Corridors Development and Management for the Benefit of the LLDCs and Transit Countries

“Experience of the Northern Corridor”

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PRESENTATION OUTLINE

- Challenges faced by the LLDCs in the African Context
- Why Transit Corridors?
- Best Practices in Corridor Development & Management
- Key Northern Corridor Achievements & Challenges
- Conclusions
COMMON CHALLENGES FACED BY THE LLDCs

- Inadequate infrastructure
- High cost of doing business
- Multiple procedures at border crossings
- Inadequate transit policies
- Inefficient administrative structures
- Civil unrests and political conflicts
- Inefficient customs systems
- Low levels of interstate trade
WHY TRANSIT CORRIDORS?

- Corridors **enhance** smooth transportation of goods.
- Corridors **promote** both economic and social development
- Corridors **foster** trade by improving efficiency in the supply chain
- Corridors **minimizes** diversion of goods through monitoring mechanisms
- Corridors institutions **are good bases** for **planning**, **regulating** and **monitoring** trade and logistic performances
THE NORTHERN CORRIDOR

- Established through a Treaty known as NCTTA, in 1985.
- The Northern Corridor cover six member Countries in the region.
- The highest Policy making organs are the Council of Ministers and the Executive Committee.
- The Executive Committee comprising (PS Ministry of Transport of the Member States) provide direct oversight.
- There are four (4) Specialized Technical Committees (Transport, Customs, Infrastructure and Private Sector).
- The Coordinating Authority is the Northern Corridor Secretariat.
- The institution also has a Public-Private Consultative forum for active engagement between the Public and Private Sectors.
CORRIDOR BEST PRACTICES

**Development Stage**
- Binding Agreements
- Supporting Infrastructure
- Transport Systems
- Logistics Services
- Regulation & Standards
- Enabling Environment

**Management Stage**
- Appropriate Structure
- Strategic Planning
- Financing Arrangements
- Demand Driven Programs
- Results Oriented
- Efficient Monitoring
KEY NORTHERN CORRIDOR ACHIEVEMENTS

• **Elimination** of multiple security bonds and customs declarations

• **Establishment** of an efficient Corridor Management Institution with clear functioning structures

• Other areas of achievement include:
  - The Northern Corridor Transport Observatory
  - Self-regulatory Charters
  - One Stop Border Posts (OSBPs) are operational
  - Regular Road and Logistics Surveys
  - Mandatory meetings of the Policy Organs and Committees
THE CASE OF THE SINGLE CUSTOMS TERRITORY IN EAST AFRICA

- It is a step towards full attainment of the **Customs Union**.
- It aims at the removal of restrictive regulations and minimization of internal border controls for goods moving between the Partner States.

**Timeline**:

- **Aug. 2013**
  - Heads States/Decision

- **Oct. 2013**
  - Implementation started

- **Feb. 2014**
  - SCT operations Northern Corridor leg (Mombasa)

- **March 2015**
  - SCT operations Central Corridor

- **July 2014**
  - Implementation started on the Central Corridor (Dar Es Salaam)
SOME BENEFITS FROM THE SINGLE CUSTOMS TERRITORY

1. Revenue Collection/Volumes have increased in all involved Partner States both: **Volumes** by 9.5-10.8% & **Taxes** (21-22%).

2. Reduced Transit Times & Cost (Elimination of duplicated processes/procedures + Improved turnaround times for transporters).

3. Reduced risks associated with non-compliance on the transit of goods.

4. Improved accountability and monitoring of Goods- RECTS.

5. Improved Working Relations between Revenues + Port Authorities + other Regional Agencies for faster decision making); and Synergies created through shared resource utilization.

6. ICT interconnectivity – Real time data exchange.
CHALLENGES

• Inadequate infrastructure
• Low levels of automation and interconnectivity
• Comparatively high transport costs
• Unimplemented trade facilitation protocols
• Persistent Non-Tariff Barriers NTBs
• Low productive capacities to attract markets
• Slow regional market integration process
• Contrasting focus and priorities in Partner States
• Inadequate resources and funding options
• Resistance to change and change management
CONCLUSION

• Partner States should sustain the cooperation and agreements governing corridors.
• Deliberate effort to be made to improve infrastructure and embrace technology (ICT).
• Policies, Regulations and Legal Frameworks to be streamlined and harmonized.
• Productive capacities in the Partner States to be enhanced to benefit from international and regional trade.
• There is a need for robust M&E mechanisms for effective feedback and efficient planning.
THANK YOU ALL

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