TERMS OF REFERENCE FOR:
A STUDY ON INTRODUCTION OF A SIMPLIFIED TRADE REGIME (STR) IN THE
IGAD REGION

1.0 Introduction
The IGAD Secretariat is seeking applications for consultancy services to conduct a
study on the introduction of a Simplified Trade Regime (STR) in the IGAD Region, with
support from the EU 10th European Development Fund (EDF 10) under the second
Regional Integration Support Program (RISP 2).

2.0 Background
The Intergovernmental Authority on Development (IGAD) region currently consists of
six Member States[^1], namely Djibouti, Ethiopia, Kenya, Somalia, Sudan and Uganda. It
has a total population of 217 million with an average population growth of 2.5% per
year, and a total surface area of 5,092,375 square kilometres. The vision of IGAD is to
be the premier regional organization for achieving peace, prosperity and regional
integration in the IGAD region. To this end, the IGAD spearheads and complements the
efforts of the Member States to achieve economic cooperation and integration, especially with regard to achieving the following objectives related to trade:

- Promoting joint development strategies and gradually harmonizing macro-
economic policies and programs in the social, technological and scientific fields.
- Harmonizing policies pertaining to trade, customs, transport, communications,
  agriculture, and natural resources, and promote free movement of goods,
  services, and people within the region.
- Creating an enabling environment for foreign, cross-border and domestic trade
  and investment.
- Developing and improving a coordinated and complementary infrastructure, in
  the areas of transport, telecommunications and energy in the region.
- Mobilizing resources for the implementation of emergency, short-term, medium-
term and long-term programs within the framework of regional cooperation.
- Promoting and realizing the objectives of the Common Market for Eastern and
  Southern Africa (COMESA) and the African Economic Community.
- Facilitating, promoting and strengthening cooperation in research development
  and application in science and technology

IGAD works in close collaboration with other regional bodies to which IGAD member
states belong - particularly the Common Market for Eastern and Southern Africa

[^1]: The new South Sudan state is also in the process of becoming individually recognized as a member of IGAD. In this document, where Sudan is mentioned it includes both North and South Sudan, unless otherwise specified.
COMESA), the East African Community (EAC), the Indian Ocean Commission (IOC), and the Greater Arab Free Trade Area (GAFTA) - to implement a wide of initiatives aimed at addressing both common and sub-regional specific issues such as trade, investment, supply-side constraints, as well as specific sectors such as renewable energy, bio-diversity and marine resources. COMESA and EAC are both in the process of harmonizing trade, investment and macro-economic policies with the ultimate aim of establishing a fully fledged Common Market and a Monetary Union. The two organizations are also engaged, together with the Southern African Development Community (SADC), in the Tripartite Process, which aims at establishing a single market encompassing all their twenty-six Member Countries. IGAD is championing the Horn of Africa Initiative, which is an integrated response strategy to promote peace, security and development. Trade facilitation is a key component of this program.

3.0 Justification

One of the key areas addressed under the Horn of Africa Initiative is that of facilitating cross-border trade between the Member/Partner states. Intra-IGAD regional trade among Member States has been quite low due to high tariff and non-tariff barriers, exacerbated by the difficulty of doing business due to poor infrastructure and lack of trade facilitation. Since most IGAD countries produce and export raw materials rather than processed goods, there is little that they are importing from each other. This situation is aggravated by incentives such as Quota Free and Duty Free (QFDF), ‘Everything But Arms’ (EBA) and African Growth Opportunity Act (AGOA) which make it appear more lucrative to export to developed countries such as EU and USA instead of trading with other African countries.

Simplified Trade Regimes (STRs) came into play when it was recognized that the majority of business people engaged in cross-border trade in developing countries are small-scale traders who find it extremely difficult to meet conventional customs requirements, especially ‘proof of origin’ of the goods being traded, which is required under normal Free Trade Area agreements. The EAC introduced a Simplified Certificate of Origin (SC00) in 2007 to be issued by customs officer at the border for consignments of $1000 or less. This did not apply to all goods of the Free Trade Agreement (FTA) because there was a problem of ‘proving’ the origin of the goods. Therefore, it only applied to a pre-agreed list of commodities, mainly food items. It was the original intention that this ‘common list’ would be applied to all participating member states, but in practice these lists have been negotiated bilaterally. The COMESA version of the STR has the following features:

1) A simplified Certificate of Origin obtainable from Customs as the trader leaves the country.
2) A Common List of goods that may use the STR.
3) A simplified Customs document, that is filled in as the trader enters the country he is exporting to.
4) A ‘Help’ or ‘Trade Information Desk’ with a Trade Information Officer to assist traders in filling the documents and answering queries.
Given the important role that a STR can play in promoting inter-IGAD regional trade, it is important that the modalities, challenges and opportunities available for its design and implementation are deeply investigated so that appropriate measures are recommended to key stakeholders to ensure that an STR that is applicable to all IGAD Member States is established and that is viable and effective reducing barriers to intra-IGAD regional trade.

4.0 Objectives of the assignment

The overall purpose of the study is to map the way forward for establishing a Simplified Trade Regime across all IGAD Member States. Therefore the objectives are:

1) To evaluate the implementation of existing Simplified Trade Regimes pertaining to IGAD Member States.

2) To identify modalities, challenges, and opportunities for establishing a single Simplified Trade Regime for the IGAD region.

5.0 Scope of Work

1) Describe the different systems for customs clearance used by traders in the IGAD region, especially small traders, including STRs and the necessary formalities required under each different system.

2) Document the views, experiences and recommendations of cross-border traders and customs authorities on STRs in the IGAD region.

3) Identify modalities of establishing IGAD STR’s Common List of goods that is compatible with IGAD Member States’ national interests and their commitments under other regional bodies to which the Member States belong.

4) Assess other tariff and non-tariff barriers that affect trade and need to be addressed by the STR, including (but not limited to) taxation requirements, customs procedures, immigration rules, obtaining phyto-sanitary certificates, and obtaining permits from ministries.

5) Forecast the potential impact of an IGAD STR on intra-IGAD regional trade flows and the movement of people, goods and services in the IGAD region.

6) Assess the capacity gaps of IGAD region border posts in implementing an IGAD STR, including an assessment of financial, material and training needs of Trade Information Officers and customs officials in establishing effective and sustainable border post STR help desks.

7) Benchmark best practice in implementation of a region-wide Simplified Trade Regime.

8) Basing on the findings of the study, make recommendations for introducing a Simplified Trade Regime in the IGAD Region, including an action plan for implementing the recommendations.

6.0 Results and Expected Outcomes
The Key Results Area is: “IGAD Member/Partner States capacity to address trade related issues and to implement their trade liberalization and regional integration commitments is enhanced.”

Therefore the expected outcomes are:

1) Improved knowledge of key stakeholders on the potential for introducing a Simplified Trade Regime in the IGAD Region.
2) Improved readiness of IGAD Member States to establish and implement the STR.
3) An IGAD STR eventually established basing on the findings of this and similar/related studies.
4) Increased intra-IGAD trade flows resulting from improved facilitation of traders, especially small-scale traders benefiting from the STR.

7.0 Key Outputs

The consultancy will be expected to deliver the following outputs as deliverables of the assignment:

- A comprehensive draft Report on the modalities, challenges and opportunities for introducing a Simplified Trade Regime in the IGAD region, capturing the findings of the study.
- An elaborate Action Plan for implementation of the STR by IGAD Member States, IGAD Secretariat, and other relevant key stakeholders.
- Power point presentations and handouts for participants in the stakeholders’ workshop to validate the report and action plan for introducing the STR in the IGAD region.
- A final Report and a final Action Plan after the validation workshop.

(The Report and Documents to be delivered shall be both in English and French languages).

8.0 Approach and Methodology

The consultancy is required to outline the indicative approach and methodology that shall be followed by providing a clearly elaborate outline of the approach to study during the initial proposal submission in response to the TORs. The approach should include, among others, the following:

- An overall design of the study to capture the requirements specified in the Scope of Work, including sampling frames and sampling procedures.
- A desk review of literature and relevant documents on STRs.
- Procedures for data collection, which should include a desk review of literature and relevant documents on STRs, and interviews with key stakeholders in IGAD cross-border trade.
- Procedures for data analysis and presentation of the report and action plan.
The assignment is expected to take 10 weeks. The consultancy will develop and submit a work plan and timetable at the commencement of the assignment. Once the work plan is accepted, IGAD Secretariat will help and facilitate the consultant to implement the work plan.

9.0 Reporting and Feedback

On the commencement of the assignment, the consultancy shall present to the Program Manager Trade, Industry and Tourism (joseph.rwanshote@igad.int) an inception report on how it will execute the assignment based on the review of the available literature and the interpretation of the Terms of Reference. This will form the basis for the activities upon consultation with IGAD Secretariat. The consultancy will also be required to develop and submit to IGAD Secretariat draft research instruments for comments. The comments by IGAD Secretariat will be delivered back to the consultancy at latest one week after the submission. After reception of comments from IGAD Secretariat, the consultancy shall immediately embark on implementation of the planned tasks.

10.0 Expertise Required

The consultants must be nationals of IGAD, ACP or EU member states. Applications from individuals or consortiums of consultants are encouraged. Preference will be given to those who are holders of a post graduate degree in disciplines related to international trade (for the lead consultant), those who possess considerable experience in trade and customs work, particularly cross border trade, and those who have strong research and analytical skills, with an experience of at least 10 years doing similar work, especially in the IGAD region.

11.0 Other Conditions

This Terms of Reference (TOR) will form an integral part of a temporary service contract to be signed between the IGAD Secretariat on one part and the consultancy on the other part. The contract, among other things, will specify fees payment modalities and measures in case of failure to submit acceptable deliverables in time.

Interested persons should submit their applications to the Director of Administration and Finance, IGAD Secretariat, BP 2653 Djibouti, email: igad@igad.int with a copy to the IGAD RISPII Coordinator: Yufnalis.okubo@igad.int and a copy to the Program Manager Trade, Industry and Tourism, email: joseph.rwanshote@igad.int The deadline for submissions is 12th February 2012.