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TCBoost
Supporting Trade Capacity Building Worldwide

Southern Africa Transport and Customs Interventions

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Presentation Outline

1. Africa's Adoption of the Corridor Approach
2. Trade Bottlenecks in the Corridors & Trade Hub Focus
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Africa's Adoption of the Corridor Approach

- Africa has adopted the 'Corridor Approach' to transport infrastructure and services development.
- The Corridors can be simply transport corridors or development corridors or a combination of both.
- USAID's role is to respond to Africa's development needs and support the corridor approach.
 - USAID can do this taking into account its comparative strength versus other Donors and requirement for quick results.
 - Hubs are USAID's main instruments for regional trade facilitation.



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Trade Bottlenecks in the Corridors & Trade Hub Focus

1. Policy, regulatory or administrative impediments
 2. Infrastructure inadequacy
 3. Border Posts delays
- World Bank study showed 75% of delays/costs in corridors mainly due 1 and 3 and only 25% due to 2
 - USAID Hubs focus: 1 and 3 and software aspects of 2, to reduce transit costs and transit times i.e. trade facilitation
 - Other donors focus on infrastructure



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Hub Approach to Eliminating Bottlenecks

- Partner with national and regional institutions in designing actions plans to address the bottlenecks.
- Work within the frameworks RECS as the implementation mechanism for their trade facilitation policies.
- Identify Champions for each corridor; focus on a few corridors for impact and use one of the corridors with least challenges as pilot corridor for cutting-edge trade facilitation measures; and when successful roll out these measures to other corridors.



Hub Approach to Eliminating Bottlenecks (Continued)

- Partner with Corridor Champions, private sector, governments and other key corridor stakeholders such as FESARTA to design and adopt Constitutive Instruments.
 - World Bank noted that corridors with effective CMIs do better than those without
 - Hubs have noted that CMIs are critical for sustainability of USAID interventions in the corridors. Without them, most of the trade facilitation interventions were likely to cease soon after the Hub projects cease.
- Work with key corridor partners to achieve sustainable funding of CMIs. It is important to show that cost of sustaining the CMI is less than the benefits shippers receive.



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Working Together To Make The Maputo Corridor First Choice For All Stakeholders
Trabalhando Juntos Para Tornar O Corredor De Maputo Primeira Escolha

Hub Approach to Eliminating Bottlenecks (Continued)

- Partner with corridor stakeholders to capacitate the CMI through a Corridor Performance Monitoring System (CPMS) to measure both the corridor and CMI performance and guide future interventions in the corridor for maximum impact.
- CMI to focus on stakeholders agreed Action Plan for improving corridor performance and trade facilitation.
- Partner with agricultural associations to facilitate the logistics from farm-gate to market for staple foods and key commercial agricultural products for poverty reduction and food security.



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Case Study: Trans Kalahari Corridor

- Since 2002 the Hub has been working on this TKC within the context of the SADC Trade and Transport Protocols.
- Working with the WBCG as the champion as well as other key stakeholders such as the three governments, private sector and FESRATA designed Corridor Action Plan.
- Hub partnering with key stakeholders designed MOU that was signed establishing the TKCMC.



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Case Study: Trans Kalahari Corridor (continued)

- Hub used TKC as pilot corridor for new trade facilitation measures (all SACU members) that were rolled out to other corridors or the whole of SADC e.g. SAD 500.
- TKC capacitated with a CPMS that is now under implementation.
- User-Pay Principle for sustainable funding of TKC Secretariat adopted and will soon be under implementation.
- Integrated trade facilitation and value chain approach still to be applied to this corridor.



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Benefits of the Approach

- Secures buy-in and ownership by stakeholders as the Hubs' assist them in achieving their regional policy goals.
- Hub activities are demand driven and assist implementation of agreed national and regional policy.
- Hubs have become known as responsive, timely implementation mechanisms of RECs' agenda.



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Benefits of the Approach (continued)

- Formalizes forum for resolving bottlenecks in the corridor through CMI's thereby giving sustainability of USAID interventions.
- Builds capacity in CMI through financial sustainability measures and Corridor Performance Monitoring Systems.
- CMI Action Plans reduce transport costs, facilitate trade, improve competitiveness and improve food security.



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Conclusions – Lessons Learned

- Establishment of CMI is essential for sustainability of USAID interventions in the transport corridors.
- Corridor Management Institutions (CMI) are critical for addressing continuously bottlenecks in the corridors.
- Corridor Performance Monitoring Systems necessary to monitor the impact of interventions and CMI performance.
- It takes a long time to establish an effective and financially sustainable CMI.
- CMI must be PPPs for them to be effective.



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Thank You

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