

Technical Assistance to Ethiopia's Transport and Logistics Sectors

Project No. FED/2020/422 – 457

1 Introduction

The Ethiopia Transport and Logistics Support Programme (ETLSP) started on 22nd February 2021 with the mobilisation of the Team Leader and Logistics Expert (Mark Pearson) and the Senior Transport Expert (Mohammed Jemal). The Team Leader and Logistics Expert (TL-LE) has been allocated an office in the Ethiopia Maritime Affairs Authority (EMAA) while the Senior Logistics Expert (SLE) has been allocated office space in the Ministry of Transport.

The Inception Phase lasted one month, and the activities and outputs of this phase were reported on in the Inception Phase Report and in the inception meeting, which was held virtually, as planned, on 4th March 2021.

Implementation is taking place as per the schedule outlined in Table 1. The inception phase activities were all implemented in the first month of the project, and reported on in the inception report, with the exception of a paper on the logistics reform process. This is an on-going activity which will report on implementation of the National Logistics Strategy so it will be a monitoring mechanism for the NLS.

In general, the Technical Assistance Team is of the opinion that good progress has been made in implementing the Project work plan in the first twelve months of the project. There have been some delays in implementation caused by the effects of the COVID-19 pandemic, coupled with the parliamentary elections and insecurity in some parts of the country. The travel restrictions and, from mid-November, the instruction for all international staff to work from outside of Ethiopia have made project implementation more difficult than anticipated and the longer the COVID/security induced travel restrictions continue the more difficult implementation becomes. In mitigation, the project has recruited Ato Mekonnen Abera, the immediate past CEO of EMAA, as Chief Technical Officer (CTO) of the project. Ato Mekonnen has a contract with DT Global as CTO for 12 months with an estimated input of 10 working days per calendar month from December 2021 to November 2022 inclusive. The addition of such a highly qualified, respected, well connected professional is a major asset for the project and will allow the project to mitigate, to some extent, the challenges of the travel restrictions as well as open new avenues for implementation.

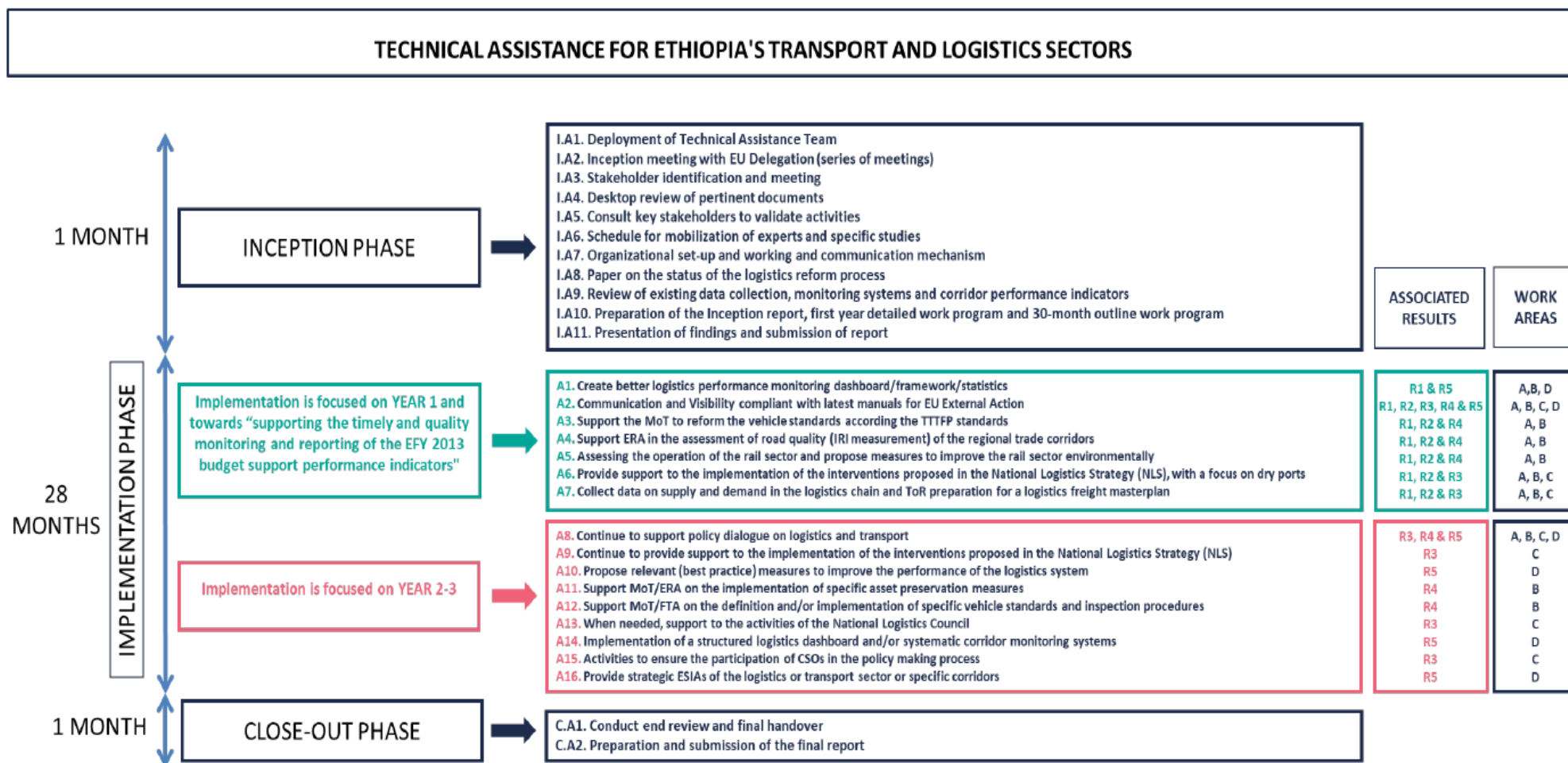
This report includes implementation of the focusses on the planned activities of the first year of implementation, which are the activities labelled A1 to A7 in Table 1.

2 Project Summary

Partner Country	Federal Democratic Republic of Ethiopia
Contracting Authority	The European Union, represented by the European Commission, on behalf of and for the account of the Government of Ethiopia
Client	Ministry of Transport and Ethiopian Maritime Affairs Authority
Programme Title	Ethiopia Transport and Logistics Support Programme
Contractor	DT Global
Team Leader-Logistics Expert	Mark Pearson (550 days of input)
Non-Key Experts	303 person days of Senior NKE inputs and 103 days of Junior NKE inputs
Project Duration	30 months (22 February 2021 to August 2023)
Overall Objective	Enhance regional integration and increase competitiveness of Ethiopia in a sustainable way. Support the Government of Ethiopia meet the Performance Indicators of Ethiopia's Regional Connectivity and Competitiveness Sector Reform Performance Contract.
Specific Objectives	Specific objective 1: Improved quality of service of Ethiopia's regional transport corridors Specific Objective 2: Increased efficiency and effectiveness of the logistics sector Specific Objective 3: Improved environmental/climate and social performances
Purposes	In the framework of the Ethiopia's Regional Connectivity and Competitiveness Sector Reform Performance Contract (the Budget Support Programme), to support the policy dialogue in transport and logistics and the achievement of objectives and targets through: - Transfer of knowledge on logistics and transport best practices: provide technical assistance to the responsible government bodies to implement the logistics strategy, to improve the existing logistics system to international standards and modernise the transport services to better facilitate logistics (including for instance mode share to rail, inter-modality, axle overloading control, vehicle standards, road safety, time, etc.). - Technical Support on defining and implementing the logistics reforms: provide data evidence, best practices examples and contributing to bringing the reform of the logistics sector higher in the political agenda, ensuring the participation of CSOs in the policy making process and accelerate its pace. - Support on defining and monitoring relevant corridors' performance indicators and standards: to improve the

	monitoring and data collection (including environmental/climate performances and road safety), contribute to improving environmental and safety standards.
Expected Results	Result 1: Technical advice was adequately provided to the Government to facilitate the achievement of the 2021 Variable Tranche of the Ethiopia's Regional Connectivity and Competitiveness budget support performance indicators. Result 2: Data are timely available for the Government to be able to introduce their disbursement request for the 2021 Variable Tranche of the Ethiopia's Regional Connectivity and Competitiveness budget support. Result 3: The government bodies involved in the implementation of the logistics strategy are equipped with the necessary skills to implement the interventions (with the best knowledge of international best practices and internationally recognised standards) and to accelerate the path of reforms. Result 4: Transport services are improved in respect to vehicle fleet standards, modal shift, assets preservation. Result 5: Data collection and monitoring management systems are in place to inform policy making and ultimately to improve the regional corridors performances (including environmental and safety standards).

3 Project Phases, Planned Activities and Associated Results



4 Description of Progress (Technical)

		Indicator	Activities in 2021	Comments
Year One	A1	Create Better Logistics Performance Monitoring dashboard	- Prepared a concept note on the design of the corridor logistics dashboard and then prepared the final draft. - Populated the Modjo-Djibouti time corridor logistics M&E Excel tables. - Worked with LTO to determine how best to obtain shipping data and secured shipping data from Hapag-Lloyd and CTS. - Started design of an LTO NLS Monitoring of Implementation Schedule. - Analysis of the EFY 2011 and EFY 2013 data relating to transit time from the Ethiopian Galafi border post to the entry gate of Modjo Dry Port and then the time taken for cargo to move from the entry gate of Modjo Dry Port to the exit gate. - Assisting ETLF to finalise ToRs for a Corridor Freight Logistics Platform	UNECA has financed a study to examine the Logistics Digitalisation Gap Assessment in Ethiopia. The ETLSP has been focussing on the development of a Corridor Logistics Monitoring mechanism which would be a part of a country-wide logistics digitisation programme.
	A2	Communication and Visibility compliant with latest manuals for EU External Action	- Prepared a C&V strategy and plan (including the logistics dashboard) ToRs. - Communications Expert and the Web Designer recruited - Outline version of web site prepared by NKE. The project needs to provide data to the NKE to allow the website to develop into a beta version - Draft C&V strategy prepared by the NKE. The project needs to provide specific project information to allow the C&V Strategy to be completed.	The development of the C&V strategy and plan has started later than planned, mainly because of the need to link the logistics dashboard to the C&V strategy. This involved developing a corridor logistics dashboard outline before the ToRs could be written.
	A3	Support the MOT to reform vehicle standards according to TTTFP standards	- Working with FTA and ERA on “unpacking” the model laws and implementation strategies, specifically for the VLMS and MCBRTA. - Inputs in finalisation of the National Transport Masterplan. - Inputs in the evaluation of the performance of MOT and accountable institutions in 2013 EFY. - Inputs in the formulation of 2014 EFY work plan of the ministry and accountable institutions. - Participation in all workshops and conferences organised by the ministry in connection to the above and other national transport issues.	The responsibility for coordinating implementation of the TTTFP lies with the FTA but there seems to be no structured mechanism to monitor implementation.
	A4	Support ERA in assessment of road quality (IRI measurement) of the regional trade corridors	- The TAT suggested to ERA to use a smartphone application (RoadLabPro) to measure the IRI of main corridor trunk roads while they waited for the arrival of the measuring equipment on order and so be able to meet the Budget Support targets before the end of EFY 2013. It was reported that this has been done.	ERA have road condition survey measuring equipment on order and have the capability and experience to use this equipment.
	A5	Assess the operation of the rail sector and propose measures to improve the rail sector environmentally	- Meeting with ERC where senior management briefed the project on the main challenges faced in providing a service on the Ethiopia Djibouti Railway. Same briefing given to the National Logistics Committee and which the NLC is addressing. - There is a Railway Working Group that is supported by the World Bank.	The project could assist ERC by working with ERC to see what needs to be done (infrastructure and systems requirements) to run 10 trains a day

		Indicator	Activities in 2021	Comments
	A6	Provide Support to the Implementation of the Interventions proposed in the National Logistics Strategy, with a focus on Dry Ports	- Design of the Djibouti Corridor Management Authority. - Design of the Berbera Corridor Management Mechanism – Diagnostic Framework. - Working with EMAA staff on securing data from ECC to measure the time taken from borders to Modjo and the time taken for cargo to be processed out of Modjo including a formula to apply. - Working with EMAA staff on an ID system for the EDR for containers. At the moment, each container is identified by a container number and as there are 50 to 55 wagons, so 100 to 110 containers on a train, locating containers is a lengthy process as it is not clear where on the train the containers are. This results in departure delays, delays at the border and delays at Modjo. - Briefing Note on implementing a Customs Union – Article 50 of the NLS - Briefing note on privatising ESLSE. - Draft MOU for the establishment of the Ethiopia – Djibouti Corridor.	Providing support to implementation of the NLS has been on a demand basis with the LTO providing requests for specific activities.
	A7	Collect data on supply and demand in the logistics chain and TOR preparation for a logistics freight masterplan	ToRs for a Freight Logistics Masterplan, which were discussed internally with EMA. They were then sent to the World Bank for funding. The response from the World Bank was that the ToRs were too ambitious and required more funding than they had available. ToRs revised to be done in two phases – a diagnostic phase to be done mainly internally, and an implementation phase, to be supported by cooperating partners. ToRs for Diagnostic Phase are ready, and implementation should start in Q1 of 2022.	Collection of data on supply and demand in the logistics chain will be done as part of the diagnostics phase of the Logistics Masterplan.
Years 2 and 3	A8	Continue to support Policy Dialogue on Logistics and Transport	No activities for this indicator in Year 1	
	A9	Continue to provide support to implementation of interventions proposed in the National Logistics Strategy (NLS)	No activities for this indicator in Year 1	
	A10	Propose relevant (best practice) measures to improve the performance of the logistics sector	No activities for this indicator in Year 1	
	A11	Support MOT/ERA on implementation of specific asset preservation measures	No activities for this indicator in Year 1	
	A12	Support MOT/ERA on the definition and/or	No activities for this indicator in Year 1	

		Indicator	Activities in 2021	Comments
		implementation of specific vehicle standards and inspection procedures		
	A13	When needed, support the activities of the National Logistics Council	No activities for this indicator in Year 1	
	A14	Implementation of a structured logistics dashboard and/or systematic corridor monitoring systems.	No activities for this indicator in Year 1	
	A15	Activities to ensure the participation of CSOs in the policy making process	No activities for this indicator in Year 1	
	A16	Provide strategic ESIA's of the logistics or transport sector or specific corridors	No activities for this indicator in Year 1	
	C.A1	Conduct End Review and Final Hand-Over		
	C.A2	Preparation and submission of final report		

5 Draft Work Plan – January – March 2022

	Indicator	Sub-Indicators	Activities	2022 Q1		
				Jan	Feb	Mar
A1	Create Better Logistics Performance Monitoring dashboard	Corridor Monitoring System	- Analyse the time taken to complete the journey/process from offloading from the ship at Djibouti to final release at Modjo by section of the journey and by month.	MP		
		Monitor Shipping Costs	- Using secondary sources, monitor the costs of the shipping leg to Djibouti	MP	MP	MP
		Time Release Study	- Carry out a WCO plus Time Release Study for Galafi, Moyale, Dewele and Modjo			MP MA
		Time-Cost/Distance Study	- Carry out a Time-Cost/Distance Study on the Moyale and Djibouti (both the Dewele and Galafi routes) Corridors		MP MA	MP MA
A2	Communication and Visibility compliant with latest manuals for EU External Action	Communications and Visibility Strategy	- Finalise the C&V Strategy and upload onto the Project website.	MP NKE	MP NKE	
		Launch the project website	- Finalise the website.		MP NKE	
		Update C&V Strategy and keep website content current	- Continue to update the C&V Strategy on an as needs basis and keep the website current and up to date			MP NKE
A3	Support the MOT to reform vehicle standards according to TTTFP standards	Update the TTTFP VLMS Baseline and recommendations on how the VLMS can be implemented	- Review of existing baseline studies on VLMS for Djibouti and Ethiopia - Review model laws and regulations of VLMS - Assess what Ethiopia has implemented under the VLMS - Gap analysis - Recommendations on how Ethiopia can implement the VLMS in full	MJ	MJ	MJ
A4	Support ERA in assessment of road quality (IRI measurement) of the regional trade corridors	ERA does not need the Project's support to assess road quality of regional trade corridors	- Review the findings of the JICA assessment of weighbridges. - Carry out a gap analysis of what would be required to get Ethiopia compliant with the weighbridge component of the TTTFP VLMS. - With ERA develop a programme to get Ethiopia compliant with the weighbridge component of the TTTFP VLMS.			MJ
A5	Assess the operation of the rail sector and propose measures to improve the rail sector environmentally	Work with ERC to assess how the Project can help ERC to run 10 trains a day between Djibouti and Modjo	- Carry out a gap analysis of what infrastructure and systems needs to be provided to allow ERC to run 10 trains a day		MP MA NKE	
			- Design and cost an implementation programme to allow ERC to run 10 trains a day between Modjo and Djibouti			MP MA NKE

	Indicator	Sub-Indicators	Activities	2022 Q1		
				Jan	Feb	Mar
A6	Provide Support to the Implementation of the Interventions proposed in the National Logistics Strategy, with a focus on Dry Ports	Implement a programme to operationalise the Djibouti Corridor Management Authority	- Review the following agreements and make recommendations for changes that reflect current policy and strategic objectives of the Corridor States: - Port Utilisation Agreement; - Multimodal Transport System Agreement; - Transit Agreement; and - Preferential Investment Facilitation and Property Acquisition Agreement.	MP		
			- Validate the proposed changes to the existing bilateral agreements with stakeholders in Ethiopia and Djibouti through holding of meetings and workshops with the stakeholders		MP MA	
			- Finalise the draft transport, transit and trade agreement that will replace the four current agreements and present this to the Senior Officials Committee for their consideration.			MP MA
			- Once the transport, transit and trade agreement that replaces the four current agreements is agreed by the Senior Officials Committee, present it to the Council of ministers so that it can then be implemented.			MP MA
			- Prepare an implementation plan for implementing the MCBRTA by Ethiopia and Djibouti for presentation to the DCMA Technical Committee			MP MJ
			- Working with Djibouti and Ethiopia to get nominations from the Ministers of Finance, Transport, Trade, and Revenues			MA
			- Working with Djibouti and Ethiopia to get nominations from the Ministries of Finance, Transport, Trade, Customs, ESLSE, ERC, and the private sector for the Technical Committees			MA
			- Agree with DPFZA and EMA on who the co-chairs of the Senior Officials Committee would be			MA
			- Work with TMEA on the establishment and financing of the Djibouti CMA Secretariat		MP	
			- Prepare the work plan for the Djibouti CMA.		MP	
			- Implementation of the Transport and Transit work plan including: - The Transport, Transit, Trade and Port Utilisation Agreement - VLMS - MCBRTA - a SMART Corridor - Trade Facilitation and Customs work plan including design and implementation of selected Articles of the WTO Trade Facilitation Agreement			MP MA MJ
			- Be involved in the update of the Djibouti Corridor Baseline Study being financed by FCDO	MP		
			- Assess the Berbera Corridor Port Utilisation Agreement and prepare a matrix of actions.			

	Indicator	Sub-Indicators	Activities	2022 Q1		
				Jan	Feb	Mar
		Prepare a programme to improve utilisation of the Berbera Corridor	- Hold discussions with Minister Saad of Somaliland on how to improve operations on the Berbera Corridor	MP		
			- Hold Joint technical meetings between Ethiopia and Somaliland on how to improve operations on the Berbera Corridor			MP
		Support the piloting food aid deliveries along the Mombasa Corridor and LAPSET Corridor	- Work with the Kenyan Authorities to prepare a transport/transit agreement between Kenya and Ethiopia that facilitate the transport of WFP food aid from Mombasa and Lamu ports to Ethiopia	MA MP		
			- Support the Task Force that will implement the bilateral transport/transit agreement	MA		
		Support the digitalisation of the logistics sector	- Participate in the Task Force to develop the Terms of Reference for the World Bank financed (ELSP) programme to develop a Berbera Corridor Community System	MP	MP	MP
			- Prepare a programme for the digitalisation of the Ethiopian Logistics sector for possible financing in the EU's next country programme that will include: - An assessment of what logistics related activities have already been digitalised or are in the process of being digitalised in Ethiopia - An analysis of current trends in digitalisation of global supply and value chains and protocols used. - Development of a digitalisation programme and presentation to LTO. - Establishment of a Task Force to finalise the programme and to oversee implementation.	MP	MP	
A7	Collect data on supply and demand in the logistics chain and TOR preparation for a logistics freight masterplan	Implement the Diagnostic component of the Logistics Masterplan	- Finalise the Scope of Work for the Diagnostic Component of the Logistics Masterplan after receiving final comments from LTO on the draft Scope of Work	MP		
			- Review existing national and regional studies, policies, rules, regulations, strategies, proclamations, procedures, masterplans (such as existing road, rail and air transport masterplans and strategies) and performance reviews, and other relevant documents, and use them, where appropriate, as background and reference material for the Masterplan.		MP MJ NKE	
			- Review the ongoing Transport Masterplan so that relevant material can be included in the Logistics Masterplan.		MJ	
			- Review other relevant data available related to logistics inside and outside Ethiopia, including service providers and other stake holders.		MP	
			- A mapping of existing monthly freight movements, by volume, over the last 5 years, and an estimate of the volumes, by month, of freight volumes, for the following: - o Domestic agricultural products, geographical production and consumption zones - o Domestic Industrial Products production and consumption zones		NKE	

	Indicator	Sub-Indicators	Activities	2022 Q1		
				Jan	Feb	Mar
			Source of Export Products with crop seasonality and export destinations for agricultural export products; mineral products; and industrial products.			
			- Mapping import products and origins, distribution channels with all the required detail identification of population definition, population size determination for each geographic location, sample size determination, sampling technique determination, etc			NKE
			- Assessing the existing Business Processes, workflows of the various direct logistics service providers and other stake holders.			NKE
			- Assessing importers and exporters, stakeholders and collaborators' needs and challenges.			NKE
			- Assessing the existing ICT systems and infrastructures in the logistics sector.			MP NKE
			- Surveying or visiting, as necessary, all infrastructure and prospective logistics provision locations.		MP/MJ/MA	
			- A thorough depiction of trade and logistics operational chains, particularly seaport and dry port operations.			NKE
			- Conduct interviews and Focus Group Discussions (FGDs), and consultations from appropriate experts from the Ethiopia Maritime Authority (EMA) and the Logistical Transformation Office (LTO).		MA	

Notes:

- MP = Mark Pearson (Team Leader and Logistics Expert)
- MJ = Mohammed Jemal (Senior Transport Specialist)
- MA = Mekonnen Abera (Chief Technical Adviser)
- All activities except those under A4 will be carried out under the LTO Work Programme.
- Where necessary and practical, LTO staff will be involved in activities
- Where necessary and practical, NKEs will be used.
- Where necessary and practical, activities will be done in conjunction with activities financed by other cooperating partners, in particular the World Bank and TMEA

6 Utilisation of NKEs

NKE days allocated and unallocated	Senior NKE person days	Junior NKE person days
Total number of NKE person days allocated	303	103
Non-Key Expert (Shipping Expert)	2	0
Non-Key Expert (Communications Expert)	55	0
Non-Key Expert (Web Designer)	70	0
Non-Key Expert (Chief Technical Adviser)	120	0
Total number on NKE person days unallocated	56	103

The proposed utilisation of some of the remaining NKE days are as follows:

Type of NKE		Number of Days	Description of Activity
1	Rail Expert (SNKE)	10	The Senior Rail Expert will be expected to visit Ethiopia and Djibouti and work with the Project TL/LE and CTA, ERC, LTO and MOT to identify what would be required to allow ERC/EDR to run 10 trains a day and to draw up a programme of work that ERC/EDR can follow to create an enabling environment within which 10 trains can run between Djibouti port and stations in Ethiopia
2	Logistics Experts (JNKEs)	103	Ethiopian-based companies and experts will be needed to, mainly, collect data and do data analysis in the implementation of the diagnostic component of the National Logistics Masterplan. This will include the following: - Review existing national and regional studies, policies, rules, regulations, strategies, proclamations, procedures, masterplans (such as existing road, rail and air transport masterplans and strategies) and performance reviews, and other relevant documents, and use them, where appropriate, as background and reference material for the Masterplan. - Mapping import products and origins, distribution channels with all the required detail identification of population definition, population size determination for each geographic location, sample size determination, sampling technique determination, etc. - Assessing the existing Business Processes, workflows of the various direct logistics service providers and other stake holders. - Assessing importers and exporters, stakeholders and collaborators' needs and challenges. - Assessing the existing ICT systems and infrastructures in the logistics sector.

Type of NKE		Number of Days	Description of Activity
3	External expert on O/D surveys	10	Mapping import products and origins, distribution channels with all the required detail identification of population definition, population size determination for each geographic location, sample size determination, sampling technique determination, etc
4	Expert on logistics and BPA	15	A thorough depiction of trade and logistics operational chains, particularly seaport and dry port operations.