be presented in the various negotiation fora.

Lastly, the document points out the need for IGAD countries to offer each other mutual support and to exchange the information necessary to access the World Trade Organization (WTO), as most of IGAD members are not yet members of this organization¹⁴.

However, the capacity of IGAD to play the variety of roles envisaged is questionable. This regional community lacks the technical capacity and the experience to both drive and coordinate trade discussions among its members, since it has not achieved the status of neither a Free Trade Area nor a Customs Union. In fact, although market integration and a broad regional economic integration was a key IGAD objective under the previous IGAD Strategy and Implementation Plan 2016-2020¹⁵ (now replaced by a new Strategy and Implementation Plan)¹⁶, the progress on economic integration has been minor so far very little, described as a 'dismal' by IGAD itself¹⁷. It is therefore realistic to predict that its role will not be able to go beyond advocacy (as a "shaker and mover"), unless the IGAD Secretariat receives adequate support to develop technical capacity in this area.

3.2. Trade advocacy organizations to promote and coordinate interests of HoA business communities at the regional level

Currently, there are no trade advocacy organizations in the HoA that play a role of promotion and coordination between interests of business communities in individual HoAI states at the regional level. An entity that could cover this role is the **IGAD Business Council**, which represents the private sector enterprises in IGAD countries, with a rotating presidency held by each member state's national Chambers of Commerce and Industry. However, information on its membership, source of funding and mandate is not publicly available. A similar organization is the **East African Chamber of Commerce Industry and Agriculture (EACCIA)**,

¹⁴ Among HoAI countries, Ethiopia, Somalia, Sudan and South Sudan are currently in the process of accessing to the WTO with Working Parties – the bodies responsible for driving the WTO accession process – already established in each of them. Eritrea, on the other hand, never applied for membership to this Organization. Djibouti and Kenya are the only HoAI States that are members to the WTO.

¹⁵ <https://igad.int/download/igad-regional-strategy-volume-2-implementation-plan-en-fr/>

¹⁶ <https://igad.int/igad-strategy-and-implementation-matrix-2021-2025>

¹⁷ IGAD, 2012, Examining the Political and Economic Barriers to an IGAD Harmonised Trade Policy, Final Draft Study Report, February 2012.

headquartered in Arusha, Tanzania (with a liaison office in Nairobi, Kenya), which includes among its members the Chambers of Commerce of the EAC Partner countries and of Comoros, Ethiopia, Mozambique, Madagascar and the Seychelles. The **COMESA Business Council** has a larger representativity of HoAI countries as well, but does not include South Sudan, as this state is not a member of the Regional Economic Community. In July 1993, the **COMESA Federation of Women in Business (COMFWB)** was additionally established in Zimbabwe with the endorsement of the Authority of Heads of States and Governments of the COMESA member states. The COMFWB mandate is embedded in the Treaty establishing the Common Market for Eastern and Southern Africa, which in Articles 155 and Article 154 urges member states to promote programs that integrate women into trade and development activities in Eastern and Southern Africa with the objective of improving the economic conditions of women in the sub-region, as well as increasing the awareness of women in development and business issues at the policy level.¹⁸ Another alternative platform to engage in trade and trade-related policy dialogue with HoAI governments could be the **Pan-African Chamber of Commerce and Industry (PACCI)**, headquartered in Addis Ababa, which currently represents 42 national Chambers of Commerce and Industry in Africa (including those existing in the HoAI countries), four sub-regional Chamber organizations, and five industry associations. As described above, PACCI implements the 'Empowering Marginal Economic Actors from the Bottom Up Through Policy Reform' (EMEA) program since 2020, in partnership with the Center for International Private Enterprise (CIPE) and Initiative Africa (IA) with funding from the Swedish Embassy in Addis Ababa. Moreover, in 2020 PACCI received a funding from the African Development Bank (AfDB) to implement a project aimed to improve the trade facilitation environment in the IGAD Region through knowledge generation and capacity building. Within such project -concluded in August 2022-, PACCI published three studies. The first analyzed constraints and barriers between¹⁹^[OBJ], while the two others dealt with the main regulation applicable to logistics²⁰^[OBJ] and business organizations operating on²¹^[OBJ] respectively.

In the HoAI, there is a need to identify or create a regional platform to regularly engage business communities in dialogue with national Governments in relation to the development of common (regional) policies in the areas of trade, customs, transport, and investments. To this end, some solutions are recommended in Section 8.4, based on some experiences developed in other regions in Africa that are described below.

In the COMESA, EAC, IGAD and SADC regions, Business Councils have been established by the private sector as apex bodies serving as a bridge to advocate the interests of business communities at the regional level. More recently, similar efforts have been made in West Africa under the EU-funded West Africa Competitiveness Program (WACOMP) to establish the ECOWAS Business Council, which however is still in its infancy. At the continental level, an African Business Council (AfBC)²² was established in 2020 as an apex body representing and advocating interests of the African business community and promoting its dialogue with the African Union, while

¹⁸ <https://www.comfwb.org>

¹⁹ https://www.pacci.org/wp-content/uploads/2022/03/ITFE-Trade-Facilitation-Study-final_compressed.pdf

²⁰ https://www.pacci.org/wp-content/uploads/2022/03/ITFE-Regulatory-Study-final_compressed.pdf

²¹ https://www.pacci.org/wp-content/uploads/2022/03/ITFE-Capacity-Assessment-Study-final_compressed.pdf

²² <https://africanbusinesscouncil.org>

in August 2022 the EAC, COMESA and SADC Business Councils officially launched and formed the African Tripartite Business Council to spearhead the inclusion of joint private sector policy proposals representing traders from the EAC, SADC and COMESA regions into the negotiations of the AfCFTA and the African Tripartite Free Trade Area (TFTA) Agreements. Lastly, on June 11th, 2023, during the preparatory discussions of the 14th Ordinary Session of the IGAD Assembly of Heads of State and Government that took place on June 12th, 2023 in Djibouti, a proposal was made by the Presidents of Kenya and Djibouti to support the establishment of a Kenya-Djibouti Business Council to drive bilateral commerce between the two countries²³.

Another case of an organization with a trade advocacy role that promotes and coordinates interests of business communities in West Africa is Borderless Alliance, a multilateral partnership of private and public sector stakeholders that aims to promote regional economic integration and the free movement of goods and people by tackling barriers to trade in the whole West African Region²⁴. Borderless Alliance was launched in March 2010 on an USAID initiative, that funded this organization until it became self-sustainable. The purpose of Borderless Alliance is to allow traders in West Africa to speak with a single voice to West African Governments so as to increase their influence in solving the bureaucratic problems that increase business costs in the region. This organization regularly engages in finding practical solutions to constraints to trade and investment in the region. The establishment of Borderless Alliance was part of a project launched by USAID, aimed at creating a series of 'Trade and Investment Hubs' in several sub-Saharan Africa regions to foster economic integration and intra-regional trade and to boost investments capable of driving commercial expansion within the region and globally. Other functions of these structures were to carry out strategic analyses over the efficiency of transport corridors (useful to direct the authorities' choices on trade and transport policies and the planning of logistics networks) and to provide training, information and technical assistance to local companies to improve their knowledge of import/export procedures and increase the competitiveness of their products on international markets. A total of three trade hubs were established (Figure 1); one competent for West Africa (based in Accra, Ghana); one for Southern Africa (based in Pretoria, South Africa); and one with competence for Central and East Africa (based in Nairobi, Kenya). The latter, however, was closed in 2019 due to budget constraints, **underscoring sustainability challenges once donor support ends**. From the date of its establishment in 2014 until 2019, the East Africa Trade and Investment Hub facilitated 75 financial transactions, mobilizing \$173.6 million in new private sector investment and finance to eastern African firms. These funds allowed businesses to expand their operations and improve services²⁵.

Figure 1: USAID Trade and Investments Hubs in Africa

²³ <https://www.president.go.ke/kenya-and-djibouti-agree-on-a-visa-free-regime-to-boost-trade/#:~:text=This%20was%20reached%20on%20Sunday,commerce%20between%20the%20two%20countries>.

²⁴ Eshun, A., Hamoui, Z., Improving regional trade through advocacy: the Borderless Alliance Experience, OECD, Sahel and West Africa Club Secretariat, 7 June 2023.

²⁵ East Africa Trade and Investment Hub, A look back on the East Africa USAID Hub as the project comes to an end, 14 August 2019.



4. Role of National trade Facilitation Committees in coordinating trade facilitation reforms

NTFCs have their precursors in the form of “Pro-Committees” (where “Pro” stands for “Procedures”), that is, public-private structures created in the ‘80s in many countries around the world to deal with facilitation of procedures across all modes of transport and identify bottlenecks to trade. By the end of the ‘90s, more than 50 countries had established such bodies²⁶. These entities brought together government representatives and providers of trade and transportation services to collectively identify and address trade facilitation priorities, while also coordinate policies and actions for trade and transport facilitation in the countries where they were established.

Pro-Committees were modelled on Recommendation n.4 of the National Trade Facilitation Bodies, adopted by the UN/CEFACT at its fifth session in March 1999 and ultimately revised in 2015²⁷. Such recommendation urged Governments to establish and support these trade facilitation bodies by ensuring in their composition a balanced private and public sector participation.

In some regional contexts, there are examples of the establishment of Pro-Committees with a multi-country mandate. For instance, Guatemala, Honduras, Nicaragua and Costa Rica were among the first countries to create a Regional Pro-Committee by linking their national Pro-Committees in a regional forum, with the purpose to develop a common agenda for cross-border trade facilitation in the region²⁸. This Regional Pro-Committee had regular meetings that were participated by USAID officers (which provided technical and financial support to the Committee), with an observer status.

EUROPRO (linking all European Pro-Committees), SECIPRO (for the PRO Committees in Southeast Europe) and the Trade Facilitation Committee for the European Free Trade Association (EFTA) are other examples of Regional Pro-Committees established in different areas of the world.

²⁶ UNECE, Trade facilitation Implementation Guide, 2012, Ibidem.

²⁷ https://unece.org/fileadmin/DAM/cefact/recommendations/rec04/ECE_TRADE_425_CFRrec4.pdf

²⁸ Organisation of Economic Co-operation and Development (OECD), OECD/DAC project on trade facilitation: phase 1: a review of technical assistance and capacity building initiatives for trade facilitation, available on: <https://assets.publishing.service.gov.uk/media/57a08c9840f0b649740012f8/tradefacilitation-phase1.pdf>

Today Pro-Committees have been phased out by **National Trade Facilitation Committees (NTFCs)** that play a wider role, not only limited to the facilitation of customs, trade and transport procedures, but also to an advisory role to national governments for the implementation of trade facilitation reforms and other trade-related initiatives. HoAI states that have operationalized NTFCs include Kenya, Ethiopia, Djibouti and Somalia, while in South Sudan the operationalization of this body is ongoing.

5. Government agencies and strategies to coordinate trade policies in HoAI States

This section focuses on government institutions responsible for the formulation, coordination and implementation of trade-related policies in the various HoAI countries, with the relevant strategic plans they adopted to achieve the objectives set by such policies.

5.1 Djibouti

In Djibouti, the Ministry of Trade is the main government agency responsible to develop and implement the trade policy of the country. Additionally, the Ministry of the Economy and Finance plays a key role in the planning, implementation and coordination of the economic and financial, industrial development and regional economic integration policies. In May 2021, a Secretariat of State for Investment and Private Sector Development was also established, a government authority that works in strict coordination with the Ministry of Economy and Finance to ensure that the business environment in Djibouti is internationally competitive and conducive to investments. The Secretariat of State is also responsible to identify and remove obstacles that impede the development of the private sector. With regard to the attraction and promotion of investment opportunities in the country, two government agencies play a key role: the National Agency for Investment Promotion (*Agence Nationale pour la Promotion des Investissements* - ANPI) established in 2001, and the Ports and Free Zones Authority (*Autorité des Ports et des Zones franches* - APFZ), which plays a role in promoting investments with regard to Free Trade Zones. In addition to these two institutions, the Ministry of Foreign Affairs and International Cooperation (MAECI) is increasingly involved in promoting foreign investment in Djibouti.²⁹

A National Trade Facilitation Committee (NTFC) is also operational in Djibouti since 2014. The mandate of this body includes the provision of advice and recommendations to the government to implement international trade facilitation standards (and other trade facilitation reforms), monitor technical assistance projects and programs, and to the implement the WTO Trade Facilitation Agreement (TFA). Additionally, the Djibouti NTFC engages in fundraising activities related to the implementation of trade facilitation projects. Its composition includes representatives from the private sector, namely the Chamber of Commerce of Djibouti, the Association of Freight Forwarders and the Association of Banks of Djibouti.

The Djibouti NTFC, however, has been relatively inactive in the latest years, mainly due to the lack of capacity and of adequate financial resources. It was recently re-

²⁹ UNCTAD, Djibouti: Examen de la politique d'investissement, 2013.

launched at the end of May 2023 (Figure 2), after its members received a series of training and capacity building sessions on trade facilitation principles and measures, through a series of courses planned until the end of 2023. These trainings were organized as part of a project to improve the coordination of activities and trade along the Djibouti-Addis Ababa corridor funded by the European Union with a 30-million-euro grant and implemented by the *Agence Française de Développement* and TradeMark Africa.

Figure 2: Djibouti NTFC re-launch



An important pillar of the Djibouti trade policy (despite this policy is not yet formalized in a publicly available document), is the increase of the regional integration with its closest neighbors. This objective is clearly spelt out in both **Vision 2035**³⁰ and the **Djibouti National Development Plan (NDP) 2020-2024**, the latter better known as “**Djibouti ICI**”³¹. Vision 2035 is the country's long-term strategy that aims at positioning Djibouti as a hub for the regional economy by leveraging on its strategic position at the connection of the Red Sea and the Gulf of Aden, which gives it an immense advantage in international maritime trade compared to its coastal neighbors in the Horn. This is reflected in the third edition of the World Bank’s Global Container Port Performance Index (2023)³², which ranks the Djibouti port at position 26, ahead of Berbera (144), Mogadishu (221) and Mombasa (326) in the list of the better performing container ports in the world.

In the same line, Djibouti ICI draws a strategy to transform the country into a logistics and digital hub in Africa -inspired by the example of Singapore in Asia- with cutting-edge infrastructure that will connect the continent to the rest of the world.

5.2. Ethiopia

In Ethiopia, the coordination of trade-related policies is under the responsibility of the **Ministry of Trade and Regional Integration**, mainly of the Directorate General of Trade Relation and Negotiation. The **Ministry of Finance** plays an important role in donor resource mobilization and management, on which Ethiopia over-relies (like other HoAI countries), for the planning and implementation of trade, customs, transport and investment promotion related reforms. On the other hand, the **Ethiopian Maritime Affairs Authority (EMAA)** was set up in 2007 to oversee maritime and

³⁰ <https://ccd.dj/wp-content/uploads/2022/06/Vision-Nationale-2035.pdf>

³¹ The acronym ICI refers the three-priority axis of strategic development of the country that the government of Djibouti aims to strengthen: 1) Inclusion, 2) Connectivity and 3) Institutions. <https://www.djibouti-diaspora.org/wp-content/uploads/2022/03/Rapport-PND-DJIBOUTI-ICI-2020-2024.pdf>

³² <https://openknowledge.worldbank.org/entities/publication/6a51b12c-77cd-4236-be5b-13e468fe0cca>

logistics services by supervising maritime operations and services on the Ethiopia-Djibouti corridor and licensing processes of logistics and maritime operators. Instead, the Ministry of Revenues -to which the Ethiopian Customs Commission (ECC) is accountable- is the federal government institution responsible for collecting revenue and for the enforcement of tax and customs laws in the country. The ECC also administers the Electronic Single Window system launched in September 2020.

The main institutions responsible for attracting Foreign Direct Investment in Ethiopia and promote investment opportunities are the **Ethiopian Investment Commission (EIC)**, an autonomous government institution established by Council of Ministers Regulation No. 313/2014³³ and the **Investment Board**, a ministerial committee chaired by the Prime Minister that is responsible for formulating policies on matters pertaining to investments. The EIC organizes since 2022 an annual event, called “**Invest Ethiopia**”³⁴ where investors, government officials and policymakers from Ethiopia and other foreign countries meet to discuss attractive investment opportunities in Ethiopia and policy reform agendas, in an attempt to explore partnership opportunities. The second edition of the Forum was held in April 2023 and saw the participation of more than 600 international investors.³⁵

In 2014, an **Ethiopian Industrial Parks Development Corporation (IPDC)** was established to develop and manage industrial parks³⁶, promote investments in such facilities and provide the necessary infrastructure and incentives to investors relocating within them. A key challenge to the development investments in Ethiopia is the absence of clear investment and trade policies, constant regulatory changes and a lack of transparency that make unpredictable the environment where investors operate.³⁷

Ethiopia has two committees responsible for the facilitation of trade and of transport in the country respectively. The **Ethiopian NTFC** was established in 2022 at the Ministry of Trade and is currently inactive due to financial and capacity building constraints. On the other hand, in September 2015, the Ethiopian government established an **Ethiopian National Logistics Coordination Council (ENALCO)** with the purpose of coordinating the logistics system in the country and providing recommendations for its improvement. The ENALCO, which includes representatives from the private sector, has a mandate that focuses on the facilitation of transport, while the NTFC is endowed with the task of facilitating trade. Both the ENALCO and NTFC activities include the drafting of draft directives, which are submitted to the relevant Ministerial organs for political adoption. Both the Ethiopian NTFC and ENALCO currently suffer from budgets constraint that impede these bodies to regularly meet to conduct their activities.³⁸

³³ http://www.investethiopia.gov.et/images/pdf/Regualtion_No_313_2014_to_the_Establishment_of_EIC_EIB.pdf

³⁴ <https://investethio.com>

³⁵ FanaBC, Over 600 International Investors To Attend Invest Ethiopia 2023 Forum: EIC, Apr 10, 2023.

³⁶ The UNCTAD Handbook on African Special Economic Zones defines the Ethiopian Industrial parks as Special Economic Zones dedicated to the production of specific categories of goods (e.g., garment and textile, agro-processing, leather and shoes, etc.), UNCTAD, Handbook on Special Economic Zones in Africa, Towards Economic Diversification across the Continent, 2019.

³⁷ Aksah, I., Policy Looms Amid the Pursuit of Intra-Continental Trade Integration, Addis Fortune, Jun 24, 2023.

³⁸ UN Repository on National Trade Facilitation Committees, Last Update: 11 November 2015, available at: https://unctad.org/system/files/non-official-document/TFC_ET_EN.pdf

In addition to the ENALCO, Ethiopia has also established **bilateral** (inter-agency) **Committees for cross-border trade** with South Sudan, where officials from Customs from both countries constantly monitor cross border trade flows, also through the organization of joint control activities, in order to prevent smuggling and illicit trade at their borders. On the other hand, a joint border Committees has been established with Kenya at the Moyale One Stop Border Post (OSBP) which is made up of officials of border agencies of Ethiopia and Kenya who regularly meet to discuss main challenges and operational issues related to the development, utilization and operation of the OSBP.

In March 2021, the Ethiopian government launched the Ten-years Development Plan 2021-2030³⁹, which identifies transport and logistics as key sectors for the economic development of the country. This has been followed by many planning tools, such as the **National Transport Policy**⁴⁰, adopted by the Ethiopian Ministry of Transport in April 2021, that identifies a series of actions to improve the transportation infrastructure and the provision of logistics services in the country. The document acknowledges the importance of corridor development to improve the country's trade performance and support its economic development, stressing the need for Ethiopia to enhance its regional and continental linkages by integrating the national transport infrastructure with its neighbors. A Transport Sector Plan covering the period 2020-2030 points out the underperformance of the logistics sector as one of the main obstacles to the economic development of the country, mentioning high port dwell times, low utilization of multimodal services, low domestic export containerization, inefficient and costly truck operations, the involvement of multiple regulatory agencies and length to process exports and imports, as well as inadequate infrastructure as key challenges. The Ethiopian Transport master plan policy and strategy 2022-2052⁴¹ updates the Transport Strategy of Ethiopia by providing an assessment of the regulatory and legislative environment impacting domestic and international traffic, the institutional structure, financial and technical capacity of transport departments/agencies, the modalities and the assistance required to implement the investment and policy reforms program, among others. **Digital Ethiopia 2025**,⁴² the digital transformation strategy of the country, is another strategic document adopted by the Ethiopian Government that highlights the importance of leveraging new digital technologies for modernizing trade logistics and boosting exports. The document recognizes that the inefficiency and high cost of customs procedures in the country represent a major logistical challenge to improve Ethiopia's export performance, especially in manufactured products. Accordingly, it points out the need to scale-up investments in digital technologies aimed at simplifying customs procedures to make them faster, transparent and predictable, assuring integration with customs procedures of neighboring countries. On the other hand, the Ethiopian Ministry of Trade and Regional Integration (MoTRI) has recently adopted a draft trade policy document, which is available exclusively in Amharic at present.⁴³

³⁹ https://www.ircwash.org/sites/default/files/ten_year_development_plan_a_pathway_to_prosperity.2021-2030_version.pdf

⁴⁰ http://ethiotransport.gov.et/T2/National_Transport%20Policy_EN.pdf

⁴¹ <http://ethiotransport.gov.et/userfiles/media/default/Masterplan/policystrategy.pdf>

⁴² <https://mint.gov.et/wp-content/uploads/2020/12/Digital-Ethiopia-2025-Strategy-English.pdf>

⁴³ <https://motri.gov.et/sites/default/files/announcement/Ethiopian%20Trade%20Policy.pdf>

5.3 Kenya

In Kenya, the general coordination of trade-related policies relies with the Ministry of Investments, Trade and Industry and the State Department for Trade, which includes in its structure also a Department of Research and Trade Policy Analysis. The State Department for Trade adopted a National Trade Policy⁴⁴ in May 2017 with the support of Trademark East Africa (renamed on 27 January 2023 “TradeMark Africa”), which aims at promoting efficiency in the growth of domestic trade through transformational measures that address the constraints impeding the development of the wholesale, retail and informal sectors. A more limited role to coordinate trade policies, specifically with those adopted by other EAC Partner States, is played by the Ministry of the East African Community (EAC), which is responsible for deepening and widening the process of East African Integration, while the National Treasury and Economic Planning has a key role in the formulation, implementation and monitoring of economic, financial and development policies.

Concerning the promotion of investments, the competence is shared between the Ministry of Investments, Trade and Industry, that is the government authority responsible for formulating the investment policy of the country, and the Kenya Investment Authority (KenInvest). Keninvest is an investment promotion agency established in 2004 with the Investment Promotion Act No. 6 of 2004, whose mandate is to promote investments in Kenya by facilitating the implementation of new investment projects, providing after care services for new and existing investments and organizing investment promotion activities both locally and internationally. The Ministry of Investments, Trade and Industry adopted in 2019 an Investment Policy⁴⁵, to guide the attraction, facilitation, retention, monitoring and evaluation of private investment. The document aims at achieving an open and transparent, inclusive, sustainable development able to promote the economic diversification of the country. Similar to Djibouti and Ethiopia, a separate authority (the Special Economic Zones Authority - SEZA) was created in Kenya in 2015⁴⁶ with the objective of attracting, facilitating and retaining domestic and foreign direct investments in Special Economic Zones (SEZs).

Additionally, Kenya has established three main structures dealing with the coordination of trade-related policies and programs at the national level:

- 1) The **Kenyan NTFC**, is a body in operation since 2016, established by the Gazette Notice No. 7319 of the Cabinet Secretary for Industry, Trade and Co-operatives⁴⁷ (published in the Kenya Gazette Vol. CXVIII-No. 110 of 16th September, 2016)⁴⁸. The role of the NTFC is to promote trade facilitation in the country, by ensuring the expedited movement, release and clearance of goods imported, exported or in transit in the country. Further tasks of the Kenyan NTFC include the identification of policy gaps, the provision of guidance and

⁴⁴ https://www.trade.go.ke/sites/default/files/Kenya%20National%20Trade%20Policy%20%282016%29_0.pdf

⁴⁵ https://drive.google.com/file/d/1EBm-xj4Mefm38RzPwuTCoaOp-kBJYCh_/view

⁴⁶ Special Economic Zones Act No. 16 of 2015, available at: <http://kenyalaw.org/kl/fileadmin/pdfdownloads/Acts/SpecialEconomicZonesNo16of2015.pdf>

⁴⁷ In Kenya, a Gazette notice is an official, legally binding announcement issued by a central or a county government authority which is published in Government Gazettes.

⁴⁸ <https://unctad.org/system/files/non-official-document/ntfc-db-ist-ke.pdf>

support to the Government on the way forward on trade facilitation, and the establishment of a Monitoring and Evaluation System on trade implementation.

- 2) In addition to the NTFC, Kenya has established a **National Monitoring Committee (NMC) on Non-Tariff Barriers (NTBs)**, whose mandate includes the identification, monitoring and elimination of NTBs hindering trade development and the smooth flow of goods across the Kenyan borders. Similar to Kenya, other EAC partner States, including South Sudan, have established NMCs which meet periodically with each other within regional fora dedicated to the discussion of strategies on identification and monitoring of NTBs having a regional dimension, including possible actions to be taken for their elimination.
- 3) Lastly, Kenya has a coordinating structure responsible for integrated (or coordinated) border management⁴⁹ in place called **Border Control Operational Coordination Committee (BCOCC)**. This body, which was inspired a similar mechanism developed in South Africa (where it has been recently replaced by a new structure called “Border Management Authority”)⁵⁰, is made up of Heads of key Border Agencies in Kenya. It basically aims at coordinating law enforcement operations among border agencies in order to ensure the effective and efficient management of borders and combat all forms of illegal activity. The BCOCC operates under the authority of the National Security Advisory Council (NSAC) and is chaired by the Principal Secretary of the Ministry of Interior. Its tasks include a) the formulation of policies and programs for the management and control of designated points of entry (airports, seaports and land borders); b) the coordination of the exchange of information between agencies responsible for the security and management of the borders at points of entry to ensure compliance with standards by the respective agencies; and c) ensure the effective and efficient management of operations at points of entry. The BCOCC has proven to be a good practice to enhance border efficiency, inter-agency coordination and exchange information among security agencies responsible for border management in Kenya⁵¹.

Kenya has also established with the Legal Notice No. 6 of 2011 a state agency placed under the supervision of the National Treasury and Economic Planning, named **Kenya Trade Network Agency** (also known as **KenTrade**) with the purpose to develop, implement and manage the National Electronic Single Window System (Kenya TradeNet System). The Kenya TradeNet System, established with the National Electronic Single Window System Act of 2022⁵² is a web-based system that allows parties involved in international trade and transport logistics to lodge documents electronically for processing, approvals and the payment of fees, levies, duties and taxes due to the Government in relation to the import and export of goods. KenTrade also manages, under the supervision of the Kenyan NTFC, an International Trade Portal (<https://infotradekenya.go.ke>) containing a detailed description of procedures

⁴⁹ According to the World Customs Organization, integrated or coordinated border management represents an approach to manage borders involving public service agencies working in a coordinated manner to provide a cohesive government response to the challenges of border management (Aniszewski, S., Coordinated Border Management, a concept paper, WCO Research paper n. 2, June 2009). A sub-concept of Integrated Border Management frameworks are the One- Stop-Border-Posts (OSBPs). OSBPs have been implemented in various ways and in many regions, implying a single, shared physical infrastructure in which the neighbouring countries’ customs/border services operate side by side by coordinating their respective control procedures in order to carry out them simultaneously.

⁵⁰ <https://bma.gov.za>

⁵¹ Capital News, Kenya Coordinated Border Management Programme Launched At School Of Government, 30 June 2021.

⁵² <https://www.kentrade.go.ke/wp-content/uploads/2022/09/National-Electronic-Single-Window-System-Act-2022-1.pdf>

for the import, export and transit of the main Kenyan products through the various entry/exit point in the country, with the relevant documents needed. Other functions carried out by Kentrade include, among others:

- the development, management, and promotion of the interchange of electronic data between public and private agencies to facilitate trade;
- the conduction and co-ordination of research and surveys in the field of electronic commerce aimed at simplifying and harmonizing trade documentation;
- the maintenance of an electronic database of all imported and exported goods and services and the levies, fees, duties and taxes charged on imported or exported goods and services;
- the collection of trade statistics;
- the planning, development, monitoring and evaluation of training programs for all stakeholders to ensure conformity with international best practices; and
- the execution of any other function related to trade facilitation.

5.4 Somalia

In Somalia, the general formulation, implementation and monitoring of both internal and external trade and manufacturing policy is under the competence of the Ministry of Commerce and Industry (MOCI), which plays an important role in the promotion of industrial, commercial development and attraction of investments. The MOCI launched in 2021 and coordinates the Somalia Trade Portal, an electronic repository of regulations and procedures for import and export operations that offers information to traders on how to engage in cross-border trade operations in the country.⁵³ The investment policy, on the other hand, is shared by this Ministry with other two government agencies, namely the Department of Investment under the Ministry of Planning, Investment and Economic Development and the Somali Investment Promotion Office (these three entities seem to have partially overlapping roles). More precisely, the Somali Investment Promotion Office -or SOMINVEST- is a statutory body established under Article 6 of the Foreign Investment Law of 2015 which deals with the implementation of such policy. Specifically, its mandate focuses on the promotion and attraction of foreign investment in the country.

Additionally, the Ministry of Foreign Affairs and International Cooperation, which is responsible for managing Somali relations with other countries, adopted in 2016 a comprehensive foreign policy to guide its relationship with foreign countries based on the establishment of close diplomatic ties with other countries to promote, among others, trade and investments as well.⁵⁴

The Ministry of Planning, Investment and Economic Development, apart from dealing (as described above) with promotion and attraction of investments, is responsible for economic planning, while the Ministry of Finance is the central authority of the Federal Government of Somalia charged with the formulation and management of the economic and financial policy of the country. The Ministry of Finance also administers donor resources, on which the country strongly depends for the design and

⁵³ <https://stip.gov.so/index.php?r=site/display&id=12>

⁵⁴ Somalia launches new foreign policy after two decades of civil strife, Xinhua, February 7, 2016.

implementation of reforms (among others), in the areas of trade, transport, customs and foreign investment attraction.

In February 2021, Somalia's Cabinet of Ministers approved a **National Trade Policy** (not yet publicly available) to boost the country's economy and the trade facilitation environment in the country. This document designs a strategy aimed at improving the country's economy, stimulating job creation, trade facilitation and industrial production based on measures that are basically contained in the **National Development Plan 2020-2025**.⁵⁵ This plan sets a path to guide the nation towards inclusive economic growth and employment, improved security, rule of law and strengthened political stability. The document underscores the need for the country to engage in reforms and investments to enhance performances of strategic sectors including banking, telecommunication, construction and petroleum, as well as to expand regional and international trade with the support of development partners, who are recognized as important actors in meeting the poverty reduction goals of the country. On November 27th, 2023, the federal government of Somalia also launched the **Centennial Vision 2060**, a comprehensive long-term strategy to achieve sustainable development in the next decades by leveraging innovation, economic diversification, sustainable development, social justice, and technological progress. This document basically lays out a roadmap with a series of actions aimed at tackling the economic and social challenges of the country, including state fragility, poverty, unemployment, corruption, food insecurity, illiteracy, clan-based conflicts, and migration.

Somalia established a NTFC in March 2020, presided over by the Prime Minister. The Somalia NTFC is a national forum charged with the task of overseeing reforms aimed at facilitating trade and at streamlining controls and procedures related to the import, export and transit of goods. Its responsibilities also include the proposal of draft trade-related regulations for government approval, the formulation of policy recommendations on trade-related investments, the support of trade facilitation negotiation at bilateral, regional and international level and the acceleration of the accession of the country to the WTO. Members of the Committee are high-ranking officials from the Office of the Presidency (Ministers of States for Presidential Affairs), the Ministry of Foreign Affairs and International Cooperation, the Ministry of Commerce and Industry, the Ministry of Finance, the Ministry of Ports and Marine Transport, the Ministry of Transport and Civil Aviation, the Ministry of Agriculture and Irrigation, the Ministry of Fisheries and Marine Resources, the Ministry of Telecommunication and Technology, the Ministry of Livestock and Forestry, and the Somali Chamber of Commerce and Industry (SCCI). Detailed Terms of Reference for the Somali NTFC were adopted in February 2021.⁵⁶

At present, the Somali NTFC currently suffers from of a lack of capacity of its members, and for this reason its activity has been so far very limited. Somalia is actively seeking assistance from international partners and donors to build the technical knowledge/skills of the NTFC members.⁵⁷

Somalia is a member of COMESA, but does not yet participate in the COMESA Free Trade Area. On November 24th 2023, during the 23rd Ordinary Summit of the EAC Heads of States held in Arusha, Tanzania, Somalia was also admitted to the EAC.

⁵⁵

<https://extranet.who.int/mindbank/item/6966#:~:text=Its%20goal%20is%20to%20reduce,over%20the%20past%20seven%20years.>

⁵⁶ <https://unctad.org/system/files/non-official-document/ntfc-db-tors-so.pdf>

⁵⁷ https://unctad.org/system/files/non-official-document/TFC_SO_EN.pdf

However, given the weak institutions in the country, Somalia will probably need a long transition period to comply with EAC regulatory requirements, especially in what concerns the implementation of the EAC Customs Union and Common Market Protocols⁵⁸.

5.5 South Sudan

In South Sudan, the formulation and coordination of trade policies is under the responsibility of the Ministry of Trade and Industry, although the budget constraints and the insufficiently skilled staff of this government agency have so far constrained its ability to deliver its mandate effectively.⁵⁹ With regard to formulation of strategies, policies, goals and programs aimed at developing local and foreign investments in South Sudan, the country established in 2009, with the Investment Promotion Act⁶⁰, the South Sudan Investment Authority (SSIA), which was replaced in March 2020 by a Ministry specifically dedicated to the promotion of investment (Ministry of Investment).

The country has not yet established a NTFC, although the process for its creation is currently ongoing, and its operationalization is planned in the next months. On the other hand, a **National Monitoring Committee (NMC) on NTBs** was established in 2019 after receiving training from TradeMark East Africa (now Trademark Africa) on how to report and eliminate NTBs⁶¹. This Committee, apart from being responsible for NTBs identification and resolution, holds periodic joint consultations with similar Committees established in the other EAC partner states to address and solve NTBs having a regional or multi-country scale. The South Sudan NMC has 15 permanent institutional members, of which ten are from government agencies and five from business community organizations and associations. Its Chair is the Secretary General of Ministry of Trade, while the Secretary General of the South Sudan Chamber of Commerce (SSCCIA) is the Co-Chair. South Sudan is also in the process of establishing a NTFC, whose members have already been designated. A legal order is expected to be approved soon to legalize its status.

South Sudan also validated a **National Export and Investment Strategy (NEIS)** with a related Plan of Action⁶² in March 2023. The country has not yet developed a document that formalizes its National Trade Policy, which is much needed to define a clear strategy to diversify its economy away from oil (on which the country is dependent) and to deepen trade linkages with other regional and international markets⁶³. In this regard, although South Sudan became a full member of the EAC on September 5th, 2016, the country still does not fully participate in this regional block, as it is not yet member of the EAC Customs Union. In fact, after its accession to the EAC, a roadmap was adopted by the EAC Secretariat to set a path to integrate the

⁵⁸ Hirad, A., Somalia's Membership To East African Community (EAC): Gradual Approach Is Best After Institutional Reforms – Analysis, Eurasia review, June 3, 2023.

⁵⁹ UNDP, Trade for Peace and Resilience in South Sudan, policy brief, 2021.

⁶⁰ <https://investmentpolicy.unctad.org/investment-laws/laws/64/south-sudan-investment-law>

⁶¹ United Kingdom Foreign, Commonwealth & Development Office (FCDO), Customs Development & Trade Facilitation Support in South Sudan, Project Completion Review - Top Sheet, Review Date: March 2017.

⁶² <https://intracen.org/news-and-events/news/south-sudan-meets-to-validate-national-export-and-investment-strategy>

⁶³ Basnett, Y., Garang A. J., Exiting the cycle of conflict in South Sudan - Diversifying trade for sustained and inclusive prosperity, ODI Working paper 417, April 2015.

country into the EAC Customs Union, whose implementation has encountered significant delays as the process of convergence of laws, regulations, standards and practices to those applicable in the EAC region is still not yet completed. In particular, the country lacks clear institutional regulations and policies in customs, trade and transport sectors.

6. Key private sector stakeholders involved on dialogue with government on trade-related development and implementation policies

6.1 Djibouti

In Djibouti, the main stakeholder involved in the dialogue with the government to shape trade policies and reforms in the country is the **Chamber of Commerce of Djibouti (CCD)**, which is the institution with the highest representativity of the Djiboutian business community at national level for all matters related to trade, transport and investments. To this end, the CCD participates regularly to coordinate meetings with the Ministry of Trade and Tourism to discuss issues related to regional integration, infrastructure development, education, manufacturing, energy, finance and agriculture, among others. The CCD also regularly conducts analysis on the structure, size and characteristics of Djibouti's private sector. This exercise was lastly done in 2021, with the publication of a research document titled "*Panorama du secteur privé 2021*."⁶⁴

The **Association of Freight Forwarders** (*Association des Transitaires Djiboutiens - ATD*) is a professional organization that brings together transit, freight forwarding and customs clearing agents in Djibouti. ATD participates to discussions with port authorities, shipping lines and other logistics players to facilitate the transport of goods within the country and in the region. A member of ATD also participates in the Djibouti NTFC.

No associations of informal traders are currently established in the country. However, the **National Union of Djiboutian Women (UNFD)** plays a role of advocacy towards the government for the socio-economic and political empowerment of women, including those engaged in informal trade. UNFD has been particularly active in several campaigns supporting the promotion and development of micro-finance for women traders.

6.2 Ethiopia

The **Ethiopian Chamber of Commerce and Sectoral Associations (ECCSA)**, regulated by Proclamation No. 341/2003⁶⁵, is the main private sector organization in charge of promoting trade and investment in Ethiopia. It embodies 18 entities representing different geographical areas and sectors of the economy, including nine Regional Chambers of Commerce (including one for the Somali State), two City Chambers of Commerce, one National Chamber of Sectoral Association and six producers' associations representing the horticulture, leather, textile, meat, pulses oil

⁶⁴ https://ccd.dj/wp-content/uploads/2022/06/Panorama_du_secteur_privé_2021.pdf

⁶⁵ <https://ethiopianchamber.org.et/api/ApiLaws/Download/ecd66773-c264-463e-b222-ec1f97970de/false>

seeds and spice, and sugar and sweet sectors. ECCSA tasks include the promotion of trade and investment in the country and the creation of an enabling business environment for private sector development in Ethiopia. ECCSA is also one of the promoters of “**Initiative Africa**”, a Non-Government Organization which promotes self-reliance, opportunity, and access to key supports for woman, children and youth. Initiative Africa launched in 2020, together with the Pan African Chamber of Commerce and the Center for International Private Enterprise (CIPE)⁶⁶ a project funded by the Swedish International Development Agency (SIDA), called “empowering marginal economic actors”. This project has four pillars that aim to create a political environment that is increasingly open to private sector-led development and inclusive economic growth. More specifically, pillar 1 aims at strengthening the ability of the private sector in Ethiopia to engage in effective reform leading to positive regulatory and policy change. Pillar 2 aims at Supporting the financial sustainability of business membership organizations through Innovative Grants Fund (IGF), while pillars 3 and 4 are dedicated, respectively, to the support of Regional and Federal Public Private Dialogue and evidenced-based policy dialogue, while also to build capacity of national and sub-national business membership organizations to maximize the economic benefits flowing to Ethiopia from the negotiation of the AfCFTA and other free trade agreements. In 2020, a program was launched within pillar 3, called ‘Empowering Marginal Economic Actors from the Bottom Up Through Policy Reform’ (EMEA), that is implemented through annual Public-Private Dialogue Forums bringing together government officials and private sector representatives to discuss key issues affecting the improvement of the business environment in Ethiopia.⁶⁷

ECCSA established relations with Chamber of Commerce in other countries in order to exchange information and share experience. A Memorandum of Understanding (MoU) was concluded with the Kenya Chamber of Commerce and Industry in March 2014 that provides, among others, for the exchange of trade and business information, technology transfer, business exchange visits and joint hosting of trade facilitation programs.⁶⁸ In July 2010, ECCSA signed a Memorandum of Understanding (MoU) with the Ministry of Trade which established the **Ethiopian Public Private Consultative Forum (EPPCF)**, a platform to discuss public reforms in various areas, including taxation, trade, logistics and customs procedures, trade licensing and registration, government procurement, company establishment and registration, tax appeal and VAT refund issues, access to finance, issues related to protection of property rights, tourism sector, among others. These forums have the purpose of ensuring the participation of private sector to the formulation of public policies to improve the business environment in Ethiopia.⁶⁹ The EPPCF has a Secretariat which began its operation in September 2011 with the financial and technical support from the International Financial Corporation (IFC) of the World Bank group. Its role is basically to identify areas for discussion between the public and private sectors and to

⁶⁶ CIPE is a Business Membership Organization headquartered in Washington DC, USA, that works to support democracy and to strengthen the private sector. CIPE has a programme in place in Ethiopia that aims at promoting participatory dialogue on economic policy and market-oriented economic reforms in the country.

⁶⁷ <https://initiativeafrica.net/projects/eps/#toggle-id-3>

⁶⁸ Ethiopia, Regional Integration and the COMESA Free Trade Area, Economic Diplomacy Programme, Occasional paper 198, August 2014.

⁶⁹ Mihretu, M., Tolina, E. T., Ethiopia: the Ethiopian Public Private Consultative Forum (EPPCF), presented at the Public-Private Dialogue 2015 Workshop (Copenhagen, March 10-13 2015)

lead the dialogue between the two counterparts within the different editions of the Forums.

The **Ethiopian Freight Forwarders & Shipping Agent Association (EFFSAA)** is a national association representing logistics providers, freight forwarding, shipping agents and Customs Clearing Agents in Ethiopia. Customs Clearing Agents also participate in another Association (the **Ethiopian Customs Clearing Agents Professional Association**), which currently comprises over 350 individual agents and companies engaged in the provision of customs clearance services.

EFFSAA and the Ethiopian Customs Clearing Agents Professional Association play an important lobbying role towards the Government in what concerns reforms in transport, customs and trade-related policies in the country, that they carry out by providing views and advice on draft Directives or Regulations adopted by various government agencies involved in the implementation of such policies. However, both associations need to strengthen their policy advocacy role to lobby for the adoption of more conducive regulations in the trade, customs and transport sectors.

No associations of informal traders are currently established in the country. Nevertheless, the **Network of Ethiopian Women's Associations (NEWA)** plays an active lobbying role towards the government on issues that affect women, including those engaged in informal trade. They do so by participating to policy discussions with several branches of the Ethiopian government on law and policy reforms that promote women's rights and equality.

6.3 Kenya

In Kenya, the range of stakeholders from the private sector that contributes to shape the trade, industrial and transport policy of the Government is particularly large. The main organizations that play this role are described below.

The **Kenya National Chamber of Commerce and Industry (KNCCI)** is a not-for-profit private company headquartered in Nairobi with County Chamber's offices in all the 47 Counties of Kenya. KNCCI promotes, co-ordinates and protects the commercial and industrial interests of its members playing a lobbying role in the shaping of national trade and investment policies that supports enterprise expansion. Its tasks include the provision of advice and views to the government on legislation and procedures related to the implementation of such policies. The KNCCI manages an e-marketplace platform called ISOKO (in Swahili, "market"), hosted on its website⁷⁰, that allows local traders to showcase and sell their products online. ISOKO includes a page with a description of regulation, procedures and documents needed to trade goods in the East African Community (EAC) and in some third countries, similar to the trade information portals that have been developed in many countries and Regional Economic Communities in Africa to increase transparency on procedures applicable to cross-border transactions. It also offers information on different taxes that apply to specific business transactions, such as VAT or excises.

The **Kenya Private Sector Alliance (KEPSA)** is an apex organization of the private sector in Kenya that brings together local and foreign business associations, Chambers of Commerce, professional bodies, multinational companies, Small-Medium Enterprises (SMEs), and start-ups from all sectors of the economy. KEPSA represents all these entities by speaking with one voice on their behalf by engaging

⁷⁰ <https://isoko.kenyachamber.or.ke>

with the government, development partners and other stakeholders on cross-cutting policy issues and programs for the social and economic development of Kenya. KEPSA plays also an important advocacy role towards the Kenyan Government in the development and enhancement of policies, strategies and regulations in the area of trade, industrialization, investment, transport and infrastructure, SMEs development, energy and extractive sector, and tourism, among others.

The **Kenya Association of Manufacturers (KAM)** represents 40% of industrialists and manufacturing industries in Kenya. Through its Trade and Policy Department, it plays an advocacy role towards the Government of Kenya for the formation of industrial, regional integration and trade policies aimed at supporting the country's economic development.

The **Shippers Council of Eastern Africa (SCEA)** is a business organization that represents the interests of importers and exporters in Kenya and in the Eastern Africa Region. SCEA's key mandate is to advocate for appropriate freight transport legislation and policies promoting the development of an efficient and cost effective transport and logistics system. This is done by conducting research on trade and transport issues, such as the **East Africa Logistics Performance Survey**, an annual publication of SCEA that examines the costs, times and complexity aspects of the East African logistics chain. The survey proposes recommendations to enhance the competitiveness of the trade and logistics sector in the EAC region.

The **Kenya Transporters Association (KTA)** is a business association headquartered in Mombasa, whose objective is to provide a common voice to protect interests of road transporters in Kenya, contributing to the realization of a safe, reliable, efficient, professional and environmentally friendly road freight industry. KTA is directly involved in data collection on road transport using road survey questionnaires and GPS kits which feed the database of the Northern Corridor Transport Observatory⁷¹. Moreover, KTA administers an E-portal system for the collection and dissemination of information on policies, regulations and procedures for trade, with a focus on road transport⁷². The Kenya Transporters e-portal aims at improving professionalism in the road transport sector and ease access to information for transporters, acting as single window to access relevant documents and information from other relevant bodies/stakeholders in the transport industry.

The **Kenya International Freight and Warehousing Association (KIFWA)** is an organization representing all clearing, forwarding and warehousing companies in Kenya. Its mandate is to promote, protect, represent and advocate the interests of Clearing and Forwarding Agents, Freight Agents, Warehouse keepers towards the Government of Kenya. It does so by providing views and comments on legislative and regulatory measures on customs, trade and transport reforms impacting on its members.

In addition to the above bodies, Kenya also hosts in Nairobi the Secretariat of the **Federation of East African Freight Forwarders Associations (FEAFFA)**, a private sector apex body of freight forwarders' associations in the EAC established in 2006 and registered and domiciled in the United Republic of Tanzania. Its main role is to promote a Professional Freight Logistics Industry for Trade Facilitation and regional economic growth in the East Africa region.

⁷¹ <https://top.ttcanc.org>

⁷² <https://www.kta.co.ke/index.php/eportal>

Kenya ultimately hosts two associations representing informal traders that also interact with the Government for trade-related reforms: the **Nairobi Informal Sector Confederation (NISCOF)** and the **Kenya National Alliance of Street Vendors and Informal Traders (KENASVIT)**. The latter organization is particularly large, as it represents over 400,000 Informal entrepreneurs in 24 Kenyan counties⁷³.

Nairobi also hosts an office of the **Organization of Women in International Trade (OWIT)**, a global association founded in the United States and now present in more than 20 countries. OWIT Nairobi was launched in April 2001 on an initiative of the US Embassy and is a membership association whose mandate is to empower women (including those engaged in informal trade) to promote their advancement in business and in international trade activities.

6.4 Somalia

The **Somalia Chamber of Commerce and Industry (SCCI)** is the main organization in Somalia that represents, protects and develops the interests of business communities in Somalia and promotes investment in the country. The SCCI was re-opened on 3 March 2012 after a long period of inactivity. A representative of the Chamber is also member of the Somali NTFC. The role of SCCI includes the collection of data related to business activities and levels of production in the country.

The **Somali Industries Association (SIA)** was established in October 2012 in Mogadishu to represent the interest of Somali manufacturing and processing industries. SIA has currently more than 40 members, representing the beverage, grain processing, agriculture, pharmaceutical and plastics sectors. SIA plays a policy advocacy role towards the government of Somalia aimed at promoting the development and expansion of the manufacturing sector in the country.

The **Federation of Somali Trade Unions (FESTU)** is an independent national trade union center in Somalia which represents the interests of workers in Somalia and of the affiliated trade unions. It is regularly invited by the government to take part to policy discussions related to the formulation of trade, economy and finance policies.

The **Somalia Truck Association (STA)** was established in the year 2011 to represent and advocate the interests of road transport service providers. Its members represent nearly 85% of the Somali businesses involved in road transport. STA is an interlocutor of the Somali government in relation to policies for the development of logistics and road freight transport in Somalia.

No associations of informal traders are currently established in the country. However, many Associations are active in the country for the protection and promotion of interests of women, including those engaged in informal trade. Among them, the **Somali Business Women Association**, the **Somali Women Entrepreneurs Association (SoWEA)**, and the **Somali Women Development Centre (SWDC)** are the main ones. They all play a lobbying and advocacy role by engaging with the government with regard to human rights protection and policies having an impact on the enhancement of the capacity of women.

6.5 South Sudan

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<https://www.wiego.org/sites/default/files/resources/file/KENSAVIT-INFORMAL%20TRADERS%20STATEMENT%20IN%20RESPONSE%20TO%20COVID%2019.pdf>

In South Sudan, the dialogue between the public and private sectors is weak and consultations with the government to shape trade, customs, transport and investment policies are not regular. The **South Sudan Chamber of Commerce, Industry & Agriculture (SSNCCIA)** is the apex body representing the private sector in South Sudan, that advocates for and protects the interests of the South Sudan business community activities both at national level and State-level. The SSNCCIA mandate includes lobbying with the government for the development and enhancement of policies in all the areas of interest of its members. This entity has established Chamber Committees acting as its branches in all the States of the Republic of South Sudan.

Other key private sector stakeholders that occasionally engage with the government in the formulation and design of trade, transport, customs and investment policies are the **South Sudan Manufacturers Association**, the **South Sudan Women Entrepreneurs Association (SSWEA)**, the **South Sudan Business Union (SSBU)** and the **Consumer Protection Association**. However, information on their membership, source of funding and mandates is unknown.

No associations of informal traders are currently established in the country. The **South Sudan Women Empowerment Network (SSWEN)**, a non-profit, non-partisan and none-governmental organization in Juba that protects the right of women through initiatives that encourage the participation in decision making processes of the Government for all reforms that can impact their rights, including in trade.

7. Regional trade coordination mechanisms: the EAC model

Two of the HoAI countries, namely Kenya and South Sudan (and soon also Somalia, due to its recent adhesion to the EAC), can rely on an additional mechanism to coordinate their respective trade policies with those of the other members of the EAC. This mechanism is represented by the meetings of the **Sectoral Council on Trade, Industry, Finance and Investment (SCTIFI)**. The SCTIFI is a body made up of Cabinet Secretaries/Ministers of EAC Partner States responsible for Trade, Industry, Finance and Investment. Its primary role is to adopt directives and decisions aimed at coordinating trade policy and integration measures at EAC level, such as customs tariff, trade remedies, regional standards and certification requirements, duty remissions, elimination of Non-Tariff Barriers (NTBs), export promotion, competition, SME development, trade in services, trade relations with external parties, industrial development, and investment promotion. The SCTIFI meetings are usually organized twice per year and are prepared by a **Coordination Committee** made up of the Permanent/Principal or Under Secretaries of the EAC Partner States. Sessions of the Coordination Committee take place before the meetings of the Cabinet Secretaries/Ministers of EAC Partner States responsible for Trade, Industry, Finance and Investment. This mechanism has been frequently used to solve trade frictions and trade policy conflicts between EAC Partner States⁷⁴, and was instrumental in the establishment of the **EAC Sub-Regional Committee on Trade Facilitation**⁷⁵.

8. Initial Recommendations

⁷⁴ For instance, this mechanism has been used in 2017 for resolving two cases of denial of EAC preferential tariff treatment by the Republic of Rwanda for refined sunflower edible oil originating from Uganda, and for wheat flour exported from Tanzania to Kenya.

⁷⁵ UNCTAD, National Trade Facilitation Committees as coordinators of trade facilitation reforms, Transport and Trade facilitation Series No 14, 2020.

This section provides recommendations to improve the implementation of trade and investment reforms in the HoA through improved coordination of the respective policies among HoAI countries. To this end, based on the mapping of capacity building needs key to ensure the effective coordination of such policies that has been carried out in the previous sections, a series of solutions are proposed that have been designed having sustainability in mind.

8.1 Further analytical work and collection of information

Collection of information on trade policy formulation and implementation schemes has been particularly challenging in South Sudan (and more limitedly, in Somalia) due to the limited sources available and the opacity of their respective regulatory systems, further complicated in the case of South Sudan by the absence in the country of a trade information portal and other repositories of institutional regulations and policies in the customs, trade and transport sectors. It would be advisable, in order to expand and refine the analysis of trade and trade-related policies of these States, to arrange fact-finding missions to gain a more detailed description of the trade policy formulation, implementation and coordination schemes adopted.

For all HoA countries, in the context of designing a trade and investment operation, additional institutional support may need to be provided for other institutions that engage in the formulation of the relevant policies, to be assessed in due course. This is discussed can be found in para. 8.7.

8.2 Establishment of an HoAI Regional Trade and Transport Facilitation Committee (RTTFC)

A mechanism that can help to improve the coordination of trade facilitation reforms and trade, customs, transport and investment policies among the HoAI countries is the establishment of a **Regional Trade and Transport Facilitation Committee (RTTFC)** linking all the NTFCs that are currently operational in the HoAI.

Two or three members from each NTFCs in the HoAI States, including a representative of the private sector, should take part to the RTTFC meetings within specific sessions where discussions on initiatives to coordinate trade policy reforms impacting HoAI states. A representative from IGAD should also be invited to participate in such meetings to ensure coherence of coordination schemes discussed within these sessions with the IGAD trade policy, which has been described in Section 3. To this end, the HoA-RTTFC should adopt Terms of Reference (TOR) covering the following main topics:

- monitoring of regional progress in the field of trade, customs, transport and investment attraction in the region;
- identifying common inhibitions (regulatory, institutional or procedural) and possible solutions/regional actions required to solve existing problems affecting trade in the region or on how to streamline customs and other border crossing procedures;
- providing advisory recommendations to the HoAI member States regarding the implementation of all instruments associated with the simplification of export, import and transit procedures.

The HoAI-RTTFC can play an important role in the HoA. It can serve as a regional platform to design and implement national, regional, continental and international

trade facilitation reforms by HoAI member states and to discuss trade policy coordination measures. Its recommendations can inform decisions of Ministries of Trade in the HoAI countries and further drive the HoAI trade facilitation agenda, also guiding the work of the HoAI Regional Trade Facilitation Task Force in the design of programs of technical assistance to submit to Developing Partners.

The establishment of Regional Trade and Transport Facilitation Committees is a solution that is adopted by several African Regional Economic Communities (RECs) in Africa to improve coordination of national trade policies and trade facilitation programs between groups of States. Among them, the Economic Community of Central African States (ECCAS), the Economic Community of West African States (ECOWAS) and the East African Community (EAC) have established these bodies.

ECCAS established a Regional Trade Facilitation Committee in 2018 with the aim to create a framework for consultation between stakeholders at the regional level to coordinate programs and actions regarding the facilitation of transit, and to monitor the implementation of the WTO Trade Facilitation Agreement within its member states. Similarly, ECOWAS established a Regional Trade Facilitation Committee in June 2021 with the purpose of enhancing trade facilitation in the region through the cooperation and coordination between the ECOWAS NTFCs, to ensure a harmonized implementation of trade facilitation reforms at the national, regional, continental and international level. In the EAC, a Sub-Regional Committee on Trade Facilitation was established in May 2015 with a decision of the Sectoral Council on Trade, Industry, Finance and Investment (SCTIFI), to ensure the coordination of the national trade facilitation reforms in the EAC as well as the implementation of the EAC regional trade facilitation action plan.

The HoA-RTTFC should meet at least twice per year to elaborate recommendations on policy coordination measures that are needed to advance the economic integration in the HoA. In order to ensure that such body efficiently carries out its mandate, capacity building activities will be needed for its members on how to identify policy coordination measures (on the basis of the specific constraints affecting trade and transport in the Region) and how to formulate recommendations. The steering role of the HoAI-RTTFC in preparing recommendations for trade-related policy cooperation initiatives could be further strengthened by assigning an ad-hoc expert at its disposal (to be provided by developing partners supporting the HoAI) to guide the activity of this regional body.

8.3 Annual meeting of HoAI Ministers of Trade

The recommendations formulated by the HoA-RTTFC should be presented to the HoAI Ministers of Trade during a meeting to be organized **once per year**, possibly as a side-event to a Ministerial Meeting of HoAI Ministries of Finance, to be attended by development partners and IGAD as observers. Such meetings should be modeled upon the sessions of the SCTIFI, as this mechanism has proven to be a good practice to increase regional convergence of national trade policies of states that are members of the EAC.

Based on the SCTIFI experience, the meetings of the HoAI Cabinet Secretaries/Ministers of HoAI States responsible for Trade should be opened to the participation of Ministers of Finance, Transport and Commissioners of Customs, according to the specific topics to be discussed in its agenda. Such meetings should be prepared by a Coordination Committee of Permanent/Principal/Under Secretaries of HoAI States to take place before the session of the Cabinet Secretaries/Ministers

with the input of the national task forces on trade facilitation that have been established in each HoAI country.⁷⁶ The role of this Coordination Committee should be the elaboration of draft deliberations on trade policy coordination measures to be formally adopted by the Cabinet Secretaries/Ministers of Trade of HoAI States in their meetings. This will ensure commitment in the implementation of measures recommended by the HoA-RTTFC at the highest political level in such States.

8.4 Annual reports on the status of trade policies coordination measures

The HoA-RTTFC should document the progress made regarding the trade policies coordination measures implemented in the region, by publishing **annual reports** to be developed with the assistance of technical experts provided by development partners supporting the HoAI, describing in analytical manner the main achievements. These reports can provide a solid analytical basis for political and technical decision-making on how to further simplify and improve trade, customs and transport processes at regional level. A summary of this report may be annexed to other HoAI main reports, such as the HoAI Chair's annual report and the Multi-Donor Trust Fund (MDTF) annual report (as long as the latter funds key activities related to trade). The full version should be posted on the HoAI website.

8.5 Supporting the aggregation of local business communities in a body capable to speak with “one voice”

A program of support needs to be developed to promote the aggregation of the organizations representing the business communities in each HoAI State within a regional platform similar to Borderless Alliance. The creation of such platform would be particularly useful to give these organizations a “regional voice”, offering the private sector the possibility to actively contribute to shaping trade, transport, industrial and investment-attraction policies of HoAI at regional level. In this regard, a program such as WACOMP should be launched to support the private sector in the region to set up an apex advisory organ on private sector development in the region⁷⁷. This body should focus on trade policy advocacy, investment promotion and business intelligence.

Alternatively, a **regional forum of apex private sector organizations, designated following consultations between the Government and Private Sector in each HoAI countries**, could be established or an assistance program could be developed for supporting the IGAD Business Council to build the capacity of such organization to play a more active role in the dialogue with HoAI governments for the coordination of their trade, customs, transport and investment policies in the HoA region. These recommendations have been included in the HoAI regional roadmap on private sector engagement in HoA countries, which was presented and approved at the 17th HoAI Ministerial Meeting of October 3rd, 2023.⁷⁸

⁷⁶ For instance, regarding the designation of the national trade facilitation task force in Ethiopia, see: <https://www.hoainitiative.org/ethiopia-designates-members-to-regional-task-force-on-trade-facilitation/>, while in Somalia, see: <https://www.hoainitiative.org/somalia-appoints-delegates-to-the-hoai-regional-task-force-for-trade-facilitation/>

⁷⁷ The major objective of WACOMP is to strengthen trade competitiveness of West African countries and enhance their integration into the regional and international trading system.

⁷⁸ https://www.hoainitiative.org/wp-content/uploads/HoAI_PSE_Roadmap_FINAL.pdf

8.6 Scorecard to assess the implementation of trade facilitation measures in the HoAI

The HoAI Secretariat should adopt a **trade facilitation scorecard** to measure improvements in trade facilitation regarding each activity planned under the 10 objectives detailed in the HoAI Regional Trade Facilitation Roadmap. A possible model to implement could be a “traffic-light type” system where the progress achieved in such activities is presented in a table on a three-color codes, where red means “no results achieved,” yellow means “in progress” and green “achieved”, with a description of the activities conducted.

An additional column in the table should indicate the development partner/partners who has/have contributed (both financially and in terms of technical assistance provided), to implement the relevant activity with the name of the project within which such activity was delivered, as in the example shown in the Table 1.

Table 1: HoAI Trade Facilitation Scorecard

Goals (N.)	Activities	Status	Source of funding
3. Implement the COMESA STR or STR equivalents at HoA borders with other regulations on minimum standards for the treatment of small-scale cross-border traders (Traders Charter of Rights and Obligations). This includes the introduction of cooperation practices between the HoAI countries to facilitate legitimate trade, while ensuring that appropriate standards of customs control are implemented at their respective borders.	a. Map goods that are mostly traded informally at the main border points in the HoA region.	TRS study conducted at border posts of Dollow and Tog-Wajale between Ethiopia and Somalia and roadmap developed for its implementation	EU - Support to Policy Dialogue on the Investment Climate in Somalia (SPDI) Project
	b. Assess formalities and tariffs/taxes to be paid at the border in relation to the trade of such goods, in view of simplification and harmonization of regulations and standards for small-scale traders.		
	c. Adopt Bilateral Agreements/Protocols establishing lists of common goods covered by the simplification measures.		
	d. Promote the establishment of traders' associations (where not existing) and launch sensitization programs to increase awareness of trade procedures and traders' rights.		
	e. Establish Trade Information Desks at HoA borders and Integrate design of trade information desks for SMEs.		
...	...		

Details on the progress achieved in each activity on the scorecard should be presented and described analytically in a yearly report. Examples of such report are the **EU Single Market Scorecard** and the **Association of Southeast Asian Nations (ASEAN) Economic Community Scorecard**. The EU Single Market Scoreboard is a database of all the EU Directives on the Single Market with the related national

measures adopted by member States to implement them.⁷⁹ In fact, for each EU Directive, EU member States must notify the EU Commission their implementing legislation (called National Implementing Measures, NIMs) so that the latter can assess whether these measures have been submitted correctly and on time, or if one or more MS have failed to implement them. The scoreboard aims therefore at keeping track of non-compliance by assessing to which extent member States have complied with their commitments for the establishment of the Single Market.

Inspired by the EU Single Market Scoreboard, the Association of Southeast Asian Nations (ASEAN) adopted a similar tool in 2010, called ASEAN Economic Community Scorecard, subsequently abandoned as the function to monitor the status of progress towards the achievement of the ASEAN Economic Community have been given to the ASEAN Integration Monitoring Directorate (AIMD), which has developed a full set of Key Performance Indicators (KPIs) to this purpose. The ASEAN scorecard assessed the achievement of milestones to which each member State had committed to establish the ASEAN Economic Community. However, differently from the one developed by the EU, the ASEAN scorecard took the form of an annual report for internal use which was not publicly available. This analytical tool was a collection of self-assessments by ASEAN member states on the progress and status of implementation of the measures and milestones for the establishment of the ASEAN Economic Community to which they have committed. In 2014, the EAC launched a scorecard system to monitor the implementation of the common market in its partner states. The EAC scorecard takes the form of a publicly available document that analyzes the reforms undertaken at the national level by each partner state and cases of restrictions or measures that are non-compliant with commitments under the EAC Common Market Protocol. The HoAI Trade Facilitation scorecard -similar to the EAC Economic Community Scorecard- should be a public document offering clear information to track the state, performance, and impact of trade and investment liberalization initiatives implemented in the HoA under the Trade and Economic Integration Pillar (HoAI Pillar 2), with recommendations on the next activities to consider for the advancement of such a pillar. A specific area on the HoAI website should be developed to summarize in a simple and plain language the main results of the scorecard, while the analytical report further describing the achievements obtained in terms of trade facilitation in the region with the relevant recommendations, should be a PDF document downloadable from the website. This would allow the dissemination of information on results achieved under the Pillar 2 to a wide range of audiences, which would, in turn, increase awareness about the Initiative and potentially attract additional Developing Partners interested to support it.

Information to be included in the analytical report should focus on reforms implemented in the area of customs, trade and transport in each HoAI State, on measures adopted to coordinate border formalities or to resolve impediments in different modes of transportation and on bilateral and multilateral agreements concluded by such States in the above sectors, with the accession status to

⁷⁹ In the EU system, Directives are legal acts that need to be transposed into a national law in order to become applicable in the EU member States. Directives usually contain a deadline by which EU member States must implement them into national law (usually two years). EU Regulations and Decisions, on the other hand, are directly applicable. Their difference is that while Regulations are applicable in all the EU member States, Decision are binding only for those to which they are addressed (which can be a single or more EU countries, or an individual company).

international conventions or organizations (e.g., World Customs Organization Revised Kyoto Convention⁸⁰, WTO, etc.).

This scorecard could also be extended to other areas related to trade, including regional investment, and thus be integrated in a future private sector engagement roadmap.

8.7 Deeper assessment of institutions in HoAI countries needed

A deeper mapping and assessment of institutions to engage in trade and other related policy reforms (e.g., on investment attraction) would be desirable, especially in South Sudan and Somalia, as information in these countries is limited. This would be necessary in order to make support initiatives to these agencies more rational and effective, taking into account that any such initiative must ensure sustainability, i.e., continuity after support from international financial institutions or donors will end.

⁸⁰ World Customs Organization (WCO) International Convention on the Simplification and Harmonization of Customs Procedures (Revised Kyoto Convention, 1999).

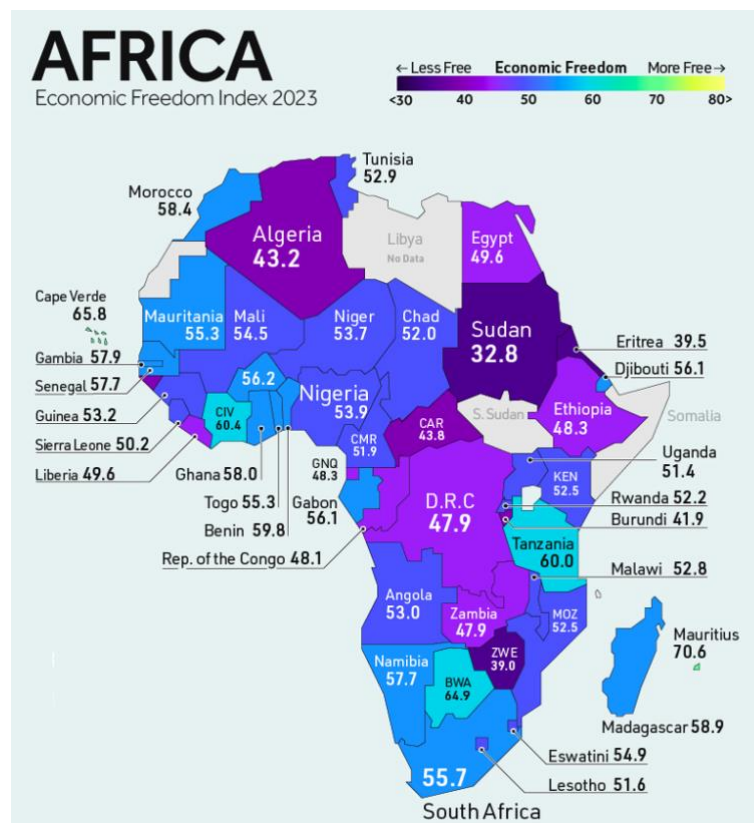
Annex I - Status of economic freedom in HoAI countries

The 2023 edition of the Economic Freedom Index⁸¹ developed by the Heritage Foundation shows that most of HoAI countries have unfree or mostly unfree economies. To be considered as a free economy, a state must achieve a score of 80 or more in the index, while a ranking between 70 and 79.9 indicates that its economy is mostly free. Conversely, a ranking between 60 and 69.9 indicates a moderately free economy, between 50 and 59.9 (as in the case of Djibouti and Kenya) as a mostly unfree economy, and from 0 to 49.9 as a repressed economy (Figure 1). Instead, no data is available for Somalia and South Sudan, which confirms the difficulty to obtain reliable information and statistical data from these countries on their trade policies and performances.

The Economic Freedom Index ranks countries in four broad categories, each one built on three key indicators, both qualitative and quantitative. The last category (open markets) assesses the openness to trade and investment of concerned countries:

1. **Rule of law:** 1) property rights, 2) judicial effectiveness, 3) government integrity;
2. **Size of government:** 1) tax burden, 2) fiscal health, 3) government spending;
3. **Regulatory efficiency:** 1) labor freedom, 2) monetary freedom, 3) business freedom);
4. **Open markets:** 1) financial freedom, 2) trade freedom, 3) investment freedom.

Figure 3: Index of Economic Freedom (source: Heritage Foundation)



⁸¹ <https://www.heritage.org/index/>