Sustainable and inclusive trade in Africa (SITA)

Key results:

- Improved political buy-in from AU member States and donors for AfCFTA implementation
- Improved efficiency along the Northern and Central Corridors
- Improved competitiveness of sea freight for containerised horticulture exports
- Increased access to formal markets for women and youth in trade

Justification for support:

- The project contributes to development in East Africa and the wider African continent by facilitating sustainable and inclusive trade and economic integration in Africa, as well as export to Europe;

- The project is as a key vehicle for delivering on the Africa Strategy's ambitions to increase opportunities for trade and investment in Africa and to position Denmark and, in particular, the EU as a preferred partner for African countries. It also contributes to other objectives in the Africa Strategy, including by supporting the green transition, addressing the "youthquake" and enabling a digital transformation in Africa;

- The project is a direct contribution to the EU Global Gateway initiatives on the trade corridors in Africa;

- The project aligns with African, including East African, government priorities to increase trade and economic integration across the continent and within sub-regions as evidenced by the signing of, among others, the AfCFTA and the EAC Common Market Protocol.

Major risks and challenges:

-Risk related to limited buy-in and participation from private sector stakeholders due to perceived risks, high initial costs or inadequate knowledge about project benefits.

-The Red Sea crisis disrupting sea trade along the preferred transport route.

-The complexity of the reforms that SITA is aiming to achieve.

To mitigate these challenges, TMA has established a strong governance and oversight mechanism.

File No.	23/19085
Country	Regional – Africa-wide
Responsible Unit	Nairobi
Sector	Economic development
Partner	TradeMark Africa

DKK million	**2025**	**2026**	**2027**	**2028**	**2029**	**Total**
Commitment	50	50	100			200
Projected disbursement	50	50	50	50		200

Duration	2025-2030
Previous grants	2021-2025 110 mill.
Finance Act code	06.32.01.23
Head of unit	Stephan Schønemann
Desk officer	Kanar Patruss
Reviewed by CFO	NO

Relevant SDGs *[Maximum 1 – highlight with grey]*

No Poverty	No Hunger	Good Health, Wellbeing	Quality Education	Gender Equality	Clean Water, Sanitation
Affordable Clean Energy	Decent Jobs, Econ. Growth	Industry, Innovation, Infrastructure	Reduced Inequalities	Sustainable Cities, Communities	Responsible Consumption & Production
Climate Action	Life below Water	Life on Land	Peace & Justice, strong Inst.	Partnerships for Goals	

Objectives

The overall objective for SITA is to promote free trade and economic opportunities and livelihoods in Africa. This is done through four components: a) political advocacy for AfCFTA implementation, b) facilitation of Smart Borders in East Africa, c) transition from sea to airfreight for horticultural exports, and d) facilitation of inclusive trade for women and youth.

Environment and climate targeting - Principal objective (100%); Significant objective (50%)

	Climate adaptation	**Climate mitigation**	**Biodiversity**	**Other green/environment**
Indicate 0, 50% or 100%	0	0	0	0
Total green budget (DKK)		**65.80**		

Justification for choice of partner:

TradeMark Africa (TMA), formerly TradeMark East Africa, is an Aid-for-Trade organisation with the aim of growing prosperity through increased trade. Denmark has supported TMA since 2011, with the partnership founded on a positive working relationship. By implementing the SITA project through TMA, Denmark gets a one-stop solution for the delivery of all the objectives of the project on continental, regional and national levels. TMA's headquarters are in Nairobi, Kenya and has operations and offices in 14 countries in Africa.

Summary:

Through the SITA project, Denmark will promote free trade and economic opportunities in Africa at two levels. At the continental level, the project will support the implementation of the AfCFTA) through efforts to improve political buy-in from AU MS. At the regional level, the project will address trade barriers in East Africa by facilitating smart borders along the Northern Corridor (Global Gateway), facilitating the transition from air to sea freight for exports and facilitating sustainable and inclusive trade for women and youth.

Budget (engagement as defined in FMI**):**

Component 1: Policy advocacy to support AfCFTA implementation	17.6 million DKK
Component 2: Facilitating Smart Corridors	66.8 million DKK
Component 3: Air to Sea freight	65.8 million DKK
Component 4: Women, Youth and Trade	17.0 million DKK
Contingency 5 %	8.8 million DKK
NPAC 12 %	24.0 million DKK
Total	**200.0 million DKK**

Ministry of Foreign Affairs of Denmark

Sustainable Inclusive Trade in Africa (SITA)

July 2025 – June 2030

Project Document

Draft

7 March 2025

Ref: 2025-XXXXX

Table of contents

List of Abbreviations

AEOs	Authorised Economic Operators
AfCFTA	African Continental Free Trade Area
AOC	Advisory Oversight Committee
ATPC	African Trade Policy Centre
AU	African Union
B2B	Business-to-Business
BEEEP	Business Environment and Export Enhancement Programme
CBM	coordinated border management
CEN–SAD	Community of Sahel–Saharan States
CSO	Civil Society Organization
COMESA	Common Market for Eastern and Southern Africa
DAC	Development Assistance Committee
DKK	Danish Kroner
DRC	Democratic Republic of Congo
EAC	East African Community
EALA	East African Legislative Assembly
EAWIBP	East African Women in Business Platform
ECCAS	Economic Community of Central African States
ECOWAS	Economic Community of West African States
EGD	European Green Deal
ESW	Electronic Single Windows
EUDR	EU Deforestation Regulation
FCDO	Foreign, Commonwealth and Development Office

FSD	Financial Sector Deepening
FTA	Free Trade Area
GDP	Gross Domestic Product
GTI	Guided Trade Initiative
IBM	Integrated Border Management
ICT	Information and Communication Technology
IGAD	Intergovernmental Authority on Development
IPR	Intellectual Property Rights
ISA	International Standards of Auditing
KCP	Kenya Country Programme
LDCs	Least Developed Countries
MRA	Mutual Recognition Agreement
MEL	Monitoring, Evaluation and Learning
NEET	Not in education, employment, or training
NIC	National Implementation Committees
NOC	National Oversight Committees
NPAC	Non Project Attributable Costs
NTBs	Non-Tariff Barriers
ODI	Overseas Development Institute
OECD	Organisation for Economic Co-operation and Development
OSBPs	One Stop Border Posts
PAIPO	Pan-African Intellectual Property Organization
PCC	Programme Coordinating Committee
RDE	Royal Danish Embassy in Nairobi
REC	Regional Economic Community

SADC	Southern African Development Community
SDG	Sustainable Development Goal
SCT	Single Customs Territory
SITA	Sustainable Inclusive Trade In Africa
SME	Small and Medium Enterprises
SPS	Sanitary and Phytosanitary Measures
STR	Simplified Trade Regimes
TEI	Team EU Initiative
TFA	Trade Facilitation Agreement
TMA	TradeMark Africa
UNBS	Uganda National Bureau of Standards
TLIP	Trade Logistics Information Pipeline
UMA	Arab Maghreb Union
UNECA	United Nations Economic Commission for Africa
US$	United States Dollar
USD	United States Dollar
WTO	World Trade Organisation

1. Introduction

The present project document outlines the background, rationale and justification, objectives and management arrangements for development cooperation concerning the Sustainable Inclusive Trade In Africa (SITA) project over the period 2025-2030 as agreed between the parties: TradeMark Africa (TMA) and the Royal Danish Embassy in Nairobi (RDE). The project document is an annex to the legal bilateral agreement with the implementing partner and constitutes an integral part hereof. The project design described in the project document has been developed in close cooperation with TMA.

Through the support to the SITA project, Denmark aims **to promote free trade and economic opportunites and livelihoods in Africa**. The project will support the on-going efforts to implement the African Continental Free Trade Area (AfCFTA), which is one of the Flagship Projects under the African Union's Agenda 2063 development framework. The AfCFTA presents a key opportunity to boost intra-African trade and unlock latent potential to increase exports globally by removing institutional barriers to trade within Africa.

Denmark's new Africa Strategy, "*Africa's Century: Strategy for Strengthened Danish Engagement with African Countries*", sets out a new approach to partnership with African nations that seeks to bring better offers to the table and creating solutions that make Denmark and Europe an attractive partner. This includes improving opportunities for trade and investing in EU Global Gateway initiatives. SITA will be a flagship programme under the new Africa Strategy.

A central prerequisite for enabling trade and investment as important drivers for sustainable growth in Africa is the effective implementation of the AfCFTA, which **SITA will support through high-level policy advocacy targeted at African and international leaders across the continent as well as global fora.**

Complementing the work to support implementation of the AfCFTA across Africa, , SITA will address trade barriers in East Africa through three interrelated components: i) Facilitating Smart Corridors along the Northern Corridor; ii) Facilitate transition from air to sea freight for East African exports and iii) Facilitating Sustainable and Inclusive Trade for Women and Youth in Eastern Africa. At the regional level, **SITA applies an inclusive lens, focusing on specific horticulture value chains, as these have been identified as an area of potential competitive advantage in East Africa**. These interventions will deliver dual benefits, as in addition to increasing revenues, transitioning from air cargo to sea freight will also significantly reduce the carbon footprint of trade. Moreover, the project design recognises the significant challenges the African "youthquake" presents for the labour market and proposes targeted solutions to help young people build better futures.

The SITA project is implemented by Trademark Africa, (TMA). TMA is a leading African Aid-for-Trade organisation founded in 2010, with the **mission to grow intra-African trade and increase Africa's share in global trade, while helping make trade more pro-poor and environmentally sustainable**. TMA operates on a not-for-profit basis and is currently funded by: the Bill and Melinda Gates Foundation, Canada, Denmark, the European Union, Finland, France, Ireland, the Mastercard Foundation, the Netherlands, Norway, and the United Kingdom.. TMA works closely with regional and continental organisations, national governments, the private sector, and civil society.

Since its inception, **TMA has delivered substantial gains for trade and regional economic integration in East Africa and the Horn of Africa**, including a reduction of 16.5% in cargo transit times on the Northern Corridor from Mombasa to Bujumbura, and a reduction of an average of 70% in the time taken to cross selected one stop border posts. TMA works in 14 countries across East and West Africa, Southern Africa and the Horn. TMA's headquarters are in Nairobi, Kenya. Offices are in: EAC Secretariat - Arusha, Burundi, the Democratic Republic of Congo, Djibouti, Ethiopia, Ghana, Malawi, Rwanda, Somaliland, Tanzania, and Uganda, with operations in Mozambique, South Sudan and Zambia.

2. Context, strategic considerations, rationale and justification

2.1. Context

Africa remains the second fastest growing continent after Asia. Average real GDP growth in Africa is estimated to have slowed from 4.1 percent in 2022 to 3.1% in 2023[1]. Despite ongoing challenges, 15 countries achieved a growth rate of at least 5% in 2023. Overall, Africa's real GDP growth is projected to average 3.8% in 2024 and 4.2% in 2025. Regional growth projections show that East Africa is expected to recover as the continent's fastest-growing region, with real GDP growth increasing from 1.5% in 2023 to 4.9% in 2024 and 5.7% in 2025. However, **despite the growth projections, Africa's share of global trade has stagnated at around 2.8 percent over the last three years. The continent's merchandise trade contracted by 6.3 percent to US$1.3 trillion in 2023, down from US$1.4 trillion in 2022[2]**.

At the same time poverty remains a huge problem across the continent. In 2024, Sub-Saharan Africa accounted for 16% of the world's population, but 67% of the people living in extreme poverty[3]. Two-thirds of the world's extreme poor lives in Sub- Saharan Africa, rising to three-quarters when all fragile and conflict-affected countries are included. Africa has the highest extreme poverty rates globally, with 23 of the world's 28 poorest countries, which have extreme poverty rates above 30%. Using the poverty line of $1.90 per day, Africa's extreme poverty rate was recently estimated to be about 35.5%.

The EAC region does not fare any better: despite the economic growth registered World Bank statistics highlight **significant disparities in multidimensional poverty levels across the EAC Partner States ranging from 38% in Kenya to 84% in DRC[4].** The EAC Partner States experience multidimensional poverty across three key areas: education, health, and living standards, with rural and marginalised communities disproportionately affected. Key drivers of poverty and inequality in the EAC include conflict and political instability, particularly in South Sudan, the DRC, and Somalia, which disrupt economies and access to services. Economic disparities between urban and rural areas exacerbate inequality, with cities benefiting from better infrastructure and opportunities while rural areas lag behind. Limited access to quality education and healthcare perpetuates poverty, especially in marginalized communities. Gender inequality further restricts economic participation for women and girls. Additionally, climate change and weak governance, including corruption, hinder poverty reduction efforts. Addressing these challenges requires coordinated regional strategies and targeted interventions.

---

[1] AfDB: African Economic Outlook 2024

[2] Afreximbank: African Trade Report 2024

[3] World Bank: The African Continental Free Trade Area: Economic and distributional effects. 2020

[4] World Bank: Multidimensional Poverty Measure database

International trade and its liberalisation can expand the range of goods and services available to the poor and reduce prices of those goods and services, increasing real income, creating jobs and reducing poverty. Research indicates that regional integration creates new markets, fosters competition, and facilitates knowledge exchange, enabling enterprises to acquire new capabilities from trading partners. Firms engaged in exporting benefit from a "learning by exporting" effect, where they improve quality and efficiency through interactions with regional clients and intermediaries. Evidence shows that exporting firms experience productivity gains of 16-26% in monthly profits.[5] These increased profits benefit not only businesses but also workers and their families, underscoring the importance of removing barriers to trade and enhancing trade facilitation, particularly in East Africa.

A continental vision as the framework for regional integration in Africa

AfCFTA implementation was launched on 1 January 2021, creating renewed optimism for economic growth in Africa. It has the potential to connect countries from the Atlantic to the Indian Ocean, and from Cape Town to Cairo. **Through AFCFTA, the African Union (AU) aims to establish an economic bloc of 55 countries with a market size of over 1.3 billion people, and a combined GDP of more than $3.5 trillion.**[6] By liberalising trade across the continent, this will help African countries trade amongst each other to generate prosperity by Africans for Africans. The Regional Economic Communities (RECs) are regional groupings of African states. The AUC recognizes eight (8) RECS namely: Arab Maghreb Union (UMA), Common Market for Eastern and Southern Africa (COMESA), Community of Sahel–Saharan States (CEN–SAD), East African Community (EAC), Economic Community of Central African States (ECCAS), Economic Community of West African States (ECOWAS), Intergovernmental Authority on Development (IGAD), and Southern African Development Community (SADC).

The main objectives of the AfCFTA are to **create a single continental market for goods and services, with free movement of businesspersons and investments, and thus pave the way for accelerating the establishment of a continental customs union**. It will expand intra-African trade through better harmonization and coordination of trade liberalization and facilitation, instruments across the RECs and across Africa in general. The AfCFTA is also expected to enhance competitiveness at the industry and enterprise level through exploitation of opportunities for scale production, continental market access and better allocation of resources. Member states will continue to trade under their respective REC trading regimes. In the AfCFTA Agreement, the Member States reaffirm their existing rights and obligations under other trade agreements of which they are members. Similarly, two of the principles outlined in Article 5 refer to the 'RECs' Free Trade Areas as building blocs for the AfCFTA and that best practices in the RECs are recognized. Another Principle mentions the "preservation of the acquis", which means that what has already been achieved as part of the implementation of REC obligations will have to be respected.

The AfCFTA has become the largest free trade area in world by number of members and population, bringing together 54 of the 55 African Union (AU) member states, with an aggregate GDP of around USD 3.4 trillion and a total population of 1.4 billion people, which is projected to rise to 1.7 billion by 2030.[7] Research estimates that if the AfCFTA is fully implemented, the volume of total exports would increase by almost 29%

---

[5] World Bank: The African Continental Free Trade Area: Economic and distributional effects. 2020.

[6] ibid

[7] Echandi, Roberto; Maliszewska, Maryla; Steenbergen, Victor: Making the Most of the African Continental Free Trade Area: Leveraging Trade and Foreign Direct Investment to Boost Growth and Reduce Poverty. 2022.

relative to business as usual by 2035, with intracontinental exports increasing by more than 81%, while exports to non-African countries would rise by 19%. This is expected to create new opportunities for African manufacturers and workers.[8] Africa's economic integration is also expected to contribute to poverty reduction. Reports estimate that full implementation of the AfCFTA will result in over 2 million jobs created[9] and a 7% increase in real income gains (or nearly USD 450 billion)[10].

Implementation the AfCFTA in the EAC

Research by UNECA and TMA estimates that **full implementation of the AfCFTA would boost EAC exports to the rest of the continent by around 45 percent (or $2 billion),** including heavy manufacturing (39%), processed food (31%), light manufacturing (11%), and grain crops and textiles each accounting for 9% and 6%, respectively. Likewise, imports to the EAC are projected to increase for all sectors, in a similar range of sectors as for exports, hinting at the potential for the rapid development of intra-regional value chains. Overall, EAC total exports are projected to increase by 10% while imports by 12.4% and creation of over 2 million new sustainable jobs. The AfCFTA is expected to boost intra-African imports to EAC by USD 3.4 billion.

At the continental level, the EAC still has many steps required to implement the AfCFTA. These include domesticating the AfCFTA Tarriff Schedules, agreeing the remaining 3% of tariff lines under Category C exclusion list, developing the EAC AfCFTA implementation strategy, building capacity of both public and private sector on AfCFTA trade regime, promoting inter-RECs trade engagements, enhancing B2B engagements and leveraging existing EAC trade policy instruments and institutions on AfCFTA implementation. Notably, the EAC partner states negotiated the AfCFTA agreement as a block and submitted joint tariff schedules for Category A (the initial 90% of the goods) and B (7% of goods to be liberalized within the first 10 years for Developing countries and 13 years LDCs). Therefore, all the Partner States are obligated to implement the AfCFTA trade regime through the EAC Gazette Notice. All EAC Partner States except South Sudan have signed and ratified the AfCFTA Agreement.

The EAC will use their platforms to facilitate and expedite the process of domestication of the AfCFTA provisions by Member States, developing their regional implementation strategy through the consolidation and value addition of national AfCFTA implementation strategies.

The implementation of AfCFTA could benefit from the successes and challenges in the RECs FTAs and Customs Unions. The implementation of AfCFTA should leverage the RECs trade integration achievements. EAC has developed institutional frameworks and instruments and is implementing various regional integration programmes which could be adapted or scaled up at the continental level. These include the Electronic Cargo Tracking System, Regional Customs Bond, Regional Authorized Economic Operators Scheme, Simplified Trade Regimes, NTBs reporting and resolution monitoring systems, One Stop Border Posts, Joint Border Management Committee, Corridor Transport Observatories, Trade Information Portals, Customs-to-Customs connectivity. Many of these have been achieved through TMA support. As part of its continental engagement under SITA, TMA will explore where else in the Continent these solutions could be rolled out and the lessons learned in the EAC region could be applied.

---

[8] World Bank: The African Continental Free Trade Area: Economic and distributional effects. 2020.

[9] UNECA: Creating a unified regional market: towards the implementation of the African Continental Free Trade Area in East Africa. 2020

[10] World Bank: The African Continental Free Trade Area: Economic and distributional effects. 2020.

In 2022, the **AfCFTA Secretariat launched a Guided Trade Initiative in Accra to allow for commercially meaningful trade under the Agreement to commence**. The initiative initially attracted the interest and participation of seven State Parties–Cameroon, Egypt, Ghana, Kenya, Mauritius, Rwanda and Tanzania–representing the five regions of Africa. As of January 2024, thirty-one (31) countries have joined this pilot initiative. In the EAC, the other the EAC Partner States except for Somalia and South Sudan are participating in the GTI.

To complement the above, **all EAC Partner States (except South Sudan) are signatories to and have started implementing the World Trade Organisation (WTO) Trade Facilitation Agreement (TFA)**, which came in to force on 22 February 2022. As part of this, EAC, with support of various partners has developed Trade Information Portals in 5 of the 8 Partner States, with the one in South Sudan currently under development. In addition, Partner States continue to undertake simplification of procedures, all aimed at making cross border trade simpler, cheaper and faster.

A brief recent history of East African regional economic integration

The joint vision for the EAC is that by 2050 the EAC will have been transformed into an upper–middle income region within a secure and politically united East Africa based on the principles of inclusiveness and accountability. The EAC is a regional body corporate with international legal personality established by the Partner States to spearhead the East African economic, social and political integration agenda. EAC integration is guided by the Treaty for the Establishment of the EAC (EAC Treaty 1999); the EAC Vision 2050; several Protocols and regional sector strategies, implemented through five-year development strategies**.** The stated objectives for EAC integration are broad, ambitious and fast paced. To further economic integration, protocols have been signed to establish the EAC Customs Union (2005), the EAC Common Market (2010) and the EAC Monetary Union (2013).

Economic sustainable development of the EAC region depends, to a large extent, on how successfully the countries can leverage regional economic integration. On their own, the eight partner states (Burundi; Democratic Republic of Congo (DRC); Kenya; Rwanda; South Sudan; Somalia, Tanzania and Uganda) that make up the EAC are small, fragmented and uncompetitive markets. Seven of the Partner States are designated as Least Developed Countries (LDC); four as fragile and conflict prone and five are landlocked. Through regional economic integration, the EAC partner states have pooled a total population of around 300 million (2021) and a GDP of USD 313 billion (2021), thereby creating a wider market that allows producers and traders to benefit from economies of scale and improved efficiency. The enlarged market is expected to lead to increased intra-EAC trade in goods and services as well as investment, stimulate local manufacturing and economic diversification, and allow for more mobility of factors of production, particularly capital and skills.

Deeper regional economic integration can also contribute to greater stability by fostering interdependence and economic resilience among Partner States. Increased trade and investment create employment opportunities, reduce economic vulnerabilities, and provide incentives for peaceful cooperation. In fragile and conflict-prone states, access to a larger market and diversified economic activities can help mitigate localised shocks, strengthen state capacity, and reduce reliance on informal and often insecure cross-border trade. For instance, the World Trade Organization's publication "Facilitating Trade in Fragile and Conflict-Affected States" discusses how trade can serve as a lifeline for communities in fragile situations, suggesting that increased trade openness can reduce the risk and intensity of conflicts by promoting economic interdependence and growth. Similarly, the World Bank report "Trading Away from Conflict" empirically examines how trade can influence conflict dynamics and suggests that increased trade openness can reduce the risk and intensity of conflicts by promoting economic interdependence and growth.

The Protocol establishing the Customs Union was signed in December 2004 and its implementation commenced on 1st January 2005. The establishment of the Customs Union was to be progressive in nature over a transitional period of five years. The fully fledged Customs Union was not achieved by the target of 2010. In 2012, the EAC together with TMA's predecessor, TradeMark East Africa, commissioned a study to assess how the EAC could attain a fully-fledged Customs Union. From this assessment, various interventions were conceived and supported by TradeMark Africa. Some of the notable interventions include:

- the establishment of the EAC Single Customs Territory in January 2014 and the implementation of a centralised platform to facilitate exchange of customs and trade data;
- the introduction of the Authorised Economic Operators (AEOs) which stands at 235 as of December 2024;
- the harmonisation of over 3000 East African standards, targeting the most traded goods; and
- the marked reduction in non-tariff barriers (NTBs) through the enactment of the EAC Elimination of NTBs Act of 2017 seeking to place sanctions on Partner States that impose NTBs.

These results have made significant contributions to an increase of EAC's total trade to USD 74 billion in 2022 from USD 50.5 billion in 2018; and an increase in EAC exports from USD 4 billion to USD 6.4 billion during the same period.[11]

EAC's own framework for monitoring the implementation of the Common Market Protocol (CMP) guides the free movement of goods, people, labour, services and capital from one Partner State to another as well as the rights of establishment and residence without restrictions. There is notable achievement in areas such as labour movement among three EAC Partner States (Kenya, Rwanda and Uganda), who have waived work permit fees for each other's workers and have allowed use of national identity cards as travel documents. Capital movement across has been liberalized in some of the EAC partner states, especially in the financial and professional services sectors. This has made it possible to consume and supply financial services across the Partner States. Examples include cross-border mobile money transfers, commercial bank establishments, and the cross-listing in the securities markets.

Although the region is yet to establish key structures to support the implementation of the EAC Monetary Union, substantial work has been done on harmonisation and coordination of monetary and fiscal policies amongst the Partner States (excluding the new entrants). The EAC Partner States are also cooperating in industrial development and in 2012 formulated an EAC Industrialisation Policy and Strategy, which elaborates the EAC's approach to enhancing industrial production, productivity and structural transformation to promote wealth creation and a higher standard of living across the Community.

---

[11] EAC: EAC Trade and Investment Report 2022. 2023.

An emphasis on trade facilitation to reduce trade time and cost

To enhance trade, the EAC is implementing various trade facilitation measures. These include development of One Stop Border Posts (OSBPs), integrated border management (IBM) and Electronic Cargo Tracking Systems, although the latter does not yet cover all EAC Partner States. Thus far, 13 of the 15 borders earmarked to operate as OSBPs are complete and operational. Their operationalisation has resulted in significant reduction in time to cross borders. Findings from ODI (2021) indicate reductions in waiting times of up to 87% at Holili (Kenya-Tanzania) and 62% at Busia (Kenya-Uganda). This efficiency has also translated into lower transportation costs: a 14% reduction on the Nairobi–Kampala route, an 11.7% decrease from Mombasa to Mwanza, and a 9.8% drop on the Dar es Salaam–Kampala route. A follow-up study by the same authors in 2023 further highlighted these improvements, with crossing times at Holili reduced by 87% and Mutukula (Uganda-Tanzania) by 79%, cutting down waiting time by a full driver-day in some cases. Currently, average crossing times range from as little as 15 minutes at Mirama Hills to just a few hours at busier border points, resulting in faster turnover for transport operators and substantial cost savings. The same authors also examined how the impact of trade cost reductions through the introduction of OSBPs has been transmitted to the rest of the economy. They found that generally, the introduction of OSBPs could potentially be saving some rural Kenyan families one month of food expenditure every year.

Trade volumes have also increased. The Taveta-Holili OSBP, for instance, reported a 75% increase in import volumes over three years, with trucks crossing the border increasing from 15,489 in 2019-2020 to 27,119 in 2021-2022, and import value from USD 7.7M to 14.6M[12]. The Malaba OSBP, processing approximately 1,600 vehicles daily and handling 70% of Mombasa-Uganda truck traffic, has reduced clearance times to 5–10 minutes, contributing to a 358% revenue increase over six years. Projections indicate a 15% annual growth in the number of trucks processed.

The reduction in transport costs associated with the OSBPs is estimated to be between 0.3% and 14%. There are significant reductions (around 9%) in the cost of transport for goods coming from Dar es Salaam into Kampala using the Mutukula crossing. In Busia, according to a survey conducted at the border, the reduction for imports into Kenya is slightly above 1% but 14% for goods transported out of Kenya. The analysis suggests that, if all the borders continue to reduce and standardize crossing times there could be additional reductions in transport costs.

Unlocking untapped potential

Africa's trade constitutes 3% of the global trade and intra-Africa trade is 15% of its total trade. Intra-African trade is largely concentrated within Regional Economic Communities (RECs), particularly in those with preferential agreements. Additionally, market proximity plays a significant role in shaping trade choices. The EAC's intra-REC exports valued at $7.1 billion, account for 49.4% of its exports within Africa, reflecting substantial trade within its own member countries while maintaining trade links with other regions.

Available research suggests the AfCFTA has the potential to substantially increase exports from the EAC. A study conducted by the EAC and TradeMark Africa (TMA) has identified South Africa, Egypt, and Zambia as the top export destinations for EAC products under the AfCFTA framework. The AfCFTA is expected to expand market access, promote industrialisation, and facilitate the development of regional value chains, thereby

---

[12] Based on I USD – KES 130

driving economic growth within the EAC. The study notes EAC exports to the rest of Africa could increase by 16% (USD 1.1 billion),[13] with sectors such as processed food, textiles, and light manufacturing expected to benefit the most. This expansion is primarily driven by the elimination of tariffs on 90% of goods, which will enable EAC firms to compete more effectively in African markets.[14]

While the agreement offers significant prospects for expanding trade, its benefits will only be fully realised if accompanied by complementary measures, including trade facilitation improvements, industrial capacity enhancement, and financial support for businesses. A key advantage of AfCFTA is the reduction of trade barriers. Complex customs procedures and regulatory misalignments, along with other NTBs, have historically impeded intra-African trade. By simplifying these processes, the AfCFTA will allow for faster, more cost-effective cross-border transactions, benefiting businesses across the region. Furthermore, the agreement offers a strong foundation for regional manufacturing growth. At present, manufacturing firms in the EAC operate at 20–40% below potential, due to high production costs and limited access to regional markets. By facilitating trade, AfCFTA can help stimulate industrial expansion and reduce dependence on imports from outside the continent.

Outside of Africa, the European Union (EU) remains the largest trading partner followed by China, USA and India. The trend shows that, on average, the EAC exports to the EU have been increasing since 2018 and the same applies to imports. The trade balance is in favour of EU, with the EAC being a net importer from the EU.

Table 1: EAC Trade with EU ($ '000)

YEAR	**2018**	**2019**	**2020**	**2021**	**2022**
Exports	2,045.56	1,879.29	2,083.99	2,393.64	2,560.79
Imports	3,702.85	3,781.38	4,091.15	4,376.61	4,685.76

Source: EAC Open Data Portal/EAC Trade and Investment Report (2022)

A new system shock - the potential effect of changing market preferences in target markets

The EAC and the EU agreed and initialled an Economic Partnership Agreement (EPA) on 16 October 2014. The EPA was expected to be signed by the EAC as a bloc by 30th September 2016, but due to differing opinions amongst partner states on the potential impact of the Agreement on EAC economies, it has not been signed by the region and is therefore not yet in force. All EAC partner states have quota free and duty free access to the EU market through the generalized scheme of preference provided by the original EU – EAC EPA that ends in 2027, after which the LDCs will continue to benefit under the 'Everything but Arms' scheme. **Kenya, which is classified as a developing country, was due to cease access to the EU Market on a preferential basis from 2027, unless it signed a separate EPA.** The Kenya – EU EPA has a provision allowing the other EAC Partner States to join under the agreed terms without the need to re-negotiate.

The EU, as well as other developed markets, are critical to the continued economic development of the EAC region as they are the key destinations for the region's agricultural exports. Agriculture remains a key contributor to EAC economies and the main employer in all the Partner States. **Destination markets like the**

---

[13] East African Business Council (EABC). EABC-Afreximbank Preliminary Study Findings: Total Trade Effect for EAC Following AfCFTA Tariff Liberalisation at USD 1.9 Billion. 2023.

[14] TradeMark East Africa (TMA) & United Nations Economic Commission for Africa (UNECA): Creating a Unified Regional Market: Towards the Implementation of the African Continental Free Trade Area in East Africa. 2023.

EU are increasingly demanding for sustainability in the products they consume. For example, under the European Green Deal (EGD), products exported to the EU will need to meet higher sustainability standards making it even harder for African countries to comply with the increased requirements including proving they are responding to reduced greenhouse gas emissions and minimised use of natural resources. Under the recently introduced EU Deforestation Regulation (EUDR), which is part of the EGD, exporters have to prove that selected products EU citizens consume do not contribute to deforestation or forest degradation.[15] If EAC exporters are not able to comply with these requirements, they are likely to become less competitive to other export markets, for example in Latin America or Asia.

The global logistics landscape is evolving in tandem, with increased emphasis on cost efficiency, sustainability, and resilience. For East African nations, particularly those involved in high-value agricultural exports, **the shift from air to sea freight is emerging as a critical opportunity to enhance competitiveness while aligning with global sustainability goals**. Currently, much of the region's fresh produce is reliant on air-freight, which, although effective in maintaining quality for perishable goods, is becoming less viable due to rising costs and climate concerns. Concerns over emissions have led retailers such as Lidl, Aldi and Albert Heijn to prohibit air-freighted fruits and vegetables in certain markets. Compounding environmental worries are escalating costs; air freight rates soared during the pandemic and are set to rise further with the phasing out of EU ETS free allowances by 2026. Pre-COVID rates of approximately $1.5 per kg have increased to about $2.5-2.8 per kg, eroding the competitive edge of East Africa's horticultural exports. Transitioning to sea freight is vital to reduce logistics expenses and enhance market competitiveness. Additionally, the limited air freight routes from East Africa restrict market access. Sea freight offers a solution by increasing capacity and enabling entry into new markets, bolstering the reach of the region's horticulture exports.This is however subject to various challenges being addressed, as elaborated under section 2.2

Women and Youth in the EAC

Women and youth are two critical constituencies of the EAC and Africa as a whole**.** Research estimates that **40% of intra-African trade is informal trade and 70% of cross border traders are women**[16]. Moreover, the AfDB estimates that **the 10–11 million youth annually entering the job market across Africa compete for only three million formal jobs generated**[17]. The EAC Treaty (1999) makes various provisions to enhance engagement of various non-state actors, including women and youth, in the integration process.

The Treaty emphasises **gender mainstreaming and respect for women's rights as one of the fundamental principles that will govern the EAC integration process**. This approach is elaborated in the EAC Gender Policy (2018), where the Community aims to promote the development, coordination, harmonisation and reporting on gender equality commitments; strengthen the mainstreaming of gender concerns in all sectors of the planning and budgetary processes; promote women's participation in political processes and decision-making at all levels, and, promote equal access to and control of productive resources and participation in regional trade. As stipulated in Sustainable Development Goal (SDG) 5, the achievement of greater gender equality in trade is essential. There is also a strong economic rationale for economic, social empowerment and the greater inclusion of women in trade. Countries that provide more equitable economic opportunities

---

[15] https://environment.ec.europa.eu/news/green-deal-new-law-fight-global-deforestation-and-forest-degradation-driven-eu-production-and-2023-06-29_en

[16] UNDP and AfCFTA Secretariat: The Futures Report: Making the AfCFTA Work for Women and Youth. 2020

[17] AfDB: Jobs for Youth in Africa. 2018

for women are more competitive in the global economy.[18] According to a McKinsey report advancing women's equality in terms of labour force participation could add as much as $12 trillion, or 11% to global annual GDP by 2025 (2015). Elimination of gender-based segregation in specific sectors and occupations could increase output by 25% through better allocation of women's skills and talent (World Bank 2013).

In parallel, the **important role of youth in development has been articulated in various policies, strategies and frameworks**, including the EAC Social Development Framework (2013) and the EAC Youth Policy (2013), which both recognise the critical place of the youth in the EAC. Research has found that a one percent increase in intra-African trade results in 0.45 percent reduction in overall youth unemployment rate in the continent[19]. The EAC is dominated by the youth, with about 80% of the region's population being below 35 years of age; 45% of whom are under the age of 15 and 28% between the ages of 15 and 24.[20] To harness the potential of this group, the EAC continually engages directly with young people and youth organisations, through various platforms. The EAC Treaty calls on Partner States to closely co-operate amongst themselves in the field of social welfare with respect to, among others, the youth; and to create an enabling environment for the participation of the business community, civil society and other interest groups in the integration process.

There is a strong economic rationale for the inclusion and empowerment of youth in trade. **Engaging young people in economic activities not only addresses youth unemployment but also enhances overall economic competitiveness**. For instance, the World Trade Organization's report on "Empowering Youth for Sustainable Trade" highlights that policies boosting youth participation in global commerce can make trade more inclusive and promote economic growth. Despite improvements in employment rates, about 20% of young people globally were not engaged in employment, education, or training in 2023. Empowering youth through entrepreneurship has shown positive economic impacts. The Tony Elumelu Foundation in Africa has invested $100 million in fostering youth entrepreneurship across 54 African countries. As a result, these young entrepreneurs have generated over $2.3 billion in revenue and created 400,000 jobs, demonstrating the substantial economic contributions of youth-led businesses[21].

2.2. Rationale

SITA is flagship initiative of Denmark's *"Africa's Century: Strategy for Strengthened Danish Engagement with African Countries"* positioning itself as a key vehicle for delivering on the strategy's ambitions to increase opportunities for trade and investment in Africa and positioning Denmark and, in particular, the EU as a preferred partner.. Engaging partners at continental regional and national levels, SITA strengthens Denmark's political and economic policy dialogue across Africa, reinforcing Denmark's commitment to fostering mutually beneficial trade relationships, green economic growth, and inclusive development**.** Through its focus on trade facilitation, business competitiveness, and private sector engagement**,** Denmark through SITA actively uses the tool of development aid **to promote free trade and economic opportunites and livelihoods within Africa but also improve the framework conditions for European and Danish**

---

[18] Scott, L: Private Sector Engagement with Women's Economic Empowerment: Lessons Learned from Years of Practice. 2017.

[19] AfDB Working Paper: Does Intra-African Trade Reduce Youth Unemployment in Africa? 2014.

[20] The AgaKhan University. East Africa Youth Survey Report. 2017.

[21] https://time.com/7093611/youth-entrepreneurs-climate-action-africa/

businesses in Africa as well enable increased African export to Europe, thus contributing to closer economic integration between Europe and Africa.

Furthermore, **SITA aligns with the EU's broader trade and investment agenda in Africa, as it actively contributes to the EU Global Gateway and the EU-Africa Partnership**. By promoting regional integration through the AfCFTA and strengthening regulatory frameworks in line with EU trade standards, SITA reinforces Denmark's role as a bridge between European and African economic interests. The project's emphasis on high-level engagements and collaborative policy-making ensures that Denmark not only strengthens bilateral relations with African nations but also amplifies the EU's collective efforts in fostering sustainable and rules-based trade cooperation. In doing so, SITA becomes a key instrument for Denmark's Africa Strategy.

In addition, SITA will contribute to a number of other priorities in the Africa Strategy, including by supporting digitilisation in Africa through efforts to digitalize trade, responding to the youth boom through job creation activities, thereby indirectly addressing root causes of irregular migration, and contributing to the green transition in Africa through support to the air-freight-to-sea-freight transiton.

At the continental level, SITA will support the effective implementation of the AfCFTA through high-level policy advocacy targeted at African and international leaders across the continent as well as global fora.

Complementing the work at the continental policy level, SITA will address trade barriers in East Africa through three interrelated components: i) Facilitating Smart Corridors along the Northern Corridor; ii) Facilitate transition from air to sea freight for East African exports and iii) Facilitating Sustainable and Inclusive Trade for Women and Youth in Eastern Africa.

The rationale for each of the four components is set out below.

Component 1: Policy Advocacy to Support the Implementation of the AfCFTA

The potential development benefits of the AfCFTA are vast. Tariff reduction will be a key contributor to the gains, as several nations in the region still have high tariffs. However, **trade facilitation measures envisaged under the AfCFTA Protocols, such as eliminating non-tariff barriers and enhancing border infrastructure, will lead to even bigger gains, contributing to a potential USD 292 billion of the expected benefits**.[22] This is because Africa's intra-regional borders are ranked as very restrictive when measured by the cost of cross-border trade due to burdensome regulatory procedures and poor infrastructure, transport, and logistics. If these issues are addressed under the AfCFTA, the result will be reduced red tape, lower compliance costs for businesses, and ultimately easier integration into continental and global supply chains.[23]

Also notable is that the **AfCFTA goes far beyond the traditional 'free trade area' as it includes trade in services, investment, intellectual property rights, competition policy and e-commerce**. Trade in services is increasingly being recognised as the future of trade and a transformational force in the global economy.[24] Transportation and related logistics, such as freight handling, clearing, and forwarding, are now viewed as

---

[22] World Bank: The African Continental Free Trade Area: Economic and Distributional Effects. 2020.

[23] Echandi, Roberto; Maliszewska, Maryla; Steenbergen, Victor. 2022

[24] WTO: World Trade Report, 2019: The future of services trade. 2019

potential growth drivers, particularly as intermediate inputs into manufacturing. These services are also crucial for integrating the manufactured goods industries into national, regional, and global value chains.

The AfCFTA is a hugely ambitious and comprehensive undertaking both in terms of the areas covered under the agreement and number of countries included in the process. Exemplary progress has been made in completing the framework agreement and protocols as well as the initial institutional structure required for its implementation. Despite this progress, several challenges remain.

The large number of countries involved in the AfCFTA means that negotiations on tariff and services concessions are taking much more time than originally intended. The original date to start trading under the agreement was January 2021. However, even the limited trade under the Guided Trade Initiative (GTI) commenced only among eight nations in October 2022. One of the reasons to launch the GTI was to allow those countries that are ready to trade under the AfCTA do so without waiting for all negotiations to be completed.

The main obligation to domesticate and implement the AfCFTA rests on State Parties. Countries must firstly participate in negotiations by submitting tariff and service offers, negotiating rules of origin and other remaining areas. They must also domesticate AfCFTA commitments via issuing required legislation to adopt AfCFTA tariff and service concessions, adopt other legal and institutional measures to start trading (e.g. rules of origin, certification), amend regulatory regimes in line with services commitments. Several countries have been at the forefront of negotiations, but many countries will require assistance to domesticate AfCFTA obligations in their domestic legal and institutional regimes.

The potential of AfCFTA will only be realized if private sector operators start trading under the agreement and reap the benefits. The AfCFTA Secretariat, development partners and private sector associations have been spreading awareness on the benefits of AfCFTA to the private sector on the continent. This work should continue to reach as many businesses as possible throughout AfCFTA countries.

Component 2: Facilitating Smart Corridors

East Africa stands at a critical juncture in its economic development. Trade is a driving force behind this growth, with the Northern and Central Corridors serving as vital arteries connecting the region to global markets. **Significant investments by development partners through TMA have yielded considerable progress, particularly, through the establishment of OSBPs**. As seen above, these OSBPs have streamlined border procedures, improved efficiency, and increased throughput, contributing significantly to the growth of trade in the region.

However, the **rapid economic growth and expanding trade volumes are placing renewed pressure on these corridors**. Border posts are once again facing congestion, and the traditional approach of expanding physical infrastructure is proving costly and slow to implement. **The pace of infrastructure development is simply not keeping pace with the exponential growth of trade and cargo traffic**. This necessitates a paradigm shift in how the region envisions and manages its key trade corridors, including border posts, both now and in the future.

Smart digital technologies offer a transformative solution to this challenge. By leveraging the power of interconnected systems, data analytics, and automation, the region can create Smart Digital Corridors that transcend the limitations of physical infrastructure and usher in a new era of seamless trade and regional integration. There is need to build on the investments that have thus far been made on the OSBPs and other trade facilitation initiatives, with a view to turning the East Africa's trade corridors into intelligent, interconnected, and efficient gateways to regional and global markets.

The achievement of this transformation calls for a comprehensive approach, that will encompass, among others, digitalisation and automation of border processes, including replacing outdated manual systems with cutting-edge digital platforms for customs declarations, cargo tracking, risk assessment, and payment processing, dramatically reducing processing times and minimizing human intervention. In addition, there will be need to deepen integration of services and systems, by connecting government agencies within and across borders through secure and interoperable platforms, fostering seamless information sharing, coordinated action, and a unified approach to border management. In addition, it will call for enhanced information sharing through enabling real-time access to data on goods, people, and conveyances moving along the corridors, empowering officials with the information they need to make informed decisions, manage risks effectively, and ensure the security and efficiency of trade.

Other needed approaches include streamlining and harmonizing regulations and procedures across the region, reducing bureaucratic hurdles, and facilitating the smooth flow of trade, creating a predictable and transparent trading environment; supporting legal frameworks through developing a robust legal framework that enables "borderless" clearance, supports the implementation of digital solutions, and ensures legal certainty and data protection, promoting trust and confidence in the system and supporting physical infrastructure, through strategically investing in modern infrastructure and technology at border posts to support efficient clearance processes, facilitate the adoption of digital solutions, and optimize the flow of goods and people.

Component 3: Facilitate transition from air to sea freight for East African exports

On the shift from air to sea freight, current utilisation for horticulture exports is currently dominated by avocado exports from Kenya, with approximately 4,500 containers shipped annually. There is emerging export of avocados from the Dar es Salaam port in Tanzania as well, but the avocados from inland countries such as Rwanda and Uganda largely take the air freight route, significantly adding to their cost of exports. In Kenya, flower exports via sea freight, which started during the pandemic and moved to around 900 containers annually during 2023, have now significantly diminished due to the Red Sea crisis. Because fruits and vegetables are collected from a wider range of production areas, the produce collected is often of different maturity levels and sizes, but end up packaged together in the same container. This leads to more quality and exposure issues rather than sending smaller consignments with similar types of produce that conform to the same settings required to transport the container. This is a key factor why vegetable exports remain experimental, with sporadic trials conducted but without the establishment of regular shipping schedules.

The current volume of sea freight exports remains limited due to the lack of direct shipping between the port of Mombasa and European ports as well as limited sea freight export infrastructure in Rwanda and Uganda. As the size of ships have started increasing through the use of super carriers, the lack of depth at Mombasa port means that cargo from Mombasa port have to be transhipped through ports in the Middle East. This leads to transit times of 28 days on average, putting significant pressure on maintaining the quality of produce through sea freight. Amidst environmental sustainability initiatives, cost remains a pivotal factor for the transition to sea freight in Kenya. For avocados, the cost benefits are clear with sea freight pricing at $0.6 per kg due to the ability to load 22 tons per container, making sea freight the exclusive mode of transport for this produce from Kenya. However, the lack of sea freight infrastructure in the inland countries does not allow them to use the sea freight route. In contrast, cut flowers, even from Kenya, are still primarily air-freighted despite sea freight costs being marginally lower at $2.1 per kg compared to air freight at $2.5 per kg. The minimal cost saving does not offset the risks associated with sea freight, which hinders a large-scale migration of flower exports from air to sea, even though a modest volume has begun this transition.

Sea freight offers a more sustainable, cost-effective solution that can significantly reduce transportation costs and carbon footprints. However, a successful transition to sea freight requires strategic planning, targeted infrastructure development, regulatory reforms and strong private sector engagement that would together provide a compelling business case to horticulture exporters to allow them to use sea freight. Furthermore, research shows that a shift from air freight to sea freight will significantly reduce carbon emissions, greatly mitigating climate change. **Airfreight, while efficient for speed, emits substantial carbon dioxide, accounting for 2.5% of global carbon emissions, despite transporting only 1% of total global cargo. In contrast, sea freight produces about 2.9% of carbon emissions, but accounts for over 80% of global trade by volume and 70% by value.**[25] A study focusing on Kenya's agricultural exports found that **transporting goods by sea could reduce carbon emissions by approximately 85% compared to air freight**. Similarly, research on Rwandan avocado exports indicated that sea freight emits substantially less carbon dioxide than air freight. The study estimated that sea freight produces about seven times less CO_2 emissions for the same cargo load when compared to air transport[26]

Component 4: Facilitating Sustainable and Inclusive Trade for Women and Youth in Eastern Africa

Given the critical role of women and youth in trade, ensuring inclusive trade growth is key across the region. **Removing impediments and proactively promoting the participation of women and youth in exports will boost trade, household incomes, and social and economic growth for the targeted communities**.

Economic Empowerment of Women Through Trade

Increased entrepreneurship and labour force participation by women leads to income generation, employment, wealth creation and improved social status in the home and society. In addition, evidence shows that increases in women's income correlates with greater expenditure on children and family welfare, unlike similar increases in income among men. This means that interventions targeting women can be more impactful in reducing poverty at household level.

Despite the strong trade opportunities in the EAC and across the African continent, the inclusion of women traders and small businesses remains limited. The generic, but severe, challenges that hinder all SMEs from greater economic growth also affect women-owned SMEs, but to a greater degree. Women traders experience systemic barriers that limit their ability to tap into opportunities arising from integration processes.

---

[25] https://maritime-executive.com/article/eu-kenya-partner-to-ship-fresh-produce-by-sea-instead-of-air-freight

[26] Agroberichten Buitenland. Report on sea freight for Kenya's agricultural exports. Netherlands Enterprise Agency. 2021. See also DH Sustainable Trade Initiative: Sea freight second container trial: Full report 2023 – Rotterdam shared SNV. 2023.

Reports show that many women cross border traders have[27]:

- poor levels of understanding of rights and responsibilities as traders, especially at border points such as export and import requirements, quality and standards compliance, or their rights and obligations under the EAC Common Market Protocol and Customs Union;
- limited access to information especially regarding tax regimes and obligations or to up-to-date market information, rendering them vulnerable to exploitation and having to pay high prices for inputs whilst charging customers too little for their end products;
- are more vulnerable to higher levels of corruption, have time constraints to travel longer distances and seek better deals; and
- have difficulty in accessing transport, logistics and storage facilities; are vulnerable to insecurity and harassment and have low levels of market information and weaker bargaining power.

As a results of these challenges, women informal cross border traders and small-scale traders are unable to take up the advantages offered by integration and other reforms.

Additionally, women-owned businesses in the EAC operate primarily in the informal sector. Their economic contribution is in most cases invisible to Government and goes unrecorded. The informal nature of their business activities excludes women owned businesses from services and business opportunities that are offered to businesses in the formal sector. A recent TMA study[28] established around 70% of the businesses at three sampled borders are not registered with the highest proportion at the Malaba border (Kenya/Uganda) and Namanga (Kenya/Tanzania). This low registration rate is attributable to the small sizes of businesses, which are mainly micro-level with less than 5 employees and engaged in informal or unstructured trade, and the difficulty of complying with formal requirements.

Youth Participation in Trade

Africa has a significant youth population, but formal employment opportunities are not expanding rapidly enough to accommodate the increasing number of young people entering the labour market. Over 72 million youth aged 20 to 24 in Africa are not in education, employment, or training (NEET), with rates exceeding 40% in East and Southern Africa, and reaching as high as 68% for young women in Ethiopia[29]. With limited training and skilling and little or no access to productive resources, the youth face rising unemployment across the region, increasing the risk of irregular migration as many seek opportunities elsewhere. Strengthening economic prospects locally is therefore critical, as also reflected in broader Africa-Europe cooperation efforts, including the *Africa's Century strategy*.

Despite making up a substantial portion of the continent's population, youth participation in cross-border trade remains significantly limited, as they face high unemployment, poor-quality jobs, labor market inequalities, and substantial barriers to entry. The "Case Study of East African Community" report by the United Nations Economic Commission for Africa (UNECA) and the African Trade Policy Centre (ATPC) reveals that youth constitute 75-80% of all informal cross-border traders in the EAC region. In addition a TMA study

---

[27] ITC ACCESS!; Vital Voices Eco Systems; TMA among others

[28] TMA: Baseline assessment of safe trade interventions on women Small Medium Enterprises (SME) and cross border traders. 2022

[29] https://africa.unwomen.org/en/stories/press-release/2022/06/new-regional-study-to-inform-policies-on-youth-not-in-employment-education

indicates that approximately 70% of businesses at key border points, such as Malaba and Namanga, are unregistered, underscoring the predominance of the informal sector and the challenges youth face in formalizing their trade activities.

The limited access to financial solutions by small and informal traders is a factor of both supply and demand forces. On the supply side, there are both digital and non-digital credit solutions, but the uptake is limited due to various factors. The instant, uncollateralized, and relatively hassle-free nature of accessing digital credit makes it an effective tool for youth to manage or smooth their incomes to help manage emergencies that inevitably arise. Despite this, the interest rates charged are extremely high, ranging between 40% to 70% or more on an annualized basis. According to Financial Sector Deepening (FSD) Kenya, repayment distress for digital borrowers resembles those of informal borrowers more than other formal borrowers, and default rates among digital borrowers are especially high. A recent Microsave report[30] also revealed that as farming incomes are seasonal and unpredictable, youth traders rely on informal and digital credit to manage their regular and business expenses. Given the informality of their businesses, many tend to be unregistered, keep poor business records, and have no or weak governance and financial management systems.

It's crucial to recognize that **Africa's growing youth population is driving technological adoption, with young people increasingly turning to digital platforms for work, education, civic participation, and entrepreneurship.** This digital transformation is not only impacting individuals' lives but also shaping the future workforce across the continent. Tech-savvy younger generations hold the key to unlocking Africa’s digital progress, but to fully tap into this potential, governments, development organizations, and the private sector must pay attention to their needs and address the barriers they face in accessing and utilizing new technologies. For example, TMA in 2024 engaged over 50 youth digital champions across the EAC to promote the use of the iSOKO digital platform, which aims to bridge the gap in access to information and markets through technology. The iSOKO digital platform was developed by a team of young software engineers from Kenya working in partnership with TMA's digital team.

2.3. Project Justification

The SITA project contributes to multiple Sustainable Development Goals (SDGs) through its focus on trade facilitation, economic integration, sustainability, and inclusive development. Below is an outline of its contributions to relevant SDGs:

1. **SDG 8: Decent Work and Economic Growth**
    - SITA promotes economic integration and trade facilitation in Africa, improving market access, reducing trade barriers, and enhancing competitiveness.

---

[30] Rutherford, Stuart & Chatterjee, Rahul: Micro-entrepreneurs and occupational hazards: Why do poor people settle for low-return employment? 2019.

- The project aims to increase intra-African trade volumes and international exports, which will create jobs and drive sustainable economic growth.
- By facilitating the transition from air to sea freight, SITA improves cost-efficiency for exporters, reducing transportation expenses and increasing competitiveness.

2. **SDG 9: Industry, Innovation, and Infrastructure**
    - SITA focuses on developing smart trade corridors, modernizing border infrastructure, and enhancing digital trade platforms, which aligns with SDG 9's target on building resilient infrastructure and fostering innovation.
    - Investment in cold chain logistics and digital trade systems ensures that East African exports meet international standards and remain competitive.

3. **SDG 5: Gender Equality**
    - The project promotes inclusive trade by facilitating better market access for women entrepreneurs, addressing systemic barriers they face.
    - Through policy advocacy, SITA works to create a more gender-sensitive regulatory environment, aligning with SDG 5’s targets on economic empowerment of women.

4. **SDG 13: Climate Action**
    - The transition from air to sea freight significantly reduces carbon emissions, supporting SDG 13's climate mitigation efforts.
    - SITA promotes sustainable trade policies, encouraging greener supply chain practices and reducing the environmental impact of logistics.

5. **SDG 10: Reduced Inequalities**
    - By improving trade facilitation and market access for small-scale traders, women, and youth, SITA reduces inequalities in economic participation.
    - The project supports informal cross-border traders, helping them transition into the formal economy.

6. **SDG 17: Partnerships for the Goals**
    - SITA is implemented through a collaborative approach involving TradeMark Africa (TMA), Denmark, the AfCFTA Secretariat, the EAC, private sector stakeholders, global / regional trade associations and as part of a Team Europe approach.
    - It supports high-level policy advocacy to strengthen regional trade frameworks and regulatory harmonization, reinforcing SDG 17’s focus on multi-stakeholder partnerships.

Looking at the proposed intervention through the OECD/DAC evaluation criteria, the proposed interventions all have strong justification as elaborated in the table below.

Table 2: Project justification by OECD DAC criteria

Criterion	Justification
Relevance	The AfCFTA is a Flagship Project under the AU's Agenda 2063, and as such is a top priority for the African continent. The coming into force of the Agreement was a landmark moment for Africa, although actual trade under the AfCFTA remains to be low. A lot of work remains to be done in the ongoing negotiations as well as at technical levels along nascent trade corridors connecting disparate regions of the continent. Without significant and tangible gains in these areas, which SITA will contribute to enabling, there is a risk that advances made will be lost and the potential of the AfCFTA will go unrealized. SITA has also strong relevance to the EAC region as it addresses critical challenges in East Africa's trade infrastructure, particularly smart corridors gaps, limitations of sea freight exports and the need for gender-inclusive trade growth. The project is aligned with the region's economic development priorities, aiming to enhance trade facilitation and integrate women and youth into regional and global trade markets. By leveraging smart digital technologies and sustainable practices, SITA contributes directly to economic and environmental objectives while fostering a more inclusive trade ecosystem.
Effectiveness	TMA is a leading African institution that has credible experience delivering transformative change through the improvement of trade systems. The continental component provides TMA with a platform of global interest, enhancing the reach of its services. The envisaged advocacy work will enable TMA to do more, faster with its partners in the AfCFTA Secretariat as well as with Partner States. This will help build momentum and enhance the convergence of the continental integration agenda. SITA employs a multifaceted approach, incorporating strategic planning, targeted infrastructure development, regulatory reforms, and strong private-sector engagement to facilitate a transition to more efficient trade mechanisms, particularly sea freight. The project builds on the success of OSBPs, which have improved trade throughput and efficiency. It further enhances these gains by digitalising and automating border processes, promoting inter-agency information sharing, and integrating trade services across borders. The emphasis on technology-driven solutions and regulatory harmonization ensures tangible and measurable improvements in trade facilitation.
Efficiency	As the SITA project is aligned with TMA's current Strategy 3 (2023-2030), this will allow Denmark to pursue the four main components in a highly efficient way. TMA is already providing technical advisory support to the AfCFTA Secretariat along with several Partner States. In East Africa, the work on OSBPs builds on over a decade of experience at TMA, with established networks and governance mechanisms involving all key national and regional stakeholders readily at play. The air to sea freight component is a Global Gateway initiative, with the EU and Dutch already funding several workstreams, allowing Denmark to complement the ongoing work and leverage Denmarks prior investment in the inception phase of the air to sea freight work. Similarly the component on women and youth builds on previous phases of TMA work and existing investment on social inclusion and trade, especially by Canada, as well as a broad and active stakeholder network.
Impact	The AfCFTA, if fully implemented, is expected to have positive impact on Africa's global GDP, trade, output and welfare with benefits largely concentrated in intra-African trade. Addressing non-tariff measures, an area of TMA's specialization, would maximize the benefits from the AfCFTA with the potential positive impact multiplied by 2 to 4 times if compared to a situation where only tariffs are liberalized. [31] Through a structured shift towards sea freight and the promotion of future-proof border systems, SITA aims to enhance East African countries' market access while driving economic growth, providing economic opportunities for farmers, producers and traders. The project's sustainability-

---

[31] UNECA: Takeaways from the expected impact of AfCFTA's implementation. 2021.

	oriented approach seeks to reduce carbon emissions, contributing to global climate change mitigation efforts. Additionally, by fostering greater economic participation of women and youth, SITA promotes social and economic empowerment, thereby supporting long-term poverty reduction and inclusive economic transformation.
Sustainability	SITA is designed for long-term sustainability, integrating strategic planning, infrastructure development, regulatory reforms, and private-sector engagement. By embedding trade facilitation improvements within robust legal and regulatory frameworks at both continental and regional levels, the project ensures the lasting impact of its interventions. Furthermore, investment in physical infrastructure and digital trade solutions enhances the durability of reforms, while continuous stakeholder engagement—particularly with governments, trade associations, and development partners—ensures sustained momentum and policy support beyond the project's implementation phase.
Coherence	SITA is aligned with with regional and international development agendas being pursued in EAC and Africa more broadly. Key themes include environmental sustainability, gender equality, and regional economic integration. It directly supports the AU's and EAC's trade and development goals while complementing EU's broader engagement in East Africa's economic integration. Its alignment with existing partnerships and regional frameworks enhances its strategic coherence and reinforces synergies with ongoing trade facilitation initiatives.

2.4. Main Actors and Stakeholders

The main partner for implementation and the beneficiaries and stakeholders who will benefit from the implementation of SITA are elaborated below:

Main Partner: TradeMark Africa

TMA is chosen as the single partner for implementation of SITA. While implementing through a single partner carries certain risks, the modality also has significant advantages in terms of simplifying management of the programme, making it more efficient and coherent. A thorough assessment of TMAs strengths and weaknesses and the advantages of implementing through TMA only has formed the basis of the decision and is laid out in the following.

TMA **is widely recognised as a trade facilitation agency that implements and delivers results effectively.** Denmark was one of the founding partners of TMA (formerly TradeMark East Africa - TMEA) and has supported it since 2011, with the partnership founded on a positive working relationship. By implementing the SITA project through TMA, Denmark gets a one-stop solution for the delivery of all the objectives of the project on continental, regional and national levels. Of all the organisations reviewed during the scoping and formulation phase, TMA was the only one that could offer a unified implementing modality combining continental and regional approaches.

TMA has a strong history of successfully implementing trade facilitation and trade development projects across East Africa and beyond. Since its inception in 2011, TMA has successfully managed a cumulative investment of over USD 1.3 billion, which have resulted in significant reduction of the time and costs of trading across borders. TMA specialises in trade facilitation, infrastructure development, and private sector development. Their projects have led to substantial improvements in border procedures, customs processing, and overall trade efficiency. TMA has become the *de facto* go-to implementing agency in Eastern Africa for trade facilitation reforms nationally and regionally. During the second strategy period TMA also expanded its reach to Southern African and the Horn.

In Strategy 3, "Building Sustainable and Inclusive Trade for Africa (2023-30)", TMA have set a continent-wide scope for their activities and will work to replicate their successes in Eastern Africa along transit corridors and trade systems in all corners of Africa. The strategy builds on TMA's comparative advantage as a development actor in driving improved market access, through engaging the full range of stakeholders in an integrated approach that combines a focus on the trade and investment environment; improving the quality and value of traded goods; enhancing digital systems; and increasing physical connectivity. The work of TMA under the current strategic is anchored on these pillars, which TMA has significant experience with, while explicit focal areas on driving both greener and more inclusive trade are added. TMA can build on gains already achieved, learning the lessons from successful approaches, and applying experience from more mature operational markets to new geographies, while deploying innovative technologies and approaches in areas where core interventions have already been embedded. The Theory of Change for TMA's Strategy 3 is abridged in Annex 3.

TMA currently works in 14 countries across East and West Africa, Southern Africa and the Horn. TMA's headquarters are in Nairobi, Kenya. Offices are in: EAC Secretariat - Arusha, Burundi, the Democratic Republic of Congo, Djibouti, Ethiopia, Ghana, Malawi, Rwanda, Somaliland, Tanzania, and Uganda, with operations in Mozambique, South Sudan and Zambia. This continent-wide presence allows TMA to effectively coordinate and implement projects that span multiple regions. That said, TMA has only recently set out to establish itself as a continental rather than East African organisation. While the organisation has close linkages with the AfCFTA Secretariat, its ability to deliver programmes at scale and pace in regions outside of Eastern Africa remain somewhat untested. However, this disadvantage is relatively contained given that the continental work under SITA is focussed on high-level policy advocacy and engagement work, which TMA is strong in given the solid relationships the organisations has built with governments in Africa over the years.

A number of actors are relevant in order to deliver on the objectives of SITA. To avoid a complex and unmanageable programme structure, these are included in relevant activities through TMAs existing relationships. **To ensure local ownership and voice, TMA works directly with key agencies and organisations responsible for implementing the various interventions targeted by SITA**. These agencies not only lead on implementation, but also provide project operational oversight through the TMA oversight structure, particularly the regional and National Oversight Committees (NOCs). These agencies and organisations include:

- The **AfCFTA Secretariat**, based in Accra, Ghana, functions as the framework for the trade facilitation activities on the continent. The Secretariat is the administrative organ mandated to coordinate the implementation of the AfCFTA. TMA is providing direct technical expertise into the Secretariat to support the ongoing negotiations and implementation of the protocols. With funding from the Mastercard Foundation, TMA is supporting the establishment and workings of the new Private Sector Unit at the Secretariat.
- The **EAC Secretariat** (EACS) brings together EAC Partner States and leads on policy development at the regional level. For example, the necessary work on policy development related to the introduction of smart corridors and other advanced trade facilitation measures at the regional level will be spearheaded through the Directorates of Trade and Infrastructure. TMA has a longstanding partnership with the EACS and there are several advantages to work through TMA:

  - **Efficiency and Implementation Capacity:** TMA has a proven track record of efficient programme delivery, leveraging its regional presence, technical expertise, and experience in managing trade facilitation initiatives. The EACS, while a key policy body, has often faced challenges in project execution due to bureaucratic constraints and resource limitations.
  - **Flexibility and Responsiveness**: As an independent implementing organisation, TMA can be more agile in adapting to emerging priorities and adjusting interventions without the lengthy decision-making processes that often characterise intergovernmental bodies like the EACS. As such, SITA can minimize the risk of being delayed by political bottlenecks and administrative contraints
  - **Stronger Private Sector and National Engagement**: TMA works directly with national governments, private sector actors, and civil society, ensuring that projects reflect the needs of businesses and traders across EAC member states. This multi-stakeholder approach is critical for achieving practical trade facilitation outcomes.
  - **Risk Management and Financial Oversight**: Development partners, including Denmark, often seek stronger financial controls, monitoring, and reporting mechanisms. TMA operates with robust fiduciary oversight and performance-based management systems, ensuring transparency, accountability, and measurable results.
  - **Regional Integration with Implementation Focus**: While the role of EACS is central for policy coordination, TMA focuses on implementation, helping to translate regional agreements into practical trade facilitation measures (e.g., border infrastructure, digital systems, customs harmonisation).
- **National Revenue Authorities**, specifically the **Customs Departments** and other border agencies including those responsible for standards, sanitary and phyto-sanitary measures and security will be responsible for driving the work on smart corridors and trade facilitation at national level. TMA has longstanding relationships with the Revenue Authorities in East Africa.
- **Ministries responsible for transport**, who are responsible for infrastructure development, ports and railways at the national level are also critical in implementing interventions related to corridors and air to sea freight.
- On the women and youth component, implementation partners will be those working directly with targeted women and youth businesses, who operate primarily in the informal sector. Potential partners include the **East African Women in Business Platform, the African Youth Trust and the E4Impact Entrepreneurship Centre in Kenya**.

Working with partner agencies allows TMA to leverage the comparative advantages, presence and expertise of various partners, while ensuring coherency across the project activities and timely and impactful management and implementation of SITA. TMA's own comparative advantage is in its ability to map out and deliver multi-stakeholder initiatives in a highly professional and proficient manner. TMA's implementation model includes work of its own experts, or specialist contractors/grantees. Where necessary, TMA will therefore bring in external third party technical expertise to provide advanced technical solutions. TMA has its approved procurement approach and this includes contracts for works or services, as well as grants to strategic partners. In practical terms, this means that TMA has the capability to deliver much larger and more complex projects than its partners would on their own.

For Denmark, implementing SITA through TMA offers the ability to leverage joint investments with other EU countries through a Team Europe approach in line with the Africa Strategy. TMA is actively engaging with the EU teams both in Brussels and the EU Delegation to Kenya to shape the Trade Facilitation narrative and design of the Global Gateway Initiatives (GGI). There are 12 Global Gateway priority trade corridors in Africa, including the Central and Northern Corridor which SITA will contribute to. TMA is active on six corridors and is engaging on three more. TMA is currently funded by 12 public and private donors, over half of which are EU or EU Member States: the Bill and Melinda Gates Foundation, Canada, Denmark, the European Union, Finland, France, Ireland, the Mastercard Foundation, the Netherlands, Norway, Sweden, and the UK.. TMA has been successfully pillar assessed by the EU in 2023. A structured Partner Assessment is abridged in Annex 2.

Beneficiaries

The primary beneficiaries of this project will be the business community in the EAC Partner States, both importers and exporters. This will be through supporting governments to provide improved infrastructure; trade facilitation and the policy reforms expected to lead to reduced costs of trade within and from the EAC. This wil create a trade environment with increased market access. Through the targeted capacity enhancement for compliance and for trading expertise, the business community will increase the level of exports, both within the region and out of the region.

Ultimate beneficiaries are the EAC citizens that are expected to benefit from increased economic growth, employment creation, efficiency gains in various sectors, reduced cost of goods and services that will arise from implementation of the targeted interventions. Through the women and youth intervention, women- and youth-led businesses in the region are expected to benefit from more effective engagement towards a more inclusive participation in regional economic integration.

2.5. Alignment with Denmark's Priorities

Denmark's new Africa strategy signals a shift in engagement with African countries to a more balanced, collaborative approach.

As outlined above, SITA will be rolled out as a flagship project of the new Danish Africa strategy.

Denmark's strategy for Development Cooperation, *'The World We Share',* emphasises the need for Danish development projects to prevent and fight poverty and inequality, conflict and fragility, displacement and irregular migration. As elaborated in section 2.3, SITA addresses several SDGs covering these themes.

Synergies and alignment with other Danish-funded programmes

SITA has strong potential for synergy with other current Danish initiatives in partner countries. The country projects are the following:

- Ethiopia: DKK 24 million, 2025-28
- Kenya: DKK 110 million, 2021-25
- Uganda: DKK 30 million, 2023-28
- Somalia: DKK 1,2 billion , 2024-28 (complemented by the Peace and Stabilisation Programme for the Horn of Africa)

The Royal Danish Embassy in Addis Ababa is supporting the implementation of the AfCFTA directly. The project with UNECA - "Support to the implementation of the AfCFTA" – from 2025 to 2028 will focus on enhancing the capacity of AU Member States, Regional Economic Communities (RECs) and the private sector, to inclusively domesticate and operationalize the AfCFTA with clear green and blue ambitions. UNECA will also assist Member States developing national AfCFTA Implementation Strategies and support the interaction between Member States and the AfCFTA Secretariat in Accra. The project will contribute DKK 24 million towards this goal during 2025-2028. The objective of the development cooperation among the parties is to enhance the capacity of AU Member States, RECs, and the private sector, to inclusively domesticate and operationalize the AfCFTA. As such, the advocacy envisaged under SITA will complement the concrete capacity-enhancing work to implement AfCFTA under the programme supported through the Embassy in Addis Ababa.

The African Trade Policy Centre (ATPC) at UNECA is also a close partner of the AfCFTA Secretariat and has had a central role in supporting the AfCFTA negotiations. Coordination and collaboration with the ATPC will be of paramount importance when implementing the continental component of SITA, as they may be able to provide insights or entry points to developments that are otherwise indecipherable.

In Kenya, under the Strategic Framework for Denmark-Kenya Partnership 2021-2025, Denmark is supporting, the promotion of green, sustainable and inclusive economic growth and decent jobs with an emphasis on youth as well as market opportunities for Danish companies and investors with relevant solutions. Concretely, Denmark is supporting Kenya in improving business competitiveness, creating an enabling business environment and lowering the costs for Kenya's integration in regional and global markets, not least through the implementation of the AfCFTA. The TMA Kenya Country Programme (KCP) is a main implementing vehicle for Danish strategic objective of creating green, sustainable and inclusive economic growth and decent jobs.. SITA will build on and strengthen Denmark's support to Kenya by reinforcing efforts to improve business competitiveness, enhance regional trade integration, and promote sustainable economic growth.

By supporting trade facilitation and regulatory reforms, SITA will help lower the costs of regional and global market integration, ensuring that Kenya's green and inclusive economic growth translates into tangible trade opportunities. SITA will also enhance Denmark's work in business environment reforms and private sector development by fostering policy dialogue, improving trade logistics, and ensuring regulatory harmonization across the EAC. This aligns with Denmark's support for TMA KCP. Additionally, by supporting sustainable value chains and compliance with international trade standards, SITA will strengthen Kenya's ability to leverage green trade opportunities, ensuring that Danish-supported innovations and investments contribute to a competitive and resilient economy.

In Uganda, under the Strategic Framework for Uganda 2023-2028, Denmark is promoting a green, sustainable and inclusive economic transformation through i) building a climate resilient border market for informal traders at Elegu, which is the border between Uganda and South Sudan; ii) supporting work on standards for exports, specifically focusing on building the capacity of the Uganda National Bureau of Standards (UNBS), to decentralise, increase facilities, including at border points and to become certified, including for eco labelling; and iii) address compliance with EUDR, particularly in the coffee and cocoa sectors.

TMA Uganda Country Project is the main implementing partner for the green, sustainable and inclusive economic transformation, with support worth DKK 30M for five years. **SITA will complement Denmark's work in Uganda by reinforcing efforts to strengthen regional trade integration, private sector competitiveness, and sustainable economic transformation**. SITA will strengthen cross-border trade facilitation by tackling NTBs and streamlining trade procedures, ensuring that investments in border infrastructure, such as the Elegu market, translate into economic opportunities for small traders. It will also reinforce Uganda's export competitiveness by supporting businesses in meeting international quality and compliance standards, aligning with Denmark's work to decentralize UNBS and improve certification, including eco-labeling.

On sustainability and regulatory compliance, **SITA will support Uganda's adherence to the** EUDR**, helping businesses in coffee and cocoa sectors adopt green trade practices and value addition**. It will also leverage Denmark's investment in TMA by driving regional policy dialogue, private sector engagement, and institutional reforms, creating a more integrated and predictable trade environment. By strengthening trade linkages, improving standards, and advancing sustainable market access, SITA reinforces Denmark's commitment to Uganda's green, sustainable, and inclusive economic transformation, ensuring trade-led growth also supports economic resilience and stability in Uganda and the wider region.

While there has been limited engagement in Tanzania over the last few years, **a new Danish approach to Tanzania is currently under development.**

The long-term vision for Denmark's partnership with Somalia is to support a more stable, inclusive prosperous, and resilient Somalia addressing root causes of instability, poverty, vulnerability, and inequality in line with Somalia's National Development Plan.[32] This is delivered through three strategic objectives: i) Ensure adaptation to climate change through equitable access to resources and enabling inclusive and green growth; ii) Promote stability and security, inclusive state building and protection of human rights; and iii) Strengthen resilience and addressing displacement and migration. Denmark's bilateral peace and stabilisation work is anchored in the Peace and Stabilisation Programme for the Horn of Africa (PSP), which contributes to addressing the root causes of instability in the Horn of Africa region and help mitigate the consequences in Somalia, Ethiopia and Kenya and their destabilising impact on each other in an effort to improve personal security, peace and stability in the region.

The Denmark-Somalia Strategic Framework 2024-2028 recognises the potential that Somalia, having the longest coastline in mainland Africa, has to act as a regional powerhouse in trade. Increased trade between neighbouring Ethiopia and Kenya could bring with it a demand for increased stability. SITA is looking to reduce the cost and time it takes to use formal trade routes. This means that the formal trade becomes more competitive against informal and illegal trade – the reduction of which is one of the impact indicators for PSP, as this will diminish the incomes violent extremist organisations are able to raise. PSP also recognises the important role of small traders in cross border trade and how providing more fair access to markets is aligned with the concept of multi-dimensional poverty.

---

[32] MFA Denmark: Denmark-Somalia Strategic Framework 2024-2028

SITA's alignment with Global Gateway initiatives on Northern Corridor

The table below sets out the key interventions and actions that are part of the Global Gateway along the Northern Corridor from Mombasa to Kisangani. This corridor has been chosen as one of the 12 strategic corridors under the GGI. The EU has identified a pipeline of 17 projects for the period 2024-26, with TMA identified as the key implementing partner on several actions, including an ongoing Pre-Feasibility Study and Feasibility Study for Developing Border Posts.

Table 4: Mapping of TMA actions that are part of the EU Global Gateway along Northern Corridor

Intervention Area	Key Actions	Donor Support
Horticulture (Air-to-Sea Freight Shift)	- Developing consolidation centers (Naivasha & Mombasa) - Implementing cool rail solutions - Piloting non-controlled atmosphere reefer containers - Research into post-harvest treatments & better packaging - Establishing bi-directional reefer routes	Netherlands, EU, Denmark (planned under SITA)
Trade Facilitation & Border Efficiency	- Installing smart gates at key trade nodes - Piloting paperless trade for faster clearance - Enhancing cross-border systems (AEO framework, SPS compliance, traceability) - Strengthening digital trade governance for secure transactions	Netherlands, EU
Digitalization & Smart Corridors	- Scaling Trade Logistics Information Pipeline - Strengthening digital trade portals for market intelligence - Leveraging AI & big data for trade analytics	Netherlands, EU, Denmark (planned under SITA)
Infrastructure & E-Mobility	- Feasibility study for smart gates at Mombasa port - E-mobility adoption for Mombasa & Naivasha dry ports - Advanced scanners, green lanes, upgrading utilities	Sweden, Denmark (planned under SITA)
LAPSSET Corridor & Ethiopia-Kenya Trade	- Supporting cross-border trade facilitation - Pre-feasibility study for One-Stop Border Posts (OSBP) - Exploring commercial models for OSBP development	Sweden, EU
Sustainability & Climate Compliance	- EUDR readiness & compliance strategy - Capacity building on climate trade regulations - Supporting green transport initiatives along the corridor	Sweden, EU

SITA's alignment with other Donor Projects

Several development partners are actively supporting trade facilitation, regional economic integration, and private sector development across Africa, with a mapping of key donor projects included in *Annex 1 (a)*.

Germany (BMZ/GIZ), the EU, UNECA, and the World Bank, are financing regional economic integration, institutional strengthening, and trade facilitation across Africa. **BMZ's Africa Strategy and GIZ's SEAMPEC II programme** are investing in value chains and trade in services, while the **EU's AfCFTA support and MARKUP II** aim to enhance intra-African trade and value addition. SITA complements these initiatives by ensuring that infrastructure and policy frameworks directly improve trade efficiency, particularly along the Northern Corridor and through digital trade platforms.

The EU, Germany, France, and Sweden funded Team Europe AfCFTA initiative, alongside **UNECA's Africa Trade Policy Centre (ATPC)**, support policy formulation at the **AfCFTA and REC levels**, where SITA's **high-level advocacy efforts will reinforce implementation**. Meanwhile, **the World Bank's BIASHARA 2063 programme**, which strengthens the AfCFTA Secretariat and regional institutions, benefits from SITA's on-the-ground interventions that help businesses and border agencies operationalise policies.

2.6. Project identification and formulation process

For the development of SITA, the Embassy of Denmark in Nairobi commissioned a Scoping Study in early 2024, during which an extensive stakeholder consultation process was carried out. The consultations involved discussions with the EAC Secretariat; East African Business Council, and selected members in Kenya, Uganda and Tanzania; EAWIBP, Revenue authorities; donors supporting the regional economic integration agenda in the EAC, including the GIZ, EU, Netherlands, Finland, FCDO and the Embassies of Denmark in Kenya and Uganda.

The study identified and reviewed several options for the intervention areas of the project at the continental and East African regional levels. The team also identified a number of potential implementation partners for the new programme. These included TMA; World Bank through their Umbrella Facility for Trade; the Team EU Technical Assistance Facility for AfCFTA support; direct support to the AfCFTA Secretariat; direct support to the EAC Secretariat; and GIZ.

The Embassy of Denmark in Nairobi in consultation with Copenhagen and other Embassies agreed on the main components and geographical focus of SITA as outlined in this document. Key criteria for the decision included:

- Combining key elements of the Africa Strategy, including trade, investment, climate, youth, and the role of strategic sector coordination
- Leveraging existing and planned Team Europe and Global Gateway investments
- Managing a continental and regional multi-component project through a unified and streamlined implementation modality, i.e. one implementing partner

In the third quarter of 2024, project formulation commenced. The consultant worked directly with the main implementing partner, TMA, to undertake the detailed formulation of SITA, which included follow-up consultations with key stakeholders.

3. Project Objective and Components

3.1. Project Objective

The development objective of SITA is to promote free trade and economic opportunites and livelihoods in Africa. At the continental level, this will enhance Denmark's reach across and weight in global trade and development fora, including at the WTO, the EU-Africa Summit, and G7.

At the regional level in East Africa, SITA will deliver interventions to increase intra-EAC and inter-RECs trade in Africa as well as international exports using an integrated corridors approach. This is pursued by integrating corridor and border managements frameworks and enhancing market system approaches that work to identify and address challenges facing both both the public and private players along the selected corridors.

A value chain approach will be used along the Northern and Central Corridors in Kenya, Tanzania, Uganda and Rwanda to identify underlying constraints and potential for exports to create jobs and promote sustainable economic growth. A **corridor approach** enables the forming of a holistic view of the entire trade logistics chain, from the point of origin to destination. It will help to improve the efficiency, reliability and cost-effectiveness of the entire trade route, encouraging coordination among all stakeholders, including Governments, transporters, logistics providers and traders.

SITA will pursue four impact indicators. The project is anchored on a more continentally and internationally aimed component to **deliver high-level policy advocacy targeted at African and international leaders to enhance the implementation of the AfCFTA**. Significant volumes of trade are yet to materialise under the AfCFTA. Accordingly, the focus will be on establishing the viability of the arrangement. The impact indictor for the frist component will be *the value of traded goods and services under the AfCFTA arrangement*.

The second impact indicator will follow *poverty levels along the corridors with OSBPs*. The focus of component 2 (Facilitating Smart Borders) will be on improving the efficiency of One-Stop-Border-Posts along the Northern and Central Corridors, as these risk becoming overly congested as trade volumes continue to grow. Qualitative and quantitative research have shown positive links between increased trade activity and economic opportunities and improved livelihoods for residents along the transport corridors.

Diagram 1: Northern Corridor

Source: TradeMark Africa

In parallel, component 3 (Transition from air to sea freight) will increase the competitiveness of sea freight for containerised horticulture exports compared to air freight in Kenya and further along the corridors. The transition will enable *increased export trade volumes* with significantly reduced CO2 emissions (impact indicator 3).

The fouth component will target youth and women entrepreneurs and their representative organisations, with the aim to increase the value of earnings that they are able to make from cross-border trade activities (impact indicator 4). This will be reached through *increased market access in cross-border trade and support improved gender and generational responsive policy and regulatory trading environments*.

3.2. Project Components

Component 1: Political Advocacy to Support AfCFTA Implementation

Based on its previous experience of what has worked to deliver transformative change in Eastern Africa, TMA will advocate for trade facilitation reforms across Africa that are inclusive, data-driven, and aligned with the objectives of the AfCFTA. The central opportunity provided by the AfCFTA is clearly identified in Denmark's Africa strategy. There is an identified need to ensure that both Denmark and EU play a greater role in trade and investment across the African continent, and continue to serve as an attractive and responsible partner for African countries in the future.

i. *Knowledge creation on key advocacy themes*

SITA will include a pool of resources to allow the commissioning of short studies, briefings and other required analysis on an *on demand*-basis. These may cover topics such as the state of play of specific topics of the annexes of the AfCFTA phase 2 (investment, competition policy, and intellectual property rights) or phase 3 (E-commerce and digital trade, and Women and youth in trade) negotiations, market opportunity analysis of sustainable value chains to increase regional exports, political economy analysis to identify key drivers of change to enhance regional integration or a gap analysis to investigate the viability of scaling up climate-smart technologies to increase exports to the EU.

ii. *Advocacy to support AfCFTA implementation*

In addition to a provision for resources to call-down research, TMA will host a small dedicated team to design and deliver the advocacy interventions, including by supporting Danish and EU advocacy opportunities. They will ensure that engagements are prepared and have suitable follow-up mechanisms in place. Identified key opportunities to flexibly deploy action-oriented research and advocacy includes, but is not limited to, the Danish EU presidency (July-December 2025), the EU-AU Summits, the G7/G20 meetings and events at the WTO. Given the EU presidency will commence already during the start-up phase of SITA, TMA should develop an early engagement plan on how to approach this.

The team will also provide ongoing support for the RDE through internal coordination with other MFA units and Embassies as well as working with Trade Council representatives and the Strategic Sector Counsillors. They will also support coordination with other donors, especially in relation to the Team Europe approach.

Component 2: Facilitating Smart Corridors

East Africa's trade corridors, particularly the Northern and Central Corridors, serve as the backbone of regional commerce. However, increasing trade volumes have led to congestion at border posts, inefficiencies in cargo processing, and delays that hinder economic growth. The Smart Corridors interventions are designed to address these challenges by leveraging technology, automation, and regional integration to facilitate seamless trade across borders. **This approach moves beyond traditional infrastructure expansion, instead embracing digital transformation, automation, and process optimisation to create a future-ready trade environment**.

Moreover, the Northern Corridor has been identified as a Global Gateway Initiative with a number of EU donors looking to work collaboratively through a Team Europe approach to leverage each others resources, which the SITA can tap into and add to. The EU is the key partner currently, but also Sweden and Finland are potentially looking to invest in parts of the corridor.

Under the component, four Outputs will be pursued, as follows:

i. Border Diagnostic Study Conducted

The first step in facilitating smart corridors is conducting a comprehensive border diagnostic study. This study will assess the current state of border post operations, identifying inefficiencies, gaps, and bottlenecks that delay cargo clearance and increase trade costs. The study will employ data-driven methodologies, including time-release studies, surveys of traders and logistics operators, and assessments of technological adoption at border posts.

A key focus will be evaluating staffing adequacy, procedural delays, and coordination between customs, immigration, and regulatory agencies. The study will also benchmark border operations against international best practices, such as the World Customs Organization's guidelines for smart borders. Findings from this diagnostic will serve as the foundation for targeted interventions, ensuring that infrastructure investments and digital upgrades align with real operational needs.

ii. Policy Framework(s) on Smart Borders Developed

Following the diagnostic study, the next phase will involve developing robust policy frameworks that support smart border operations. These frameworks will focus on harmonizing customs and clearance procedures across the East African Community (EAC) to create a seamless and predictable trading environment.

Policies will be developed to enable electronic pre-arrival processing, digital risk assessment, and coordinated border management (CBM). The framework will outline regulatory measures to facilitate trusted trader programs, where compliant businesses can benefit from expedited clearance. Additionally, policies will address mutual recognition agreements (MRAs) for trade certifications, enabling goods to move more smoothly across borders without redundant inspections.

Another aspect of policy development will be defining legal provisions for digital transactions and data sharing between border agencies. This will include agreements on cross-border e-signatures, digital customs declarations, and real-time access to trade facilitation data. The framework will also promote gender-inclusive trade policies, ensuring that small-scale traders, especially women and youth, benefit from streamlined border procedures.

iii. Trade Digital Platforms Developed

To enhance efficiency, integrated digital platforms will be developed to facilitate trade processes. These platforms will include electronic single windows (ESWs), smart cargo tracking systems, and AI-driven risk assessment tools.

The electronic single window system will allow traders to submit all required documentation through a unified online portal, reducing redundancies and paper-based processing delays. This system will be linked to other national and regional trade databases, ensuring that traders can complete customs clearance seamlessly across different jurisdictions.

A regional cargo tracking system will be introduced to monitor the movement of goods in real time, providing visibility to traders and customs officials. This will mitigate cargo theft, unauthorized detentions, and smuggling risks. AI-driven risk assessment systems will analyze trade patterns, flagging high-risk shipments for inspection while allowing low-risk cargo to move unhindered.

Additionally, a digital payment gateway will be integrated, enabling traders to pay customs duties, border taxes, and other levies electronically. This will reduce opportunities for corruption, enhance transparency, and expedite processing times. Capacity-building initiatives will be undertaken to ensure that customs officials, traders, and transport operators are trained in using these digital tools effectively.

iv. *Smart Border Infrastructure Developed*

To complement policy and digital advancements, targeted infrastructure investments will be made to modernize border posts. These investments will focus on deploying automated cargo scanning equipment, biometric passenger processing systems, and designated fast lanes for authorized economic operators (AEOs).

Automated cargo scanners will significantly reduce inspection times by allowing customs officials to scan entire truckloads in minutes rather than hours. These systems will enhance security by detecting illicit goods while expediting legitimate trade. Biometric passenger processing will facilitate quick and secure verification of travelers and traders, reducing congestion at immigration counters.

Dedicated fast-track lanes will be established for trusted traders and logistics operators enrolled in the AEO program. This initiative will reward compliance by providing priority clearance and reduced inspections for businesses with a strong track record of adherence to trade regulations.

Moreover, investments will be made in upgrading road networks, warehousing, and weighbridge facilities to improve cargo flow efficiency. Smart energy solutions, such as solar-powered border facilities and energy-efficient inspection hubs, will also be deployed to reduce operational costs and promote sustainability.

Component 3: Air to Sea Freight Transition: Enhancing Export Logistics for East Africa

East Africa’s horticulture sector is heavily reliant on air freight for exports to international markets, particularly Europe. However, rising costs, limited cargo space, and increasing environmental concerns have made air transport less viable for exporters. Transitioning to sea freight offers a **cost-effective, scalable, and sustainable** alternative that aligns with global trade trends and climate goals. This component focuses on developing the **necessary infrastructure, regulatory improvements, private sector capacity, and traceability systems** to facilitate a seamless shift from air to sea freight for East African exports.

The Air to Sea Freight initiative is being spearheaded by the Dutch, who have gathered a large consortium of partners to collaborate on the initiative. Denmark will be able to join this Team EU initiative (TEI) and leverage from Denmark’s early diagnostic investments in the TEI, made in 2023

This component will support and complement the Master Plan for Transitioning to Rail and Sea Freight for Kenya’s Fresh Produce Exports implemented under the EU’s Business Environment and Export Enhancement Programme (BEEEP). Another parallel initiative is the Cool Logistics Corridor, which is a cooperation between the Governments of Kenya and the Netherlands. The project encompasses various logistical aspects, including (dry) port facilities and (rail) transportation networks, and will facilitate private investment in cool logistics infrastructure.

i. *Air to Sea Freight Transition Infrastructure Developed*

Infrastructure development will focus on building cold chain logistics capabilities that support sea freight adoption. This includes upgrading **cool storage facilities at ports**, developing **reefer container handling terminals**, and integrating **dedicated rail links to major ports**. A specialized **Cool Port in Mombasa** will be established to handle perishable exports efficiently. Investments will also be made in **logistics consolidation hubs** for inland producers, ensuring a streamlined connection between farms and ports.

ii. Sea Freight Customs and Inspection Procedures for Exports Streamlined

To facilitate faster export processing, sea freight customs procedures will be digitized and harmonized across key trade corridors. **Pre-arrival clearance systems** will be implemented to reduce delays, allowing exporters to complete customs procedures before their shipments reach the port. Joint **regulatory inspection units** will be established to conduct single-window inspections, cutting down redundant checks. Mutual recognition agreements will be pursued to reduce non-tariff barriers and enhance compliance efficiency.

iii. Reducing Compliance Costs for Exporters

One of the main barriers to increasing the use of sea freight is the high compliance costs associated with exporting perishable goods. These costs, which include multiple fees and licences, are often a significant burden on small and medium-sized exporters, particularly in landlocked countries like Rwanda and Uganda. Denmark's funding will be pivotal in implementing reforms that reduce these compliance costs, making sea freight a more attractive option for exporters. Danish funding will be used to **simplify the process of obtaining the various licences and permits required for export**. Another area where Danish funding will focus is on **standardising inspection protocols and allowing for mutual recognition of inspection results** between agencies, which will further reduce costs and time for exporters.

iv. Private Sector Trained/Capacity Built on Sea Freight Procedures

Targeted training programs will be developed to educate exporters and logistics operators on **best practices for sea freight logistics**. These will include **workshops on cold chain management**, compliance with **international shipping standards**, and **cost-benefit analysis training** to encourage adoption of sea freight. Pilot projects will be launched to support exporters in trial shipments, de-risking the transition. Partnerships with private sector associations will be leveraged to institutionalize long-term training and capacity-building efforts.

v. Horticulture Traceability System for Sea Export Upgraded

A robust **traceability system** will be developed to enhance quality assurance for horticultural exports. This system will feature **real-time monitoring of shipments**, automated compliance tracking, and blockchain integration to ensure transparency in supply chains. Upgrades will include integrating **digital record-keeping**, allowing exporters to meet stringent market requirements while reducing transaction costs. The system will be accessible to both regulators and buyers, boosting confidence in East African exports.

Facilitating Sustainable and Inclusive Trade for Women and Youth

Women and youth traders play a significant role in East Africa's trade ecosystem, yet they face systemic barriers that hinder their participation in formal trade. Limited access to markets, regulatory challenges, digital exclusion, and institutional weaknesses constrain their ability to scale and compete in regional and international markets. This component focuses on strengthening the capacity of women and youth traders, linking them to better market opportunities, increasing digital adoption, fortifying their institutions, and advancing gender-responsive regulatory reforms to ensure their meaningful participation in trade.

i. Women and Youth Traders Trained/Capacity Build to Trade Formally Across Borders

Capacity-building programs will be developed to equip women and youth traders with essential skills for cross-border trade. Training sessions will cover trade regulations, customs procedures, quality standards, and product certification requirements to ensure compliance with both regional and international trade protocols. Workshops will also focus on financial literacy, business development, and value chain integration to help traders scale their businesses sustainably. Mentorship programs will be established to connect experienced exporters with women and youth traders, fostering peer learning and business coaching. Practical training on negotiation skills and business networking will also be provided, ensuring that traders are well-prepared to engage in formal trade and take advantage of trade agreements like the African Continental Free Trade Area (AfCFTA).

ii. Women and Youth Traders Linked to Better Markets

Efforts will be made to enhance market access for women- and youth-led enterprises by facilitating business-to-business (B2B) matchmaking events, trade fairs, and exhibitions where traders can showcase their products. Structured buyer-seller engagement forums will be organized to link traders to local, regional, and international buyers. Additionally, partnerships will be established with export promotion agencies to create market linkages, while trade information hubs will be developed to provide real-time data on demand trends, pricing, and export requirements. The project will also work with cooperatives and aggregators to consolidate small traders' produce, enabling them to meet bulk supply demands and access high-value markets. Furthermore, targeted interventions will be introduced to integrate women and youth into priority value chains, ensuring their competitiveness in key sectors such as horticulture, textiles, and agro-processing.

iii. Women and Youth Onboarded on Digital Trade Platforms

To enhance digital inclusion, women and youth traders will be trained on e-commerce platforms and onboarded onto regional digital marketplaces where they can expand their reach and conduct business more efficiently. Training will cover digital literacy, online payment systems, cybersecurity, and social media marketing to ensure that traders leverage technology for business growth. The project will also support the development of digital payment solutions tailored to small traders, facilitating seamless and secure transactions. Additionally, financial service providers will be engaged to offer tailored credit and insurance products to enable digital traders to scale their operations. Through collaboration with technology firms and trade associations, efforts will be made to expand access to logistics and delivery services that facilitate online trade. The initiative will also advocate for improved internet connectivity and access to affordable digital tools, ensuring that women and youth traders can fully benefit from the digital economy.

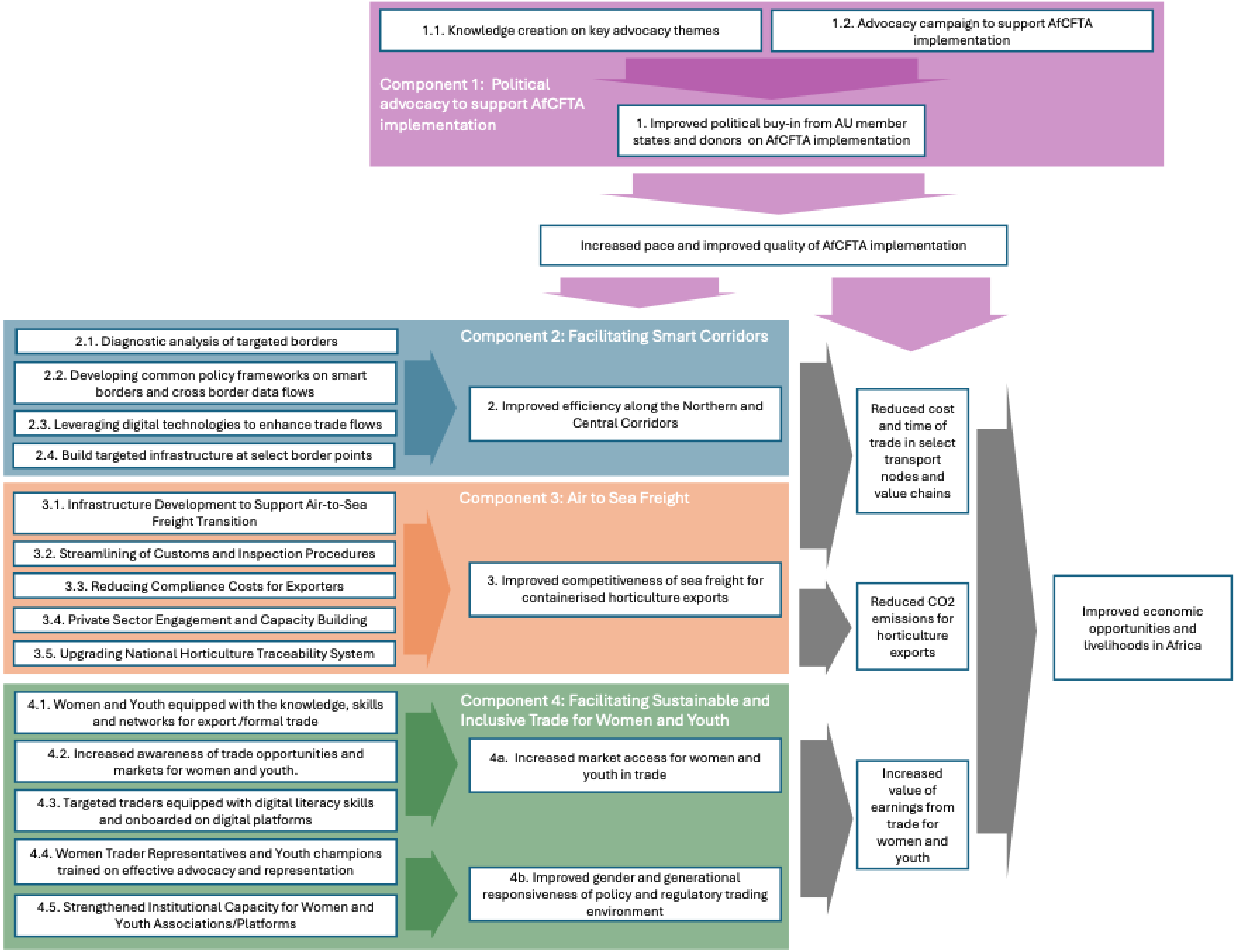
iv. Women and Youth Institutions/Associations/Platforms Strengthened

Women and youth trade associations will be strengthened to enhance their collective bargaining power and ability to advocate for their interests. Capacity-building initiatives will focus on governance, strategic leadership, resource mobilization, and member services to ensure that these associations are sustainable and effective in representing their members. Structured dialogue mechanisms will be established between trade associations and government agencies to ensure that the needs of women and youth traders are integrated into policy and regulatory discussions. Additionally, the project will support the creation of cooperative models that enable collective production, branding, and marketing, making it easier for small traders to access regional and international markets. Financial and technical assistance will also be provided to these institutions to develop tailored services for their members, such as legal advisory services, business mentorship programs, and trade facilitation support.

v. Gender and Generationally Responsive Policy and Regulatory Trading Environment Reforms

Advocacy efforts will be undertaken to reform trade policies and regulations that disproportionately impact women and youth traders. The project will work with governments and regional trade bodies to review and amend regulations that create barriers to formal trade, including high licensing fees, restrictive tax regimes, and complex customs procedures. Special focus will be placed on advocating for the adoption and implementation of Simplified Trade Regimes (STRs), which reduce bureaucratic burdens for small traders. Additionally, policies that promote gender-inclusive trade, such as affirmative action in procurement and financial incentives for women-led businesses, will be pushed forward. Collaboration with policymakers will also focus on ensuring that emerging digital trade regulations are inclusive and enable equal participation of women and youth in e-commerce. The project will further support research and data collection on the participation of women and youth in trade, ensuring that policy decisions are evidence-based and aligned with the realities on the ground.

4. Theory of change and key assumptions



The Theory of change for the SITA project can be presented as follows:

IF

- support and policy advocacy to AU member states through AfCFTA is provided;
- *and if* efforts to promote regional integration within the EAC is supporting the implementation of the AfCFTA;
- *and if* barriers to trade are gradually eliminated through improved efficiency, digitilisation and reduction of transit times at inter-african borders;
- *and if* competitiveness of sea freight for containerised exports is improved for East Africa;
- *and if* market access for women and youth is improved;

THEN

- the efficiency along major trade corridors will be improved;
- *and then* the cost and time of trade will be reduced;
- *and moreover* the CO2 emissions for horticulture exports will be significantly reduced;
- and moreover women and youth will benefit from increased earnings from cross-border trade;
- *and then inter-african* trade volumes will increase;
- *and then* **increased intra-Africa trade and exports will improve economic opportunities and improve the livelihoods across Africa.**

The AfCFTA is constructed of regional building blocks, one of which is the EAC. This means that, by default, advancing regional integration within the EAC and trade outside of the region, is equally supporting the implementation of the AfCFTA.

Assumptions: Five key assumptions that need to hold true for the intended change to happen have been identified:

- The EAC will continue as a building block for the AfCFTA
- The volume of trade along the Northern and Central corridors will continue to grow at 10% per annum
- There will be sustained political will to implement the AfCFTA agreement and it's annexes as well as the various EAC Trade Policy instruments and agreements
- The price of air freight will remain at current levels or higher
- The demographic growth in East Africa will remain as projected

Risks: The main risks are presented in Section 9. Annex 7 provides a detailed risk matrix.

5. Summary of the results framework

Overall, TMA is expected to deliver four outcomes across the four components of the project. The objective, outcomes and related indicators are presented in table 3 below. A detailed results framework with outputs, draft indicators, and examples of possible activities are presented in Annex 3.

Under component 2, a diagnostic study will be performed at the outset of the project. This will allow for a fact-based cost-benefit-analysis to identify and prioritise interventions at key locations. These will include target OSPBs, but also potentially ICT-equipment and systems that are elsewhere in the region. Under component 3, a detailed feasibility study for integrating the cold logistics supply chain has been commissioned by TMA and is due to be completed by March 2025. The results of both of these studies will provide an opportunity to review and reshape the project approach, together with the associated indicators and targets.

Table 5: Result framework for the Sustainable and Inclusive Trade in Africa project

Project	Sustainable and Inclusive Trade in Africa (SITA)
Overall Objective	Improved economic opportunities and livelihoods in Africa
Impact Indicator 1	Value of good and services traded under AfCFTA
Impact Indicator 2	Increased average GDP/capita in Africa
Impact Indicator 3	Increased volumes of horticulture exports from the EAC region
Impact Indicator 4	Value of earnings from trade for women and youth

Component 1		Policy advocacy to support AfCFTA implementation	
Outcome 1		Improved political buy-in from AU member States and donors for AfCFTA implementation	
Outcome indicator		Countries actively trading under AfCFTA	
Baseline	Year	2025	0
Target	Year	2030	27
Output 1.1		Knowledge products developed supporting key advocacy themes on AfCFTA implementation	
Output 1.2		Delivery of advocacy campaigns to support AfCFTA implementation	

Component 2		Facilitating Smart(er) Borders 2.0.	
Outcome 2		Improved efficiency along the Northern and Central Corridors	
Outcome indicator		Transit times at select border posts and costs associated with cargo clearance at select border posts	
Baseline	Year	2025	To be determined during diagnostic analysis
Target	Year	2030	To be determined during diagnostic analysis
Output 2.1		Border diagnostic study conducted	
Output 2.2		Policy framework(s) on smart borders developed	
Output 2.3		Trade Digital platforms developed	
Output 2.4		Smart border infrastructure developed	

Component 3		Air to Sea freight	
Outcome 3		Improved competitiveness of sea freight for containerised horticulture exports (by reducing costs)	
Outcome indicator		Unit cost ($/kg) of sea freight for select export products to EU market (flowers, vegetables and fruits)	
Baseline	Year	2025	Flowers $2.80; Vegetables $2.70; Fruits $0.54
Target	Year	2030	Flowers $1.52; Vegetables $0.71; Fruits $0.47
Output 3.1		Air to Sea freight transition infrastructure developed	
Output 3.2		Sea freight Customs and inspection procedures for exports streamlined	
Output 3.3		Private sector trained/capacity built on sea freight procedures	
Output 3.4		Horticulture traceability system for sea export upgraded	

Component 4		Facilitating Sustainable and Inclusive Trade for Women and Youth	
Outcome 4a		Increased access to formal markets for women and youth in trade	
Outcome indicator		Number of women and youth SMEs/traders enabled to access formal markets through project activities	
Baseline	Year	2025	0
Target	Year	2030	3000 (women) / 3000 (youth) (categories non-exclusive)
Outcome 4b		Improved gender responsiveness of policy and regulatory trading environment	
Outcome indicator		Number of target policies and regulations that are gender sensitive	
Baseline	Year	2025	0
Target	Year	2030	Tbd
Output 4.1		Women and youth traders trained/capacity build to trade formally across borders	
Output 4.2		Women and youth traders linked to better markets	
Output 4.3		Women and youth onboarded on digital trade platforms	
Output 4.4		Women and youth institutions/associations/platforms strengthened	
Output 4.5		Gender and generationally responsive policy and regulatory trading environment reforms	

6. Inputs/budget

The Danish contribution through SITA is project-based earmarked funding of DKK 200 million over five years (2025-2030) intended exclusively to the delivery of the results set out in section 5 above. A budget overview for the project is provided in Table 3, and a detailed budget is provided in Annex 5.

Table 6: SITA project budget (USD/DKK)

Items	Year 1	Year 2	Year 3	Year 4	Year 5	Total (USD)	Total (DKK) Budget Rate
Component 1: Policy advocacy to support AfCFTA implementation							
Outcome 1: Improved political buy-in by AU members and donors	381,624	526,028	614,169	515,170	251,009	2,288,000	17,600,000
Component 2: Facilitating Smart Corridors							
Outcome 2: Improved efficiency along the Northern and Central Corridors	1,397,956	1,818,700	2,524,464	1,682,976	1,262,232	8,686,329	66,817,917
Component 3: Air to Sea freight							
Outcome 3: Improved competitiveness of sea freight for containerised horticulture exports	1,547,252	2,180,219	2,180,219	2,180,219	464,176	8,552,086	65,785,276
Component 4: Women, Youth and Trade							
Outcome 4a: Increased market access for women and youth in trade	217,158	390,885	434,316	434,316	325,737	1,802,413	13,864,718
Outcome 4b: Improved gender and generational responsiveness of policy and regulatory trading environment	81,434	81,434	81,434	81,434	81,434	407,172	3,132,090
Contingency – 5%	190,812	263,014	307,084	257,585	125,505	1,144,000	8,800,000
Total direct project budget	3,816,237	560,281	6,141,688	5,151,702	2,510,094	22,880,000	176,000,000
NPAC 12%	520,396	717,311	837,503	702,505	342,285	3,120,000	24,000,000
Total funding	4,336,632	5,977,592	6,979,190	5,854,206	2,852,379	26,000,000	200,000,000

Note: the USD/DKK exchange rate used is 0,13

Denmark is one of the 13 current donors to TMA. At the time of writing, the EU is funding activities related to the Facilitating the Smart Corridors component, the Dutch are funding activities that are linked to the Air to Sea freight component and Canada has been actively supporting the previous phase of the women and trade strategy. Over the course of the programme, it is expected that more donors will be providing funding that is in close proximity to the components, for example under the Team Europe approach. Where funding is invested in related inputs, it will be important for TMA to clearly establish who is funding what and have clear lines of attribution in its accounts and results framework for activity and output-levels.

Under no circumstances must any of the funds under the grant be utilised by or on behalf of Trade Catalyst Africa, TMA's commercial arm.

TMA will maintain a multi-year budget for the period of the project, in accordance with Danida's General Guidelines for Financial management, annex 2.B. Annual output-based budgets will link up to the multi-year budget to ensure oversight of planned spending on the priorities of the overall objective of the project.

The budget will be kept in USD. The Danish grant is in DKK and disbursements cannot be made in excess of the grant in DKK. Exchange rate gains can be used for additional activities within the scope of the agreed outputs of the project, subject to prior approval by the Royal Danish Embassy in Nairobi (RDE).

Reallocations between output budget lines exceeding ten percent are subject to prior approval by the RDE. Requests for budget reallocations must be supported by a revised work plan and budget, the latest Fund Accountability Statement, and a written justification for the reallocations. No reallocations can be made from the output budget lines to other types of budget lines.

Spending in excess of the allocated budget cannot be covered by the Danish grant – even if such excess spending is caused by an increase in costs – unless provisions for this have been agreed upon in advance with the RDE.

TMA is responsible for ensuring that the funds are spent in compliance with the agreement and with due consideration to economy, efficiency, and effectiveness in achieving the results intended.

7. Institutional and Management arrangement

7.1. TMA management and governance structure

TMA governance is structured around an approved **Constitution** that sets out the membership at different levels, roles, modus operandi and responsibilities of the different TMA organs: the Council, the Board and the National Oversight Committees (NOC). The **Board** oversees operational delivery and management of TMA's objectives. The Board is concerned with how TMA is to achieve its targets in accordance with TMA's strategy and business plans. This includes, among other duties, appointing the CEO and senior leadership team (SLT); setting management policies and targets; and oversight of financial management and performance.

The **Council** (with qualifying donors who wish representation) provides high-level strategic oversight of TMA, sets the overall framework for what TMA is intended to achieve and the parameters within which TMA must operate. The Council meets every quarter or when called upon. The RDE is a member of the Council where it represents all Danish interventions (Kenya, Uganda and regional). The Embassy may also participate in sub-committees of TMA.

NOCs have been established in each of TMA's countries of operation in order to assure ownership and oversight at a national level. A Programme Coordinating Committee (PCC) has also been established with a similar purpose for EAC and regional programmes. These Committees are responsible for quarterly oversight and review of the performance of TMA programmes and making recommendations to the Board. The Committees are composed of key partner institutions implementing TMA programmes at a national level, as well as private sector and civil society representatives from the relevant country, and representatives of investors. In the case of PCC, the key members are representatives of the institutions and senior staff of the EAC Secretariat. Chairs of the Committees interact with Board members at least twice a year. The RDE in Kenya (and other Danish Embassies in the region) will be able to join the NOC and PCC meetings.

7.2. Project governance structure

The **Denmark – TMA Advisory Oversight Committee** (AOC) is proposed as a platform for providing strategic oversight, technical guidance, and donor coordination for the SITA project.. The AOC will ensure that the Denmark-funded regional project aligns with Denmark's priorities, including through EU priorities, AfCFTA implementation, and regional trade facilitation goals.

Its functions include monitoring project progress, assessing risks and challenges, supporting alignment with activities funded through other Danish instruments and by other EU donors, as well as coordinating on policy dialogue on trade and regulatory issues. The committee would be co-chaired by Head of Cooperation at the Danish Embassy and TMA's Project Director, with members including TMA programme leads responsible for Smart Corridors and Digital Trade, Air-to-Sea Freight Transition, and Women and Youth in Trade, while representatives from the Danish Ministry of Foreign Affairs would include the Danish embassies in Kampala, Addis Ababa and Dar-es-Salam, as well as the MFA Department for Africa, Policy and Development and the MFA Department for Economic Diplomacy. The AOC will meet annually. TMA would serve as the secretariat, ensuring regular updates on progress and financial accountability, while Denmark would provide policy oversight and donor engagement support. The committee would function throughout the 2025–2030 project period, with periodic reviews to enhance its effectiveness.

7.3. Coordination efforts across SITA

TMA will actively pursue a Team Europe approach in the implementation and communication of the SITA, as well as ensuring coordination with relevant Danish Embassies on project developments. TMA staff will also serve as the secretariat for the advisory group, facilitating its effective functioning. Furthermore, TMA will work with RDE to engage Danish Strategic Sector Counsellors to identify and enhance synergies with Denmark's broader engagement in the region.

RDE will lead on the coordination with the ongoing Strategic Sector Cooperation within energy, water, circular economy and environment, food safety and the maritime sector. Advisers for each of these sectors are deployed at the Embassy. ly. In line with Denmark's new Africa Strategy, the sector counsellors are looking to build more broad-based partnerships with initiatives such as the SITA project.

TMA will work to leverage the knowledge and strengths of the Danish private sector, including potential collaboration with the Danish Trade Council's regional hub in Nairobi, to support project implementation where relevant. Additionally, TMA will ensure strong linkages between regional and continental levels of SITA's activities, engaging with regional and continental actors to enhance coherence and impact. A **dedicated project manager** will also be brought into the implementation team to enhance coordination across the four project components and to work as a liaison to the RDE on the programme.

Moreover, the project implementation team will be supported by **TMA's in-house expertise** on technical matters (trade policy, trade standards, digitalisation of trade, infrastructure, green trade and inclusive trade), as well as for project cycle management, including procurement, financing, accounting, monitoring and evaluation, quality assurance, risk management and safeguarding, and research and knowledge management.

7.4. Monitoring, evaluation and learning

The monitoring and reporting on progress, lessons and risks will be fully based on TMA's monitoring system and results framework. TMA's MEL system and practices are set out to ensure that TMA has a clear narrative of the expected change and, why and what TMA and partners should contribute to this change. It also ensures relevant and timely information to assist implementers and decision makers to adjust projects in response to implementation issues, what is working and not working and improve chances of success.

The results that SITA aspires to achieve will be tracked right from project inception, weaving in a number of aspects that will enable the project to attain impact. Detailed work plans will be developed at inception building up from the problem analysis documented. The workplans will support the development of the detailed project monitoring plans. The monitoring plan will have the project targets and indicators, which will support the generation of detailed baselines for the project. On a day-to-day basis monitoring and data collection will be a participatory function that will be performed by partners with technical support from TMA's technical teams and Results and Impact team. The schedule of reporting is outlined in Annex 8.3 below.

There will be a mid-term review, which is expected to be undertaken half way through the project cycle (2027) to focus on lesson learned and progress towards outcomes, enabling the opportunity for course correction if required as well as an early assessment of the relevance for a potential extension of the project in a second phase.

There will also be a lessons learned exercise at the end of the project (2030). The focus of this exercise will be on collecting outcome-level data and on interrogating the project's theory of change. Furthermore, it will capture the key lessons learned from implementation so these may inform other development programmes seeking to achieve the same objectives or inform a potential extension of SITA.

Technical and strategy level support on the wider MEL function is provided by he Evaluation Committee (a subcommittee of the TMA Council), which will provide quality assurance and guidance.

SITA will continuously learn about its effectiveness and adapt its implementation approach if it is not achieving the results desired using alternative approaches to achieve greater impact. It will be part of the annual reviews that provide an opportunity for the relevant stakeholders from the MFA and TMA to come together to reflect on the progress being made and to give informed recommendations about the future direction of the projects. It also provides an opportunity to capture lessons on what's working and what's not and to disseminate lessons across TMA and partners.

As part of the start-up phase of the project, TMA will agree with the RDE in Nairobi a communication plan for SITA, not only on results, but also on visibility of the Danish Funding in the TMA programming. The communication should take into account a Team Europe approach.

The RDE in Nairobi shall have the right to carry out any technical or financial supervision mission that is considered necessary to monitor the implementation of the project. After the termination of the project support, the RDE in Nairobi reserves the right to carry out evaluations. From the RDE, MEL support will be provided by project staff as needed.

8. Financial Management, planning and reporting

8.1. Financial management

Both parties will strive for full alignment of the Danish support to TMA rules and procedures, while respecting sound international principles for financial management and reporting.

Accounting records shall be available for audit by the Embassy of Denmark, by a representative appointed by the Embassy, or by the Danish Auditor General. The accounting will follow the TMA financial management guidelines. Accounts will be kept in accordance with international standards, ensuring that (i) The Danida grant is entered into the accounts as income; (ii) Reporting on expenditures is of at least the same level of detail as in the requested grant budget; (iii) All expenditures are documented by vouchers, original invoices and original signed receipts; (iv) Acceptable control procedures are put in place, and accounts are signed by the responsible management. The financing agreements will be in DKK.

Accounting and the auditing of the Danish funds will be undertaken by TMA in accordance with the guidelines including Denmark's "Financial Management Guideline for Development Cooperation". Accounts should be output based and at least at the same level as the project budget.

In accordance with the above, TMA's financial management rules and procedures apply for implementation of this project. The TradeMark Africa Regulations (the Manual) documents internal controls adopted by TMA 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 TMA's fiscal operations are expected to uphold the policies in this Manual. The applied systems ensure full accountability and control.

8.2. Disbursements

The Danish support will be disbursed to TMA in six-monthly tranches. Disbursements to TMA should cover foreseen expenditures for up to six months in accordance with the approved work plan and budget. An indicative disbursement schedule is set out in Annex 5.

Disbursements are made in Danish Kroner into a the single TMA account as done for earlier agreements.

Interest accrued from bank holdings pertaining to the grant should be returned to the Embassy of Denmark on an annual basis.

Bi-annual disbursements will be triggered by approval of the annual work plan and budget at the beginning of the Kenyan financial year in July and six months later upon receiving the annual audits (December).

Disbursements from RDE will be based on a transfer request from TMA which should include:

- Detailed bank account information
- Approved output-based budget and work plan for the period to be financed
- Clearly state the cash flow need, e.g. by presenting the current liquidity, copy of bank and cash statements, commitments made, income (realised and planned) from other sources and cash flow need for the coming period – using the standard disbursement form from the Danish Aid Management Guidelines

- Requests must be signed by two authorised persons
- Before the first disbursement upon signature of this Project, there must proof of proper utilisation of outstanding funds under previous engagements

The overall conditions for disbursement of funds from RDE includes:

- Satisfactory use of prior transfers (including any funds carried forward from previous engagements)
- Satisfactory programmatic and financial reporting has been submitted on previous periods
- Submitted receipts of all prior transfers
- Submitted satisfactory annual institutional audited accounts
- Availability of approved work plan and budget for the period to be financed
- No accumulation of Danish grant funds on TMA accounts

TMA must submit an acknowledgement letter no later than 14 days after receipt of the funds indicating the amount received in currency of the request and the currency in which the disbursement was received.

8.3. Reporting

Quarterly progress reports will be generated to document progress against the set outputs, and outcomes in the monitoring plan (see section 7.3 above). TMA will ensure that data collection processes are set up and managed to ensure quality data is captured and reported promptly at various stages of project implementation i.e; baseline, regular monitoring, mid-line, and end-of-project evaluation.

Many of the indicators selected by TMA to report against the program will rely on data from implementing partners. The data collected, whether by partners or TMA directly, will be stored on the TradeMark Management Information System (MIS). TMA will quality assure and authenticate results reported to ensure reports provide accurate data against agreed indicators. These reports will provide the basis for the review of various project components, which will be undertaken annually through the Annual Review process that is conducted yearly as part of TMA's reflection and adaptation requirements.

The following shall be addressed in the narrative reporting:

- An assessment of developments in the contextual framework during the past year (annual report)
- Implementation of the work plan and budget based on output based targets for the reporting period, including brief explanations of challenges encountered and deviations from targets/milestones and how these have been assessed and handled
- Progress to date compared to output and outcome targets for the entire project period as stipulated in the results framework (annual report and bi-annual report)
- An analysis of risks, including both reflection on the reporting period and upcoming reporting period
- An analysis of the linkage between activities carried out and the expenditures incurred in a Value for Money perspective
- Challenges encountered and specification of recommended changes and adjustments (including budget re-allocations) for approval by the relevant authorities
- Update on implementation of decisions, follow-up on recommendations from reviews, audits, monitoring visits, etc.

- Any monitoring or evaluation related reports that have been agreed with TMA.

Financial reporting shall as a minimum include:

- The financial reporting shall be drawn up to the same level of detail as the approved detailed and output-based budget
- Include budget figures, actual spending and variance for the period under reporting and for the entire engagement period
- Funds received during the period and accumulated
- Deviations should be explained and any budget reallocations within the period should be noted and include details on the written approval of the reallocation/adjustment.

8.4. Accounting

Procedures regarding cash handling, approval of expenditures, reporting, budget control and other internal control, including control of assets (fixed assets, stores, debtors and cash) shall be based on sound financial management procedures and International Accepted Accounting Standards ensuring that:

- TMA maintains an appropriate accounting and double-entry-bookkeeping system
- The Danish grant is entered into the accounts as income when earned (TMA applies IFRS accounting standards)
- Expenditures is entered into the accounts in alignment with the annual output based approved budget
- All expenditures are documented by original vouchers, original invoices and original, signed receipts
- Receivables (inducting any unaccounted-for advances) and payables are registered in the accounting system
- An adequate register of equipment and other assets is maintained and is updated on an ongoing basis
- Adequate control procedures are put in place and accounts are signed by the responsible institution's management
- An accounting manual is maintained including policy for clear segregation of duties
- Administration adheres to established written procedures

TMA will use the financial regulations as approved by the TMA Board of Directors.

8.5. Audit

TMA is audited on an annual basis. The audit period follows the financial year July/June. The Terms of Reference for the audit as well as the appointment of the auditors are approved by the TMA Board of Directors. The audit is carried out as an institutional audit covering the entire operation of TMA.

The audits will be conducted in accordance with International Standards of Auditing (ISA) and should include elements of compliance and performance audit. The audit report shall include a management letter/report. It is the responsibility of TMA to ensure that any sub-partners are audited on an annual basis, that the audit reports are received timely and that these reports are consolidated into the overall audit reports of TMA.

Any advance payments and outstanding advances to implementing partners must be specified in the consolidated audit report.

The audited financial statement and the management report should as a minimum include:

- Expenditure statement in accordance with the approved budget
- Show the budget figures in a separate column to ease "actual vs budget" analysis
- Report on opening and closing balances (itemized into cash and bank) for funds carried forward ensuring that all funds available for activities are included in the income statement
- Report on unpresented cheques, unaccounted for advances, receivables and payables
- Report on exchange rate gains and losses and the method for calculating these
- An asset register verified by the auditors with details on location, date of purchase, ownership (RDE or TMA), identification number (if applicable), condition, and when relevant date of disposal. Any disposals should be included in the register
- Physical inspection of some randomly selected works/activities to provide the auditors view on, in a cost effectiveness perspective, quality and quantity of activities carried out by TMA and any possible sub-partners

TMA shall ensure that any material issues raised in the auditor's report is appropriately and timely followed up and appropriate actions taken. RDE reserves the right to claim full reimbursement of expenditure regarded ineligible according to the agreement between the parties.

8.6. Anti-corruption

TMA will strive to prevent corruption, including by actively working with risk management, sound financial management, transparency and value for money while spending and procuring.

TMA is committed to the highest standards of transparency, probity and accountability, and will not tolerate fraud, bribery or corruption.

TMA is implementing a Prevention of Fraud, Bribery and Corruption Policy that aims to emphasise the responsibilities of all staff in relation to identification and reporting of fraud, bribery and corruption. Moreover, a link to a whistleblower hotline is provided on the TMA website.

Any substantiated suspicion of irregularities, fraud or corruption must be reported to RDE immediately and in all cases before an external investigation is initiated, including any extended audit, special audit, forensic audit or other investigation or review. It is the responsibility of the RDE to forward cases, which the RDE assesses should be reported to the Danida and further to the National Audit Office of Denmark. Cases reported to the National Audit Office of Denmark are with few exemptions published on Danida’s website.

Danida has a zero tolerance towards corruption and the RDE expects that TMA will continuously work to prevent, detect and follow-up on corruption. Transparency and openness on issues of suspicions of irregularities, fraud or corruption is key in the partnership between TMA and the Embassy of Denmark. As such, it is a requirement that TMA shares and reports on all substantiated suspicions.

The following types of irregularities should be reported:

- Fraud, corruption, theft, highly irresponsible management of funds, non-compliance to this agreement or serious non-compliance to agreements with implementing partners, any issues that interfere or threaten to interfere with the obtainment of the objectives of this agreement or any agreement with implementing partners (e.g. funds spent in accordance with budget, but results significantly below target resulting in clear lack of value for money), any issues that might result in a financial loss, partnerships ending with unaccounted for funds, qualified implementing partner audits, serious internal audit findings and any other issues deemed relevant.

Substantiated suspicion is when:

- There is sufficient suspicion to initiate an investigation (including investigation by Internal Audit (excluding desk reviews), excluding Finance Department desk and field reviews), internal or external review or audits have confirmed irregularities, materialised risks with a financial implication, cases of irregularities deemend as notifiable and reported to the TMA Board of Directors and Council

9. Risk Management

At the organisational level, the Board of Directors is the main body responsible for managing risk at TMA. The Board has a separate Committee that focuses on audit, finance and risk (AFRC). The AFRC reviews results at ouput level, actual expenditure against plans and an updated risk register quarterly. TMA has a Governance, Risk & Compliance Director who maintains the risk register to inform the management of the organisation. In addition, technical teams and suppliers are expected to manage and report on risk actively.

The main contextual risks relate to limited buy-in and participation from private sector stakeholders. They may have limited interest to participate in the project due to perceived risks, high initial costs or inadequate knowledge about project benefits. Another major contextual risk, especially for the Air to sea component is the Red Sea crisis that is disrupting sea trade along the preferred transport route.

Important programmatic risks relate to the complex nature of the reforms that SITA is aiming to achieve. The project components combine highly technical aspects from the interoperability of cross-border ICT-systems to regulations relating to standards and phytosanitary measures to gender and generational rights. To manage and address all of these issues, the project will need to engage with numerous partners from national government to private exporters and international development agencies. To mitigate these challenges, TMA has established strong national governance and oversight mechanisms.

The main institutional risks relates to the close association that RDE will have with TMA over the project period. TMA is managing a broad portfolio of activities with a total target budget of almost $1 billion across the African continent. It is not unlikely that at some point during the project period TMA will be faced by a reputational challenge, which may risk contagion to RDE or other donors. TMA does have strong governance and oversight mechanisms and they should have the capacity to contain any such outbreak. A further risk relates to the pausity of funding, a risk that very nearly materialised during Strategy 2. TMA operates in a resource-constrained environment and the ODA outlook is not trending well. Having learned its lessons from previous challenges, TMA has diversified its funding base over the last several years, with stronger and more stable funding in place.

Annex 4 provides a list of the main risks affecting SITA.

10. Closure

TMA will close financially on 31 December 2030, but activities will end no later than 30 June 2030. TMA will commission a final evaluation of SITA in line with its own MEL policy, which will take place in the second half of 2030. A narrative and financial completion report will be submitted by TMA to the Embassy of Denmark no later than 31 March 2031. A final closeout audit report will be submitted no later than 30 April 2031. Any unspent funds with interest will be returned to Danida.

The Embassy of Denmark in Nairobi will prepare a final results report within three months after receipt of the completion report.

As outlined in the project budget (see Annex 5), the level of activity and spending will peak in project year 3 (July 2027 – June 2028), after which, it will gradually decrease, thereby allowing for the gradual implementation of an **exit and sustainability strategy**. This is based on the following principles:

TMA has a strong anchor with governments in its countries of operation, as well as with regional bodies, ensuring sustained partner ownership and engagement throughout the project cycle. During the design phase, TMA co-creates actions with governments and regional economic communities, aligning interventions with national and regional priorities to secure long-term commitment. Formal agreements are then established at multiple levels—both for the overall project and for specific activities—ensuring clarity on roles, responsibilities, and expected outcomes. During implementation, TMA works alongside governments to develop and execute interventions, with embedded governance structures fostering joint accountability and institutional buy-in. This approach strengthens national and regional ownership while reinforcing implementation capacity. Beyond the project cycle, TMA integrates sustainability measures to ensure lasting impact. For infrastructure projects, maintenance strategies and institutional processes are embedded from the outset, while capacity-building initiatives focus on real change management, equipping institutions with the necessary skills and systems to sustain reforms. Additionally, TMA often embeds technical assistance within partner institutions, ensuring continued expertise transfer and institutional strengthening beyond TMA's direct engagement.

The exit and sustainability strategy should be reviewed and tracked by the **Denmark – TMA Advisory Oversight Committee**.

TMA is a long-term vehicle and trade development has been identified as a high prioirity theme in the Danish Africa strategy and by other European donors. There is scope for strengthened and continued support to facilitating safe, sustainable and inclusive trade in Africa, including from Denmark, potentially in a second phase of SITA or a similar programme. Component 1 on political engagement both in AU Member States and with donors has a stated objective of increasing the pace and improving the quality of AfCFTA implementation, which can create a conducive environment for additional continent-wide activities to enhance trade in Africa.

The project's final results and lessons, including evaluation and audit findings and recommendations, will be discussed during the last advisory committee meeting to be organised during the closure phase of the project, and any potential needs for follow-up action will be agreed upon.

Annexes:

- Annex 1: Context analysis
- Annex 2: Partner assessment
- Annex 3: Theory of Change and Results Framework
- Annex 4: Risk management
- Annex 5: Budget
- Annex 6: List of supplementary materials
- Annex 7: Plan for communication of results (tbc)
- Annex 8: Process Action Plan (tbc)
- Annex 9: Quality assurance checklist (tbc)
- Annex 10: Terms of Reference for the Denmark – TMA Advisory Oversight Committee

Annex 1: Context analysis

1. AfCFTA and EAC Regional Economic Integration

Why regional economic integration matters

It is globally accepted that **increased regional economic cooperation** through the removal of intra-regional trade restrictions, such as tariffs and non-tariff barriers; gradual liberalisation and harmonisation of trade rules and promotion of cross-border infrastructure projects, among others, **is a critical strategy to address the challenges posed by small domestic markets, limited economies of scale and increasing marginalisation of African economies in world trade**.[33] This is why the AfCFTA is seen as a 'game changer' for Africa's economic development.

Research shows that **regional integration creates new markets, competition, and knowledge, thereby enabling enterprises to acquire new capabilities from trading partners**. Evidence shows that **exporting increases firm level productivity, increasing profits by as much as 16-26% in monthly profits**. Importantly, the improved earnings come from "learning by exporting", whereby firms increase quality and productivity through contacts with regional clients and intermediaries.[34] At the impact level, the increased profits not only benefit firms, but also their workers and families. This implies that continued support to East African firms through removal of various barriers to trade and enhanced trade facilitation will lead to increased profits by firms, in turn having positive welfare gains.

Evidence on the impacts of regional integration on border areas in some East African countries (which are usually less economically developed), shows that **measures taken to facilitate trade at these areas, including providing needed infrastructure, utilities such as power and connectivity and trade-enabled productive activities, have resulted in reduced regional inequality**. This implies that enhanced trade facilitation measures, particularly at key border points, will have continued positive benefits on the surrounding communities.[35] This implication holds true also for AfCFTA State Parties.

Beyond economic gains, **trade with neighbouring countries, which regional integration enhances, has been proven to promote peaceful cooperation as it encourages countries to find common ground, build alliances and work towards mutually beneficial solutions.** Through trade, economies are interconnected, creating interdependences, and cementing shared interest in each other's economic well-being. Under this interdependency, the costs, and consequences of engaging in conflict, be they internal or cross border, become higher, providing a strong incentive to resolve the conflict speedily and through peaceful dialogue.[36] By supporting further integration of South Sudan, DRC and Somalia, all fragile and conflict prone regions, these countries and the region as a whole is likely to reap the resultant trade induced peace dividend.

---

[33] OECD, 2010. Rethinking the (European) Foundations of Sub-Saharan African Regional Economic Integration: A Political Economy Essay. Accessed from https://www.oecd.org/dev/46013902.pdf. See also World Bank, Regional Integration At-A-Glance (undated). Accessed from https://www.worldbank.org/en/topic/regional-integration

[34] ODI, 2017. Trading up: The benefits of exporting for small firms. Accessed from https://www.theigc.org/publications/trading-benefits-exporting-small-firms

[35] Marius Brülhart, Olivier Cadot, and Alexander Himbert, 2017. Trade integration and spatially balanced development. Implications for Uganda and Rwanda. reference number: F-43406-CCP-1.

[36] https://www.wto.org/english/thewto_e/acc_e/tradeforpeace_e.htm

Regional Economic Integration under the AfCFTA

The AfCFTA Agreement was signed in **March 2018** and entered into force in **May 2019**. As a framework agreement, it establishes the free trade area, defines its objectives, scope, and institutional framework, and sets procedures for its implementation. By integrating, the AfCFTA has **created the largest free trade area in the world (in terms of participating members),** bringing together 54 of the 55 African Union (AU) member states, with an **aggregate GDP of around USD 3.4 trillion** and a total population of 1.4 billion people, projected to rise to 1.7 billion by 2030.[37]

Based on the AfCFTA Agreement, the economic integration has the following **general Objectives**:

- Create a liberalised market for goods and services through successive rounds of negotiations
- Contribute to the movement of capital and natural persons and facilitate investments by building on the initiatives and developments in the State Parties and the RECs
- Lay the foundation for a Continental Customs Union at a later stage; to promote and attain sustainable and inclusive socio-economic development, gender equality and structural transformation of the State Parties
- Enhance the competitiveness of the economies of State Parties
- Resolve the challenges of multiple and overlapping memberships and expedite the regional and continental integration processes.

The agreement includes **eight protocols**, each focusing on a specific area of trade and economic cooperation. The **first three protocols**—on **Trade in Goods, Trade in Services, and Dispute Settlement**—were adopted alongside the agreement. The **next three**—on **Competition Policy, Investment, and Intellectual Property Rights (IPR)**—were adopted in **February 2023**, followed by the **Protocols on Women and Youth in Trade and Digital Trade** in **February 2024**.

The Protocol on Trade in Goods aims to liberalise trade in goods by progressively eliminating tariffs, non-tariff barriers, and quantitative restrictions. As at **January 2025, forty-five countries have submitted provisional tariff concession schedules**, which have been verified. It includes ten annexes covering tariff concessions, rules of origin, customs cooperation, trade facilitation, non-tariff barriers, technical barriers, sanitary and phytosanitary measures, transit, and trade remedies. While **92.3% of rules of origin** have been agreed upon, negotiations on **automotive, textiles, and clothing** remain unresolved.

The Protocol on Trade in Services promotes **progressive liberalisation** of trade in services. The first phase prioritises **financial, communication, business, transport, and tourism services**. So far, **48 countries** have submitted initial offers, and **22 schedules** have been adopted. Regulatory frameworks are being developed to enhance transparency, predictability, and fair competition.

The Protocol on **Dispute Settlement Mechanism** establishes a **rules-based system** for settling disputes between State Parties, ensuring compliance with AfCFTA obligations. It defines the institutional structure and adjudication procedures. The Protocol on **Competition Policy** provides the foundation for a **unified continental competition regime**, regulating activities that significantly affect competition within AfCFTA. It also establishes the **AfCFTA Competition Authority** to enforce its provisions. To promote a **favorable investment climate**, balancing **investor rights and**

---

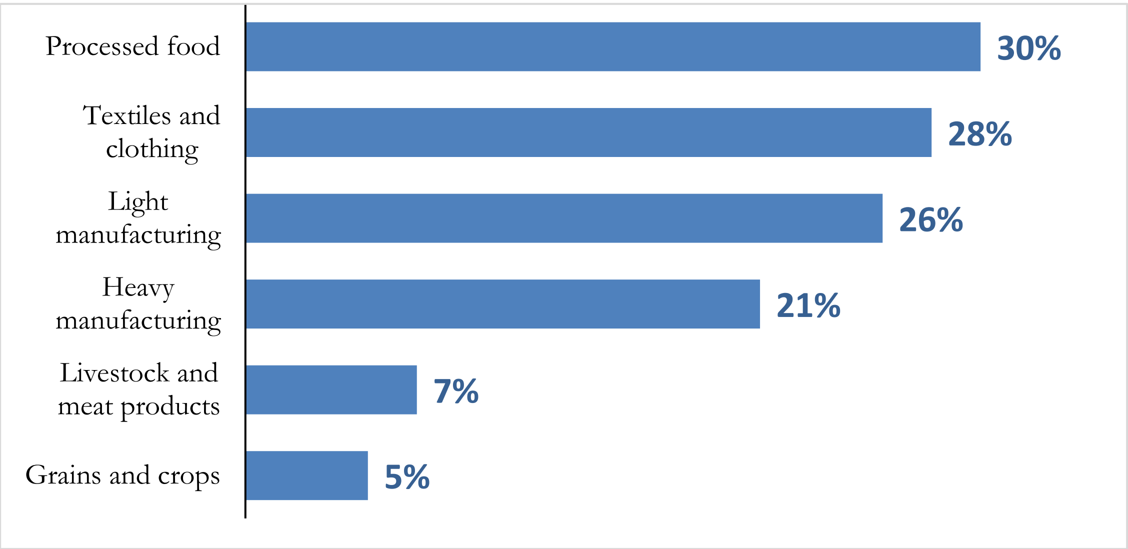
[37] Echandi, Roberto; Maliszewska, Maryla; Steenbergen, Victor. 2022. Making the Most of the African Continental Free Trade Area: Leveraging Trade and Foreign Direct Investment to Boost Growth and Reduce Poverty. Washington, DC: World Bank. http://hdl.handle.net/10986/37623 License: CC BY 3.0 IGO

obligations while allowing host countries to adopt measures aligned with sustainable development goals, the AfCFTA State Parties have also concluded an Protocol on Investment. Addition, covering various **Intellectual Property Rights (IPR)** genres (patents, trademarks, copyrights, geographical indications, and traditional knowledge), the Protocol on IPR aligns with international treaties and proposes an **AfCFTA Intellectual Property Office**, pending AU Assembly approval. Recognising the unique needs for Women and youth in trade, the AFCTA has also finalised a Protocol on **Women and Youth in Trade, which** introduces **affirmative measures** to enhance their participation trade under the AfCFTA, addressing key challenges they face. Last, with the aim of leveraging technology, the Protocol on Digital Trade establishes **harmonised rules** for **digital trade**, ensuring transparency, security, and cooperation among State Parties. It covers **market access, digital products, data governance, and inclusion** while promoting a trusted **continental digital trade ecosystem**.

AfCFTA Expected Benefits and Impacts:

Research estimates that if the AfCFTA is fully implemented, the volume of total exports from Eastern Africa region would increase by almost 29% relative to business as usual by 2035; with intracontinental exports increasing by more than 81%, while exports to non-African countries would rise by 19%.[38] This export growth is expected to be mainly in manufactured goods, especially processed food; textile and clothing, light manufacturing and heavy manufacturing, as illustrated in the graph below[39] The manufacturing sector's output is expected to increase by USD 560 billion under AfCFTA, shifting employment from subsistence agriculture to higher-value industrial and service jobs. This has significant impacts on incomes as the manufacturing sector has been proven to create more decent and sustainable jobs.[40]

Figure 1, Change in Eastern Africa Exports to the Rest of the Continent



Economic integration in Africa, particularly through the AfCFTA is projected to play **a transformative role in reducing poverty and fostering inclusive growth.** By enhancing trade,

---

[38] World Bank, 2020. The African Continental Free Trade Area: Economic and Distributional Effects. Washington, DC: World Bank. doi:10.1596/978-1-4648-1559-1.

[39] United Nations Economic Commission for Africa and TradeMark East Africa, 2020. Creating a Unified Regional Market: Towards the Implementation of the African Continental Free Trade Area in East Africa

[40] World Bank, 2008. The Growth Report: Strategies for Sustained Growth and Inclusive Development. Commission on Growth. Accessed from https://documents1.worldbank.org/curated/en/120981468138262912/pdf/449860PUB0Box3101OFFICIAL0USE0ONLY1.pdf

stimulating industrialization, and creating job opportunities, regional integration can significantly improve income levels and overall economic well-being. One of the most direct ways integration reduces poverty is through **job creation**. **AfCFTA is expected to create millions of jobs by fostering the expansion of labour-intensive industries such as manufacturing, agribusiness, and services**. According to the ILO (2022), Africa's labour force is projected to reach 1.1 billion by 2040, necessitating job creation to absorb new entrants into the workforce. By promoting value addition and regional value chains, AfCFTA is set to drive employment in sectors that can provide stable wages and long-term economic security.[41] For example, the AfDB (2023) highlights that **Africa's agro-processing industry alone has the potential to generate up to 17 million jobs by 2030** if countries take advantage of regional trade opportunities and industrialization strategies.[42]Additionally, **the manufacturing sector under AfCFTA could see employment gains of over 12 million jobs**, particularly in textiles, food production, and pharmaceuticals (UNECA, 2023).[43]

A critical element in poverty reduction **is increasing real incomes. AfCFTA is expected to boost real incomes by 7% overall,** with the largest gains in low-income countries, where the benefits of economic integration are expected to be more pronounced. The World Bank (2020) estimates that **by 2035, African exports will increase by 29%, leading to greater earnings for workers and businesses.** Moreover, increased incomes result in better living conditions. With **a projected GDP gain of USD 450 billion**, AfCFTA will create additional fiscal space for governments to invest in social services, such as education and healthcare, further supporting poverty alleviation. AfCFTA is also expected to lift millions of Africa out of poverty, through boosting trade and economic activity. **68 million people are projected to escape moderate poverty** (living on less than USD 5.50 per day), while **30 million people will rise out of extreme poverty** (living on less than USD 1.90 per day).[44]

AfCFTA's economic benefits are expected to **reduce income inequality**, particularly between urban and rural populations. Small and medium-sized enterprises (SMEs), which employ over **80% of Africa's workforce**, stand to gain from better market access, improving incomes and economic security (UNECA, 2023). Additionally, **women and youth are expected to be among the primary beneficiaries**. Women-owned businesses account for **about 60% of Africa's informal trade**, and with improved access to regional markets, they will experience higher earnings and business growth (AfDB, 2023). A report by UN Women (2022) states that **AfCFTA could increase women's income by 10% by 2035**, particularly by easing access to finance, trade opportunities, and regulatory barriers.

Challenges in implementing the AfCFTA

The AfCFTA represents an ambitious and comprehensive initiative, both in terms of the broad scope of areas covered under the agreement and the large number of participating countries. **Significant progress** has been made in establishing the framework agreement, negotiating key protocols, and

---

[41] International Labour Organization. (2022). Africa's labour market trends and job creation needs. International Labour Organization. https://www.ilo.org

[42] African Development Bank. (2023). Industrialization and employment in Africa: AfCFTA's role in job creation. African Development Bank Group. https://www.afdb.org

[43] United Nations Economic Commission for Africa. (2023). The impact of regional integration on SMEs and women entrepreneurs. United Nations Economic Commission for Africa. https://www.uneca.or

[44] World Bank. (2020). The African Continental Free Trade Area: Economic and distributional effects. World Bank. https://www.worldbank.org

setting up the initial institutional structures required for implementation. However, **multiple challenges persist.**

Given the **extensive membership** of the AfCFTA, **negotiations on tariff concessions and services liberalization** have taken longer than anticipated. The agreement was initially slated for operationalization in **January 2021**, yet **meaningful trade under the Guided Trade Initiative (GTI)** only commenced in **October 2022**, and only among eight countries. The **GTI was introduced** to enable willing and ready countries to trade under AfCFTA rules without waiting for all negotiations to conclude. While its progress has been limited, **the GTI was expanded to include over 30 countries by the end of 2024.**

Some **protocols were adopted with critical elements still pending final determination. For instance, the Protocol on Investment, adopted in February 2023, requires further deliberation on two key provisions. Similarly, the status of the AfCFTA Intellectual Property Office remains unresolved, particularly in relation to the previously established Pan-African Intellectual Property Organization (PAIPO).** To **operationalize various protocols**, the **AfCFTA Secretariat** has been mandated to **develop specific annexes.** The **Protocol on Intellectual Property Rights (IPR)** necessitates the **formulation of eight annexes** covering distinct IP categories, while the **Protocol on Services** requires **regulatory frameworks for the five priority sectors** identified for the first phase of services liberalization. Additionally, **negotiations on Rules of Origin** have stalled, particularly concerning the **automotive and textile sectors.** Managing these complex processes requires **substantial institutional capacity**, underscoring the importance of **sustained technical assistance and capacity-building support** from development partners.

The **primary responsibility for domestication and implementation of the AfCFTA** rests with **State Parties.** This entails **active participation in negotiations**, submission of tariff and services offers, and finalizing rules of origin, among other obligations. Furthermore, **national governments** must incorporate **AfCFTA commitments into domestic legislation**, establish **regulatory measures** to operationalize tariff and service concessions, and **align national regulatory frameworks with services commitments.** While **some countries have been proactive**, many **require targeted support** to effectively integrate AfCFTA obligations into their legal and institutional frameworks.

For the AfCFTA to achieve its **full potential, private sector participation is crucial. Private enterprises must actively engage** in trade under AfCFTA provisions to reap its benefits. The **AfCFTA Secretariat, development partners, and private sector associations** have been conducting **awareness campaigns** to inform businesses about AfCFTA opportunities. These efforts **must be sustained and expanded** to reach enterprises across all AfCFTA member states.

Regional Economic Integration under the EAC

EAC now comprises eight (8) Partner States - Burundi; Democratic Republic of Congo (DRC); Kenya; Rwanda; South Sudan; Somalia, Tanzania and Uganda, who have pooled a total population of around 300 million (2021) and a Gross Domestic Product (GDP) of USD 313 billion (2021)[45], thereby creating a wider market that allows producers and traders to benefit from economies of scale and improved efficiency. The EAC integration is guided by the **EAC Treaty (1999), EAC Vision 2050, regional protocols, sector strategies, and five-year development strategies**, with the overarching goal of deepening cooperation among Partner States across political, economic, social, legal, and

---

[45] EAC, Quick Facts about EAC. https://www.eac.int/eac-quick-facts

security sectors for mutual benefit. The integration process has been ambitious and fast-paced, marked by significant milestones such as the establishment of the **Customs Union in 2005, the Common Market in 2010, and the Monetary Union in 2013**. The **EAC Vision 2050** projects that by mid-century, the region will have achieved **upper-middle-income status within a politically united and secure East Africa**, emphasizing inclusivity and accountability.

The Customs Union is largely operational, with the **Single Customs Territory (SCT) in place**, simplifying clearance processes and enabling the **harmonization of over 3,000 East African standards**, particularly for highly traded goods. The **EAC Elimination of NTBs Act (2015)** was enacted to sanction Partner States imposing **non-tariff barriers (NTBs)**, resulting in an increase in **EAC total trade from USD 50.5 billion in 2018 to USD 74 billion in 2022**, while **intra-EAC exports rose from USD 4 billion to USD 6.4 billion** in the same period.

To facilitate trade, the EAC has introduced various measures, including **Authorised Economic Operators (AEOs), One-Stop Border Posts (OSBPs), Integrated Border Management (IBM), and Electronic Cargo Tracking Systems**, though implementation varies across Partner States. Currently, **13 of the 15 earmarked OSBPs** are operational, reducing **border clearance times by 79%, from 14 hours to 1 hour 18 minutes**. An additional **10 OSBPs** have been identified for development. Furthermore, all EAC Partner States except **South Sudan** are implementing the **WTO Trade Facilitation Agreement (TFA)**, supported by development partners such as **TradeMark Africa (TMA), GIZ, ITC under MARKUP, and UNCTAD.**

Implementation of the **Common Market Protocol (CMP)** has progressed steadily, as noted in the **EAC Scorecard 2020 and the EAC Barometer on Trade in Services**. Significant strides have been made in **labour mobility**, particularly among **Kenya, Rwanda, and Uganda**, where work permit fees have been waived and **national identity cards are accepted for travel**. Citizens of all Partner States are permitted to stay in any EAC country for up to **six months**, and some countries allow ordinary identity cards for cross-border movement. **Capital mobility** is among the most liberalized aspects, yet only **three of 20 financial operations**—external borrowing by residents, foreign sale of shares or securities, and repatriation of proceeds from asset sales—are fully unrestricted across all EAC states. In the services sector, financial and professional services have seen partial liberalization, but the **free movement of service providers and further sectoral integration remain incomplete**. The right to **permanent residency and land ownership** continues to be governed by national policies, limiting labour and capital mobility.

The transition period for implementing the **EAC Monetary Union**, which was set to conclude by **2024**, remains incomplete due to the absence of crucial institutions such as the **East African Monetary Institute, the East African Statistics Bureau, and the East African Surveillance, Compliance, and Enforcement Authority**. The **East African Central Bank**, which will oversee the region's single monetary and exchange rate policies, has yet to be established. Nevertheless, substantial progress has been made in **harmonizing monetary and fiscal policies**, though newer EAC entrants are still aligning with these frameworks.

Industrialization remains a key pillar of EAC economic integration, guided by the **EAC Industrialization Policy (2012)**, which aims to increase the **manufacturing sector's contribution to GDP from 8.9% in 2012 to 30% by 2032**. The policy prioritizes six strategic industries, including **agro-processing, fertilizers, agrochemicals, and pharmaceuticals**, and has led to the development of several regional initiatives, such as the **Strategic Agro-Processing Value Chain Plan, the Regional Pharmaceutical Manufacturing Plan, and the Fruits & Vegetables Value**

Chain Strategy (2021–2031). These efforts, supported primarily by **GIZ and the EU's MARKUP program**, have been instrumental in addressing sectoral gaps and enhancing **intra-EAC trade**.

The **6th EAC Development Strategy (2021/22–2025/26)** outlines seven strategic objectives, including the full implementation of the **Single Customs Territory (SCT), enhanced ICT-based customs administration, increased regulatory alignment with regional and international frameworks, and progress toward the adoption of a single currency**. According to the **African Regional Integration Index**, the EAC is **Africa's most advanced regional bloc in terms of overall integration**, performing strongly in **free movement of people and macroeconomic integration**, but lagging in **trade and productive integration**. While intra-EAC exports remain **below 25%**, individual countries such as **Kenya and Uganda** have demonstrated strong regional trade performance.

The EAC's integration must also be viewed in the broader context of Africa's economic integration and global trade. All EAC states, except **South Sudan**, have ratified the **AfCFTA Agreement**, with South Sudan in the process of doing so. The **EU remains EAC's most significant trading partner**, though the **EAC-EU Economic Partnership Agreement (EPA)**, initialed in 2014, has yet to be signed due to differing views on its potential economic impact. **Kenya has however concluded a bilateral EPA with the EU in 2023.**

Impacts of EAC Integration

Over the past two decades, the EAC has made significant strides in regional integration, leading to substantial socio-economic benefits for its Partner States. Among the impacts is e**nhanced intra-regional trade.** The establishment of the EAC Customs Union in 2005 marked a pivotal step in boosting trade among member countries. **Intra-EAC trade has risen from $1.8 billion in 2005 to over $12.1 billion in 2023, accounting for 20% of total EAC trade**. Moreover, **the harmonisation of 3,000+ East African standards** has facilitated smoother trade, reducing the need for costly multiple certifications. The EAC region has experienced **robust economic growth,** with a 5.1% increase in 2023. This growth trajectory is projected to continue, driven by strong performances in the agriculture and services sectors. In addition, efforts to promote the free movement of people have led to a **significant rise in labour migration** within the EAC. The number of migrant workers in EAC countries nearly doubled, reaching approximately 3 million in 2019, up from just under 1.5 million in 2010.[46]

Tourism has become a vital sector for the EAC economies, contributing an average of about 17% to export earnings and around 10% to GDP. The sector generates approximately 7% of employment in the region. International tourist arrivals nearly doubled from 3.47 million in 2006 to 6.95 million in 2019. This is partly resulting from j**oint tourism initiatives, such as the introduction of a single tourist visa** adopted by Rwanda, Uganda, and Kenya in 2014. This collaborative approach has made the region more attractive to international tourists, boosting the tourism sector and contributing to economic growth.

The EAC has made **progress in aligning monetary and fiscal policies among Partner States**. The formation of the EAC Monetary Affairs Committee in 2013 has facilitated the coordination of monetary policies, contributing to macroeconomic stability across the region. The introduction of the Pan-African Payment and Settlement System (PAPSS) and the **East African Payments System (EAPS) has further facilitated trade by enabling seamless cross-border transactions**. In 2023

---

[46] https://www.eac.int/sgforum/regional-integration-progress?utm_source

alone, **EAPS processed over $500 million in intra-African payments, reducing the reliance on external currencies like the US dollar.**[47]

These achievements underscore the EAC's commitment to regional integration and highlight the substantial benefits accrued to its member countries over the past 20 years.

Challenges in implementing the EAC Integration Processes

Despite notable achievements, several challenges limit the full realization of EAC economic integration. A key priority is ensuring the **effective inclusion of new members**, particularly the **Democratic Republic of Congo (DRC), Somalia, and South Sudan**, by enhancing their **capacity to implement EAC policies and improving trade-related infrastructure**, including customs administration and border facilities. Recurrent **NTBs**, particularly those related to **standards and rules of origin**, continue to hinder regional trade, while **disparate tax regimes** create market distortions. Greater efforts are needed to **harmonize tax structures, definitions, and administrative procedures** across Partner States. Additionally, challenges in the **Common Market implementation**, particularly regarding **mutual recognition of academic and professional qualifications**, remain unresolved. The absence of a standardized work permit regime continues to limit the **movement of service providers**, and commitments under the **revised Common Market schedule remain an unfinished agenda**.

National-level implementation of EAC commitments remains inconsistent, with some states lagging in **regulatory reforms** to align with **trade in services, labour mobility, and capital movement provisions**. Strengthening **national coordination bodies**, such as ministries handling **EAC affairs, trade, finance, customs, immigration, and labour**, is crucial for accelerating implementation. While **trade facilitation has improved significantly**, transport costs remain among the **highest in Africa**, and port and border clearance times remain uncompetitive compared to global standards. Further enhancements are needed, including **real-time cargo tracking, smart border gates, and improved information-sharing systems** across agencies.

The private sector plays a central role in EAC integration, yet many **businesses, particularly SMEs, struggle to exploit the opportunities created by economic integration**. Business Membership Organizations (BMOs), including the **East African Business Council (EABC)**, have played a key role in **policy advocacy**, yet more needs to be done to address private sector concerns. Additionally, SMEs require targeted support to **enhance productive capacity, improve export competitiveness, and integrate into regional value chains**. Providing **access to trade intelligence, skills development, and financing mechanisms** is crucial for unlocking business potential.

While EAC integration has made significant strides, achieving **full economic integration requires stronger regulatory alignment, infrastructure investment, and private sector engagement**. Ensuring the inclusion of all **Partner States, eliminating NTBs, harmonizing tax and trade policies, and enhancing trade facilitation measures** will be crucial for maximizing the benefits of economic integration and positioning the EAC as a competitive regional economic bloc.

2. Trade Facilitation in the EAC

---

[47] African Continental Free Trade Area (AfCFTA) Secretariat. (2024). Annual trade facilitation progress report. AfCFTA Secretariat. Retrieved from https://www.afcfta.au

Trade facilitation has been central to driving economic integration within the EAC and indeed across Africa through the AfCFTA. Efforts to simplify customs procedures, enhance infrastructure, and harmonise regulations have led to increased trade efficiency, cost reductions, and improved cross-border movement of goods and services. However, challenges persist, including persistent non-tariff barriers (NTBs), high transport costs, and the need for further digital transformation. Addressing these barriers is essential for fully realizing the benefits of intra-African trade.

One of the most impactful reforms has been **the modernisation of customs processes**. The implementation of **electronic Single Window Systems (eSWS), Integrated Customs Management Systems (ICMS), and Electronic Cargo Tracking Systems (RECTS)** has improved clearance efficiency. In Kenya, for instance, ICMS has **reduced air cargo clearance times from 48 hours to just 2–3 hours.**[48] Additionally, the introduction of **One-Stop Border Posts (OSBPs)** across the EAC has significantly cut down transit delays. As of 2023, **13 out of 15 designated OSBPs were operational, reducing border clearance times by 79%, from 14 hours to just over an hour.**[49] The AfCFTA is promoting similar models across the continent, ensuring that intra-African trade flows more efficiently.

The reduction in trade costs has been a notable success. Between **2010 and 2021, comprehensive trade costs across Africa fell by 7.3%**, mainly due to trade facilitation reforms and digitalisation.[50] Non-tariff trade costs declined by **2.1%**, with particularly steep reductions in the **agriculture sector (12.4%)**, where inefficient border procedures previously posed significant hurdles.[51] Infrastructure improvements have also played a critical role in trade facilitation. Investments in regional transport corridors, such as the **Northern Corridor (Mombasa-Kampala-Kigali) and the Central Corridor (Dar es Salaam to Great Lakes region),** have **reduced transit times by approximately 40%.**[52]

Despite these significant achievements, **several challenges remain**. **Persistent NTBs,** including duplicative standards, delays in mutual recognition of conformity assessments, and licensing requirements, **continue to increase trade costs by up to 15%.**[53] Furthermore, **customs and border inefficiencies** remain a bottleneck, with inconsistent trade documentation requirements across EAC and AfCFTA states leading to delays. While **OSBPs have improved clearance times**, full automation and harmonisation of customs procedures remain incomplete in many African countries.

High transport and logistics costs present another major hurdle. **Freight costs in East Africa are 1.8 times higher than the global average**, making intra-regional trade less competitive.[54] The lack of investment in **multimodal transport infrastructure, particularly rail and inland waterways, continues to constrain trade movement**. Small and medium-sized enterprises (**SMEs**), which constitute over **80% of businesses in Africa**, also face **significant challenges**, including **limited access to market information, high compliance costs, and restrictive financial**

---

[48] TradeMark Africa. (2024). Trade facilitation and digital transformation in East Africa. TradeMark Africa. Retrieved from https://www.trademarkafrica.com

[49] TMA (2024), Ibid

[50] World Bank. (2024). Africa's trade facilitation progress and impact on economic integration. World Bank Group. Retrieved from https://www.worldbank.org

[51] World Bank, (2024). Ibid

[52] African Development Bank (AfDB). (2024). Enhancing regional transport corridors for trade facilitation in Africa. African Development Bank Group. Retrieved from https://www.afdb.org

[53] World Bank, (2024). Ibid

[54] AfDB (2024) Ibid

requirements. The **estimated $81 billion trade finance gap** for African SMEs further underscores the need for improved financial inclusion and access to credit.[55]

Another area requiring urgent attention is **digital trade transformation**. While digital trade is expanding, **fragmented digital payment systems, regulatory inconsistencies, and slow adoption of emerging technologies** limit its full potential. Technologies such as **AI, blockchain, and data-driven trade facilitation tools** offer significant opportunities for improving customs efficiency and supply chain transparency. **Trade Logistics Information Pipeline (TLIP)**, for instance, has been introduced to **secure digital trade documentation**, but its widespread adoption remains slow.[56] Additionally, **the implementation of the WTO Trade Facilitation Agreement (TFA) remains incomplete**. While **45 African countries have ratified the TFA**, overall implementation remains **below the global average of 79%**, with Africa averaging **56.5% completion**. Only **three African countries have fully implemented the TFA**, indicating gaps in regulatory alignment and institutional capacity.[57]

To strengthen trade facilitation under the EAC, key priorities must be addressed. Scaling up digital trade and paperless trade solutions, including full adoption of ICMS and eSWS, will streamline clearance processes. Addressing transport and infrastructure gaps through investments in regional corridors, ports, and multimodal logistics networks will lower trade costs and improve connectivity. Furthermore, eliminating NTBs and enhancing regulatory harmonisation should remain a top priority. The EAC and AfCFTA NTB Elimination Mechanisms must be fully operationalised, ensuring that barriers to trade are swiftly addressed.

3. Women & Youth in Trade

Women and youth are integral to the economic and social fabric of the EAC and Africa at large. According to UN Women, **an estimated 70% of informal cross-border traders in Africa are women**, while UNCTAD reports that **informal trade accounts for approximately 30% to 40% of intra-African trade**, highlighting the significant role of women in the continent's informal trade**.**[58]

The EAC Treaty (1999) underscores gender mainstreaming and youth engagement as fundamental principles of regional integration, promoting their participation through various policies and frameworks. Notable among these are the EAC Social Development Framework (2013) and the EAC Youth Policy (2013), which recognize the youth as a critical demographic, with 80% of the region's population under 35 years of age. To harness this potential, the EAC actively engages with young people and youth organizations through various platforms.

Trade and Women's Economic Empowerment

Trade plays a crucial role in **fostering economic opportunities for women by creating employment, facilitating entrepreneurship, and increasing financial independence**. Trade enables women entrepreneurs to scale their businesses, access larger markets, and increase their

---

[55] AfDB (2024) ibid.

[56] TMA (2024) ibid

[57] World Trade Organization (WTO). (2024). Trade facilitation agreement implementation status in Africa. WTO Secretariat. Retrieved from https://www.wto.org

[58] UN Women. (n.d.). Empowering women in trade. UN Women Africa. Retrieved from https://africa.unwomen.org/en/what-we-do/womens-economic-empowerment/empowering-women-in-trade. See also United Nations Conference on Trade and Development. (2022). Measuring informal cross-border trade. UNCTAD. Retrieved from https://unctad.org/system/files/non-official-document/DITC2022_Document_ITF_UNCTAD2_en.pdf

incomes. According to a joint report by the World Bank and the World Trade Organization, **companies engaged in exporting activities tend to employ more women, offer higher wages, and provide better job security compared to non-exporting firms**. Specifically, in developing countries, women constitute 33% of the workforce in exporting firms, compared to 24% in non-exporting firms. Moreover, **trade openness is associated with increased formal employment opportunities for women, leading to improved benefits and job security**.[59] Countries that promote inclusive trade policies that reduce barriers for women tend to experience higher economic growth. A McKinsey Global Institute report (2015) found that **advancing women's participation in trade could add $12 trillion to global GDP by 2025.** Countries with higher female labour participation in trade sectors tend to experience greater economic stability and reduced poverty rates.[60]

However, women often encounter significant barriers in fully benefiting from trade opportunities. UNCTAD highlights that women face challenges such as **unequal access to resources, limited training opportunities, and cultural constraints**. Additionally, the **disproportionate burden of unpaid care and household work, coupled with higher participation in low-productivity sectors, constrains women's full economic empowerment**. It is estimated that only 15% of exporting firms globally are women-led, and female business owners face higher trade barriers and limited access to finance, further restricting their business growth and access to international markets.[61]

Despite their substantial role in trade, **women traders face systemic barriers that limit their economic participation**, including:

- Limited knowledge of trade regulations and rights, particularly at border points.
- Restricted access to information on tax regimes, trade policies, and market opportunities.
- Increased exposure to corruption, insecurity, and harassment at border crossings.
- Inadequate transport, logistics, and storage facilities.
- Weak market bargaining power due to fragmented access to business networks.

Women-owned SMEs also struggle to access essential services such as business development support, financial services, and trade facilitation mechanisms. Given the high costs of operating in remote areas, small-scale traders require stronger networks to benefit from regional supply chains. Furthermore, the predominance of women-owned businesses in the informal sector renders them invisible to policymakers and limits their access to financial and business support services. Women entrepreneurs also suffer from inadequate market information, leading to exploitative pricing and limited profitability. Many lack awareness of trade procedures, export/import requirements, and compliance standards under the EAC Common Market Protocol and Customs Union. Addressing these challenges requires targeted interventions to formalize and support women-led businesses.

Youth Participation in Trade

Africa's youthful population presents a significant yet underutilised potential in global trade. However, the labour market is not expanding fast enough to absorb the growing number of young job seekers.

---

[59] World Trade Organization (WTO) & World Bank. (2020). Trade and women's economic empowerment. Retrieved from https://www.worldbank.org

[60] McKinsey Global Institute. (2015). The power of parity: How advancing women's equality can add $12 trillion to global growth. McKinsey & Company.

[61] UNCTAD. (2021). Gender equality in trade: The role of policy and inclusion. United Nations. Retrieved from https://sdgpulse.unctad.org/gender/

Over 72 million African youth aged 20 to 24 are not in education, employment, or training, with rates exceeding 40% in East and Southern Africa. The EAC comprises a predominantly youthful population, with individuals aged 15 to 34 constituting over 68% of the total populace, approximately 140 million people. This demographic presents both significant opportunities and challenges for the region's economic development and integration into trade activities.

One of the most pressing concerns is **high unemployment rates**, despite the region's economic growth. Many young individuals remain unemployed or are engaged in informal, low-paying jobs, which significantly limits their economic potential. Additionally, **limited access to finance** poses a major barrier for young entrepreneurs. Many struggle to secure the necessary financial resources to start or expand their businesses, restricting their ability to engage effectively in trade and contribute to overall economic growth. Another critical challenge is the **skills mismatch** between what young people possess and what the labour market demands. Many youth find themselves underemployed due to a lack of relevant skills, reducing their opportunities for meaningful participation in trade-related activities. Furthermore, **regulatory barriers** create additional difficulties. Complex administrative procedures and restrictive regulatory frameworks discourage young entrepreneurs from formalizing their businesses, thereby limiting their participation in formal trade sectors. Addressing these challenges requires targeted policy interventions to ensure that youth can fully leverage trade as a pathway to economic empowerment.[62]

4. EAC Political Economy and Stakeholder Analysis

The political economy within the EAC is shaped by a complex interplay of governance structures, stakeholder interests, socio-political dynamics, and economic disparities across Partner States. Understanding these dynamics is crucial for designing and implementing effective regional economic integration projects. While the EAC provides a unified framework for collaboration, national contexts and divergent political environments significantly influence regional programs. The following are salient political trends, governance challenges, stakeholder dynamics, and their implications for the EAC.

Political Stability and Governance:

Political stability across EAC Partner States varies widely, influencing the effectiveness of regional cooperation and policy implementation. Rwanda and Kenya have achieved relative political stability, providing strong foundations for economic growth and integration. Rwanda's centralized governance and anti-corruption measures enhance policy coherence, though critics argue they limit political pluralism. Kenya's democratic system, while robust, faces challenges from ethnic-based political competition and periodic electoral disputes. Tanzania, under its current administration, has seen renewed commitments to regional collaboration and domestic reforms, boosting its role in the EAC.

South Sudan, DRC, and Somalia are characterized by prolonged conflict, political instability, and weak institutions. In South Sudan, ongoing civil conflict hampers participation in EAC programs and limits economic recovery. Similarly, the DRC's vast size and fragmented governance undermine its ability to implement regional policies effectively. Somalia, a newer EAC entrant, grapples with rebuilding its state institutions after decades of collapse.

The EAC Peace and Security Strategy addresses political instability by promoting dialogue and conflict resolution. However, disparities in governance capacity among Partner States often impede collective decision-making and the execution of regional strategies.

---

[62] International Labour Organization. (2024). Global Employment Trends for Youth 2024: Sub-Saharan Africa. Retrieved from https://www.ilo.org/sites/default/files/2024-08/Sub-Saharan%20Africa%20GET%20Youth%202024_0.pdf

Institutional Frameworks and Policy Alignment

The EAC operates under a comprehensive institutional framework that includes the Summit of Heads of State, the Council of Ministers, the East African Legislative Assembly (EALA), and the EAC Secretariat. These bodies aim to harmonize policies, promote regional integration, and facilitate economic development. However, the effectiveness of these institutions is often limited by national interests and varying levels of commitment among Partner States. Rwanda and Kenya have shown strong alignment with EAC protocols, driving initiatives in infrastructure development, trade liberalization, and customs union policies. Burundi and South Sudan, constrained by political and economic instability, lag in implementing regional commitments. - DRC's integration remains nascent, with efforts focused on aligning national policies with EAC frameworks.

The EAC Development Strategy emphasizes capacity building and institutional strengthening to address disparities in policy implementation. Enhanced coordination mechanisms are essential to bridge the gap between regional aspirations and national realities.

Stakeholder Dynamics:

The EAC's success depends on the involvement and cooperation of diverse stakeholders, including governments, private sector actors, civil society organizations (CSOs), and development partners.

- National governments are the primary stakeholders, responsible for aligning domestic policies with EAC objectives. However, national priorities often take precedence, leading to delays in implementing regional agreements. For instance, Kenya and Tanzania frequently prioritize bilateral trade agreements over regional frameworks.
- Businesses across the EAC are critical drivers of regional economic integration. Organizations like the East African Business Council (EABC) advocate for reduced non-tariff barriers (NTBs) and improved cross-border trade facilitation. Despite their influence, private sector participation is often hindered by inconsistent regulatory environments and infrastructure gaps.
- CSOs play a vital role in advocating for transparency, inclusivity, and accountability. In countries like Rwanda and Uganda, civil society engagement has strengthened community-level support for regional initiatives. However, restrictive environments in some states limit CSO operations, undermining their contributions.
- Development Partners: External partners such as Denmark, the EU, and the World Bank provide financial and technical support for EAC programs. For example, Denmark's support for governance and anti-corruption initiatives aligns with the EAC's goals of enhancing institutional capacity.

Barriers to Political and Economic Participation

Political and economic exclusion remains a significant challenge in the EAC, particularly for marginalized groups such as women, youth, and ethnic minorities.

- Gender Disparities: Across the EAC, women face barriers to participation in decision-making processes. In countries like South Sudan, cultural norms severely restrict women's access to leadership roles. The EAC Gender Equality and Development Framework seeks to address these gaps through capacity-building programs and policy advocacy.

- Youth Exclusion: Youth unemployment is a pressing issue, particularly in countries like Uganda and Burundi, where the majority of the population is under 30. The lack of youth representation in political processes limits their ability to influence policies that affect their future.

The EAC Social Development Framework emphasizes inclusivity and aims to ensure that regional programs align with the principle of "leaving no one behind."

Rent-Seeking and Corruption

Rent-seeking behaviour and corruption undermine governance and development efforts across the EAC. Corruption diverts resources from critical sectors such as education, health, and infrastructure, perpetuating poverty and inequality. DRC and South Sudan are among the most affected, with widespread embezzlement of public funds and weak anti-corruption mechanisms. Kenya and Tanzania have made strides in combating corruption through institutional reforms, but implementation remains inconsistent. The EAC Protocol on Good Governance promotes transparency and accountability by encouraging peer reviews and capacity-building initiatives. However, more robust enforcement mechanisms are needed to tackle corruption effectively.

The political and stakeholder landscape of the EAC reflects both opportunities and challenges for regional integration. While institutional frameworks and stakeholder networks provide a foundation for progress, disparities in governance, stakeholder capacity, and political will often hinder implementation. Addressing these issues requires coordinated efforts at both the national and regional levels, supported by development partners like Denmark. Enhanced collaboration, strengthened governance, and inclusive stakeholder engagement will be critical to the success of regional economic initiatives in the EAC.

Annex 1 (a)

Donor	Programme	Focus of Programme	Revised Synergies with SITA
Germany – BMZ	Africa Strategy	Trade and economic integration, including AfCFTA, with a €50M budget.	SITA builds on BMZ's AfCFTA objectives by enhancing trade facilitation, specifically through reducing non-tariff barriers (NTBs) and improving customs efficiency along East African trade corridors.
EU	AfCFTA Support	€50M funding for AfCFTA implementation from 2022–2028.	While the EU funds AfCFTA implementation, SITA ensures practical implementation by supporting digital trade solutions, logistics improvements, and capacity-building for border agencies and SMEs.
EU, Germany, France, Sweden	EU - TAF	€29.5M Team Europe initiative supporting AfCFTA and regional integration.	SITA complements EU-TAF's AfCFTA efforts by focusing on regional trade corridor optimisation, supporting implementation at key border crossings, and improving trade documentation processes.
UNECA (Canada, Denmark, others)	Africa Trade Policy Centre (ATPC)	Strengthens trade policy and negotiation capacity, supports AfCFTA Secretariat and RECs.	SITA supports ATPC's policy work by translating regional trade agreements into actionable reforms, ensuring customs harmonisation and practical trade facilitation interventions.
World Bank	BIASHARA 2063	$50M programme strengthening AUC and AfCFTA Secretariat; supports REC and country-level implementation.	SITA bridges the gap between BIASHARA 2063's institutional capacity-building and real-world trade facilitation, ensuring that policy recommendations lead to measurable improvements in trade efficiency.
BMZ / GIZ	Support to East African	€60M project on value chain trade, trade in services, and	While SEAMPEC II enhances value chains and services trade, SITA ensures trade routes

	Integration (SEAMPEC II)	EAC Secretariat capacity building.	function smoothly by addressing logistics bottlenecks, digitising customs processes, and integrating SMEs into regional markets.
EU-BMZ	LIFTED	€6.8M co-financing programme to increase services liberalisation and CSO engagement in AfCFTA.	SITA extends LIFTED's impact by enabling market access for women and youth traders, promoting financial inclusion, and ensuring digital trade policies are gender-responsive and accessible.
EU	MARKUP II	€40M programme promoting private sector growth, intra-African trade, and value addition.	MARKUP II focuses on export readiness, while SITA directly reduces trade costs by improving transport corridors, transitioning exports from air to sea freight, and streamlining customs procedures.
EU	CORE	€15M support for EAC Customs Union & Common Market implementation.	SITA reinforces CORE's customs integration efforts by digitising cross-border trade processes, enhancing interoperability between trade systems, and tackling non-tariff barriers at border posts.
EU	EDF Regional Trade Facilitation Program – COMESA	€53M COMESA programme, including €4.2M for trade in services reforms.	While EDF enhances trade facilitation in COMESA, SITA ensures these efforts align with EAC trade routes, accelerating the deployment of smart border solutions and regional trade digitisation.
EU	Programme on Competition	€1M programme strengthening the EAC competition authority and legal framework.	SITA directly supports the EAC competition authority's objectives by advocating for harmonised trade regulations, ensuring fair market access, and integrating SMEs into competitive value chains.
EU	Digitisation Programme	€27M initiative supporting e-governance, cyber security, and e-commerce development.	SITA complements the EU digitisation programme by focusing on cross-border e-commerce expansion, digital payment adoption, and reducing regulatory barriers for digital traders.
World Bank	Eastern Africa Regional Digital Integration Programme (RDIP)	$202M programme enhancing regional digital integration across the EAC.	RDIP enhances digital integration, and SITA ensures this translates into trade efficiency by focusing on digital customs, cross-border trade platforms, and e-payment adoption.
TradeMark Africa (TMA)	TMA Strategy 3 (2023–2030)	$700M strategy focused on reducing trade costs, digitisation, standards, NTB resolution, and inclusion of vulnerable groups.	TMA Strategy 3 sets broad trade facilitation goals, while SITA implements targeted interventions, such as transitioning perishable goods to sea freight, improving one-stop border posts, and enhancing trade access for women and youth.

Annex 2: Partner Assessment

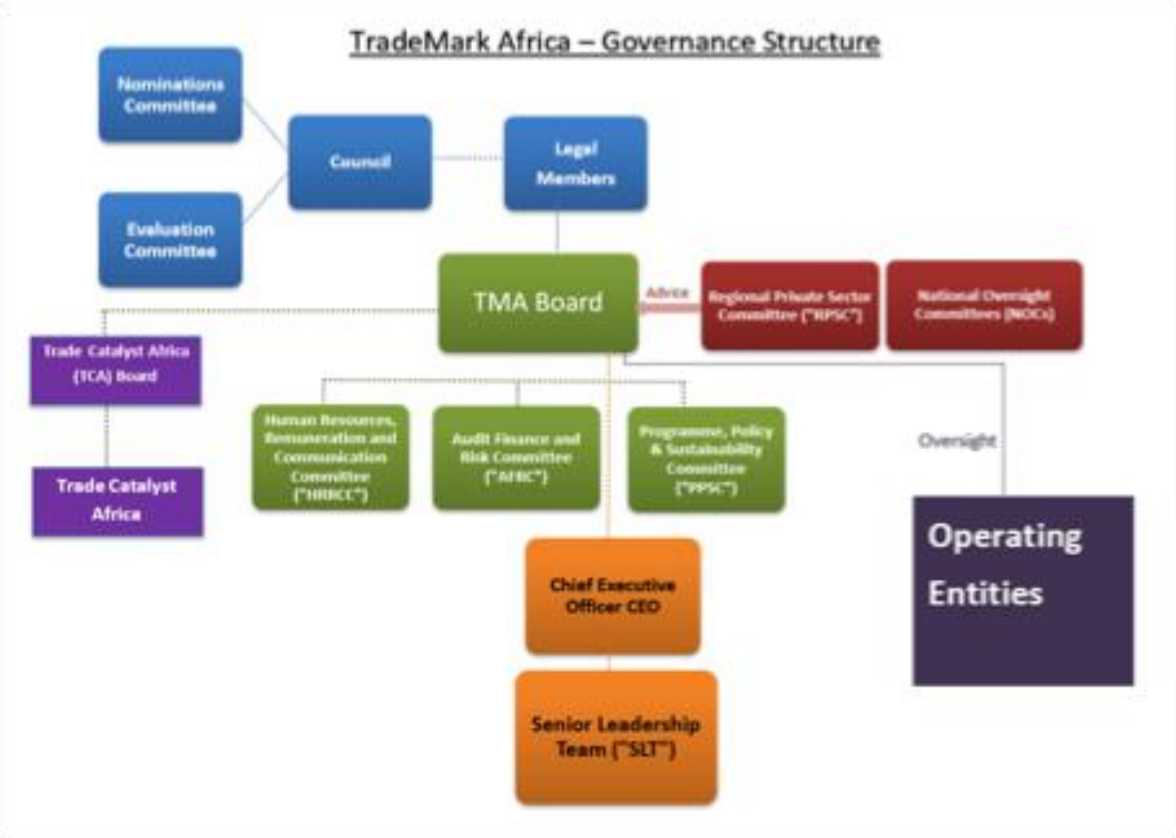
TradeMark Africa (TMA), formerly TradeMark East Africa, is an Aid-for-Trade organisation that was established in 2010, with the aim of growing prosperity through increased trade. TMA is currently funded by 12 donors, including Denmark, who was also one of the original donors setting up the organisation. The first two strategic periods of TMA (2010-2023) have contributed to substantial gains for trade and regional integration in East Africa and the Horn of Africa in terms of decreased cargo transit times (reduction of 16.5% on the Northern Corridor from Mombasa to Bujumbura), improved border efficiency (the time to cross targeted one stop border posts has been reduced by an average of 70%), and reduced barriers to trade. The continental-wide shift and rebrand to TMA was officially launched in West Africa in January 2023, with Ghana being the first country of operations in the region. TMA's headquarters are in Nairobi, Kenya and has operations and offices in the following 13 countries: Burundi, the Democratic Republic of Congo, Djibouti, Ethiopia, Ghana, Malawi, Mozambique, Rwanda, Somaliland, South Sudan, Tanzania, Uganda and Zambia. TMA is expecting to open operations in Cote d'Ivoire, Togo, Benin and Nigeria in the near future. Cameroon and other Central African countries are also potential new targets for operations.

As to be expected from an ambitious and high-profile, multi-donor initiative with close to a billion dollars in delivered funds, TMA has been extensively assessed and reviewed. Over its previous two strategy phases (2010-17 and 2017-2023) TMA has been able to deliver significant results in reducing trade and supporting trade growth in the wider East African region. The second phase was challenged with support from a key donor being pulled away, leading to significant institutional and organisational uncertainty, with the viability of the organisation in question. For their third strategy phase, TMA is operating under new management and has built a more diversified and lean operating model. This new operating model will allow TMA to function even in the case of programmes funded by individual donors being closed, making TMA less vulnerable to changes in political priorities of donors

TMA's governance arrangements (see diagram overleaf) are set out in the Constitution, which has been revised and approved by the Legal Members of TMA in November 2023. Qualifying donors, including Denmark, are represented on the Council, ensuring that their voice is heard at the top management level. As Denmark is represented through the Embassy in Nairobi, it is important that sufficient coordination is done with relevant embassies in the region ahead of Council meetings to ensure efficient and well-informed engagement in the Council. The Embassy is well-placed to carry out this role, in particular as the Embassy becomes a regional hub as part of the Africa Strategy.In addition to the Council, specific project governance arrangements set out for SITA to enable a direct and detailed conversation between the Danish MFA and TMA on the flagship initiative.

The Board of TMA is extremely high level, with heavyweights from both the political and private fora, representing all parts of the African continent. The Board serves an important role in guiding the CEO and the senior leadership team, but also providing entry points into ongoing policy discussions at continental and regional levels.

It should be noted, however, that TMA has only relatively recently matured from a smaller organisation with a regional focus on East Africa to a continental remit, and supporting regional bodies in a number of areas, as well as continental initiatives such as the African Continental Free Trade Area (AfCFTA). While the current model underpins an agile approach that is strongly appreciated by client Governments, the lack of formal affiliation with regional and continental bodies can lead to significant efforts required to gain the seat at the table needed to be truly effective. TMA is looking to address this in many ways, including through governance arrangements, and it is likely that some sort of adaptation will take place during the project period.



TMA operates under a matrix organisation where many key staff are based in Nairobi, but also many technical experts are located in country offices. This requires efficient and active leadership and considered management. TMA have indicated that they are investing in the necessary HR-systems and management tools to function as a credible international organisation with a larger hub and several satellite sites. TMA is also currently exploring possible future models for its set-up. These models include, among others:

- TMA being designated as a specialised institution of a continental body eg the African Union (AU) or the AfCFTA;
- TMA becoming an agency of another African institution such as the AfDB which had been considered earlier by the Board of Directors; and
- Registration as an international organisation.

The exercise includes assessing the legal, financial and political implications (both positive and negative) of these options – including for donors; and indicative pathways and timescales, including assessment of the procedures and effort required, whether political, financial or otherwise, and the feasibility of such options. Denmark will bave the opportunity to participate in these deliberation through the Council as well as the proposed Denmark-TMA Advisory Oversight Committee.

When wanting to pursue results in the domain of trade facilitation in East Africa, TMA is described as the go-to-organisation by most donors. Even the EAC highlights the importance of the work that TMA is pursuing and their ability to get things done. TMA has been purposly designed by donors, including Denmark, to act as a long-term vehicle to support trade and development in the region. Especially in the original five EAC countries, and to a more limited extent in the others, over the last decade, TMA has been able to establish strong national governance mechanisms. These enable TMA to drive programmes at national and local levels, and, ultimately, deliver results.

For its strategy three coverning 2023-30, TMA is targeting a budget of $700 million. By the end of 2024, TMA had secured $232 million in commitments with a further $210 million described as ”highly likely”, originating from 13 different donors. However, there is now increased uncertainty with termination of projects funded by USAID and possible future cuts by UK FCDO, which are yet to be detailed. This means that a larger role will be played by donors from the EU. Indeed, TMA is a pillar-assessed organisation under the EU, granting it specific benefits (under Article 154 of the Financial Regulations) through TMA's status as a body governed by private law but with a public service mission.

When undertaking the scoping mission, TMA was the only potential implementing partner that was assessed to have credible capacity to manage the delivery of both a East African regional component and continental component concurrently. The design of SITA fits well within TMA's Strategy 3, and they are able to package the components into a unified programme with streamlined oversight and management arrangements. TMA is looking to replicate its successes in reducing trade times and costs in East Africa through its new work on the Abidjan-Lagos Corridor in West Africa, with strong backing at the highest levels of the AfCFTA Secretariat.

These existing connections provide a solid foundation for the continental and international advocacy work that Denmark is envisaging TMA could play under component 1 of SITA. Through the networks that it has established and the work that it has done, TMA has convening power and access at the AfCFTA Secretariat. This is not a given for donor programmes, which are often left to fend for themselves on arrival to Accra. TMA has also been a regular and well received contributor at the WTO as well as other trade related agencies in Geneva. There is a unique opportunity for Denmark to leverage TMA's experience of delivering transformative change through trade facilitation, to forge coalitions and build momentum to support the AfCFTA and the broader agenda of working more closely with Africa, set out in Denmark's Africa Strategy.

The above notwithstanding, it is undoubtable that delivering such a broad continent-wide agenda, with simultaneously setting up and managing operations in several new territories, navigating national, regional and continental political obstacles and aspiring to deliver programmes at the frontier of technological development, will challenge the organisation at some points over the course of the strategy period.

The proposed approach for SITA is able to avoid the greatest operational risks within the new strategy 3 portfolio. Firstly, the continental and international work is planned to be mainly research, advocacy and other strategic engagement of partners. This means that in practice Denmark will be insulated from a lot of the direct logistical and political challenges that TMA may face when starting up in new geographies.

Secondly, components 2-4 are targeted on the key four EAC states along the Northern and Central corridors: Kenya, Tanzania, Uganda and Burundi. TMA has well established national operating committees in each country and has strong access at all levels of government as well as private sector and civil society. The Northern Corridor from Mombasa at the coast of the Indian Ocean to Kisangani in the heart of DR Congo is designated as one of the Strategic Corridors of EU's Global Gateway Initiative. Given how all the components of SITA are supporting development along the corridor, it means that SITA is a contribution to the Global Gateway and can be pursued under the Team Europe approach. The Global Gateway and the Team Europe approach are important vehicles for delivering on Denmark's Africa Strategy.

Thirdly, the work is focusing on technical areas that TMA has worked on extensively in its previous strategies. One of the landmark investments of TMA has been the establishment of the One-Stop-Border-Posts, which have helped reduce the trade times and costs significantly across the trade corridors. As trade volume have grown beyond their designed limits, the border posts are now facing congestion that is already eroding the gains they have produced. Given this background, TMA is uniquely well positioned to design and deliver a new generation of upgrades that will help the region to transition from one-stop borders to no-stop borders. Similarly, TMA has been actively working with the Dutch and the

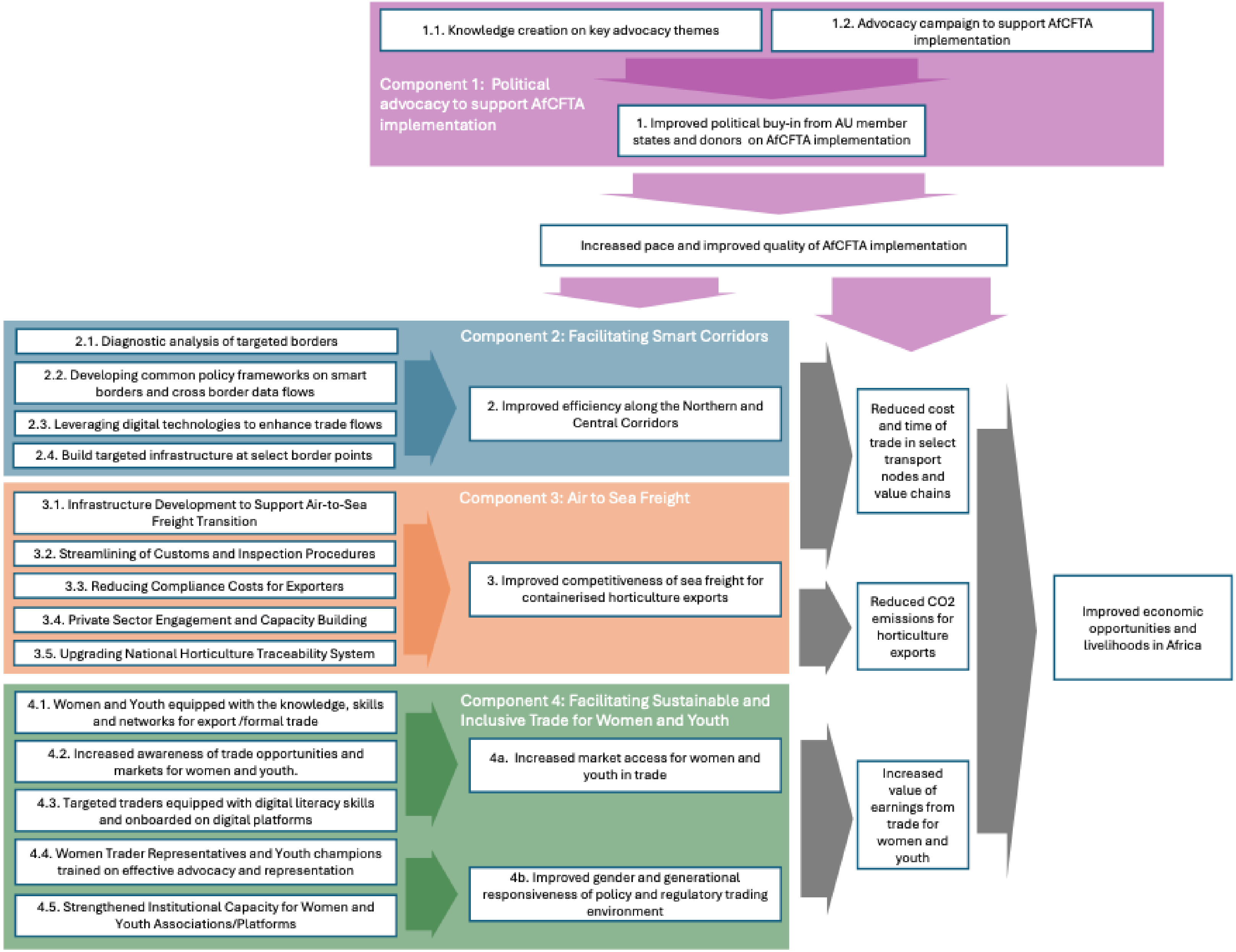
EU, as well as private sector partners, to understand the dynamics of the cold-chain logistics networks in Kenya and further along the corridors.

Finally, one of the more successful components of the previous strategy phases was the work TMA has done supporting women and trade. They have been able to deliver tangible results in terms of increased sales to women cross border traders as well as social and economic empowerment of women participating in TMA's interventions. While many of the involved business women would also qualify as "youth", TMA has to date lacked initiatives that have been directed to this group. However, the expansion from women to also targeting youth is helped by the fact that both groups largely operate in the same economic ecosystems and face similar types of challenges.

As part of the partner assessment, the consultancy team has reviewed a number of internal TMA policies and procedures related to management and ethical practices. While these do not constitute a fiduciary risk assessment, it should be noted that in 2023 TMA did pass the EC pillar assessment for all nine pillars. TMA has acknowledged that it has actively been working on to improve any perceived weaknesses in systems, controls, rules or procedures that were identified as part of the pillar assessment process. This internal development work is evident from the number of key governance documents that have been updated since. Specifically, TMA does have well established policies for staff and suppliers related to safeguarding, covering sexual exploitation, abuse and harassment, and functional whistleblowing mechanisms operated by third parties. TMA has both men and women represented across all levels of the organization.

Name of Partner	Core business	Importance	Influence	Contribution	Capacity	Exit strategy
TradeMark Africa (TMA)	TradeMark Africa (TMA) is an Aid-for-Trade organisation that was established in 2010, with the aim of growing prosperity through increased trade. TMA's mission is to increase sustainable and inclusive intra-African trade and exports to the rest of the world.	Medium. TMA has been successful in fundraising for its new strategy. It has currently secured around $230 million in commitments, meaning this project would be a 10% increase. This project is also important beyond its nominal value, as it is allowing TMA to do three key things: 1. engage in deep strategic thinking on topical issues related to trade and development (e.g. AfCFTA) at key continental and international fora: 2. demonstrate its ability to design and deploy state of the art solutions for transport and logistics challenges across the continent based on its experience the EAC; and 3. continue to further its work and engagement in the EAC along the corridors;.	High to Medium. In the detailed design of the three components, TMA will have significant influence. They can decide who and how they partner with. As implementation of SITA progresses, TMA will bring along more parners to help with the delivery of the various activities. This will lead to TMA ceding some of its direct influence to third parties.	At the outset of the project, TMA will be responsible for the detailed design of each of the four components of the project. This will require the assessment of buy-in from partners and pooling in of funds from other donors, as necessary. TMA will be the ones directing the process during implementation, but will ultimately be reliant on the AfCFTA Secretariat, EAC Secretariat, representatives of the National Oversight Committees, private sector participants and suppliers delivering various work packages under each of the components for the delivery of results, even at output level.	TMA has some significant strengths, which make it uniquely positioned to deliver the project: - TMA has a track-record of delivering similar types of activities along the Northern and Central Corridors - TMA has established networks and ways of working with AfCFTA Secretariat, allowing access to key stakeholders - TMA has the technical staff that can lead the design and implementation of the project across all four components. - TMA has the financial management capacity (policies, processes, systems and people) to manage the funds, pool funding from other donors, as necessary, and engage suppliers as technical specialists to develop the systems. - TMA has established the in-country governance and oversight systems required to deliver national and cross-border projets, with a track record of successful delivery. - TMA the political access to Statehouses in the target EAC countries as well as politicians at the highest level in Arusha, Accra and Addis. At the same time, TMA do face some institutional challenges: - It is actively enlargening its activities into new countries. This will inevitably challenge the bandwidth of the leadership and diminish its ability to drive projects through - TMA doesn't have direct mandate itself to deliver and will be reliant on national, regional and continental partners - Joint funding and pooling arrangements with other donors can lead to changes in project plans which can increase the admin burden to TMA - The quality of evidence produced by the monitoring and evaluation systems has remained varied, especially at the higher end of the results chain	The arrangement is set up as a project. TMA will deliver the outputs according to the partnership agreement and then the project will close. The core functions of TMA are funded through a separate arrangement by other donors. Thus they will remain secured indepent of Danish funding. The project components will develop detailed sustainability plans that outline how the results delivered by the investments will remain. A key consideration here is the systemic nature of the project, such as reducing cost and reliability of sea freight to direct transport to utilize that modality instead of air freight.

Annex 3: Theory of Change and Result Framework



Theory of Change

Growing Prosperity Through Trade

Shifts	Portfolio
AfCFTA/ BIAT	1.0 Trade and Investment Environment
FROM PROTECTIONISM TO PRECAUTIONISM	2.0 Quality / Value of Traded Goods
NEW TECHNOLOGY	3.0 Digital Systems
CHANGING FINANCING LANDSCAPE	4.0 Physical Connectivity (TCA)
CLIMATE CHANGE	5.0 Greening Trade
INCREASED INCOME/ FOOD INSECURITY	6.0 Resilience and Inclusive Trade

Direct Outcomes

Improving Market Access by Removing Institutional Barriers to Trade	Improving Business Competitiveness to Take Advantage of Enhanced Market Access
1.1 Trade Policy/ Instruments/ Frameworks 1.2 NTB and TBT Resolution 1.3 Trade Data and Information Platforms 1.4 Improved Trade Environment for Exports	1.5 PPD /Evidence-based Advocacy to Inform Policy 1.6 Trade and Market Information 1.7 Targeted Sectors 1.8 Trade Finance (TCA)
2.1 Regulatory SPS/ SQI Frameworks 2.2 Institutional SPS/ SQI Frameworks 2.3 SPS/ SQI Delivery Frameworks 2.4 Compliance Frameworks	2.5 Sector and Firm Level Export Readiness (Information, Capacity Building) 2.6 Firm Level Compliance 2.7 Increased Value Addition (Providing TA/Equipment) 2.8 Develop Backward and Forward Linkages
3.1 Digital Trade Policy 3.2 Digitisation of Trade Processes 3.3 Integrated Corridor and Border Management 3.4 eCommerce Regulatory Frameworks	3.5 Develop Digital Platforms for Logistic or Agriculture Sector 3.6 eCommerce Platforms Development to Link Buyers/Sellers 3.7 Market Information Systems 3.8 Digital Payment Systems
4.1 Port and Border Productivity and Connectivity 4.2 Port and Border Infrastructure Upgrade 4.3 Smart Facilities and Borders Development 4.4 Logistics Facilities and Equipment Investments	4.5 Leverage Private Sector Infrastructure Investments (TCA) 4.6 Development of Catalytic Infrastructure (TLC) 4.7 Transport / Logistics Sector Curriculum Development 4.8 Innovative Solutions to the Logistics Sector
5.1 Green Policy Development 5.2 Resilient Infrastructure and Modal Shift 5.3 Greener Goods and Services 5.4 Catalysing Green Financial Products	5.5 PPD Informs Green Reforms 5.6 Leverage Private Sector Investment in Modal Shift (Sea freight) Infrastructure (TLCs) 5.7 Preparing Firms/Sectors on Requirements in Export Markets 5.8 Facilitate Access to Green Finance
6.1 Reducing Barriers to Competition 6.2 Simplification of Trade Processes 6.3 Mainstreaming/ Disaggregating Data	6.4 Organising women traders / Formalisation. 6.5 Sector and firm level trading readiness 6.6 Communities of Practice

Systemic Outcomes

Institutional Barriers	Business Competitiveness
• 15% reduction in cost and time of trade on selected trade nodes/ value chains	• $1.2bn increase in value of investments leveraged • 10.5% increase in value of earnings from trade
• 15% reduction in total tones of CO2 emissions above trends on selected corridors and value chains	• $180m green investments leveraged

Goal	Impact
• Sustainable and Inclusive Trade Flows	• Sustainable and Inclusive Prosperity • Reduced Poverty • Increased GDP
• 25% increase in volume of intra-Africa trade of total trade • Increase in value of intra-African trade from $61bn to $70bn • Increase in total intra-Africa Exports from $500bn to $650bn	• 70,000 jobs created • 35% increase in Government Revenue

Trade and Transport Corridors

VISION

Africa pioneering in sustainable and inclusive growth as a pathway to prosperity for all Africans

MISSION

To increase sustainable and inclusive intra-African trade and exports to the rest of the world

Principles

- Political commitment
- Practical demonstrations
- Partnership focus
- Institutional approach
- International approach
- Integrated approach

Resources

- Grant Funding
- Blended Financing (TCA)
- Trade Diplomacy
- Expertise
- Stakeholder Engagement

Risks

- Complexification of the donor landscape
- Shifting of donor appetite
- Exogenous shocks
- Climate Change
- Geo-politics / Regional conflicts

Results Framework for Project

Project	Sustainable and Inclusive Trade in Africa (SITA)
Overall Objective	Improved economic opportunities and livelihoods in Africa
Impact Indicator 1	Value of good and services trade under AfCFTA
Impact Indicator 2	Increased average GDP/capita in Africa
Impact Indicator 3	Increased volumes of horticulture exports from the EAC region
Impact Indicator 4	Value of earnings from trade for women and youth

Component 1		Policy advocacy to support AfCFTA implementation	
Outcome 1		Improved political buy-in from AU member States and donors for AfCFTA implementation	
Outcome indicator		Countries actively trading under AfCFTA	
Baseline	Year	2025	0
Target	Year	2030	27
Output 1.1		Knowledge products developed supporting key advocacy themes on AfCFTA implementation	
Output 1.2		Delivery of advocacy campaigns to support AfCFTA implementation	

Component 2		Facilitating Smart(er) Borders 2.0.	
Outcome 2		Improved efficiency along the Northern and Central Corridors	
Outcome indicator		Transit times at select border posts and costs associated with cargo clearance at select border posts	
Baseline	Year	2025	To be determined during diagnostic analysis
Target	Year	2030	To be determined during diagnostic analysis
Output 2.1		Border diagnostic study conducted	
Output 2.2		Policy framework(s) on smart borders developed	
Output 2.3		Trade Digital platforms developed	
Output 2.4		Smart border infrastructure developed	

Component 3		Air to Sea freight	
Outcome 3		Improved competitiveness of sea freight for containerised horticulture exports (by reducing costs)	
Outcome indicator		Unit cost ($/kg) of sea freight for select export products to EU market (flowers, vegetables and fruits)	
Baseline	Year	2025	Flowers $2.80; Vegetables $2.70; Fruits $0.54
Target	Year	2030	Flowers $1.52; Vegetables $0.71; Fruits $0.47
Output 3.1		Air to Sea freight transition infrastructure developed	
Output 3.2		Sea freight Customs and inspection procedures for exports streamlined	
Output 3.3		Private sector trained/capacity built on sea freight procedures	
Output 3.4		Horticulture traceability system for sea export upgraded	

Component 4		Facilitating Sustainable and Inclusive Trade for Women and Youth	
Outcome 4a		Increased access to formal markets for women and youth in trade	
Outcome indicator		Number of women and youth SMEs/traders enabled to access formal markets through project activities	
Baseline	Year	2025	0
Target	Year	2030	3000 (women) / 3000 (youth) (categories non-exclusive)
Outcome 4b		Improved gender responsiveness of policy and regulatory trading environment	
Outcome indicator		Number of target policies and regulations that are gender sensitive	
Baseline	Year	2025	0
Target	Year	2030	Tbd
Output 4.1		Women and youth traders trained/capacity build to trade formally across borders	
Output 4.2		Women and youth traders linked to better markets	
Output 4.3		Women and youth onboarded on digital trade platforms	
Output 4.4		Women and youth institutions/associations/platforms strengthened	
Output 4.5		Gender and generationally responsive policy and regulatory trading environment reforms	

Annex 4: Risk Management

Contextual risks

Risk Factor	Likelihood	Impact	Risk response	Residual risk	Background to assessment
Lack of political commitment to and / or shifting political priorities of EAC and Partner States	Medium	High	TMA driven reforms achieved particularly on cost and time to cross borders have been well received by EAC and its Partner States. This has build trust in the organisation. TMA structure of having offices in all Partner States, combined with the NOCs that include all key implementing partners (and can co-opt any needed ones) will mitigate against this risk and maintain momentum for reforms.	Medium	EAC and partner states are critical in achieving the needed reforms / regional framework to support smart corridors and trade facilitation measures
Limited buy-in and participation from private sector stakeholders	High	High	To mitigate this risk, targeted awareness campaigns, proof-of-concept trials and incentives to lower financial barriers for initial sea freight trials and preferential arrangements at borders will be used. Building partnerships with industry associations and conducting workshops will also help build trust and knowledge in the sector.	Medium	The project's success depends on private sector participation to drive logistics changes and export operations. Limited interest due to perceived risks, high initial costs or inadequate knowledge about project benefits could hinder adoption and scale.
Economic volatility affecting project funding and private sector investments	Medium	Medium	A Team Europe approach is being followed providing diversified funding from European partners. This should be able to reduce the risk of project failing due to the reduction in funding from any one partner.	Low	Economic factors such as inflation, currency fluctuations and shifts in donor policies can impact project funding.
Geopolitical issues disrupting region or transport routes (e.g., Congo-Rwanda conflict expanding, Red Sea crisis, civil disruption etc)	High (Air to sea freight) Medium (other components)	High (Air to sea freight) Medium (other components)	The risk is beyond the remit of the project. The project will interact with our partner governments to ensure that adequate diplomatic negotiations are done to reduce or remove the impact of this and any future issue.	High (Air to sea freight) Medium (other components)	Geopolitical instability in the EAC region or key transit areas, such as the Red Sea, can lead to disruptions in transport routes and increased transit times. These disruptions can affect the reliability of supply chains, causing delays and potential financial losses for exporters.
Climate change and weather-related shocks which can disrupt availability of adequate supply.	Medium	Medium	TMA will leverage other on-going projects to address this risk. These include the export supply hubs. In addition, the linkage to avocado farms in Rwanda and Uganda would also mitigate this risk as the region has different growth seasons.	Medium	Beyond the infrastructure, adequate supply of targeted products for the air to sea freight transition is critical for the success of the project.
The momentum of AfCFTA implementation dwindles down	Medium	High (AfCFTA advocacy) Low (other components)	The advocacy work under component 4 will enable TMA and Denmark to be involved in the inner workings of the AfCFTA negotiations. This will open opportuntities to both nudge positive outcomes (e.g. through a flexible research call-down) or exit from the process, as needed.	Low	The AfCFTA is currently seeing a surge in financial support and political capital. Yet, results remain uncertain, as key political challenges related to the negotiations themselves are unresolved and actual development benefits from the AfCFTA are yet to materialise.

Programmatic risks

Risk Factor	Likelihood	Impact	Risk response	Residual risk	Background to assessment
Slow implementation of Trade Facilitation reforms	Medium	High	TMA works with all stakeholders in a joint and participative manner to first agree on an implementation road map and then follow that with rolling of reforms.	Medium	The project will require significant cooperation from a multitude of agencies in Kenya, Tanzania, Uganda and Rwanda as well as at the EAC level. As these agencies are independent, they may not respond to the reform push in the required manner.
Delays or failures in infrastructure development	Medium	High	Risk mitigation will involve phased project planning, robust stakeholder	Medium	The successful implementation of infrastructure projects like the Cool Port at Mombasa and the development of cool rail

projects (e.g., Cool Port, cool rail services, smart gates)			engagement, and securing diverse funding sources to maintain project momentum. Regular progress assessments and involvement of experienced project management teams will help pre-empt and address potential delays.		services are vital for the project's success. Delays due to unforeseen technical challenges, funding shortages, or regulatory barriers could slow the project and affect its overall timeline and objectives. This could result in reduced project impact and loss of confidence among stakeholders.
Difficulty in coordinating efforts among multiple stakeholders, including governments, private sector, and international partners	High	High	Establishing a clear governance framework, appointing project coordinators, and creating a stakeholder communication platform will mitigate these challenges. Regular coordination meetings and transparent reporting structures will facilitate smoother collaboration and progress tracking.	Medium	The project involves numerous partners, from national governments to private exporters and international development agencies. Managing coordination, aligning objectives and ensuring effective communication among these stakeholders can be challenging, potentially delaying project milestones and causing resource inefficiencies.
Legal and regulatory challenges: Harmonizing legal and regulatory frameworks across countries	Medium	High	Establishing a clear governance framework, working with partners and providing high-quality and hands-on support to help partner government understand what changes need to be made, also importantly answering the questions of why and how.	Medium	Component 1 will require cross-country harmonization of legal and regulatory frameworks to allow for the digitisation of trade to facilitate fast movement at the borders. This is highly technical and capacity within partner governments is sparce.
Technology risks: Risks related to technology implementation, including system failures, cyberattacks, and data breaches.	Medium	High	The design parameters of the component will need to be clearly considered throughout the entire lifecycle. Responsibilities for designing, delivering, maintaining and further designing will need to be considered. A data protection impact assessment should be done as part of the diagnostic phase.	Medium	Component 1 is heavily reliant on new data infrastrucutre, policies and processes. It is established that border agencies hve limited capacity to adapt, utilise and maintain new tehnologies and processes.
Weak organisations – lack of key business development skills	Medium	Low	TMA to partner with strong/promising organisations to provide business development and technical assistance, focus on building technical skills and institutional change, incorporate phasing out in programme design	Low	The delivery of Component 3 is reliant on the ability to identify and partner with organisations that on the one hand need support, but on the other hand, have sufficient absorptive capacity that they can actually retain the support provided.
Low response of authorities in addressing reported barriers/constraints	Medium	Medium	Ensure reporting mechanism is linked to the formal resolution frameworks like the joint border committees or national monitoring committees. Follow up of resolution to be part of the project activities	Low	A key tool under Component 3 is the ability to track and address constraints and barriers that women and youth traders have identied and reported. However, at local level, authorities may not be aware of the issues, or may be disintrested due to the absence of even the most rudimentary accountability measures.
Lack of digital literacy and access	Medium	Medium	Enhance low fidelity solutions to support better the miniature mobile gadgets based on emerging trends and backward compacities. Consistently bridge the knowledge gap with various women groups.	Low	Most small-scale traders, who are the target of Component 3, have limited access to emerging technologies that require continuous upgrade of user devices and skills.
Political shift in Europe and other key target markets leads to relaxation of stated climate objectives before the economic case can be made to transition from air to sea freight	Low (Air to Sea freight)	High (Air to Sea freight)	While the initial business case is based on reduction of emissions for horticulture exports in the face of rising regulatory barriers, there is also an economically viable case for sea freight without new regulation. TMA together with other Team EU partners will need to make this to scale.	Medium	The Trump-effect has unpredictable influence on politics in the US but also Europe. This has the power to change recent trends and, as such, policy.

Institutional risks

Risk Factor	Likelihood	Impact	Risk response	Residual risk	Background to assessment
TMA is not able to deliver on its commitements due to donor funding being pulled out	High	Medium	Since strategy 2, TMA has changed its financial model and is less reliant on a single donor. The core funding is secured and additional activities, such as this project, are funded as project-based funding.	Low	During strategy 2, delays in UK FCDO decision making led to significant budget cuts at TMA, which almost bankrupted the organisation. If key donors pull out, is possible that TMA will not be meet its full target budget, which may mean that it will have to make strategic decision on what areas to pursue and what not. This is a discussion that Denmark can be involved in both through the regular channels as well as project advisory oversight committee.
TMA supported interventions become linked to mismanagement of funds	Low	Medium	TMA's procedures and measures for anti-corruption to be kept updated and adhered to. Any breaches or deviations need to be reacted to quickly and decisevily with transparency.	Low	Problems with mismanagement of funds and corruption are widespread in Kenya. These may affect TMA supported activities.
Expansion and growth of TMA lead to lack of management oversight and poor perfomance	High	Medium	TMA has a robust matrix organisation with country and technical teams. Responsibilities for managing projects are clearly distributed and managed through line management with support from techncial experts as needed.	Medium	Following the financail hardships during strategy 2, TMA has been forced to reconfigure itself, with new management and a lot of new staff. Combined with an ambitious new growth strategy and a Continent-wide mandate, this will run the risk of especially top-management being spread too thin.

Annex 5: Budget Details

TMA 5 Year Budget forecast by programme and Donor as at 13 Nov 2024
Amounts in USD Millions

	FY 2024/25		FY 2025/26		FY 2026/27		FY 2027/28		FY 2028/29	
Programme	Committed	Highly likely	Committed	Highly likely	Committed	Highly likely	Committed	Highly likely	Committed	Highly likely
	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000
Burundi	-	-	-	-	-	-	-	-	-	-
Djibouti	5 860	-	3 473	-	3 473	-	-	-	-	-
DRC	7 934	-	177	8 750	177	7 750	-	6 750	-	6 250
Ethiopia	7 211	-	1 225	575	1 225	575	-	575	-	575
Kenya	13 182	-	4 790	5 750	4 105	6 750	4 790	6 750	342	8 200
Malawi	2 102	-	1 725	-	2 070	-	2 875	-	1 201	-
Mozambique	249	-	-	-	-	-	-	-	-	-
Regional	23 157	-	18 393	31 290	17 298	24 167	17 298	23 103	12 275	12 045
Rwanda	10 731	-	3 759	-	3 759	-	-	-	213	-
Somaliland	2 056	-	-	-	-	-	-	-	-	-
Southern Africa	-	-	-	-	-	-	-	-	-	-
Tanzania	5 469	-	2 439	5 550	1 859	5 877	-	5 050	-	3 850
Uganda	3 962	-	1 838	4 128	1 838	4 475	2 125	3 125	575	7 986
West Africa	6 703	-	5 448	1 000	5 448	6 571	3 545	4 571	2 318	6 876
Zambia	11 400	-	-	-	-	-	-	-	-	1 018
Total	**100 017**	**-**	**43 265**	**57 043**	**41 252**	**56 166**	**30 633**	**49 923**	**16 925**	**46 800**

	FY 2024/25		FY 2025/26		FY 2026/27		FY 2027/28		FY 2028/29	
Donor	Committed	Highly likely	Committed	Highly likely	Committed	Highly likely	Committed	Highly likely	Committed	Highly likely
AFD	12 744	-	5 942	-	5 942	3 571	-	-	-	-
Bill & Melinda Gates	1 051	-	1 674	500	-	-	-	-	-	-
Canada	1 570	-	1 886	-	1 886	-	1 227	-	-	-
Denmark	1 196	-	975	5 980	975	5 980	975	5 980	-	7 930
EU	6 228	-	4 790	4 578	4 105	8 365	4 790	10 143	342	14 677
FCDO	37 677	-	4 906	15 525	5 251	15 525	6 343	17 558	4 308	17 993
Finland	2 901	-	3 000	-	3 000	-	3 000	-	-	-
Ireland	1 410	-	-	1 600	-	1 600	-	1 600	-	475
Mastercard Foundation	9 642	-	7 806	16 000	7 806	10 600	4 047	9 000	2 024	2 500
Netherlands	6 359	-	10 251	-	10 251	-	10 251	-	10 251	500
Norway	1 844	-	1 859	-	1 859	827	-	-	-	0
Sweden	-	-	-	3 510	-	2 847	-	4 643	-	500
USAID	17 395	-	177	9 350	177	6 850	-	1 000	-	2 225
Total	**100 017**	**-**	**43 265**	**57 043**	**41 252**	**56 166**	**30 633**	**49 923**	**16 925**	**46 800**

Notes

TMA funding pipeline is made up of committed and highly likely funding.

TMA only budgets for funds that are committed or highly likely. However the highly likely funding is only allocated to the projects once the donor has signed the Contribution Agreement.

The budget is expected to progressively increase as more highly likely funding is committed by end of Strategy 3 in 2030.

Programme budget at component level

Items	Year 1	Year 2	Year 3	Year 4	Year 5	Total (USD)	Total (DKK) Budget Rate
Component 1: Policy advocacy to support AfCFTA implementation	381 624	526 028	614 169	515 170	251 009	2 288 000	17 600 000
- *Knowledge products developed supporting key advocacy themes on AfCFTA implementation*	131 624	176 028	264 169	165 170	51 009	788 000	
- *Delivery of advocacy campaigns to support AfCFTA implementation*	250 000	350 000	350 000	350 000	200 000	1 500 000	
Component 2: Facilitating Smart Corridors	1 397 956	1 818 700	2 524 464	1 682 976	1 262 232	8 686 329	66 817 917
- *Diagnostic analysis of targeted borders.*	135 724	135 724	-	-	-	271 448	
- *Developing common policy frameworks on smart borders and cross border data flows*	285 020	380 027	570 040	380 027	285 020	1 900 135	
- *Leveraging digital technologies to enhance trade flows*	732 909	977 212	1 465 818	977 212	732 909	4 886 060	
- *Build targeted infrastructure at select border points*	244 303	325 737	488 606	325 737	244 303	1 628 687	
Component 3: Air to Sea freight	1 547 252	2 180 219	2 180 219	2 180 219	464,176	8,552,086	65,785,276
- *Infrastructure Development to Support Air-to-Sea Freight Transition*	703 297	1 054 945	1 054 945	1 054 945	210 989	4 079 120	
- *Streamlining of Customs and Inspection Procedures*	210 989	210 989	210 989	210 989	49 231	893 187	
- *Reducing Compliance Costs for Exporters*	70 330	105 494	105 494	105 494	21 099	407 912	
- *Private Sector Engagement and Capacity Building*	421 978	597 802	597 802	597 802	140 659	2 356 043	
- *Upgrading National Horticulture Traceability System (NHTS)*	140 659	210 989	210 989	210 989	42 198	815 824	
Component 4: Women, Youth and Trade	298 593	472 319	515 751	515 751	407 172	2 209 585	16 996 808
- *Women Trader Representatives and Youth champions trained on effective advocacy and representation*	40 717	40 717	40 717	40 717	40 717	203 586	
- *Strengthened Institutional Capacity for Women and Youth Associations/Platforms*	40 717	40 717	40 717	40 717	40 717	203 586	
- *Women and Youth equipped with the knowledge, skills and networks for export /formal trade*	54 290	76 005	97 721	97 721	54 290	380 027	
- *Increased awareness of trade opportunities and markets for women and youth*	54 290	76 005	97 721	97 721	54 290	380 027	

- *Targeted traders equipped with digital literacy skills and onboarded on digital platforms*	108 579	238 874	238 874	238 874	217 158	1 042 359	
Contingency-5%	190 812	263 014	307 084	257 585	125 505	1 144 000	8 800 000
Total direct project budget	**3 816 237**	**5 260 281**	**6 141 688**	**5 151 702**	**2 510 094**	**22 880 000**	**176 000 000**
NPAC 12%	520 396	717 311	837 503	702 505	342 285	3 120 000	24 000 000
Total funding	**4 336 632**	**5 977 592**	**6 979 190**	**5 854 206**	**2 852 379**	**26 000 000**	**200 000 000**

Proposed Disbursement schedule	**DKK Millions**				
	Year 1	**Year 2**	**Year 3**	**Year 4**	**Year 5**
Amounts	33 500 000	46 000 000	54 000 000	45 000 000	21 500 000

ANNEX 6 – LIST OF SUPPLEMENTARY MATERIALS

#	Document / Material	Source
1	Action Document for Trade and transport facilitation measures for Strategic Corridors in Africa	EU
2	AF2SF Master Plan Results Framework DRAFT 280424	
3	AfCFTA-Regional Stakeholder analysis	ecdpm
4	Africa's century: Strategy for strengthened Danish engagement with African countries	Rederingen
5	Africa's labour market trends and job creation needs. https://www.ilo.org (2022)	International Labour Organization
6	Africa's trade facilitation progress and impact on economic integration (2024) Retrieved from *https://www.worldbank.org*	World Bank
7	African Continental Free Trade Area (AfCFTA) Secretariat (Annual trade facilitation progress report. (2024) Retrieved from *https://www.afcfta.au*	African Continental Free Trade Area Secretariat (AfCFTA)
8	African Economic Outlook 2024	AfDB
9	African Trade Report 2024	Afreximbank
10	Agrilogistics East Africa Cool chain development	Ministry of Foreign Affairs of Denmark
11	Agroberichten Buitenland (2021). Report on sea freight for Kenya's agricultural exports. Retrieved from https://www.agroberichtenbuitenland.nl/binaries/agroberichtenbuitenland/documenten/rapporten/2021/06/18/report-on-sea-freight-for-kenyas-agricultural-exports/16-07-2021%2BSea%2Bfreight%2Breport%2Bredesigned.pdf.	Netherlands Enterprise Agency
12	Approach note for implementation of "The world we share" Fighting poverty and inequality	Ministry of foreign affairs of Denmark
13	Baseline assessment of safe trade interventions on women Small Medium Enterprises (SME) and cross border traders April 2022	TradeMark Africa
14	Bilateral Development Cooperation under Denmark´s Strategic Framework for Kenya 2021-2025	Ministry of Foreign Affairs of Denmark
15	Boosting supply chains of LDC firms through digitalisation	WTO Public Forum
16	Code of Ethics	TradeMark Africa
17	Coffee value chains and global markets: Economic development through trade in Ethiopia. Ponte, S. (2019)	Cambridge University Press
18	Creating a Unified Regional Market: Towards the Implementation of the African Continental Free Trade Area in East Africa (2020)	United Nations Economic Commission for Africa and TradeMark East Africa
19	Denmark in Somalia	Ministry of Foreign Affairs of Denmark in Africa
20	Draft Gender and Inclusion Strategy 2024 -2030	TradeMark Africa
21	EABC Barometer on Trade in Services	EABC
22	EAC Trade and Investment Report 2022. Accessed *from https://www.eac.int/documents/category/trade-investment-reports*	East African Community
23	East Africa Youth Survey Report (2016)	AgaKhan University
24	Empowering women in trade. UN Women (n.d.). Retrieved from *https://africa.unwomen.org/en/what-we-do/womens-economic-empowerment/empowering-women-in-trade*	UN Women Africa
25	Enhancing regional transport corridors for trade facilitation in Africa. African Development Bank Group. Retrieved from *https://www.afdb.org*	African Development Bank (2024)
26	Enhancing trade facilitation and infrastructure in East African border areas (2023)	TradeMark Africa
27	Environmental, social and governance (ESG) Policy	TradeMark Africa
28	EU, Kenya Partner to Ship Fresh Produce by Sea Instead of Air Freight, 2023	The Maritime Executive
30	Final Report: Mombasa Port Master Plan including Dongo Kundu	Japan International Cooperation Agency
31	Gender equality in trade: The role of policy and inclusion (2021) United Nations. Retrieved from *https://sdgpulse.unctad.org/gender/*	UNCTAD
32	Global Employment Trends for Youth 2024: Sub-Saharan Africa (2024). Retrieved from https://www.ilo.org/sites/default/files/2024-08/Sub-Saharan%20Africa%20GET%20Youth%202024_0.pdf	International Labour Organization

33	Globalisation and the garment industry in Bangladesh: Economic, social, and environmental impacts, Ahmed, G., & Nathan, D. (2021)	Routledge
34	Green Deal: New law to fight global deforestation and forest degradation driven by EU production and consumption enters into force	European Commission
35	How-to note for implementation of “The world we share” Green transformation of agri-food systems –agri- and food production, business and food security	Ministry of foreign affairs of Denmark
36	*https://africa.unwomen.org/en/stories/press-release/2022/06/new-regional-study-to-inform-policies-on-youth-not-in-employment-education*	UN Women
37	*https://environment.ec.europa.eu/news/green-deal-new-law-fight-global-deforestation-and-forest-degradation-driven-eu-production-and-2023-06-29_en*	European Commission
38	*https://maritime-executive.com/article/eu-kenya-partner-to-ship-fresh-produce-by-sea-instead-of-air-freight*	
39	*https://somalia.um.dk/en/danida-en*	Ministry of foreign affairs of Denmark
40	*https://www.eac.int/sgforum/regional-integration-progress?utm_source*	EAC
41	*https://www.wto.org/english/thewto_e/acc_e/tradeforpeace_e.htm*	World Trade Organisation
42	Human Resources Policies and Procedures Manual	TradeMark Africa
43	Human Resources Policies and Procedures Manual	TradeMark Africa
44	Incident Response Group TORs	TradeMark Africa
45	Industrialization and employment in Africa: AfCFTA’s role in job creation. https://www.afdb.org (2023)	African Development Bank
46	Innovation and Digital Trade Development Strategy: Enabling and catalysing sustainable and inclusive trade for Africa	TradeMark Africa
47	ITC ACCESS!; Vital Voices Eco Systems	TradeMark EastAfrica
48	Making the Most of the African Continental Free Trade Area: Leveraging Trade and Foreign Direct Investment to Boost Growth and Reduce Poverty. Echandi, Roberto; Maliszewska, Maryla; Steenbergen, Victor (2022). Washington, DC (*http://hdl.handle.net/10986/37623 License: CC BY 3.0 IGO*)	World Bank
49	Master Plan: Transitioning to Rail and Sea Freight for Kenya´s Fresh Produce Exports	TradeMark Africa and Flying Swans
50	Masterplan for greater transition of horticulture exports from air freight to sea freight	Implemented under the European Union’s (EU) Business Environment and Export Enhancement Programme (BEEEP)
51	Measuring informal cross-border trade (2022). Retrieved from *https://unctad.org/system/files/non-official-document/DITC2022_Document_ITF_UNCTAD2_en.pdf*	United Nations Conference on Trade and Development UNCTAD
52	Mid-term evalutation for making trade work for women in Eastern Africa	TradeMark Africa in partnership with Canada
53	Mini-Project Document: Environmental and Economic Feasibility Study and Detailed Design of One-Stop-Border-Post (OSBP) and Bypass Road at Tog Wajaale, Somaliland	Royal Danish Embassy Nairobi (RDE) and Trade Mark East Africa (TMEA)
54	Note of Masterplan from Air Freight to Sea Freight transition	TradeMark Africa and Flying Swans
55	Proposed Collaboration between the Royal Danish Embassy and DI in Efforts to Promote free trade and integration in Africa.	Danish Industry
56	Quick Facts about EAC. *https://www.eac.int/eac-quick-facts*	EAC
57	Rahul Chatterjee (2019)	not found!
58	Regional Integration At-A-Glance (undated). Accessed from *https://www.worldbank.org/en/topic/regional-integration*	World Bank
59	Regional trade and economic cooperation: Facilitating cross-border growth in East Africa. East African Community (2022)	EAC Secretariat
60	Rethinking the (European) Foundations of Sub-Saharan African Regional Economic Integration: A Political Economy Essay. (2010) Accessed from *https://www.oecd.org/dev/46013902.pdf*	OECD
61	Rwanda Export programme presentation	Agra
62	Sea freight second container trial: Full report 2023 – Rotterdam shared SNV. IDH. Retrieved from https://www.idhsustainabletrade.com/uploaded/2023/10/Sea-Freight-second-container-Trial_Full-Report_2023-Rotterdam-shared-SNV.pdf (2023)	DH Sustainable Trade Initiative

63	Shaping AfCFTA-Regional Relation to Support Continental Integration	ecdpm
64	Supplier Code of Conduct	TradeMark Africa
65	The AfCFTA and the Berbera Corridor: opportunities for and potential impact on Somaliland's economy	Supporting Investment and Trade in Africa
66	The African Continental Free Trade Area: Economic and Distributional Effects (2020). Washington, DC: doi:10.1596/978-1-4648-1559-1.	World Bank
67	The African Continental Free Trade Area: Economic and distributional effects. *https://www.worldbank.org* (2020)	World Bank
68	The African Continental Free Trade Area: Economic and Distributional Effects, 2020	World Bank
69	The EAC Common Market Scorecard	EAC
70	The Futures Report: Making the AfCFTA Work for Women and Youth (2020)	UNDP and AfCFTA Secretariat
71	The Growth Report: Strategies for Sustained Growth and Inclusive Development (2008). Commission on Growth. Accessed from https://documents1.worldbank.org/curated/en/120981468138262912/pdf/449860PUB0Box3101OFFICIAL0USE0ONLY1.pdf	World Bank
72	The Growth Report: Strategies for Sustained Growth and Inclusive Development. Commission on Growth, 2008	World Bank
73	The impact of regional integration on SMEs and women entrepreneurs. (2023) *https://www.uneca.or*	United Nations Economic Commission for Africa
74	The power of parity: How advancing women's equality can add $12 trillion to global growth (2015)	McKinsey Global Institute
75	TMA Constitution	TradeMark Africa
76	Trade and women's economic empowerment (2020) Retrieved from *https://www.worldbank.org*	World Trade Organization (WTO) & World Bank
77	Trade facilitation agreement implementation status in Africa (2024). Retrieved from *https://www.wto.org*	World Trade Organization (WTO)
78	Trade facilitation and digital transformation in East Africa (2024). TradeMark Africa. Retrieved from *https://www.trademarkafrica.com*	TradeMark Africa
79	Trade integration and spatially balanced development. Implications for Uganda and Rwanda. Marius Brülhart, Olivier Cadot, and Alexander Himbert (2017). Reference number: F-43406-CCP-1	
80	TradeMark Africa Regulations	TradeMark Africa
81	TradeMark Africa Strategy 3: Building Sustainable and Inclusive Trade for Africa (2023 – 2030)	TradeMark Africa
82	Trading up: The benefits of exporting for small firms. Accessed from https://www.theigc.org/publications/trading-benefits-exporting-small-firms (2017)	ODI
83	Transitioning to Rail and Sea Freight for Kenya's Fresh Produce Exports	TradeMark Africa and Flying Swans
84	UNDP and AfCFTA Secretariat, The Futures Report: Making the AfCFTA Work for Women and Youth,	UNDP
85	Whistleblowing: frequently asked questions	TradeMark Africa and Trade Catalyst Africa
86	Women in Trade Empowerment Index: Proof of Concept, Measurement, and Reporting	TradeMark Africa
87	Women in Trade Programming, Proposal to DANIDA	TradeMark Africa

Annex 7: Plan for communication of results

Annex 8: Process Action Plan

Action/product	Deadlines	Responsible/involved units	Comment	Current Status
The programme budget is inserted into the proposal for the Finance Act – DKK 200,000,000		RHR Team Nairobi	Full amount DKK 200,000,000 from 2025 for a 5 year programme	Done
Identification				
Develop joint PAP	6 November 2023	Mette, Kanar, Elma	PAP for TMA Regional Programme - Done	Done
Develop Terms of reference for a consultancy for the formulation	Beginning of December - or when the Finance Act is approved	Mette, Kanar, Elma	This needs prior application of funds from FRU (ref. hearing with deadline 17/11)	Done
Establishment of an advisory group	10 November 2023	Advisory group: Nairobi, APD, Addis and Accra	Meeting with advisory group – week after establishment – Kanar to initiate	Done
Preparatory analyses	15 November 2023	FOR DISCUSSION	Submission of proposed studies to support contextual analysis on case by case basis on e.g. - Overall development challenges, opportunities and risks. - Trade – The African Continental Free Trade Area (AfCFTA) - Fragility, conflict, migration and resilience/ Hum-Dev-Peace nexus - Assessment of human rights situation (HRBA) and gender. - Inclusive sustainable growth, climate change and environment. Capacity of public sector, public financial management and corruption.	Done
	November 2023	FOR DISCUSSION	Consultations with Gok and Strategic partners & Stakeholders on draft Identification Note - EAC - Africa Union - Donors with Regional Projects - Trade Mark Africa Other African Governments	Done
Draft identification note (2 pager)	24 November 2023	Elma, Mette, Kanar	Done	Done
1st draft of Identification note shared with advisory group for comments	24 November 2023	Mette	1st draft of Identification note	Done
2nd draft of identification note		Advisory Group	Taskforce to submit comments to draft Identification Note	Done
2nd draft of identification note		Mette, Elma	Incorporate comments from taskforce	Done
Initiate procurement of consultants	After approval of the finance act	Elma	Finance act will enter into force 1 January 2025	Done
Request for appraisal forwarded to ELK	February 2024	Mette, Kanar, Elma	Done	Done
Formulation, quality assurance and approval				
Evaluate incoming bids	February 2024	Mette, Elma		Done
Launch Programme Formulation Mission after signing of consultant contract	February 2024 to December 2024	Mette, Elma	Programme for Mission and other relevant documentation.	
Draft ToRs for appraisal mission	December 2024	Mette, Elma		

Receive draft programme document from consultants	Monday, 16 December 2024	Mette, Elma		Done
Feedback to formulation consultants	Friday, 17 January 2025	Mette, Henrik, Kanar, Elma	Sequa comments from RDE	
Final ToRs for QA Appraisal submitted to ELK for tendering	Friday, 17 January 2025	Mette, Henrik, Kanar, Elma	Tender process led by ELK	
Deadline for confirming agenda items for programme committee	Tuesday, 11 February 2025	Mette, Henrik, Kanar, Elma	6 weeks before the meeting	
Latest submission of draft programme document from consultants to embassy	Friday, 7 February 2025	Consultants		
Briefing of management Kenya	Friday, 28 February 20258	Mette, Henrik, Kanar, Elma + Christian		
Deadline for submitting draft documents for programme committee	Thursday, 13 March 2025	Mette, Henrik, Kanar, Elma	8 working days before the meeting	
Deadline for submitting written comments for programme committee	Friday, 21 March 2025	Mette, Henrik, Kanar, Elma	2 working days before the meeting	
Meeting in Danida Programme Committee	Tuesday, 25 March 2025	Mette, Henrik, Kanar, Elma	Recommendations to formulation of Programme document	
Finalisation of the programme document + annexes with formulation consultants	Monday, 7 April 2025	Mette, Henrik, Kanar, Elma	Programme Documents finalised by the Embassy and consultants and close contract with Sequa	
Quality assurance: Appraisal	30 March - April 2025	Mette, Henrik, Kanar, Elma	Between end March and April 2025	
Draft Appraisal Report, including summary of conclusions and recommendations	Wednesday, 30 April 2025	Mette, Henrik, Kanar, Elma		
Deadline for confirming agenda items for Meeting in the Council for Development Policy	Thursday, 1 May 2025	Henrik, Kanar, Elma	6 weeks before the meeting	
Final appraisal report integrating comments from responsible unit and partner	Wednesday,7 May 2025	Henrik, Kanar, Elma		
Deadline for submitting documents for Meeting in the Council for Development Policy	Wednesday, 21 May 2025	Henrik, Kanar, Elma	Final Project Document, annexes and appropriation cover note forwarded to ELK - 13 working days before the meeting	
Presentation to the Council for Development Policy	Thursday, 10 June 2025	Henrik, Kanar, Elma	Meeting in the Council for Development Policy	
The minister approves the project	Thursday, 19 June 2025	Henrik, Kanar, Elma		
Document for Finance Committee (Aktstykke) and presentation to the Parliamentary Finance Committee, if applicable	Submission of aktstykke to FIU	Henrik, Kanar, Elma	Dates will need to be confirmed with APD	
Initial actions following the Minister's approval		Henrik, Kanar, Elma		
ELK facilitates that grant proposals are published on Danida Transparency after the Minister's approval	After UPR meeting	Henrik, Kanar, Elma		
Signing of Government-to-government agreement(s) and/or other legally binding agreements (commitments) with partner(s)	After approval by Parliamentary Finance Committee – August 2025	Henrik, Kanar, Elma		

Register commitment(s) in MFA's financial systems within the planned quarter	After agreement(s) are signed	Henrik, Kanar, Elma		🟥