



Trade Facilitation Presentation – Namibia
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Why trade facilitation matters

An opportunity for regional cooperation

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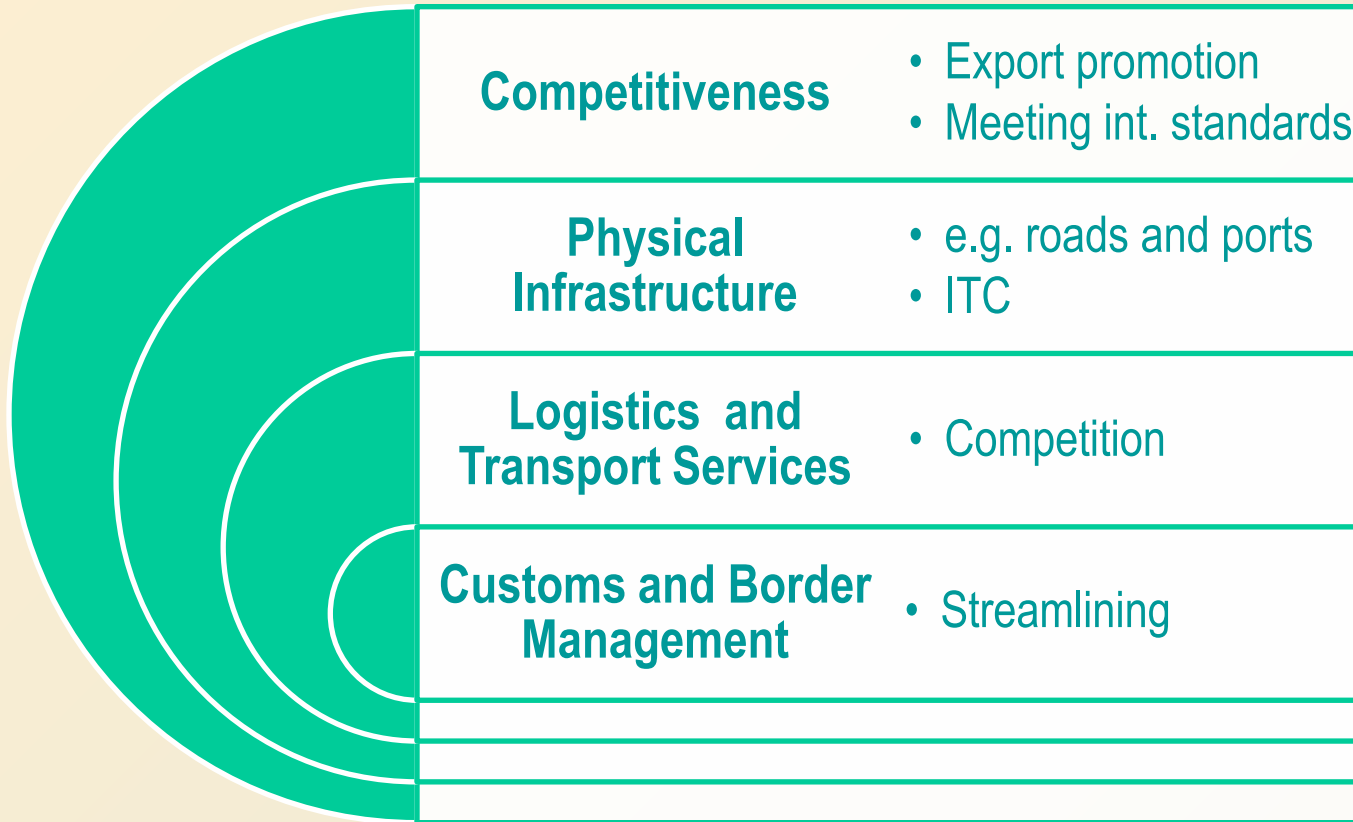


Outline of presentation

- I. The new approach to trade facilitation and its impact.
- II. What is the TFF and what is unique about it?
- III. The TFF story so far, and opportunities for projects in Southern Africa.



Trade facilitation has grown beyond “fixing borders”



“trade facilitation involves improving the overall operations of global, regional and in-country supply chains.”



Trade facilitation makes the difference!

**The main goal is
to reduce trade costs and
enhance competitiveness**



Trade facilitation contributes to economic growth





Trade facilitation increases trade benefits

Market access has improved, e.g. lower tariffs for goods, but significant barriers remain, including regional non-tariff trade barriers.

For example:

- Average port clearance times (imported containers) in most of Africa take more than 20 days – the most time-inefficient ports in the world*
- Delays of trucks at land borders – Shoprite estimates US\$500 each day a truck is delayed. **
- Cumbersome administration requirements for certificates of origin cost the same company US\$6 million per year to secure US\$14 million in duty savings under SADC**
- Cabotage laws in SADC increase transportation costs



* Refas, Cantens (2011): Why does cargo spend weeks in African ports? World Bank Policy Research Working Paper 5565

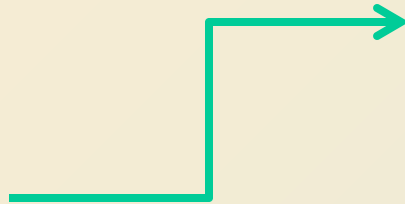
** _____(2011): Harnessing Regional Integration for Trade and Growth in Southern Africa , World Bank



Trade facilitation is a good return on investment!

Especially investments in “soft infrastructure” - policy and regulatory reform:

1US\$ in policy and regulatory reform leads to **\$697** increase in trade
(according to a WB study of Aid for Trade*)



* “Aid for Trade Facilitation,” Helble, Matthias; Mann, Catherine; Wilson, John S. World Bank Policy Research Working Paper (WPS 5064), September 2009.



II. What is the TFF and what is unique about it?



Trade Facilitation Facility is unique because it helps “to go the last mile”

TFF Trust Fund supports trade facilitation focus on LDCs in SSA but others are eligible as well:

- Rapid response
- Focus on implementation
- Leverages existing research and analysis to help prepare implementation of bigger (e.g. infrastructure) projects and provides resources for small investments (e.g. IT at customs)



concrete - and measurable - trade facilitation improvements



Implementation is key

Fixing infrastructure is not enough, neither is signing agreements!

- Competitive markets for transport and logistics services essential for landlocked countries
- Political will and capacity is needed to implement agreements

TFF bridges the gap between analysis and implementation



Helps e.g.:

- Consultants assisting with implementation after analysis has been completed
- Capacity building in partner countries to allow for swifter implementation of World Bank and other TF projects
- New border management systems
- Modernization of standards and technical control systems
- Small investments (e.g., around \$1-2 million)



III. The TFF story so far, and opportunities for projects in Southern Africa



TFF has been active in Africa

The TFF has been actively involved in financing reform efforts in Sub-Saharan countries:

- **Ca. 22 planned or ongoing projects in SSA at least partly financed by the TFF committing nearly \$US15 Million**

For example:

- ❖ Customs reform and cooperation: e.g. South Africa/Lesotho
- ❖ Cross-border trade: e.g. Nigeria-Cameroon, DRC-Rwanda
- ❖ Regional integration: e.g. money transferring systems, transit systems
- ❖ Single window initiatives



Success in transforming customs in Douala

Initial situation: Douala port is an essential hub for trade in the region, not just for Cameroon. But the customs procedures remained slow despite earlier reform efforts.



In February 2010 – a new approach was taken after careful preparation by introducing performance-based contracts for a selected group of customs officers. The contracts are between the Director General and the officers. Important change the practices of customs officers are recorded and reported to the DG.

Initial results are encouraging and show: faster clearing times, higher revenues and lower level of corruption, compared with the control group

TFF- relevant – pilot project that can test a new approach that might be duplicated elsewhere, based on initial reform and efforts by the country (introduction of electronic customs data collection ASYCUDA), quick impact that encourages and motivates reform efforts.



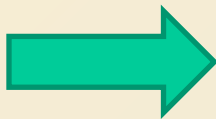
Lesotho-South Africa - Customs Collaboration

Lesotho identified constraints to trade

Long delays at its borders has imposed extra costs on industries

Targets for intervention:

- Customs procedures and processes on Lesotho's border with South Africa
- The lack of IT capacities and the missing electronic single-window and customs-clearance hampers trade

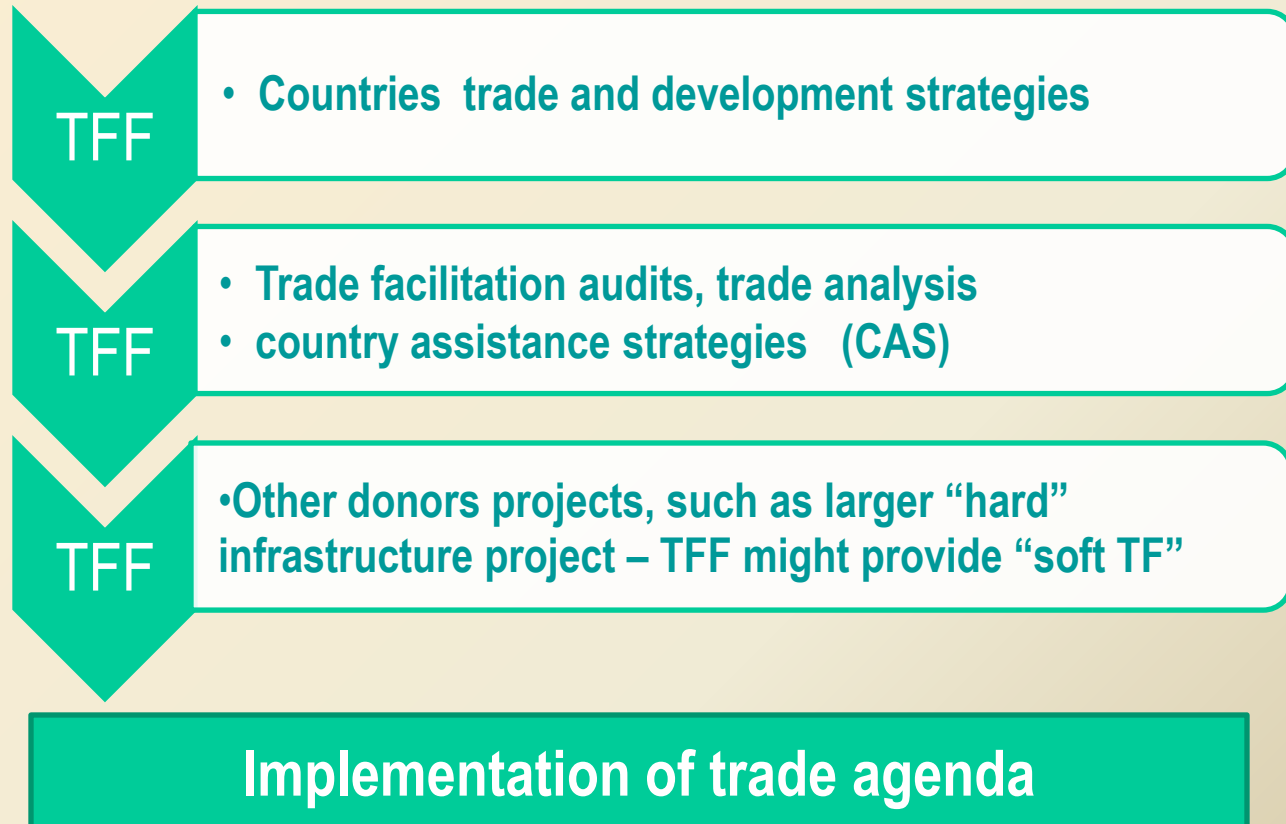


Launching of a TFF-financed customs collaboration project where through the help of a IT platform the procedures will be streamlined



TFF's goal is to piggy-back on existing work

The TFF can be used to bring analysis to the “market”





Opportunities for regional trade facilitation

Unique opportunities for Southern Africa -- situation better than in other regions: road and other traffic infrastructure are developed, larger and more modern transport fleets compared to elsewhere on the continent.

Large number of land-locked countries can benefit from the TFF-funding available for regional projects also for non LDCs.

- Makes TFF-type interventions especially applicable to utilize existing advantages!

Areas of TFF-related cooperation across borders:

- Border management reduction of cross-border delays
- Liberalization of logistics-related sectors (trucking industry, freight forwarders...) to create incentive of increased performance of trade corridors
- Cooperation on standards
- And more . . .



Regional approach has advantages but is not a panacea

Regional trade facilitation projects



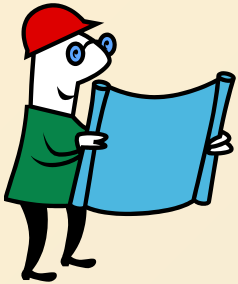
- + easier to finance
- + greater consistency across countries
- + often more cost-effective than national reforms
- + efficient way for landlocked and small countries to promote change

- more complex and time consuming to manage
- might overlook national needs





Three simple steps to start the TFF process



Once a project is identified:

1. Send an Initial expression of interest (EOI) that includes a description of the specific TF activities to TradeFacilitation@worldbank.org (find details on the WB website)
2. Work with your WB country team for the full application – a short application form of about 15 questions
3. Decision is taken swiftly by the Steering Committee (WB + IFC) – generally in a few weeks!



Thank you for your time!