

NOTE TO THE MEMBERS OF THE EDF COMMITTEE

Annual Action Programme 2017 – part 1 in favour of Eastern Africa, Southern Africa and the Indian Ocean (EA-SA-IO) to be financed from the European Development Fund

1. Identification

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| EDF allocation | 11 th EDF EA-SA-IO Regional Indicative Programme Decision C(2015) 3379 of 22/05/2015 |
| Total cost | EUR 68 million of EU contribution |
| Basic act | Council Regulation (EU) 2015/323 of 2 March 2015 on the financial regulation applicable to the European Development Fund |

2. Regional background

The EA-SA-IO region comprises 25 countries with very diverse political and socio-economic backgrounds. These countries are members of one or more of the following five Regional Organisations Duly Mandated for cooperation under the EDF (DMROs): Common Market for Eastern and Southern Africa (COMESA), East African Community (EAC), Intergovernmental Authority on Development (IGAD), Indian Ocean Commission (IOC) and Southern African Development Community (SADC).

The broad developmental challenges faced by the EA-SA-IO region include undiversified markets with low value addition, overdependence on raw material exports, low levels of effective trade and economic integration, lack of infrastructure, regional food insecurity, conflicts and political instability.

These challenges are recognised and constitute a priority, the core objectives of the region's future development being to strengthen market integration, pursue regional infrastructure development and undertake high value-addition industrialisation and transformative production.

COMESA, established in 1994, has 19 member states, with an unevenly distributed population of 493 000 000 (i.e. the Democratic Republic of the Congo, Egypt and Ethiopia accounting for more than the half of the region's population). The average GDP per capita for the region in 2014 is estimated at USD 2,819 at current prices, with the highest (Seychelles) being 60 times greater than the lowest (Malawi). Eight of its members also belong to the Southern African Development Community (SADC), whilst four others also belong to the East African Community (EAC).

The trade integration agenda of COMESA includes a functioning Free Trade Area (FTA) since 2000 with 15 member states applying it. It also entails various trade and transport facilitation instruments, the creation of a Customs Union (still pending

implementation) as well as the progressive liberalisation of trade in services, investments and the free movement of persons in the region.

Intra-COMESA trade in goods stood at USD 3.1 billion in 2000 and has grown exponentially over the years to almost USD 20 billion in 2014 . This means that intra-regional trade has increased more than six fold over 14 years. Despite the encouraging absolute figures, in relative terms, the intra-regional trade in goods represents only 7% of total trade of the region.

Trade in services contributes, on average, to 60% of COMESA member states' GDP and is critical for job creation and competitiveness. Trade in commercial services (imports plus exports) of the COMESA region was USD 72 billion in 2012, an increase of 38.5% from 2007. Important services sectors include transportation (over 45% of total services imports in 2012) and travel (over 45% of total services exports).

3. Summary of the Action Programme

- 1) Background: The Regional Indicative Programme (RIP) for the EA-SA-IO region is structured around three priority areas. Apart from peace and security and regional stability, and regional natural resource management, these comprise also regional economic integration, representing around 60% of the overall allocation.

There is clear evidence that regional integration can lead to more trade and economic growth. However, the link to poverty reduction is more tenuous and not automatic. COMESA will therefore continue to pay special attention to specific interventions such as reducing the cost of cross-border trade for poor small traders, particularly women, and promoting the development and integration of small and medium enterprises – important purveyors of jobs and incomes – into regional and global value chains.

The low levels of intra-regional trade are due to supply side constraints as well as to the high cost of trading amongst the countries which is prompted by poor infrastructure, restrictive practices, delays in clearing imports and exports (due to increased traffic volumes, use of outdated manual procedures, overstretched manpower, corruption and illegal trading), complex rules of origin and transit traffic issues, proliferation of NTBs, the impact of SPS and technical standards measures. The World Bank has estimated that 25% of border delays arise from poor infrastructure, while 75% from poor trade facilitation.

In addition, formal trade flows represent only a fraction of the regional trade reality. Informal cross-border trade (ICBT), by nature not registered in official national statistics, represents a substantial proportion of intra-regional trade, sometimes even exceeding formal flows for some commodities. While it is important to recognise the contribution of ICBT to development, it is equally important to identify sustainable and inclusive ways to build the capacity of small cross-border traders – and of the actors who interact with them – to profitably integrate them into the formal economy.

2) Cooperation related policy of beneficiary region:

The trade integration agenda of COMESA includes a functioning Free Trade Area (FTA) since 2000 with 15 member states applying it. It also entails various trade and transport facilitation instruments, the creation of a Customs Union (still pending implementation) as well as the progressive liberalisation of trade in services, investments and the free movement of persons in the region.

The main objective of COMESA's 2016-2020 Strategic Plan is to contribute to "structural transformation of the economies of the COMESA member states so as to foster the overall economic development of the member states through trade". It will do so by creating an enabling fiscal, monetary and policy environment, with a focus on market integration, infrastructure development, industrialisation (including small and medium enterprise development and regional industrial clusters), institutional and regulatory policies, capacity development as well as resource mobilisation.

3) Coherence with the programming documents:

The Regional Indicative Programme (RIP) for Eastern Africa, Southern Africa and the Indian Ocean (EA-SA-IO) for the period 2014-2020 establishes as a priority regional economic integration. As one of the five regional organisations duly mandated for implementing EDF funds, COMESA has a sub-regional allocation of in total € 85 million. The lion share of that allocation (80%) is aimed at reducing the cost of cross-border trade through removal of internal barriers in line with Tripartite agreements.

4) Identified actions:

The COMESA Trade Facilitation programme will contribute to deepening regional integration, improving inclusive regional economic growth and enhancing competitiveness of the COMESA region. Its specific objective is to increase intra-regional trade flows of goods, persons and services by reducing the costs/delays of imports/exports at specific border posts.

The Small-Scale Cross-Border Trade Programme aims at increasing the formalisation of informal cross-border trade and to enhance small-scale cross-border trade flows in the COMESA/tripartite region, leading to increased fiscal revenues for governments as well as increased security and higher incomes for small-scale cross-border traders (women in particular). It will specifically facilitate small-scale cross-border trade flows between targeted countries through effective policy and governance reforms, institutional capacity building, improved border infrastructures and better data monitoring.

5) Expected results:

The COMESA Trade Facilitation Programme expects to achieve the results of better monitoring and resolution of Non-Tariff Barriers (NTBs), progress in implementing the WTO Trade Facilitation Agreement, improved Coordinated Border Management (CBM) and trade facilitation along selected corridors and border posts in the Tripartite region, implementation of harmonised, science based Sanitary and Phyto-Sanitary (SPS) measures and Technical Standards, as

well as strengthened trade in services, free movement of persons and trade negotiations and promotions.

On the basis of the Small-Scale Cross-Border Trade Programme specific trade facilitation rules and instruments would be designed and implemented at selected border areas; the extent of corruption, bribery and harassment (including gender-based violence) experienced by small-scale traders would be significantly reduced; Cross-Border Traders Associations (CBTAs) (and similar business associations) in targeted countries would have their capacities reinforced; gender disaggregated statistical data and information on ICBT would be systematically collected, compiled, harmonised and disseminated; and adequate and gender sensitive border infrastructures for small-scale traders would be built or upgraded at selected border areas.

Gender issues will be mainstreamed in the present AAP. Particular attention will be given to producing gender disaggregated data allowing for appropriate decision making, and to promoting the participation of women in all areas of capacity development and in the policy development processes. In particular the Small-scale Cross-border Trade programme is rated with a G-1 OECD Gender Marker, as gender equality is a significant objective for the project and most of its activities are designed with this in mind.

The AAP is relevant for the Agenda 2030. It contributes primarily to sustainable development goal 17: Strengthen the means of implementation and revitalise the global partnership for sustainable development through promoting a universal, rules-based, open, non-discriminatory and equitable multilateral trading system under the WTO. And it also promotes progress towards Goal 8: Promote inclusive and sustainable economic growth, employment and decent work for all, by increasing aid for trade support for developing countries.

6) Past EU assistance and lessons learnt.

The implementation of the 10th EDF RIP for the region suffered from a low level of commitment. The assistance was targeted mainly through the Secretariats of the regional organisations and it was "difficult to use in an efficient and effective way by the Regional Organisations given their limited absorption capacity". In the present AAP the provision of capacity development, an appropriate level of technical assistance and close monitoring of the corresponding EU delegation will allow improving the absorption capacity.

The Court of Auditors' report as well as the 10th EDF Mid-Term Review has pointed out "the insufficient link between regional and national activities". The modality of sub-delegation from the COMESA secretariat will allow for clearer links between both levels and strengthened ownership, provided that appropriate monitoring and capacity building measures are in place. Also at the national level an appropriate mix of technical assistance, capacity building and monitoring by the corresponding EU delegation is foreseen in this AAP. Furthermore the close involvement of EU delegations in the member countries has been found particularly useful for assessing country strategic plans and project proposals, as well as for an expert opinion on monitoring reports and requests for technical assistance.

The Small-Scale Cross-Border Trade programme will integrate the lessons learnt from the implementation of existing COMESA instruments such as the Simplified Trade Regime. It will also take into account lessons learnt from other programmes implemented in the region, in particular the ongoing COMESA Trade for Peace programme, the World Bank Charter for Cross-Border Traders and the recently launched World Bank Great Lakes Trade Facilitation programme as well as support provided by other donors (past support from Finland and the Netherlands to the CBTA in Zambia; support provided by the International Trade Centre (ITC) in various African countries to women informal traders associations).

7) Complementary actions/donor coordination.

Special attention will be paid to the complementarity and coherence with the initiatives supported by other donors and cooperating partners. Also, given the overlapping membership, this project will liaise with relevant initiatives in the SADC and EAC regions as well as at the level of the African Union. The donor coordination mechanism under the technical cooperation and resource mobilisation unit in the COMESA Secretariat will play a central role in ensuring complementarities and synergies.

Important actors in the field of trade facilitation and of small-scale cross-border trade are the African Development Bank (AfDB), the United States Agency for International Development (USAID), United Kingdom Department for International Development (DFID), Trade Mark East Africa and the World Bank. The donor coordination mechanism under the Technical Cooperation and Resource Mobilisation unit in the COMESA Secretariat will play a central role in ensuring complementarities and synergies between the activities of these actors.

4. **Communication and visibility**

Communication and visibility of the EU is a legal obligation for all external actions funded by the EU.

The individual operations financed under this action shall contain communication and visibility measures which shall be based on a specific Communication and Visibility Plan of the Action, to be elaborated at the start of implementation of the operations.

5. **Cost and financing**

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| <i>Regional economic integration</i> | |
| COMESA Trade Facilitation Programme | EUR 53 000 000 |
| Small-Scale Cross-Border Trade Programme | EUR 15 000 000 |
| Total EU contribution to the measure | EUR 68 000 000 |

The Committee is invited to give its opinion on the attached Annual Action Programme 2017 – part 1 in favour of Eastern and Southern Africa and the Indian Ocean region.

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This action is funded by the European Union

ANNEX 1

of the Commission Decision on the Annual Action Programme 2017– Part 1 in favour of Eastern and Southern Africa and the Indian Ocean region to be financed from the 11th European Development Fund

Action Document for the Common Market for Eastern and Southern Africa (COMESA) Trade Facilitation Programme

| | | | | |
|--|--|----------------------------|-------------------------------------|---------------------------|
| 1. Title/basic act/ CRIS number | COMESA Trade Facilitation Programme CRIS number: RSO/FED/039-042 financed under the European Development Fund (EDF) | | | |
| 2. Zone benefiting from the action/location | Eastern and Southern Africa and the Indian Ocean region (EA-SA-IO) The action shall be carried out at the following location: Eastern and Southern Africa and the Indian Ocean region, COMESA | | | |
| 3. Programming document | 11 th EDF Regional Indicative Programme for Eastern Africa, Southern Africa and the Indian Ocean (EA-SA-IO) 2014 to 2020 | | | |
| 4. Sector of concentration/ thematic area | Regional Economic Integration | DEV. Aid: YES ¹ | | |
| 5. Amounts concerned | Total estimated cost: EUR 53 000 000 Total amount of EDF contribution EUR 53 000 000 | | | |
| 6. Aid modality(ies) and implementation modality(ies) | Project modality Indirect management (PAGODA) with COMESA Secretariat | | | |
| 7 a) DAC code(s) | 33120 Trade Facilitation | | | |
| b) Main Delivery Channel | Other multilateral institution (COMESA) - 47000 | | | |
| 8. Markers (from CRIS DAC form) | General policy objective | Not targeted | Significant objective | Main objective |
| | Participation development/good governance | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |

¹ Official Development Aid is administered with the promotion of the economic development and welfare of developing countries as its main objective.

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|---|---|-------------------------------------|------------------------------|-------------------------------------|
| | Aid to environment | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| | Gender equality (including Women In Development) | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| | Trade Development | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| | Reproductive, Maternal, New born and child health | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| | RIO Convention markers | Not targeted | Significant objective | Main objective |
| | Biological diversity | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| | Combat desertification | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| | Climate change mitigation | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| | Climate change adaptation | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 9. Global Public Goods and Challenges (GPGC) thematic flagship | N/A | | | |
| 10. Sustainable Development Goals (SDGs) | Goal 17: Strengthen the means of implementation and revitalise the global partnership for sustainable development through promoting a universal, rules-based, open, non-discriminatory and equitable multilateral trading system under the World Trade Organisation (WTO), Goal 8: Promote inclusive and sustainable economic growth, employment and decent work for all, by increasing aid for trade support for developing countries. | | | |

SUMMARY

The proposed action aims at increasing intra-regional trade flows of goods, persons and services by reducing the costs and delays of imports/exports at specific border posts in line with the Tripartite Agreements. The action budget amounts to EUR 53 000 000 and has an implementation period of five years (2017 - 2021).

This action is consistent with the main trade-related EU policies and the 11th EDF Regional Indicative Programme (RIP) for Eastern Africa, Southern Africa and the Indian Ocean (EA-SA-IO) region, the COMESA Treaty and the 2016-2020 COMESA Medium Term Strategic Plan. It also builds on the Trade Facilitation Agreement of the World Trade Organisation (WTO TFA) and the WTO Agreements on Sanitary and Phyto-Sanitary (SPS) and Technical Barriers to Trade (TBT).

The beneficiaries of the action will primarily be the member states of COMESA and the private sector/traders in the COMESA/Tripartite region, with the COMESA Secretariat playing a coordination and facilitation role.

This action is composed of five complementary priority areas:

1. Monitoring and resolution of Non-Tariff Barriers (NTBs);
2. Implementation of the WTO Trade Facilitation Agreement;
3. Coordinated Border Management and trade and transport facilitation along selected corridors and border posts;

4. Implementation of harmonised, science based Sanitary and Phyto-sanitary (SPS) and Technical Standards; and
5. Trade in services, free movement of persons and trade negotiations / promotion

1. CONTEXT

1.1 Regional context

The Common Market for Eastern and Southern Africa (COMESA) was established by treaty in 1994, with the goal of becoming a fully integrated, internationally competitive regional economic community with high standards of living for all of its peoples, ready to merge into an African Economic Community (Article 3 of the COMESA Treaty). Specifically, by 2025, COMESA plans to be a single trade and investment area in which tariffs, non-tariff barriers and other impediments to the movement of goods, services, capital and people will be removed, while trade in goods and services from the region will have achieved global market competitiveness.

The region has 19 member states, with an unevenly distributed population of 493 million² (i.e. the Democratic Republic of the Congo (DRC), Egypt and Ethiopia accounting for more than the half of the region's population). The average Gross domestic product (GDP) per capita for the region in 2014 is estimated at USD 2,819 at current prices, with the highest (Seychelles) being 60 times greater than the lowest (Malawi)³. Eight⁴ of its members also belong to the Southern African Development Community (SADC), whilst four⁵ others also belong to the East African Community (EAC).

COMESA is part of the African Union, the African Economic Community and the Tripartite COMESA-EAC-SADC free trade area and one of the eight regional economic communities (RECs) recognised by the African Union.

The trade integration agenda of COMESA includes a functioning Free Trade Area (FTA) since 2000 with 15 member states applying it. It also entails various trade and transport facilitation instruments, the creation of a Customs Union (still pending implementation) as well as the progressive liberalisation of trade in services, investments and the free movement of persons in the region.

The Tripartite, in which COMESA has played an important role since its inception, has agreed on the Comprehensive Tripartite Trade and Transport Facilitation Programme (CTTTFP) that is a combination of the best practices of COMESA, EAC and SADC in trade facilitation. EDF resources will be used to assist with the implementation of the CTTTFP.

COMESA is involved in various trade agreements and negotiations with third parties, such as the Tripartite Free Trade Area (COMESA – EAC – SADC, formally launched in June 2015), the Continental Free Trade Area (CFTA) at the African Union level (planned for 2017) and the Economic Partnership Agreements (EPAs) with the European Union.

² Source: World Bank, 2014

³ Source: World Bank, 2014

⁴ DRC, Madagascar, Malawi, Mauritius, Seychelles, Swaziland, Zambia and Zimbabwe

⁵ Burundi, Kenya, Rwanda and Uganda

Intra-COMESA trade in goods stood at USD 3.1 billion in 2000 and has grown exponentially over the years to almost USD 20 billion in 2014⁶. This means that intra-regional trade has increased more than six fold over 14 years. Despite the encouraging absolute figures, in relative terms, the intra-regional trade in goods represents only 7% of total trade of the region.

Trade in services contributes, on average, to 60% of COMESA member states' GDP and is critical for job creation and competitiveness. Trade in commercial services (imports plus exports) of the COMESA region was USD 72 billion in 2012, an increase of 38.5% from 2007. Important services sectors include transportation (over 45% of total services imports in 2012) and travel (over 45% of total services exports).

1.1.1 Public Policy Assessment and EU Policy Framework

The proposed Project is consistent with the cooperation objectives of the EU/ACP Cotonou Partnership Agreement, the EU "Agenda for Change", the European Commission Communication "Trade, growth and development – Tailoring trade and investment policy for those countries most in need" (2012), and the EC Communication "A Stronger Role of the Private Sector in Achieving Inclusive and Sustainable Growth in Developing Countries" (2014). Under the Cotonou framework, the EU is also negotiating Economic Partnership Agreements (EPAs) with the Eastern and Southern Africa (ESA) EPA regional group (comprising 11 COMESA countries), with the purpose of supporting the economic performance and competitiveness, enhancing value chains and leading to economic transformation and integration into the global economy.

The programme is also consistent with the African trade policy approved by the AU Assembly of States in January 2012, which calls for adoption and implementation of coherent policies at the national, regional and continental levels for boosting intra-African trade. A Tripartite FTA (COMESA-EAC-SADC) was formally launched in June 2015, involving notably trade facilitating provisions.

The conclusion of the WTO Trade Facilitation Agreement (TFA) at the end of 2013, with the donors committing themselves to supporting the reforms, adds to the regional agenda and creates momentum for decisive action in this area. The TFA covers all areas related to border management and customs procedures and sets minimum standards to be implemented by the signatories while offering special and differential treatment to developing and least developed countries in terms of implementation of its provisions.

1.1.2 Stakeholder analysis

The final beneficiaries of this programme are the member states and citizens of COMESA and the United Republic of Tanzania, either directly or indirectly through their central, regional and local administrations or public or semi-public institutions.

The main stakeholders are:

- The COMESA Secretariat, in charge of monitoring and facilitating harmonisation of laws and standards and coordinating regional initiatives aiming at developing trade in the region;
- The member states, which are responsible for domestication and direct implementation of parts of the programme at national level in selected and targeted corridors of the region;

⁶ COMSTAT, the COMESA statistical database available at: <http://comstat.comesa.int>.

these will include Ministries of Trade, Agriculture, Health and Finance as the main public players;

- The existing Corridor Management Authorities and organisations and/or Joint Border Committees;
- The Private Sector: service providers such as cross-border transporters and clearing and forwarding agencies, port and maritime authorities in the transport and logistics industry; business associations representing key export services sectors, professional associations;
- Specialised technical partners, which will be involved in the implementation of part of the programme.

1.1.3 Priority areas for support/problem analysis

The low levels of intra-regional trade are due to supply side constraints as well as to the high cost of trading amongst the countries which is prompted by poor infrastructure, restrictive practices, delays in clearing imports and exports (due to increased traffic volumes, use of outdated manual procedures, overstretched manpower, corruption and illegal trading), complex rules of origin and transit traffic issues, proliferation of NTBs, the impact of SPS and technical standards measures. The World Bank has estimated that 25% of border delays arise from poor infrastructure, while 75% from poor trade facilitation.

The Programme will focus on the following challenges:

Monitoring and resolution of Non-Tariff Barriers (NTBs)

NTBs remain a challenge in the COMESA region, increasing the cost of doing business, though progress in NTB resolution is encouraging (approximately 85% of reported NTBs under the Tripartite on-line reporting system have been resolved). COMESA has a mediation role and adopted NTB Regulations that will assist in the resolution of NTBs by requiring countries to have focal persons as well as to create National NTB monitoring committees.

COMESA has developed, together with EAC and SADC, an online system of reporting, monitoring and eliminating NTBs. COMESA has also developed NTB Regulations to provide an orderly and systematic way of addressing NTBs once they are reported. However, although there are Treaty provisions addressing the removal of NTBs and a mechanism that can be used to report, monitor and eliminate NTBs, and despite COMESA member states political commitment to remove NTBs, countries continue to introduce new NTBs. Sanitary and Phyto-Sanitary (SPS) measures and Technical Barriers to Trade (TBT) are prevalent NTBs that have affected intra-COMESA trade, especially in agriculture. A number of SPS/TBT related trade barriers are due to unnecessary regulations and inadequate capacities across public and private sector entities. SPS measures are occasionally not justified scientifically, while inadequate harmonisation leads to multiplicity of standards and conformity assessment (inspection and testing), across member states. This coupled with the complex administrative procedures restricts trade flows, and/or increases overall trading costs across borders.

Implementation of the WTO Trade Facilitation Agreement (TFA)

In December 2013 WTO members concluded negotiations on a Trade Facilitation Agreement which will enter into force once two-thirds of the members have ratified it.

COMESA has several Trade facilitation initiatives. However, total and in depth coverage and implementation across the region is lacking. Recognising that member states do not implement COMESA instruments and measures in the same manner, or at the same pace, trade facilitation initiatives need to be both scaled up as well as extended to all member states

to have maximum impact and allow member states to make progress towards meeting their WTO TFA obligations.

Coordinated Border Management and trade facilitation along selected Corridors and border posts in the Tripartite region

In order to decrease freight costs, increase competitiveness and fully exploit the economic potential of the COMESA region, trade policy liberalisation and infrastructure improvements need to be accompanied by improved border management and logistics.

In the region, goods are transported through 10 major corridors, namely Northern, North–South, Dar Central, Dar es Salaam, Nacala, Beira, Maputo, Trans Kalahari, Trans Caprivi, and Trans Cunene. The large number of border post and roadblocks along those corridors and the inefficiency of the procedures are overwhelmingly costly to traders and businesses in the sub-region.⁷

The customs environment in the COMESA region is characterised by lack of coordination between the multiple government agencies on both sides of borders and duplication of procedures at each border, which increases the potential for fraud. Furthermore, the lack of computerised customs management systems results in lengthy and inefficient manual operations carried out by traders and officials at borders. There is a need to convert two stop border crossing points into one stop border posts (OSBP) so as to reduce bottlenecks and avoid duplication of clearance procedures at borders for people and goods. OSBPs in particular address the special needs of landlocked countries. This measure, combined with an interconnected single window for online import/export submissions for clearance, clearly can facilitate trade⁸ and help tackling corruption, as it reduces the opportunities for face-to-face interactions.

COMESA has put in place a number of innovative trade and transport facilitation instruments such as the Regional Customs Bond Guarantee (RCTG) system and the COMESA Virtual Transit Facilitation System (CVTFS). These instruments need to be effectively rolled-out along selected corridors in the Tripartite region, in complementarity with the 11th EDF Comprehensive Tripartite Trade and Transport Facilitation Programme.

Implementation of harmonised, science based Sanitary and Phyto-Sanitary (SPS) measures and Technical Standards

SPS measures, technical standards and regulations constitute some of the outstanding unresolved NTBs in the region. The current regional quality infrastructure is not commensurate with international best practices and does not fully meet the requirements under the WTO Trade Agreements. Despite the tremendous progress achieved in the areas of harmonisation of standards, with some 378 harmonised standards to date, some major challenges remain to enhance smooth trade and address trade barriers in the COMESA FTA.

⁷ For instance, traders/trucks have to negotiate 47 roadblocks and weigh stations between Kigali (Rwanda) and Mombasa (Kenya); and they have to wait about 36 hours at the South Africa–Zimbabwe border post (Beit-Bridge). In the Eastern- and Southern Africa customs delays cost about USD 48 000 000 and USD 8 000 000 respectively per year.

⁸ The Chirundu OSBP, between Zambia and Zimbabwe, is the first OSBP facility constructed in Africa. Waiting time for trucks was reduced from up to nine days, to a mere 20 minutes for accredited clients and a maximum of two days for clients who do not declare their documents in advance. The introduction of the accredited clients system allows trucks to cross the border without prior payment of the duties and checks on the basis of the accreditation system which makes it possible to subsequently reconcile and collate the duties and products.

Inadequate competencies and disharmonised quality infrastructure further undermines the competitiveness of goods produced and/or manufactured in COMESA. There has been progress with the development of Single Window (SW) systems for SPS/TBT certification across the region, albeit at different levels. In most countries the TBT export certification system is far less developed. These efforts, which aim at addressing high trading costs related to multiple agency, decentralised SPS/TBT certification services for exports and imports, will be supported, and integrated with the Customs single window initiative for better coordination and efficient border management.

Trade in Services, free movement of persons and trade negotiations, trade promotions

COMESA is building the competitiveness of the services sector in the region through the harmonisation of regulations in various service sectors across countries. Eleven COMESA countries have at this stage submitted schedules of specific commitments in four priority sectors (financial services, communications, transport and tourism), while work is now underway to initiate negotiations in three additional sectors (energy, business, construction and related engineering services) as well as to facilitate the conclusion of mutual recognition agreements for selected professions. Progress towards liberalisation of services is constrained by a lack of resources (both at regional and national level) to carry out negotiation processes, inadequate technical and institutional capacity at national level to implement agreed schedules of commitment and strong vested interests on the part of some economic actors in some sectors.

COMESA put in place two legal instruments: the Protocol on the Gradual Relaxation and Eventual Elimination of Visas; and the Protocol on the Free Movement of Persons, Services, Labour and the Right of Establishment and Residence. Though the protocols exist, the level of legal domestication and implementation in member states remains low⁹.

COMESA countries are involved in several trade negotiation processes covering a wide range of complex trade-related topics (trade in goods, trade in services, rules of origin, non-tariff barriers, competition, investment, intellectual property rights), such as the COMESA FTA, the Tripartite trade negotiations (market integration pillar, led by COMESA), the negotiations on the movement of business persons, the negotiation on the establishment of a Continental Free Trade Area (CFTA) by 2017, and the negotiations of the Economic Partnership Agreements, where COMESA is playing a facilitating role.¹⁰ These negotiations remain open to further developments such as deepening of their scope and possible enlargement to other countries of the ESA group. These negotiations are moving at different paces and COMESA countries are not all equally equipped to identify priority needs and strategic interests and to participate proactively in these processes.

2. RISKS AND ASSUMPTIONS

| Risks | Risk level (H/M/L) | Mitigating measures |
|------------------------------|-------------------------------|--|
| There is limited capacity to | M | The programme foresees funding for the |

⁹ The COMESA Free Movement protocol, adopted in 2001, is currently not in force for a lack of signatories and ratifications. The Visa protocol has been ratified by all member states, but it is not being fully implemented.

¹⁰ At this stage four COMESA countries (Madagascar, Mauritius, Seychelles and Zimbabwe) have concluded an EPA covering trade in goods.

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| implement and monitor projects at COMESA Secretariat level, and the Secretariat lacks staff to effectively implement the various elements of the programme | | necessary project staff to monitor the components, as well as for capacity building of the Secretariat. The EU delegation's participation in the steering committee and the technical committee of the programme will allow for close monitoring of implementation and timely corrective measures when and if needed. |
| At member state level capacities are weak to implement activities delegated to the national authorities | M | Institutional capacity support will be provided at member state level, ex-ante assessment of capacities will be ensured by COMESA and implementation will be closely monitored by the corresponding EU delegations. |
| Insufficient resources are made available to allow COMESA member states to implement the WTO TFA. | M | Work with international donors and International Finance Institutions to secure financing for COMESA member states to implement all aspects of the WTO TFA. |
| Member states lack the technical capacities to harmonise and implement the necessary SPS measures and technical standards for prioritised trade flows | M | The programme will provide capacity building and technical assistance to enable member states to improve implementation of harmonised SPS/TBT measures / procedures and strengthen their institutions |
| COMESA member states will not have the political strength to domesticate the COMESA trade in services liberalisation programme. | H | Work selectively (variable geometry) with the private sector and national authorities to identify priority areas and main concerns and challenges faced by both, and build in measures that will allow member states to implement agreed regional and multilateral trade in services programmes. |
| | | |
| Slow implementation and disbursements rate for the components that will be delegated from the COMESA Secretariat to the targeted COMESA Member States | M | Detailed Grant and delegation Manuals are currently being finalised by COMESA. The use of these two Manuals will be closely followed by the EU Delegation to Zambia/COMESA. Based on lessons learnt from previous delegation experience with COMESA the following mitigating measures will be taken: 1. Clear indication in the PAGODA (Delegation Agreement) between the EU and COMESA of the rule and procedures to be applied for the delegation and grants from COMESA to national authorities and other partner organisations; 2. Closer monitoring by the EU Delegation |

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| | | to Zambia/COMESA of the implementation process (including regular dialogue and setting up of technical committees and formal steering committees) and enhanced operational involvement of the EU national delegations in targeted countries; 3. Adequate institutional capacity support, both at COMESA Secretariat and country's level, to ensure efficient implementation of national activities |
| Assumptions | | |
| Continued commitment of COMESA member states for WTO accession and trade facilitation Involved COMESA member states' engagement to upgrade the selected border posts and implement OSBPs is maintained Strong political will of COMESA member states to continue with the domestication of the COMESA trade in services liberalisation programme Continued commitment and support from COMESA member states to simplify and harmonise Rules of Origin in the tripartite region. | | |

3. LESSONS LEARNT, COMPLEMENTARITY AND CROSS-CUTTING ISSUES

3.1 Lessons learnt

The implementation of the 10th EDF ESA-IO RIP suffered from a low level of commitment during the first mid-term. The Mid-Term Review associated this low level of commitments and of effectiveness with, among others, the following limitations of the 10th EDF approach:

- The European Court of Auditors stated in its Report on effectiveness of EDF support for Regional Integration in East and West Africa (2009) that "The overlapping membership poses considerable problems, as some member countries belong to two different trade areas (COMESA and EAC). In addition, there are overlaps and incompatibilities in membership with the Southern African Development Community (SADC), the Regional Organisation for Southern Africa, which also aims to establish a customs union between its member countries. Membership in more than one customs union, however, is technically not possible. These overlaps in membership and mandates result in a complex institutional framework. These factors and the current weak state of coordination between these organisations, pose serious problems for the Commission, in particular for the design and implementation of interventions in the area of regional economic integration". The issue of overlapping memberships has been addressed through the present structure of the 11th EDF RIP, bringing together in a single regional programme the five regional organisations of eastern and southern Africa and the Indian Ocean.
- The assistance was targeted mainly through the RECs Secretariats but it was "difficult to use in an efficient and effective way by the Regional Organisations given their limited absorption capacity". In the present programme the provision of capacity development, an appropriate level of technical assistance and close monitoring of the corresponding EU delegation will allow improving the absorption capacity.
- The Court of Auditors' report as well as the 10th EDF Mid-Term Review has pointed out "the insufficient link between regional and national activities". The modality of delegation

from the COMESA secretariat will allow for clearer links between both levels and strengthened ownership, provided that appropriate monitoring and capacity building measures are in place.

- The joint management implementation mode by being fully responsible for managing a programme is mitigating the issues of lack of ownership, but it was not sufficiently used to uplift the development policy dialogue between COMESA Secretariat and the EU. Under the present programme this dialogue will be ensured at the technical and policy level in the technical and steering committee respectively.
- The EU has already significant experience with grants and delegation approaches in the context of its regional cooperation with COMESA under the 10th EDF. It has shown the importance of building consensus and ownership of COMESA already during formulation. The main advantage of delegation appeared to be that member states are in the driver's seat, encouraging inter-ministerial coordination and actions are aligned to national priorities.
- Delays have been experienced due to limited project design capacity in COMESA member states, lack of thematic focus in the national projects and lack of clarity as regards which procedures to apply for project implementation. Therefore also at the national level an appropriate mix of technical assistance, capacity building and monitoring by the corresponding EU delegation is foreseen for this programme.
- The close involvement of EU delegations in the member countries has been found particularly useful for assessing country strategic plans and project proposals, as well as for an expert opinion on monitoring reports and requests for technical assistance.

In relation with trade related assistance, the lessons learnt from implementation of the COMESA initiatives are as follows:

- There is still a considerable amount of work to be done by the Regional Organisations, amongst other bodies, to develop the case for trade liberalisation and deeper regional integration;
- Despite declared political willingness of COMESA member states to deepen regional integration through reduction of the costs of cross-border trade and removal of tariff and non-tariff barriers, these same member states have difficulty in domesticating actions;
- In relation to trade in services/movement of persons, one important lesson resulting from previous EU support is that COMESA member states are not moving at the same pace in terms of submitting and implementing schedules of specific commitments, which suggests both the need for a selective approach ("variable geometry") and the importance of learning lessons from other RECs such as EAC, SADC & ECOWAS;
- In relation to the trade negotiations processes, one important lesson learnt from previous support to the Tripartite is the need to diversify the sources of funding and encourage co-funding from member states;
- As for SPS measures, research by the Standards and Trade Development Facility (STDF) of the WTO in collaboration with COMESA offers interesting lessons. SPS measures are necessary to reduce the risks to health from cross-border movement of goods (especially food and agricultural products). Implemented inefficiently, such measures can increase the cost of trade and even make it unprofitable.

3.2 Complementarity, synergy and donor coordination

Special attention will be paid to the complementarity and coherence with the initiatives supported by other donors and cooperating partners. Also, given the overlapping membership, this project will liaise with relevant initiatives in the SADC and EAC regions as well as at the level of the African Union. The donor coordination mechanism under the technical cooperation and resource mobilisation unit in the COMESA Secretariat will play a central role in ensuring complementarities and synergies.

Synergies will be sought notably with the following initiatives:

- The EU has developed a trade facilitation programme for the EAC region which is focused on the finalisation of the Single Customs Territory, customs cooperation, TBT/SPS measures and NTBs, trade in services, support to the national action plans on trade facilitation, trade promotion and trade advocacy. Furthermore, the EU is financing a Transport and Transit Facilitation Programme, involving SADC, COMESA and EAC. The programme is aimed at developing a single, integrated regional road transport market characterised by harmonised policies, laws, regulations, standards and systems.
- The SADC Secretariat is formulating, with support from the United States Agency for International Development (USAID), a regional trade facilitation programme based on the implementation of the WTO TFA.
- The African Development Bank (AfDB) has been financing support for the NTB monitoring, Reporting and Removal Mechanism and has also agreed to finance a 10-Member State Time Release Study. AfDB has also funded the Tripartite Capacity Building Programme (TCBP), aimed at undertaking border operation assessments to identify and quantify trading costs associated with SPS/TBT measures for specific products traded along key trade corridors. In addition, the AfDB is also supporting the construction of several OSBPs in the region.
- [The German government recently developed a regional programme with EAC \(€ 37 000 000\) specifically on the component related to the institutional strengthening of the EAC Secretariat and on supporting the implementation of the Customs Union, Common Market and Monetary Union Protocols. In addition the German government is further providing support to SADC focusing on cooperation to enhance the overall regional economic integration agenda.](#)
- The United Kingdom Department for International Development (DFID) formulated a new regional trade programme (starting in 2017) which focuses specifically on corridors between Zambia, Malawi and Mozambique and which is likely to include the priority areas of border management, NTBs and the facilitation of small-scale trade flows across these three countries.
- Complementarities will be developed with donors' actions supporting the implementation of the WTO TFA, such as the WTO established Trade Facilitation Facility, the Mercator programme of the World Customs Organisation, support programmes of the United Nations Conference on Trade and Development (UNCTAD) and Trade Mark East Africa (TMEA) and the World Bank Group Trade Facilitation Support Programme.
- Further complementarities will be ensured with the 10th EDF intra-ACP TBT COMESA support which has culminated into an action plan on NTB for COMESA. The

programme also supported COMESA with the development of the strategic Plan for Standardisation and Quality Assurance with further technical assistance planned in the area of mutual recognition and possibility of setting up a regional and multi-economy accreditation schemes. Actions and activities under other Intra-ACP trade programmes such as TradeCom II, Hub and Spokes as well as the Enhanced Integrated Framework (EIF) will be taken on board to ensure complementarities.

- Close coordination will be ensured with other EU-funded COMESA programmes, in particular with the Small-Scale Cross-Border Trade Programme under the 11th EDF. Although some of the border posts will be selected for both of the programmes, there are no risks of overlaps because of the different nature of the activities. While the Small-Scale Cross-Border Trade Programme aims at addressing specific needs and constraints of small-scale traders (e.g. immigration formalities, implementation of the COMESA Simplified Trade Regime, posting Trade Information Desk Officers), the present Trade Facilitation programme is dealing with issues pertinent for larger economic operators and with overall trade facilitation challenges covered by the WTO Trade Facilitation Agreement.
- Overall donor coordination will be ensured in two ways. Firstly through the regular coordination mechanism currently spearheaded by the EU by reaching out to other development partners providing support to COMESA and sharing information and reports on progress on implementation of the different projects. Secondly, through the newly launched joint COMESA – Cooperating Partners coordination forum which is expected to be formalised and incorporated within the COMESA Policy organs structure.

3.3 Cross-cutting issues

The environmental impact of the programme is limited but positive. While reducing barriers to trade may reinforce the tendency for countries to export commodities that make use of resource intensive production factors, it can be also seen that in practice more open trade improves growth and economic welfare. This in itself could then result in more resources becoming available for environmental protection. Increased real income and with it the emergence of vocal urban middle classes and proactive civil society organisations is also often associated with growing demand for environmental quality. Countries that are more open to trade seem to adopt cleaner technologies more quickly. Greater openness to trade is also said to encourage cleaner manufacturing, because protectionist economies tend to shelter pollution intensive heavy industries. As discussed in 2002 in a WTO Seminar with the European Commission, "the growth that further trade liberalisation would bring, offered the best chances for sustainable development".

Moreover significantly reduced waiting times at the borders in dedicated parking areas will reduce negative environmental impact (e.g. air quality, public health, wildlife, habitat, etc.) around border villages.

Regarding gender issues, the programme is "gender blind", as the main activities are aiming at strengthening systems and institutions, nevertheless, it is foreseen that the planned mid-term evaluation will examine whether the project is having a positive or negative impact on women and if there would be any opportunities for the project from mid-term to completion to address this aspect.

4. DESCRIPTION OF THE ACTION

4.1 Objectives/results

Overall Objective: To contribute to deepening regional integration, improving inclusive regional economic growth and enhancing competitiveness of the COMESA region.

Specific Objective: To increase intra-regional trade flows of goods, persons and services by reducing the costs/delays of imports/exports at specific border posts.

The programme is composed of five components, one of which will be implemented in selected corridors (corridor approach). The expected results are:

Result 1: Monitoring and resolution of Non-Tariff Barriers (NTBs) is supported

- A sustainable mechanism to identify, monitor and resolve NTBs is strengthened in order to facilitate trade among member states;
- The capacity of member states to implement the COMESA NTB Regulations is improved.

Result 2: Implementation of the WTO Trade Facilitation Agreement is supported

- Member states are better equipped to ratify and implement the WTO Trade Facilitation Agreement through the implementation of the agreed regional initiatives for trade facilitation, and customs-to-business partnerships.

Result 3: Coordinated Border Management (CBM) and trade facilitation along selected Corridors and border posts in the Tripartite region is supported

- Trade flows along selected priority corridors and border posts are facilitated by creating efficient One Stop Border Posts (OSBP), CBM and introducing Single Window systems, (SWS) and Interconnectivity of Customs computerised Clearance System (ICCS).
- Simplified and harmonised trade procedures (including rules of origin, customs procedures and technical standards, sanitary and phyto-sanitary inspection systems) and trade facilitation instruments are implemented; and
- Implementation of SWS, CBM and ICCS are enhanced through development of regional strategy, capacity building in member states together with establishing monitoring and evaluation mechanism.

Result 4: Implementation of harmonised, science based Sanitary and Phyto-Sanitary (SPS) measures and Technical Standards is improved

- Common scientific approaches for implementation and harmonisation and compliance with SPS measures and technical standards by COMESA member states are increased;
- Regional networks for laboratories accredited for specialised functions are created;
- Competence of regional quality infrastructure (standardisation, metrology and conformity assessment) in COMESA is increased.

Result 5: Trade in Services, free movement of persons and trade negotiations, trade promotions are supported

- The regulatory framework for the implementation of the services liberalisation programme to facilitate the creation of a COMESA internal market for services is strengthened (including the mutual recognition);

- Collecting and collation of statistical data on trade in services is strengthened and implemented in order to support the monitoring and implementation of services negotiations;
- Regulatory and institutional framework is improved to further liberalise the free movement of persons/professionals in the COMESA/Tripartite region;
- On-going trade negotiation processes at COMESA, Tripartite Free Trade Area (FTA), Continental Free Trade Area (CFTA) and EPAs levels are supported, and agreed trade commitments at the national level are effectively implemented;
- COMESA Rules of Origin are reviewed leading to increased production and value addition in the region; and
- Regional (COMESA) trade promotion initiatives are undertaken.

This programme is relevant for the Agenda 2030. It contributes primarily to the progressive achievement of SDG Goal 17: Strengthen the means of implementation and revitalise the global partnership for sustainable development through promoting a universal, rules-based, open, non-discriminatory and equitable multilateral trading system under the WTO. But it also promotes progress towards Goal 8: Promote inclusive and sustainable economic growth, employment and decent work for all, by increasing aid for trade support for developing countries. This does not imply a commitment by the region benefiting from this programme.

4.2 Main activities

The activities of the programme will be undertaken under five components through indirect management with COMESA (PAGODA). Implementation of certain specific activities will be delegated and entrusted to member states national authorities and international organisations, while the COMESA secretariat maintains the financial responsibility. The choice of implementation modalities is based on institutional capacities, proven track record and expertise in implementing similar activities in the specific areas, promotion of ownership of programmes at national level and creating leverage for influencing trade reforms in member states through national programmes funded by member state governments.

Therefore, activities planned under Components 1, 2 and 5 relating to NTBs, implementation of the WTO Trade Facilitation Agreement and Trade in services, migration and trade negotiations will be implemented under indirect management with the COMESA Secretariat with no delegation to other organisations.

The planned activities under component 3 relating to coordinated border management and other Trade Facilitation activities will mainly involve policy reforms at the borders, facilitation of OSBPs, coordination of various border agencies, streamlining of procedures, facilitation of single windows and interconnectivity among others. This component will also include provision of some basic infrastructure in justified cases at the selected borders. The envisaged implementation modality will be indirect management with COMESA with partial delegation/ granting of funds to concerned national public bodies, revenue authorities or joint border commissions. These are the lead agencies at national borders and therefore knowledgeable of the existing challenges and necessary interventions. A study is being launched and will provide a detailed analysis and needs assessment for each selected border post. The outcomes of this study will guide the exact allocations of funds per border post. As a principle, capacity building activities, strategy and regional legal framework development, feasibility studies will remain with the COMESA Secretariat and activities linked to exchange of information through Information and Communication Technology (ICT), implementation

of CBM and Border Agency Cooperation will be delegated. The works and supplies linked to component 3 will be delegated to the national authorities using EDF procedures.

Activities under component 4 relating to SPS and TBT will be implemented under indirect management with COMESA with partial delegation to the Food and Agriculture Organisation (FAO) for the SPS component and the Danish Technological Institution (DTI) for the TBT component. The selection of the two institutions is based on their expertise and proven track records of successful implementation of various projects in Africa and in particular Eastern and Southern Africa in the specific areas. COMESA will continue to convene all technical meetings and technical workshops. FAO and DTI will provide expertise where this does not exist within the Secretariat or in the member states. This may also include attachments at the DTI or FAO/IAEA laboratories for hands-on training.

List of possible activities:

Component 1: Monitoring and resolution of Non-Tariff Barriers (NTBs)

- Maintaining and upgrading the existing online NTB monitoring, reporting and resolution system and effecting any improvements that maybe necessary (e.g. developing an SMS reporting system, inclusion of NTMs, and fees related to compliance with SPS/TBT measures);
- Provide technical support to member states for the implementation of the COMESA NTB Regulations (particularly for National NTB Monitoring Committees and NTB focal points) and raise awareness on the impact of NTBs to trade amongst MSs (on compulsory prior notification of measures that restrict intra-regional trade) and private sector (on the effects of barriers to trade); and
- Undertake analytical work on NTBs in concerned member states, as well as support possible joint on the spot verifications.

Component 2: Implementation of the WTO Trade Facilitation Agreement

- Provide support to implement identified category C commitments under the TFA agreement, and ensuring exchange of best practices between the countries and where possible resolution. Establishment of Information Technology (IT) infrastructure along the major transit corridors in the region to facilitate exchange of information;
- Develop a web-based programme to publish regulatory information relating to importation and exportation of goods and procedures in the 5 remaining member states where trade portals are not developed;
- Provide technical support for the implementation of the enhanced regional trade facilitation initiatives that will result in uniform application of the WTO Trade Facilitation Agreement;

Component 3: Coordinated Border Management (CBM) and trade facilitation along selected Corridors and border posts in the Tripartite region

Focus will be on five border posts along four corridors:

- (i) Lamu corridor: Moyale (Ethiopia/Kenya);
- (ii) Djibouti corridor: Galafi (Djibouti/Ethiopia);
- (iii) Tunduma/Nakonde (Tanzania/Zambia);
- (iv) Chirundu (Zambia/Zimbabwe); and

(v) Mwami/Mchinji (Zambia/Malawi).

The selection of the above border posts is based on the desk analysis of various studies produced and published on trade facilitation in Southern Africa and on the OSBP Coordination matrix, which gives an overview of the different international cooperation partners (ICPs) actions. The selection criteria were: (i) transit and traffic at the corridors/border posts, (ii) existing facilities at the border posts, (iii) areas covered/not-covered by other donors, (iv) priority under the Programme for Infrastructure in Africa (PIDA), and (v) existence of formal agreement between the involved countries to establish OSBPs in these selected corridors/border posts.

In the selected corridors and border posts, the programme will support activities related to the implementation of the WTO TFA, namely: (i) Art. 7: electronic payments: adopt and maintain risk management systems; adopt and maintain post-clearance audit; measure and publish average release times and establish Authorised Operators with involvement of Customs; (ii) Art. 9: Border Agency Cooperation with involvement of SPS/TBT authorities at borders, Customs, Immigration and Police; (iii) Art. 10: review formalities and documentation connected with importation and exportation, including SPS/TBT documentation use of international standards, establish and maintain single windows with SPS/TBT, Trade, Customs and Transport; (iv) Art. 12: Exchange of information amongst Customs, SPS/TBT and other authorities operating at borders and (v) Art. 13 & 14: Effective participation in Committee on Trade Facilitation, establish and maintain National Committees on Trade Facilitation amongst Ministries of Trade, Customs, Traders, Transport and other stakeholders.

The activities foreseen are:

- Development/implementation of regional and bilateral legal and regulatory frameworks for OSBP, CBM, ICCS, integrated border management (IBM), Joint Border Committees (JBCs), and other measures;
- Border Agency Cooperation (agencies responsible for border controls and procedures dealing with import-export and transit of goods cooperate and coordinate their activities). In the latter case, the coordination includes (i) alignment of working days and hours, (ii) alignment of procedures and formalities, (iii) development and sharing of common facilities, (iv) joint controls and (v) establishment of OSBP;
- Support to better border and customs management, focusing on priority regional corridors (for instance automation of all customs processes and procedures, exchange of information through streamlined customs operational procedures, development of modern clearance, structured dialogue mechanism with private sector on customs reforms, capacity building/training modules for national customs administration, support to increased coordination and alignment to international best practices, including cooperation of customs authorities with SPS/TBT and other agencies operating at the borders).
- Feasibility studies for the OSBP facilities. The cross-regional infrastructure envelope may support the design and construction of the OSBP facilities, however in relation with the upgrading of the selected border posts, the programme will also include a provision for basic infrastructure (i.e. upgrading SPS/TBT inspection tools/facilities, safe parking area to accommodate large number of trucks with associated public health facilities (toilets and showers) and ancillary installations; accommodation for OSBP personnel; office facilities for customs and police checks) in justified cases at the selected border posts.

- Ensuring exchange of information through ICTs bilaterally, but also at inter-agency and inter-ministry level (single window). Link customs IT systems and exchange of information and extension of IT applications to other trade facilitation instruments;
- Support the implementation of a Single Window (SW) environment at a pilot port of entry. As for the COMESA region, such a system is already in use in Mauritius and Madagascar, the Zimbabwe Revenue Authority is currently at an advanced stage to pilot it at Beitbridge border post and the Kenyan Single Window system has been developed. The Automated System for Custom Data (ASYCUDA) World has also a platform which allows the introduction of the SW environment, as it can be accessed by other border agencies to their mandated area of the system.
- Develop strategy for implementing regional SWS, CBM and ICCS by involving all relevant stakeholders to consider broadly the issues of SWS, CBM and ICCS;
- Build internal capacity of member states as well as COMESA Secretariat to support the implementation of SWS, CBM and ICCS; and Monitor and evaluate implementation of these programmes in member states;
- Streamline other existing Strategies regional SWS, CBM and ICCS and undertake advocacy work and seek political support for the Implementation of SWS, CBM and ICCS programmes;
- Develop an action plan for the implementation of the SWS, CBM and ICCS Strategies with specific roles and responsibilities for all relevant stakeholders;
- Carrying out comprehensive studies on each major transit corridors so as to, where necessary, design transit corridor infrastructure alongside with SWS, CBM and ICCS initiatives and mainstream the regional SWS, CBM and ICCS agenda into member states work plans; and
- Develop trade and Customs legal and legislative regimes and frameworks that support implementation of the regional SWS, CBM and ICCS initiatives in member states.
- Measure average release times and conduct time and traffic surveys for monitoring and evaluation purposes.
- Mapping study on the existing and possible railways and inland waterways so to better integrate them into the inter-modal networks within the Tripartite region.

Component 4: Implementation of harmonised, science based Sanitary and Phyto-Sanitary (SPS) measures and Technical Standards

1. Sanitary and Phyto-sanitary measures

- Developing risk-based food safety regulation and capacity building on food safety risk based decision making and regionally harmonised regulatory limits (special attention made on aflatoxin limits for maize and maize products and microbiological limits for milk and milk products).
- Promoting best practices in the management of food safety and, in particular, import control: facilitating efficient regulatory enforcement actions by identification and evaluation of all regulatory requirements faced by producers, processors and traders (including exporters) along the maize and dairy value chains and training in three major focus areas (i) Good practices in Import control based on the recently finalised FAO Manual and other relevant manuals (ii) managing food safety along the two key value

chains (tailored according to the initial assessment) and (iii) implementing effective inspection programs.

- Strengthening the COMESA Food Safety Reference and Satellite Laboratories and the involvement of COMESA Member countries in the Joint Food and Agriculture Organization (FAO) and International Atomic Energy Agency (IAEA) African Food Safety Laboratory Network by strengthening laboratory/institutional capabilities in the region including the enhancing the role of the COMESA reference laboratory at the Food Technology Laboratory, Ministry of Agro-Industry and Food Security in Mauritius and existing or prospective satellite laboratories as defined by COMESA.
- Strengthening National Plant Protection Organisations (NPPOs) and designing early warning and emergency response system for plant health and food safety with the following components (a) creation of a regional networking platform for sharing information on risks to human health, plant health arising from trans-boundary pests and diseases; (b) establishment of an early warning and emergency response system to facilitate collective actions in mitigating priority risks (c) development and implementation of applications at critical points such as production level, and border controls, where pests and diseases could be intercepted and reported for timely and/or early regulatory decisions and actions in mitigating priority risk; d) minor equipment and capacity development. Assessing capacity constraints, policy issues and market opportunities in order to determine SPS capacity building priorities within COMESA Member countries: through prioritization of market access opportunities and SPS capacity building options using the Standards and Trade Development Facility MAP tool; national consultations and meetings to facilitate consensus on SPS capacity building priorities and by integration of prioritized capacity building options in the Agriculture and Food Security Investment Plans (AFSIP) and/or other national planning frameworks.

2. Technical Barriers to Trade

a) Strengthening/Upgrading of Regional Metrology Infrastructure

The upgrading is based on AFRIMETS categories on the metrology institutes. Special focus will be given to both legal and industrial metrology.

In this respect, the component will support DRC and Malawi (having basic metrology infrastructure) to establish national metrology infrastructure (to be upgraded from "yellow category" to "green") and will support Zambia, Ethiopia, Rwanda and Uganda to achieve to qualify for having regionally recognised metrology infrastructure (from "green category" to enter to "silver").

The support will include:

- Survey/Assessment of the Measurement status of NMIs in the COMESA region;
- Equipment provision: 4 basic parameters (mass; temperature; dimensional; volume) in selected COMESA member states;
- Regional Measurement Inter-comparisons under COMESA-Met; linkages with SADCMET & EAMET (AFRIMETS loops);
- Technical training and capacity building on Mass, Volume, Length; Temperature, Measurement Uncertainty, ISO/IEC 17025, Internal Auditing, Equipment calibration

intervals, Calibration and Measurement Capabilities (CMCs) calculation, Quality Management System (QMS) documentation;

- Establishment of a database on capabilities of COMESA National Metrology Institutes (CMCs);
- Calibration of National Measurement Standards;
- Assistance to National Metrology Institutes (NMIs) to achieve accreditation in the four basic metrology parameters and to NMIs that have recognised CMCs to achieve Associate Membership of the General Conference on Weights and Measures CGPM-Metre Convention (1st year membership fees);
- Secondment of metrologists to advanced NMIs in the region and beyond;
- Legal metrology technical training (legal metrology verifications training)

b) Regional Conformity Assessment Infrastructure and Systems

- Strengthening/Upgrading and operationalization of non-SPS Reference labs and satellite labs under COMESA-Lab. [European Reference Labs model.]
- Proficiency Testing (PT) schemes and inter-comparisons in key parameters: (establishment and management of data-bases; peer reviews etc.)
- Establishment of mutual recognition agreements for conformity assessment in the prioritised sectors
- Technical training: (method validation, uncertainty of measurement; homogeneity; stability; control charts; EU food safety laws; grading; ISO 17025; ISO 15189; ISO17020; ISO17021; ISO17011) and competence Training for regional PT providers for key PT schemes
- Key Certification requirements based on private certification schemes.

c) Regional Multi-Economy Accreditation System

- Establishment of a Tripartite Mutual Recognition Arrangement between Eastern and Southern Africa under the Tripartite TBT Sub-Committee
- Establishment/strengthening of national accreditation desks
- Training of regional lead/technical assessors and auditors (theoretical; practical and attachments)

Component 5: Trade in Services, free movement of persons and Trade negotiations, trade promotions

Support will be provided for activities carried out in three domains:

a) Support for participation in meetings

- support the negotiations processes in the area of trade in services and movement of persons at different levels (COMESA, Tripartite, CFTA, EPAs, and WTO);
- Support to the COMESA negotiations on the Temporary Movement of Persons as Service Providers annex of the COMESA Service Agreement; and

- Support to COMESA Secretariat in relation to the Tripartite FTA (Phases 1 and 2) and CFTA negotiations, in close coordination with the other RECs, its member states and the private sector;

b) Support for trainings and awareness raising

- Support to COMESA member states in building their negotiation skills and trade-related capacity with respect to the Tripartite, CFTA and regional EPAs negotiation;
- Capacity Building/Technical Assistance (CB/TA) and awareness-raising activities at regional and national level to accelerate the implementation of the two COMESA "Movement" Protocols (including re-negotiation if necessary). This may be done in close cooperation with IOM;

c) Support to regulatory reform, regular reviews by experts (TA), specific studies

- Development of a Mutual Recognition Agreements (MRA) Framework to guide work in selected professions; national studies on the professional qualifications, promotion of regulatory cooperation among member states; CB/TA on quality/standards and skills development for selected professions;
- Technical support for the expansion and consolidation of the COMESA FTA to the remaining COMESA member states and for improving its functioning, including a review of the current Rules of Origin regime;
- Support for the design, piloting and roll-out of a COMESA Business Visa scheme (in close partnership with the COMESA Business Council – CBC);
- Compilation of COMESA commercial directory;
- Participation in COMESA regional trade fairs: disseminating information within the region through fairs, B2B meetings, creation of a regional platform to bring regional producers together etc.
- National baseline studies, sector regulatory and competitiveness assessments, stakeholders workshops/Technical Assistance for services operators, negotiating sessions and research;
- CB/TA for member states to identify their needs/interests and prepare their negotiation positions; and
- Creation of a database of services statistics in accordance with the Manual on International Trade in Services Statistics (MITSS) and the creation of a database of services regulations from the COMESA member states; capacity building activities for member states to collect the statistics/information; provision of market intelligence.

4.3 Intervention logic

The underlying assumption of the programme is that improving CBM and facilitating trade along main corridors, resolving NTBs and enabling implementation of the WTO TFA, as well as adherence to SPS/TBT measures and effective progress in trade negotiations, will increase COMESA's intra-regional trade in goods and services and ultimately foster regional economic growth. The activities will be structured around five complementary components that aim at addressing the key constraints to increased trade, including proliferation of NTBs, capacity of member states to implement regional and multilateral TF commitments, lack of coordination between government agencies at borders, inadequate competences, lack of harmonised

SPS/TBT measures and procedures, inadequate technical and institutional capacity to implement commitments in trade in services and lack of resources to carry out negotiation processes.

The overall intervention logic builds on the five mutually reinforcing components. Improvement in coordinated border management (CBM) and overall trade facilitation will be achieved through support to the introduction of the Single Window Systems, interconnectivity of customs clearing system, facilitation of establishment of OSBPs and simplification and harmonisation of trade procedures (including SPS, TBT, Rules of Origin etc.). As for the resolution of NTBs, the assumption is that strengthening the current tripartite mechanism for identification and resolution of NTBs is essential to facilitate a seamless movement of goods across the selected borders.

SPS and TBT measures are key for trade facilitation. The promotion of best practices in management of food safety and the strengthening of National Plant Protection Organisations and food safety reference and satellite laboratories in the COMESA region will serve this purpose. This will be further supported by strengthening and upgrading the regional metrology infrastructure, conformity assessment systems and setting up of multi-economy accreditation centres. All the proposed actions will be implemented in the framework of the WTO TF agreement, for which specific support is also foreseen in view of the implementation of category C commitments. This includes the development of a Web-based programme and provision of technical assistance.

5. IMPLEMENTATION

5.1 Financing agreement

In order to implement this action, it is foreseen to conclude a financing agreement with the partner region, referred to in Article 17 of Annex IV to the ACP-EU Partnership Agreement.

5.2 Indicative implementation period

The indicative operational implementation period of this action during which the activities described in section 4.2 will be carried out and the corresponding contracts and agreements implemented, is 60 months from the date of entry into force of the financing agreement.

Extensions of the implementation period may be agreed by the Commission's authorising officer responsible by amending this decision and the relevant contracts and agreements; such amendments to this decision constitute non-substantial amendment in the sense of Article 9(4) of Regulation (EU) 2015/322.

5.3 Implementation of the budget support component

N.A.

5.4 Implementation modalities

5.4.1 Indirect management with COMESA

This action may be implemented in indirect management with the Common Market for Eastern and Southern Africa (COMESA) in accordance with Article 58(1)(c) of Regulation (EU, Euratom) No 966/2012 EDF applicable in accordance with Article 17 of Regulation

(EU) 2015/323. This implementation entails trade facilitation in the COMESA region. This implementation is justified to ensure COMESA's ownership of the identified actions.

All contracts implementing the action for all components are awarded and implemented in accordance with the procedures and standard documents laid down and published by COMESA. COMESA retains control and responsibility over the delegated tasks in implementing the activity and ensuring the sound financial management of the resources.

- For Components 1, 2 & 5.

The entrusted entity would carry out the following budget-implementation tasks: concluding and enforcing contracts concluded (making payments, accepting or rejecting deliverables, enforcing contracts, carrying out checks and controls, recovering funds unduly paid), and running the procurement and grant award procedures preceding the conclusion of such contracts, including the award and rejection decisions.

- For component 3

The Secretary General of COMESA, the entrusted entity, will delegate the implementation of certain actions of this component to COMESA member states.

For component 4

The entrusted entity, the Secretary General of COMESA, will delegate the implementation of the SPS activities to FAO and the implementation of the TBT activities to Danish Technological Institute (DTI).

FAO has been selected as implementing body, as it ensures specialised knowledge and experience in the field of sanitary/phyto-sanitary issues in the region. Danish Technological Institute is a public non-profit organisation; using DTI will allow access to the DTI's laboratories and linkages to and knowledge transfer from European reference laboratories.

5.5 Scope of geographical eligibility for procurement and grants

The geographical eligibility in terms of place of establishment for participating in procurement and grant award procedures and in terms of origin of supplies purchased as established in the basic act and set out in the relevant contractual documents shall apply.

The Commission's authorising officer responsible may extend the geographical eligibility in accordance with Article 22(1)(b) of Annex IV to the ACP-EU Partnership Agreement on the basis of urgency or of unavailability of products and services in the markets of the countries concerned, or in other duly substantiated cases where the eligibility rules would make the realisation of this action impossible or exceedingly difficult.

5.6 Indicative budget

| Categories | EU contribution (amount in EUR) |
|--|------------------------------------|
| 5.4.1 Indirect Management with COMESA secretariat | 47 800 000 |
| 5.5.1. Component 1: Monitoring and resolution of NTBs | 1 800 000 |
| 5.5.2. Component 2: Implementation of the WTO TFA | 1 800 000 |
| 5.5.3. Component 3: Coordinated Border Management and trade facilitation at selected border posts/corridors | 35 000 000 |
| 5.5.4. Component 4: Implementation of harmonised, science based Sanitary and Phyto-Sanitary (SPS) measures and Technical Standards | 5 000 000 |
| 5.5.5. Component 5: Trade in Services, Free Movement of Persons and Trade negotiations | 4 200 000 |
| 5.8. & 5.9. Evaluation, Audit | 700 000 |
| 5.10. Communication and visibility | 500 000 |
| Contingencies (8%) | 4 000 000 |
| TOTAL | 53 000 000 |

5.7 Organisational set-up and responsibilities

In order to ensure ownership, coordination and effective management of the project, the following project steering structure is proposed:

A Steering Committee, responsible for reviewing the overall policy and strategic directions of the programme, will provide guidance as appropriate. It will meet at least annually and will consist of:

- COMESA Secretary General (chair)
- Director Trade
- Director Investment
- Representatives of the result areas (COMESA core staff);
- Representatives of the EU Delegation Zambia (with observer status);
- Representatives of other Cooperating Partners active in the programme area (with observer status) as relevant; and

- The programme officers (as rapporteur).

A Technical Committee of the programme will be responsible for ensuring the smooth coordination of administrative, financial and personnel matters. This coordinating body will meet on a monthly basis and will consist of the following members:

- Representatives of the result areas (COMESA core staff);
- A representative of the EU Delegation Zambia (with observer status);
- The programme officers (as rapporteur).

5.8 Performance monitoring and reporting

COMESA will report on performance in line with the SMART indicators defined in the logical framework for all results. This will be a part of the activities of the project officers supported under the programme.

The project officers will produce annual technical reports for the members of the Steering Committee and the EU.

The day-to-day technical and financial monitoring of the implementation of this action will be a continuous process and part of the implementing partner's responsibilities. To this aim, the implementing partner shall establish a permanent internal, technical and financial monitoring system for the action and elaborate regular progress reports (not less than annual) and final reports. Every report shall provide an accurate account of implementation of the action, difficulties encountered, changes introduced, as well as the degree of achievement of its results (outputs and direct outcomes) as measured by corresponding indicators, using as reference the logframe matrix. The report shall be laid out in such a way as to allow monitoring of the means envisaged and employed and of the budget details for the action. The final report, narrative and financial, will cover the entire period of the action implementation.

The Commission may undertake additional project monitoring visits both through its own staff and through independent consultants recruited directly by the Commission for independent monitoring reviews (or recruited by the responsible agent contracted by the Commission for implementing such reviews).

5.9 Evaluation

Having regard to the importance of the action, a mid-term and a final evaluation will be carried out for this action or its components via independent consultants contracted by the Commission.

The mid-term evaluation will be carried out for learning purposes, in particular with respect to validate the relevance, efficiency, effectiveness of the programme. This will allow the COMESA Secretariat and its partners to take into account the most recent developments in terms of implementation of the regional integration agenda and of the progress made with the trade negotiations. The mid-term review will also look at the sustainability of the programme, assessing whether a follow-up phase is desirable or whether an exit strategy is required.

The final evaluation will be carried out for accountability and learning purposes at various levels (including for policy revision), taking into account in particular the fact that a pilot programme being tested.

The Commission shall inform the implementing partner at least 3 months in advance of the dates foreseen for the evaluation missions. The implementing partner shall collaborate efficiently and effectively with the evaluation experts, and inter alia provide them with all necessary information and documentation, as well as access to the project premises and activities.

The evaluation reports shall be shared with the partner country and other key stakeholders. The implementing partner and the Commission shall analyse the conclusions and recommendations of the evaluations and, where appropriate, in agreement with the partner country, jointly decide on the follow-up actions to be taken and any adjustments necessary, including, if indicated, the reorientation of the project.

Indicatively, two contracts for evaluation services shall be concluded under a framework contract in 2019 for mid-term and 2021 for final evaluation.

5.10 Audit

Without prejudice to the obligations applicable to contracts concluded for the implementation of this action, the Commission may, on the basis of a risk assessment, contract independent audits or expenditure verification assignments for one or several contracts or agreements.

Indicatively, one or more contracts for audit services shall be concluded under a framework contract during the lifetime of the programme.

5.11 Communication and visibility

Communication and visibility of the EU is a legal obligation for all external actions funded by the EU.

This action shall contain communication and visibility measures which shall be based on a specific Communication and Visibility Plan of the Action, to be elaborated at the start of implementation and supported with the budget indicated in section 5.6 above.

In terms of legal obligations on communication and visibility, the measures shall be implemented by the Commission, the partner country, contractors, grant beneficiaries and/or entrusted entities. Appropriate contractual obligations shall be included in, respectively, the financing agreement, procurement and grant contracts, and delegation agreements.

The Communication and Visibility Manual for European Union External Action shall be used to establish the Communication and Visibility Plan of the Action and the appropriate contractual obligations.

APPENDIX - INDICATIVE LOGFRAME MATRIX (FOR PROJECT MODALITY) ¹¹

The activities, the expected outputs and all the indicators, targets and baselines included in the logframe matrix are indicative and may be updated during the implementation of the action, no amendment being required to the financing decision. When it is not possible to determine the outputs of an action at formulation stage, intermediary outcomes should be presented and the outputs defined during inception of the overall programme and its components. The indicative logframe matrix will evolve during the lifetime of the action: new lines will be added for including the activities as well as new columns for intermediary targets (milestones) for the output and outcome indicators whenever it is relevant for monitoring and reporting purposes. Note also that indicators should be disaggregated by sex whenever relevant.

| | Results chain | Indicators | Baselines (incl. reference year) | Targets (incl. reference year) | Sources and means of verification | Assumptions |
|--------------------|---|---|--|--|--|--|
| Overall objective | To contribute to deepening regional integration, improving inclusive regional economic growth and enhancing competitiveness of the COMESA region. | 1. Intra-COMESA trade as percentage of global COMESA trade 2. Value of intra-regional trade in commercial services (export/import)) | 1. 7% in 2014 2. Export: MUSD 40.2 in 2014 Import: MUSD 50.1 in 2014 | 1. At least 8% by 2020 2. To be determined (tbd) in the first year of operations | 1. COMESA/ COMSTAT and other official Statistics 2. COMESA/ COMSTAT and other official Statistics | Stable regional economic situation and no conflict affecting trade; Absence of external shock outside project scope |
| Specific objective | To increase intra-regional trade flows of goods, persons and services by reducing the costs/delays of imports/exports at specific border posts | 1. World Bank "ease of doing business" (Trading across borders) 2. the Logistics Performance Index (LPI) in the COMESA region 3. 'No of countries (or % of the total) which adopted and enforced a given trade related regulation/policies/ | 1. Ave rank is 131 in 2015 2. Ave LPI score 2.46 in 2014 3. Tbd | 1. Ave rank decreasing to 125 by 2020 2. Ave LPI score increases by 2% by 2020 3. Number | 1. World Bank Doing Business Reports 2. LPI reports; | Harmonisation of legislation progressing as planned and foreseen |

¹¹ Mark indicators aligned with the relevant programming document mark with '*' and indicators aligned to the EU Results Framework with '**'.

| | | | | | | |
|--|--|-------------|--|---|--------------------|--|
| | | instrument? | | of adopted and domesticated trade related regulation /instrument increases by 60% | 3. Council reports | |
|--|--|-------------|--|---|--------------------|--|

| | | | | | | |
|-----------------|---|--|--|---|--|--|
| Result 1 | 1.0 Monitoring and resolution of NTBs is supported | <p>1.1. % of NTB complaints resolved annually (preferably disaggregated by gender) [* RIP]</p> <p>1.2. % of NTB complaints which remain unresolved for more than 12 months (preferably disaggregated by gender)</p> <p>[EU RF L2 # 29]</p> | <p>1.1. 70% in 2014</p> <p>1.2. 15% in 2013</p> | <p>1.1. 90% by 2020</p> <p>1.2. less than 10% by 2020</p> | <p>1.1. COMESA online NTB monitoring system;</p> <p>1.2. Council reports</p> | COMESA MS are committed to continue to implement the COMESA NTBs Regulation; Continued political commitment for NTBs reduction |
| Result 2 | 2.0 Implementation of the WTO Trade Facilitation Agreement is supported | <p>2.1 Number of COMESA MS having done their needs assessments</p> <p>2.2 Number of COMESA MS having ratified the TFA,</p> | <p>2.1 By 2016 Total of 16 MS undertaken needs assessment either under phase 1 or 2¹²</p> <p>2.2 By 2016 5 MS ratified the TFA and 9 MS presented</p> | <p>2.1 By 2020 at least 12 MS have done their needs assessments</p> <p>2.2 By 2020 at 8 countries have ratified the TFA</p> | <p>2.1 WTO reports and statistics;</p> <p>2.2 WTO/COMESA Council reports</p> | COMESA MS maintain their agreement to ratify and implement the WTO TFA |

¹² http://www.tfafacility.org/sites/default/files/case-studies/needs_assessments_list_0.pdf: A total of 6 COMESA MS have conducted first phase TF Needs Assessments (2007 – 2010) and will require to conduct a second phase. A total of 10 COMESA MS have conducted the second phase of needs assessments (2013 – 2015). One COMESA MS has not conducted any needs assessment.

| | | | | | | |
|-----------------|---|---|--|--|---|--|
| | | 2.3 Number of provisions under the TFA implemented by MS [EU RF L2 # 32] | notifications (A or B/C) 2.3 2016 (0) | 2.3 By 2020 at least 30% of the provisions under the TFA are implemented. | 2.3 WTO/COMESA council reports | |
| Result 3 | 3.0 Integrated Border Management and trade facilitation along selected Corridors and border posts in the Tripartite region are improved | <p>3.1. Average costs per container to export/import in the selected MS/border posts (Djibouti, Ethiopia, Kenya, Malawi and Zambia) [* RIP]</p> <p>3.2 Number of OSBP/CBM is functioning/operational from the selected priority border posts</p> <p>3.3 Number of SWS operationalised</p> | <p>3.1 In 2014 -Export: USD 2,577 -Import: USD 3,235</p> <p>3.2 In 2016: 1 OSBP functioning amongst the selected border posts (Chirundu)</p> <p>3.3 in 2016 tbd in first year of programme</p> | <p>3.1 By 2020: average costs of export and import decreases by at least 5%</p> <p>3.2 By 2020: additional 4 OSBPs are established or at least control mechanisms build up where non-existing</p> <p>3.3 by 2020 at least 50% of MS operationalise SWS</p> | <p>3.1 AfDB database</p> <p>3.2 MANICA¹³</p> <p>3.2 COMESA Council reports</p> <p>3.3 COMESA Council reports</p> | <p>COMESA MS remain committed to implement trade facilitation incentives and policies; Adoption of new procedures by staff and actors; Agencies and actors are willing to share data and work together</p> |

¹³ MANICA is renowned international trade logistics company offering various services including freight logistics (i.e road, air sea) in sub Saharan Africa including the COMESA region.

| | | | | | | |
|-----------------|--|---|---|--|----------------------|--|
| Result 4 | 4.0 Implementation of Sanitary and Phyto-Sanitary (SPS) measures and prioritised Technical Standards is improved | 4.1 Status of Regionally harmonised regulatory limits for cross border trade in maize (aflatoxins) and dairy (microbiological) products [* RIP] | 2016 – 0 non-existent) | 2020 regulatory limits adopted (for maize/maize products) and microbial regulatory limits adopted (for milk/milk products) | 4.1 AFRIMETS reports | National authorities are committed and give priority to adopt the regulatory limits |
| | | 4.1 Number of metrology institutes upgraded from ‘yellow’ to ‘green’ status | 4.1 In 2016: 3 COMESA MS in green category: | 4.1 By 2020: 4 COMESA MS are in the green category | 4.2 AFRIMETS reports | Sufficient human and financial resources are allocated to public institutions taking part of the upgrading of the National metrology system. |
| | | 4.2 Number of metrology institutes upgraded from ‘green’ to ‘silver’ status. | 4.2 In 2016: 2 COMESA MS in silver category | 4.2 By 2020: 5 COMESA MS in silver category | 4.3 AFRIMETS reports | |
| | | 4.3 Number of Regional Proficiency Testing providers | 2016 (0) | 2020 (5) | 4.4 AFRIMETS reports | |

| | | | | | | |
|-----------------|---|--|----------------------|--|----------------------------|---|
| Result 5 | 5.0 Trade negotiations, trade in services and free movement of persons is supported | 5.1 Number of services sectors liberalised ¹⁴ [* RIP] | 5.1 In 2015: 0 | 5.1 7 by 2020 | 5.1 COMESA gazettes; | Member states continue to negotiate to finalise outstanding issues. Once agreed, MS implement and enforce agreements /protocols at the national level. Governments are willing to sign bilateral and/or multilateral agreements |
| | | 5.2 Number of COMESA MS implementing more than 50% of the provisions of the protocol on visa gradual relaxation and eventual elimination | 5.2 In 2015: 7 | 5.2 All MS by 2020 | 5.2 COMESA Council reports | |
| | | 5.3 Number of regional trade promotion Activities undertaken | 5.3 In 2016: several | 5.3 At least 5 events during the lifetime of the project | 5.3 COMESA Council reports | |

¹⁴ Refers to countries removing all tariff and non-tariff restrictions in the agreed service sectors enabling private sector to access world-class services which facilitates exporters and producers to capitalize on their competitive strength. Backbone services such as e.g. financial and telecommunication services play an important role in the production of goods and of other services

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This action is funded by the European Union

ANNEX 2

of the Commission Decision on the Annual Action Programme 2017– Part 1 in favour of Eastern and Southern Africa and the Indian Ocean region to be financed from the 11th European Development Fund

Action Document for the Common Market for Eastern and Southern Africa (COMESA) Programme on small-scale cross-border trade

| | | |
|--|---|----------------------------|
| 1. Title/basic act/ CRIS number | Small-Scale Cross-Border Trade Programme CRIS number RSO/2017/039-043 financed under the European Development Fund (EDF) | |
| 2. Zone benefiting from the action/location | Eastern and Southern Africa and the Indian Ocean region (EA-SA-IO) The action shall be carried out at the following location: Eastern, Southern Africa and the Indian Ocean region, COMESA | |
| 3. Programming document | Regional Indicative Programme for Eastern Africa, Southern Africa and the Indian Ocean (EA-SA-IO) 2014 to 2020 | |
| 4. Sector of concentration/ thematic area | Regional Economic Integration | DEV. Aid: YES ¹ |
| 5. Amounts concerned | Total estimated cost: EUR 15 000 000 Total amount of EDF contribution: EUR 15 000 000 | |
| 6. Aid modality(ies) and implementation modality(ies) | Project Modality Indirect Management (PAGODA) with COMESA Secretariat | |
| 7 a) DAC code(s) | 33120 Trade Facilitation | |
| b) Main Delivery | Other multilateral institution (COMESA) - 47000 | |

¹ Official Development Aid is administered with the promotion of the economic development and welfare of developing countries as its main objective.

| Channel | | | | |
|--|---|--------------------------|------------------------------|--------------------------|
| 8. Markers (from CRIS DAC form) | General policy objective | Not targeted | Significant objective | Main objective |
| | Participation development/good governance | <input type="checkbox"/> | X | <input type="checkbox"/> |
| | Aid to environment | X | <input type="checkbox"/> | <input type="checkbox"/> |
| | Gender equality (including Women In Development) | <input type="checkbox"/> | X | <input type="checkbox"/> |
| | Trade Development | <input type="checkbox"/> | <input type="checkbox"/> | X |
| | Reproductive, Maternal, New born and child health | X | <input type="checkbox"/> | <input type="checkbox"/> |
| | RIO Convention markers | Not targeted | Significant objective | Main objective |
| | Biological diversity | X | <input type="checkbox"/> | <input type="checkbox"/> |
| | Combat desertification | X | <input type="checkbox"/> | <input type="checkbox"/> |
| | Climate change mitigation | X | <input type="checkbox"/> | <input type="checkbox"/> |
| | Climate change adaptation | X | <input type="checkbox"/> | <input type="checkbox"/> |
| 9. Global Public Goods and Challenges (GPGC) thematic flagships | NA | | | |
| 10. Sustainable Development Goals (SDGs) | Goal 8: Promote inclusive and sustainable economic growth, employment and decent work for all Goal 1: End poverty in all its forms everywhere Goal 5: Achieve gender equality and empower | | | |

Summary

The proposed action aims at increasing the formalisation of informal cross-border trade and enhancing small-scale cross-border trade flows in the Common Market for Eastern and Southern Africa (COMESA)/tripartite region, leading to increased fiscal revenues for governments as well as to increased security and higher incomes for small-scale cross-border traders. The action has a EUR 15 million budget and an implementation period of five years.

This action is in line with the 11th EDF Regional indicative Programme (RIP) for Eastern Africa, Southern Africa and the Indian Ocean (EA-SA-IO) region, the COMESA Treaty, the 2016-2020 COMESA Medium-Term Strategic Plan and relevant COMESA trade facilitation policies and instruments. It builds also on existing initiatives at national level in the region to promote and facilitate small-scale cross-border trade flows.

The beneficiaries of the Action will be primarily small-scale traders (in particular women traders) regularly crossing borders in the COMESA/tripartite region to sell and buy goods, as well as the associations who represent them and defend their interests.

The action identifies 5 key result areas:

1. Implementation of specific trade facilitation rules and instruments at selected border areas, so as to reduce the cost and time for crossing borders by small-scale traders.

2. Reduction of corruption, bribery and harassment (including gender-based violence) at selected border areas.
3. Support to Cross-Border Traders Associations (and similar business associations), so as to effectively defend the interests of traders and deliver good quality support services.
4. Data collection/management/dissemination and research on Informal Cross-Border Trade (ICBT), so as to increase evidence-based trade policy-making processes at national and regional level.
5. The building/upgrading of border infrastructures at selected border areas.

The COMESA Secretariat will lead the overall implementation and coordination of this programme. Part of the support may be delivered by selected specialised international organisations and/or by national governments committed to undertake the necessary reforms in the targeted COMESA/tripartite countries.

1. CONTEXT

1.1 Regional context

The Common Market for Eastern and Southern Africa (COMESA) was established by Treaty in 1994, with the goal of being "a fully integrated, internationally competitive regional economic community with high standards of living for all its people, ready to merge into an African Economic Community" (Art. 3 of the COMESA Treaty).

COMESA is the largest of the eight Regional Economic Communities (RECs) recognised by the African Union, bringing together 19 Member states, with a total population of 480 million people and a combined GDP of over USD 570 billion (2012). Eight of its members (Democratic Republic of the Congo, Malawi, Zambia, Swaziland, Zimbabwe, Madagascar, Seychelles and Mauritius) also belong to the Southern African Development Community (SADC), while four others belong to the East African Community (EAC) (Burundi, Rwanda, Kenya, and Uganda).

The trade integration agenda of COMESA includes a functioning Free Trade Area (FTA) currently including 15 Member States². It also entails various trade and transport facilitation instruments, the creation of a Customs Union as well as the progressive liberalisation of trade in services, investments and the free movement of persons in the region. COMESA is also involved in various trade agreements and negotiation processes with third parties, such as the Tripartite (COMESA – EAC – SADC) Free Trade Area (formally launched in June 2015), the Continental Free Trade Area (CFTA) at the African Union level and the Economic Partnership Agreements (EPAs) with the European Union.

Intra-COMESA trade in goods has grown exponentially over the years since 2000 to reach USD 9.2 billion in 2014 (total intra-COMESA exports). Despite these encouraging figures, intra-regional trade flows represented only 7 per cent of the total trade of the region in 2014³. The World Bank estimates that the costs of trading across the borders is the highest in Sub-Saharan Africa, over twice as high compared with East Asia and OECD countries⁴.

² Burundi, Comoros, Djibouti, Egypt, Kenya, Libya, Madagascar, Malawi, Mauritius, Sudan, Rwanda, Seychelles, Uganda, Zambia, Zimbabwe.

³ 2015 COMESA International Trade Statistics – Bulletin N0 14.

⁴ World Bank, "De-fragmenting Africa: deepening regional trade integration in goods and services", 2012, p.9.

Formal trade flows represent only a fraction of the regional trade reality. Informal cross-border trade (ICBT)⁵, by nature not registered in official national statistics, represents a substantial proportion of intra-regional trade, sometimes even exceeding formal flows for some commodities. Most studies on informal trade in Africa estimate the value of traded goods being generally between USD 50 to 1 000⁶.

Overall, the informal sector is thought to account on average for about 38.4% of Sub-Saharan African economies. More recent estimates from the Famine Early Warning System Network (FEWS-NET) indicate that some 3 million metric tons of staple food commodities were traded informally in East Africa in 2013, and that several hundred thousand cross Southern Africa's borders via informal routes every year. Surveys by COMESA indicate that around 20 to 30 thousand small traders cross the border every month at Mwami / Mchinji (Zambia / Malawi border) as well as 15 to 20 thousand at Chirundu and 12 to 13 thousand at Livingstone/Victoria Falls (Zambia/Zimbabwe border).

The bulk of traded products are agricultural food commodities (beans, rice, maize, cassava, fish, etc.), but it also includes manufactured goods such as small electronics, household appliances, clothes, shoes and cosmetics, including low-quality re-exports as well as counterfeits.

ICBT entails important socio-economic development effects for poor vulnerable households. Studies⁷ show that it contributes significantly to income generation and job creation for a vast part of Africa's poor population (majority of whom are women) that would otherwise be excluded from any economic activity⁸. ICBT also contributes to regional food security (through moving food items from regions of surplus to deficit and remote areas), as demonstrated notably during the period of critical food shortages/food crisis in 2005-2006⁹.

While providing short/medium-term solutions for poor households, ICBT is not an ideal situation, neither for traders nor for governments. It is above all a coping survival strategy resulting from both structural governance dysfunctions and multiple crises. It can challenge the long term economic development prospects of African countries, notably through creating unfair competition and weakening the formal private sector, de-incentivising investments, affecting consumers' welfare and eroding revenue collection by governments while jeopardising the reliability of official statistics¹⁰.

Therefore, while it is important to recognise the contribution of ICBT to development, it is equally important to identify sustainable and inclusive ways to build the capacity of small cross-border traders – and of the actors who interact with them – to profitably integrate them into the formal economy.

⁵ ICBT covers a very diverse reality, from unregistered firms or traders operating completely outside formal economic circuits and bypassing borders, to registered companies fully or partially avoiding existing regulations and duties through illegal practices such as under-invoicing, miss-classification or bribery.

⁶ K. Afrika Jean-Guy and Ajumbo Gerald, "Informal cross-border trade in Africa: implications and policy recommendations", Africa Economic brief, AfDB, 2012, p.3.

⁷ See for instance: World Bank-WTO joint publication, "the role of trade in ending poverty", 2015; Lesser C., Moise-Leeman Evdokia, "Informal cross-border trade and trade facilitation reform in Sub-Saharan Africa – Final report", OECD Trade Policy Working Paper N0. 86, 2009; UNECA-AfDB-AU, "Assessing regional integration in Africa IV – Enhancing intra-Africa trade", 2010.

⁸ A research carried out by International Alert and UN-Women in the Great Lakes region in 2010/2011 at five border posts showed that small-scale cross-border trade is a survival mechanism and a job provider for at least 45,000 traders and their dependents. 64 per cent of interviewed traders mentioned it as their main source of earnings.

⁹ See notably data collected by FEWSNET on cross-border trade flows for selected commodities.

¹⁰ Op cit., OECD, 2009.

1.1.1 Public Policy Assessment and EU Policy Framework

The proposed programme is consistent with EU Policy Frameworks, notably the 2007 EU Aid for Trade Strategy and the Communication on "Increasing the Impact of EU Development Policy: an Agenda for Change" (2011), which recognise the importance of trade and regional economic integration for inclusive and sustainable growth and poverty reduction; the Communication on "Trade, growth and development - Tailoring trade and investment policy for those countries most in need" (2012), which affirms that small businesses form the backbone of the economies of many developing countries (notably the vast informal sector), and the Communication "A Stronger Role of the Private Sector in Achieving Inclusive and Sustainable Growth in Developing Countries" adopted in May 2014, which highlights the promotion of a progressive transition from the informal to the formal economy, the economic empowerment of women and support to informal business associations and business support services as top priorities for the EU development action.

At the international level, the trade facilitation agenda promoted notably in the context of the Trade Facilitation Agreement of the World Trade Organisation aims at lowering formal trade-related costs and at reducing therefore the incentives for traders and private companies to revert to informality.

The programme is also consistent with COMESA policies and initiatives in support to small scale traders, namely:

- (i) the Simplified Trade Regime (STR), currently implemented in seven COMESA Member States (Burundi, Kenya, Malawi, Rwanda, Uganda, Zambia, Zimbabwe)¹¹. Under the STR, traders carrying goods included in a pre-negotiated list of products and worth up to USD 1,000 threshold can clear them with little paperwork (using a Simplified Customs Document available directly at border posts) and without the involvement of clearing agents. The STR is generally accompanied by the deployment of Trade Information Desk Officers (TIDOs) at border posts to assist traders in clearing their goods and to sensitise them on how to benefit from this initiative, as well as by support to Cross-Border Trade Associations;
- (ii) the COMESA Medium-Term Strategic Plan 2016-2020, which aims at strengthening the STR and other COMESA instruments related to small-scale trade figure;
- (iii) the Passenger and Cargo Manifest System (PCMS), meant to speed up clearance at the borders and to improve data collection. The system, piloted in Zambia and Zimbabwe, demands that information on travellers and their goods is collected at the bus station and sent in advance to the border station;
- (iv) the COMESA Regulations on the minimum standards for the treatment of small-scale cross-border traders (building on the World Bank Charter for Cross-Border Traders), which aims at improving information availability on existing charges and promoting a fair treatment of traders by officials;
- (v) the COMESA Gender Policy which calls inter alia for support to women in business including female small scale cross-border traders and gender mainstreaming in all programmes to promote gender equality and empowerment of women.

Other regional organisations have developed similar instruments to facilitate small-scale cross-border trade flows (e.g. the EAC Simplified Certificate of Origin). The overall issue of facilitating small-scale cross-border trade is also enshrined in the African Union Boosting Intra-African Trade (BIAT) initiative launched in 2012.

¹¹ Discussions in rolling-out the STR are currently ongoing between DRC and its neighbours.

At the national level, facilitation of small-scale cross-border trade is gaining political importance in many COMESA countries and several initiatives are being supported by governments. For instance, Rwanda and Uganda have been making important efforts over the last ten years to capture systematically data on informal cross-border trade flows. In DRC, the government is helping traders to regroup into cooperatives and to give them biometrics cards. In Zambia, plans are underway to develop inter-country trade centres along border areas to ease business transaction for small traders, while the World Bank Charter for Cross Border Traders¹² is being piloted at the Mwami/Mchinji border post with Malawi. The STR is also being implemented in Zimbabwe (together with the posting of TIDOs) at selected border posts, while the Confederation of Zimbabwe Industries (CZI) and the Zimbabwe Cross Border Traders Association (ZCBTA) are promoting business linkages between cross-border traders and the industry.

1.1.2 Stakeholder analysis

The primary target group and main beneficiary of the programme will be the cross-border traders (especially women traders) who cross regularly the borders in the COMESA/tripartite region to sell and buy goods. The programme will provide them a safer, healthier and more transparent border environment for their trade operations, incentives to use the formal routes and graduate from informality as well as support to scale up progressively their business and increase their incomes. This in turn is likely to benefit people in borderland areas, as women traders are often a primary income provider for their families. More broadly, the programme will indirectly benefit the people living in COMESA countries by promoting trade, making more products available at a better quality and lower price.

The main stakeholders are:

- The COMESA Secretariat, a "pioneer" in the design and promotion of pro-poor trade facilitation instruments in the region, will play a key role in coordination, promotion of policy dialogue, communication and overall implementation of the programme.
- At the national level, the central governments (Revenue Authorities, Ministries of Trade, Ministries of Gender, Ministry of Agriculture, Immigration, Police...) as well as the provincial/local and border authorities (including Joint Border Committees) in targeted COMESA countries and border areas. They will be at the forefront to domesticate and implement small-scale trade facilitation policy reforms and instruments, design, build and manage border infrastructures, interact with traders' associations as well as collect data and monitor trade flows.
- National trade/business associations, such as the Cross-Border Traders Associations (CBTAs) and women in business associations for instance, playing an important role in terms of advocacy, sensitisation, mediation/dialogue with border officials, monitoring of small-scale trade flows, the facilitation of business linkages and the provision of various business services support (management skills, access to finance, communication skills, market information).

Wherever relevant, partnerships with the private sector (in particular with transport and Information and Communication Technology (ICT) companies as well as finance institutions) will be explored at the national level.

¹² The World Bank Charter displays a basic set of rights and obligations for both traders and border officials, with a clear focus on gender-related issues, and with the ultimate goal of improving behaviors at borders and promoting the gradual formalisation of informal cross-border trade. It is accompanied by ICT based reporting/complaint mechanisms and various training and information activities. This initiative was since then extended to the borders between Tanzania/Zambia (Tunduma/Nakonde) and Tanzania/Malawi (Kasumulu/Songwe).

1.1.3 Priority areas for support/problem analysis

The programme will focus on the main challenges for small traders pushing them into informality and preventing them from growing their business. These challenges include¹³:

1. The high transaction costs and delays for small traders, which remain the first issue pushing traders into informality¹⁴, including high fees and duties, unpredictable and complex regulations, heavy and centralised documentation requirements, as well as strict immigration laws.

At the Mwami/Mchinji border post between Zambia and Malawi for instance, small traders pay on average 62 per cent more than large traders to informally move one ton of a commodity across the border. It would be three times that amount if they were to go through the formal border post¹⁵. In addition, frequent inspections at roadblocks along formal trade routes further delay their business and add costs to an already challenging transport system.

Specific measures and instruments such as the STR already exist in several COMESA countries to facilitate low value cross-border transactions. But they are either not properly implemented by customs officials, or simply not well known or understood. There is therefore a need first to improve transparency, raise awareness and train all relevant stakeholders on existing regulations and instruments. In addition, there is a need also to explore how to ease and reduce further the cost of small-scale cross-border trade. This could include simplifying Sanitary and Phyto-Sanitary (SPS) inspection and certification procedures for small consignments (including applying risks-based approaches, reducing the costs of certificates and decentralising testing and certification services), implementing specific trade permits and visa regimes for small traders, expanding the common lists of products under the STR and increasing the value thresholds as well as reducing further (or even removing) other taxes (Value Addition Tax, processing fees, presumptive/advance income taxes, Automated SYstem for CUstoms DATA fees).

2. Corruption, insecurity and gender-based violence. Another key determinant of informality is bribery and arbitrary application of existing rules ("rent seeking" behaviours), harassment and violence (especially for women traders), as well as the overall weak law enforcement environment which often prevails at border posts. Traders and border officials alike often have limited awareness of their respective rights and obligations. Their relationship is often characterised by mistrust and lack of confidence, and law-enforcement agents sometimes take advantage of the lack of knowledge by traders of existing clearing rules/procedures. In some cases, traders themselves try to bribe officials in order to avoid taxes and legal documentation requirements. In some countries, parallel networks and informal agreements have developed between traders and customs officials.

Corruption and insecurity are due also to the high quantity of cash-based transactions and the high number of agencies and officials at the border, the poor gender balance among officials (strong male prevalence) as well as the poor infrastructures at borders (lack of lighting and proper accommodations for traders, no surveillance cameras).

This calls notably for better transparency, sustained awareness-raising and improved dialogue between traders and officials, building on existing dialogue platforms and associations, to

¹³ On the general challenges faced by small traders in Africa, see notably: OECD, 2009 – opcit.; AfDB, 2012, opcit.; Njiwa D., "Informal Cross Border Trade: Challenges and opportunities: a Case of COMESA and its STR implementing borders", 2012; Paul Brenton, Nora Dihel, Mombert Hoppe, Carmine Soprano, "Improving behaviour at the borders to promote trade formalisation: the Charter for Cross-Border Traders", World Bank policy note, July 2014

¹⁴ See Njiwa (COMESA), December 2012.

¹⁵ See latest Diagnostic Trade Integration Studies (DTIS) done for these two countries in 2014.

help create progressive trust and changing mind set. This also require efficient reporting/complaints tools for traders as well as codes of good conduct, performance/incentives-based schemes and strictly applied disciplinary sanction mechanisms for custom officials.

3. Poor border infrastructures facilities for small traders. Proper physical infrastructures, such as community markets, storage/warehouse facilities, health and sanitary facilities (especially for women), decentralised SPS certification centres, accommodations, security lightings or pedestrian lanes, are often missing at border areas, making these places very chaotic and often unsafe/insecure. This is clearly not conducive to competitive business.

4. Weak capacities of national private associations such as the Cross-Border Traders Associations and women's associations to deal with the challenges mentioned above. These typically have low membership, are not formally registered, have very low management capacity and financial resources and do not provide therefore advocacy, market driven information and business support services to their members as they should (in areas such as business management/marketing skills, SPS / Technical Barriers to Trade (TBT) compliance, access to formal trade finance and promotion of business linkages for instance). These services are essential to help small traders to grow their business, and empowering the CBTAs and other associations to provide them efficiently could have a tremendous incentive effect for informal traders to join the formal economy.

5. Lack of (gender sensitive) evidence-based analysis and systematic gender disaggregated data collection/management on ICBT flows, and therefore of proper monitoring and understanding of the phenomenon by traders' associations, governments, regional organisations and cooperating partners. This is crucial notably to inform sound policy-making at national and regional level.

2. RISKS AND ASSUMPTIONS

| Risks | Risk level (H/M/L) | Mitigating measures |
|--|--------------------|---|
| Limited political commitment of COMESA Member States on ICBT | M | The programme will target Member States which demonstrate strong political will; regular awareness-raising and policy/political dialogue will be an important component of the programme. |
| Sustainability of results, in particular as regards capacity building for cross-border traders associations and officials at selected border posts | H | Particular attention to exist strategies, ownership and sustainability (trainings of trainers, strong involvement of national/local authorities and associations, promotion of financial independence of CBTAs, specific support to CBTAs to strengthen advocacy and the delivery of professional services for their members) |
| The programme is not sufficiently adaptive to the very different contexts faced in different locations | M | No "one-size fits all approach"; "tailored made" and bottom-up approaches will be privileged, based on sound political economy analyses to understand the drivers, interests and priorities of the different national actors concerned; the bulk of the programme will be implemented at the |

| | | |
|---|---|--|
| | | national level in carefully selected countries and border areas, building on ongoing initiatives/existing institutions and with a strong participation of relevant national and local authorities and local business associations |
| Overlaps/duplication in terms of preferential schemes and donor interventions targeting small traders | M | Close collaboration will be encouraged between COMESA and EAC and at the Tripartite level; close coordination will also be ensured with the numerous donors active in this field in the region (World Bank, Trademark East Africa, DFID, African Development Bank, GIZ/KfW...) |
| Lack of institutional capacity at regional and national level to implement and monitor efficiently the programme | H | <p>The programme will factor in a strong capacity development component both at COMESA Secretariat's level and at the targeted border areas (including strong monitoring/supervision on the ground) as well as to better link CBTAs both to the COMESA Secretariat and to the national authorities in targeted countries.</p> <p>The EU delegation's participation in the steering committee and the technical committee of the programme will allow for close monitoring of implementation and timely corrective measures when and if needed.</p> <p>Also at member state level institutional capacity support will be provided, ex-ante assessment of capacities will be ensured by COMESA and implementation will be closely monitored by the corresponding EU delegations.</p> |
| Slow implementation and disbursements rate for the components that will be delegated from the COMESA Secretariat to the targeted COMESA Member States | | <p>Detailed Grant and Delegation Manuals are currently being finalised by COMESA. The use of these two Manuals will be closely followed by the EU Delegation to Zambia/COMESA. Based on lessons learnt from previous delegation experience with COMESA the following mitigating measures will be taken:</p> <ol style="list-style-type: none"> 1. Clear indication in the PAGODA (Delegation Agreement) between the EU and COMESA of the rule and procedures to be applied for the delegation and grants from COMESA to national authorities and other partner organisations; 2. Closer monitoring by the EU Delegation to Zambia/COMESA of the implementation process (including regular dialogue and setting up of technical committees and formal steering committees) and enhanced operational involvement of the EU national delegations in |

| | | |
|--|--|--|
| | | targeted countries; 3. Adequate institutional capacity support, both at COMESA Secretariat and country's level, to ensure efficient implementation of national activities |
| Assumptions | | |
| 1) Strong commitment of the COMESA Secretariat to push forward the ICBT agenda at COMESA and Tripartite level (willingness to be a "champion" in that area); 2) Strong political will of targeted COMESA Member States to facilitate ICBT and provide incentives towards formalisation (political "weight" of traders, increased revenue collection, better trade statistics, improved border security and fairer competition, etc.); 3) Informal traders in the COMESA region are willing to emerge from their current survival mode and to move to the formal economy if the right incentives and an enabling environment are promoted; 4) Willingness of CBTAs and women's associations to cooperate and grow to better serve their members. | | |

3. LESSONS LEARNT, COMPLEMENTARITY AND CROSS-CUTTING ISSUES

3.1 Lessons learnt

This programme will integrate the lessons learnt from the implementation of existing COMESA instruments such as the STR¹⁶. It will also take into account lessons learnt from other programmes implemented in the region, in particular the ongoing COMESA Trade for Peace programme, the World Bank Charter for Cross-Border Traders and the recently launched World Bank Great Lakes Trade Facilitation programme as well as support provided by other donors (past support from Finland and the Netherlands to the CBTA in Zambia; support provided by the International Trade Centre (ITC) in various African countries to women informal traders associations).

The main lessons learnt include:

- Small and large regional trade flows are interconnected and small traders can also be impacted (positively or negatively) by larger infrastructures (transport, ICT), regulatory and trade facilitation interventions such as the building of one-stop border posts, fiscal reforms and SPS harmonisation efforts among countries for instance.
- The limitations of the COMESA STR¹⁷: COMESA surveys report some positive results in terms of quicker clearance, reduced costs and improved data capture on small-scale cross-border trade flows. But the overall impact has been limited. Identified shortcomings included the lack of information/awareness, limitations in terms of value thresholds and products coverage as well as the persistence of other taxes and regulatory constraints (including bribery). There is also a need to harmonise the EAC and COMESA STR

¹⁶ NB: the COMESA STR was already supported in the past by the EU in the context of the 9th EDF REFORM programme and the 10th EDF Regional Integration Support Programme (RISP) 2). See notably: AGRER, "Final evaluation of the Regional Food Security and Risk Management for Eastern and Southern Africa (REFORM)", EU-funded, July 2013.

¹⁷ Njiwa D., "Informal Cross Border Trade: Challenges and opportunities: a Case of COMESA and its STR implementing borders", 2012; J. Chirwa (COMESA), "The impact of the Simplified Trade Regime (STR) on trade growth and poverty reduction in the COMESA region: the case of STR implementing Member States", 2015.

(knowing that four EAC countries are also members of COMESA). This calls notably for a tripartite approach to ICBT at the regional level.

- Among the numerous constraints faced by small traders, evidence abounds that SPS measures implemented by Governments often have a restrictive effect on small-scale cross-border trade flows. There is scope to simplify the SPS/TBT measures and related inspections in a way that achieves both health protection and trade facilitation goals. This will be done in close complementarity notably with the 11th EDF programme supporting Trade Facilitation in the COMESA region.
- There is a need to invest extensively and continuously on the provision of information (using the right communication tools such as radio and TV in local languages) and to conduct sustained sensitisation/awareness raising and training activities for both traders and border officials on existing regulations and procedures as well as on their respective rights and obligations. Incentives and collective approaches are instrumental to build progressive trust and confidence.
- Local buy-in and ownership are essential for success. It is crucial to consult and involve as much as possible all the public and private stakeholders concerned, as well as to use local existing dialogue platforms (such as Joint Border Committees and local trade associations). Efficient local steering structures and close supervision of project implementation on the ground are also crucial to achieve sustained results.
- Cross-Border Traders Associations (CBTAs) (and similar organisations such as women business associations) play a key role in promoting ICBT, defending traders' rights and providing various information and services to their members. They create an important "sense of belonging" for traders. But they have in general very weak capacity and resources and need consistent support to become sustainable over time, with an emphasis on local antennas at the borders (not limiting support to national headquarters)¹⁸.
- The Trade Information Desk Officers (TIDOs) deployed at border posts have often proven to be very useful not only for providing trade information and helping traders with the clearance of their goods, but also for trust-building and mediation. However, their performance has varied across border posts (which call for close supervision and performance monitoring) and the sustainability of their position is a major challenge.

Regarding programme implementation the experience with the 10th EDF regional indicative programme has provided important lessons.

The European Court of Auditors stated in its Report on effectiveness of EDF support for Regional Integration in East and West Africa (2009) that the assistance was targeted mainly through the RECs Secretariats but it was "difficult to use in an efficient and effective way by the Regional Organisations given their limited absorption capacity". In the present programme the provision of capacity development, an appropriate level of technical assistance and close monitoring of the corresponding EU delegation will allow improving the absorption capacity.

The Court of Auditors' report as well as the 10th EDF Mid-Term Review has pointed out "the insufficient link between regional and national activities", and the lack of linkages between National and Regional Indicative Programmes. The modality of delegation from the

¹⁸ See notably: AGRER, "Final evaluation of the Regional Food Security and Risk Management for Eastern and Southern Africa (REFORM)", EU-funded, July 2013; COMESA, "Background paper on policy options for Cross-Border Traders Associations", October 2010.

COMESA secretariat will allow for clearer links between both levels and strengthened ownership, provided that appropriate monitoring and capacity building measures are in place.

The EU has already significant experience with grants and delegation approaches in the context of its regional cooperation with COMESA under the 10th EDF. The main advantage of delegation appeared to be that member states are in the driver's seat, encouraging inter-ministerial coordination and actions are aligned to national priorities. It has shown the importance of building consensus and ownership of COMESA already during formulation.

Delays have been experienced due to limited project design capacity in COMESA member states, lack of thematic focus in the national projects and lack of clarity as regards which procedures to apply for project implementation. Therefore also at the national level an appropriate mix of technical assistance, capacity building and monitoring by the corresponding EU delegation is foreseen for this programme.

The close involvement of EU delegations in the member countries has been found particularly useful for assessing country strategic plans and project proposals, as well as for an expert opinion on monitoring reports and requests for technical assistance.

3.2 Complementarity, synergy and donor coordination

This new programme will look for synergies and complementarities with other ongoing (and future) programmes in the same area, especially those that currently involve the COMESA Secretariat such as the Trade for Peace programme, the World Bank Charter for Cross-Border Traders and the World Bank Great Lakes Trade Facilitation programme mentioned above.

The COMESA Trade for Peace programme (EUR 10 million), currently funded by the United States Agency for International Development (USAID), the African Development Bank (AfDB) and the German development cooperation, is supporting the deployment of Trade Information Desk Officers (TIDOs), capacity building activities (for officials, small traders and CBTAs) and border infrastructures in several border posts in the Great Lakes region (DRC, Rwanda, Uganda). Its overall purpose is to consolidate peace in this post-conflict zone by encouraging interaction and building trust between communities through the facilitation and formalisation of cross-border trade.

The ongoing World Bank Great Lakes Trade Facilitation programme (USD 79 million, focusing on five border crossings between DRC, Rwanda and Uganda), implemented in collaboration with COMESA, aims at improving livelihoods in border areas, promoting cross-border trade and strengthening economic interdependence between DRC and its neighbours (a second phase involving Burundi, Tanzania and Zambia will start in 2017, for an amount of USD 61 million). In addition, the World Bank is also currently piloting its Charter for Cross Border Traders at three border posts (Zambia/Malawi, Zambia/Tanzania, Tanzania/Malawi), with the purpose to promote behavioural change and facilitate small-scale trade by introducing a framework of mutual rights and obligations applicable to traders and border officials.

Close coordination will be ensured with other EU-funded COMESA programmes, in particular with the Trade Facilitation programme under the 11th EDF (the two programmes are likely to develop complementary activity on the same border posts¹⁹; however, there is no risk

¹⁹ Border areas that will be supported under this programme on small-scale cross-border trade are not yet fixed (to be defined based on the TCF-funded study). However, it is likely to include some of the priority border posts identified under the other 11th EDF COMESA programme on Trade Facilitation, namely: Mwami/Mchinji between Zambia and Malawi; Chirundu between Zambia and Zimbabwe; Tunduma/Nakonde between Zambia and Tanzania, and; Moyale between Kenya and Ethiopia.

of overlaps as the activities envisioned under this programme in terms of policy reforms, capacity building and physical border infrastructures at targeted border areas will aim at addressing the specific needs and constraints of small-scale traders, which are different from the ones faced by larger economic operators and go beyond the overall trade facilitation challenges covered by the WTO Trade Facilitation Agreement. Furthermore, activities at the same border posts under the two programmes will be designed in a coordinated way under the lead/supervision of the COMESA Secretariat and the EU delegation to Zambia/COMESA so as to exclude any duplication of activity). Also the ongoing Regional Integration Support Mechanism programme running until 2018 (implementation of the Simplified Trade Regime being one of the agreed performance indicators, and included in several RISM-funded national projects) will require close coordination.

In addition, the programme will also create linkages with the AfDB supported COMESA, EAC and Economic Community Of West African States (ECOWAS) African Women Speak Platform project (USD 50 million) which aims at empowering women entrepreneurs in Africa to access information on markets, finance and related services, and good practices.

Finally, close coordination will also be ensured with other donors supporting cross-border trade and women economic empowerment in the COMESA region, such as USAID, Trademark East Africa, AfDB, the German cooperation, as well as the United Kingdom Department for International Development²⁰.

3.3 Cross cutting issues

A large majority of individual traders are women for whom this activity is often the main or the only source of income²¹. Women traders face a wide range of policy, institutional, cultural, economic and regulatory constraints. They experience trade barriers differently from men due notably to established social norms and differences in domestic and professional responsibilities, and the abuse, mistreatment and marginalisation they face is a serious obstacle to this group's chances of participating more fully and more equitably in the formal economy. The specific challenges faced by female traders include:

- Women are more vulnerable to abuses from officials when crossing formal borders – this includes bribes, sexual and physical abuse, as well as extortion and the confiscation of goods. The potential for abuse is an important contributory factor in women avoiding official border crossings and resorting to unofficial channels.
- Women cross-border traders often have more limited access to and understanding of trade policies and procedures than their male counterparts, due notably to differences in terms of education, access to communication technology and participation in business networks. Similarly, women may find it also more difficult than men to access market information as well as formal credit.
- Women, more than men, may face difficulties to invest or spend increased incomes as a result of benefiting from the programme. Such difficulties – which may occur in the

²⁰ DFID is currently designing a new regional trade programme (to start in 2017) which will focus specifically on Zambia, Malawi and Mozambique (Nacala and Beira corridors) and which is likely to include among its priority areas the facilitation of small-scale trade and the formalisation of informal trade across these three countries.

²¹ See notably: ITC - UN-WOMEN, "Case story on gender dimension of aid for trade: women informal traders transcending African borders: myths, facts and ways forward"; Paul Brenton, Celestin Bashinge Bucekuderhwa, Caroline Hossein, Shiho Nagaki and Jean Baptiste Ntagoma, "Risky business: poor women cross-border-traders in the Great Lakes region of Africa", 2011, World Bank Africa Trade Policy Note; USAID – EAT, "Women in cross-border agricultural trade", Policy Brief, October 2012; TMEA, "Access and opportunity: gender and trade in East Africa", March 2015.

household or at any point to and from the marketplace – imply that project outcomes for women are more reversible or more fragile than they are for men.

Women constitute up to 70 per cent of the programme's potential target group. Women traders, if properly supported and empowered, can be powerful drivers of wealth creation, employment and poverty reduction²². Women reinvest up to 90 per cent of their income on the education, health and nutrition of their family and community²³.

Consequently the programme is rated with a G-1 Gender Marker of the Organisation for Economic Co-operation and Development (OECD), as gender equality is a significant objective for the project and most of its activities are designed with this in mind. In that sense, this programme will also contribute to the achievement of objective 15 of the EU Gender Action Plan aiming at promoting "Equal access by women to financial services, productive resources including land, trade and entrepreneurship".

Concretely, a gender-based approach for this programme will include:

- Training, sensitisation and information activities aimed at achieving a more transparent, safer and more gender-responsive environment for small traders at the borders (using existing dialogue platforms and local associations). Significant participation of women traders will be ensured in these activities, together with sessions specifically dedicated to gender issues (including health).
- Strengthening reporting instruments (such as the World Bank Charter toll-free line for instance) and complaints procedures for those women encountering discrimination or abuse (especially sexual) at targeted border posts.
- Infrastructure development taking due account of differences in how female and male traders conduct their business, including those with disabilities. This includes health and sanitation facilities, proper accommodations as well as security-related infrastructures such as lighting and surveillance cameras.
- Promotion of good practices at the borders from a gender perspective (for instance, ensuring gender-balance among border officials and promoting that search of women traders are carried out by female officials).
- Building CBTAs (and similar associations such as women in business associations and women's rights organisations) capacity to sensitise and increase their female membership, to ensure that the voice of women traders is heard in policy planning/making processes and that they benefit from needed information and business services.
- Strengthened monitoring concerning gender disaggregation of data concerning trade flows, complaints, clearance time and CBTA membership.
- Improved research/analysis and knowledge on the challenges and needs faced specifically by women traders as well as on their contribution to regional trade and poverty reduction, in order notably to inform more "gender-sensitive" policy-making.

In addition to gender equality and women empowerment, the programme also entails a strong rights-based approach since key objectives include to sensitise traders and border officials on their respective rights and obligations in relation to border crossing, to ensure implementation of existing trade facilitation legal frameworks and instruments as well as to reduce corruption and harassment/gender-based violence at targeted border areas.

²² See for instance UN-WOMEN baseline studies on ICBT carried out in 2006-2009 in Liberia Swaziland, Tanzania and Zimbabwe.

²³ TMEA, "Access and opportunity: gender and trade in East Africa", March 2015.

Finally, close attention will be paid to carry out proper environmental impact assessments when designing and building small-scale border infrastructures such as border markets at targeted border areas.

4. DESCRIPTION OF THE ACTION

4.1 Objectives and Results

General objective: To increase the formalisation of informal cross-border trade and to enhance small-scale cross-border trade flows in the COMESA/tripartite region, leading to increased fiscal revenues for governments as well as increased security and higher incomes for small-scale cross-border traders (women in particular).

Specific objective: To facilitate small-scale cross-border trade flows between targeted countries through effective policy and governance reforms, institutional capacity building, improved border infrastructures and better data monitoring.

Taking in to account budget limitations and based notably on criteria such as the importance of ICBT flows/volume, the scale of needs and constraints faced by small-scale traders (in particular women traders), existing political will, past COMESA initiatives as well as other donors' interventions, the following eight countries have been identified for possible interventions at the national level: DRC, Ethiopia, Kenya, Malawi, Tanzania, Uganda, Zambia and Zimbabwe.

Interventions at the national level will focus on a limited number of border posts/border areas (max. 5 border areas) in the priority countries listed above. Here below an indicative list of possible border posts/border areas that could be prioritised:

- Mwami/Mchinji between Zambia and Malawi;
- Kasumbalesa between Zambia and DRC;
- Chirundu between Zambia and Zimbabwe;
- Tunduma/Nakonde between Zambia and Tanzania;
- Malaba between Kenya and Uganda;
- Busia between Kenya and Uganda;
- Moyale between Kenya and Ethiopia;
- Holili/Taveta between Kenya and Tanzania.

The final choice will be made during the inception period in close consultation with relevant stakeholders and based on detailed needs assessment.

Expected Results

1. Specific trade facilitation rules and instruments are designed and effectively implemented at selected border areas, so to reduce the cost and time for crossing borders by small-scale traders.
2. The extent of corruption, bribery and harassment (including gender-based violence) experienced by small-scale traders is significantly reduced at selected border areas.

3. Cross-Border Traders Associations (CBTAs) (and similar business associations) in targeted countries have their capacities reinforced in a sustainable way, so to effectively defend the interests of their members and inclusively deliver good quality support services.

4. Gender disaggregated statistical data and information on ICBT are systematically collected, compiled, harmonised and disseminated, so to increase evidence-based knowledge on the topic and inform better trade policy-making processes at national and regional level.

5. Adequate and gender sensitive border infrastructures for small-scale traders are built/upgraded at selected border areas.

This programme is relevant for the Agenda 2030. It contributes primarily to the progressive achievement of SDG target(s) number 8: "Promote inclusive and sustainable economic growth, employment and decent work for all", but also promotes progress towards Goals number 1: "End poverty in all its forms everywhere", number 5 "Achieve gender equality and empower all women and girls" and number 16: "Promote just, peaceful and inclusive societies". This does not imply a commitment by the COMESA Secretariat and countries benefiting from this programme.

4.2 Main activities

The programme will entail a mix of regional/cross-cutting activities and targeted interventions at national level in selected border areas. Detailed national action plans for the prioritised border areas will be designed based needs assessments' studies and consultations with all concerned stakeholders.

Result 1:

- Support at national level (selected border posts) the effective implementation of the COMESA STR (comprehensive coordinated approach, involving the different concerned Ministries and agencies);
- Design and pilot new trade facilitation schemes for small-scale traders, with the purpose to further reduce border taxes/fees (example: VAT refund systems) as well as facilitate SPS (transparency/information, simplified/risks based inspections at the borders, decentralised testing and certification systems, green pass for selected products/traders) and immigration procedures (specific trade permits and visa facilities for traders, electronic border cards). This could also include mobile based solutions for declaration of goods to customs; the creation of Points of Sale for payment of taxes using debit or credit cards (e-payment facilities);
- Support to policy dialogue on ICBT at the regional level, including the exchange of experience/good practices among Member States, advocacy activities towards countries which have not yet embarked on implementing the STR and other trade facilitation instruments targeting small-scale traders, harmonisation of the STR at the tripartite level.
- Creation of a COMESA/tripartite trade information portal specifically targeting small-scale traders (in close coordination with the 11th EDF COMESA Trade Facilitation programme);

- Set-up/support the activities of Joint Border Committees in targeted border areas to facilitate dialogue between small-scale traders and border officials;
- Explore public-private partnerships with local transport companies to implement the COMESA Passenger Cargo Manifest;
- Employ supervisors for the TIDOs and design supervision mechanisms to monitor implementation at the targeted border areas.

Result 2:

- Information campaigns/sensitisation and training activities for both traders and border officials at selected border areas (using local dialogue platforms and local associations such as the CBTAs, women's associations, NGOs, local media) on traders and officials respective rights and obligations (to build progressive mutual trust and confidence). This will be done on the basis notably of the existing COMESA Regulations on the minimum standards for the treatment of small-scale cross-border traders (inspired by the World Bank Charter for Cross-Border Traders);
- Implementation/roll-out of user-friendly reporting systems for small traders (building on existing tools such as the NTBs tripartite on-line reporting system and the toll free line developed by the World Bank as part of the World Bank Charter for Cross Border Traders);
- Design and roll-out of performance-based management systems, incentive systems and effective sanctions mechanisms for border officials.

Result 3:

- Capacity building to CBTAs and similar associations (HQs and local antennas) in targeted countries (staff, equipment...);
- Support for the delivery by CBTAs (and other associations) of their advocacy, policy research and business support services to their members (provision of information and trainings in business/management skills, access to credit, markets opportunities, trade/border regulations, facilitation of business linkages/trade fairs; data collection/monitoring; mediation/judicial support in case of abuses/offences, etc.);
- Access to finance: work with CBTAs, local banks, bureaux de change and private companies to design and implement adapted credit and foreign exchanges transaction services;
- Support to create an effective regional network of CBTAs in the COMESA/Tripartite region;

Result 4:

- Capacity-building at national level (selected border posts) to increase gender disaggregated monitoring/reporting capacity as regards ICBT flows (including posting of Monitoring and Evaluation (M&E) experts to supervise overall implementation at the local level), in close collaboration with Revenue Authorities and national statistics offices;

- Carry-out regular quantitative and qualitative surveys at selected border areas to monitor progress/results; piloting of innovative M&E approaches; research/analysis, publications, training modules, user handbooks, information material;
- Regional workshops to share/disseminate lessons learnt and good practices on M&E and data collection/management of ICBT in the region (building on existing initiatives such as Famine Early Warning Systems (FEWS), Regional Agricultural Trade Information Network (RATIN), Alliance for Commodity Trade in Eastern and Southern Africa (ACTESA), annual surveys in Rwanda and Uganda...);
- Compilation/harmonisation and publication of available ICBT statistics at COMESA level;

Result 5:

- Design, building and management of border infrastructures for small-scale traders such as border markets, storage facilities/warehouses, security cameras/lightings, pedestrian lanes, health/sanitation facilities, decentralised SPS facilities, accommodation...) in selected border areas. This will be based on specific needs assessment and feasibility studies and in close collaboration with central/local governments, trade associations and (if/when relevant) the private sector (PPPs).

4.3 Intervention logic

The five result areas and related activities at the national and regional level are interdependent and mutually supportive and will concur, through a mix of soft policy reforms, capacity-building interventions and physical infrastructures, to facilitate border-crossing for small-scale traders. Carefully designed trade facilitation policies and instruments, increased awareness/understanding of traders and officials about their respective rights and obligations, improved dialogue and reporting mechanisms, empowered local trade associations as well as adequate border infrastructure facilities will all concur to build progressive trust and to make border crossing less costly/time consuming. This will also contribute to a more attractive environment for small-scale traders. This will incentivise small-scale traders to use formal borders instead of taking more risky informal trade routes as well as help them to grow progressively their business and increase their incomes while generating more fiscal resources for governments. Better data collection and analysis will be instrumental to measure progress and results in these different areas.

National work plans will be developed for each supported country and border area, including specific logical frameworks, in order to tailor activities and indicators/targets to the specific needs, constraints, opportunities and political economy dynamics in each national/border context.

5. IMPLEMENTATION

5.1 Financing agreement

In order to implement this action, it is foreseen to conclude a financing agreement with the COMESA Secretariat, referred to in Article 17 of Annex IV to the ACP-EU Partnership Agreement.

5.2 Indicative implementation period

The indicative operational implementation period of this action, during which the activities described in section 4.2 will be carried out and the corresponding contracts and agreements implemented, is 60 months from the date of entry into force of the financing agreement.

Extensions of the implementation period may be agreed by the Commission's authorising officer responsible by amending this decision and the relevant contracts and agreements; such amendments to this decision constitute non-substantial amendment in the sense of Article 9(4) of Regulation (EU) 2015/322.

5.3 Implementation of the budget support component

N.A.

5.4 Implementation modalities

5.4.1 Indirect management with COMESA

This action may be implemented in indirect management with the Common Market for Eastern and Southern Africa (COMESA) Secretariat in accordance with Article 58(1)(c) of Regulation (EU, Euratom) No 966/2012 applicable in accordance with Article 17 of Regulation (EU) 2015/323. This implementation entails facilitation of small-scale crossborder trade in the COMESA region. This implementation is justified because the COMESA Secretariat has played a pioneer role in the region in facilitating and promoting the formalisation of small-scale cross-border trade and remains the best placed and most legitimate organisation to promote this trade agenda in the region.

All contracts implementing the action for all components are awarded and implemented in accordance with the procedures and standard documents laid down and published by COMESA. COMESA retains control and responsibility over the delegated tasks in implementing the activity and ensuring the sound financial management of the resources.

The entrusted entity would carry out the following budget-implementation tasks: concluding and enforcing contracts concluded (making payments, accepting or rejecting deliverables, enforcing contracts, carrying out checks and controls, recovering funds unduly paid), and running the procurement and grant award procedures preceding the conclusion of such contracts, including the award and rejection decisions.

However, where relevant, the implementation of certain specific activities will be delegated from COMESA to specialised international organisations and to the relevant national authorities in the targeted countries, in order to mobilise the best expertise available and use the most efficient channels for implementation. In particular:

For Result 1, 2 and 4 – The COMESA secretariat as entrusted entity will delegate the implementation of the activities related to M&E at national level, IT reporting systems (including possible partnerships with private companies), performance-based management schemes for border officials and immigration formalities/procedures for small-scale traders to the International Organisation for Migration (IOM) and the World Bank Group.

For Result 3 - The COMESA secretariat as entrusted entity will delegate the implementation of the activities related to capacity building for the Cross-Border Trade Associations and similar associations (including business services and access to finance) to the International Trade Centre (ITC).

For Result 5 – The COMESA secretariat as entrusted entity will delegate the implementation of the activities related to the design and construction/rehabilitation of border infrastructures for small-scale traders to the relevant public authorities (Ministry of Finance or Ministry of Trade) in the targeted countries. All contracts implementing the activities of Result 5 will be awarded and implemented in accordance with the procedures and standards documents laid down and published by COMESA, except for the procurement of works and supplies which will be implemented using EDF procedures.

5.5 Scope of geographical eligibility for procurement and grants

The geographical eligibility in terms of place of establishment for participating in procurement and grant award procedures and in terms of origin of supplies purchased as established in the basic act and set out in the relevant contractual documents shall apply.

The Commission's authorising officer responsible may extend the geographical eligibility in accordance with Article 22(1)(b) of Annex IV to the ACP-EU Partnership Agreement on the basis of urgency or of unavailability of products and services in the markets of the countries concerned, or in other duly substantiated cases where the eligibility rules would make the realisation of this action impossible or exceedingly difficult.

5.6 Indicative budget

| | EU contribution (amount in EUR) |
|--|--|
| 5.4.1 – Indirect Management with the COMESA Secretariat | 13 400 000 |
| Result Area 1: design and implementation of trade facilitation instruments | 1 700 000 |
| Result Area 2: reduction of corruption/bribery, harassment and gender-based violence | 1 200 000 |
| Result Area 3: support to Cross-Border Traders Associations and similar associations | 1 500 000 |
| Result Area 4: data collection/management, M&E, research and regional communication | 1 300 000 |
| Result Area 5: design and building/upgrade of border infrastructures | 7 700 000 |
| 5.9 and 5.10 Evaluation, Audit | 500 000 |
| 5.11 Communication and visibility | 100 000 |
| Contingencies | 1 000 000 |
| Total | 15 000 000 |

5.7 Organisational set-up and responsibilities

At the regional level, the COMESA Trade and Customs Division will be in the lead for the management of this programme, working in close coordination with the Gender/Social Affairs, Investment Promotion and Private Sector Development (IPPSD), Infrastructures and Statistics Divisions as well as COMESA specialised institutions (in particular the Federation of National Associations of Women in Business in Eastern and Southern Africa (FEMCOM), the Alliance for Commodity Trade in Eastern and Southern Africa (ACTESA) and the

COMESA Business Council). Close coordination will be ensured also with the COMESA programme officers in charge of the COMESA Trade Facilitation programme (11th EDF), the COMESA Trade for Peace programme and the Great Lakes Trade Facilitation programme – COMESA component (to maximise synergies and cross-fertilisation across the different programmes).

A regional Project Steering Committee comprising the COMESA Secretariat (Chair), the EU delegation to Zambia/COMESA, other implementing partners and one representative from each benefiting countries will be created to ensure overall policy and strategic guidance and coordination of the programme. It will meet at least once a year. Representatives of other donors active in this field will be invited when relevant to participate as observers.

A regional Technical Committee will also be set up to ensure smooth monitoring of activities and coordination of administrative, financial and human resources at technical level. This technical body will meet on a bi-monthly basis and will consist of the following members:

- Representatives of the different result areas (core staff of relevant COMESA divisions);
- Representative of the EU delegation to Zambia/COMESA (with observer status)
- The COMESA programme officer(s) in charge of this project.

At the national level (for targeted countries/border areas), project technical committees will be set up in each benefiting countries in order to elaborate and approve annual work plans and budgets as well as to monitor implementation at country/border level (including regular surveys). These committees will be set-up in a flexible way (building re relevant on already existing structures) and will include all the relevant ministries/agencies (under the supervision of the Ministry of Trade or the Revenue Authorities, based on countries' preferences) as well as local/border authorities as well as local trade associations. These steering committees will work in close liaison with and report regularly to the COMESA Secretariat.

5.8 Performance monitoring and reporting

The day-to-day technical and financial monitoring of the implementation of this action will be a continuous process and part of the implementing partners' responsibilities. To this aim, the implementing partners shall establish a permanent internal, technical and financial monitoring system for the action and elaborate regular progress reports (not less than annual) and final reports. Every report shall provide an accurate account of implementation of the action, difficulties encountered, changes introduced, as well as the degree of achievement of its results (outputs and direct outcomes) as measured by corresponding indicators, using as reference the logframe matrix. The report shall be laid out in such a way as to allow monitoring of the means envisaged and employed and of the budget details for the action. The final report, narrative and financial, will cover the entire period of the action implementation.

The Commission may undertake additional project monitoring visits both through its own staff and through independent consultants recruited directly by the Commission for independent monitoring reviews (or recruited by the responsible agent contracted by the Commission for implementing such reviews).

5.9 Evaluation

Having regard to the nature and importance of the action, both a mid-term and a final evaluation will be carried out for this action or its components via independent consultants contracted by the Commission.

The mid-term evaluation will be carried out for problem solving and learning purposes, in particular with respect to review impact under the different result areas so far and eventually reallocate resources among the different result areas if needs be.

The final evaluation will be carried out for accountability and learning purposes at various levels (including for policy revision), taking into account in particular the fact that this is an innovative project approach for regional cooperation which entails significant risks but could, if successful, be extended to other countries/border areas in the region.

The Commission shall inform the implementing partner at least three months in advance of the dates foreseen for the evaluation missions. The implementing partner shall collaborate efficiently and effectively with the evaluation experts, and inter alia provide them with all necessary information and documentation, as well as access to the project premises and activities.

The evaluation reports shall be shared with the partner country and other key stakeholders. The implementing partner and the Commission shall analyse the conclusions and recommendations of the evaluations and, where appropriate, in agreement with the partner country, jointly decide on the follow-up actions to be taken and any adjustments necessary, including, if indicated, the reorientation of the project.

Indicatively, two contracts for evaluation services shall be concluded under a framework contract, respectively in 2019 and 2022.

5.10 Audit

Without prejudice to the obligations applicable to contracts concluded for the implementation of this action, the Commission may, on the basis of a risk assessment, contract independent audits or expenditure verification assignments for one or several contracts or agreements.

Indicatively, two contracts for audit services shall be concluded during implementation under a framework contract.

5.11 Communication and visibility

Communication and visibility of the EU is a legal obligation for all external actions funded by the EU.

This action shall contain communication and visibility measures which shall be based on a specific Communication and Visibility Plan of the Action, to be elaborated at the start of implementation and supported with the budget indicated in section 5.6.

In terms of legal obligations on communication and visibility, the measures shall be implemented by the Commission, the partner country, contractors, grant beneficiaries and/or entrusted entities. Appropriate contractual obligations shall be included in, respectively, the financing agreement, procurement and grant contracts, and delegation agreements.

The Communication and Visibility Manual for European Union External Action shall be used to establish the Communication and Visibility Plan of the Action and the appropriate contractual obligations.

APPENDIX - INDICATIVE LOGFRAME MATRIX

The activities, the expected outputs and all the indicators, targets and baselines included in the logframe matrix are indicative and may be updated during the implementation of the action, no amendment being required to the financing decision. When it is not possible to determine the outputs of an action at formulation stage, intermediary outcomes should be presented and the outputs defined during inception of the overall programme and its components. The indicative logframe matrix will evolve during the lifetime of the action: new lines will be added for including the activities as well as new columns for intermediary targets (milestones) for the output and outcome indicators whenever it is relevant for monitoring and reporting purposes. Note also that indicators should be disaggregated by sex whenever relevant.

| | Results chain | Indicators | Baselines (incl. reference year) | Targets (incl. reference year) | Sources and means of verification | Assumptions |
|---------------------------|--|---|---|-----------------------------------|--|---|
| Overall Objective: Impact | To increase small-scale cross-border trade flows in the COMESA/tripartite region, leading to increased fiscal revenues for governments as well as increased security and higher incomes for small traders | <p>1. Change in customs revenues collected from small-scale trade flows at selected border posts in targeted COMESA/tripartite countries (**)</p> <p>2. Change in the net incomes of small-scale traders in targeted border areas/countries</p> <p>(**): EU RF L1 #30; L1 #13; L2 #29</p> | To be established during inception period (country baseline studies, second half of 2016) under the EU-funded regional TCF (COMESA component) | Idem | <p>1. Country official statistics (customs, finance)</p> <p>2. Country/border surveys; mid-term and final evaluations</p> | <p>Targeted countries remain politically committed to promote and facilitate small-scale cross-border trade</p> <p>Availability of data on ICBT</p> |
| Specific Objective | To facilitate small-scale cross-border trade flows between targeted countries through effective policy and governance reforms, institutional capacity building, improved border infrastructures and better data monitoring | <p>1. Volume/value of formal small-scale trade flows handled through targeted border crossings (value/volume of consignments) (per month/year) (**)</p> <p>2. Number of small-scale traders (disaggregated by sex) crossing the borders</p> | To be established during inception period (country baseline studies, second half of 2016) under the EU-funded regional TCF (COMESA component) | Idem | <p>1. Project reporting (country reports); - mid-term and final evaluations</p> <p>2. and 3. Data collected at the borders by the TDOs and the CBTAs, by customs</p> | <p>Targeted countries remain politically committed to promote and facilitate small-scale cross-border trade</p> |

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|-----------------|--|---|---|------|---|--|
| | | at targeted border crossings (per month/year) (**) (**): EU RF L2 ## 29, 32 | | | officials and by the national statistics bureaux; mid-term and final evaluations | |
| Result 1 | Specific trade facilitation rules and instruments are designed and effectively implemented at selected border areas/targeted countries, so to reduce the cost and time for crossing borders by small-scale traders | 1. Average time for small-scale traders to cross targeted border crossings (disaggregated by sex) (*) (**) 2. Number of small-scale traders using the STR (and other TF instruments – to be defined by border area and disaggregated by specific instruments) in targeted countries/border areas (per month/year; disaggregated by sex) (*) (**) (**): EU RF L2 ## 29, 32 (*): COMESA sub-envelope: objective 1 - indicators 2 and 3 | To be established during inception period (country baseline studies, second half of 2016) under the EU-funded regional TCF (COMESA component) | Idem | 1. and 2.: - Data collected at the borders by the TIDOs and the CBTAs, by customs officials and by the national statistics bureaux - Border surveys - Mid-term and final evaluations | Border officials, TIDOs and local trade associations are adequately supported/equipped to monitor crossing time/flows |
| Result 2 | The extent of corruption, bribery and harassment (including gender-based violence) experienced by small-scale traders is significantly reduced at selected border areas | 1. Incidence of harassment (bribes, verbal and physical abuses, sexual assaults) of small-scale traders at targeted border areas (of which female traders) (sizes of the sample and periods examined to be established when launching the surveys) (*) (**) | To be established during inception period (country baseline studies, second half of 2016) under the EU-funded regional TCF (COMESA component) | Idem | 1. And 2.: - Border surveys - Progress reports from reporting mechanisms such as toll-free lines - Log of complaints provided by border administration in targeted countries | - Adequate reporting mechanisms (such as toll-free lines) are rolled-out in targeted border areas - Small-scale traders and officials are keen to |

| | | | | | | |
|-----------------|--|---|---|----------------------------|---|---|
| | | <p>2. Level of satisfaction of small-scale traders (disaggregated by sex) regarding the quality of services provided by border officials (sizes of the sample and periods examined to be established when launching the surveys) (**)</p> <p>(**): EU RF L1 # 5 (*): COMESA sub-envelope: objective 1 - indicator 1</p> | | | - Mid-term and final evaluations | participate in surveys |
| Result 3 | Cross-Border Traders Associations (CBTAs) and similar business associations in targeted countries have their capacities reinforced in a sustainable way, so to effectively defend the interests of their members and inclusively deliver good quality support services | <p>1. Number of CBTAs/similar associations with increased membership (disaggregated by sex) and budget (from members' contributions and other fees)</p> <p>2. Level of satisfaction of small-scale traders (disaggregated by sex) as regards the quality of service delivery of CBTAs (sizes of the sample and periods examined to be established when launching the surveys)</p> | To be established during inception period (country baseline studies, second half of 2016) under the EU-funded regional TCF (COMESA component) | Idem | <p>1. Data/reports provided by CBTAs and similar supported associations; mid-term and final evaluations</p> <p>2. Data/reports provided by CBTAs; Quantitative and qualitative surveys among traders who are members of CBTAs; mid-term and final evaluations</p> | <p>- Small-scale traders and officials are keen to participate freely in qualitative surveys</p> <p>- CBTAs are able to collect/communicate the needed data</p> |
| Result 4 | Gender disaggregated statistical data and information on ICBT are systematically collected, compiled/analysed, harmonised and disseminated, so to | 1. Number of COMESA/tripartite countries collecting and compiling/analysing | To be established during inception period (country baseline studies, | Idem No publication | 1. and 2.: - COMESA and country progress | |

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|-----------------|---|--|---|---|--|--|
| | increase evidence-based knowledge on the topic and inform better trade policy-making processes at national and regional level | gender disaggregated data on ICBT on a regular basis 2. Status of publication on a regular basis of harmonised (gender disaggregated) statistics on ICBT at the regional level | second half of 2016) under the EU-funded regional TCF (COMESA component) | on a regular basis at regional level (2016) | reports (project monitoring) - Mid-term and final evaluations | |
| Result 5 | Adequate and gender sensitive border infrastructures for small-scale traders are built/upgraded at selected border areas | 1. Number of border infrastructures for small-scale traders designed and built/rehabilitated (work completed) 2. Number of small-scale traders using the border infrastructures built/rehabilitated (disaggregated by sex and by type of infrastructures) | To be established during inception period (country baseline studies, second half of 2016) under the EU-funded regional TCF (COMESA component) | Idem | 1. Country progress reports (project monitoring) 2. Border surveys (users of infrastructures) - Mid-term and final evaluations | - Preparatory work for the design of border infrastructures is not delayed |