
**Kenya Country Programme
2016–2020**

**Thematic Programme for
Green Growth and Employment**

**Development Engagement
Document**

**Environmentally Sustainable
Trade Growth in the East
African Community**

**(TradeMark East Africa –
TMEA)**

Dev. Engagement GGE 8	Outcome	Outputs
Environmentally Sustainable Trade Growth in the East African Community (EAC)	<ul style="list-style-type: none"> • Increase in physical access to markets in an environmentally sustainable manner • Improve business competitiveness 	<ul style="list-style-type: none"> • Transport mode interface (road vs standard gauge railway) requirements developed and implemented • Road side stations completed • Mombasa green port policy developed and implemented • Kenya's regional integration strategy and policy enacted and implemented • Private sector and public sector organisations (PSO/CSOs) commitments in the Port Charter implemented
Budget:	Partner:	
This Danish contribution is DKK 75 million.	Trade Mark East Africa (TMEA) Not-for profit Company Limited by Guarantee	<ul style="list-style-type: none"> • Certification of farmer groups • Women traders' capacity in cross border trade strengthened
Management arrangements		
Denmark will support TMEA through a basket fund that also receives regional funds from seven other donors. The Danish funds, together with funds from two other donors, are earmarked for TMEA's Kenya Country Programme. The Danish support will be managed by TMEA in accordance with the organisation's own management systems and governance structure. Danida will have representation at the TMEA Council and the National Oversight Committee (NOC). The Council is TMEAs highest oversight organ and covers all EAC countries. The NOCs in each of the five EAC countries will review project proposals and business plans and will recommend to the Board for approval.		
Description		
TMEA Kenya Country Programme Strategy, which is part of TMEA's overall Medium Term Strategy, is designed to provide strategic support to Kenya to strengthen the country's role as the driver of East Africa's integration. The goal is trade facilitation by driving down the high costs of doing business, creating a larger market for Kenyan goods and services across the East African region and thus attracting more domestic and foreign investment. TMEA will focus its activities through predominantly physical infrastructure investments at the port of Mombasa and the various border posts. Although the Danish contribution to the overall TMEA budget is small, by supporting TMEA, Denmark will ensure that the company maintains the "green" focus and also improves the lives of the poor, in particular through the planned 'women in trade' interventions at the border posts, while implementing the larger program.		

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Abbreviations

CRI	Committee on Regional Integration
CSO	Civil Society Organisation
DCED	Donor Committee for Enterprise Development
EAC	East African Community
FPEAK	Fresh Produce Exporters Association of Kenya.
GOK	Government of Kenya
ICDs	Inland Container Depot
ICMS	Integrated Customs Management Systems
JEG	Joint Evaluation Committee
KPA	Kenya Ports Authority
KWATOS	Kilindini Waterfront Automated Terminal Operations
M&E	Monitoring and Evaluation
MSMEs	Micro Small and Medium Enterprises
NCTTCA	Northern Corridor Transit and Transport Corridor Authority
NOC	National Oversight Committee
NPS	National Payment System
NPSOC	National Payment System Oversight Committee
NTB	Non-Tariff Barriers
NTFC	National trade Facilitation Committee
OSBP	One Stop Border Posts
PCC	Programme Coordinating Committee
PIC	Programme Investment Committee
PSDS	Private Sector Development Strategy
PSO	Private sector Organisations
RI	Regional Integration
RSS	Road Side Stations
SGR	Standard Gauge Railway
SLT	Senior Leadership Team
SOL	Strategic Objective Leader
SWIFT	Single Window For Trade
TMEA	Trade Mark East Africa
TOC	Theory Of Change
WICBT	Women In cross border Trading
WTO	World Trade Organisation

Development Engagement Document: Environmentally Sustainable Trade Growth in the East African Community (TradeMark East Africa)

1. Introduction

- 1.1 The present development engagement document details the objectives, expected results, implementation framework and management arrangements for the development cooperation concerning TradeMark East Africa (TMEA) 2016–2020 as agreed between the parties specified below. The development engagement document is annexed to the *Bilateral Agreement with Implementing Partner* and constitutes an integrated part hereof together with the documentation specified below. The Danish support is provided within the framework of the thematic programme on Green Growth and Employment, one of three thematic programmes under the Danish country programme for Kenya 2016–2020. This engagement document is also available to the External Grant Committee of Danida.
- 1.2 The development engagement entails Danish support in the form of core funding to TradeMark East Africa (TMEA) of DKK 75 million for the implementation of projects under the TMEA Kenya Country programme specified in this document (see sections 5 and 6). The support covers the period January 2016 to June 2020.
- 1.3 Danida funding will be essential in supporting TMEA Strategy 2, which focuses on four broad themes over the period of 2017–2021. The first thematic area focuses on continuing and further developing the work to reduce trade costs, moving from a focus on reducing the time to trade goods to the costs of doing so. The second is centred on the need to grow and formalize informal trade, which is very significant for East Africa in terms of size and potential poverty effects. The third area of support focuses on the development of regional markets and investment through improving regional export capability and supporting infrastructure. The fourth and final area addresses crosscutting issues such as support for the private sector in building its capacity in growing trade through improved policy making, innovation and delivery. Cross-cutting issues are important to ensure that TMEA's portfolio approach incorporates systemic issues that will improve both the impact and sustainability of activities. TMEA has formulated an approach to key areas such as gender, environment, HIV/AIDs and extractive industries.

2. Parties

- 2.1 The Danish Embassy, Nairobi and TradeMark East Africa (TMEA).
- 2.2 Signatories will be the Danish Ambassador representing the Government of Denmark, and the Chief Executive Officer of TradeMark East Africa.

3. Documentation

- 3.1 TMEA Kenya Country Programme (KCP) Strategy, which is part of TMEA's overall Medium Term Strategy.
- 3.2 The TMEA KCP 2016–2020 Business Plan.

4. Brief description of TradeMark East Africa

TMEA is an East African not-for profit Company Limited by Guarantee established in 2010 to support the growth of trade — both regional and international — in East Africa. TMEA is focused on ensuring gains from trade result in tangible gains for East Africans, in line with the East African Community's (EAC) development strategy. Increased trade contributes to increased economic growth and reduced poverty. TMEA's focus is not just on big business, but rather on ensuring that trade results in as many pro-poor gains as possible, especially for women.

The cornerstone of the TMEA approach is that of partnership to achieve results, with a national focus to supporting implementation of regional issues. TMEA works with a wide variety of national and regional stakeholders: the private sector, national governments and agencies, the EAC and civil society. TMEA's national offices facilitate close and constant interaction with partners to ensure delivery. TMEA is a facilitator, providing support to partners to achieve tangible results. TMEA supports both hardware (infrastructure and systems) and software (technical know-how and policy) solutions to the challenges of supporting trade for East Africa. Experience has shown that this mix obtains better impact and value for money for investments.

The TMEA Kenya Country Programme Strategy, which is part of TMEA's overall Medium Term Strategy, is designed to provide significant strategic support to Kenya to strengthen the country's crucial role as the driver of East Africa's integration. Key actors in the KCP are drawn from state and non-state actors (private sector and civil society). The goal is to drive down the high costs of doing business, create a larger market for Kenyan goods and services across the East African region and thus attract more domestic and foreign investment.

TMEA is supported by eight donors; the Danish, Swedish, Canadian, United Kingdom, and American International Development Agencies (respectively Danida, SIDA, CIDA, DFID, and USAID). The Belgian Development Cooperation, the Finnish and the Dutch International Development Agencies also provide support. DFID, Danida and the Netherlands directly support TMEA's Kenya programme.

TMEA has a well-established decision making structure where all strategic decisions are taken in the Programme Investment Committee (PIC) drawn from the eight donors. TMEA Kenya Country Programme (KCP) works by promoting partnerships in trade between business, civil society, government and donors which drive trade expansion, economic growth, job creation and regional integration across the East African Community (EAC).

Programme oversight for the TMEA KCP is provided by the National Oversight Committee (NOC), whose membership is drawn from TMEA-PIC members investing in the TMEA Kenya programme; as well as the heads of KCP partners (often Permanent Secretaries or their representatives of Ministries and CEOs of participating PSOs/CSOs).

5. Background and Justification for Support

5.1 Context

Kenya is the gateway and regional hub for trade, finance, communication and transportation services as well as relief/development aid operations in Eastern and Central Africa. In particular, the port of Mombasa serves as a vital regional gateway and is a critical node for import/export operations for the northern transport corridor serving Uganda, Rwanda, Burundi, the Eastern Democratic Republic of Congo (DRC), South Sudan, and Southern Ethiopia. Moreover, Kenya is frequently a first mover in key areas of regional integration.

Experience elsewhere shows the important role that the biggest economy (sometimes referred to as anchor country) in an economic bloc plays in driving integration and attracting investment into the region. For East Africa, Kenya is such a country in economic and geographical terms. Kenya's business climate, port and infrastructure drives the regional economy, and its relative efficiency impacts on the competitiveness and consumer prices for 130 million EAC citizens, with a wider effect on more than 230 million in DRC, South Sudan and beyond.

As a result, Kenya is a high priority, and working with key actors in Kenya's public and private sectors and in civil society to address obstacles to trade and factor mobility is an important element in TMEA programming. This depends on creating a single market for Kenyan goods and services across the East African region, to attract more domestic and foreign investment, to drive down the high costs of doing business, and to access markets for all Kenyans. TMEA's support to Regional Integration (RI) is provided in the context of the East African Community, and its key protocols, principally, the Customs Union and the Common Market.

TMEA Kenya focuses on promoting partnership between the private sector and civil society, the public sector and the development community to drive trade expansion and EAC integration. The Programme thus seeks to contribute to the overall goal of increased growth and poverty reduction through deeper regional integration (RI) and trade competitiveness. This is consistent with the Government of Kenya's national development policy, particularly Vision 2030, but also the Private Sector Development Strategy (PSDS), the Kenya Trade Policy, and Kenya's EAC strategy paper "Leading and Managing EAC Integration towards Vision 2030". The key results areas of the TMEA Kenya programme are designed to contribute strongly to the goals of these policy blueprints. The work of TMEA is fully in line with the overall Danida strategy "The Right to a Better Life" with its emphasis on a human rights-based approach (HRBA). A supportive and inclusive business climate will promote one of the fundamental human rights, economic freedom within the region, which in turn incorporates principles of non-discrimination, participation, transparency and accountability.

There have been substantial gains in East Africa's trade and regional integration environment since 2010, in terms of reduced transit times, improved border efficiency, and reduced barriers to trade. The TMEA programme from 2010 to the end of 2016 (known as "Phase or Strategy Period 1") has directly contributed to these gains, and pending its final evaluation, is likely to have achieved most of its key results targets of a 10% increase in trade, 25% increase in intra-regional trade based on the 15% time reduction for trade and a 30% reduction in time through borders.

Despite these gains, challenges to realising substantially higher levels of growth, job creation and poverty reduction exist. First whilst transit times have fallen, the overall costs of trade are still high, for example around 40% of the value of imports for Rwanda. These costs seriously erode the marginal competitiveness of goods exported by East African countries, reducing trade, economic growth, job creation and poverty reduction. The World Bank estimates high costs reduce growth rates by up to 1% per annum and account for 40% of higher consumer prices across East Africa and its neighbours, affecting a consumer base of more than 150 million people. Poor physical access to markets contributes to high trade costs due to infrastructure shortfalls, adverse transport regulation and logistics value chain inefficiencies.

5.2 Justification and lessons learnt

The key axis for TMEA’s work in the next phase remains facilitation of trade along the Northern Corridor, starting at the Port of Mombasa. TMEA will continue to help drive down corridor transit times and cost in turn reducing the cost of imports, and hence the overall cost of living to all citizens in the region. TMEA’s focus in its second phase will largely complement Danida’s objectives in its development cooperation to create sustainable development through inclusive green growth, increased earnings and more jobs.

An audit of TMEA compliance to the Donor Committee for Enterprise Development (DCED)’s standards¹ is planned in 2015–2016 to assess TMEA contribution to the three universal indicators recommended by DCED: employment, jobs and incomes. By the commencement of this project, the audit recommendations will be available to assist in defining indicators. During this proposed phase, TMEA has set the number of jobs created as one of the priority areas to be measured at the corporate level. Discussions have commenced and TMEA phase II business plan will explicitly state the projects that are expected to contribute to job creation and how this will be measured.

The problems that small informal traders face are multi-faceted, and women traders face the worst constraints in running their businesses. Although some of the problems traders face are known, there is little information about the scale and challenges to both growing and “formalising” this trade.

Over the last five years, TMEA has learnt a great deal about what has been effective and what has not. At a macro level, it is clear that the overarching model of having a specialist, independent and long-term institution focusing on trade and development has been important as it has helped support a coherent donor approach and mobilised substantive resources. Secondly, the model of working regionally but focusing implementation nationally has yielded significant such as driving down corridor transit times and cost in turn reducing the cost of imports that would not be expected of purely regional programmes. Thirdly, working holistically with core partners nationally and regionally, reinforced by supporting demand-side approaches has been effective and has created substantial momentum.

TMEA has also learnt that combining hardware (infrastructure) with software (policy, system or management) changes yields the highest impact returns. Finally, the scale of resources and differential poverty targeting has been a major factor in creating large scale impact benefiting millions of East Africans. These factors have created a strong level of impact in TMEA’s Phase 1, from 2010–2016. There are also emerging lessons from on-going project evaluations that will improve the impact of future interventions. It is upon these foundations that the development of the second strategy period will be built. TMEA believes, considering a series of very positive external annual reviews and good results so far under Strategy 1, that the new regional activities in this Development Engagement Document, if implemented in the remaining period of Strategy 1, will lead to significant additional results.

5.3 Narrative for Theory of Change

The focus for 2016–2020 will be guided by TMEA’s new Theory of Change (TOC). The emphasis of the ToC is on: (a) improved market access; (b) an enhanced trade policy environment; and (c) improved business competitiveness. This is illustrated in the diagram found in Annex 2.

The TOC highlights TMEA’s focus on factors that increase trade competitiveness to increase trade. These key outcomes are expected to deliver in turn economic growth, new jobs, better incomes and

¹ <http://www.enterprise-development.org/>

reduced poverty. TMEA's three main strategic outcomes are shown in the blue, red and yellow boxes. These strategic objectives, and their contributing outcomes/outputs, are complementary to the Danida's green growth approach to development. The main elements and assumed mechanisms of the TOC are as follows:

- a) *Increased access to physical markets.* Under strategic objective 1, TMEA is focusing on one outcome, *which is Reduced Trade Costs*. This outcome accounts for around 44% of TMEA's budget and is the largest area of TMEA's portfolio. This component can be further broken down into: 36% to increasing the **capacity** of the transport system; 9% to improving the **efficiency** of the transport system; and 0.3% to reducing transport **regulatory** costs. All these are areas in which Danida's funding is significant.
- b) *Enhanced trade environment.* Under strategic objective 2, TMEA is focusing on four key outcomes: More Favourable Trade Agreements (2.1); *Improved EAC Trade Policy* (2.2); Reduced Non-Tariff Barriers to Trade (2.3) and *Efficient Trade Facilitation* (2.4). Approximately 42% of the TMEA budget is allocated to this strategic objective. Establishment of efficient trade systems is expected to lead to more efficient trade facilitation and accounts for approximately 22% of the budget under this strategic objective. Danida's funding will also be important in this area.
- c) *Improved business competitiveness.* This objective will focus on four outcomes, namely: *improved processes and standards for traders; strengthened export capabilities; access to new markets for certified farmer groups; and increased knowledge on key cross border trade processes for targeted women farmer groups.* Approximately 14% of TMEA's budget supports Strategic Objective 3 (SO3) - Improved Business Competitiveness as a key building block for increased trade competitiveness, improved trade, and **poverty reduction**. TMEA seeks to improve business competitiveness in East Africa through enhancing business regulations for trade, improving export capability and developing efficient trade logistics services. All these are areas that Danida's funding are also relevant. TMEA will invest in understanding informal trade dynamics better, especially on the reasons for informality. TMEA will scale up its experience on informal cross-border trade strategies and simplified trading regimes for small traders. As many informal traders are poor, TMEA's interventions are also likely to have a substantial impact on poverty of these interventions. TMEA is keen to support a scaling up of efforts under Strategy 1 to help women traders, building on the extensive pilots with both EASSI and Profemmes in Phase 1. This will involve working with women's trader groups, addressing the problems they face, creating trader charters and looking at technological solutions to widen market opportunities for these small business women. TMEA will also seek to engage with small and medium sized women owned businesses, working with innovations in logistics to help grow their businesses and exports. In this respect, TMEA will work closely with Micro Enterprise Support Programme Trust (MESPT) to develop and support the cross border value chains where the women traders are engaged.

6. Development Engagement Objectives

- 6.1 The objective of the Green Growth and Employment thematic programme is to transition to **'inclusive greener growth with higher employment'**. TMEA will contribute to this objective through implementation of its TOC, which focuses on factors that increase competitiveness in order to increase trade. These key outcomes are expected to deliver in turn economic growth, new jobs, better incomes and reduced poverty.

The three main objectives (referring to the TMEA theory of change and results framework) of this engagement are:

- i. To increase access to physical markets

- ii. To enhance trade environment
- iii. To improve business competitiveness

The outcomes and outputs corresponding to the above objectives are as follows:

Results Level	Results Statement
Objective 1.0: To increase access to physical markets	
Outcome 1.1	Enhanced capacity and efficiency of transport infrastructure
Output 1.1.1	Transport mode interface (road vs SGR) requirements developed and implemented
Output 1.1.2	Road side stations completed
Outcome 1.2	Improved policy environment along the northern corridor for green growth
Output 1.2.1	Mombasa green port policy developed and implemented
Output 1.2.2	Studies to inform the development of modern Inland Container Depots completed
Objective 2.0: To enhance trade environment	
Outcome 2.1	Improved coordination on implementation of trade protocols
Output 2.1.1	Kenya's regional integration strategy and policy enacted and implemented
Outcome 2.2	Effective trade systems, agencies & procedures Improved coordination on implementation of trade protocols
Output 2.2.1	Kenya's regional integration strategy enacted and completed
Outcome 2.3	Effective trade systems, agencies and procedures set
Output 2.3.1	Targeted organizations' portals integrated to the Kenya single window system
Outcome 2.4	Increased compliance with signed trade protocols regulations
Output 2.4.1	Capacity of the National Trade Facilitation Committee (NTFC) strengthened
Outcome 2.5	Effective implementation of the WTO Bali Trade Facilitation agreement and EPA
Output 2.5.1	Capacity of the National Trade Facilitation Committee (NTFC) strengthened
Outcome 2.6	Reduced Non-Tariff Barriers to trade
Output 2.6.1	Effective NTBS reporting mechanism developed and operationalised
Outcome 2.7	Improved decision making on eliminating NTBs
Output 2.7.1	Effective NTBS reporting mechanism developed and operationalized
Objective 3.0: To improve business competitiveness	
Outcome 3.1	Improved processes and standards for traders
Output 3.1.1	PSO/CSOs commitments in the Port Charter implemented
Outcome 3.2	Strengthened export capabilities
Output 3.2.1	More fresh produce women farmer groups certified
Outcome 3.3	Access to new export markets for certified farmer groups
Output 3.3.1	More fresh produce farmer groups certified
Outcome 3.4	Increased knowledge on key cross border trade processes for targeted WICBT
Output 3.4.1	Women traders' capacity in cross border trade strengthened

7. Results Framework

TMEA is responsible for monitoring and reporting on the progress and achievements of the development engagement using its own results framework and M&E system as detailed in Section 12 below. The parties have, however, agreed that the Danish Embassy will use the results framework presented in the table below, with a limited number of outcome and output indicators, for reporting to the Danish constituency. Data to inform the reporting will be supplied by TMEA as part of the ordinary monitoring of the engagement. Within the first ½ year of implementation TMEA will present annual targets for the indicators.

Table 1: Outcome and Output indicators	
Outcome 1	Increase in physical access to Markets in an environmentally sustainable manner.

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Outcome indicator (1)		-Transit time from Mombasa to Northern Corridor border (e.g. Malaba or Busia) -Average time to import/export goods through the ports of Mombasa Green Port policy developed and implemented	
Baseline	Year	2015	-Transit time 3.2 days ; -Time taken to import goods through Mombasa Port 5.3 - 10.9 days - Green Port policy action plan developed
Target	Year	2020	- Transit time 1 day -Time taken to import goods through Mombasa Port 2.3 days. - 80% Green Port policy plan implemented.
Output indicator (1.1)		% of interface requirements operationalised (against planned)	
Baseline	Year	2015	0 % no interface requirements have been developed
Target	Year	2020	100 % requirements implemented
Output indicator (1.2)		No of road side stations completed	
Baseline	Year	2015	0
Target	Year	2020	2
Output indicator (1.3)		% of green port policy action plan implemented	
Baseline	Year	2015	0% - green port policy and action plan only developed
Target	Year	2020	80% implementation of the action plan
Outcome 2		Increased compliance with signed trade protocols regulations	
Outcome Indicator (2)		-% implementation of the Bali TFA -% of EPA agreement concluded	
Baseline	Year	2015	- 5% (Bali TFA needs assessment completed) - 80% concluded (agreement initialled, awaiting ratification)
Target	Year	2020	- 90% implementation - 100% (EPA ratified) and used to report progress to the EAC-EU EPA council
Output indicator (2.1)		% timely implementation of the, National Trade Facilitation committee action plan	
Baseline	Year	2015	Action plan developed; 5% implementation.
Target	Year	2020	70 % of action plan implemented.
Output indicator (2.2)		% of NTBS eliminated within the set deadlines	
Baseline	Year	2015	70% of NTB eliminated within the set time limits
Target	Year	2020	90 % of NTB eliminated within the set time limits
Output indicator (2.3)		NTB reporting System developed ; % of NTBs reported through the system	
Baseline	Year	2015	0
Target	Year	2020	70 % of NTBS reported through the system.
Outcome 3		To improve business competitiveness	
Outcome Indicator (3)		Processes and standards for traders/Farmers. Time spent crossing the border for small traders, women traders and No. of farmer groups accessing new markets disaggregated by gender.	
Baseline	Year	2015	90 minutes to cross border one way. 50 farmer groups accessing new markets
Target	Year	2020	30 minutes to cross border one way. 250 farmer groups (30% women groups) accessing new markets.
Output indicator (3.1)		% implementation of PSO/CSO commitments in implementation of the Mombasa Port Charter that governs the engagements of all stakeholders operating at the Mombasa port.	
Baseline	Year	2015	30 % of the port charter implemented.
Target	Year	2020	90 % of the port charter implemented.
Output indicator (3.2)		No. of new farmer groups certified	
Baseline	Year	2015	300 farmer groups
Target	Year	2020	800 farmer groups

8. Risk Management

Perceived Risks during implementation of the Programme

Risk Factor	Likelihood	Background to assessment of likelihood	Impact	Background to assessment of potential impact	Risk response	Residual risk
1)Reduced growth due to increased conflict	Likely	This has been experienced in recent past and solution not yet found	Major	Based on significance of affected output(s) in delivering the programme.	Work with private sector to ensure governments adopt rational macroeconomic policies	Major
2)Fluctuations in economic growth and differing pace of growth	Likely	Uncertainty occasioned by terrorism, vagaries of weather and political inclinations/ environment is likely.	Major	Based on significance of affected output(s) in delivering the programme.	Support the development of and dissemination of research and knowledge products	Major
3)Threat from terrorism	Likely	Threat from terrorism is real and has led to delayed/abandoned development projects in some cases.	Major	Based on significance of affected output(s) in delivering the programme.	a) Regular statements and advice received on the security situation b) Ensure contingency security arrangements for TMEA staff	Major
4) Political commitment to Regional Integration (RI) falters	Un-likely	The EAC Summit has been meeting as scheduled and all indications from Summit communique indicate political commitment to the process.	Major	Based on significance of affected output(s) in delivering the programme, and the likelihood of risk occurrence.	a) Support strong political momentum on Northern Corridor and on SCT b) Reduce dependence on RI as single most important issue c) Communicate RI benefits, engage with private sector for advocacy d) Support mechanisms for equal levels of growth and trade gains	Minor
5) Delays in implementation process, utilization of funds and submission of reports by partners	Possible	Given capacity constraints, possibility of delays and suboptimal absorption may not be ruled out.	Major	Based on significance of affected output(s) in delivering the programme.	Need for constant monitoring of project implementation– monthly, quarterly progress briefs	Minor
6) Instability in relevant ministries (high turnover of senior staff)	Possible	Given possibility of government reorganization after 2017 General Elections, staff turnover is possible which in the past has led to distortion in implementation due to extended learning curves.	Minor	Based on significance of affected output(s) in delivering the programme, and the likelihood of risk occurrence.	Work with ministries to build capacity and to induct new staff	Medium
7) Support for TMEA by GoK and partners not sustained	Possible	It cannot be taken for granted that development partners will always avail necessary resources to TMEA and that TMEA will	Major	Based on significance of affected output(s) in delivering the programme, and the likelihood of risk occurrence.	Work with GoK and partners to demonstrate value of TMEA in EAC integration	Medium

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Risk Factor	Likelihood	Background to assessment of likelihood	Impact	Background to assessment of potential impact	Risk response	Residual risk
		remain total relevant to priorities on government.				

9. Inputs

The total Danish contribution to the TMEA Kenya programme is DKK 75 million, to be delivered as core funding for the programme.

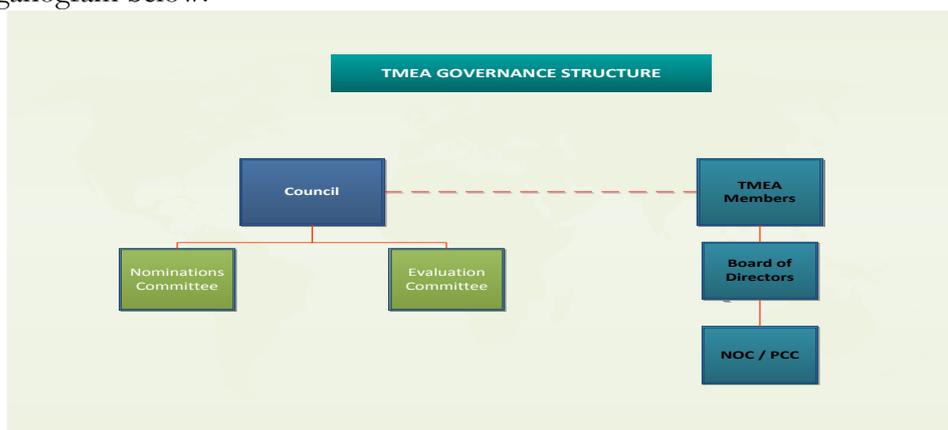
Below is an indicative budget for the programme. The budget is not yet fully funded, but an amount of USD 175 million (excluding the Danish contribution) is already secured. Other sources of finance for the programme include DFID, USAID, SIDA and CIDA.

Results Level	Results Statement	Budget (DKKm)
Objective 1.0: To increase access to physical markets		30,0
Output 1.1.1	Transport mode interface (road vs SGR) requirements developed and implemented	
Output 1.1.2	Road side stations completed	
Output 1.2.1	Mombasa green port policy developed and implemented	
Output 1.2.2	Studies to inform the development of modern Inland Container Depots completed	
Objective 2.0: To enhance trade environment		20,0
Output 2.1.1	Kenya's regional integration strategy and policy enacted and implemented	
Output 2.2.1	Kenya's regional integration strategy enacted and completed	
Output 2.3.1	Targeted organizations' portals integrated to the Kenya single window system	
Output 2.4.1	Government and citizen support for regional integration increased.	
Output 2.5.1	Capacity of the National Trade Facilitation Committee (NTFC) strengthened (Bali Agreement)	
Output 2.6.1	Effective NTBS reporting mechanism developed and operationalized	
Objective 3.0: To improve business competitiveness		25,0
Output 3.1.1	PSO/CSOs commitments in the Port Charter implemented	
Output 3.3.1	More fresh produce farmer groups certified	
Output 3.4.1	Women traders' capacity in cross border trade strengthened	
Total		75,0

10. Management Arrangements

The overall principles for management of the present development engagement are described in the implementing Partner Agreement to which this Development Engagement Document is annexed

The management of the programme will be guided by the TMEA governance structure as presented by the organogram below:



Within this structure, TMEA’s Kenya Country Office is responsible for programme implementation. It will be supported by the TMEA’s central technical teams headed by Strategic Objective Leaders (SOLs) in market access, trade environment, and business competitiveness.

Programme oversight for the TMEA Kenya programme is provided by the National Oversight Committee (NOC), whose membership includes the TMEA Kenya Country Director; TMEA-PIC members investing in the TMEA Kenya programme (including Denmark) and Principal Secretaries (or their representatives) of Ministries in charge of EAC Affairs, Trade, The Presidency, National Treasury, Transport; and CEOs of participating PSOs/CSOs. Representatives of other organisations and Development Partners may be invited as observers.

Meetings of the TMEA Kenya NOC are convened by the TMEA Kenya Country Director every quarter.

The key role of the Board is to oversee operational delivery and management of TMEA’s objectives. This includes the fundamental management of all risks that TMEA may be subject to in implementing the outlined strategy, and appointment of the CEO and the senior management (SLT). The Board will also set management policies and targets, as well as providing oversight to financial management and performance, amongst other roles.

The Board shall ensure that a Programme Coordinating Committee (PCC) is constituted in respect of TMEA’s interaction with the Secretariat of the EAC and in respect of TMEA’s regional activities, in accordance with the terms of the agreed PCC Constitution. At country level programmes, the Board shall ensure that a separate National Oversight Committee (NOC) is constituted in respect of TMEA’s activities in each country in which TMEA operates, in accordance with the terms of the agreed NOC Constitutions.

NOCs and the PCC will review project proposals and business plans related to the programmes they are overseeing and may recommend that the Board approves them.

The members of the Council shall consist of Qualifying Donors who wish to have representation on the Council and one Council Member may represent more than one Qualifying Donor. The key role of the Council is to provide high-level strategic oversight of TMEA as more particularly specified herein. The Council shall set the overall framework for what TMEA is intended to achieve, and the parameters within which TMEA must operate.

Danida will have a representation at the Council and the NOC, and automatically qualifies to be TMEA Member for minimum USD 5 million contributions to programme funding. Members have an obligation under the Articles of Association to hold annual general meetings and vote on certain matters pertaining to the governance of the company, determining the composition of the Board and appointing and removing (as may be required) the Directors to the Board and also appointing auditors of TMEA and receiving and approving annual audited financial statements among other roles.

TMEA Kenya and the Business Advocacy Fund (BAF) have an existing arrangement where proposals from partners are reviewed and shared to avoid duplication. Bi-monthly meetings are held between TMEA Manager and BAF Manager. TMEA sits on BAF board to ensure no duplication is done.

11. Financial Management and Audit

Both parties will strive for full alignment of the Danish support to the implementing partner rules and procedures.

Accounting and yearly auditing of the Danish funds will in the case of core funding include accounting and auditing of the whole organisation. This will be undertaken by *TMEA* in accordance with “General Guidelines for Accounting and Auditing” <http://amg.um.dk/en/technical-guidelines/financial-management/accounting-and-auditing/>

Accounting records shall be available for control by the Embassy of Denmark, by a representative appointed by the Embassy, or by the Danish Auditor General.

In accordance with the above, *TMEA*’s financial management rules and procedures apply for implementation of this programme. The Financial Policies and Procedures Manual (the Manual) documents internal controls adopted by *TMEA* to safeguard assets, secure the accuracy and reliability of accounting data and financial reporting, and to promote operational efficiency. All personnel with a role in the management of *TMEA*’s fiscal operations are expected to uphold the policies in this manual. The applied systems ensure full accountability and control.

12. Monitoring and Evaluation

TMEA will be responsible for monitoring and reporting on the progress and achievements of this development engagement using its own results framework and monitoring system. The monitoring will be guided by *TMEA*’s TOC, the monitoring, evaluation and learning guidelines, the programme management guidelines, DCED standards for M&E, as well as the joint evaluation plan. This programme is aligned to *TMEA*’s recently revised results framework which is a sub-set of *TMEA*’s overall monitoring system. The results framework and this programme are structured around the objectives and outcomes in the TOC. At a strategic level, this programme will contribute to the following results:

- 10% increase in the total value of exports from the EAC region;
- 25% increase in intra-regional exports when compared to total exports in the region;
- 15% reduction in average time to import or export a container from Mombasa or Dar es Salaam to Burundi or Rwanda; and,
- 30% decrease in the average time a truck takes to cross selected borders

At the programme management level, this intervention will be guided by a set of monitoring systems comprising of a monitoring plan, results chain, quarterly and annual internal/external progress reports and quarterly internal programme performance review meetings. A mid-term review and end of project evaluation will be conducted.

An audit of *TMEA* compliance to DCED standards is planned in 2015–2016 to inform *TMEA*’s contribution to the three universal indicators recommended by DCED; employment, jobs and incomes. By the commencement of this project, the audit recommendations will be available to assist in further refining indicators.

Monitoring and data collection is a participatory function that is mostly performed by partners with technical support from *TMEA*’s Strategy and Results Department. Data will be collected and analysed

using varied methodologies and learning from existing programmes like the Tanzania NTB SMS monitoring system and the transport observatory data from Northern Corridor Transit and Transport Coordination Authority, which are both supported by TMEA. TMEA's highly qualified professionals will provide guidance in programme management, monitoring, evaluation, conducting surveys/assessments as well as communication and publishing of key programme results. The Joint Evaluation Group (a subcommittee of the PIC) and the independent evaluation advisor also provide quality assurance and guidance at a strategic level.

TMEA uses a web-based management information system (MIS) to aid in efficient and effective programme management and storage of data and information. The MIS will be used in this programme to analyse progress against plans across the portfolio and generating quarterly and annual progress reports.

The TMEA Joint Evaluation Plan summarises the rationale behind the selection of programmes to be evaluated, the assumptions behind the budget estimates, and the division of labour between TMEA's internal evaluation programme and the **Programme Investment Committee (PIC)** independent external evaluation.

The Danish Embassy will contract a strategic monitoring support for the entire country programme and all DED partners including TMEA will provide data needed to measure progress.

Also, Danida Copenhagen will carry out Real Time Evaluation during the implementation period covered by this agreement and Danida will also, after the termination of the programme support, reserve the right to carry out additional evaluation in accordance with this article. In the event an independent evaluation is decided, discussions will be held with TMEA and the joint evaluation group to include Danida's evaluation plans in TMEA Joint Evaluation Plan. The Danish Embassy will give enough notice for purposes of preparing teams to respond to mission visits and evaluation exercises timely and with minimum interruption to the implementation of the programme. Evaluation results will be shared with TMEA for purposes of learning and incorporating feedback to programme management.

Generally, the Danish Embassy shall have the right to carry out any technical or financial mission that is considered necessary to monitor the implementation of the programme.

13. Prerequisites

Danida support will be conditional on approved Business Plan/concept note and adequate funding for the same either secured or committed.

14. Signatures

On behalf of

TradeMark East Africa (TMEA)

Signature

Chief Executive Officer

Date

On behalf of

The Danish Embassy, Nairobi

Signature

Ambassador

Date

Annex One: Summary on poverty reduction

A methodological approach towards mainstreaming poverty reduction is being developed from a concept note with the first step proposed to be the development of a toolkit. This has already been used to enrich a number of terms of references on baseline studies, to ensure that poverty reduction considerations are made. The studies are:

- a) An impact study by the private sector and civil society programme on women cross border traders;
- b) A baseline study by the ICT for Trade programme analysing the impact of the Single Window for Trade (SWIFT) programme on the EAC poor;
- c) A baseline study by the Trade Facilitation Non-Transport department to analyse the impact of standards and removal of non-tariff barriers on the poor in the EAC.
- d) A study on the impact of One-Stop Border Posts (OSBPs) on the poor that will analyse the cost benefit of the OSBP project on the different quantiles of the poor affected by the project and where there are short-term negative impacts will propose short to medium term projects that TMEA as mitigation measures for the same.
- e) A study on the impact of OSBPs on cross border traders, in particular women cross border traders, which will also look at the cost benefits of the project implementation to this particular sector and propose short to medium term projects as mitigation measures for the short-term negative impacts.
- f) TMEA recently undertook a gender audit with a view to updating and re-launching its gender mainstreaming strategy. Over the next several months, TMEA will develop its understanding of gender in line with its mandate to promote regional integration trade. The soon to be finalized gender strategy will guide interlinked gender mainstreaming efforts to be implemented at the institutional, program and staff levels. TMEA is also developing a women in trade program that will i) coordinate and coalesce its current women's programming to benefit from scale and ensure impact and ii) expand that programming significantly in recognition of the critical role played by women in trade and growth in East Africa

TMEA has undertaken an internal desk review to validate poverty reduction against the organization's theory of change. The first draft has been circulated for internal consideration and review before it is disseminated to a wider audience. Other studies are planned as part of the external Joint Evaluation Plan and will be carried out per set timelines.

As part of the thought process on poverty impact and ensuring that TMEA programmes are pro-poor, a symposium themed "Regional Integration, Trade, Growth and Poverty" was organized in November 2014 with the intention of gathering external knowledge on poverty. As a result, TMEA has developed an action plan based on a number of key recommendations made by participants at the symposium. The action plan is under review for adoption within TMEA but other action points from the symposium are already being incorporated into the relevant programmes and into the TMEA programme lifecycle

The analytical framework for the poverty work is loosely based on confirming that benefits of the programmes trickle down to the poorest of the poor eventually and that all short-term and medium-term risks and shocks to the poor are mitigated within the programme activities to the greatest extent.

As illustrated below, Winters (2002) identifies prices and government revenue, apart from wages/employment, as the two other transmission mechanisms that have a direct effect on poverty reduction.

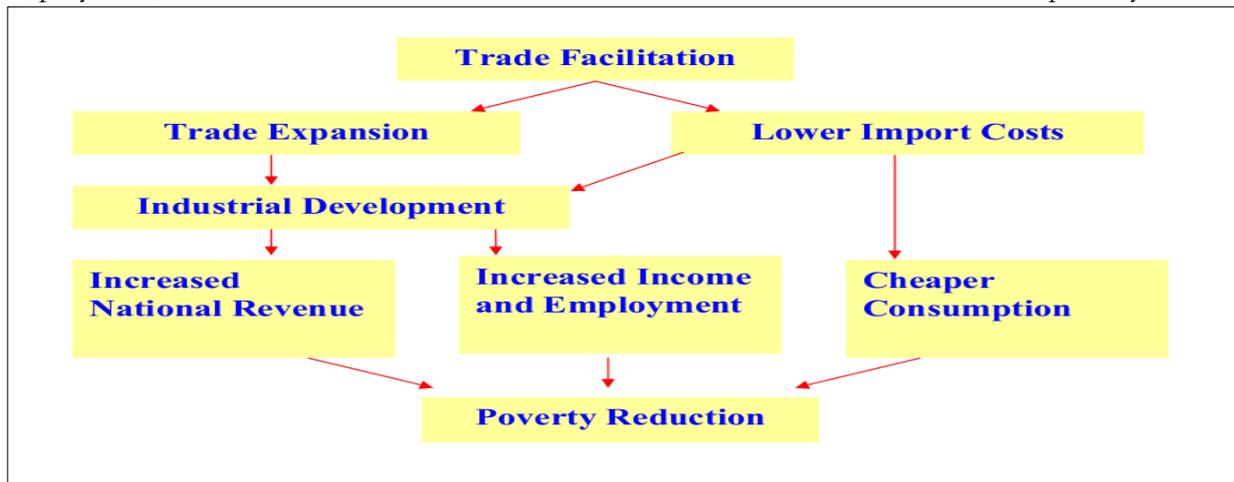


Figure 1: Transmission mechanisms from trade facilitation benefits to poverty reduction.

The key aspects that TMEA will look at monitoring and attributing to its interventions and other interventions by development partners in the trade facilitation space include but are not limited the following among others:

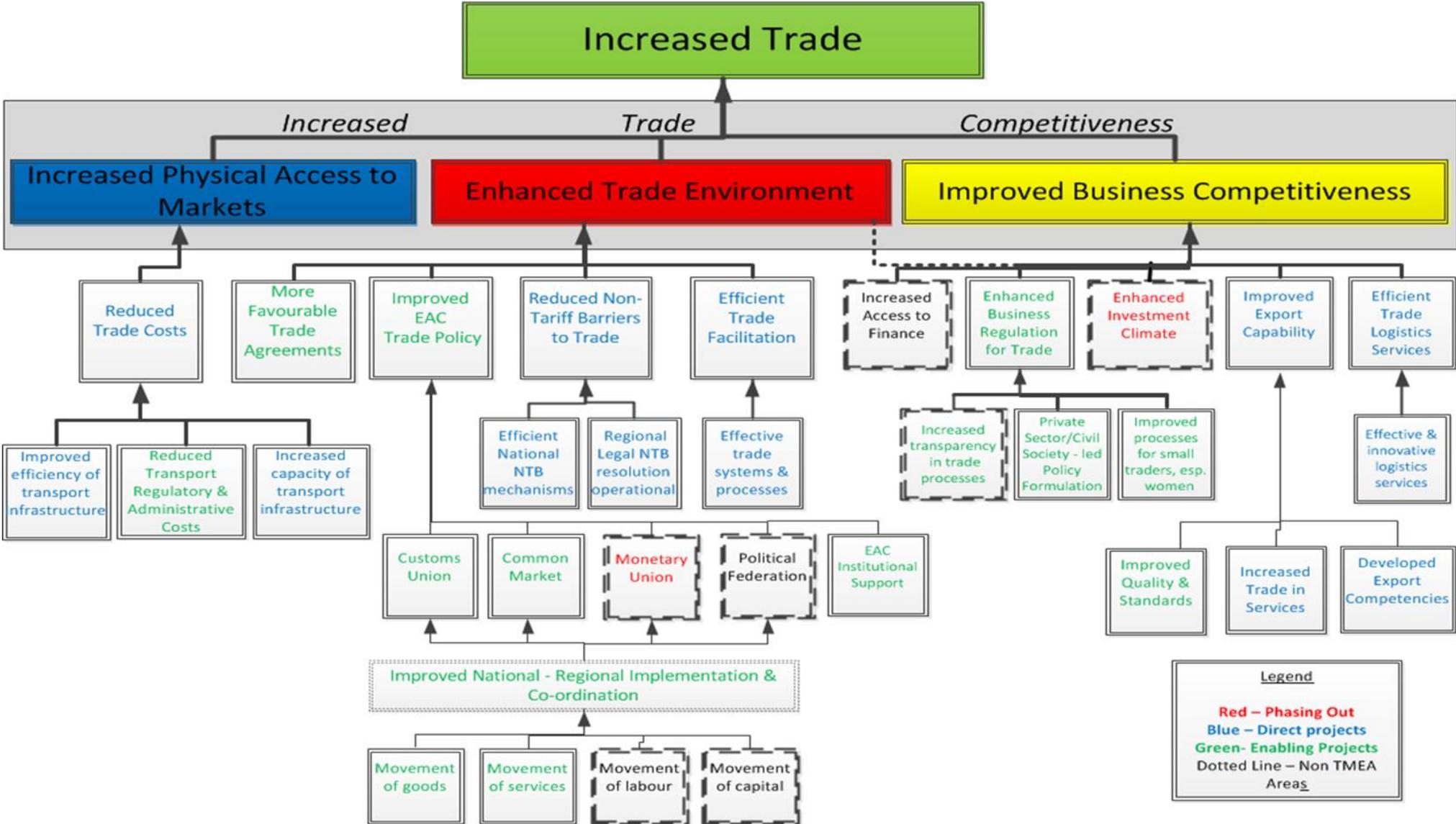
- a) changes in the prices of tradable goods and changes in the improved access to new products and markets;
- b) relative changes in the relative wages of skilled and unskilled labour and the cost of capital, which affects the employment of the poor;
- c) changes in government revenue from trade taxes and thus the government's ability to finance programs for the poor;
- d) changes in incentives for investment and innovation thereby affecting economic growth;
- e) changes affecting the vulnerability of an economy to negative external shocks; and,
- f) Short-run risk and adjustment costs.

It is important to note that TMEA has the greatest influence at the activities, output and outcome levels but this influence gradually diminishes as one moves towards the poverty alleviation outcome. In this regard, TMEA's mantra on mainstreaming the poverty agenda into programmes has been "don't just prove, also improve"; which essentially this means that TMEA will endeavour to continuously learn from past successes and mistakes in order to ensure that activities, outputs and intermediate outcomes are increasingly pro-poor and therefore ensuring that there is a positive impact at the poverty alleviation outcome level. This is very important because:

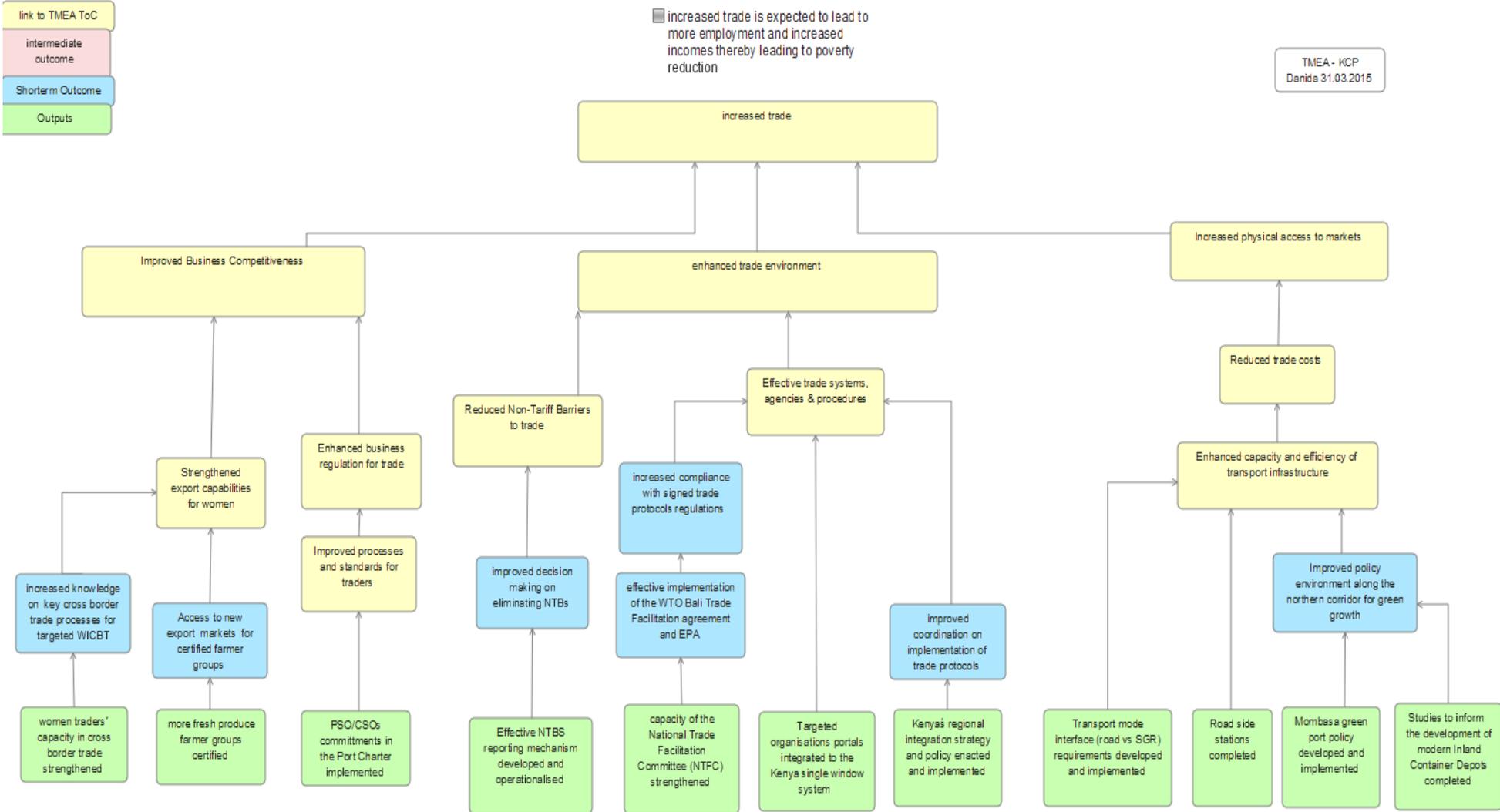
- Some projects, such as infrastructure projects, will have their poverty impact realized many years after TMEA's phases I and II have ended and it is therefore important to ensure that the current project activities, outputs and outcomes are increasingly evidenced and pro-poor as they happen to ensure that the desired poverty impact is achieved later.

- TMEA’s sphere of control on the poverty impact increasingly diminishes as one considers the chain of activities leading to outputs leading to intermediate outcomes and finally to desired outcomes. For example, improving the port efficiency through infrastructure (activities and output) may well lead to increased government revenue (intermediate outcome) but it becomes difficult to attribute TMEA’s contribution to the desired impact of poverty alleviation (outcome) as TMEA cannot control the use of the increased revenue by the government towards social protection programmes, for examples, but can only make recommendations on the same. TMEA has the greatest control at the activities, outputs and intermediate outcome level to some extent and is therefore building in evaluations and mechanisms into its programme life-cycle to ensure that the desired outcomes are met by the programmes being increasing pro-poor at every stage.
- To the above end, TMEA has worked on developing an Evidence Library based on its Theory of Change to ensure that all that we do is evidenced towards having the expected outcomes but at the same time TMEA is also putting in concrete measures, like the ongoing Knowledge Management Strategy initiative, to ensure that programmes learn and become increasingly pro-poor in their day to day activities. A number of studies, in particular the studies on OSBPS and Poverty as well as the one on Women in Cross Border Trading and Poverty Impact, are being undertaken focusing on understanding the cost benefit of the projects and if there are any negative short-term negative impacts that the studies can design mitigations for in the short and medium terms.
- TMEA’s broad objective is to increase the prosperity of East Africans through trade. It’s Business Plan 2016-2020 will seek to build on substantial gains made during its first period of operations from 2010-2016 and will be informed by lessons learnt through the evaluations to be conducted.

Annex Two: TMEA’s Theory of Change



Annex Three: TMEA Danida Engagement Document – Results Chain



Annex Four: TMEA Objective Description

DED's programme contribution to TMEA's Strategic Objective 1 (SO1): Increased Physical Access to markets

This strategic objective's aim is to increase physical access to markets through the reduction of trade costs, improving the efficiency of transport infrastructure, reducing transport regulatory and administrative costs & increasing the capacity of transport infrastructure.

DED's programmes activities under the Green Port Policy, will contribute to the delivery of SO1 and will contribute to the clean handling of fuel and hazardous material, access to clean water, more efficient use of ship power, and reduction of truck waiting and idling times. This support will improve efficiency of the port and reduce the costs incurred by the clients.

Regulatory, systems and health and safety reforms will be supported by the DED Programme, to reduce greenhouse emissions, improve worker safety, and lift port productivity. Research will also be undertaken to assess port layout, identify problem areas, and improve efficiencies of cargo handling and motion.

DED will facilitate the implementation of road side stations (RSS) with modern road safety management will reduce congestion and delays on the corridor from Mombasa to Malaba and Busia at Kenya's border with Uganda. This will make a contribution to the delivery of SO1.

Danish contribution to TMEA's Strategic Objective 2 (SO2): Enhanced Trade Environment

a) Reducing Non-Tariff Barriers to Trade

SO2 aims to enhance the trade environment by reducing nontariff barriers (NTB's). DED's programme will contribute to this by supporting a mechanism for electronic reporting and also by addressing non-tariff barriers to trade (NTBs) at the Ministry responsible for Trade, as well as other trade policy reforms.

b) Widening Kenyan Government and Citizens' Support for Regional Integration

DED's programme will contribute to TMEA's objective of enhancing the trade environment by supporting the efforts of civil society, the private sector and legislature through research, technical support and facilitating advocacy for improving trade policies & legislation.

Other DED programme activities that will contribute to the delivery of TMEA's SO2, will be a) Helping the government of Kenya to Implement the WTO Bali Trade Facilitation Agreement and the European Union's Economic Partnership Agreements & b) Introducing Legal Framework for Single Window Trade System in Kenya.

Danish contribution to TMEA's Strategic Objective 3 (SO3): Improved Business Competitiveness

The aim of TMEA's SO3 is to improve business competitiveness by increasing access to finance; enhancing business regulations for trade, improving the investment climate, improving the export capability and providing more efficient trade logistics services.

DED's programme will support the delivery of SO3 by facilitating the conducting of studies and support the Mombasa Port Charter implementation coordination activities. The envisaged activities in this regard will include: (a) requirements for road-rail interface to meet the Charter target of increasing cargo off-take by rail from 4% to over 30% of all cargo, via the standard gauge railway (SGR); (b) support to develop a Business Case to facilitate transformation of Inland Container Depot (ICDs) in Mombasa and Nairobi into a modern logistics hub.

Other supportive DED programme activities that will enhance the delivery of SO3 are a) promoting product certification for fresh food exports and promoting cross border trade for women.

Strategic Support Areas of Support through the DED's programme

i. Strategic Objective 1: Increased Market Access

a) Supporting a Green Port Policy at Mombasa Port

Mombasa port is a critically important gateway to Kenya and the East Africa region. It has a big part to play in the region's economic competitiveness.

As part of its \$58m existing programme in Mombasa Port, TMEA has almost completed five small-scale infrastructure projects that increase capacity of gates and yards to handle more traffic at the port. It also supports the Kenya Ports Authority's Productivity Improvement Plan, legal reform, and implementation of the Mombasa Port Charter (see later).

The 2012-2016 KPA / TMEA Mombasa Port Programme committed to support improvements (particularly mitigation and adaptation to climate impacts) at the port, including preparation of a Green Port Policy. TMEA engaged a consultant to support KPA to develop the GPP and its implementation plan. That study, now complete, assessed the impact of port operations on factors such as greenhouse gas emissions, air, water and soil quality, noise and sound by vessels, smoke emitted by ships, waste management, oil spill, marine pollution, energy consumption and utilization, natural resources, wildlife and marine conservation as well as impact on local communities. The output of this exercise informed KPA and other stakeholders in developing a GPP and an associated implementation plan to support the transformation of the port into a modern and competitive regional hub.

The GPP includes the following conclusions and recommendations:

- There are immediate and urgent environmental pollution problems caused by port operations at Mombasa that can and must be immediately addressed to minimize and limit the harm caused to the health of port workers and the surrounding community;
- In comparison with major world-class ports, Mombasa Port produces high concentrations of Green House Gas, caused primarily by ships using heavier fuel and running their generators while in port, and the port's inability or unwillingness to restrict access by older, polluting vehicles to the port premises;
- There is a noticeable degradation of the bio-diversity systems caused by port operations, which if not reversed will cause significant economic and environmental harm to the natural resources around the port;

- Although a signatory to all the key international environmental conventions and local laws and regulations, KPA does not have the organizational capability at this time to apply and conform to international conventions and regulations for environmental protection. Nor does it have an environmental audit or environmental management system in place.

KPA already produced a management response to this study. It takes the report seriously, and in a positive light. It proposes investments in clean handling of fuel and hazardous material, access to clean water, more efficient use of ship power, reduction in ship turnaround time and reduction in truck waiting and idling times. KPA's management response seeks to position the Port of Mombasa as a leading world port providing sound stewardship and management of the environment affected by port operations. The strategy highlights the need to place people first, while addressing the negative impacts occasioned by port operations as well placing a premium on technology-rich and sustainable port operations. KPA and TMEA therefore see the Green Port actions growing organically out of the existing TMEA programme of support to KPA. These actions will make the port more productive, more efficient, more sustainable and more globally competitive.

Danish assistance will complement this programme by adding low cost, but strategically important studies of the whole Mombasa port layout and its use of inland container depots. It will also support implementation of a Green Port Policy, developed by KPA in 2014, through a TMEA-funded consulting assignment. KPA has already produced a management response to the policy, proposing investments in clean handling of fuel and hazardous material, access to clean water, more efficient use of ship power, and reduction of truck waiting and idling times. This way, KPA is looking into positioning the Port of Mombasa as a leading world port in the sound stewardship and management of the environment affected by port operations, and will continuously improve the environment for the community and KPA staff. The strategy puts people first in protection of negative impact of port operations, as well as technology rich sustainable operations among others.

Selected regulatory, systems and health and safety reforms will be selected and supported to reduce greenhouse emissions, improve worker safety, and lift port productivity. Research will also be undertaken to assess port layout, identify problem areas, and improve efficiencies of cargo handling and motion.

b) Developing Road Side Stations to Streamline Transit along Northern Corridor

Road transport currently handles more than 90% of traffic originating or ending at the Port of Mombasa. This traffic is projected to increase fourfold from 2010-2030. Implementation of road side stations (RSS) with modern road safety management will reduce congestion and delays on the corridor from Mombasa to Malaba and Busia at Kenya's border with Uganda.

The Northern Corridor Authority (NCTTCA) and business associations propose to prioritise two locations for RSSs at Salgaa and Sultan Hamud. Implementation of the project is expected to reduce road accidents, especially at Salgaa, which is a black spot. The creation of secure, adequately designed and equipped RSSs, supported by new legislation such as on maximum driver working hours and health and safety, will remove unnecessary truck stops and high costs to transporters, whilst reducing road deaths on the corridor.

ii. Strategic Objective 2: Enhanced Trade Environment

a) Reducing Non-Tariff Barriers to Trade

This programme will support a mechanism for electronic reporting and addressing non-tariff barriers to trade (NTBs) at the Ministry responsible for Trade, as well as other trade policy reforms. This has already been very successfully introduced in Tanzania. Linkages will be built with other TMEA NTB elimination projects (some funded by Denmark) which have already been successful in removing NTBs and streamlining transit times in ports and on the road system.

Widening Kenyan Government and Citizens' Support for Regional Integration

Regional integration is crucial to achieve political, social and economic transformation in an increasingly globalized world. Kenya and East Africa cannot be left behind. Supporting the private sector and civil society to positively influence regional integration policy and practice is a further focus of the partnership between TMEA and Danida. This complements on-going TMEA work and will be coordinated with the Danish Embassy-funded Business Advocacy Fund.

The Government of Kenya has requested support from TMEA to enable business and civil society organizations to help deepen regional integration. This will be done through research, and advocacy to improve trade policy, to harmonize legislation and practices to support a coherent regional integration strategy for Kenya.

Members of Parliament need to be fully involved. This was not the case until the creation by the Kenya National Assembly of a Select Committee on Regional Integration (CRI). The CRI is young and has a newly enhanced role, but faces challenges which require intervention. The project will improve understanding of the implications of regional integration amongst members and staff of the CRI; commission research information; and provide technical assistance to improve awareness of the benefits of regional integration, in line with recommendations of the Watamu2 Workshop in 2013. CRI will work with East Africa Legislative Assembly (EALA), National Ministries, Departments and Agencies, Private Business Associations and Civil Society to raise the political profile of regional integration, and public understanding of its benefits. The project will focus especially on addressing challenges for women and youth in taking up opportunities to trade.

Helping Government of Kenya to Implement the WTO Bali Trade Facilitation Agreement and the European Union's Economic Partnership Agreements

The WTO Bali agreement requires reforms in trade facilitation that will benefit trade globally. Kenya needs to domesticate its regulations and laws to comply with Bali and hence gain the benefits of enhanced growth of trade and exports. However, implementation of the Bali reforms are constrained by problems inherent in Kenya's export system, made explicit in Kenya's self-assessment of its capacity to implement Bali. They include: a weak export supply base; low value addition on export products; low investment in exporting; a narrow product range; and lack of market information, or market support structures.

Since EPA negotiations have also been concluded, TMEA will also similarly support legal reforms to implement this agreement.

² The two day retreat/workshop held in Watamu, Malindi was hosted by the Select CRI of the National Assembly led by its Chair, Hon. Florence Kajuju, MP. The event brought together other Members from the Departmental Committee on Finance, Planning and Trade & Departmental Committee on Defence and Foreign Relations. Other participants included the EALA Kenya Chapter MPs led by their Chair, Hon. Joseph Ombasa Kiangoi, MP, senior officials of the relevant Ministries with two Principal Secretaries sitting in for the entire period, the EAC Integration Secretary, several Directors, representatives of state departments, and private sector and civil society executives. The entire TMEA Kenya Country Team also participated led by the Country Director.

b) Introducing Legal Framework for Single Window Trade System in Kenya

Trade is hampered by excessive and overlapping demands by government bodies on traders to comply with standards, rules and regulations. The project will support the introduction of the KWATOS single window trade system to remove multiple manual transactions in favour of an electronic single window, to make trade easier, faster and more transparent.

The Kenya Revenue Authority (KRA) customs management system SIMBA, and to some extent the KPA KWATOS systems have been experiencing considerable system downtime. This causes major trade facilitation bottlenecks at ports and border posts.

KRA and KPA continue to be major stakeholders of the Port of Mombasa. System outages delay clearance of goods, aggravating congestion and resulting in huge losses to traders in time and money. Even when the system is restored, huge backlogs are experienced by KPA, KRA and clearing agents. TMEA will continue to support the legal reforms in Kenya that will permit introduction of an easily accessible single-window system (Kenya TradeNet) in Kenya. The system enables international traders to submit regulatory documents such as customs declarations, applications for import/export permits, certificates of origin and invoices at a single location, and through a single entity.

TMEA will also support integration of the National Payments System (NPS) through a National Payments Gateway. The single window platform will thus permit seamless electronic payment of duties and taxes to Government for imported or exported goods. TMEA has already introduced single window systems very successfully in Rwanda, and will do so soon in Uganda and Tanzania.³

This will permit electronic documents to be used right from receipt of manifests, cargo declaration and approvals to payment of duties, taxes and other charges. Recently the National Payments Bill was passed by Parliament and will soon be enacted as Law. This paves the way for construction and operationalization of the National Payment System in Kenya.

iii. Strategic Objective 3: Improved Business Competitiveness

a) Government/Business Action to Implement the Mombasa Port Charter

TMEA was instrumental from 2013-2014 in mobilising 25 public and private agencies to improve productivity and efficiency in the Port of Mombasa. The signing of the Mombasa Port Community Charter on 30 June 2014 by President Uhuru Kenyatta and CEOs committed all 25 agencies to shared productivity enhancing goals, with each agency committee to action. Through the Charter, the agencies agreed to undertake agency-wide reforms to reduce cargo dwell time from arrival to departure from the Port. This will not only bring efficiency benefits to business which may be passed to consumers through lower product prices, but the shorter turn-around times for ships will lead to less carbon emissions through reduced ship idling periods.

Danida funding will enable TMEA to conduct studies and support the Charter implementation coordination activities. The envisaged activities in this regard include: (a) requirements for road-rail

³ To achieve these objectives, the Central Bank of Kenya has been working closely with KENTRADE, the Banking Industry (through Kenya Bankers Association) and other stakeholders. To fast-track these efforts, Central Bank of Kenya co-opted KENTRADE to the National Payment Systems Operations Committee (NPSOC) membership. NPSOC is entrusted with formulating operational frameworks for implementation of payment systems being adopted by industry players. The funding for the National Payment System/Gateway was secured by Kentrade from Investment Climate Facility for Africa (ICF).

interface to meet the Charter target of increasing cargo off-take by rail from 4% to over 30% of all cargo, via the standard gauge railway (SGR); (b) support to develop a Business Case to facilitate transformation of Inland Container Depot (ICDs) in Mombasa and Nairobi into a modern logistics hub.

b) Promoting Informal Cross-Border Trade for Women

Women dominate cross-border trade in East Africa numerically, but they are subject to particular challenges. Commonly cited is lack of capacity in terms of awareness and skills to take advantage of trade facilitation opportunities and business facilities available. A recent survey in Rwanda on conditions of Women in Cross Border Trade (WICBT) by Pro-Femmes/Twese Hamwe (2013) indicates that informal cross border traders, especially women who engage in cross-border trade activities, are largely unaware of their rights with regards to cross-border trade in the EAC.

The level of awareness of EAC trading protocols and services is generally low, a status reflective of conditions in all EAC states. About 48% of all Informal Cross Borders traders have never heard of these instruments. This inhibits trade development and the developmental return we seek from successful women-owned small business - which research shows result in much greater investment than male-owned ones in better human welfare, and stronger families and children.

Investing in women is investing in communities - benefits are more likely to be passed onto children, families and the wider society. It is anticipated that the proposed interventions will have significant poverty impact due to emphasis on women and MSMEs. In the long run, the newly acquired knowledge and skills developed through capacity building will enable women access to finance, grow their businesses for the benefit of their livelihoods and those of their families. This has far-reaching impact on poverty reduction.

TMEA believes that gender equality is not only desirable, but rather an economic imperative for economic efficiency and competitiveness. Evidence shows a strong correlation between increased regional and international trade and increases in female employment, and higher wages in export oriented industries. Above all, increases in women's income correlate with greater investment in children and family welfare. Given similar increases in the income of men and women, women reinvest up to 90% of their income in education, health and nutrition of their family and community, compared to only 30% to 40% for men. Therefore investment in women in trade is more likely to yield development benefits across all society.

A study on the impact of OSBPs on women in cross border trading is currently ongoing and will also design short to medium term projects as mitigations measures to any observed negative short-term impact to the traders. This will ensure that the OSBP projects are increasingly pro-poor and pro-women as the project reaps from its evidenced poverty alleviation outcome in the long-term.

c) Promoting Product Certification of Fresh Food Exporters

Achieving accreditation for food products is a major barrier for producers. The programme will also support certification of fresh produce producers in Kenya through FPEAK, to achieve accreditation for export or for supply to large retail chains.

Annex Five: TMEA M&E framework: Outcome and Output indicators

Results level	Results statement	Indicator	Baseline (June 2015)	Target (June 2020)
Strategic Objective 1- Increased physical access to markets				
Short-term outcome	Enhanced capacity and efficiency of transport infrastructure	Average reduction in transit time from Mombasa to Malaba and Busia (e.g. Northern Corridor) Average time to import/export goods through the ports of Mombasa	3.2 days(Sep 2014) 5.3 - 10.9 days	30% reduction in transit time 55.2 hours/2.3days (Mbsa import)
Output	Transport mode interface (road vs SGR) requirements developed and implemented	% of interface requirements operationalised (against planned)	0% (no interface requirements have been developed)	100% requirements implemented
Output	Road side stations completed	No of road side stations completed	0	2
Short-term outcome	Improved policy environment along the northern corridor for green growth	No of policies/legislations developed	TBD	At least 3 new policies developed
Output	Mombasa green port policy developed and implemented	% of green port policy implemented (against planned)	0% (No green port policy)	80% implementation of the action plan
Output	Studies to inform the development of modern Inland Container Depots completed	No of studies finalised % implementation of prioritised and agreed study recommendations	0 0%	2 60%
Strategic Objective 2- Enhanced Trade Environment				
Short-term outcome	Improved coordination on implementation of trade protocols	% of steering committee action plan implemented	0% (committee not yet established) overlapping roles in ministries	50% implementation of the committee's action plan Clear mandates and reduced overlapping
Output	Kenya's regional integration strategy and policy enacted	% of the RI action points implemented	5% (select parliamentary committee on	50% of action points implemented

Results level	Results statement	Indicator	Baseline (June 2015)	Target (June 2020)
	and implemented		RI formed)	
Short-term outcome	Effective trade systems, agencies & procedures	No of portals integrated	8 out of 24 portals integrated	22 portals integrated
Output	Targeted organisations portals integrated to the Kenya single window system			
Short-term outcome	Increased compliance with signed trade protocols regulations	% reduction in trade disputes	TBD by July 2015	To be inserted after baseline
Short-term outcome	Effective implementation of the WTO Bali Trade Facilitation agreement and EPA	% implementation of the Bali TFA % of EPA agreement concluded	5% (Bali TFA needs assessment completed) 80% concluded (agreement initialled, awaiting ratification)	90% implementation 100% (EPA ratified) and used to report progress to the EAC-EU EPA council
Output	Capacity of the National Trade Facilitation Committee (NTFC) strengthened	% timely implementation of the committee action plan	Action plan developed; 5% implementation (March 2015)	70%
Short-term outcome	Reduced Non-Tariff Barriers to trade	No. of key NTBs eliminated	27 resolved (Dec 2014) out of 39 – 70%	80% of old and new (emerging) NTBs resolved
Short-term outcome	Improved decision making on eliminating NTBs	% of NTBS eliminated within the set deadlines	70% of NTBs eliminated within the set timelines	90% of NTBs eliminated within the set timelines
Output	Effective NTBS reporting mechanism developed and operationalised	System developed % of NTBs reported through the system	System does not exist	70% of NTBS reported through the system
Strategic Objective 3- Improved Business Competitiveness				
Short-term	Improved processes	Reduction of time spent	90 mins one way	Maximum 30

Results level	Results statement	Indicator	Baseline (June 2015)	Target (June 2020)
outcome	and standards for traders	crossing the border for small traders, women traders etc.		mins one way
Output	PSO/CSOs commitments in the Port Charter implemented	% implementation of PSO/CSO commitments in the Port Charter	30% implementation	90% implementation
Short-term outcome	Strengthened export capabilities	Increase in export revenue for targeted groups	To be determined July 2015	60% increase in export revenue (from baseline)
Short-term outcome	Access to new export markets for certified farmer groups	No. of farmer groups accessing new markets disaggregated by gender	50 farmer groups	250 farmer groups (at least 30% are women)
Output	More fresh produce farmer groups certified	No. of new farmer groups certified	300 farmer groups	800 farmer groups
Short-term outcome	Increased knowledge on key cross border trade processes for targeted WICBT	% in the no. of women reporting increased knowledge on trade processes	300 women report increased knowledge	3,000
Output	Women traders' capacity in cross border trade strengthened	% implementation of Capacity development plan for women traders	No plan exists	90% of plan implemented