

Successes in Regional Economic Integration

Stories from GIZ programmes across Africa



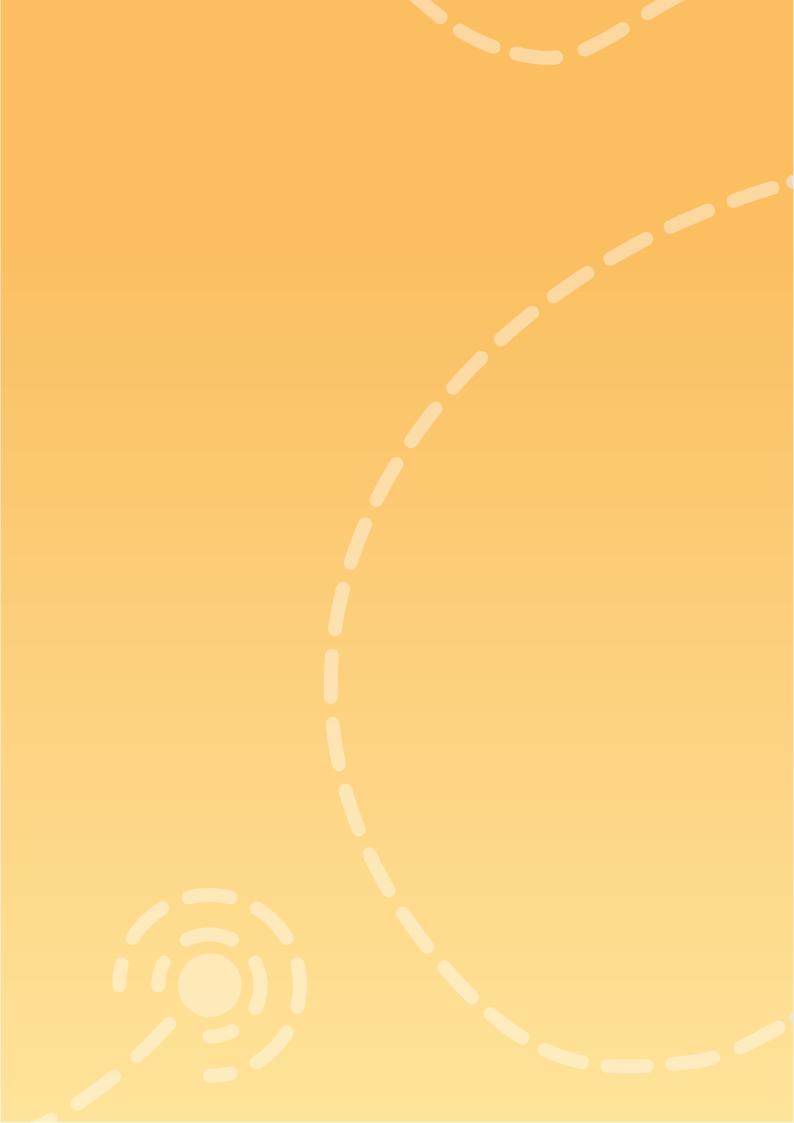












SUCCESS

Table of Contents

Introduction	4
Ensuring the African Continental Free Trade Area is accessible, and beneficial, to all	6
AfCFTA roll out — creating opportunities to boost regional trade across the Continent	14
Breaking down barriers to grow Africa's Agricultural Sector	22
Paving the way for life saving Pharmaceuticals across Africa	29
Support to Small Scale Traders goes a long way	36
Digitalizing Trade Corridors and Transit Systems to save time and money	44
Imprint	52



Introduction

Support to trade and Regional Economic Integration (REI) has been a key element of German Development Cooperation with African partners for many years. Support to regional and continental integration initiatives is a core pillar of German policy strategies.

GIZ, on behalf of the German Government and other donors, is currently implementing four projects supporting intra-African trade in Sub-Saharan Africa on the level of Regional Economic Communities (RECs) and the African Union (AU):

- Support to East African Market Driven and People Centred Integration East Africa (SEAMPEC)
- Support to the ECOWAS Commission Trade and Customs (WATIP II)
- Cooperation for the Enhancement of SADC Regional Economic Integration (CESARE)
- Support to the African Continental Free Trade Area (AfCFTA)

The RECs have been cooperating and exchanging best practices on regional economic integration for many years. The establishment of the AfCFTA builds on the integration achieved under the RECs. The eight RECs officially recognized by the AU, including EAC, ECOWAS and SADC, constitute the building blocks of the continental agreement. The AfCFTA therefore acts as a common denominator and provides a framework for linkages and synergies between the individual RECs. By scaling up economic integration from the regional to the continental level, the AfCFTA goes even further and aims at connecting 1.3 billion people across all of Africa with a combined gross domestic product (GDP) of \$3.4 trillion into the world's largest free trade area in terms of participating countries.

The following stories bring together a large portfolio of GIZ's work in regional economic integration, highlighting substantial impacts across Africa. Through working at both the grassroots level with community organisations and at the international, regional and national policy level with public and private sector stakeholders, trade barriers are being broken down, standards are being raised and greater opportunities for economic development are being capitalised on. Regional integration across Africa is showing substantial successes.

Success Stories

Ensuring the African Continental Free Trade Area is accessible, and beneficial, to all

"Imagine being a rural Kenyan farmer, growing a crop which is in demand in Uganda, but having no understanding of how to sell your product across the border. With the East African Community (EAC) Common Market it should be easy, and you should be benefitting from the cross-border trading opportunities, but without the knowledge of how to go about trading to another country, you remain trading in your much smaller local market and missing out on all the benefits of integration. These are the people who really need to understand the African Continental Free Trade Area (AfCFTA) and engage in the development of the policies to ensure they have every opportunity to profit in the future."

This is the scenario which Collins Owegi from CUTS-CITEE (Consumer Unity and Trust Society — Centre for International Trade, Economics and Environment — Nairobi) described as the basis of their work in East Africa. As negotiations in the AfCFTA have continued at the continental level, CUTS-CITEE wanted to ensure that grassroots organisations representing the people who will be impacted the most by trade policy, had a voice at the negotiating table too.

The AfCFTA came into force on May 30, 2019, and trade began officially on January 1, 2021. It aims to boost intra-African trade by providing a comprehensive and mutually beneficial trade agreement among the African Member States, covering trade in goods, services, investments, intellectual property rights and competition policy.

STORIES

Where regional economic blocs like the Economic Community of West African States (ECOWAS), Southern African Development Community (SADC) and the East African Community (EAC) are also working on their own regional trade integration, the AfCFTA negotiations, ratification and subsequent implementation raise the stakes to a continental level and widens the stakeholder involvement and potential benefits. GIZ, on behalf of the German Federal Ministry for Economic Cooperation and Development (BMZ) and other commissioning parties including the European Union, have long been supporting economic integration in Africa both on the regional and continental levels. Through a multi-pronged approach, GIZ programmes have been active not just at the grassroots level but across the spectrum of stakeholders, training government officers and coordinating with private sector entities to ensure as wide a participation as possible. And as effective and user-friendly a trade agreement as possible.

In East Africa CUTS-CITEE is one of two key organisations which were funded to help facilitate civil society interaction with the AfCFTA process. Through the IIDEA initiative (The Incubator for Integration and Development in East Africa) CUTS-CITEE and SEATINI (Southern Eastern Africa Trade Information and Negotiations Institute — Uganda) tapped into existing networks of farmers and traders and created an environment of exchange which allowed grassroots

17
Workshops For Public Sector Officials

600
Trained Policymakers

concerns to be fed upwards to the trade negotiation.

Throughout the continent, GIZ also supported the participation of youth in the AfCFTA process. Through a cooperation with YouLead, the African Youth Leadership Programme, various activities including a continental survey, a youth conference, and an essay and debate competition created awareness among younger people. With such a complex piece of continent-wide trade policy, ensuring not only the understanding of its benefits but also that a final protocol was reached in a participatory way was a challenge but one which was helped through wide outreach efforts. In Ghana for example GIZ also focused on engaging young businesspeople, and educated around 700 young entrepreneurs through a sensitization campaign in 10 regions.

Overcoming this complexity and the need for multi-stakeholder engagement goes beyond civil society groups and to the private sector too. The AfCFTA process now has stakeholder engagement mechanisms built in, at the national, regional and continental levels. With the support of GIZ programmes, many governments have set up formal structures to include business and civil society representatives into the negotiation process. For example, the Trade Ministries in Rwanda, Kenya, Uganda and Ghana established mechanisms and held meetings and continue to engage with civil society organisations and the private sector on AfCFTA issues.

In 2021, the GIZ programme supporting the AfCFTA trained around 600 policymakers on AfCFTA negotiations and held 17 capacity building workshops for public sector officials on some of the most challenging areas of AfCFTA negotiations, such as the scheduling of Trade in Services commitments or Rules of Origin.

STORIES

Despite the ongoing COVID-19 pandemic, the programme brought together officials and AfCFTA implementers from around the world in six high level events. Discussions focused on how to support the AfCFTA process and how to align relevant policies in order to fully reap the agreement's potential for sustainable development on the African continent.

An important achievement was the establishment of a platform for female stakeholders to communicate their views in the negotiation process on a continental level. GIZ has been partnering with the International Trade Centre (ITC) to establish the ITC SheTrades Programme for women empowerment in the AfCFTA process. Through this partnership, 68 African Women Business Associations (WBA) were consulted on all the topics of the negotiations. Through 30 workshops, awareness on the AfCFTA was created and over 1300 participants reported a better knowledge on women in trade afterwards. Through the programme the WBAs worked out 44 recommendations on the AfCFTA that they then presented in front of trade policymakers from across Africa.

The support to continental integration builds on years of experience fostering trade integration on the regional level. In Southern Africa, GIZ has been supporting for many years the regional Southern African Development Community (SADC) Trade efforts, which have also fed into the AfCFTA process. Beginning with the first negotiating round, implementation of the results of the first round, and preparation of the second round, GIZ national consultations and trainings in participatory negotiations have seen recent successes. Malawi had already ratified the AfCFTA, but on a regional level, became the 11th Member State in SADC to ratify the Protocol on Trade in Services during the visit to SADC by the President of Malawi, in his capacity as SADC Chairperson, in 2021.



"In line with Article 30 of the SADC Trade in Services Protocol, this means that the Protocol will now finally enter into force in January 2022. This is a big achievement after so long and marks the first steps towards freer trade in services at the SADC regional level." said Malcolm McKinnon, GFA Senior Trade Policy Advisor – Trade in Services for the GIZ CESARE Programme. (Cooperation for the Enhancement of SADC Regional Economic Integration).



Malawi is just one of many countries facing the challenge of parallel complex trade negotiations on different levels. While ratifying its Trade in Services commitments to SADC countries, it is in parallel also negotiating its obligations to the whole continent as part of the AfCFTA. This situation creates capacity constraints within the relevant Ministries and institutions, which the support through GIZ is helping to overcome. For example, a GIZ training on Trade in Services with 30 officials in 2021 led Malawi to submit its initial schedule of specific commitments on AfCFTA Trade in Services, thus fulfilling its commitments under the agreement. In February 2022, the support allowed Malawi to establish a national Technical Working Group on Trade in Services, bringing together relevant Ministries and private sector representatives, and thus ensuring that the country's negotiation position met the specific demands of the business community. Overall, GIZ cooperation with the Malawi Ministry of Trade, the Malawi Investment and Trade Centre, as well as the Malawi Confederation of Chambers of Commerce and Industry, supports Malawi in effectively implementing the AfCFTA, reducing the intra-African trade deficit by 25% and building global trade networks.



In Mauritius too, GIZ supported trainings have reaped rewards. As the Desk Officer for Trade in Services in the Mauritian government, Fazia Pokun was the recipient of multiple negotiation trainings as well as being involved in the wider series of engagement meetings with stakeholders from across the relevant sectors. These included Finance, Tourism and many representatives from the private sector. "Trainings at the regional level have really helped prepare for bi-lateral level meetings with China, India and the EU as well as the AfCFTA talks."

In Cote d'Ivoire, GIZ has been working with the government AfCFTA officials and helping facilitate stakeholder engagement in the negotiation process. Guy-Cedric N'guessan, Head of Trade in Services and Investments at the National Committee of the AfCFTA, has been involved in the negotiations across Africa and tasked with returning to Cote d'Ivoire and ensuring the appropriate information was shared across all relevant Ministries and

sectors and an inclusive participation process instigated. The AfCFTA is embedded in the National Strategic Plan, and Technical Working Groups and Ministries will continue to ensure sensitization to the AfCFTA among all citizens, with a focus in women and youth. "Cote d'Ivoire has many obstacles to growing its economy and competing on a wider African and international level. A lack of infrastructure, materials, IT, security are just some things standing in the way. Most private sector companies are not legally formalized. But despite initial concern about competition and how to be involved, we are now in a strong position. Government commitment is strong, and after consultations, facilitated through GIZ, the private sector is more inclined to seize the opportunities that can be explored as companies."

By ensuring stakeholders from multiple sectors and at multiple levels of negotiations were fully briefed and trained to engage effectively, the AfCFTA is more representative of a wider citizenry and more geared towards their needs and concerns.

In 2021 alone, GIZ support helped sensitize over 2000 members – of which 1200 were women – of the private sector to the opportunities and challenges of the AfCFTA. Implementing a continent-wide trade pact will continue to have challenges for many years to come, but with the will of ratified countries and the continued engagement with stakeholders, barriers will continue to fall and economic development will follow.

STORIES

Success Stories

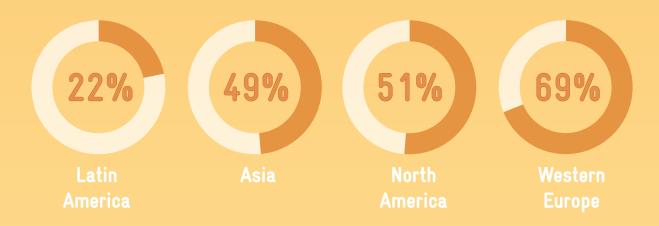
14

AfCFTA roll out - creating opportunities to boost regional trade across the Continent





Intracontinental trade in 2019



Intra-African trade accounted for about 15% of the total African trade volume in 2019. In contrast, intracontinental trade accounts for 51% of exports in North America, for 49% in Asia, for 22% in Latin America while among Western European countries this number reaches 69%. Although some Regional Economic Communities (RECs) in Africa have achieved improvements in trade integration through tariff reductions, the African market remains fragmented. Non-tariff barriers (NTBs) such as uncoordinated bureaucratic procedures, long waiting times at the border or lengthy and difficult export requirements raise trade costs on the continent. With more and more countries joining the AfCFTA by ratifying the agreement (status at publication: 42 ratifications as of February 2022), cutting through these barriers and opening up borders and countries to trade opportunities is already making a difference on the ground.

GIZ, on behalf of the German Federal Ministry for Economic Cooperation and Development (BMZ) and other commissioning parties including the Euro pean Union, has long been supporting economic integration in Africa both on the regional and continental levels. Through a multi-pronged approach, GIZ programmes have been active across the spectrum of stakeholders, training government officers and coordinating with private sector entities to ensure understanding, engagement and in the short and long term as much benefit to regional and local economies as possible.

Aside from boosting intra-African trade, promoting industrialization, creating jobs, and improving competitiveness of African industries on the global stage, the AfCFTA is also expected to empower women by improving their access to trade opportunities. This would be a key benefit of the agreement, given that women make up the largest share of informal traders, representing 70% to 80% in some countries. GIZ has been working to ensure women entrepreneurs are starting to benefit from new international trade opportunities.

Nigest Haile is the founder and Executive Director of CAWEE (Centre for Accelerated Women's Economic Empowerment) and her vision is to create a globally competitive core of women entrepreneurs in Ethiopia. With GIZ's support, she organized for a delegation of seven women business owners to travel in November 2021 to the Intra-Africa Trade Fair 2021 in Durban, South Africa to promote and sell their wares. Women from the leather, gemstone, coffee and fashion industries networked and made connections with African and international buyers, with some deals being made and negotiations continuing for others.



"Ethiopia has a range of unique products and being able to showcase them on such a large stage was both exciting and also vindicating of what we knew was true — that our women are creating high quality, exceptional products which are now starting to be sought after internationally."



The participants had such a successful time, with agreements and preliminary agreements being signed and lots of follow up and contacts now being chased up. "Before we all travelled to the fair, there was a mandatory training through GIZ for participants, setting the scene for what to expect and educating on how to make the most of the experience. Most of our group sold almost all their products there and then, as the quality was so high and the products so exclusive."



"Being able to export across Africa easily has become a real advantage. A lot of the products we have been showcasing are more boutique, so are not huge container loads and can be sent with the regular Ethiopian airlines flights and with courier companies, which helps with export costs too."

Leather bag maker Hiwot Tsegaye, founder and CEO of Boqa Leather, was one of the selected group, and admits she learned a lot from the trainings and from being able to attend such a Pan-African event. She spent her spare time visiting shops and factories in Durban and making even more connections.

"The networking has led to many contacts and I'm now busy investigating what it takes to export, the prices and paperwork required, from Ethiopia to South Africa in the first instance" she said.

Despite benefits for Trade in Services sectors like tourism, accounting and finance— where GIZ efforts in the form of trainings and policy have started to bear fruit — opening up regions to cross border Trade and Services is often contentious. In Mauritius for example the architectural sector was especially vocally opposed to allowing foreign architects to practice locally. However, Desk Officer for Trade in Services in the Mauritian government, Fazia Pokun believes it is business services who stand to benefit the most in the future from opening borders.



"Accounting, engineering, architecture, as well as of course tourism, will all be able to share their skills, travel, and capitalize on as well as create opportunities which will benefit everyone. It will be a learning environment, competition brings with it better services and as more expertise is available standards will be raised too."

This is echoed by another GIZ training beneficiary Guy-Cedric N'guessan, Head of Trade in Services and Investments at the Cote d'Ivoire National Committee of the AfCFTA, who through his position is now consulting and sensitizing various private sector groups. Since 2021, the GIZ AfCFTA programme has been supporting Cote d'Ivoire on AfCFTA negotiations and implementation.

"We have been holding ongoing meetings with major service industries — tourism, finance, business — to keep them informed and where necessary trained in how to engage and benefit from the AfCFTA. Reactions have been both good and bad, but we believe there are many more opportunities now."

SUCCESS

Implementing the AfCFTA will require Member States to take substantial steps, not only reducing tariffs, but also reforming laws and regulations and adjusting national procedures like customs and immigration to the AfCFTA. In 2021 alone, the GIZ support program to the AfCFTA has trained more than 550 customs officials on AfCFTA regulations such as Rules of Origins in order to ensure smooth implementation of the new customs regulations. This work continues.

Tourism in the East African Community (EAC) is a key income stream. Through the Support to East African Market-Driven and People-Centred Integration (SEAMPEC) program, GIZ has been working with the EAC to adapt to the impacts of COVID-19 on tourism as well implement initiatives which will help raise tourism standards across the region and target domestic tourists to travel and experience their beautiful region. Ongoing efforts include negotiating the opening of markets for EAC Tourism Services, as well as harmonizing standards by developing common criteria for the classification of tourist accommodation and restaurants, guaranteeing a common quality and predictable service across the multiple countries.



The EAC has already been experiencing the benefits of a single payment multi-country visa between Uganda, Kenya and Rwanda. This of course benefits tourists visiting the region, but where once tour guides and operators were forced to juggle guides from one country to the next, applying for permits to allow them across the border for a short time or swapping new guides in the middle of trips, now those three countries have simplified the process.

Frank Philip, General Manager of Kananga Africa Tours, explained

"Tourists coming to East Africa often want an itinerary that takes in some of the most popular destinations, like the Serengeti, Zanzibar, gorillas in Uganda or Rwanda, reserves in Kenya. Opening up borders and allowing safari trucks and guides and the tourists themselves to easily get through without applying for a new visa every time back and forth not only saves money, but actually makes money for the country as tourists are more likely to do the multi-country itinerary and spend their money. It also stops the disruption of constant new guides and drivers or swapping trucks sometimes at the border too."

Operators are also benefiting from the development of an e-catalogue for EAC preferential rates and continued efforts to bring the public and private sector together to jointly develop mutually beneficial tourism proposals. SEAMPEC also promotes domestic and regional tourism through the implementation of the EAC Tourism Recovery Plan. Destination East Africa launched in 2021 and work continues to identify signature regional experiences and products and market them to local citizens across the EAC. A media campaign and capacity building work among local communities, women and youth are also bearing fruit and helping not only with the tourism industry recovery, but setting the scene for greater regional tourism growth in the future.

Implementation of the AfCFTA across the whole of Africa remains a work in progress, however the will to create and benefit from greater trade opportunities is strong, and intra-African trade can only grow in the future.





Breaking down barriers to grow Africa's Agricultural Sector

Agriculture is the backbone of Africa's continental economy, and also what supports the majority of its citizens. More than 60% of the population of sub-Saharan Africa are smallholder farmers, and about 23% of sub-Saharan Africa's GDP comes from agriculture.



Exports of agricultural goods are over \$50 billion, and as such breaking down barriers to trade remains a top priority of GIZ's interventions across the continent. Support is also given to a multitude of projects aimed at boosting opportunities for small scale traders and agri-preneurs and encouraging young people to pursue a career in agricultural work. With 60% of Africa's population under the age of 25, helping find solutions to youth unemployment, food insecurity, rural poverty and migration is becoming more and more crucial. At a time when climate change is starting to heavily impact harvests and unstable market prices and trade barriers are affecting both small producers and larger agri-businesses, creating better access to markets, helping to improve standards and utilising digital technology to create a more even playing field helps everyone in the agriculture sector and leads to greater economic development.

GIZ facilitated interventions by the Cooperation for the Enhancement of SADC Regional Economic Integration (CESARE) programme in the Southern African Development Community (SADC) region have brought a recent win – and a cost saving – for South African wine farmers. The dissolution of a non-tariff trade barrier (NTB) will create both monetary and time savings





South African wineries exporting to Zambia were required to get their wine tested for heavy metals, at their expense, and a situation had arisen where it was unclear which metals needed to be tested for. Changes to rules were not being communicated, some shipments had been seized, and South African wine exporters were losing money and seeking a clear resolution. Initial talks did not resolve the matter and brought SALBA to the SADC Business Council for assistance. The GIZ Cooperation for the Enhancement of SADC Regional Economic Integration (CESARE) programme helped facilitate negotiations between the regional authorities, with the resolution giving clear instructions around testing, and also cutting out unnecessary extra tests which incurred extra costs.

Adele Botha, Commercial Manager at DGB South Africa, one of South Africa's major wine producers and exporters, explains the savings. "The cost of testing a heavy metal is R51.20 per product and before the changes we needed to test for four separate heavy metals. We had to send in two bottles of samples of each product to run the tests, and so across the 128 products we sell to Zambia, working on an average of R100 per cost of product and with testing required every six months, we were paying R25600 in product cost together with R52428 in testing. Now that lead is the only heavy metal testing requirement and only needed once a year, the cost of the tests drops. Which is very welcome!" Thanks to the successful resolution of the NTB, the South African wine sector is saving at least €120,000 annually.

In the East African Community (EAC), the GIZ Market Access Upgrade Programme (MARKUP), is targeting support to small and medium sized enterprises (SME's) to help increase agri-business exports and horticultural products, and grow access to the European market. Focusing on the key products of tea, coffee, avocadoes, cocoa and spices, one component of MARKUP is working with the International Trade Centre (ITC) to deliver trainings and initiatives helping to make regional producers more competitive. From workshops on packaging and branding to ensuring companies are reaching the necessary export standards for international markets, there are many success stories already. In Kenya, Sakami Coffee is one example of an SME who has managed to sell 100 bags of coffee into Europe in 2021, with larger sales forecast for the future. Penetrating the European market remains a challenge even for producers of high-quality Kenyan coffees. Export licenses are expensive and complex to obtain and coffees are mostly sold during large national auctions, which reduces the options available for small businesses. Founder Gloria Gummerus partnered with Dutch green coffee importer This Side Up, who she had met at multiple MARKUP facilitated networking events.





"Thanks to the training by MARKUP I learned how to cup and assess the quality of my own coffees, which is so important for coffee farmers! Now I know what our coffees are worth, I am confident at the negotiating table, I know how to speak their language." said Gloria.

STORIES

The GIZ Incubator for Integration and Development in East Africa (IIDEA) initiative has also been facilitating numerous small-scale cross border projects, many of which have benefitted specifically women and youth in agriculture. Shambani Solutions and their project Green Beans for Youth Job Creation partnered with international exporter Frigoken Ltd to create a stable income from green beans in Babati, Tanzania, working to bring young people back to farming. Frigoken Ltd provided the guaranteed international market, much of the infrastructure and on farm training for how to grow green beans fit for regional and international consumers, and Shambani worked with local government officers and regional youth groups to find young people who would benefit from the programme.



"The young farmers signed and worked under a six-month contract which guaranteed a fair and fixed price for the green beans, whatever the market price was doing. Setting up costs can be more than most people have upfront — seeds, harvesting equipment, transport costs — so the youth are also offered loans for the seeds and on farm running expenses, which are then paid back from the harvest and sales price." said Johnson Mwambola from Shambani. With 2200 young people initially trained and now growing green beans for export, the project, which began in 2019, has now expanded to include 2,549 young people.

As a small trader, getting up to date market price information and not being taken advantage of by buyers and others along the agriculture value chain is often difficult. Women in particular deal with challenges around access to technology, patriarchal structures and lack of networking opportunities, which add to the likelihood of missing out on market openings and not knowing where good prospects are. Capitalising on high mobile phone use across the region, another IIDEA project beneficiary — Eastern and Southern African Small-Scale Farmers Forum (ESAFF) in Uganda — developed an app called Kilimomart which is now helping traders in both Kenya and Uganda access crucial information to help them trade their goods more easily and with less unnecessary outlay.

Mrs. Walimbwa Nancy Mugimba, National Coordinator for ESAFF Uganda described the app, which is in both English and Kiswahili, as "a platform for sharing information between traders, creating a strong grassroots network learning from each other and helping to create a stronger, more viable marketplace.

Border points usually require paperwork and our experience with our stakeholders has been that they often don't know how to get the right documents, and hence pay middlemen to help negotiate it all. This adds extra expense, which is therefore prohibitive to small scale farmers and a deterrent to cross border trade. Simplifying policies and information around cross border trade greatly helps traders, and we have helped by providing an easy one stop app for getting all the information needed to work effectively in a cross-border trading environment."



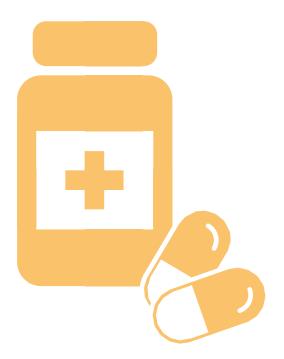
Success Stories

The Boosting Trade Opportunities for Agricultural Products and Services through Promoting Small Scale Farmers' Access to Markets and Information project began in 2019 and ESAFF's members across 30 districts in Uganda continue to share and network and utilise the app technology to their advantage. Currently over 77,896 people have used Kilimomart app and about 1,987 subscribed youth and women small scale farmers have benefited from this app. Kilimomart has also created over 42 jobs for small-scale farmer through turning agriculture to a profitable opportunity in the fields of marketing, transportation, storage, packaging of products and upscaling farming as a business in the region.

Africa's agricultural sector is large and extremely diverse, but by taking a holistic approach that targets small and large agricultural challenges as outlined here, GIZ is facilitating the breaking down of trade barriers, and creating new opportunities for individuals and companies which will continue to lead to a more secure and profitable economy regionally.



Paving the way for life saving Pharmaceuticals across Africa



International pharmaceutical companies, small-scale pharmacies and most importantly African consumers across the continent are the beneficiaries of the recent lifting of trade barriers and increased free movement of healthcare related goods. With countries shutting borders and imports coming to a halt, the COVID-19 pandemic put the pharmaceutical industry at the centre of often difficult negotiations to continue functioning effectively. In Africa in particular, where few pharmaceuticals are manufactured and citizens are reliant on drugs coming from overseas or another regional country, closures and supply chain disruptions literally put lives at risk. Before and now during the pandemic, GIZ has been working at both the grassroots and policy level to identify these barriers and help facilitate their removal, with some recent successes.

In South Africa, a recent victory has opened up pharmaceutical exports, benefitting patients and companies across the Southern African Development Community (SADC) region. Non-Tariff Barriers (NTBs) have beset the regional pharmaceutical industry, and export permits in particular were creating delays and confusion across SADC, especially in the time of COVID-19 as regulations were changed and delays were exacerbated. The GIZ Cooperation for the Enhancement of SADC Regional Economic Integration (CESARE) Programme together with the SADC Business Council (SADC BC) and SADC Pharmaceutical Working Group, were instrumental in facilitating the lifting of the export NTB.

Export permits were identified as a major issue in South Africa affecting regional trade flows. With a volume of UDS 3.65 million, Zimbabwe, Zambia and Mauritius were the most adversely affected. To apply for an export permit, a company engaging in international trade had to concurrently apply for the export permit approval from three separate agencies - the International Trade Administration Commission (ITAC) of South Africa, Department of Trade, Industry and Competition and the National Department of Health. What was happening all too often was companies had an ITAC permit but not a South African Revenue Service (SARS) customs clearance. and without the SARS clearance, medicines could not be exported. This created knock-on delays where medicines were going past their expiration date but also, more importantly, not reaching the people on the ground who desperately needed them.



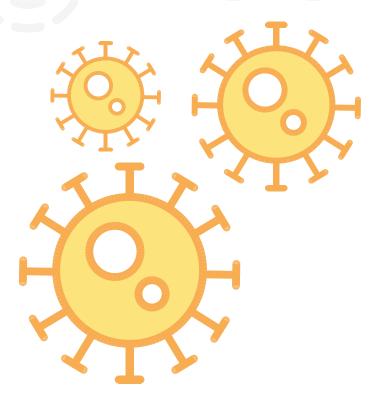
"Due to the use of export permits for medicines, patients in the region could not access their medicines in time. A young patient with Pulmonary Fibrosis waited for three weeks without medicines in Namibia while waiting for the permit. An elderly basal cell carcinoma patient on treatment with Erivedge waited for two months to receive treatment.

The suspension of export permits unlocked regional trade worth millions of rands and helped preserve human life." said Peter Varndell, CEO of the SADC Business Council.



The international pharmaceutical company Roche presented other real-life case studies that demonstrated the negative impacts to ordinary citizens. People were unable to get their medicines because of delays caused by export permits, and these stories without fail came down to life threatening situations for transplant patients and other critically ill patients that were forced to suffer the medical repercussions of not taking life-saving medications.

"One medicine, Cellcept, which is used to prevent organ rejection in people who have received heart, kidney or liver transplants, was in such short supply in Namibia that the Botswana Central Medical Stores and the Botswana Ministry of Health were engaged and 20 tablets secured for a single patient at a cost of US\$4300 including transport from one country to the next. Roche bore the extra expenses, but as supplies continued to be in short supply in Namibia, tablets were shared between several patients who could not afford to miss a dose." said Charmaine Timm-Milligan, Sub-Region Lead Southern Africa and Indian Ocean, Roche Products (Pty) Ltd.



Following an intervention by the SADC BC to the Minister of Trade and Industry urging the exemption, in November 2020 the Ministry announced the COVID-19 Export Control Regulations were amended and the need for an export permit from ITAC for the export of medicines to SADC countries was removed.

Effectively dealing with the pandemic also required increased use of personal protective equipment like face masks, surgical gowns and scrubs, hygiene necessities like sanitizers and disinfectants as well as ventilators and oxygen supply. But with supply chains disrupted globally and limited local production capacity leading to a high dependence on imports, urgent measures were needed to tackle the pandemic and find solutions locally.

The Joint Action "Support towards Industrialization and the Productive Sectors (SIPS)", another component of CESARE, is also involved in helping SADC implement their Regional Indicative Strategic Development Plan (RISDP) 2020 – 2030, of which one of the priorities is enhanced industrialisation and improving value chains, including those related to manufacturing of medical supplies and pharmaceuticals.





Through supporting 14 for-and non-profit companies in seven countries through a grants scheme to enhance their industrial capacity, ensure production continuity and target innovative projects, COVID-19 equipment needs are being met. New machinery, raw materials and training costs of innovative manufacturing projects are filling supply chain gaps and helping tackle COVID-19 throughout the region.





STORIES

In the EAC, there are also examples of GIZ supported projects bringing innovation and better care to patients. The SmartPharma project, funded through the GIZ Incubator for Integration and Development in East Africa (IIDEA) initiative, enhances the traceability of drugs across East Africa and allows for trade facilitation and market access for pharmaceutical products across the region. By connecting pharmacies with key pharmaceutical distributors in East Africa, the project aims at promoting sharing of trade information, technological innovation and cross-border mobility of technical resources and goods within the pharmaceutical space. It also aims to develop a single integrated platform that will allow health centres to seamlessly connect with its supply chain from the EAC under a pooled procurement system. This includes access to a regional essential medicines list through strategic partnership with East African Pharmaceutical Loci and the East African Community Medicines Regulatory Harmonization (EAC-MRH) Programme. This trusted end-to-end platform for pharmaceutical products across East Africa will improve the efficiency of the Pharmaceutical Distribution Chain in East Africa and provide healthcare practitioners with accurate drug information reinforced by an Electronic Expert Support System (EESS).



"For a wide range of products in a wide range of markets, manufacturers and distributors offer volume discounts. The most obvious potential benefit of pooling for buyers is obtaining a lower price per unit through the mechanism of higher volume and cash purchasing. Phase-one of the SmartPharma project focuses on bulk ordering and maintaining of a consistent supply of key, fast-moving and essential pharmaceutical products to pharmacies in Kenya and Rwanda by leading distributors. This will ensure affordable and quality drug supplies to pharmacies and clinics in resource constrained settings. They are currently constrained by their low volume orders, so by tackling this there will be improved health outcomes in targeted communities within the East Africa Community." says Tirus Wanyoike, Founder & CEO of Advanced Smart Solutions Limited (ASSL).

When it comes to pharmaceutical manufacturing, Africa has very few companies producing drugs. There are around 375 pharmaceutical manufacturers, mostly in North Africa, serving Africa's whole population of 1.1 billion people.



The companies in sub-Saharan Africa are mostly in nine countries, according to a 2019 McKinsey report. In the EAC, pharmaceutical manufacturers generally produce at a cost disadvantage to larger international generic product manufacturers. This is due to a number of reasons including scale, expensive asset bases coupled with older technology, higher financing costs plus a lack of integration with active pharmaceutical ingredient suppliers. Even issues like unreliable power and water and transport supply have an adverse impact. GIZ is working with the EAC to implement the EAC Regional Pharmaceutical Manufacturing Plan of Action 2017 -2027, with the goal of removing barriers to market access for pharmaceutical manufacturers and enhancing the supply of high-quality medicine in the region. The ultimate aim is to reverse dependency on pharmaceutical imports from more than 70% currently to less than 50% by 2027.

The pharmaceutical industry across Africa is worth millions of dollars but at base it is Africa's citizens who will benefit from the local manufacture of drugs and the timely delivery of affordable medicine supplies across borders. Through providing expert advice and trainings and facilitating the easing of barriers to export, GIZ is creating the environment for a localised and more equitable pharmaceutical industry across Africa.

Success Stories

36

Support to Small Scale Traders goes a long way

"The biggest challenges I had was one, to find the market, two, I didn't know the border procedure and three, exchange rates, so I was making less profit." Edna Mudibo rises before dawn in Busia, Uganda, where as well as family duties she purchases, processes and packages groundnuts before crossing the border into Kenya to sell them. It's a difficult way to earn an income, with many variables, but one which through a simple piece of technology and training she has found an advantage and is now building a successful cross border business.



SAUTI platform is a mobile-based platform empowering East African micro, small and medium sized businesses (MSMEs) with the business information they need to trade safely, legally and profitably across borders. Implemented by Sauti Africa and the Eastern African Sub-regional Support Initiative for the Advancement of Women (EASSI), a text menu-based technology is used to deliver reliable trade and market information including clearing procedures, taxes, cross border commodity prices and exchange rates through mobile phones. The SAUTI program's platform has helped Edna by saving her time at the border and giving her up to date market and daily exchange rate information so she is no longer at the mercy of unscrupulous buyers and customs officials.

"Now I am able to move freely and make a good profit. Now I am able to take my kids to school."



Her situation is like that of millions of women and men across Africa. Edna is one of more than an estimated 16 million people involved in cross border trade across the East African Community (EAC), her small business contributing to an industry worth over \$2 billion a year to the region. Across Africa, cross-border trade is a major feature of both economic and social landscapes, and the majority is done by small scale traders. According to African Development Bank (ADB) estimates, it contributes to the income of about 43% of Africa's entire population, supporting livelihoods and creating employment, including for disadvantaged and marginalised groups. A 2020 World Bank report claims that because small scale cross border trade is rarely captured by customs or reported in official trade statistics, it is difficult to capture accurate data around real numbers of traders and even what they are trading. There is a different regional integration picture occurring on the ground, though better information and engagement with the sector would help inform policies for poverty reduction and inclusive growth and also raise awareness about the situation of women in border regions, who are often the largest group of small scale cross border traders.

In the context of regional trade negotiations, including the Africa Continental Free Trade Agreement (AfCFTA), knowing this kind of data would inform decision makers on the true, relative importance of different commodities in production, trade, and consumption. This information is crucial to determine the products for which the country should actively seek enhanced market access. Whether trading across borders, or simply selling their products in their own countries, ensuring that Edna and the millions of small traders around Africa are doing so legally, safely and profitably is the key to regional economic development and a sustainable market.



Across the continent, GIZ is working towards making it easier for small scale traders to not just continue their business, but thrive. Focusing on overcoming the challenges faced by traders at all levels of the market, regional and pan-African



Food security, job creation, employment, and greater gender equality are all benefits of stronger and more accessible small-scale cross border trade, but creating the right environment for success requires efforts at both government and policy level down to the individual traders level.

The GIZ Incubator for Integration and Development in East Africa (IIDEA) initiative is providing technical and financial support, facilitating networking and giving advice to 40 organisations in six countries in the EAC. Many of these organisations have a focus in uplifting small-scale traders. Another beneficiary working in the cross-border grain trade is Pro-Femme in Uganda, Rwanda and Burundi. Program Manager Ernest Bucyayungura and his team have been working with a group of 100 women cross border traders to help them overcome the barriers to their business.

"We are helping them to find value additions to their products, like processing the maize and sorghum which can then also be used as animal feed and will be bought by larger companies, not just in the local market. We also produced a list of all the major buyers in their countries and helped them get in contact with them, so they can gain more security in their sales. Moving from informal to formal traders."

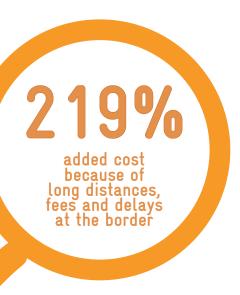


SAUTI, Pro-Femme and other organisations including COCAFEM in the Great Lakes region of central Africa are also keeping up with the growing global digitalisation of markets and have adapted their interventions to include mobile phone apps for accessing market information and training where needed to ensure traders are all benefitting from the latest technologies.



Judith Fesshaie from ITC SheTrades sees their work addressing many challenges.

"Women's participation in the economy and trade is complex. Opportunities for women to reap the benefits of trade tend to depend on several factors including the roles they play in the economy; the types of businesses they work in, lead, or own; and access to productive resources.



She Trades works with partners from governments, corporations, and business support organizations to address gender-specific challenges for women in trade and has already generated over \$380 million in trade opportunities for women."

In West Africa some small scale traders travel up to 400kms to sell their goods in neighbouring countries, and fees and delays have been estimated to add to the cost of goods by 219 % in some countries in the region. The GIZ

programme Promoting Trade in West Africa II (WATIP II) is part of the larger multi-donor initiative Trade Facilitation West Africa Program (TFWA). A TFWA survey highlights that 90% of traders have only a limited knowledge of trade regulations, have limited access to formal financing, and women in particular face safety issues at border crossings and simply trying to get their products to market.

The TFWA programme therefore aims to improve the free and efficient movement of goods in the Economic Community of West African States (ECOWAS) region through initiatives aimed at reducing the time and cost of trade borne by the private sector. Efforts are being made to improve trade facilitation measures through the inclusion of private sector issues in the ECOWAS Commissions policies and within National Trade Facilitation Committees. Through its engagement on multiple levels, including the ECOWAS Gender and Development Centre, TFWA is also trying to resolve issues faced by women cross border traders.

Focusing on simplifying border crossing procedures and building trade associations which act as a platform for education and information sharing but more importantly can help with facilitating safe and affordable transport options for traders, have already shown many successes. In the Common Market for Eastern and Southern Africa (COMESA) region the Simplified Trade Regime (STR), launched in 2010, streamlined the documentation and procedures for clearing customs for small cross border traders, also enabling them to benefit from preferential tariffs. "Previously, preferential trade regime benefitted the big and established traders who are able to obtain the Certificates of Origin and to complete required customs documents with ease. This excluded small-scale traders." said the Director of Trade and Customs in COMESA, Dr Christopher Onyango.

The Southern African Development Community (SADC) has now developed a Framework for a Simplified Trade Regime and efforts have begun to implement it. Key features include a bilateral list of goods that are eligible for the STR, threshold value for consignments, a simplified customs document and certificate of origin and importantly trade information help desks and trade information officers at key border posts, which will be especially helpful for small scale traders seeking correct information and any assistance for cross border trade.

International events provide an excellent forum for networking and sharing for small business owners and helping young business owners get exposure and capitalise on contacts made. The recent Intra African Trade Fair, held in November 2021 in South Africa, attracted 1,161 exhibitors including 838 companies from 59 countries, 46 from Africa, and provided for a small success story with GIZ intervention.

GIZ invested in seven female small business owners through the Centre for Accelerated Women's Economic Empowerment (CAWEE). Hiwot Tsegaye, founder and CEO of Boqa Leather from Ethiopia, was one of the selected groups, and admits she learned a lot and tried to make the most of the opportunity, networking but also spending her spare time visiting shops and factories in Durban and making even more connections. "I felt like I was representing Ethiopia and all the other Ethiopian companies too, showing them our quality products, proving our standards. The networking has led to many contacts and I'm now busy investigating what it takes to export, the prices and paperwork required."

By supporting a cross section of programs GIZ has seen a myriad of successes and excellent examples of regional integration, both at the grassroots and policy level. Trade deals brought about through networking opportunities and policy reforms, improved technology and access to markets and information, all show that where the right environment is created and barriers are broken down, small scale traders can flourish.

Case Study

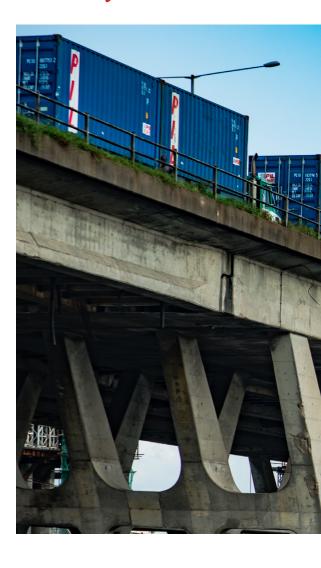
With support from GIZ, seven female owned businesses, who are members of Centre for Accelerated Women's Economic Empowerment (CAWEE), to participate in the IATF 2021 in South Africa. Hiwot Tsegaye, the founder and CEO of Boqa Leather, was one of four leather businesses to be selected to attend, and credits it with building both her learning and her business. From growing up with a mother who made and sold shoes in regional Ethiopia, she is today creating beautiful and high quality leather bags which are garnering interest internationally. Currently employing six people (five women) she admits it has been a steep learning curve and she has had to really put herself forward to find opportunities and capitalise on them. "There are so many different angles to exporting, from standards and quality requirements - I am currently working to get ISO accreditation - to simple pricing and ensuring I am competitive and sending my bags abroad don't add enormous costs and price me out of the market. Even publicity takes strategy. In Ethiopia we don't just have Amazon, we need to work out how to trade in other countries, so I have set up a South African addressed website for the future already." Hiwot is now looking for an investor to help build her business and take on some of the growth costs.



Digitalizing Trade Corridors and Transit Systems

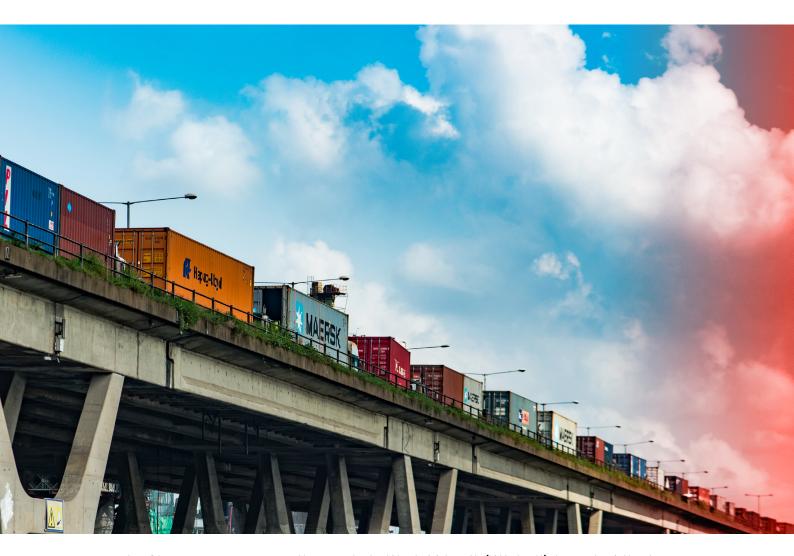
to save time and money

Road transport across the African continent is among the most expensive in the world. Challenges include long wait times at borders, weighbridges and checkpoints, a multitude of different permits required for one journey, and loads only being carried in one direction. Add to the list bad roads, bad trucks, and most recently, COVID-19 health checks and monitoring systems for tracing infections. In combination, these create long and costly journeys for goods and services. Transport is the backbone of trade, and so many landlocked African countries are reliant on road transport to receive goods brought into key African ports in neighbouring countries like Mombasa, Abidjan and Durban. Distances are prohibitive - Zambia and Rwanda for example, are more than 2000kms from their nearest port. But with continental wide exports of around \$100 billion, easing challenges to trade is crucial.



Regionally integrating customs and immigration systems and creating digital solutions to speed up border processes have already helped unblock some of the border gridlocks in key regions.

GIZ is involved in a number of initiatives across the continent which are working towards making it easier to move goods and people across borders, and which, when functioning properly, will benefit businesses, traders and travelers across the continent.



The GIZ Programme Promoting Trade in West Africa II (WATIP II) is part of the larger multi-donor initiative Trade Facilitation West Africa Program (TFWA), working to improve the efficient movement of goods in the Economic Community of West African States (ECOWAS) region by reducing the time and cost of trade borne by the private sector. GIZ engagement includes involvement with the ECOWAS Automated System for the Transit of Goods (Customs Transit Information System – SIGMAT), which is enhancing regional integration though the digitalisation of transit procedures across the region. ECOWAS countries face multiple challenges for transit across their key trade corridors, in particular little information on transit goods at the border and destination points and long processing times at borders where delays adversely impact trade costs. Digitalising systems and linking countries electronically has already sped up border processing times and helped with registering and understanding trade movements across the region. This kind of data exchange has already led to greater cooperation between Member States.

Under the SIGMAT project, partners and donors, including the World Bank, developed a regional transit module to exchange transit information among the Customs Clearance systems across the region. It was implemented on a trial basis in 2019 in three main West African corridors – Abidjan-Ouagadougou, Lomé-Ouagadougou and Cotonou-Niamey. From late 2020 the system has been tested in Mali and Senegal, in the corridor between Dakar and Bamako.

The system works by electronically registering and sending all the required paperwork for transit between customs agents at the border and the destination office. This speeds up the processing time at borders as well as ensuring all goods coming into and going out of countries are registered and known. The system also automates the inspection process, showing which goods have been targeted for inspection while transiting and registering them. To date results have been very positive. Examples are a much shorter time at the Benin to Togo border, down to an average of one hour and an 111% increase of transit documents processed in the Abidjan-Ouagadougou corridor after one year of operation. In September 2020 there were 3123 more transit documents processed compared to September 2019. This indicates greater trade community acceptance and a growth in facilitated trade.



"The vehicles that pass through the borders normally spend days or weeks at the borders before they are cleared. With the SIGMAT project, it is now reduced to barely hours so the costs for transportation are reduced." said Wale Ajala, Director of IT Services at the ECOWAS Commission.

In the Southern African Development Community (SADC) region, as the COVID-19 pandemic continued around the world in 2020, the Corridor Trip Monitoring System (CTMS) was developed with immediate and long-term benefits. Specifically addressing COVID-19 travel issues, the system was designed to maintain records of driver and crew medical compliance, monitor trip progression and integrate with test laboratories and health service providers to record test results & vaccinations electronically. In the long term, CTMS will be integrated with a host of other systems like the Customs and Immigration system and Certificate of Origin, among others.





The European Union funded initiative was expedited and expanded with COVID-19 funds by the German Government through the Cooperation for the Enhancement of SADC Regional Economic Integration (CESARE) programme to meet the challenges of cross border movement, including providing an electronic system for COVID-19 test certificates. Working in conjunction with the Tripartite Transport

Registers and Information Platform System (TRIPS), a programme for piloting CTMS in four SADC Member States (Botswana, Namibia, Zambia and Zimbabwe) and sections of three selected regional corridors shared by these Member States (Trans Kalahari, North South and the Walvis Bay-Ndola-Lubumbashi Corridors) was developed and is currently being implemented. The focus was again on digitalising systems between countries to ensure transiting people and goods were always registered, which required working closely with border agencies to upgrade border posts with new IT equipment and train customs and immigration officers in their use.

The initial needs around COVID-19 are addressed through registering and maintaining a record of driver and crew medical compliance, monitoring trip progression by tracking the vehicle & driver along the corridor and linking in test laboratories and health providers to ensure records are shared and information around COVID-19 cases recorded. As people come to border posts their test results and vaccinations are already digitally recognized within the electronic system, speeding up the process and sharing the information across the region. Screening of travelers, drivers & vehicles is automated using the CTMS and the number of re-tests or new tests to be performed at a checkpoint is limited to travelers or drivers that present symptoms or who have expired negative COVID-19 test results. This combination helped facilitate the safe transit of people across borders during the pandemic and continues to function effectively now.



One keen supporter of the CTMS is the Transport Operators Association of Zimbabwe. General Manager Wilfred Ramwi said "We see the CTMS availing strict control measures for the spread of COVID-19, which is currently lacking. We also see the programme as a tool that may be utilized for trade facilitation by key border authorities like customs and immigration as the system provides details necessary for control purposes. Regional harmonization is made easy through CTMS as the details already declared can be utilized by all countries on the same corridor, from the loading up to the offloading points. The programme avails reliable tracking details acceptable by all authorities, which eradicates suspicion on declared information and thereby speeding up processes."

Beyond COVID-19 requirements, the CTMS system has many long-term objectives and benefits too, especially around the transportation of goods and services around the region. The CTMS sits within a wider regional integration goal to harmonise policies and systems to standardize transportation overall. Specific benefits for operators include ensuring COVID-19 infected people can be tracked to isolation locations through a linked mobile phones system and being able to monitor vehicles' positions at all times. For border agencies and transport officials, they can use statistical corridor information, including border post performance, to determine the root causes of inefficiency at border posts and other waypoints along the regional trade corridors.

Success Stories

By ensuring all countries along a route have the same information and access to the same data. and instigating a streamlined approach to issues like vehicle standards, import and export permits and transport and load logistics, travelers and companies will save time and money.

Furthermore, the CTMS provides the basis for many additional functionalities such as a traveler app (digital COVID-19 certificate for private travelers) and an interface with the customs systems which will enhance digitalization or border clearance. A similar initiative is currently being piloted by WATIP II in Côte d'Ivoire, Ghana, Nigeria and Senegal with the goal of a West Africa wide roll out.

As the COVID-19 pandemic recedes and transport and trade again return normality, digital systems introduced in the past years will continue to improve cross border trade, travel and transit times, and work towards breaking down unnecessary costs and delays of African trade.



E-certificate of Origin - the online solution for duty-free trade

Going online to speed up customs and trade procedures saves time, money, is more environmentally friendly and offers greater security to all stakeholders involved in regional and international trade. In SADC, taking the Certificate of Origin from a laborious manual system to a digital system has been welcomed by the business community and customs agencies alike. With the support of the GIZ Programme "Cooperation for the Enhancement of SADC Regional Economic Integration" (CESARE), the SADC Secretariat introduced the electronic Certificate of Origin (e-CoO) in 2019 and began piloting the system in Member States. Customs agencies across the region have integrated the e-CoO, linking their systems so the document can be processed and issued electronically, accessed from anywhere, and bringing further benefits like easy access to historical data and preferential treatment where origin of goods is proven. The new system immediately recognises when the goods declared conform to specific rules of origin and therefore qualify to be traded under duty free and quota free market access. Multiple security features were also installed into the system to ensure trust along the customs chain, including optical watermarking technology, digital rubber stamps and 2D barcoding, as well as printer control language that means only one original certificate can be printed out. Part of the roll out of the new system required awareness raising on both sides of the process, ensuring customs agents understood how to use the system but more importantly that traders and the private sector firstly knew the system was up and running and how to utilise it properly.

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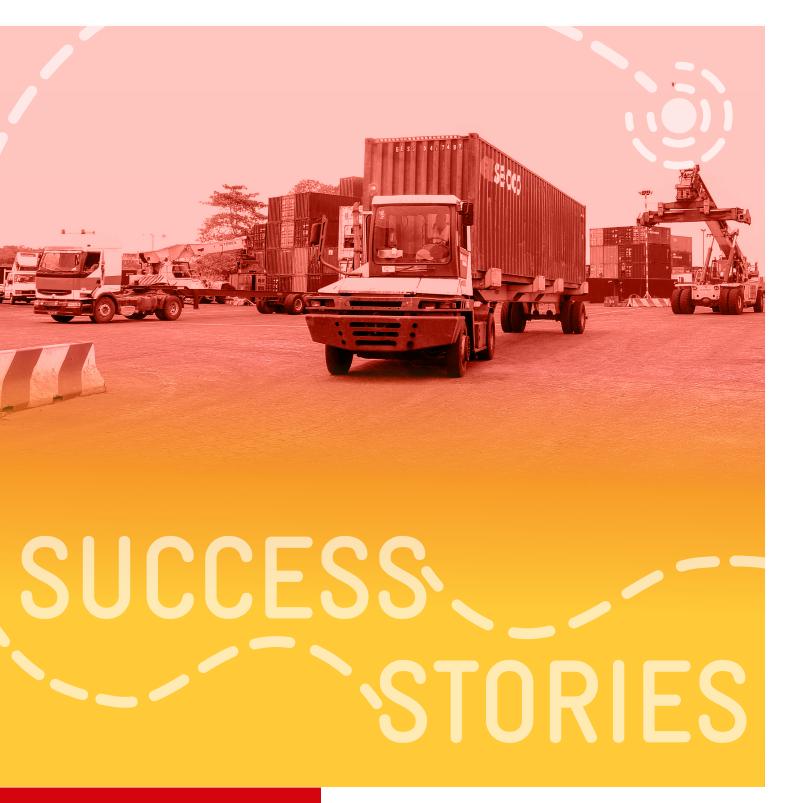
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