



**Business Trader Observer: An Annual Survey of Business Impediments
along Trade and Transport Corridors in the COMESA Region**

Terms of Reference

1. Introduction

COMESA Business Council (CBC), a Business Member Organization and recognized private sector institution of the Common Market of Eastern and Southern Africa (COMESA).

This Project assignment is being funded by COMESA Business Council under the USAID RDOAG Program and CBC Core support .

COMESA Business Council (CBC) was established in 2005 and became operational in 2010. Amongst CBC's objectives include representing the interests of businesses sectors at a regional level. The services provided go beyond advocacy, to actively promote business participation in regional integration, investment and global trade. This is done by facilitating the growth of strong business synergies, the development of business opportunities, business alliances, legislative and strategic advocacy. The establishment of COMESA Business Council (CBC) is mandated by the Treaty of the Common Market for Eastern and Southern Africa (COMESA), Article 18-Chapter 23 and 24, as a consultative committee for the business community at the policy organs level. The Council's Objectives are focused on private sector development, through apex and sectoral business associations' facilitation of private sector participation in regional trade related policy dialogue.

CBC is constitutionally managed by a Board of Directors from 9 of the national apex business associations from the COMESA Member States. Its membership is composed of national private sector associations (where one national apex private sector organization acts as a National Focal Point for CBC and have voting power in the General Assembly), regional associations, corporate members, honorary members/ interest groups and emerging businesses/ SMEs.

The CBC adopted a new Vision - "Building regional, going global." The CBC mission is to become the leading private sector organization in Africa, that promotes competitive and interconnected industries to actively participate in regional and global markets through advocacy, business facilitation and enterprise development.

This results in increased intra-regional trade within COMESA and boost COMESA exports, which is the desired impact of CBC's work under this new Strategy. This impact will not only be created by CBC but by many other stakeholders working on regional integration and trade such as COMESA and Members States.

Services provided include;

- ✓ Advocacy excellence in the region – influence decisions at the highest levels of policy decision makers in COMESA.
- ✓ Regional brand recognition as a business through CBC.
- ✓ Market intelligence and analysis to inform trade, investment and joint venture decisions.
- ✓ Increased partnerships in regional and global markets.
- ✓ Business facilitation in regional and global markets through trade promotion, linkages and advisory services.
- ✓ Industry collaboration through CBC memberships for efficiency and sustainability of enterprises and associations.

The Common Market for Eastern and Southern Africa (COMESA) was established by treaty in 1994, with the goal of becoming a fully integrated, internationally competitive regional economic community with high standards of living for all of its peoples, ready to merge into an African Economic Community (Article 3 of the COMESA Treaty). Specifically, by 2025, COMESA plans to be a single trade and investment area in which tariffs, non-tariff barriers and other impediments to the movement of goods, services, capital and people will be removed, while trade in goods and services from the region will have achieved global market competitiveness.

The Common Market for Eastern and Southern Africa (COMESA) is a Free Trade Area with twenty-one-Member States including: Burundi, Comoros, Djibouti, DRC, Egypt, Eritrea, Eswatini, Ethiopia, Kenya, Libya, Madagascar, Malawi, Mauritius, Rwanda, Seychelles, Somalia, Sudan, Tunisia, Uganda, Zambia and Zimbabwe. The region boasts of a population of 560 million (2018) with a Gross Domestic Product of USD 769 billion (2018).

COMESA's total global trade stands at US\$240 Billion in 2017, with intra-regional trade at a meagre 6.7%. Intra-COMESA trade in goods stood at USD 3.1 billion in 2000 and has grown exponentially over the years to almost USD 20 billion in 2014. This means that intra-regional trade has increased more than six-fold over 14 years. Despite the encouraging absolute figures, in relative terms, the intra-regional trade in goods represents only 7% of total trade of the region.

2. Current situation in the cross- border trade along the transport corridors.

In the region, goods are transported through 10 major corridors, namely Northern, North–South, Dar Central, Dar es Salaam, Nacala, Beira, Maputo, Trans Kalahari, Trans Caprivi, and Trans Cunene. The large number of border post and roadblocks along those corridors and the inefficiency of the procedures are overwhelmingly costly to traders and businesses in the sub-region.

While the regional integration agenda seeks to create seamless borders within member states in COMESA, several impediments still prevail, such as prolonged transit times, numerous roadblocks, inefficiencies in technology. To maximize the gains from regional and global trade there is need to identify and tackle the constraints that business face in cross border trade.

The customs environment in the COMESA region is characterized by limited coordination between the multiple government agencies on both sides of borders and duplication of procedures at each border, which increases the potential for fraud. Furthermore, limited computerized customs management systems results in lengthy and inefficient manual operations carried out by traders and officials at borders.

The absence of information and awareness on the actual constraints faced by businesses in cross border trade has an impact on informed policy making in the region. There are several studies such as the World Bank Time release studies, and the Doing Business Report that seek to capture some of the costs of doing business within countries but not at cross border level. A perspective largely missing is the view of the private sector on the business impediments at cross border level. There is need for concerted private sector efforts in the identification of business impediments when conducting cross border trade. The overall object is to ensure improved trade facilitation and reduced costs of doing businesses along the corridors through informed public private dialogue and high level policy engagement.

Under the CBC Transporters and Logistics Services Workgroup, a number of issues have been raised inform of a position paper for industry. These issues mainly focused on hard infrastructure, information technology, risk management, regional cooperation, Regional Bonds, Electronic Tracking, Road safety, Port efficiency, illicit trade, uncompetitive business practices and Public Private Engagement.

Some of the key recommendations have formed regional positions of Industry re:

- The need for the full implementation of the COMESA Trade Facilitation instruments and agreements.
- Increase awareness amongst both public and private sector stakeholders to ensure the above.
- Strengthening implementation mechanisms of COMESA Trade facilitation instruments.
- To adopt regional and corridor approaches in the implementation of trade facilitation instruments.
- Increase Sensitization/training, equipping operators and stakeholders as this facilitates smooth implementation of trade facilitation instruments at national level.

2. The Assignment

In the context of fostering greater regional trade integration, the expertise required will focus on the following assignment:

Development of the Business Trader Observer; An annual survey along the selected corridors, focusing on business impediments along trade and transport corridors in COMESA.

The Business Trader Observer is an Annual- Survey (quantified and qualified) to be developed and used by CBC members to track business costs along the trade and transport corridors in the region. The main aim is to collect and disseminate information on business costs in COMESA countries in order to track improvements and/or deteriorations on business impediment factors that directly and indirectly impact cross border trade. This year the study will focus on six key sectors of grains and seed, pharmaceuticals, fast moving consumer goods, alcohol and tobacco products.

The focus for this survey should be on but not limited to the following areas;

- Trade facilitation issues; cumbersome administrative procedures, multiplicity of documents and other procedural obstacles.
- Corruption and business practices.
- Illicit trade
- Market entry restrictions, supply and distribution challenges.
- Border delays, axle loads, infrastructure
- Digital trade facilitation

The findings aim to;

- Capture difficulties experienced in trading along the corridors (imports and exports of goods) in the region in order to target reforms on policies and regulations that will enhance efficiency improvements and increase intra-COMESA trade.
- Inform CBC advocacy efforts on business and trade facilitation at a regional level. This instrument will be updated annually though similar site visits.
- The results will be presented will inform the annual CBC Public- Private Dialogue known as the COMESA Business Forum.

This assignment has a core interest in ensuring improved trade facilitation and reduced costs of doing businesses along the transport corridors through increasing public private dialogue and engagement.

3. Expected Results and Indicators

One Annual Survey of business impediments along trade and transport corridors in COMESA Region carried out , known as the Business Trader Observer

Result Indicators

- One survey report known as the Business Trader Observer- survey
- One common position paper of industry- annexed to study report BTO

4. Scope and Methodology

The purpose of this assignment is to develop an instrument to inform effective dialogue between private sector and key government stakeholders on addressing business impediments in cross-border trade. This will be done through addressing business impediments related to trade facilitation; costs in time, administrative procedures, clearance processes, illicit trade and other barriers along selected transport corridors.

The issues will be addressed through the Annual survey- COMESA Business Trader Observer (BTO)- that will serve as a monitoring tool on impediments businesses face along the corridors.

This assignment will address the need to accelerate Regional cooperation by implementing trade facilitation instruments and reducing business impediments which lead to improved trade along the transport corridors. The project will utilize an expert to carry out the assignment.

5. Methodology

The approach should expand on the following deliverables and methodology:

- a) **Desk Research.** Carry out a desk-top Survey on key constraints to business- related to trade and business facilitation and cross-border movements in the region. Sector focus is on pharmaceuticals, seed and grains, fast moving consumer goods, alcohol and tobacco products traded along the corridors.
- b) **Field Work.** The Consultant will develop an interview instrument and conduct extensive interviews with key stakeholders in the selected countries according to the following approach: Interviewing 15 keys stakeholders in each country with a focus on key business / industry Associations, trade organization, importers and exporters of goods and services operating along the transport corridors and at the borders.
- c) **Geographical areas:** The study will cover the borders of seven countries in the COMESA region, with a focus on trade and transport corridors. Field work will be carried out at the domestic and border territories of the following countries; Kenya, Rwanda, Uganda, Democratic Republic of Congo, Zimbabwe, Zambia and Tanzania.

Corridors	Countries
North South Corridor (NSC) which links Southern African to East African markets	Zimbabwe, Zambia, Democratic Republic of Congo
Northern Corridor which provides access to regional and international markets for the landlocked countries of East Africa	Kenya, Uganda, Rwanda. Tanzania

Northern Corridor

The Northern Corridor is anchored by the port of Mombasa in Kenya, and the Central Corridor, anchored by the port of Dar es Salaam in Tanzania, are principal and crucial transport routes for national, regional, and international trade of the five East African Community (EAC) countries, namely; Burundi, Kenya, Rwanda, Tanzania, and Uganda. Due to inadequate physical infrastructure and inefficiency, these corridors are characterized by long transit times and high cost (Wiggil, 2015).

Apart from linking the land-locked countries of Uganda, Rwanda, and Burundi with Kenya's maritime port of Mombasa, the Northern Corridor also serves the eastern part of the Democratic Republic of the Congo (DRC), South Sudan, and northern Tanzania. Because of their heavy reliance on the Northern Corridor for their overseas trade, as well as trade among themselves, Burundi, the DRC, Kenya, Rwanda, and Uganda are contracting parties to the Northern Corridor Agreement. The agreement provides the legal framework for collaboration among these countries on matters to do with transit transport, customs control, documentation, and procedures, as well as the development of infrastructure and facilities relating to seaports, inland ports and waterways, roads, railways, pipelines and border posts.

North South Corridor

The North-South corridor is the most extensive corridor system in the region, linking the largest number of countries in eastern and southern Africa. North-South Corridor connects Botswana, DRC, Malawi, Mozambique, South Africa, Zambia and Zimbabwe and interlinks to other corridors including the Trans Kalahari, Beira, Lobito, Dar es Salaam and Nacala corridors. The corridor has two main legs: one stretching from the port of Durban on the South African coast, through Johannesburg,

through either Harare in Zimbabwe or Francistown in Botswana, through Lusaka in Zambia and on to Lubumbashi and Kolwezi in the DRC. A second leg takes off from Harare, through Tete in Mozambique and on to Blantyre in Malawi.

d) Stakeholders to be interviewed per country (21)

Stakeholders	No. of stakeholders
Freight Forwarders Associations and freight companies	1 Association, 1 company
Business Association	1
Businesses (per highlighted sectors) along the Corridors <ul style="list-style-type: none"> ○ Large ○ Medium ○ Small 	8
Transporters Association and transporter company	1 Association, 1 company
Other stakeholders	2
Ministries of Trade	1
Cross Border Traders Associations	1
Cross border traders	2
Revenue Authorities	1
Other Border Agencies	2

6. Study Outline expectations

BTO: An annual survey-COMESA /Business Trader Observer (BTO)- which monitors business impediments when trading across the borders, is developed.

Activity 1.1: Inception report.

- Introduction
- Preliminary Findings of the Desk Review
- Evaluation Questions
- Data Collection Instruments
- Sampling Strategy
- Limitations to the Evaluation
- Evaluation matrix
- Implementation schedule

Annexes

- I. Table of documents reviewed
- II. Draft Data collection instruments
- III. List of stakeholders

Activity 1.2: Research

- Carry out a Survey on key constraints to business- related to trade and business facilitation in the region. Sector focus is on businesses- importers, exporters and traders along the transport corridors.
- The contracted expert will review the reports and recommendations made on trade facilitation in the COMESA region and on the transport corridors.

Activity 1.2: Field work

- Interview key trade organization, importers and exporters of goods and services operating along the transport corridors.
- The expert will organize interviews with key trade organization, importers and exporters of goods and services.
- Information to be collected from each destination point should include:
 - a) Key characteristics of the Participants/trade
 - Informal
 - Formal
 - Mode of transportation used
 - Mode of storage used
 - Size of consignments
 - b) Framework of the clearance of goods/ trade across borders
 - EAC
 - COMESA
 - SADC or other
 - Reasons for choice of framework
 - c) Common traded goods and trading partnerships
 - Overall
 - Amongst the identified sectors
 - Importing countries
 - Exporting countries
 - Trade relationships with significant trade
 - d) An assessment (quantified and non-quantified) on the main types of business impediments such as but not limited to;
 - Identified business impediments related to; port, customs, immigration, police, weighbridges, technical standards, SPS, and business registration and licensing procedures and administrative requirements.
 - Corruption and business practices.
 - Illicit trade
 - Trade facilitation issues; time taken for clearance, cumbersome administrative procedures, multiplicity of documents and other procedural obstacles.
 - Market entry restrictions, supply and distribution challenges.
 - e) The Report should propose Key Recommendations and Proposals
 - Identify the necessary action to be undertaken to address the highlighted impediments.
 - The findings will provide responsible institutions in the public and private sector, inclusive of Technical Monitoring Committees at national and regional level with evidence of NTBs, and proposed industry recommendations providing solutions to the identified obstacles identified obstacles.

Activity 1.3: Report Writing.

- Develop the COMESA Business Trader Observer (BTO): A monitoring tool on impediments businesses face along the transport corridors.

Activity 1.4: Period of Project Assignment: 2 and 1/2 months

Output	Description	Payment schedule
Desk Study	Undertake Desk research	
Inception Report	Develop Inception or Implementation Report	10 % payment
Field Work	Undertake Field visits- 7 countries at 6 days for each country including travel days	
Draft Report	Develop Draft Report	60% payment
Final Report	Review and Submit Final Report	30% payment

Activity 1.5: Expertise Required

Under the direct supervision of the CBC Chief Executive Officer and Overall Management of the CBC Board of Directors, the consultant will be expected to meet the requirements of the assignments within a period of 21/2 months.

The expert shall meet the following requirements:

Qualifications and skills

- A Master's degree in a relevant field in Economics, International Trade or related qualification.
- Excellent command of written and spoken English. Working knowledge of French would be an advantage;
- Excellent interpersonal skills and ability to work in multi-cultural environments.

General professional experience

- At least 7 years of proven working experience in economic analysis, trade or business policy.
- Proven technical background and experience in conducting similar surveys and experience in similar regional and international studies.
- Proven capacity to interact with national and international stakeholders in public and private sectors in COMESA region.

Specific professional experience

- At least 6 years of professional experience in designing and implementing private sector support programmes for enhancing trade competitiveness;
- At least two projects implemented in ACP countries/developing countries in the fields related to Trade / investment/ private sector development.
- Proven capacity to interact with national and international stakeholders in public and private sectors in COMESA region.