



North South Corridor Pilot Aid for Trade Conference

Outcomes, Conclusions and Way Forward

Introduction

The North South Corridor Programme is a Model Aid for Trade Programme that has enabled the Regional Economic Communities of COMESA, EAC and SADC, their Member States and the International Community to implement an economic corridor-based approach to reducing costs of cross-border trade in Sub-Saharan Africa. It seeks to enable producers and traders to be more competitive, thereby creating higher levels of economic growth, employment creation and reduce poverty. The project will also focus on taking the necessary steps to ensure that adequate power supply is made available to support the growing demand from industrial, commercial and domestic consumers.

The Model Programme is based on the decisions of the COMESA-EAC-SADC Tripartite Summit held in Kampala, Uganda in October 2008 and on the various decisions taken at the international level on Aid for Trade.

The High Level Conference on the North South Corridor held in Lusaka on 6-7 April 2009 allowed the Chairpersons of COMESA, EAC and SADC Authorities to outline the critical underpinnings for rolling out the various projects and programmes that constitute the North South Corridor Model Aid for Trade Programme. The Conference also allowed the RECs and Member States to outline the bottlenecks to trade that need to be removed in a sequential manner, if trade costs are to be reduced.

Outcomes and Conclusions of the High Level Conference

The High Level Conference:

- 1) Agreed on the critical importance of high level political commitment at the national level in order to spearhead and monitor implementation of agreed policy reforms to deepen regional integration and continue this discussion at the next Tripartite Council meeting.
- 2) Generated strong financial and technical support for the North South Corridor. About US\$1.2 billion of funding was committed by the development partners for upgrading road, rail, ports and energy infrastructure and to support implementation of trade facilitation instruments.
- 3) Stressed the need to develop similar Aid for Trade programmes in respect of other priority regional transport and transit corridors,

notably improving the Central Corridor from the Port of Dar es Salaam in Tanzania to Rwanda and Burundi; the Northern corridor from Mombasa in Kenya to Uganda, Rwanda, Burundi and DRC; and the Lamu – Southern Sudan – Ethiopia Corridor.

- 4) Identified the need for Member States to show greater commitment to the identified projects and programmes by both providing counterpart funding and implementing and harmonising supporting policies and regulations so as to trigger additional and sustained funding from development partners;
- 5) Underscored the need to put in place an institutional arrangement to programme and manage the North South Corridor Pilot Model for Trade Programme; put in place a mechanism to access and disburse the committed funds; identify funding gaps; propose a sequence of implementation; prepare bankable projects; seek ways in which the private sector can come on board and complement public sector investment and financing for implementation of infrastructure projects;
- 6) Recognised the weak nexus between regional and national project planning and highlighted the need to align national and regional priorities. It also identified the challenge of ensuring regular maintenance of existing infrastructures, including allocation of the requisite resources from national budgets for this purpose ;
- 7) Noted the challenges and costs for regional project procurement systems on the basis of existing national procurement policies that are largely not harmonised and it called for the formulation of a mechanism that would obviate these challenges;

Way Forward:

Cognisant that the overall objective of is to:

- implement the North South Corridor Model initiative;
- promote wider experience sharing across eastern and southern African Corridors and other corridors; and
- from a regional perspective, strengthen the alignment and harmonisation of programmes and procedures of external development partners as well as deepen the regional integration process through the Tripartite in particular and the African Union in general.

The following mechanisms shall be put in place to realise the set objectives:

1. **Establishment of an Institutional Framework**

A Project Steering Committee shall be established to set and manage the overall policy of the North South Corridor Aid for Trade Programme.

In addition, a Project Implementation Unit (PIU) will be constituted as part of the Tripartite and will be responsible for facilitating, coordinating and monitoring the progress of implementing projects and programmes. Specifically, this will involve ensuring that the following happens:

Programme Management

- Preparing bankable projects for funding;
- Elaborate how regional projects will be implemented, and whether through national authorities or specially-created regional entities;
- Specifying the sequencing of activities sector-wide and multi-modally to ensure roll-out is co-ordinated;
- Establishing links with various private-sector and civil-society representatives interested in supporting the implementation of NSC programmes and in investing in new production and trade opportunities; and
- Creating high-level mechanisms for monitoring the alignment and harmonisation of external assistance in support of regional trade and integration programmes, initially limited to trade and transport, but with the possibility of including other sectors such as power, water and ICT.

Financial Management

- Identification of financing gaps and missing details to channel external finance for North South Corridor trade facilitation and infrastructure upgrades, with the emphasis being on “quick-win solutions” such as streamlining border crossings;
- Elaborating, designing, and establishing the financing mechanisms (after an ‘options’ study) that will allow external funding commitments to be allocated and channelled to national and regional interventions, ensuring proper co-ordination;
- Identifying the funding mechanisms and channels of funding from donors and International Financing Institutions that have committed funds to the North South Corridor; and
- Continue to seek additional funding for implementation of identified projects and programmes along the North South Corridor.

Consultation and Communication

- Enabling transparent dialogue to take place between representatives of the supporting development partners, RECs, and the eight member countries of the NSC pilot;
- Engendering implementation procedures within each of the RECs and national entities to assure efficient and timely implementation of agreed projects and programmes;
- Disseminating information, collating lessons learnt, and reporting progress periodically at key international and regional meetings; and
- Disseminating results of the North South Corridor Pilot Aid for Trade Programme, among other Aid for Trade initiatives so that they can be made available to other corridors and applied elsewhere to bring about further innovation and scaled-up investments.

Monitoring and Evaluation

- Monitoring progress, and specifically, disbursements of financial commitments, financing of projects and programmes, implementation, and emerging issues.

2. Harmonisation and Implementation of Policies and Regulations

Regional projects are implemented at the national level. For an infrastructure project to be implemented at the regional level there is need to harmonise national policies, such as procurement policies. Equally, if energy as well as trade and transport facilitation programmes are to be implemented there is need to harmonise regulations such as tariff regimes, governance, customs and immigration procedures, transit procedures, vehicle overload control procedures, customs bonds etc. Where policies and regulations differ between RECs, Member States will need to work with the RECs to forge harmonisation.

The Member States of the Tripartite will need to implement agreed regional policies and regulations and put in place a mechanism to arrest policy reversals.

Further, there should be progressive delegation of certain aspects of the implementation of the North South Corridor projects to the Tripartite Secretariat. These aspects will include procurement of consultancies, evaluation of bids, coordination of the steering process, monitoring and evaluation and reporting. Such delegation will ensure application of standardised procedures across the RECs rather than a multiplicity of national and regional procedures that add on to the bureaucracy of implementation of such multinational projects and unduly increase costs of project implementation.

Moreover, there is need to create and strengthen regional regulatory bodies to better oversee the implementation and application of harmonised policies and regulations in the energy and transport sectors at a regional level.

3. Establishment of a Tripartite Fund

The Tripartite will establish a Fund that is able to accept funding from development partners and which can be used to finance identified projects and programmes needed to make the transport corridors in eastern and southern Africa, including the North South Corridor, more efficient. The Fund shall be hosted at and managed by the Development Bank of Southern Africa (DBSA).

4. Establishment of Special Purpose Vehicles (SPVs)

In order to scale up investment and implementation of projects through private sector initiatives and public private partnerships, there is a need to institutionalise SPVs that would drive the project investment and implementation process.

07 April 2009, Lusaka, Zambia