



TMEA's contribution to the elimination of Non-Tariff Barriers in East Africa

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This brief summarises and sets in context the results of the UK Department for International Development (DFID)-commissioned independent evaluation of TradeMark East Africa (TMEA) programmes, which includes support to the removal of Non-Tariff Barriers. With a focus on the East African Community (EAC) states (Kenya, Uganda, Tanzania, Rwanda, Burundi and South Sudan), TMEA's programme aims to support poverty alleviation for all, through a range of interventions implemented at the national and regional level.

Key messages

- TMEA's work has contributed to eliminating NTBs in the EAC; TMEA has deployed stakeholders effectively in its NTBs elimination activities, and it has mainstreamed gender considerations into its NTBs work;
- Results have included faster trade along the EAC trade corridors, and considerable savings from reduced trade times and simpler, quicker procedures.
- TMEA's NTBs work programme supports the reduction of trade times and costs in the region, but its precise impact is difficult to measure due to challenges in the monitoring and reporting system;
- Despite TMEA's contribution to eliminating NTBs, the number of barriers has increased due to increased protectionism and political and economic tensions between EAC countries;
- It is suggested that TMEA's ongoing work on NTBs should focus on the political economy of these barriers, to understand 1) how and why they arise, and 2) what are the conditions that would enable governments in the EAC to set up a sustainable mechanism to eliminate NTBs.

1 Why focus on NTBs?

Trade contributes to economic growth and can lead to poverty reduction. To leverage the potential of trade to achieve these outcomes, countries' governments aim to increase trade volumes and value addition. This is true for the EAC countries, that have embarked in an ambitious plan to form a fully integrated common market in order to increase trade volumes and decrease trade costs.

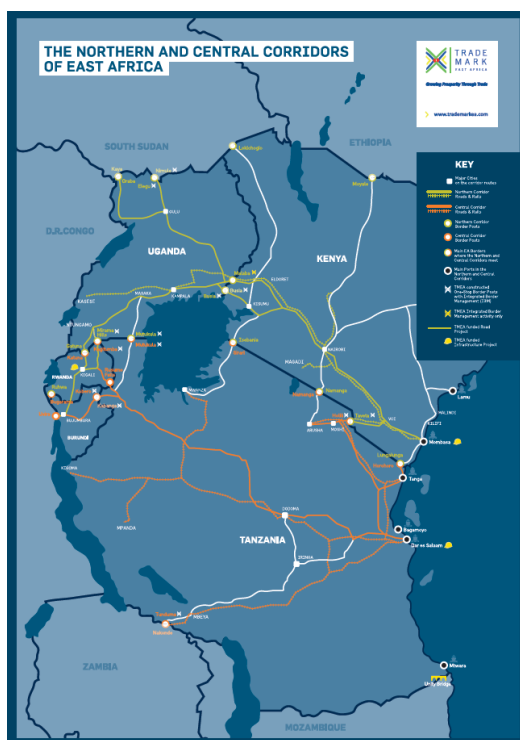
To promote trade, countries generally attempt to reduce tariffs, however non-tariff barriers (NTBs) can be equally, if not more, damaging to trade flows. NTBs are obstacles to trade deriving from rules and regulations. These are usually introduced to protect the health and well-being of citizens and the environment, but also to shelter domestic industries from external competition. When NTBs distort trade, they undermine the potential benefits of imports and exports.

In the EAC, NTBs include quality and safety standards, import bans, and customs and trade facilitation measures. In the past, EAC countries have reported all sorts of NTBs, such as the presence of excessive weighbridges and police controls along transport corridors; fees applied to discriminate between member states citizens and businesses; and cumbersome clearance procedures at borders. TMEA estimates that two-thirds of NTBs in the East African region are at border crossings, with the highest concentration along the Northern and Central Corridors (see Figure 1; TMEA, 2016). These barriers form a strong obstacle to intra-regional trade and reduce the benefits of participating in a common market.

NTBs increase the cost of trade and ultimately make products more expensive for consumers and businesses (Calabrese and Eberhard-Ruiz, 2016). NTBs are bad for business, as they reduce competition and drive up production costs, making EAC businesses uncompetitive globally. One study estimates that transport costs could fall by as much as 30% if trade facilitation was improved along the Northern Corridor (Eberhard-Ruiz and Calabrese, 2017).

NTBs are also bad for EAC residents as they make goods more expensive for consumers, thus effectively increasing poverty. Another study highlights the economic and social costs associated with NTBs in East Africa: it estimates that the costs of transport and logistics barriers range between 1.7% and 2.8% of the gross domestic product of EAC economies; and that in Tanzania, the poorest people could see their real income rise by almost 2.8% as a result of a reduction in transport and logistic costs (Gasiorek et al., 2017).

Figure 1: East African transport corridors



Source: TMEA

2 TMEA interventions to eliminate NTBs

Given the costs of NTBs on EAC economies and their populations, TMEA designed a body of work to eliminate or reduce these barriers. Efforts to eliminate NTBs form part of a larger portfolio of projects aiming at facilitating trade among the EAC member states, which also includes efforts to harmonise standards and establish a Single Customs Territory.

During its first strategy (S1, 2010-2017), TMEA's efforts to reduce NTBs took the form of several interventions.

Support towards the implementation of the EAC Time-Bound Programme (Matrix) on the Elimination of NTBs. To fulfil their commitment towards the elimination of NTBs in a timely manner, EAC countries regularly compile a time-bound matrix describing the nature and scope of the NTBs, the affected countries and the responsible government counterparts. The matrix also describes actions to resolve the NTBs in question and sets a deadline for these actions. Reviewed and updated regularly to track progress and to record new NTBs, the matrix is a useful tool providing an overview of the situation. TMEA supported the implementation of the matrix.

Supporting National Monitoring Committees (NMCs). These country-level committees are in charge of monitoring progress with NTBs elimination in the partner states. These are generally formed of the relevant government ministries and agencies (usually ministries of trade, of EAC affairs, finance, agriculture and infrastructure, as well as standards, agriculture and infrastructure agencies) The NMCs meet regularly to report new NTBs and discuss their eliminations. Throughout S1 (2010-2017), TMEA provided support to the NMCs in the form of technical and financial assistance, capacity building and facilitation of meetings at the national and regional level.

Putting in place SMS/Online-based NTB-reporting at the national level to allow citizens to report and monitor NTBs. In 2014, Uganda launched its reporting system based on both emails and use of an Unstructured Supplementary Service Data (USSD) code available on all mobile telecommunication networks. This allowed Uganda citizens to report any NTBs directly to the Ministry of Trade, Industry and Cooperatives (Odongo, 2017).

Supporting a Tripartite Online NTB reporting system.¹ This system aims at eliminating NTBs not only in the EAC, but also within the free trade area between the EAC, the Common Market for Eastern and Southern Africa (COMESA), and the Southern Africa Development Community (SADC). Those who identify an NTB in this tripartite area can report it through the system, and an administrator follows up with national focal points for resolution. TMEA provided financial support to the EAC Secretariat by hosting the Tripartite online and SMS reporting system (Odongo, 2017). TMEA supported the system and system administrator for one year, and subsequently, the African Development Bank took over.

Drafting and reviewing the EAC NTBs Act, to achieve a long-term solution to the problem of NTBs. The latest draft of the Act (2017) sets up the framework and procedures to eliminate NTBs but also prohibits partner states to create new barriers, and envisages a potential use of sanctions to this end. TMEA supported the drafting and review of the Act.

To undertake these interventions, TMEA set up a **wide network of partnerships**. It worked closely with the EAC Secretariat, the Partner States' governments and their National Monitoring Committees, EAC businesses and their representatives, and the civil society in

¹ Available at <https://www.tradebarriers.org/>

each country. Moreover, rather than relying on a ‘one-size-fits-all’ approach, TMEA also sought to identify the best ways to address each NTBs. One example is the use of bilateral channels to resolve given NTBs. In order to resolve NTBs, the first port of call was through bilateral discussion with interested member states.²

In line with TMEA’s goals of mainstreaming gender issues into its work, the interventions planned by TMEA to eliminate NTBs also included women in the process, bringing women traders to the table to discuss how to resolve the NTBs that affect them (Culver et al., 2019).

TMEA estimates that its work on NTBs had tangible results. In Tanzania, the reduction in the time required for a Certificate of Origin decreased by 99%, from five days to one hour. The time to trade goods from and to the EAC decreased dramatically, reduced from 36 to 31 days to import and from 33 to 26 days to export. This amounted to an average saving of US\$ 1,700 from a container from Mombasa to Kigali. Total savings are estimated to amount to US\$ 7 million since 2011 on the Mombasa-Kigali route. Road toll harmonisation has also allowed US\$ 800k in savings in Rwanda (TMEA, 2016).

3 Key points from the independent evaluation

TMEA’s work contributed to eliminating many NTBs. In its Results Framework, TMEA itself reported eliminating 116 NTBs. This was confirmed by the evaluation: TMEA’s support to the implementation of reporting, monitoring and resolution mechanisms (national and regional) helped eliminate NTBs like weighbridges and checkpoints. A case study of the Northern Corridor connecting the port of Mombasa in Kenya through to Uganda and Rwanda finds that TMEA’s work on NTBs likely contributed to a reduction in trade times and costs, in conjunction with other work by TMEA (OSBPs, standards, etc; Culver et al., 2019).

TMEA’s effective stakeholder engagement contributed to achieving these results. This involved both the private and the public sectors: governments, national private sector organisations, and businesses. Rather than a one-size-fits-all approach, TMEA tailored stakeholders engagement based on the work area. For example, to eliminate NTBs, bilateral engagement between two countries (the ‘origin’ and the ‘recipient’ of the NTBs) worked better than a regional approach, as it minimised the degree of defensiveness with which the parties approached the discussions (Culver et al., 2019).

Box 1: A case study of the Northern Corridor

The independent evaluation identified likely gains in terms of reduced transport times on the Northern Corridor. Despite missing independent baseline data in many cases, the evaluation noted that most sources reviewed and interviews conducted note a reduction in transit times along the corridor. Trade observatory data also show a clear reduction in transport costs. In particular, data indicate that while trucking costs remained roughly the same, hidden or indirect costs have reduced dramatically (of 74%) on the Mombasa-Nairobi route, indicating a success of trade facilitation efforts.

The independent evaluation places the elimination of NTBs (in particular weighbridges and checkpoints along the corridor) as one of the main contributors to this gain, but it is not able to disentangle the specific contribution of NTBs elimination.

Source: Culver et al., 2019

² Communication with TMEA staff, 19 October 2020.

To mainstream gender issues, TMEA's efforts to eliminate NTBs targeted women. Women traders were asked to discuss NTBs that commonly affect them, such as those related to cross-border trade; some women's organisations were asked to join the NMCs, and women traders were trained on NTBs (Culver et al., 2019; Smith et al., 2019).

Despite the good results and practices, the evaluation also warned against potential risks in effectively addressing NTBs. In particular, it highlighted that increased protectionism, and lack of continuity in the work of the NMCs and online reporting systems could reverse the positive results achieved by the programme (Culver et al., 2019).

Moreover, the evaluation notes three challenges. The first is around the measuring and reporting NTBs. In its Results Framework, TMEA clarifies that it would target 'high-priority NTBs' and that the resolved NTBs would be counted 'against the total number of NTBs reported as outstanding'. This signals that TMEA is committed to removing the largest barriers first, and that it aims to reduce the total number of barriers affecting the region. However, the evaluation reports that the Result Framework does not mention whether the 116 barriers removed with TMEA's contribution are the high priority ones, and how do they compare with the total number of NTBs. This does not allow to properly assess TMEA's work against its objectives (Culver et al., 2019).

Secondly, the elimination of NTBs is not explicitly linked to outcomes. We know that TMEA's work contributed to eliminating NTBs, but we cannot measure the gains of this work in terms of reduction of trade costs, times or other benefits. The evaluation could not verify that the elimination of NTBs itself contributed to easing trade across borders because the data that would have enabled this estimation was not collected. What emerges clearly is that TMEA's overall work across its portfolio (including work on standards, on infrastructure and so on) contributed to reducing trade costs and times. This is in line with the literature, that shows that Aid for Trade programmes (such as TMEA) reduce trade costs (Cali and te Velde, 2011). However, the evaluators were not able to disentangle the contribution of the elimination of NTBs from that of the other TMEA's workstreams. This does not allow to quantify how valuable TMEA's work in this area is, and how it compares to other workstreams. According to the evaluation, this could be solved through better data collection that enables to understand how NTBs affect the economy (Culver et al., 2019).

Finally, the evaluation noted, the persistence of NTBs remains a challenge in East Africa. Despite many NTBs being eliminated, new ones have popped up, some observers have noted, at an even faster pace than before. This has to do with issues that are beyond TMEA's control, such as market tensions among EAC partner states, as well as with disagreements over rules and regulations for specific goods and sectors (Culver et al., 2019). This makes it difficult for the EAC Partner States to achieve durable results in the area of NTBs.

4. The lessons learned

The evaluation showed that TMEA's work on NTBs was effective in removing the NTBs, in particular in conjunction with TMEA's broader portfolio of work aimed at reducing trade costs. The evaluation also identified areas that require some strengthening, such as better data collection to enable measurement of NTBs elimination. Being able to estimate the gains in terms of reduced trade times and costs of the NTBs elimination programmes would strengthen TMEA's understanding of the value of its work, and make informed decisions.

One main point raised by the evaluation is that the NTBs programme did have a plan to eliminate NTBs, but not to prevent new ones from arising. In the period under consideration,

the number of NTBs increased, through no fault of TMEA and despite the organisation's best efforts to eliminate them. The evaluation, therefore, suggests that TMEA could support EAC countries to set up a system of penalties for countries and stakeholders that are ineffective at eliminating NTBs, or that contribute to the creation of new ones (Culver et al., 2019). The Elimination of NTBs Act (2015), supported by TMEA's work, provides the legal space for this, as it allows EAC institutions to impose sanctions on the Partner States that do not comply with directives and decisions to eliminate NTBs.

We take a more radical approach and suggest that, rather than creating a more sustainable system to eliminate NTBs, TMEA should aim to prevent them from arising. This seems like an ambitious task, but TMEA's success demonstrates that the organisation can be ambitious in its operations.

New NTBs are often created by dynamics that are out of TMEA's control: increased protectionism in some sectors, domestic political issues or tensions between partner states. However, TMEA can work to understand: 1) what are the political economy issues that promote the creation of new NTBs, and 2) what are the conditions that would enable governments in the EAC to set up a sustainable mechanism to eliminate NTBs. These two areas of work require a strong understanding of the East African political economy at the national and regional. TMEA's ongoing work as part of its second strategy deals with these issues,³ and can lead to a more sustained solution to the problem of NTBs.

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ⁱ DFID is now part of Foreign, Commonwealth and Development Office – FCDO.

³ Communication with TMEA staff, 19 October 2020.