Establishment and Operation of the Ethio-Djibouti Corridor Management Authority (EDCMA)

Discussion Document

September 2022

Note: This proposal has no status. It is prepared as a basis for negotiation between the Governments of the Republic of Djibouti and the Federal Democratic Republic of Ethiopia for the establishment of the Ethio-Djibouti Corridor Management Authority.

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Abbreviations

AEO	Authorised Economic Operator
AFD	French Development Agency
CMA	Corridor Management Authority
CMS	Customs Management System
COMESA	Common Market for Eastern and Southern Africa
CTMS	Corridor Trip Monitoring System
EMA	Ethiopian Maritime Authority
ESLSE	Ethiopian Shipping and Logistics Services Enterprise
DDID	Djibouti Damerjog Industrial Development
DMP	Doraleh Multipurpose Port
DPFZA	Djibouti Port and Free Zone Authority
DWT	Dead Weight Tons
eCMS	Electronic Customs Management System
EIF	Enhanced Integrated Framework
eSW	Electronic Single Window
FOB	Free on Board
GVM	Gross Vehicle Mass
HoA	Horn of Africa
HCV	High-Capacity Vehicle
ICD	Inland Container Depot
IGAD	Intergovernmental Authority on Development
ISO	International Standards Organisation
ITS	Intelligent Transport Systems
LPG	Liquid Petroleum Gas
MCBRTA	Multilateral Cross Border Road Transport Agreement
OSBP	One Stop Border Post
PPP	Public Private Partnership
NTIS	National Transport Information System
SEZ	Special Economic Zone
SSATP	Sub Saharan Africa Transport Programme
SGTD	Société De Gestion Du Terminal A Conteneur De Doraleh (formally DCT)
TC-CTF	Technical Committee – Customs and Trade Facilitation
TC-D	Technical Committee – Digitalisation
TC-IT	Technical Committee – Infrastructure and Transport
TEU	Twenty Foot Equivalent Unit
TMEA	TradeMark East Africa
TRIPS	Tripartite Transport Registers and Information Platform
TTTFP	Tripartite Transport and Transit Facilitation Programme
UNCTAD	United Nations Conference on Trade and Development
VLMA	Vehicle Load Management Agreement
VLMIS	Vehicle Load Management Information System
WCO	World Customs Organisation
WTO	World Trade Organisation

1. Introduction

Ethiopia, as a landlocked country, is largely dependent on the port of Djibouti for most of its imports and exports by sea and most goods coming into, and going out of, Djibouti port are destined to, or originating from, Ethiopia, meaning that the two countries are mutually dependent on each other.

Over the last 20 years or so Ethiopia and Djibouti have been having discussions on the establishment of the Ethio-Djibouti Corridor Management Authority. These discussions have usually been convened by third-party organisations such the Common Market for Eastern and Southern Africa (COMESA), the Intergovernmental Authority on Development (IGAD) and the Enhanced Integrated Framework (EIF). However, up until now, these discussions have not resulted in the establishment of an Ethio-Djibouti Corridor Management Authority.

The 2015 COMESA Annual Report[1] on the 1st Ministerial meeting for the formation of the Djibouti Corridor Authority held in Addis Ababa in June 2015 reports that the meeting agreed on the routing of the corridor for both road and rail and the One Stop Border Posts on the corridor. A Draft Agreement, Work Programme, Strategic Plan and Financial Strategy for the Djibouti Corridor Authority were developed and discussed by partner States. JICA supported training on OSBP and offered to support future corridor activities. NEPAD provided funding for a scoping study and to support a conference of potential financers, but the Parties did not sign an agreement to establish a corridor management agreement.

Further efforts to establish a Djibouti-Ethiopia Corridor Management Authority were made under the Enhanced Integrated Framework and a proposal for what would have been the EIF's first regional project were submitted to the EIF Committee of Partner Agencies in November 2017. However, Ethiopia and Djibouti could not agree on the details for the establishment of the Djibouti-Ethiopia Corridor Management Authority, so the funds were not allocated by the EIF Committee.

IGAD, using grant funds, have also supported initiatives to establish the Ethio-Djibouti Corridor, as has the Horn of Africa Initiative, supported by the African Development Bank, the World Bank Group and the European Union.

The main reasons for the failure to establish the Ethio-Djibouti Corridor Management Authority have been the failure of the two Parties to reach a common definition of the corridor and its functions. For Djibouti, the corridor linking the port of Djibouti with Ethiopia is regarded as part of a larger corridor linking the port of Djibouti to not only Ethiopia but to other, mainly, land-locked countries in the region such as Sudan and South Sudan and possibly Rwanda, Uganda, Chad, the Central African Republic and the Democratic Republic of Congo. For Ethiopia, on the other hand, the Ethio-Djibouti Corridor is part of a network of corridors linking Ethiopia and other Horn of Africa countries to a network of ports including Port Sudan, Massawa, Assab, Djibouti, Berbera and Mombasa and possibly other ports such as Mogadishu and Kismayo.

The two differences in perceptions regarding the functionality of the Ethio-Djibouti Corridor led to a difference of opinion on the functionality and location of the Secretariat. For Djibouti, as the Corridor is seen to be anchored on the port of Djibouti, it naturally followed that the Secretariat should be in Djibouti, with its main function being to optimise Djibouti port efficiencies but also to assist with cross-

1 https://www.comesa.int/wp-content/uploads/2020/04/2015-Comesa-Annual-Report.pdf

border road transport issues. For Ethiopia, as the Ethio-Djibouti Corridor was part of a network of corridors, based on multiple ports, it followed that the Secretariat should be based in Ethiopia and its main functions would be to ensure efficient cross-border and transit facilities and facilitate port optimisation in multiple ports.

The difference of opinion also resulted in both Parties referring to the Corridor by different names. For Djibouti, the section of the corridor between the port of Djibouti and Addis Ababa was a section of the larger Djibouti Corridor while, for Ethiopia, the section linking Addis Ababa with the port of Djibouti was part of the Horn of Africa corridor network.

To establish the Ethio-Djibouti Corridor Management Authority it is necessary for both Parties to negotiate an Ethio-Djibouti corridor agreement that meets the needs of both parties, perhaps with compromises needed on both sides, and which can be the nucleus of two more ambitious corridors, the Djibouti Corridor linking the port of Djibouti to a regional hinterland, and the Horn of Africa corridor network, linking Ethiopia to a network of ports. The purpose of this non-paper, or unsolicited draft proposal, is to make suggestions on what the structure of the Ethio-Djibouti Corridor Management Authority (EDCMA) could be; what the structure and function of the EDCMA Secretariat could be; what a bilateral EDCMA agreement between Ethiopia and Djibouti could look like; and what a work plan for the first twelve months of operation of the EDCMA could be. The proposals provided are not intended to reflect the interests or positions of either Party and are intended as proposals that form the basis for discussion and negotiations. It is envisioned that Ethiopia and Djibouti will start negotiations from these neutral positions and will, through a series of discussions and negotiations, fashion an agreement and work plan that meets the needs of both Parties.

2. Rationale for a Corridor Management Authority

Both Ethiopia and Djibouti are basing their economic development on industrialisation programmes which, if they are to be effective, rely on ensuring that goods are manufactured for export. If goods manufactured in Ethiopia and Djibouti are to be exported, the goods will need to be competitive in the global market, which means that they will need to be manufactured to an acceptable standard (quality) and be sold at a cost that is either the same as or cheaper than equivalent goods manufactured in other countries (price).

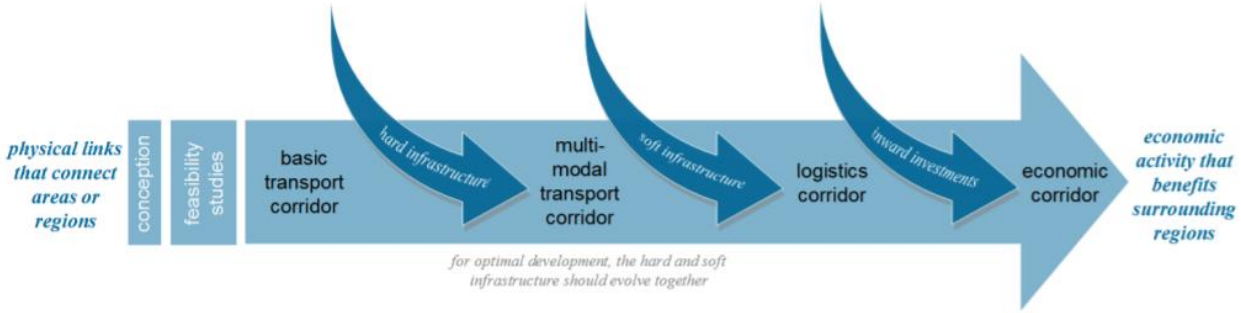
The price of manufactured goods depends on costs of factors of production and, as modern manufacturing involves assembly of components manufactured and imported from all over the world, the cost of freight logistics is an important component of the cost of manufactured goods in Ethiopia and Djibouti.

The components of the cost of freight logistics include the cost of shipping (including port handling charges) and the cost of land transport from port to final destination. The cost of shipping can be reduced, but with great difficulty and only marginally, by actions taken by the Ethiopian and Djiboutian governments.

The costs of land transport are dependent on fixed and variable costs of transport by train and truck. The most effective way to reduce costs of transport by truck and train is to reduce the time taken for each leg of the journey so that the number of return journeys per month or year can be increased. Increasing the number of return journeys will allow the transporter to reduce the cost of transport by allowing him to share his fixed costs between more journeys. If, for example, his fixed costs are USD100 per month and he only does one journey per month then he would need to charge USD100 per journey plus the variable costs. If he is able to do 4 journeys per month he would only need to charge USD25 per journey plus the variable costs, so costs of transport, and so costs of both imports and exports, could be reduced.

Road and rail corridors are often considered to develop linearly, and Figure 1 provides a useful schematic of the evolution of a development corridor starting from a basic transport corridor to a multi-modal transport corridor to a logistics corridor to an economic corridor.

Figure 1: Evolution of a Development Corridor



Source: "Development Corridors" by Albie Hope and John Cox[2]

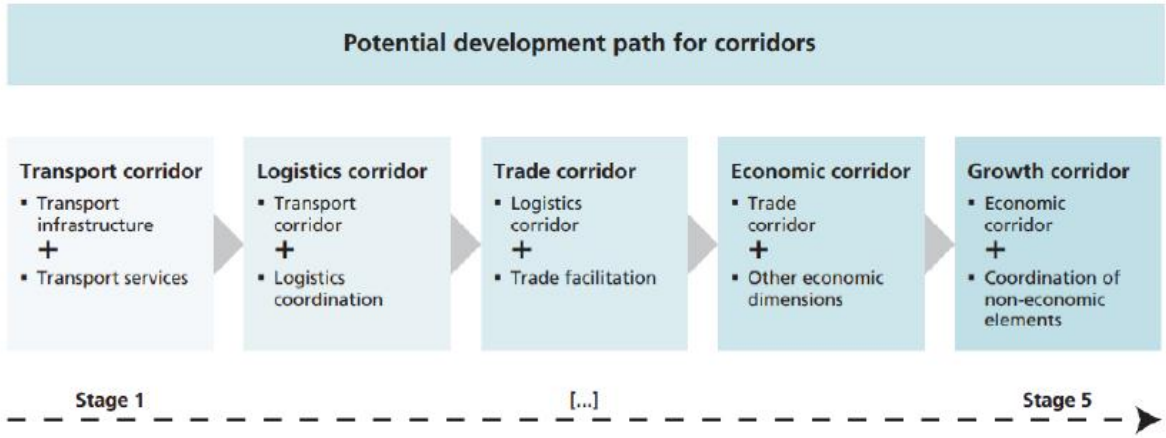
Corridors may start as transport or transit routes with one or more modes of transport being developed through the provision of hard infrastructure. The next stage of evolution requires improvements to the so-called "soft infrastructure" of transport services and transport logistics.

[2] https://assets.publishing.service.gov.uk/media/57a08995e5274a31e000016a/Topic_Guide_Development_Corridors.pdf

Evolution into a fully-fledged economic corridor requires broader investments in the area served by the corridor.

This classification of corridors has been taken a little further in the 2019 study report on Developing Coordination and Institutional Arrangements for the Management of Intermodal Transport Corridors by the United Nations Economic and Social Commission for Asia and the Pacific (ESCAP), the regional development arm of the United Nations for the Asia-Pacific region. This 2019 study report draws on an Asia Development Bank study authored by Pradeep Srivastava[3] and suggests that there are five stages in corridor development, these shown graphically in Figure 2.

Figure 2: Potential Development Path for Corridors



Source Developing Coordination and Institutional Arrangements for the Management of Intermodal Transport Corridors in the ESCAP Region

The evolution of corridors from transport corridors to logistics corridors to trade corridors to economic corridors and to growth corridors is dependent on the volumes of cargo handled along the corridor. This, in turn, is dependent on the infrastructure and services available.

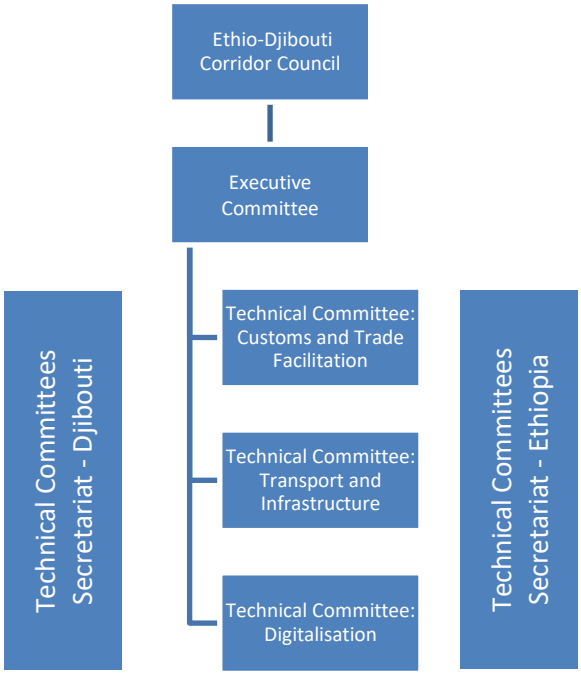
[3] Pradeep Srivastava, Regional Corridors Development in Regional Cooperation, Working Paper Series No. 258, May 2011, available at https://www.adb.org/sites/default/files/publication/28889/ewp-258.pdf (accessed September 2021).

3. Proposed Structure and Role of the EDCMA

As has been noted above, there are different interpretations of the Corridor. Ethiopia sees the corridor as part of the Horn of Africa (HoA) Corridor Network, with the eventual establishment of the HoA Management Authority (CMA) that would manage all the Horn of Africa Corridors. Djibouti sees the Corridor as a corridor servicing the region, not just Ethiopia, but the corridor would be based on only one port, this being the port of Djibouti.

To take account of the different requirements of the two Parties, and to take account of the existing agreements in place, the following structure of the EDCMA is proposed:

Figure 3: Proposed Structure of the Ethiopia Djibouti Corridor Management Authority



In this proposed structure, the Technical Committees Secretariats perform purely administrative functions and not technical functions. This means that the secretariats manage implementation of contracts, arrangement meetings and follow up on commitments made by members of the Technical Committees in terms of the work plans.

The possible structure of the Horn of Africa Corridor Management Authority could be as shown in Table 1.

Table 1: Possible Structure, Composition and Responsibilities of the Ethio-Djibouti CMA

Structure	Composition	Responsibilities
Ethiopia-Djibouti Corridor Council	- Ethiopian and Djiboutian Ministers responsible for Transport and Logistics and Trade. - Head of Ethiopia Maritime Authority - Head of Ethiopia Shipping and Logistics Services Enterprise - Head of Ethiopian Investment Holdings	Approve policies that: - Promote private sector participation. - Establish and managing transport and logistics systems that are viable, reliable, efficient and take advantage of the latest advances in ICT technology. - Promote non-discriminatory, reciprocal, equal treatment and fair competition towards operators and users.

Structure	Composition	Responsibilities
	- Head of Djibouti Ports and Free Zone Authority - Private Sector representatives of the Transport and Logistics Sectors from Ethiopia and Djibouti.	- Harmonisation of standards and procedures for design, construction, operation and maintenance of transport, transit facilities and equipment. - Promote the role of the corridor as a development corridor. - Facilitate the smooth and rapid movement of persons and goods between their territories and in transit. - Eradicate customs fraud and tax evasion.
Executive Committee (co-chaired by LTO and Djibouti Ministry of Transport)	- Head of LTO (Ethiopia) and PS Minister of Transport (Djibouti) - as co-chairs. - Senior government officials from Ethiopia and Djibouti from Ministries dealing with Transport, Logistics and Trade. - Representatives of the Customs Clearing and Freight Forwarding and Transport Associations in Ethiopia and Djibouti. - Representatives of ESLSE and DPFZA.	- Evaluate the recommendations of the Technical Committees and convert these into recommendations to the Council - Develop policies for consideration by the Council - Negotiate a Bilateral Agreement between Ethiopia and Djibouti. - Approve a Corridor Monitoring and Reporting Mechanism
Technical Committee: Customs and Trade Facilitation	- Co-chaired by Customs of Ethiopia and Djibouti. - Representatives from Ministries dealing with Transport, Logistics and Trade. - Representatives from LTO and DPFZA - Representatives of Clearing Agents and Transport Associations.	- Implement the customs and trade facilitation components of the Work Plan
Technical Committee: Infrastructure and Transport	- Co-chaired by Directors from Ethiopia and Djibouti Ministries of Transport. - Representatives from Ministries dealing with Infrastructure, Logistics and Transport. - Representatives of Freight Forwarding Agents and Transport Associations.	- Implement the infrastructure and transport components of the Work Plan
Technical Committee: Digitalisation	- Heads of the Ethiopian Single Window and DPCS as co-chairs. - Representatives of Customs from Ethiopia and Djibouti. - Representatives of the Ministries of Transport, Logistics and Trade from Ethiopia and Djibouti - Representatives of Clearing Agents, Freight Forwarders and Transport Associations.	- Implement the digitalisation components of the Work Plan

3.1 Mandate of the Ethio-Djibouti Corridor Management Authority

The Mandate of the Ethiopia Djibouti Corridor Management Authority could be as follows:

a) To remove all obstacles to the flow of trade and services along the Ethio-Djibouti Corridor.
b) To put in place, and monitor implementation, measures and instruments that will facilitate transport and transit of freight, goods and people along the entire length of the Corridor.
c) To transform the Corridor into a seamless, efficient and SMART[4] Corridor.
d) To transform the Corridor into a developmental corridor network which, in addition to offering safe, fast and competitive transport and transit services that secure regional and international
e) trade, will stimulate investments, encourage sustainable development and poverty reduction in an environmentally sustainable way.

In implementing this mandate the Corridor Management Authority would be involved in:

a) Establishing and managing transport, logistics and communication systems that are viable, reliable and efficient, with the private sector being eligible to operate and manage such systems.
b) Implementing a policy of non-discriminatory, reciprocal, equal treatment and fair competition towards operators and users of the transport, logistics and communications systems.
c) Cooperate in investment planning, development of transport, logistics and transit facilities and to jointly seek financing for project execution.
d) Harmonising standards and procedures for design, construction, operation and maintenance of transport, logistics and transit facilities and equipment.
e) Taking measures necessary to promote the role of the corridor as a development corridor.
f) Encouraging the private sector to participate in the financing of construction and maintenance of transport and logistics infrastructure and facilities.
g) Harmonising privatisation policies relating to the management of transport and logistics facilities and services.
h) Facilitating the smooth and rapid movement of persons and goods between their territories and in transit, through the simplification and harmonisation of documentation, and digitalisation of all documentation and procedures relevant to the movement of persons and goods between their territories and in transit through their territories.
i) Working towards eradication of customs fraud and tax evasion.
j) Carrying out mutual consultations with other contracting parties, prior to effecting any changes in laws, regulations and procedures concerning the movement of persons, vehicles and goods, except in an emergency.

3.2 Structure and Role of the EDCMA Secretariats

The proposal, as regards the Secretariat, is to establish one Secretariat in Ethiopia and one Secretariat in Djibouti, but that each Secretariat would assist each country to implement a common work plan – a work plan that is agreed by the two countries. It would be essential that the Secretariat has daily correspondence between each other and that they jointly manage projects. For this to happen it will be necessary to develop and design a strong coordination mechanism that will be adequately supervised and overseen by an independent establishment.

As the Corridor expands, either linearly as envisaged by Djibouti, or as a network, as envisaged by Ethiopia, the model of having a Secretariat in each country will meet the needs of both models.

[4] A SMART Corridor refers to developing and operating corridors that has been adopted in the PIDA and included in its PAP. The word “SMART” stands for “Safety, Mobility, Automated, Real-time Traffic Management”.

The structure of the Secretariat will depend on the requirements of Djibouti for the Djibouti EDCMA Secretariat and on Ethiopia for the Ethiopia EDCMA Secretariat. However, the suggestion is that each Secretariat should, initially, be staffed by a team of three, with the Head of the Secretariat being responsible for providing support to the Executive Committee's Work Plan implementation and two technical staff providing support to the three Technical Committees.

The role and function of the Secretariat would be to:

- Prepare Terms of Reference for all technical studies and work agreed as part of the Technical Committees and Executive Committee Work Plans.
- Assist the Technical Committees and the Executive Committee to evaluate tenders for technical work to be done under the Work Plans and assist with the process of awarding contracts.
- Administer the contracts awarded to consultants to carry out the technical work planned under the Work Plans.
- Prepare agendas, arrange meetings and record the proceedings of meetings of the Technical Committees, Executive Committee and Joint Council.

The operations of the two Secretariats for the first 3 years could be financed through a grant provided by the European Union to Agence Française de Développement (AFD) as a 7-pillar assessed organisation, for the "Regional Economic Integration in the Horn of Africa through Development of the Djibouti Corridor" project. Although the grant is provided to AFD, the Regional Integration project is administered by TradeMark East Africa.

4. EDCMA Bilateral Agreement

A formal Bilateral Agreement will be needed to assist with the governance of the Ethio-Djibouti Corridor Management Authority. However, as there are bilateral agreements between Ethiopia and Djibouti already in place that cover transport, transit, customs procedures and port utilisation, a revised Bilateral Agreement could be negotiated within the first 12 months of the establishment of the EDCMA and, until the revised EDCMA Bilateral Agreement is in place, the EDCMA can function under the existing Bilateral Agreements which include:

- Djibouti Port Utilisation Agreement (13th April 2002)[5]
- Preferential Investment Facilitation and Property Acquisition Agreement (18th November 2006)
- Customs Transit Protocol Agreement (9th April 2008)
- Agreement on the Implementation of the Multimodal Transport System (24th April 2010)
- Road Transport Services Agreement (7th November 2011)
- Bilateral Agreement for the Ethio-Djibouti Railway (8th December 2016)

It is suggested that the revised EDCMA Bilateral Agreement be a general agreement, with details contained in annexes, which form part of the revised EDCMA Bilateral Agreement. The annexes to the revised EDCMA Bilateral Agreement could be on Port Utilisation; Trade Facilitation and Customs; Transit; Transport; Infrastructure; and Financing. Where possible, the annexes would be based on existing bilateral agreements, including the Port Utilisation Agreement (2002); the Customs Transit Protocol Agreement (2008); the Multimodal Transport System Agreement (2010); the Road Transport Services Agreement (2011); and the Ethio-Djibouti Railway Agreement (2016).

The revised EDCMA Bilateral Agreement annexes, although based on existing agreements, would also need to be updated and modified to take account of international best practices and regional and multilateral agreements that the two Parties have signed and ratified, or have given notice of their intention to sign and ratify. The regional, continental and multilateral agreements and programmes which would need to be taken account of would include:

- The Tripartite Transport and Transit Facilitation Programme, including the Vehicle Load Management Agreement, the Multilateral Cross-Border Road Transport Agreement, the Tripartite Transport Registers and Information Platform System (TRIPS) and the Corridor Trip Monitoring System (CTMS).
- The Africa Union's Continental Free Trade Agreement's Protocol on Trade in Goods and in particular Annex 3 (Customs Cooperation and Mutual Administrative Assistance), Annex 4 (Trade Facilitation) and Annex 8 (Transit).
- The World Trade Organisation's Trade Facilitation Agreement[6]
- The World Customs Organisation's Revised Kyoto Convention

[5] Article 33.1 of the Djibouti Port Utilisation Agreement makes provision for Ethiopia and Djibouti "*to establish a joint Ministerial Committee which shall be composed of Ministers responsible for port, transit, transport, customs and other related matters that shall meet every six months alternately in Addis Ababa and in Djibouti. Either Party may request for an interim consultation as deemed necessary.*"

[6] Although Ethiopia is not a Member of the WTO, it is in accession to the WTO so, as part of the accession process, is obliged to implement the provisions of the Trade Facilitation Agreement. In addition, the Trade Facilitation Agreement has almost the same content as Annex 4 on Trade Facilitation of the Trade in Goods Protocol of the African Continental Free Trade Agreement, which Ethiopia is a signatory to.

Working in combination, the two EDCMA Secretariats could prepare a draft revised EDCMA Bilateral Agreement with the mentioned annexes, which will be based on the existing bilateral agreements but adjusted to take account of relevant regional, continental and multilateral programmes and agreements Ethiopia and Djibouti are signatories to. The revised EDCMA Bilateral Agreement, with its annexes, would be submitted to the Governments of Ethiopia and Djibouti for their consideration. The two countries would make modifications to the draft as they see fit. The final form of the revised EDCMA Bilateral Agreement will then be negotiated and agreed by the Joint Executive Committee and will then be submitted to the Joint Council for their final approval and endorsement. The provisions of the revised EDCMA Bilateral Agreement would then be domesticated and incorporated into national law by Ethiopia and Djibouti.

5. Executive Committee Work Plan

5.1 Oversee the Preparation of the revised EDCMA Bilateral Agreement

The governance of the EDCMA for the first 12 months could be done under the existing agreements between Ethiopia and Djibouti already in place that cover transport, transit, customs procedures and port utilisation. However, there is a need to prepare a revised Bilateral Agreement which could be done within the first 12 months of the establishment of the EDCMA and the preparation of the revised EDCMA Bilateral Agreement could be overseen by the Executive Committee

5.2 Review Cross-Border Transit and Transport Regulations, Laws and Agreements

In Ethiopia and Djibouti logistics services are not regulated holistically but rather as individual components, such as transit, transport, warehousing, etc., that make up logistics. This, in turn, often leads to contradictory logistics policy, poor coordination between government ministries, departments and agencies that are freight logistics stakeholders and mixed and confused messages being sent to the private sector players in the logistics sector.

The Executive Committee, with the assistance of consultants that could be recruited by the EDCMA Secretariats, could review all laws, regulations, proclamations, etc. pertaining to trade, transport, transit and logistics in Ethiopia and Djibouti to ensure that these laws and regulations do not contradict each other and also to ensure that the legal and regulatory structures of both countries are in support of the revised EDCMA Bilateral Agreement that would be negotiated.

It would also be necessary to review previous initiatives and to build on the work already done in deepening regional integration through projects and programmes addressing improved cross-border cooperation. For example:

- A memorandum of understanding was signed between Ethiopia and Djibouti in November 2008 and an ad-hoc Technical Committee and Permanent Joint Committee were established. The ad-hoc Technical Committee was given the responsibility for harmonising the transit procedure, preparing the appropriate forms, and creating an interface between the Djibouti ASYCUDA-WORLD system and the Ethiopian electronic Customs Management System.
- Ethiopia and Djibouti signed a Bilateral Trade Agreement in March 2017 and a Border Trade Protocol in February 2015.
- A Draft OSBP bilateral agreement was prepared by IGAD in line with the OSBP sourcebook and international best practices and Kagga and Partners in association with Africon Universal Consulting were awarded a contract to conduct a feasibility study for the Trade and Transportation Facilitation of the corridor by IGAD through the fund obtained from African Development Bank (AfDB).

The results and outputs of this previous work need to either be incorporated into the work of the EDCMA Technical Committees or reasons given for discounting these existing plans and proposals.

6. Technical Committee: Customs and Trade Facilitation

Trade facilitation takes place at three levels: at the national, regional and international level. While at the regional and international level, standards and procedures are developed and agreed, the operational implementation of trade facilitation measures takes place at the national and sub-national level. The EDCMA Technical Committee on Customs and Trade Facilitation (TC-CTF) is responsible for overseeing implementation of Customs and Trade Facilitation measures that will improve the transport, transit and logistics service delivery of the EDCMA.

The process of developing a Work Plan by the TC-CTF would be as follows:

- The TC-CTF would consider the draft Work Plan as presented below as the basis for the TC-CTF Work Plan.
- The TC-CTF would make modifications to the draft Work Plan as it sees fit and once agreed, the revised draft Work Plan would be submitted for approval to the Executive Committee.
- The revised draft Work Plan as agreed by the Executive Committee will be submitted to the EDCMA Council for their approval.
- Once approved by the Council the EDCMA Secretariats could mobilise the necessary technical assistance required and could schedule and organise the TC-CTF meetings required to oversee implementation of the Work Plan and the validation meetings.

6.1 Design and Implementation of a Pilot Djibouti-Modjo Non-Stop Transit System

Transport costs of imports, which include shipping expenses from origin to the exit gate of the port of Djibouti, and road and rail transit costs from the exit gate of Djibouti port to the distribution point in Ethiopia, and distribution costs, which include the costs of distribution from the distribution point to the final destination in Ethiopia, are major components of the costs of trade. As modern manufacturing processes rely on international value and supply chains, the costs of imports have major impacts on the costs of production and the costs of exports. It is, therefore, vital for the growth of manufacture, upon which the economic growth of Ethiopia, in particular, is dependent but which is also important to Djibouti, to reduce the costs of transport of both imports and exports.

The proposal is to design and implement the Pilot Djibouti-Modjo Non-Stop Transit System, the components of which could be:

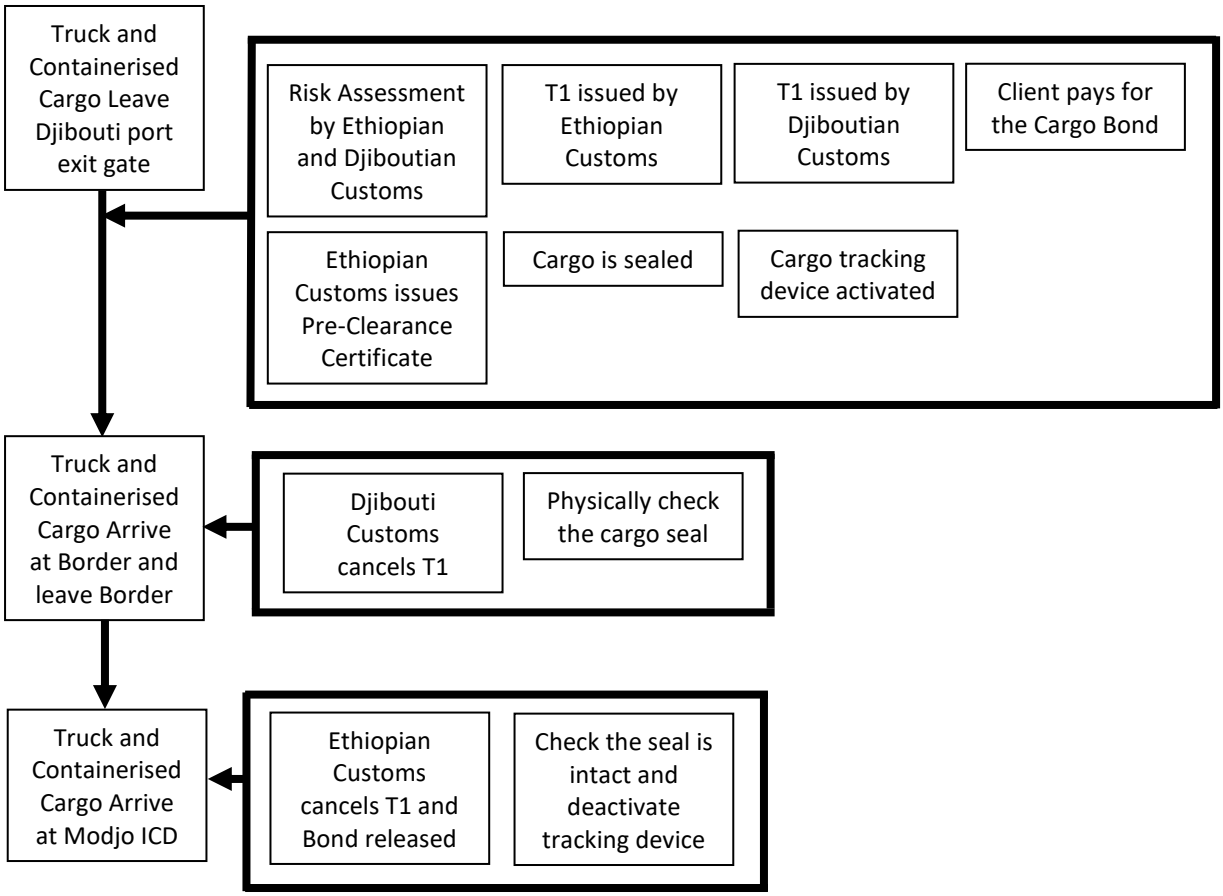
- A cross-border Ethiopia-Djibouti Authorised Economic Operator system;
- A defined route for road and rail transport; and
- An integrated Customs and Transit System with risk assessment, transit, bond guarantee, pre-clearance and cargo tracking components.

6.1.1 Ethiopia-Djibouti Cross-Border AEO Scheme

The TC-CTF could commission the design of an Authorised Economic Operator (AEO) scheme that will be common to Ethiopia and Djibouti. Economic Operators that qualify as AEOs and who are registered as AEOs would be able to benefit from the Pilot Djibouti-Modjo Non-Stop Transit System. To become an AEO the economic operator (including rail operators, road transporters, freight forwarders and clearing agents) would need to be assessed by the relevant authorities in Ethiopia and Djibouti and comply with the conditions that are laid down in the Bilateral AEO terms and conditions. In return, the AEO would benefit from the Pilot Djibouti-Modjo Non-Stop Transit System which would allow trains and road vehicles, with their cargo to move from the port of Djibouti to Modjo without having to stop for customs or other checks along the journey.

6.1.2 Pilot Djibouti-Modjo Non-Stop Transit System

Figure 4: Schematic Drawing of the Pilot Djibouti-Modjo Non-Stop Transit System



The Pilot Djibouti Modjo Non-Stop Transit System would have the following components:

- It would be available only to economic operators who are accredited under the Ethio-Djibouti Authorised Economic Operator scheme and who would display AEO plates on the truck if it is a road vehicle. This means that the cargo and transporter would automatically be classified as low risk (green channelled) unless they were carrying cargo, which was categorised as high-risk, in which case they would not be able to benefit from the Pilot Djibouti Modjo Non-Stop Transit System.
- The routing followed would be one of the following:
    - Road: Djibouti port – Galafi – Mille – Awash – Modjo
    - Road: Djibouti port – Dewele – Dire Dawa – Modjo
    - Road: Tadjoura port – Bahlo - Mille – Awash – Modjo
    - Rail: Djibouti port – Nagad – Dewele – Dire Dawa – Adama – Modjo
- A risk assessment system that would be common to Ethiopia and Djibouti Customs and other Border Agencies of Ethiopia and Djibouti as required.

- Compliance by Ethiopia and Djibouti Customs with at least the following Articles of the WTO's Trade Facilitation Agreement[7]:
    - Article 3, so ensure that all traders are able to obtain reliable "binding" information about the tariff classification, origin, or other customs treatment of his goods before he imports them.
    - Article 7.1 (Pre-Arrival Processing) and so allow traders to submit the import documentation and other information required for release of imported goods, in electronic format prior to arrival of the goods to expedite release.
    - Article 7.2 (Electronic Payment) and so introduce systems that provide for electronic payment of duties, taxes, fees and charges.
    - Article 7.3 (Separation of Release from Final Determination of Customs Duties, Taxes, Fees and Charges), meaning that Ethiopia and Djibouti should adopt or maintain procedures allowing for the submission of import documentation and other required information, including manifests, to begin processing prior to the arrival of goods to expedite the release of goods upon arrival. Ethiopia and Djibouti should also provide for advance lodging of documents in electronic format for pre-arrival processing of such documents.
    - Article 7.4 (Risk Management) so that both Ethiopia and Djibouti apply risk management on imports, exports and transit of goods and concentrate Customs control on high-risk consignments and expedite release of low-risk goods.
    - Article 7.5 (Post Clearance Audit) so that both Ethiopia and Djibouti use post-clearance audits to expedite release of goods and to inform risk management.
    - Article 7.7 (Trade Facilitation Measures for Authorised Economic Operators) and so implement a common AEO scheme between Djibouti and Ethiopia.
    - Article 8 (Border Agency Cooperation) and so ensure that Ethiopia and Djibouti coordinate border controls and procedures to facilitate trade.
    - Article 9 (Movement of goods intended for import) and so allow movement of goods from port of entry to another customs office in the same customs territory.
    - Article 10 (Formalities connected with importation, exportation and transit), simplifying/reducing formalities; using international standards; establish a single window (if one is not established already); remove pre-shipment inspection requirements; not introduce the requirement for the mandatory use of customs brokers; etc.
    - Article 11 (Freedom of Transit) so ensure freedom of transit and revision of the Ethiopia-Djibouti Transit Agreement.

[7] These TFA measures are also reflected in the AfCFTA Protocol on Trade. There are 12 Articles in Section I of the TFA and all relate to implementation of Article V (Freedom of Transit), Article VIII (Fees and Formalities connected with Importation and Exportation) and Article X (Publication and Administration of Trade Regulations) of the General Agreement on Tariffs and Trade (GATT).

Box 1 Transit Agreement

A transit agreement in compliance with Annex 8 of the African Continental Free Trade Agreement Protocol on Trade in Goods. Annex 8, which is in line with Article 11 of the WTO Trade Facilitation Agreement, provides for:

- State Parties granting all transit traffic freedom to traverse their respective territories by any means of transport suitable for that purpose;
- not to levy any import or export duties on the transit traffic, but may levy administrative or service charges equivalent to services rendered;
- makes no discrimination in the treatment of persons, goods and means of transport coming from, or bound to State Parties, and
- rates and tariffs for the use of their facilities by other State Parties shall not be less favourable than those accorded to their own traffic.

Annex 8 of the AfCFTA Trade in Goods Protocol provides for the means of transport used in transit trade to be licensed by the appropriate licensing authorities of the State Parties in accordance with their national laws and regulations and for all transit traffic operations to be covered by customs bond and sureties' arrangements and use AfCFTA transit documents.

    - Article 12 (Customs Cooperation) so share information/documents concerning specific import or export declarations between Ethiopia and Djibouti.

- Completion of a Transit Document (T1).
- Customs seals that are tamper-proof and conform to ISO 9001 standards would be used in conjunction with a Customs bond system and real-time cargo tracking.
- Application of pre-clearance and post-clearance audit systems.

7. Technical Committee: Transport and Infrastructure

7.1 Existing Corridor Infrastructure

7.1.1 Port Infrastructure

The port of Djibouti comprises the following facilities:

- **Société Djiboutienne de Gestion du Terminal Vraquier (SDTV):** SDTV is the oldest surviving port facility in Djibouti. It handles containers, bulk cargo, and cargo which can be offloaded by ships' gear rather than by cranes or gantries on the pier. SDTV is a concession awarded to the Al-Amoudi Group.
- **Société De Gestion Du Terminal A Conteneur De Doraleh (SGTD):** formally Doraleh Container Terminal (DCT), started as a joint venture between DP World and the Djiboutian Government, but the port is now wholly owned by Djibouti Ports and Free Zone Authority of the Djiboutian Government. The terminal was inaugurated in 2009 and has the capacity to handle Super Post Panamax container vessels (so vessels that have a capacity of 10,000-12,000 TEUs). The quay side productivity of the terminal is 34 TEU movements per hour per crane. SGTD has the capacity to handle 1.2 million TEU per year, has 1,050 meters of quay line, 8 Super Post Panamax quay cranes and 18 meters of draught.
- **The Doraleh Multipurpose Port (DMP)**: The multipurpose port opened in May 2017 and was funded by the Djibouti Ports and Free Zones Authority and China Merchant Holding and built by a Chinese construction firm at a cost of about US$590 million for Phase 1 and Phase 2 of the project. The port's bulk terminal can handle 2m tonnes of cargo annually, with storage for 100,000 tonnes of fertiliser and 100,000 tonnes of grain as well as warehouses for other goods. The completed facility will have the capacity to handle 8.8 million tons of goods per year. The port will have 15 berths that are 1,200m long with a depth of 16-18 m at quayside, so that they will be able to accommodate the biggest cargo ships.
- **Horizon Djibouti Terminals Ltd:** part of Horizon Terminals Limited which is wholly owned by Emirates National Oil Company of the United Arab Emirates. The terminal handles petroleum products, liquified petroleum gas, chemicals, and edible oils. It has 31 tanks with a total capacity of 371,000 m^3. It has two berths, one able to accommodate ships of 80,000 dead weight tons (DWT), 18m draft, and 244m in length, and the other able to accommodate ships of 30,000 DWT, 10m draft and 180m in length. The facility has 12 truck loading bays (top and bottom loading) for petroleum products and one LPG bulk truck loading bay. It has a pumping capacity of 2,000 tons/hour/line.
- **Tadjourah:** The port was inaugurated in 2017 as a port to mainly handle potash exports originating in Tigray and Afar in northern Ethiopia and from Eritrea. The project was financed by the Arab Fund for Economic and Social Development and the Saudi Fund for Development. It has two linear quays of about 435 m length, with 12m draft. The port can accommodate general cargo vessels of up to 65,000 DWT. The port has a RoRo terminal with a quay length of 190m and 12m draft. It has a 30ha handling area, including a state-of-the-art potash handling system that can handle up to 2,000 tonnes of potash per hour, and up to 4 million tons a year.
- **Damerjog Liquid Bulk Port:** The structure of the Damerjog Liquid Bilk Port consists of an offshore jetty that is connected to onshore storage facilities. This will serve multiple end users,

enabling them to load and unload a wide variety of products to and from inland storage facilities. The jetty is located around 3km from land, with a causeway that provides access for vehicles and pipeline services. It is designed for the berthing of two ships – one capable of accommodating vessels of up to 100,000 DWT and the second is for vessels between up to 30,000 DWT, with an annual throughput capacity of over thirteen million tons. A Moroccan, company, SOMAGEC, is doing the construction.

7.1.2 Road infrastructure

There are three alternative road routes between Addis Ababa and Djibouti port, one that goes through Galafi, a new border crossing point north of Galafi that is close to the town of Bahlo (which is the border crossing that would be used if the port of Tadjoura is used, and the other that passes through Dewele.

The Galafi road link between Addis Ababa and Djibouti City passes through the Ethiopian towns of Awash and Mille, crosses the border at Galafi, joins the route nationale 1 (RN1) in Djibouti, passes through Yoboki, continues just north of Ali-Sabieh, and then enters Djibouti City. This section of the Djibouti-Ethiopia road corridor carries about 800 to 1,000 trucks per day, mostly six-axle truck/trailer combinations, with fuel tankers comprising about 35 per cent of the heavy goods traffic and the remaining 65 per cent consisting of dry bulk and container trucks.

The Dewele road link between Addis Ababa and Djibouti City branches off at Awash and passes through the Ethiopian towns of Dire Dawa and Dewele before crossing the border; it continues into Al Sabieh, Djibouti, before joining the RN1 about 80 km out of Djibouti City.

The Bahlo route is the border crossing that would be used if the port of Tadjoura is used. Very few trucjs use this route but it does have the advantage of missing the roads that are in very poor condition from Dikhil to Galafi.

The Dewele route is shorter (781km) than the Galafi route (924km), but most traffic passes through Galafi. The reason for this is that the road through Galafi is in better condition than the road through Dewele. However, over the past year or so, increasingly more trucks are using the Dewele route. This is because:

- The Dewele route is being reconstructed so the road condition is improving.
- The road between Adama and Galafi is rapidly deteriorating, especially the south-bound carriageway, so, as both routes are in poor condition between Addis Ababa and the border, truckers prefer to use the shorter route.
- The majority of the road between Galafi and Yoboki in Djibouti is now non-existent, meaning that the road pavement has been completely destroyed and trucks make their own paths.
- The road between Yoboki and Dikhil is also in poor condition and truckers are not keen to drive on these sections as they take a heavy toll on tyres and suspension.

7.1.3 Rail Infrastructure

The Ethiopia-Djibouti railway is a 752km Standard Gauge Railway linking the Modjo Dry Port with the port of Djibouti, with 82km of the track being in Djibouti and the rest of the track in Ethiopia. It is a fully electrified railway line with a double track between Modjo and Awash and then a single track between Awash and Djibouti City. The railway is designed to have an operational speed of 120 km/hour, which could, in theory, reduce transit time between the port and Modjo Dry Port to about 6 hours, compared to 2-3 days by road.

The railway begins at Sebeta, just outside of Addis Ababa. The city is served by two stations in its southern outskirts, at Furi-Lebu and Indode. The line then runs southeast to Modjo and Adama, both towns located in the Ethiopian Great Rift Valley. At Modjo, a railway junction exists for the planned Modjo–Hawassa Railway. In addition, at Modjo the railway is connected to the Modjo Dry Port, Ethiopia's most important inland dry port and also Ethiopia's main hub for domestic and international freight services.

At Adama, the railway turns northeast towards Dire Dawa. At Awash, there is a junction with the Awash–Hara Gebeya Railway, which is under construction. Directly after Awash station, the line crosses 60 meters above the Awash River canyon over a 155-meter-long bridge, the main bridge of the railway. The railway then proceeds to Dire Dawa, where it turns and heads directly for Djibouti. Crossing the Ethiopia-Djibouti border between Dewale and Ali Sabieh, the line reaches the Djibouti passenger terminal at Nagad railway station, near Djibouti–Ambouli International Airport. Freight trains continue the last 12 km to the Port of Doraleh on diesel power.

There are 21 dedicated railway stations along the railway, all of them can serve as passing loop stations, as they have three tracks or more (except the Adigala station which has only two tracks). Four of the 21 railway stations are designed as passing loops only, so there is no freight loading/ unloading or passenger service. Two of the remaining 17 stations are freight yards only and two others will be for passengers only. The remaining 13 stations can handle both passenger services as well as freight loading/unloading.

The 15 passenger stations usually have a single boarding platform, with a station building attached to it. The platforms are between 200 and 400 metres long. The Awash station, the only one with three platforms, is also located along the railway but also at the junction point with the Awash–Hara Gebeya Railway. The Furi-Labu and Dewale stations have two platforms. All station buildings along the line contain facilities for ticketing and refreshment and have prayer rooms. The architecture of the station buildings (except that of Awash station) features traditional Ethiopian elements with some Chinese interpretation.

The Addis Ababa–Djibouti Railway was based on the Chinese National Railway Class 2 Standard but with changes made at the request of the Ethiopian Railway Corporation. This is different to the Mombasa – Nairobi line, which is built to the Chinese Class 1 standard.

Other relevant railway specifications are:

- Gauge: Standard gauge
- Couplers: Janney AAR
- Brakes: Air
- Electrification: Overhead catenary 25 kV AC / 50 Hz
- Target speed (passenger): 120 km/h (75 mph)
- Target speed (freight): 80 km/h (50 mph)
- Maximum train load (freight): 3,500 ± 93 tonnes (3,445 ± 92 long tons; 3,858 ± 103 short tons) gross
- Designed transport capacity: 20 million tonnes annually
- Gross transport capacity: 24.9 million tonnes annually (taking double-track sections into account)
- Minimum railway curve radius: 1,200 m (3,900 ft) (800 m or 2,600 ft at difficult locations)
- Maximum (ruling) gradient:1.85 per cent (1 in 54)

- Length of arrival and departure track at passing loops: 850 m (dual locomotive: 880 m), which means that the maximum train length is restricted to 800m
- Maximum vehicle loading gauge: height: 5300 mm and width: 3400 mm
- Trains run on the left
- Railway signalling and train protection system: automatic block signalling and ETCS-2 SIL4
- Level crossings: permitted (no full grade separation)

Although road traffic in Ethiopia and Djibouti drive on the right, trains drive on the left in the double-track sections. This is consistent with Chinese railway practice.

The railway line is almost fully electrified. Power is transmitted at 230 kV and 130 kV to eight substations. Traction power is supplied at 35.8 km intervals, with 18+1 stations in Ethiopia and three in Djibouti. General electrification ends after the Djibouti–Nagad passenger station. Trains are pulled by diesel locomotives to reach the Port of Doraleh and cargo terminals at inland dry ports. This is necessary to avoid interference between the overhead catenary and loading cranes.

The Ethiopia Djibouti Railway company (EDR) currently owns a fleet of 32 locomotives and close to 1,100 wagons. About 990 wagons are designed for different cargos and 110 only transport fuel.

The train length is 55 wagons, and the new railway line has the capacity to move large volumes of cargo in and out of the port in one movement (up to 180 twenty-foot equivalent units (TEUs) or 3,500 tons of goods per train).

Currently the railway is not performing to design specifications and only 1 or 2 trains a day are running.

7.1.4 Dry Ports and Free Zones

Djibouti International Free Trade Zone

The first phase of the Djibouti International Free Trade Zone (DIFTZ) was officially inaugurated in July 2018. It has set itself a target of being the largest free trade zone in Africa. The project is being led by a global alliance including DPFZA, China Merchants Group, Dalian Port Authority and IZP Group. The initial phase is a 240-hectare zone, established through a US$370m investment, comprising three functional blocks located close to all of Djibouti's major ports.

The pilot zone has four industrial clusters which focus on trade and logistics, export processing and business support:

i) Logistics Industry Cluster: transportation, bonded warehousing, logistics and distribution;
ii) Business Industry Cluster: bulk bonded goods transactions, merchandise display, duty-free merchandise retail;
iii) Business Support Cluster: financial services, information services, hotel dormitories, office buildings, training, intermediary services; and
iv) Processing Manufacturing Cluster: packaging production, light processing of incoming materials, food processing, marine products, auto parts assembly.

The full free zone will focus on the development of industries such as the logistics, marine, construction, automotive, and home electrical industries. Once complete, it will span an area of 4,800 hectares.

Djibouti Damerjog Industrial Development

The Djibouti Damerjog Industrial Development (DDID), costing US$3.8bn in total, is one of the largest projects undertaken by the Djibouti Ports and Free Zones Authority. Much of the finance comes from

China, but Djibouti's new sovereign wealth fund, the Fonds Souverain de Djibouti, is also likely to be involved in the later phases of the project.

The China-based POLY-GCL will build a US$4bn liquefied natural gas terminal as part of the DDID to store gas that is transported through an 803km pipeline from Ethiopia's Ogaden basin, where the gas is extracted.

Designed over an area of 30 km², the DDID project will be carried out over 15 years between 2017 and 2032, in three five-year phases. The first phase is covered by the contract with POLY-GCL. The second will see continuity in the energy sector, with an oil terminal comprising a refinery (2.6 million tons per year) and a 300,000-barrel storage capacity. This will relieve the Horizon terminal (in Doraleh) which does not have the capacity to meet the growing demand of the Ethiopian economy and the foreign military bases in Djibouti, nor does it have the facility to load train tanker wagons directly from the storage tanks.

The third phase of the Damerjog project will comprise heavy industrial units: metallurgy with flat steel production, ducts and gas pipelines, a 600,000 ton-per year cement plant coupled with building materials manufacturing plants, a 25,000 m³ per day seawater desalination plant and a shipyard with the capacity to accommodate large tonnage vessels for repairs.

Modjo Dry Port

Modjo Dry Port is now the largest dry port in Ethiopia and is set to expand further. The Dry Port has been developed using a USD150m loan from the World Bank Group, the project components of the project are a mix of public infrastructure coordinated with targeted investment in ICT and regulatory and administrative reforms that improve the efficiency and coordination of logistics facilities and services. The project also supported institutional capacity building to ensure effective implementation and sustainability.

Component 1 of the WBG project was aimed at improving infrastructure at Modjo to achieve three key objectives:

a) improve the efficiency of processing of current traffic flows through the dry port;
b) increase the capacity of Modjo to process the projected increasing volumes of trade, including the interconnectivity between rail and road transportation; and
c) facilitate the transformation of Modjo to become a logistics hub offering a wide range of logistics services to exports as well as imports and to support diversification into a wider range of higher value-added exported products.

This involved investments in an intermodal transfer facility (road/rail) including a cross-docking facility with a rail-mounted gantry crane; a bulk storage and bagging facility, including silos and appropriate handling equipment such as wheel loaders, conveyor belts, and bagging machines; a container yard and equipment; bonded and general warehousing; and a centre for consolidation/deconsolidation of containers.

Component 2 of the WBG project focussed on enhancing coordination through investments in IT systems. This included a management information system to enable the electronic flow of information required by regulatory agencies along the logistics system; and a logistics terminal operation and electronic gate pass system.

Ethiopia Free Zones

Currently Ethiopia is examining the possibility of introducing Free Zones or Special, Economic Zones although, the details of these Free Zones of Special Economic Zones are yet to be finalised

7.2 Road Condition Survey and Rehabilitation and Maintenance Plan

The TC-IT could, where necessary, and on request, assist the relevant national agencies responsible for conducting road condition surveys along the Ethio-Djibouti Road Corridor. The TC-IT could also, on request and where necessary, assist the national roads departments of Ethiopia and Djibouti to prepare road rehabilitation and maintenance schedules using the results of the road condition surveys.

7.3 Design of Pilot Road Section for High-Capacity Vehicles (HCVs)

"High-Capacity Vehicles" (HCVs) are trucks or truck combinations which are designed to carry more freight than conventional vehicles, through concessions on legislated weight and/or dimension regulations. The result is a more efficient transport system in which the same freight volumes can be moved using fewer trucks and trips.

The use of HCVs has been successfully trialled or implemented in South Africa, Australia, New Zealand, Canada, and parts of Europe. Such programmes typically require assurances regarding the safe design of the trucks, approved routes, safe and professional management of the transport operation, road wear impact reduction, and vehicle monitoring.

In South Africa, the National Department of Transport has supported a special trial of HCVs since 2007. The pilot project, known as the "Smart Truck" or "Performance-Based Standards" (PBS) pilot project, has demonstrated improvements in the efficiency, with reduced costs per tonne-km, while reducing emissions and improving safety. The vehicles operate on fixed pre-approved routes assessed to be suitable and safe for the type of truck, which undergo detailed assessments of low-speed and high-speed truck safety, road wear impact, and bridge loading impact against a set of strict standards before approval.

The draft Work Plan includes a pilot study to assess the cost and emissions reduction potential of HCVs transporting bulk cargo, starting with coal, on sections of road, to be determined, but potentially on the RN1 between Djibouti Port and Dire Dawa.

The methodology to be used in the study could be as follows:

- Purchase two HCVs which have a 22m length and a 74-tonne gross vehicle mass. The vehicles used in the South African pilot programme were 22m long, 74-tonne gross mass interlinks, with tridem axles on the trailers to support the additional load without exceeding axle load limits, so having 9 axles but still remaining at 22m in length.
- Analyse monitoring data for the existing bulk transport fleet and baseline vehicles and calculate fuel and cost savings. The baseline vehicles would be 6-axle truck-trailer combinations carrying a load of 40 tonnes with a maximum length of 22m, although these 6-axle truck-trailer combinations are usually 18m in length.
- Benchmark the existing road coal transport operations to ascertain the total freight task (in tonne-kms) and calculate the associated costs and emissions.
- Estimate the cost and emissions saving potential of migrating the full fleet of coal, fertiliser and wheat transport operations to HCV operations.

7.4 Improve Border Post Designs

As has been noted elsewhere, there has been considerable work done, mainly with the support of Cooperating Partners, and through COMESA and IGAD, to design border posts in the Horn of Africa.

These designs are usually classic designs for juxtaposed OSBPs that will cost tens of millions of US Dollars to construct.

With advances in digitalisation of Customs and other border agencies' processes and systems there has been a change in the requirements of physical border posts. For example, almost all goods entering Ethiopia through Galafi, Bahlo and Dewele from Djibouti are goods in transit and (so removal in bond) and under customs control, meaning that the goods will be finally cleared on arrival in Modjo. This is always the case for multimodal transport systems (i.e. goods and transport subject to the FOB directive) but increasingly so under the unimodal system, or coming under the Franco Valuta privileges, meaning that an importer has a license to import goods on which foreign exchange is not payable from the banking system[8]. If there is a cargo tracking system, customs bonding system and a risk assessment system in place, there would be no need to stop the goods in transit at the border because the goods are being removed in bond to Modjo or some other destination in Ethiopia, where final clearance will take place. It is, therefore, not necessary to construct infrastructure at the border to clear the vast majority of goods in transit into Ethiopia at the border. In fact, it may be counter-productive to build these facilities, because, if there are large Customs clearance facilities built at the border, such as facilities to store confiscated goods, to carry out physical searches, and to scan all trucks, it is likely that Customs will want to use these facilities to the maximum rather than rely on risk assessment procedures, bonding and sealing of cargo.

The TC-IT could commission a review of the current designs for border posts along the Ethio-Djibouti Corridor and, by taking into account the desire and willingness of Ethiopia and Djibouti to implement the provisions of the TFA, could suggest design modifications in the structures and layouts of the proposed designs of border posts at Galafi, Dewele and Bahlo.

The objective would be to design border infrastructure to reduce border congestion, to give priority to AEOs, to allow trucks to wait in a queue at the border at land border facilities with a "first-in, first-out" arrangement and with transit lanes, green lanes, red lanes and abnormal vehicle lanes and with shared facilities, including sharing of weighbridges and scanners, and data sharing capabilities.

7.5 Implement the TTTFP along the Ethio-Djibouti Corridor

7.5.1 Introduction of the Vehicle Load Management System (VLMS)

Roads are designed for a lifespan of a certain number of standard axle loads, with a standard axle load defined as a single axle with dual wheels with 80 kilo Newtons (kN) weight on the axle, which is roughly equivalent to 8.16 tons. Weight restrictions in the COMESA region, which have been adopted in the COMESA-EAC-SADC Tripartite region, are 8 tons on the driving axle and on a single axle with dual wheels, 16 tons on a double-axle with dual wheels and 24 tons on a triple-axle with dual wheels.

If a truck is overloaded it makes the truck unsafe to drive as the tyres, suspension, braking system and transmission are designed for a specific maximum load and not more than this. This means that the truck stands more chance of tyre blow-outs, have longer stopping distances, is less stable in motion, and has more chance of breaking down. In addition, overloading a vehicle causes exponential damage to roads that are designed to carry vehicles with a standard axle load. In Ethiopia and Djibouti, trucks are institutionally overloaded, meaning that the weight restrictions are well above the design specifications of the roads. Traditionally, Ethiopia and Djibouti use 6-axle trucks, but the allowed

[8] For example, in April 2021 a decision was taken by the Ethiopian Macroeconomic Committee of the Ministry of Finance to allow Ethiopians to import basic foodstuffs (sugar, edible oil, rice, wheat and baby milk formula) on a franco Valuta basis. This has been repeated in 2022.

weight of the load is 40 tons in Ethiopia and there appears to be no enforceable limit for Djibouti. The tare (or unloaded) weight of the truck will be about 18 tons, depending on the manufacturer of the horse and trailer or the truck/trailer combination (whether it is a double semi-axle trailer or a truck and trailer with a drawbar, etc.). This means that a loaded 6-axle truck on the Ethio-Djibouti Corridor can weigh about 58 tons, which is about 10 tons heavier than it should be. This equates to an overloading of about 20 per cent. A 20 per cent overload will result in a percentage increase in damage to the road of 105 per cent[9]. This means that a road that is designed to last for 20 years will be destroyed in 9.8 years and will need to be completely rebuilt, from the sub-base up, in less than half the design life of the road. The cost of reconstruction of two-lane trunk roads in Ethiopia and Djibouti is in the region of USD1m per kilometre, depending on the distance the aggregate for the sub-base needs to be moved and the cost of bitumen. If the road from Djibouti to Addis Ababa has to be reconstructed every 10 years, then the Government of Ethiopia will need to make provision of

Both Ethiopia and Djibouti are signatories to the Vehicle Load Management Agreement (VLMA) and both countries have committed to implementing the VLMIS. This would allow a seamless transport and transit system to be used along the entire length of the Ethio-Djibouti Corridor. If Djibouti and Ethiopia had different vehicle dimensions, standards and axle load limits, which they enforced, then trucks would have to stop at the border and either have to transfer loads onto other trucks or would have to reduce loads moving from one country to another. This is possible but would mean that costs of transport and transit would increase, which would reduce the efficiency of the Ethio-Djibouti Corridor.

7.5.2 Introduction of the Multilateral Cross Border Road Transport Agreement (MCBRTA)

The MCBRTA is a pillar of the Tripartite Transport and Transit Facilitation Programme and is signed by 21 Member States of the COMESA-EAC-SADC Tripartite, including Ethiopia, Djibouti, Eritrea, South Sudan, Sudan, Kenya, Tanzania, Uganda, Rwanda, Burundi and DR Congo. The MCBRTA is governed by the following principles:

a) Quality regulation is adopted as the basis for regional cross-border road transport regulation instead of quantity regulation.

b) The phased repealing, annulment and termination of measures to regulate the quantity of transport supplied will be applied, for the purpose of cross-border carriage of goods and passengers in their national policies and legislation.

c) Each Party grants permission to all other Parties for access to transportation in its territory by transport operators providing regional and defined international transport services who are registered in terms of the MCBRTA.

d) A harmonised and integrated Operator Registration System is established.

e) Standardised registration and fitness requirements of vehicles owned or operated by registered transport operators are to be implemented.

[9] The damage to the road is calculated using the 4th power rule which is calculated as the number of standard axle repetitions = (load on axle group/standard load for axle group). Overloaded trucks will also cause bridges to collapse but, in the case of a bridge, overloading is a function of the weight on the axles, the distance between axles and the number of axles.

f) A standardised driver registration system will be established based on standardised driving licence categories for professional drivers of heavy goods and passenger vehicles in the employ of registered transport operators.

g) A system will be created by which nationally registered transport operators will be issued with cross-border operator disks for vehicles to be used in cross-border road transport.

h) Uniform procedures for warrants of arrest and prosecutions for offences committed by foreign drivers will be implemented with a harmonised schedule of penalties and demerit points as sanctions in respect of administratively adjudicated violations to be implemented against transgressing transport operators and drivers.

i) An integrated transgression monitoring system will be established to record offences and violations by transport operators.

j) The provisions of the MCBRTA shall not derogate from the application of the provisions of national laws and regulations imposing any restrictions and controls on the grounds of public health, road traffic, veterinary, phyto or pathological reasons, or the dues chargeable by virtue of such laws and regulations of a Party.

The Implementation Framework (Article 18) of the MCBRTA commits the Parties to develop an implementation schedule and:

a) Within one year of signing the MCBRTA, designate the Competent Authority to liaise with the Tripartite Cross-Border Road Transport Commission (the Commission) in the development and introduction of the TRIPS system in relation to cross-border road transport.

b) Within one year, establish an effective communication body between the Competent Authority and the domestic road freight and passenger operator associations regarding the TRIPS development process.

c) Within two years, remove all regulatory measures intended to limit or control the supply of transport of passengers and goods in cross-border road transport between the territories of the Parties.

d) Within two years, remove and terminate the requirement for specific permits for cross-border road transport by registered transport operators.

e) Within two years, introduce harmonised charges for all road traffic and transport transgressions, together with a demerit points system to enable consistent and equal treatment of domestic and foreign drivers and transport operators.

f) Within two years initiate the process of making such necessary changes to domestic legislation to introduce and support all elements of TRIPS and the related Operator Registration System, Transgression System and supporting National Transport Information System to provide computerised services for the administration of vehicle registration, roadworthiness testing, as well as driver and professional driver assessment and licensing.

g) Within four years, evaluate and, if so decided, provide for future permission of cabotage in their territories.

In developing a Work Plan to implement the VLMS and the MCBRTA it would first be necessary to conduct a baseline survey for Ethiopia and Djibouti to gauge where each country was in terms of policies, laws, regulations and mechanisms so as to know what needed to be changed and in which direction. The baseline survey would assess the state of compliance with the regional baseline

requirements for harmonised standards, procedures and practices in transport and traffic related matters in the Tripartite Region.

7.6 Road Management and Construction Options

The TC-IT could commission a study to look at the various options available to Ethiopia and Djibouti to reconstruct the Ethio-Djibouti road, or at least sections of the road. These options could include:

- Continuing with road construction and maintenance under the national budgets and on the basis of roads being a “public good” rather than on the basis of a “user-pays” principle;
- Concessioning the road to a concessionaire for a period of about 30 years and for the concessionaire to finance the road to a certain agreed standard and to toll the road. The study would need to recommend what regulatory system would need to be in place and would also need to recommend how the risk of the concessionaire making excessive profits at the expense of the users or, conversely, not covering costs, could be avoided.

The study on road construction options could also examine what road construction options are available to allow “road trains” which would have longer lengths than the current maximum length of 22 metres and have more than the current maximum of 7 axles unless the vehicle is classified as an abnormal vehicle.

Further options could include design of road pavements which could accommodate axle loads of higher than 8 tonnes on a single axle, 16 tonnes on a double axle and 24 tonnes of a tridem axle.

7.7 Train Management System

The TC-IT could commission a study that provides recommendations and guidance on how the Ethio-Djibouti Standard Gauge railway can provide a transport service up to its design capacity and what additional logistics services and facilities are required to allow the train service to operate up to its design capacity.

8. Technical Committee – Digitalisation

The Technical Committee on Digitalisation (TC-D) will need to closely monitor the activities of the private sector as they take initiatives are in digital collaboration and standardised data sharing. Some of the more important initiatives to monitor include:

- **The PortCDM concept**:[10] The main objective of PortCDM is to enhance coordination among port call actors. By sharing their time stamp data related to port calls, information is available in real time which facilitates just-in-time arrivals, increases predictability, berth productivity, punctuality, reduces waiting and anchoring times and boosts resource utilisation. This significantly reduces the administrative burden. The PortCDM project was validated under the Sea Traffic Management project.[11]
- **The UN/CEFACT Smart Container project**:[12] The United Nations Centre for Trade Facilitation and Electronic Business (UN/CEFACT) has developed the data exchange standards required to promote and simplify the deployment of SMART Container solutions. These have been described and published through its Transport and Logistics Domain Smart Container Project.
- **Port Call Optimisation**:[13] Port call optimisation is the process by which new business models, technologies, and operational techniques are developed and implemented to reduce vessel waiting times to zero. For every hour a ship remains idle in port, it loses an hour of steaming time and therefore must sail faster to maintain its schedule. While the speed difference may be marginal, it typically has a huge impact on a vessel's fuel consumption. According to the IMO, a 10 per cent reduction in speed can lead to a 30 per cent reduction in fuel consumption and emissions. There are many port call optimisation projects on-going, aimed at the entire ecosystem, ports and ship operators.

The purpose of these concepts and initiatives is to improve the speed and predictability of operations by applying just-in-time thinking and door-to-door visibility of the trip execution.

Ports are well placed to emerge as powerful information exchange hubs deploying data captured from shipping lines, trucking, and logistics, and off-dock storage providers to increase the efficiency of the overall maritime transportation system.

There has also been considerable progress worldwide in digitalisation of the container supply chain. Collaboration between shipping lines, which was always strong, is now evolving from operational collaboration focused on rationalising resources and offering more global coverage, to strategic collaboration focused on IoT (Internet of Things) communications and "smart-everything" data exchange.

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10 https://www.ipcdmc.org/about-ipcdmc

11 https://www.researchgate.net/publication/332223235_PortCDM_Validation_of_the_concept_and_next_steps/link/5ca716a4299bf118c4b34167/download

12 https://smartmaritimenetwork.com/2020/12/16/un-cefact-smart-container-project-achievements-and-next-steps/

13 https://static1.squarespace.com/static/5f99ee8b5f20943e0537b23a/t/5fa186a637c48c30bfdddb77/1604421292033/2019-ICS-PCO-Guide.pdf

Further private sector initiatives include the following:

- CMA CGM, MSC, and Maersk, have together invested in a French start-up called TRAXENS[14] to deploy SMART containers across their fleets and are pushing the use of SMART containers on all routes. This will allow track and trace from source to destination, which will be a major trade facilitation boost.
- The top shipping lines have established a non-profit consortium called Digital Container Shipping Association[15] (DCSA) to develop technology standards to transform inefficient practices and accelerate digitalisation through a unified industry effort.
- The TradeLens platform[16], a collaboration between Maersk and IBM, and now including CMA CGM, MSC, Hapag Lloyd, and ONE, is standardising all the different cargo movement operations and across different means of transport and stakeholders (including cross-border agencies).
- There have been further developments in the Port Collaborative Decision Making (PortCDM) system, which is a product of the European MONALISA project[17] and Sea Traffic Management (STM) efforts.
- MSC has developed a new Track & Trace API connector compliant with DCSA standards[18] and is decommissioning the current T&T web services as of 31 October 2021.

These developments would need to be closely monitored by the TC-D to position themselves to take advantage of the new technology foundation of smart ports, smart ships, digital rail, smart containers, smart contracts, and many other intelligent systems connected through a port's digital information hub.

8.1 Implementation of a SMART Corridor

The overall aim for the EDCMA Technical Committee on Digitalisation could be to introduce a SMART[19] Ethio-Djibouti Corridor.

A SMART Corridor is defined as "*A modal or multimodal surface transport corridor with quality infrastructure and logistic facilities, between two or more countries, used to carry intraregional and international cargo and passengers facilitated by the latest trade facilitation tools and conducive policies. The corridor includes innovative Intelligent Transport Systems (ITS) aimed at facilitating trade through simplification of transport administrative processes and providing real-time information to the key corridor stakeholders to monitor cargo clearance and movement*." [20]

[14] https://www.traxens.com/

[15] https://dcsa.org/

[16] https://www.tradelens.com/

[17] https://www.seatrafficmanagement.info/projects/monalisa/

[18] https://www.msc.com/bel/our-services/digital-solutions/direct-integrations?lang=de-de

[19] "SMART" stands for "Safety, Mobility, Automated, Real-time Traffic Management".

[20] This section of the report draws heavily on a report entitled "*Smart Corridor Definition and Characteristics*" prepared for the AUC by the NTU/LB Consortium in 2016, financed by the EU. The concept has been adopted in the Programme for Infrastructure Development in Africa (PIDA) and included in its Priority Action Programme (PAP) and was presented to, and adopted by, AUC stakeholders at the Validation Committee meeting held in Addis Ababa, Ethiopia 23-24 February 2016.

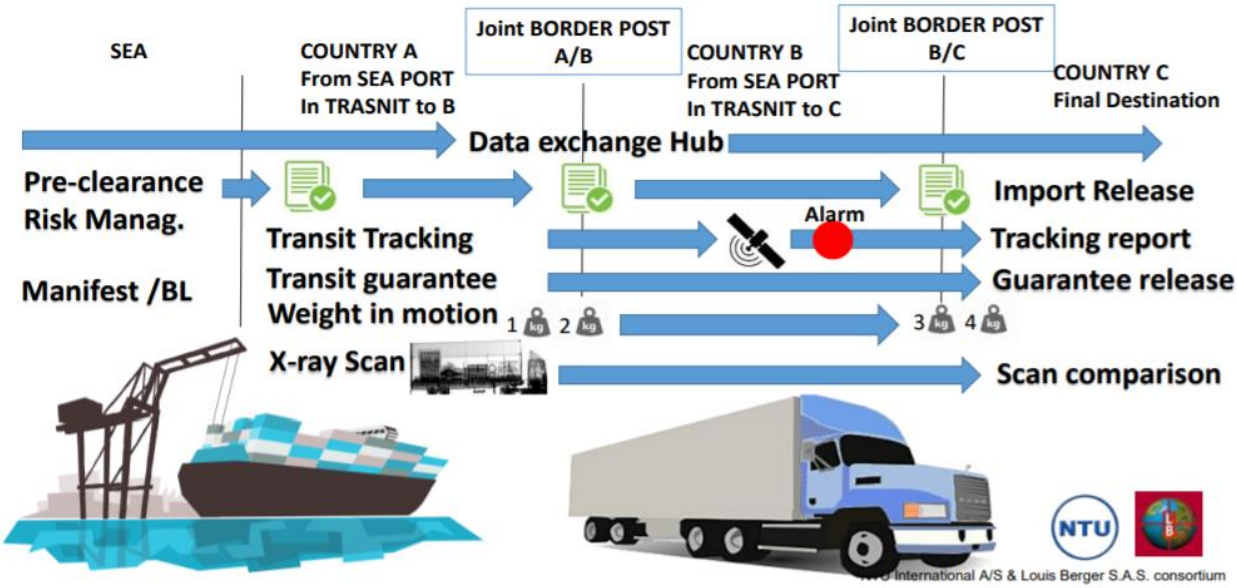
https://au.int/sites/default/files/newsevents/workingdocuments/31372-wd-smart_corridor_definition_and_characteristics_5-7-16ff.pdf

The characteristics of a SMART Corridor are as follows:

8.1.1 Cross-border Intelligent Transport System (ITS)

A Cross-Border Intelligent Transport System (ITS) would simplify the administrative procedures and logistics processes, monitor traffic movements along the corridor and provide real-time information to stakeholders to enable them to manage the processes as shown in Figure 5.

Figure 5: SMART Corridor ITS key Component Processes



Although a SMART Corridor's key ITS components are computerised networks infrastructure, Electronic Data Interchange (EDI)[21] and software, the EDCMA SMART Corridor could start with a less ambitious SMART Corridor that comprises:

- **Connected Customs Management Systems:** Technically, connecting the customs management systems of Ethiopia and Djibouti should be relatively simple to achieve because the systems used by Ethiopia (eCMS) and Djibouti (Asycuda World) are similar in the way they operate and in the file structures they use. However, it may take time to connect the systems because of operational reasons. Therefore, initially, Ethiopia and Djibouti could run the same, but parallel, systems and then consider a single data entry point and sharing of data. For example, initially, although the transit document used by Djibouti Customs is the same as that used by Ethiopian Customs, a starting point could be for an AEO to complete a T1 transit document for Ethiopian Customs and a similar T1 transit document for Djiboutian Customs. The Djiboutian T1 would be cancelled as the cargo crosses the border into Ethiopia, and, on cancellation of the T1, so would the bond be cancelled. The Ethiopian T1, and the bond, could be activated as the cargo crosses the border into Ethiopia and will be cancelled at its final destination. After a time of operating a dual system, Ethiopia and Djibouti may then want to move to a system where a cross-border trader could enter data for a T1 transit document only once and this data could go onto a common platform where it could then be picked up by both national systems. This is what is referred to as the cross-border Trade Community Data Hub in the Africa Unions 2016 SMART Corridor study.

[21] Electronic Data Interchange (EDI) is the electronic interchange of business information using a standardised format; a process which allows one company to send information to another company electronically rather than with paper. This was the technology used at the time the AUC SMART Corridor study was done, in 2016. With the advent of the Internet of Things (IoT) it is more likely that different protocols will be used in rolling out SMART Corridors in 2021.

- **Connected Customs Risk Management Systems:** The World Customs Organisation Risk Management Guidelines define risk management as a "systematic application of management procedures and practices providing Customs with the necessary information to address movements or consignments which present a risk". Risk management is a way of ensuring that Customs is able to provide a service, to rather than policing of, cross-border traders and to do this by considering the priorities of revenue collection and security. Risk management involves identifying the risks and threats, analysing, quantifying and classifying them, utilising rigorous methods and applying appropriate countermeasures. Both the eCMS and ASUCUDA World have risk assessment modules as part of their structures that apply selective and random rules and, most probably using targeting methodologies including:
    - quantitative techniques to compute a risk score on trade transactions based on the historical trade transactions and findings from customs controls, with the computed score compared against predefined acceptability thresholds to define the appropriate action to be performed;
    - selectivity, meaning the systematic orientation of customs declarations to a specific control channel (e.g., physical inspection or fast-track) based on pre-defined rules (risk profiles) applied on declarations submitted in the CMS such as imports of specific HS codes under certain regimes from certain countries by pre-classified traders;
    - flagging transactions that involve economic operators, specific type of goods or countries (of supply or origin) which have no prior record in the customs database; and
    - random selection which, when used in combination with the above-mentioned approaches, could be configured so that a small percentage of low-risk transactions are redirected to control and dissuade compliant importers from fraud attempts.

  The role of the TC-D in this instance could be to support Ethiopian and Djiboutian Customs to strengthen their use of risk assessment modules, including strengthening the parameters used by the risk assessment modules and to encourage the two Customs Authorities to use the same risk assessment modules and parameters so as to allow a free-flow of cargo without sacrificing either revenue targets or security.
- **Electronic Payment Systems:** To streamline the transit and customs clearance processes it would be useful to allow payments for all services to be done electronically. The TC-D could work with Customs and the banking sectors in Ethiopia and Djibouti to allow electronic payments for Customs and other border services to be made.
- **Cargo Tracking System:** Both Ethiopia and Djibouti have been exploring options on cargo tracking systems. The role of the TC-D could be to assist Ethiopia and Djibouti to either design or select an existing cargo tracking system that meets the needs of both Ethiopian and Djiboutian Customs Authorities, and which can be implemented as a cross-border system so that it is able to seamlessly track cargo, at least as a pilot system, from the port of Djibouti to Modjo Dry port. The role of the TC-D could also be to assist with implementation of the selected cargo tracking system and to ensure that it complements the customs bond system and the cargo seals that are selected.

- **Cargo Seal:** An effective and efficient sealing system for transport containers is required to ensure that trucks can undertake transit journeys without discharging cargo inside the country and not need to be monitored by customs officers throughout the journeys. There has been a lot of work done recently on tamper-proof mechanical seals that are compliant with ISO 9001 certification. ISO 17712:2013 is granted only if the security seals pass a series of tests, which include physical tests carried out by a laboratory that is certified ISO 17025. (Note: The photo is of a seal used in the SUNAT Asset Management Tracking System Pilot Programme in South America). The role of the TC-D could be to assist Ethiopia and Djibouti to select a sealing system that fits in with the requirements of the cargo tracking system and which meets the needs of Ethiopian and Djiboutian Customs.
- **Customs Transit Security Bond Guarantee System:** Both Ethiopia and Djibouti have been working on customs bond systems in recent months. The role of the TC-D could be to assist Ethiopian and Djiboutian Customs to select similar, or the same, bonding system and to assist with implementation of the system.
- **Digitised Weighbridges:** The TTTFP Vehicle Load Management Agreement outlines the regulations, location, and operational issues regarding weighbridges. The role of the TC-D could be to support Ethiopia and Djibouti to ensure all weighbridges are digitised and are linked so that the weight (and the date and time a vehicle was last weighed) of the vehicle can be monitored throughout its journey. This would not only assist to reduce the damage caused by overloaded vehicles on the road but would also assist Customs to combat smuggling.

8.2 Corridor Monitoring System

The TC-D, with the possible support of a consultant, could design a Corridor Monitoring and Reporting Mechanism that could be presented to the Executive Committee and Council for final approval early on in the implementation phase of the EDCMA. This would allow the EDCMA to monitor performance of the corridor and take remedial action quickly if performance deteriorates or does not improve.

The EDCMA Corridor Monitoring and Reporting Mechanism could build on the methodology used to monitor performance of other transport corridors, including the monitoring observatories developed under the Sub-Saharan Africa Transport Programme (SSATP) and the Northern Corridor Transport Observatory. It would also establish links to existing digitalised systems including the ASYCUDA-World system used by Djibouti Customs, the e-CMS used by Ethiopian Customs, the Djibouti Port Community System and Ethiopia Electronic Single Window for Traders (eSW).

Over time the TC-D could assist Ethiopia and Djibouti to connect these electronic systems to one central intelligent transport system that could allow all the stakeholders to have access to a given set of specified data while ensuring confidentiality of information.

Ethiopia and Djibouti would also need to consider issuing appropriate regulation to recognise the use of electronic documents in their legal system for the intelligent transport system to operate legally.

The operations of the intelligent transport system could be made financially sustainable through "users pay principle" while the overall impact could be a reduction in trade and transport costs.

Annex 1: Budget for EDCMA

Ethio-Djibouti Corridor Management Authority						
Detailed Work Plan and Budget						
Indicator Reference	**Activity**	**Input Description**	**EUR Year 1**	**EUR Year 2**	**EUR Year 3**	
Secretariat	Staff Costs	Head of Secretariat Djibouti	60,000.00	60,000.00	60,000.00	Assumes the Head will also be responsible for one of the Sectors
		2 x Technical Officers Djibouti	72,000.00	72,000.00	72,000.00	Each Technical Officer will be responsible for one Sector
		1 x Secretary Djibouti	12,000.00	12,000.00	12,000.00	Should be able to speak and write in English
		Head of Secretariat Ethiopia	60,000.00	60,000.00	60,000.00	Assumes the Head will also be responsible for one of the Sectors
		2 x Technical Officers Ethiopia	72,000.00	72,000.00	72,000.00	Each Technical Officer will be responsible for one Sector
		1 x Secretary Ethiopia	12,000.00	12,000.00	12,000.00	Should be able to speak and write in French or Somali
	Office Accommodation	Office accommodation Djibouti	36,000.00	36,000.00	36,000.00	
		Office accommodation Ethiopia	36,000.00	36,000.00	36,000.00	
	Office Equipment	Office equipment Djibouti	6,000.00	-	-	4 computers, network printer
		Office equipment Ethiopia	6,000.00	-	-	
	Office Furniture	Office furniture Djibouti	10,000.00	-	-	4 desks and chairs, visitors chairs, meeting table and chairs
		Office furniture Ethiopia	10,000.00	-	-	4 desks and chairs, visitors chairs, meeting table and chairs
	Vehicle Costs	Vehicle Djibouti	60,000.00	-	-	Includes taxes
		Vehicle Ethiopia	60,000.00	-	-	Includes taxes
		Vehicle running costs Djibouti	10,000.00	-	-	Fuel, lubricants, service, tyres, taxes
		Vehicle running costs Ethiopia	10,000.00	10,000.00	10,000.00	Fuel, lubricants, service, tyres, taxes
	Telecommunications	Telecommunications Djibouti	5,000.00	5,000.00	5,000.00	
		Telecommunications Ethioipia	5,000.00	5,000.00	5,000.00	
	Consultations	Meetings	15,000.00	15,000.00	15,000.00	Calculated at 10 meetings per year for 50 pax per meeting at Euro30/pax
		Contingencies	20,000.00	20,000.00	20,000.00	
SUB TOTAL			**577,000.00**	**415,000.00**	**415,000.00**	
Djibouti Narional Corridor Working Group	Capacity Building	Ministerial Study Tours	50,000.00	50,000.00	-	2 study tours for 5 Ministers to two different locations to get first-hand experiences of logistics best practices in
		Capacity building sessions in Logistics	80,000.00	80,000.00	80,000.00	12 Capacity Building sessions in Logistics, Trade Facilitation, Transport Facilitation Trade Policy and Transport Policy for public and private sector participants.
		Contingencies	10,000.00	10,000.00	10,000.00	
SUB TOTAL			**140,000.00**	**140,000.00**	**90,000.00**	
Ethiopia Narional Corridor Working Group	Capacity Building	Ministerial Study Tours	50,000.00	50,000.00	-	2 study tours for 5 Ministers to two different locations to get first-hand experiences of logistics best practices in
		Capacity building sessions in Logistics	80,000.00	80,000.00	80,000.00	12 Capacity Building sessions in Logistics, Trade Facilitation, Transport Facilitation Trade Policy and Transport Policy for public and private sector participants.
		Contingencies	10,000.00	10,000.00	10,000.00	
SUB TOTAL			**140,000.00**	**140,000.00**	**90,000.00**	
Executive Committee Work Plan Activities	Bilateral Agreement	Consultant	-	-	-	ETLSP will prepare a draft, based on existing agreements and internalional agreements
		National Consultations in Djibouti x 3	45,000.00	-	-	Djibouti will organise 3 workshops for all national stakeholders to discuss and agree
		National Consultations in Ethiopia x 3	45,000.00	-	-	Ethiopia will organise 3 workshops for all national stakeholders to discuss and agree
		Bilateral Consultations x 2	30,000.00			
		Contingencies	10,000.00	10,000.00	-	
	SUB-SUB-TOTAL		**130,000.00**	10,000.00	-	
	Review Cross-Border Transit and Transport Regulations, Laws and Agreements	Djibouti Legal consultants - 60 days	60,000.00	-	-	
		Ethiopia legal consultants - 60 days	60,000.00	-	-	
		3 workshops in Djibouti	45,000.00	-	-	
		3 workshops in Ethiopia	45,000.00	-	-	
		Ethiopia Contingencies	10,000.00	-	-	
		Djibouti Contingencies	10,000.00	10,000.00	10,000.00	
	SUB-SUB-TOTAL		**230,000.00**	10,000.00	10,000.00	
SUB TOTAL			**360,000.00**	**20,000.00**	**10,000.00**	
Customs and Trade Facilitation Technical Committee Work Plan - Design and Implementation of a Pilot Djibouti-Modjo Non-Stop Transit System	Ethiopia-Djibouti Cross-Border AEO Scheme	Consultants to work with primarily Ethiopian and Djiboutian Customs	480,000.00	-	-	Twelve months of Consultancy time at USD40,000 per month including accommodation, air fares and local transport. This consultancy will be carried out by one team of consultants working in Ethiopia and Djibouti
		3 validation workshops in Djibouti	45,000.00	-	-	
		3 validation workshops in Ethiopia	45,000.00	-	-	
		Contingencies	10,000.00	10,000.00	10,000.00	
	SUB-SUB-TOTAL		**580,000.00**	**10,000.00**	**10,000.00**	
	Pilot Djibouti-Modjo Non-Stop Transit System	Consultants to work with primarily Ethiopian and Djiboutian Customs	480,000.00	-	-	Twelve months of Consultancy time at USD40,000 per month including accommodation, air fares and local transport. This consultancy will be carried out by one team of consultants working in Ethiopia and Djibouti
		3 validation workshops in Djibouti	45,000.00	-	-	
		3 validation workshops in Ethiopia	45,000.00	-	-	
		Contingencies	10,000.00	10,000.00	10,000.00	
	SUB-SUB-TOTAL		**570,000.00**	10,000.00	10,000.00	
SUB TOTAL			**1,150,000.00**	**20,000.00**	**20,000.00**	

Indicator Reference	Activity	Input Description	EUR Year 1	EUR Year 2	EUR Year 3	
	Road Condition Survey and Rehabilitation and Maintenance Plan	Purchase of Road Condition Survey Equipment for Djibouti Road Authority	20,000.00	-	-	Cost of bump integrator and associated equipment
		Purchase of Road Condition Survey Equipment for Ethiopia Road Authority	20,000.00	-	-	Cost of bump integrator and associated equipment
		Annual costs of Road Condition Survey in Djibouti	2,000.00	2,000.00	2,000.00	Vehicle running costs
		Annual costs of Road Condition Survey in Ethiopia	6,000.00	6,000.00	6,000.00	Vehicle running costs
		Contingencies	10,000.00	5,000.00	5,000.00	
	SUB-SUB-TOTAL		**58,000.00**	13,000.00	13,000.00	
	Cargo Tracking System	System Design				Details to be obtained from TMEA
		Implementation				
		Monitoring				
		Workshops				
		Contingencies				
	SUB-SUB-TOTAL		**1,000,000.00**	**1,000,000.00**	**1,000,000.00**	
	Design of Pilot Road Section for High-Capacity Vehicles (HCVs)	Purchase of 2 HCVs	200,000.00	-	-	
		Vehicle running costs and related costs	10,000.00	10,000.00	10,000.00	
		Consultants to design and run the HCV Pilot	120,000.00	120,000.00	-	This consultancy will be done in liaison with CSIR and Universsity of Cambridge. It will involve 6 months of consultancy time at USD40,000 per month including air fares, local travel and accommodation
		4 workshops	30,000.00	30,000.00	-	
		Contingencies	20,000.00	20,000.00	20,000.00	
	SUB-SUB-TOTAL		**380,000.00**	170,000.00	20,000.00	
	Improve Border Post Designs	Consultants to redesign border post layouts and facilities	120,000.00	120,000.00	-	Consultants will be employed for 6 months to re-design (where necessary) border posts to take account of the high level of automation envisaged which is based on reliance on an automated risk assessment system
		Provision for implementation of small infrastructure improvements	100,000.00	100,000.00	100,000.00	
		4 workshops	30,000.00	30,000.00	-	
Transport and Transport Infrastructure Technical Committee Work Plan		Contingencies	20,000.00	20,000.00	20,000.00	
	SUB-SUB-TOTAL		**270,000.00**	270,000.00	120,000.00	
	Introduction of the Vehicle Load Management System (VLMS)	Consultants to design, and assist with implementation, of the VLMS	240,000.00	240,000.00	-	Consultants will be employed for 12 months to work with Ethiopian and Djiboutian Authorities and the TTTFP Project Management team to design and assist with implementation of the VLMS
		Provision for implementation of small infrastructure improvements	100,000.00	100,000.00	100,000.00	
		4 workshops	30,000.00	30,000.00	-	
		Contingencies	20,000.00	20,000.00	20,000.00	
	SUB-SUB-TOTAL		**390,000.00**	390,000.00	120,000.00	
	Introduction of the Multilateral Cross Border Road Transport Agreement (MCBRTA)	Consultants to design, and assist with implementation, of the MCBRTA	240,000.00	240,000.00	-	Consultants will be employed for 12 months to work with Ethiopian and Djiboutian Authorities and the TTTFP Project Management team to design and assist with implementation of the MCBRTA
		4 workshops	30,000.00	30,000.00	-	
		Contingencies	20,000.00	20,000.00	20,000.00	
	SUB-SUB-TOTAL		**290,000.00**	290,000.00	20,000.00	
	Road Management and Construction Options	Consultants to assess use of road trains on specified sections of the the Ethio-Djibouti road corridor	240,000.00	240,000.00		The design specifications will take account of road construction methods and materials that are as environmnetally friendly as possible. They will also examine the possibility of increasing allowable axle load limits.
		Consultants to design truck-stops which could also be used as staging points for Djibouti Port	240,000.00			Truck stops will be designed to accommodate electric vehicles
		Contingencies	10,000.00	10,000.00	10,000.00	
	SUB-SUB-TOTAL		**490,000.00**	**250,000.00**	**10,000.00**	
	Train Management System	Consultants to provide recommendations and guidance on how the Ethio-Djibouti Standard Gauge railway can provide a transport service up to its design capacity and what additional logistics services and facilities are required to allow the train service to operate up to its design capacity.	240,000.00	240,000.00		
	SUB-SUB-TOTAL		**240,000.00**	240,000.00	-	
SUB TOTAL			**3,118,000.00**	**2,623,000.00**	**1,303,000.00**	

Indicator Reference	Activity	Input Description	EUR Year 1	EUR Year 2	EUR Year 3	
	Corridor M&E System	Consultants to design the M&E system from port to port in consultation with the EeSW and the DPCS	240,000.00	240,000.00	-	12 months of consultancy at Euro 40,000 per month, including accommodation, air fares and local travel
		9 workshops	45,000.00	45,000.00	45,000.00	
		Contingency	10,000.00	10,000.00	10,000.00	
Automation and Digitisation Technical Committee Work Plan	**SUB-SUB-TOTAL**		**3,413,000.00**	**2,918,000.00**	**1,358,000.00**	
	Corridor Automated Management System	Design and implementation of the Corridor Community Management System	600,000.00	600,000.00	240,000.00	36 months of consultancy at Euro 40000 per month including accommodatio, air fares and local travel
		Computer and telecommunication Equipment	800,000.00	200,000.00	-	
		Workshops	45,000.00	45,000.00	45,000.00	9 workshops
		Contingencies	20,000.00	20,000.00	20,000.00	
	SUB-SUB-TOTAL		**1,465,000.00**	**865,000.00**	**305,000.00**	
SUB TOTAL			**4,878,000.00**	**3,783,000.00**	**1,663,000.00**	
GRAND TOTAL			**10,363,000.00**	**7,141,000.00**	**3,591,000.00**	**21,095,000.00**