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DT GLOBAL IDEV EUROPE S.L.

DT Global

Third Sixth Monthly Report

Technical Assistance to Ethiopia's Transport and Logistics Sectors

March - August 2022

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Six-Monthly Report

March - August 2022

Ethiopia Transport and Logistics Support Programme

Submitted by

DT Global

September 2022

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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 Logistics and Ethiopian Maritime Authority
Programme Working Title	Ethiopia Transport and Logistics Support Programme
Contractor	DT Global
Team Leader-Logistics Expert (KE1)	Mark Pearson (550 days of input)
Senior Transport Specialist	Mekonnen Abera (XXX days of input) – as from __ and as the replacement to Mohammed Jemal who passed away in February 2022.
Non-Key Experts	NKE1 – Gilbert Maeti – 2 days as at end-August 2022 – end of contract NKE2 – Diederik De Roos - __days as at end August - __ days not used NKE3 – Richard Humphries - __days as at end August - __ days not used NKE4 – Mekonnen Abera - __days as at end August – end of contract
Project Duration	34 months (22 February 2021 to end-December 2023) as per Addendum 2, which is at Annex 1 to this 6-month report.
Overall Objective	Enhance regional integration and increase competitiveness of Ethiopia in a sustainable way. Support the Government of Ethiopia to 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).

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). At the start of the assignment the Team Leader/ Logistics Expert (KE1) has been allocated an office in the Ethiopia Maritime Authority (EMA), while the Senior Logistics Expert (KE2) was allocated office space in the Ministry of Transport.

In November 2021 the Government of the Federal Democratic Republic of Ethiopia (GoE) issued a directive that it would no longer require the services of Advisers to the GoE paid for by donors and cooperating partners. As such, the Ministry of Transport and Logistics (MoTL) closed its Technical Advisory Unit. The MoTL advised the EUD that it no longer required the advisory services of the KE2, the Senior Transport Specialist, at MOTL. Unfortunately, and tragically, the KE2, Mohammed Jemal, passed away in February 2022. There was no replacement KE2 until _____ 2022 when Ato Mekonnen Abera was appointed.

During its first 18 months of implementation the Project has used the services of four NKEs as follows:

- NKE1: Gilbert Maeti. The NKE assisted with the collection of costs of shipping for Mombasa, Dar es Salaam and Port Sudan.
- NKE2: Diederik De Roos. The NKE has been assisting ETLSP to develop and design a website and to establish a Corridor Monitoring Mechanism for the project. The website is still being developed and, together with the corridor monitoring mechanism, donor activities in logistics and transport in Ethiopia (and, where relevant, in other countries in the Horn of Africa) will also be monitored.
- NKE3: Richard Humphries. The NKE has been assisting with the Communications and Visibility Strategy.
- NKE4: Ato Mekonnen Abere. The recruitment of NKE4 was approved at the end of November 2021 as the Chief Technical Adviser, recruited to assist with implementation of corridor management activities and with implementation of activities to be undertaken as part of the Logistics Masterplan Diagnostic. Ato Mekonnen stopped being the NKE4 at the end of July 2022 and was appointed as KE2 as of __ August 2022.

The ETLSP continues to implement the activities originally envisaged in the financing agreement, but the scope of work envisaged has increased with:

- The design and implementation of the Ethio-Djibouti Corridor Management Authority (EDCMA), preparation of the EDCMA draft bilateral agreement and preparation of the draft work plan; and
- The design and implementation of the Diagnostic for the Logistics Masterplan.

This report focusses on the activities of the first 18 months of implementation, which are the activities labelled A1 to A7 and A8 to A16 in Table 1. The Report addresses implementation, then challenges, then planned activities over the coming 6 months for activities.

Table 1: Activities under the ETLSP

		Indicator
Year 1	A1	Create better logistics performance monitoring dashboard/framework statistics
	A2	Communication and Visibility compliant with latest manuals for EU External Action
	A3	Support the MOT to reform vehicle standards according to TTTFP standards
	A4	Support ERA in assessment of road quality (IRI measurement) of the regional trade corridors
	A5	Assess the operation of the rail sector and propose measures to improve the rail sector environmentally
	A6	Provide support to the Implementation of the Interventions proposed in the National Logistics Strategy, with a focus on Dry Ports
	A7	Collect data on supply and demand in the logistics chain and TOR preparation for a logistics freight masterplan
Years 2 and 3	A8	Continue to Support Policy Dialogue on Logistics and Transport
	A9	Continue to provide support to the implementation of the interventions proposed under the NLS
	A10	Provide relevant (best practice) measures to improve the performance of the logistics system.
	A11	Continue to support MOT/ ERA on implementation of specific asset preservation measures
	A12	Continue to support MOT/ ERA on the definition and/or implementation of specific vehicle standards and inspection procedures
	A13	When needed, support to the activities of the NLC
	A14	Implementation of a structured logistics dashboard and/or systematic corridor monitoring systems
	A15	Activities to ensure the participation of CSOs in the policy making process
	A16	Provide strategic ESIAs of the logistics or transport sector or specific corridors.

Progress on achieving Results 1 to 5 is also reported on.

2 Description of Progress (Technical)

The table below contains a description of technical progress in implementing the ETLSP. Although this Progress Report addresses progress for the first half of the second year, we have still maintained the performance indicators from Year 1, but only where relevant. Specifically, the Performance Indicators for:

- A1 has been merged with A14, a continuation of A1;
- A2 has been maintained as there has been activity under A2;
- A3, A4, A11 and A12 are linked in that they address, directly or indirectly, implementation of the TTTFP.
- A5 through to A8 have been maintained as there has been activity under these work streams in the 6 months being reported on.

	Indicator	Activities in Reporting Period
A2	Communication and Visibility compliant with latest manuals for EU External Action	- The C&V Strategy was updated to reflect the Strategy in September 2022 and is given at Annex 2. The C&V Strategy is considered to be a live document and will be updated, if necessary, every 6 months.
A5	Assess the operation of the rail sector and propose measures to improve the rail sector environmentally	- The Project has had a series of meetings on the railways with Ethiopian railway experts, from Ethiopia Railways Authority, other departments of government and from independent experts and the information garnered from these meetings have been used to finalise terms of reference that address operational and administrative/PPP aspects of the railways. - The project has also consulted what documentation and reports are available on the Ethiopian railway sector, including reports to the National Logistics Council. - The ToRs are being used to recruit two NKEs under the Logistics Masterplan Diagnostic exercise. Ethiopia has not had a functioning railway for generations and so there is little expertise present in Ethiopia on railways, either the operational or the structural components, hence the need to recruit from outside of Ethiopia.
A6	Provide support to the Implementation of the Interventions proposed in the National Logistics Strategy, with a focus on Dry Ports	- The project, and especially the KE2, have been involved in the design and roll-out of the Dire Dawa Special Economic Zone, which was high on the political agenda of the Prime Minister during the 6-months being reported on. - The project has also provided inputs into the changes in the FOB directive that are required to remove the ESLSE monopoly on multimodal shipping. - The ETLSP has been given the responsibility of supporting two main work groups under the NLS, these being the Ethio-Djibouti Corridor and the Logistics Masterplan.

	Indicator	Activities in Reporting Period
A7	Collect data on supply and demand in the logistics chain and TOR preparation for a logistics freight masterplan	- Supply and Demand will be addressed primarily within the framework of the Logistics Masterplan Diagnostic, including the O/D survey, the shipping survey, the survey on warehousing and industrial parks and, in part, the railway and roads components of the Diagnostic. The work that has been done during these 6 months has focussed on analysing what work has already been done on supply and demand in the logistics chain and preparation of the Terms of Reference for NKEs and the KEs to prepare the Logistics Masterplan Diagnostic. - The Logistics Masterplan Diagnostic has a dedicated data collection exercise (See Annex 3) and during the six-month period being reported o, ETLSP has worked on the Terms of Reference, including outputs, in close collaboration with logistics stakeholders and after an assessment of recent similar data collection exercises that the data collection exercise for the Logistics Masterplan Diagnostic could build upon. - Initially, the envisioned task was to prepare a Logistics Masterplan and terms of reference were developed for this Masterplan. These were sent to the World Bank Group as the WBG were considered a possible source of financing. However, the WBG estimated that the development of the Masterplan, with the terms of reference prepared, would cost at least USD5m, money the WBG did not have for such an exercise. After discussion with EMA, the ETLSP revised the Terms of Reference for the first phase of the Freight Logistics Masterplan, which would be a Logistics Masterplan Diagnostic. The challenge was still to source the money to carry out the diagnostic. With discussions between DT Global, the EU Delegation and project staff, it was agreed to reallocate money available for NKEs and contingencies to a NKE budget that would be used to implement the Logistics Masterplan Diagnostic. During the last six months considerable time and energy of the EUD, DT Global and project staff has been spent on proposals on how to reallocate the budget that is available to the ETLSP, preparing terms of reference for NKEs to be short listed for the Logistics Masterplan Diagnostic exercise and sourcing at least 3 CVs for each proposed NKEs. At the end of August the ToRs had been agreed, the shortlists drawn up and Addendum 2 had been signed, which allows the ETLSP to now move on implementing the Logistics Masterplan Diagnostic.

	Indicator	Activities in Reporting Period
A8	Continue to Support Policy Dialogue on Logistics and Transport	The policy dialogue has been supported during the last six months through the following - Providing support to the establishment of the Dire Dawa Special Economic Zone - Providing inputs in the revision of the FOB directive - Recruiting a Logistics Policy Adviser as an NKE - Involvement in meetings of the Ethio Logistics Sector Association (ELSA) through the KE2 and the Logistics Policy Adviser, both of whom are members of the ELSA - Proposals for a structure of the EDCMA and its functions and mandate.
A9	Continue to provide support to the implementation of the interventions proposed under the NLS	The ETLSP continues to provide support, sometimes indirectly, to the following interventions in the NLS: 3 Strengthen the multimodal transport system and increase its coverage 5 Enhance utilization of ports and transit corridors 8 Create a system for transit transport of import cargo 13 Develop a system to involve private logistics service providers in multimodal transport system 15 Provide quick service for cargo transported by multimodal transport 16 Provide efficient service for cargo transported by unimodal transport system 25 Establish a licensing system of Authorized Economic Operators (AEO) status to logistics service providers 28 Establish a system to monitor logistics service quality 39 Open up the multimodal transport service gradually to international market 42 Open up road transport services gradually to the international market 48 Minimize transit check points and transit times 51 Reduce number of documents 56 Develop seaport and transit corridor performance indicators and establish a monitoring system 58 Harmonize common axle load rule 59 Establish transit corridor management authority 69 Establish free trade zone 70 Prepare production and logistics supply master plan 85 Establish freight information exchange system In Year 2/3 it is possible that ETLSP will have an input into: 33 Import trucks with heavy load (70 – 100 tones) 36 Implement fleet management system Specific work that has been carried out includes:

	Indicator	Activities in Reporting Period
		- Preparation of a draft work plan and budget for the design and implementation of the Ethio-Djibouti Corridor Management Authority (EDCMA) as a non-paper and presented this non-paper to the Government of Ethiopia. The intention was to do the same for Djibouti, with a cover letter from the Ethiopian MOTL to her counterpart in Djibouti. But this plan was rejected by the Minister in August 2022, so another course of action has been devised. The draft work plan is at Annex 4. - "Workshopped" the draft proposals twice with two sets of government and private sector stakeholders. The results of these workshops are that the Ethiopian stakeholders have taken ownership of the process and are preparing their position as regards the structure of the EDCMA, the Secretariat, the work plan and the budget so that this can be discussed with the Djiboutians. - Held discussions with the EUD in Ethiopia and TradeMark East Africa (TMEA) on the possibility of using some of the funds from the EU Regional Project to support the Ethio-Djibouti Corridor, a project which is being administered by TMEA through AFD. - Provided support to the Ethio-Berbera Corridor Diagnostic carried out by a consultancy financed by FCDO. - Provided support for a Consultancy financed by the EU and preparing projects under the Global Gateway Initiative. - Provided support for an EU company doing due diligence on a possible investment decision in Ethiopia-Djibouti Railways.
A10	Provide relevant (best practice) measures to improve the performance of the logistics system.	- Providing support to the establishment of the Dire Dawa Special Economic Zone. - Discussions with DIRFT (Daventry International Rail Freight Terminal) on possible lessons that could be learned from DIRFT by Ethiopia. - Planning study tours and familiarisation visits to relevant logistics providers in other parts of the World
A3	Support the MOT to reform vehicle standards according to TTTFP standards	Terms of Reference for the Logistics Masterplan Diagnostic include components to support the MOT to reform vehicle standards according to TTTFP standards. Specifically, a NKE is to be recruited to do a needs assessment of the TTTFP and to prepare a work plan for the implementation of the TTTFP.
A4	Support ERA in assessment of road quality (IRI measurement) of the regional trade corridors	In the first 6 months of implementation, ETLSP provided support to MOT (MOTL now) through ERA (which was, at the time, part of the MOTL) to measure road quality, specifically with the suggestion and introduction to a free smartphone application which measured IRIs. By using the smartphone app ERA was able to do all of the road quality measurements needed to be completed under the Budget Support programme. Since then, ETLSP have not provided any further support in this area to ERA. Terms of Reference prepared for the Logistics Masterplan Diagnostic include components to support ERA in assessment of road quality (IRI measurement) of the regional trade corridors.

	Indicator	Activities in Reporting Period
A11	Continue to support MOT/ ERA on implementation of specific asset preservation measures	ETLSP have prepared a briefing paper on the implications of systematically overloading trucks, including the impact on the quality of the pavement and asset preservation. This has also been included in the EDCMA concept paper prepared for the governments of Ethiopia and Djibouti. Implementation of the EDCMA work plan will include components to support MOT/ ERA on implementation of specific asset preservation measures, especially the road pavement.
A12	Continue to support MOT/ ERA on the definition and/or implementation of specific vehicle standards and inspection procedures	No activities have taken place under this work stream during the 6-month period being reported on.
A13	When needed, support to the activities of the NLC	The ETLSP has no role to support the NLC. This is done by the Logistics Transformation Office (LTO) and Ethiopia Maritime Authority (EMA). ETLSP supports the NLC only indirectly and through the support provided in implementing the National Logistics Strategy.
A1	Create better logistics performance monitoring dashboard/framework statistics	The following has been worked on during the 6-month reporting period: - Costs of shipping to Djibouti from 12 ports - data obtained from Drewry's through a subscription, with the first month of reporting being March 2022. This information has been collected and is part of the dashboard on the website, although as at the end of the reporting period this is still under development. - Comparator costs with other ports. Information has been collected from multiple sources, including from Drewry's through a subscription as from March 2022, but also from port authorities themselves. As at the end of the reporting period the available data has been collected, gaps have been identified and proposals being made on how to strengthen the database. - Actual costs of trucking from Djibouti to Modjo - data from different sources put into an Excel price simulation model. This price and cost simulator will be made available through the dashboard and updated every quarter. - Time taken from Galafi to Modjo and through Modjo, measuring time of processing the truck and goods through Galafi and through Modjo - data from Ethiopian Customs which is fed into the monitoring system in raw data form, and which is processed by the system and generates a "report". The Excel model is working but the more sophisticated web-based model is work in progress and part of the project website. - Numbers of TEUs destined for Ethiopia processed by month by SGTD - data from SGTD via EMA. Historical data has been used to establish the system but what is still require is to get data on a regular basis to update the system monthly and automatically. - Volumes of fertiliser and grain (break bulk) destined for Ethiopia and coming through DMP (data from SGTD via EMA) - Cargo volumes destined for Ethiopia handled by SDTV (data coming from STDV via EMA) - Volumes of fuel destined for Ethiopia coming through Horizon oil terminal by month (data from Horizon/EPSE)
A14	Implementation of a structured logistics dashboard and/or systematic corridor monitoring systems	

	Indicator	Activities in Reporting Period
A15	Activities to ensure the participation of CSOs in the policy making process	During the 6 months the project has had discussions with the private sector, both individual companies, such as multi-national shipping companies, and with Ethio Logistics Sector Association (ELSA) on how to ensure the participation of CSOs in the policy making process. The CSO sector is not strong in Ethiopia and the ETLSP has concentrated on bringing in the private sector and academic institutions into the policy making process. In this regard: - ETLSP has recruited a Logistics Policy Advisor who is a leading Ethiopian expert in logistics and part of the management of the Addis Ababa University; a Board Member of ELSA and an informal "advisor" to the Minister of Transport and Logistics. - ETLSP has recruited, as KE2, the country's foremost logistics expert, who was the Executive Director of Ethiopian Maritime Authority and architect of many of the freight logistics systems still in place in Ethiopia, and a Board Member of ELSA. - ELTSP has had meetings with the private sector, including shipping companies, ESLSE and ELSA on proposals for the Ethiopia Logistics Masterplan Diagnostic and EDCMA.
A16	Provide strategic ESIAs of the logistics or transport sector or specific corridors.	- No work has been done on providing strategic Economic and Social Impact Assessments of the logistics or transport sector or specific corridors by the Project during the 6 months being reported on.

3 Planned Activities in next Six Months (September 2022 to March 2023)

Work Programme Activity		Actions
A1	Create Better Logistics Performance Monitoring dashboard	The following work is on-going to improve the Corridor Monitoring Mechanism - Add both content and data analysis tools to the monitoring data base. - Cooperating partners activity matrix. Under the initiative of the EUD, all cooperating partners were asked to list the projects they were sponsoring or had sponsored or were about to sponsor. The Project has built on this information and developed a cooperating partners activity matrix - Launch the Project website as a pilot website and keep it off-line until it is tried and tested. - Launch the Djibouti-Ethiopia Corridor Monitoring System
A10	Provide relevant (best practice) measures to improve the performance of the logistics system.	
A14	Implementation of a structured logistics dashboard and/or systematic corridor monitoring systems	
A2	Communication and Visibility compliant with latest manuals for EU External Action	- Implement the C&V Strategy and Plan, with the Project website and corridor logistics dashboard as part of the C&V implementation plan. - Support the design and implementation of the EU C&V Strategy.
A3	Support the MOT to reform vehicle standards according to TTTFP standards	- Through an NKE, update the TTTFP baseline survey by working in collaboration with MOTL, ERA, the TTTFP Secretariat and the COMESA focal point. - As part of the work plan for EDCMA, draw up an implementation plan to implement the VLMS and the MCBRTA.
A12	Support MOT/ERA on the definition and/or implementation of specific vehicle standards and inspection procedures	
A4	Support ERA in assessment of road quality (IRI measurement) of the regional trade corridors	- As part of the Logistics Masterplan Diagnostics exercise, an NKE will be recruited to assist the ERA to prepare a rehabilitation and maintenance schedule based on the IRIs, assuming that this is requested by the ERA. - As part of the NLS Diagnostic a NKE will be recruited to study the possibility and practicality of concessioning (tolling) trunk roads that make up the Corridors.
A5	Assess the operation of the rail sector and propose measures to improve the rail sector environmentally	- As part of the Diagnostic Study a NKE is to be recruited to study what additional hardware and software would be necessary to allow the Addis Ababa to Djibouti rail service to operate at its design capacity. - In addition, another NKE will look at the options available to Ethiopia to separate out the ownership of infrastructure and capital equipment and the provision of a rail service
A6	Provide Support to the Implementation of the Interventions proposed in the National Logistics Strategy, with a focus on Dry Ports	- Establish the Ethio-Djibouti Corridor Management Authority - Establish the Technical Committees for the EDCMA - Establish the EDCMA Secretariat(s) - Finalise and start implementation of the EDCMA Work Plan - Carry out the National Logistics Master Plan Diagnostic
A7	Collect data on supply and demand in the logistics chain and	- This will be done as part of the Ethiopia Logistics Masterplan Diagnostic, using NKE resources.

Work Programme Activity		Actions
	TOR preparation for a logistics freight masterplan	
A8	Continue to Support Policy Dialogue on Logistics and Transport	This will be done as part of the establishment and implementation of the EDCMA, as part of the Diagnostic Study and with the recruitment of a NKE as a Logistics Policy Adviser whose main task will be to ensure liaison and collaboration between academic institutions, the private sector and EMA.
A9	Continue to provide support to the implementation of the interventions proposed in the National Logistics Strategy	This will be done as part of the establishment and implementation of the EDCMA and as part of the Diagnostic Study.
A11	Support ERA on the implementation of specific asset preservation measures.	This will be done as part of the support provided to the EDCMA Infrastructure Technical Committee and the Diagnostic. Specifically, it will be done with the recruitment to a NKE to assist to develop maintenance schedules, starting with the Corridor Road between Addis Ababa and Galafi, from IRI measurements. It will also be done through using a NKE to assess the options available to concession roads.
A13	When needed, support to the activities of the National Logistics Council	This will be done indirectly through support to the Logistics Transformation Office and on an as-needed basis.
A15	Activities to ensure the participation of CSOs in the policy making process	- This will be done through working closely with ELSA. It is planned to have a briefing session on implementation of the EDCMA and the Ethiopian Logistics Masterplan Diagnostic. - The KE2 and the NKE Logistics Policy Adviser are both board members of ELSE, so the project has strong connections with the private sector.
A16	Provide strategic ESIAs of the logistics or transport sector or specific corridors.	- Economic and Social Impact Assessments of the logistics and transport sectors and on the Ethio-Djibouti Corridor will be done in the last 6 months of the Project.

4 Planned Missions and Study Tours (Sept. 2022 to March 2023)

The Project is planning the following study tours and missions in the next 6 months.

Study Tour/Mission	Participants	Justification
1) Mission to selected regional ports	KE1, KE2	It is very difficult to obtain accurate and up-to-date information on number of port calls; types, values and volumes of cargo; and port charges and costs. The ETLSP team will visit the regional ports of Port Sudan, Mombasa and Dar es Salaam to discuss with the port authorities on how to obtain this data on a regular basis.
2) Mission to Djibouti Port and Free Zone	KE1, KE2, 2xEUD staff	The mission will visit the DPFZA ports and SDTV to discuss how to obtain accurate and up-to-date information on number of port calls; types, values and volumes of cargo; and port charges and costs.
3) Mission to Berbera Port, Free Zone and International Airport	KE1, KE2, 2xEUD staff	The mission will visit the Berbera Port, the newly established Free Zone and the International airport to assess the potential of Berbera being a viable port for Ethiopia and to explore how to obtain accurate and up-to-date information on number of port calls; types, values and volumes of cargo; and port charges and costs.
4) Day trip to Modjo Dry Port	KE1, KE2, 2xEUD staff	The ETLSP and EUD staff will travel to Modjo Dry Port to assess the capacities of the Dry Port, the trade facilitation mechanisms in place and challenges faced in improving trade facilitation
5) Two-day trip to Dire Dawa SEZ	KE1, KE2, 2xEUD staff	Dire Dara has been established as a SEZ. The intention of the mission is to view it in operation and to assess whether the SEZ is beneficial to the Ethiopian supply and value chains so that it is replicable.
6) Study tour to Jebel Ali Port, Dubai	4 Ministers on the NLC, Ato Ewnetu, Ato Mandela, KE1, KE2	Study tour to Jebel Ali port to, in particular, learn about their Logistics Capabilities CFS (Container Freight Station), management of the cool and cold store facilities, management of general cargo and cargo management systems
7) Study tour to study success factors of European Logistics Platforms	4 Ministers on the NLC, Ato Ewnetu, Ato Mandela, KE1, KE2	Prior to the study tour, look at different European Logistics Platforms such as The Italian Model: “Interporto”; the Dutch Model: “Transport Centres”; the Spanish Model: “Zonas De Actividaedes Logisticas”; or the German Model: “Gunterverkehrszentren”. Then select one or two models to visit.

5 Planned use of Non-Key Experts

As the ETLSP moves into its 4th 6-month sector, activities will be focussed under two main headings, these being the implementation of the diagnostic component of the Logistics Master Plan (LMP) and implementation of the Ethio-Djibouti Corridor Management Authority (EDCMA). These two main activities will also cover planned activities of the Project and additional trade facilitation and customs activities. This rearranging of Project activities under these two main frameworks does not imply a change in direction for the Project nor does it imply that the focus is not on assisting the Ethiopian Maritime Affairs (EMA) to implement the National Logistics Strategy (NLS). All components of both the LMP and EDCMA are included in the NLS.

The following NKEs are anticipated as being required to assist ETLSP to assist EMA to implement the LMP and EDCMA as part of the implementation of the NLS.

Expert	Title	Summary of Main Responsibilities	Days
NKE5	Logistics Policy Adviser	- Policy briefs for the Minister of Transport and Logistics, for the ED of EMA and for the NLC - Advocacy and briefing meetings on Logistics with stakeholders	60
NKE6	TTTFP Expert	- Updated TTTFP Baseline Survey, using the same format as the original Baseline Survey Report - Gap analysis of the VLMS, CBRTA and TRIPS	20
NKE7	Railway Expert (Operations)	- Analysis of previous studies and reports on the Ethiopia Djibouti SGR; current operational structure; recommendations for improvements to operations of the railway.	30
NKE8	Railway Expert (Regulatory and Systems)	- Analysis of previous work done on managing operations of the Ethiopia Djibouti Railway; examples of how railway operations are managed in other parts of the world and what the strengths and weaknesses of these operation systems are; recommendations on ownership, shareholding structure and the regulatory structure.	45
NKE9	Road Engineer (Policy)	- Improved capacity of ERA in taking and analysing IRI readings and use of these IRI readings in planning of maintenance schedules - Locations and types of weighbridges and recommendations on the placing of weighbridges, and types of weighbridges to allow Ethiopia to be in compliance with the TTTFP VLMA - Design of a pilot programme for High-Capacity Vehicles and decarbonising road freight on the section of road to be determined - Pre-feasibility study on design of road pavements for use exclusively for higher axle loads	20
NKE10	Road Engineer (Infrastructure)	- Analysis of relevant work done in the Road Sector in the last 10 years and a list of recommendations and conclusions from these studies and other reports - Improved capacity of ERA in taking and analysing IRI readings and use of these IRI readings in planning of maintenance schedules - Pre-feasibility study on design of road pavements for use exclusively for higher axle loads	30
NKE11	O/D Survey and Freight Projections Expert	- Map cargo (fuel, fertiliser, wheat, coal, steel and containerised cargo) over the last 5 years from port of origin to port of destination. - Map cargo over the last 5 years from destination port to first point of distribution (e.g. Modjo ICD, Awash, etc.)	30

Expert	Title	Summary of Main Responsibilities	Days
		- Map cargo from first point of distribution to final distribution point over the last 5 years. - Develop a simulation model that will predict volumes of cargo through specified nodes and routes.	
NKE12	Shipping Data Expert	- Using data from Linescape, Drewrys and the relevant ports, create a database, and from this database, create tables and graphics that show details of intra-regional and extra regional liner services calling at the ports of Djibouti, Port Sudan, Massawa, Assab, Mogadishu and Mombasa, carrying capacities, numbers of containers offloaded and unloaded and vessel sizes.	12
NKE13	Warehouse and Logistics Systems Expert	- Provide advice on how the private sector could become more involved in the Inland Container Depots and Industrial Parks that are currently owned and operated by State Owned Enterprises (SOEs). - Provide advice on how the costs of importing and domestic distribution of wheat and fertiliser could be reduced. - Develop a proposal for a Logistics Village or a Freight Station that could be developed either by the private sector itself or as a Public-Private Partnership and how this could be pitched to foreign and local investors as an investment opportunity. - Make recommendations on a logistics system that is able to track dry bulk cargo, including wheat and fertiliser, from the port to warehouses in Ethiopia and out of the warehouses to final users.	60

6 Progress Made on Achieving Results

Results		Activities implemented to achieve the results
1	Technical advice was adequately provided to the Government to facilitate the achievement of the 2021 variable tranche of the Ethiopia Regional Connectivity and Competitiveness Budget Support Performance Indicators	This was done in the first six months of the Project when the Technical Assistance Team provided the following support: - Working with the Budget Support TA, Karolyn Thunnissen, assisted the GoE with a template and format for the Budget Support Programme and assisted with the completion of parts of the report. - Assisted with data collection from the various agencies and with the tabulation and compilation of data for the report. - Provided advice on how to collect instrument-based readings for the IRI of the corridor trunk roads (PI-4). - Assisted with the definition of the Tripartite vehicle weights and measures legislation (PI-4). - Working with ERC to collect data on containers moved from Djibouti and the challenges faced by ERC in improving its performance (PI-9). - Through EMAA obtained data from Ethiopia Customs Commission on time taken to move containers from Galafi to Modjo and time taken to clear cargo through Modjo Dry Port for EFY 2011 and EFY 2013. The TAT assisted EMAA to calculate average times (mean, median and Standard Deviation) by month for EFY 2011 and EFY 2013. This allowed EMAA to measure the Performance Indicator 10 for the Budget Support Programme. By providing appropriate TA to the GOE the ETLSP TAT was able to significantly increase the potential amount payable under the Budget Support Variable Tranche simply by assisting the GOE with its reporting on compliance. The TAT also improved the level of dialogue on the twelve Performance Indicators, and this continues – it did not stop after the first 6 months. The TAT completed their part of the Budget Support report and sent it to Ministry of Finance. Ministry of Finance submitted it to the EU and the EU, through Karolyn Thunnissen, requested some, mainly format, changes to the report. However, the EU Budget Support programme has been in abeyance since 2021, so the Ministry of Finance did not resubmit the Final Report to the EU. To close the reporting exercise the ETLSP will provide a revised draft of the progress made in achieving the agreed milestones under each of the Performance indicators at the end of the 2013 EFY and document progress made in each of the Performance Indicators since the end of EFY 2013.
2	Data are timely available for the Government to be able to introduce their disburse request for the 2021 variable tranche of the Ethiopia Regional Connectivity and	ETLSP effectively started on 22nd February 2021 so 7 months into the implementation period of the Budget Support programme. At the time the ETLSP started it was already too late to request modifications in the agreed outputs of the 12 Budget Support indicators. If the GOE had made a request earlier it may have been possible to, for example, reduced the length of road for which instrument based IRI readings were required, considering security issues.

	Competitiveness Budget Support	The TAT worked with ERA, ERC, FTA, EMA and MOT to ensure that the data that could be collected was collected and available in a timely manner for the Government. The TAT team also prepared a draft outline of the report to be used by the GOE as their disburse request for the 2021 variable tranche. However, because of other considerations, such as security and humanitarian issues, the EU has suspended all payments under the Budget Support programme.
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.	The TAT has been working with officials to improve skills to implement the NLS more effectively, taking account of international best practices and recognised standards. In the first 18 months of the project the TAT worked to improve skills in: - transport economics - trucks not moving are trucks adding to the cost of transport; and the difference between generating cash flow and making a profit; - the economic costs of overloading; - Finding ways to resolve the contradictions in the NLS as regards complying with the VLMS and introducing trucks with a GVM of 70-100 tons by reviewing similar studies in South Africa by CSIR and University of Cambridge and road trains in Australia and Sweden. - the TTTFP model laws and implementation strategies, including provisions for vehicle overloading and the multilateral cross-border road transport agreement; - free trade agreements; - how to calculate transit times from eCMS data (mean, median and standard deviation). - Approaches to liberalising multimodal transport – use of NVOCCs and appropriate regulation. - Design and implementation of the Ethio-Djibouti Corridor Management Authority and the work plan - Preparing Corridor Diagnostics - Preparing bilateral agreements to govern corridors - Corridor monitoring activities - Digitising Corridors
4	Transport services are improved in respect to vehicle fleet standards, modal shift, assets preservation.	This is ongoing through work being done through the Diagnostic and the Ethio-Djibouti Corridor Management Authority with respect to vehicle fleet standards, modal shift, assets preservation.
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).	The project recruited a Communications Expert and a Web Designer as NKEs at the end of August 2021. The Web Designer is designing the project website and part of the project website is a corridor logistics dashboard. In preparation for the dashboard the TAT has been collecting data for use on the dashboard and has been working with the Web Designer on how to automatically convert the data sets into graphics as part of the dashboard.

7 Technical Challenges faced in Implementation

Work Programme Activity		Actions
A1	Create Better Logistics Performance Monitoring dashboard	The main challenges faced are in the collection of data on a regular basis. However, most of these challenges are being overcome, either by establishing better relations with the sources of the data, such as Ethiopian Customs, EMA in Djibouti, and DPFZA or by purchasing data such as from CTS and Linescape.
A10	Provide relevant (best practice) measures to improve the performance of the logistics system.	
A14	Implementation of a structured logistics dashboard and/or systematic corridor monitoring systems	
A2	Communication and Visibility compliant with latest manuals for EU External Action	No major challenges
A3	Support the MOT to reform vehicle standards according to TTTFP standards	The main challenge is in determining how the Project can best help the MOTL to reform vehicle standards according to TTTFP standards. The Project have approached this workstream by first identifying where Ethiopia is in terms of implementing the TTTFP, meaning that the Project will redo the baseline survey and will then assess what support can be provided.
A12	Support MOT/ERA on the definition and/or implementation of specific vehicle standards and inspection procedures	The main challenge is in determining how the Project can best support MOTL/ERA on the definition and/or implementation of specific vehicle standards and inspection procedures. The approach taken is to carry out an assessment on how axle loads can be reduced; how high-capacity vehicles, but with the same vehicle length as agreed under the TTTFP, can be introduced and possible changes to road pavement designs.
A4	Support ERA in assessment of road quality (IRI measurement) of the regional trade corridors	
A5	Assess the operation of the rail sector and propose measures to improve the rail sector environmentally	The main challenge in the railway sector is to be able to assess what is technically possible and then match this with what is politically or administratively acceptable and to ensure that a financing structure can be in place
A6	Provide Support to the Implementation of the Interventions proposed in the National Logistics Strategy, with a focus on Dry Ports	There are no major challenges being encountered
A7	Collect data on supply and demand in the logistics chain and TOR preparation for a logistics freight masterplan	This workstream is starting and the main envisaged challenge is the collection of data where there is no physical access to Project data collectors.
A8	Continue to Support Policy Dialogue on Logistics and Transport	The Project has staff in place that are well placed to support the policy dialogue

Work Programme Activity		Actions
A9	Continue to provide support to the implementation of the interventions proposed in the National Logistics Strategy	There are no major challenges being encountered
A11	Support ERA on the implementation of specific asset preservation measures.	The main challenge is in determining how the Project can best support ERA on implementation of specific asset preservation measures. The approach taken is to use the NKE Road engineers to work with ERA on first of all ensuring that ERA is familiar with specific asset preservation measures and then to plan maintenance schedules.
A13	When needed, support to the activities of the National Logistics Council	This is done indirectly through support to the Logistics Transformation Office and on an as-needed basis and there are no challenges encountered.
A15	Activities to ensure the participation of CSOs in the policy making process	This is done through the ETLSP staff members (KE2 and the Logistics Policy Adviser, who are both board members of ELSA.
A16	Provide strategic ESIAs of the logistics or transport sector or specific corridors.	Strategic Economic and Social Impact Assessments will be done using the results of the Logistics Masterplan Diagnostic.

8 Description of progress (financial)

9 Invoice and Expenditure Verifications Report

Annex 1: Addendum 2 to the Contract

Annex 2: C&V Strategy

The ETLSP C&V Strategy can be downloaded at:
https://etlsp.portal.africa/2022/09/15/communications-and-visibility-strategy/

Annex 3: Terms of Reference for the Data Collection and Analysis Exercise

Data Collection and Analysis for the Diagnostic
Component of the Ethiopia Freight Logistics Masterplan
Terms of Reference

1. BACKGROUND

As part of the support it provides to the Logistical Transformation Office, which is part of the Ethiopia Maritime Authority, which is part of the Ministry of Transport and Logistics, in implementing components of the National Logistics Strategy, the Ethiopian Transport and Logistics Support Programme has been requested to carry out an Ethiopian Logistics Masterplan Diagnostic Study.

The Diagnostic Study will be done by both international and locally employed consultants. These consultants will liaise with staff of relevant Ministries, Agencies, Cooperatives, Transport Associations, etc. The Diagnostic Study will be overseen by the Head of the Logistics Transformation Office (LTO), who may convene a steering committee to provide guidance and advice to the team doing the implementation of the diagnostic phase.

The Diagnostic Study will be carried out in the framework of the EU-financed Ethiopian Transport and Logistics Support Programme (ETLSP) and will be led by the Project's Team Leader (KE1). He will be assisted by the Senior Transport Expert (KE2) on the EU-financed ETLSP.

The Diagnostics Study will be supported by a Data Collection and Analysis component, the design of which is the subject of the current Terms of Reference.

One of the primary tasks of the overall Diagnostic is to prepare a detailed dataset on the logistics sector that can then be used to prepare both a State of Logistics publication as well as to provide input to the Ethiopian Logistics Masterplan. Most of this data collection, which ranges from doing literature reviews to collection of data on transport systems, from border posts, freight movements, movements of agricultural production, warehouse locations and specifications, etc. will be done in the framework of a Data Collection and Analysis assignment. As this work is highly specialised and composed of various smaller deliverables, it is proposed to use a negotiated procedure, to be funded by a specific lumpsum line under the project budget, which will be specifically established to carry out this activity. In this way, the assignment can be managed by outputs rather than by inputs.

2. OBJECTIVES OF THE ASSIGNMENT

The objectives of the Diagnostic Study are to carry out a diagnostic of the Ethiopian surface (land and sea) freight logistics sector, which will include transport and transit corridor logistics as well as domestic freight logistics in Ethiopia. The primary objective is to provide information and statistics on surface-based freight logistics in Ethiopia that can be used by the team of experts who will do the Logistics Masterplan and Implementation Plan. The Implementation Plan will comprise Business Plans for investment opportunities in the Logistics Sector.

The specific objective of this assignment is to collect data required for detailed analysis of the various Logistics Sectors.

3. INDICATIVE SCOPE OF ACTIVITIES

The contract awarded to what is termed the Data Collection and Analysis will be based on deliverables and the contractor will be paid on deliverables rather than on inputs. As part of the proposal, the provider will provide the contracting authority with a methodology that will be used and timing of deliverables. The expected main activities of the Data Collection and Analysis component will be:

- **Local travel:** The Data Collection and Analysis activity will require a minimum of two trips to the borders at Galafi, Dewele, Tog Wajaale and Moyale. In addition, at least one trip will be done to all major towns in all major regions (with the possible exception of some regions, depending on security and political issues).
- **Literature reviews:** The Data Collection and Analysis activity will collect as many as possible of the major studies, academic papers, consultancy reports, government publications, magazine articles, periodicals and other literature that have been produced on the topic of freight logistics in Ethiopia and, where relevant, other Horn of Africa Countries. A short precis of these documents will be provided.
- **Interviews:** The Data Collection and Analysis activity will be responsible to collect data, information and intelligence (where data are individual observations, information is a useful collection of data and intelligence combines information to form a predictive narrative that enables better decision-making) from people working in the freight logistics sector through structured and unstructured interviews.
- **Surveys:** The Data Collection and Analysis activity will also collect data and information through surveys using questionnaires implemented through physical contact, over the telephone and over the internet.

4. ANTICIPATED MAIN OUTPUTS FROM THE ASSIGNMENT

The main outputs from the Data Collection and Analysis activity are defined in the section below. Providers will be requested to propose a detailed methodology and a calendar for the delivery of outputs.

Providers may propose a new division for the delivery of the below-described outputs, depending on the sequential order that would make sense according to their methodology. The final grouping of the deliverables has to be approved by the EUD before the implementation of the assignment takes place. Disbursement of the funds corresponding to this assignment's components will be subject to the approval of the deliverables by the project team and the EUD.

Deliverable 1:

- Searchable database of all Ethiopian stakeholders in the Logistics Sector. The database will also be sortable by each column of data.
- Minutes of the Stakeholder Meetings.
- A table listing all legal and regulatory instruments that govern or affect the logistics sector and summaries of these instruments.
- Sketch maps of the border posts and write ups of interviews held.

Deliverable 2:

- Log-book data for 3 months from 20 truck drivers on the Ethiopia-Berbera corridor carrying containerised cargo.
- A report outlining the findings of the survey of Clearing Agents and Freight Forwarders.
- BPA Diagrams for imports by road through Djibouti ports and Galafi border post to Modjo ICD for containers.
- BPA Diagrams for imports by road through Djibouti ports and Dewele border post to Modjo ICD for containers.
- BPA Diagrams for imports by rail through Djibouti ports and Dewele border post to Modjo ICD for containers.
- BPA Diagrams for imports by road through Berbera port and Tog Wajaale to a selected destination in Ethiopia for containers.
- BPA Diagrams for imports through Port Sudan to a selected destination in Ethiopia for containers.

- BPA Diagrams for imports through Mombasa port and Moyale to a selected destination in Ethiopia for containers.
- BPA Diagrams for imports of wheat, fertiliser, building steel (rebar) and coal through Djibouti ports to selected destinations in Ethiopia.
- BPA Diagrams for exports of coffee, vegetables and fruits, metals and minerals, apparel, oil seeds and live animals.
- Minutes of the Stakeholder Meetings.

Deliverable 3:

- Report on the number of trucks by category, condition and suitability, by ownership of the truck fleet used to transport freight domestically as well as to and from the ports.
- Annual estimates over the last 10 years of the total production and consumption for each agricultural zone of food crops.
- Estimates of annual agricultural inputs used over the last 10 years (including fertiliser, pesticides, herbicides, seed, bags, etc.), in each agricultural zone.
- Estimates of livestock production and inputs used in each agricultural zone (to be defined) for the previous 10 years.
- Supply and value chains for all major food crops, (including wheat, barley, tef and maize).
- Value chains for livestock production.
- A list of all fertiliser warehouses and their map coordinates. (Note: This will be used to construct a map with all the warehouses located on the map. When the user clicks on a specific warehouse on the map a box giving details of the warehouse and the warehouse statistics will appear as a pop-up.
- Report on the physical status of the 110 warehouses, equipment available and warehouse management systems used.
- Report on monthly flows of fertiliser for the last 10 years.
- Estimates of the average time, by month, it takes for a truck to unload fertiliser at each depot.
- Estimates of annual fertiliser losses for the last 10 years.
- Map coordinates of all operational and planned Industrial parks.
- Completed template for each IP on amenities, infrastructure, tenants, and services.
- Minutes of the Stakeholder Meetings.

Deliverable 4:

- Report giving the coordinates of all major non-agricultural warehouses and Dry Ports in Ethiopia, giving a brief description of: the ownership of the facility; the facilities' tenants; the capacity of the facility; the facilities available at the warehouse, including air conditioning (or cold room) facilities; the mechanical equipment available, including reach stackers, gantry cranes, fork lifts, tractors, etc.; the size (in square metres) and storage capacity (in metric tons and/or TEUs) of the warehouse or Dry Port; and the services available (such as destuffing, Customs clearance, etc.) at the warehouse or ICD.
- Minutes of the Stakeholder Meetings.

Deliverable 5:

- A table of best estimates of the total production, domestic consumption and exports of metals and minerals mined in Ethiopia.
- Supply and value chains for gold, tantalum, potash and soda ash and industrial and construction materials.
- Map coordinates of the location and distribution centres of mineral products.
- Report on the logistics requirements of mineral supply and value chains from source (origin) to destination.
- Minutes of the Stakeholder Meetings.

Deliverable 6:

- Final Report, which will be a compilation of Deliverables 1 to 5

5. MANAGEMENT AND COORDINATION

The Data Specialist will report directly to the KE2 of the Ethiopia Transport and Logistics Support Programme.

6. RESOURCES REQUIRED

As this work is highly specialised, requiring in-depth local knowledge and expertise in freight and other logistics, entails specific institutional skills, and is composed of a set of smaller deliverables, it is proposed that a negotiated procedure, to be funded through a lumpsum budget, be agreed.

The costs of all administration, travel, daily subsistence allowance, translation from Amharic to English, printing, telecommunication and wifi costs and all other costs are covered under the lump sum amount of this assignment. Therefore, no additional costs may incur from other budget lines of the contract, such as the incidental expenditures budget, related to the above-described assignment.

7. DURATION OF THE ASSIGNMENT

This assignment is anticipated to start in July 2022 and will be implemented over a period of 6 months, up to the end of December 2022.

Annex 4: Draft Work Plan and Budget for the EDCMA

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 Report1 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-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

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

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).

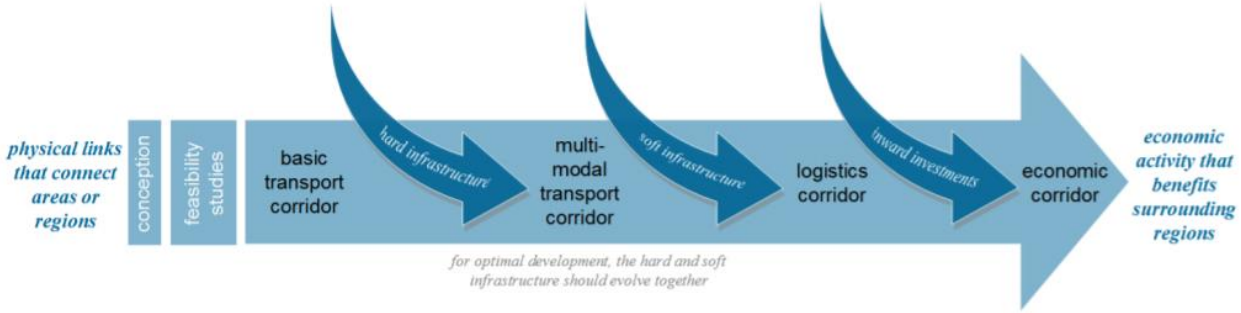
The price of manufactured goods depends on costs of factors of production and, as modern manufacturing involves assembly of components manufactured and imported from all over the world, the cost of freight logistics is an important component of the cost of manufactured goods in Ethiopia and Djibouti.

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]

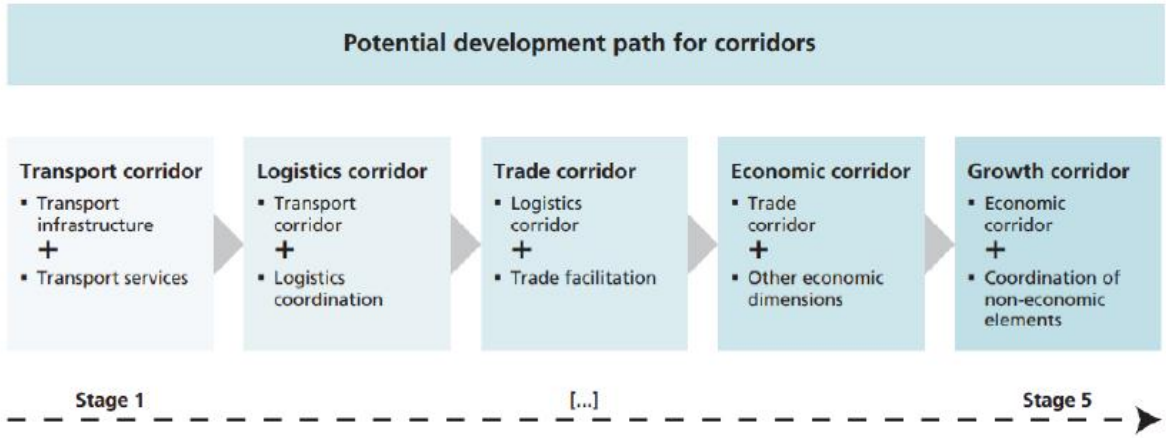
Corridors may start as transport or transit routes with one or more modes of transport being developed through the provision of hard infrastructure. The next stage of evolution requires improvements to the so-called "soft infrastructure" of transport services and transport logistics.

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 Srivastava3 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.

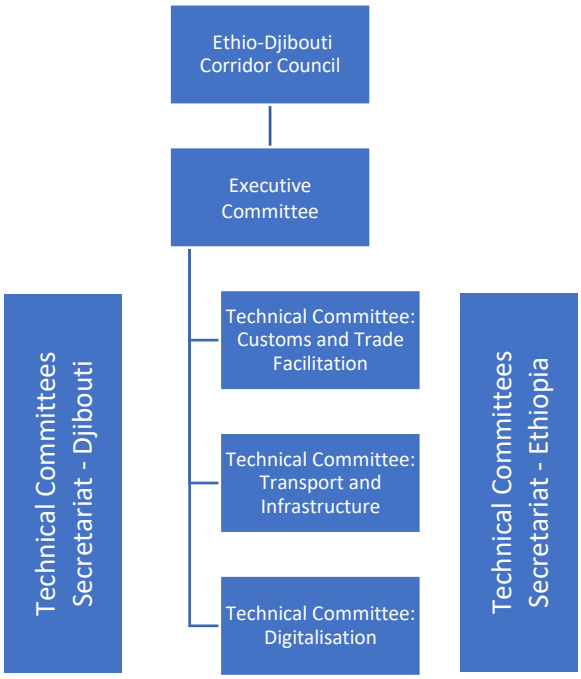
3 Pradeep Srivastava, Regional Corridors Development in Regional Cooperation, Working Paper Series No. 258, May 2011, available at https://www.adb.org/sites/default/files/publication/28889/ewp-258.pdf (accessed September 2021).

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 - Head of Djibouti Ports and Free Zone Authority	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
	- 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 SMART4 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

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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:

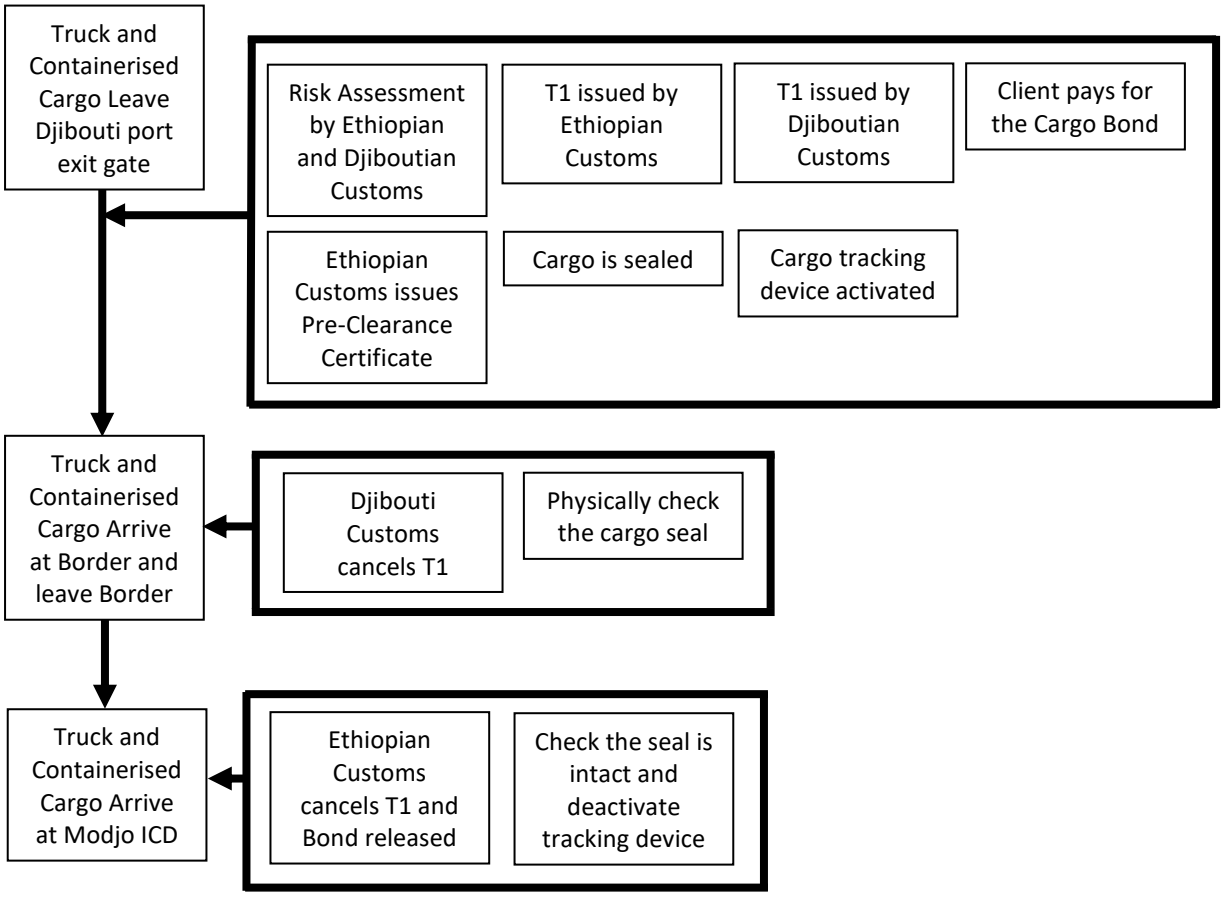
- A cross-border Ethiopia-Djibouti Authorised Economic Operator system;
- A defined route for road and rail transport; and
- An integrated Customs and Transit System with risk assessment, transit, bond guarantee, pre-clearance and cargo tracking components.

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



he 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 Agreement7:

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

- 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.
- 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.

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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.

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 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

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.

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.

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.

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.

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

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

collaboration focused on IoT (Internet of Things) communications and "smart-everything" data exchange.

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".

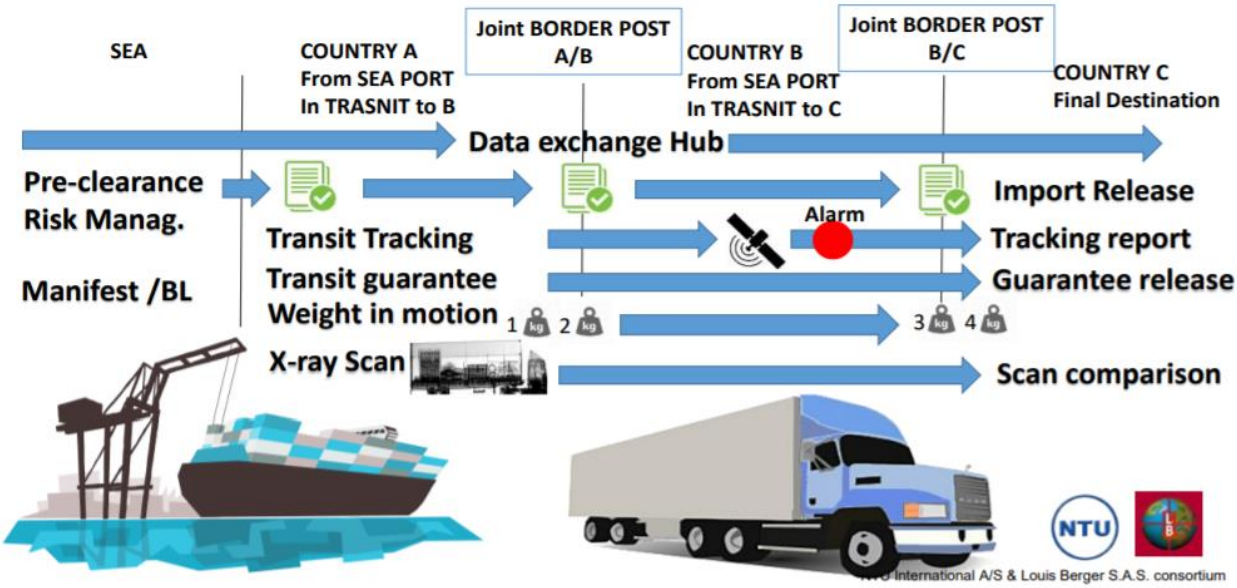
[20] This section of the report draws heavily on a report entitled "*Smart Corridor Definition and Characteristics*" prepared for the AUC by the NTU/LB Consortium in 2016, financed by the EU. The concept has been adopted in the Programme for Infrastructure Development in Africa (PIDA) and included in its Priority Action Programme

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

(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

[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.

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.

- 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**