

Ministry of Foreign Affairs – Royal Danish Embassy in Nairobi

Meeting in the Council for Development Policy on 10 June 2025

Agenda Item No. 8

- 1. Overall purpose:** *For discussion and recommendation to the Minister*
- 2. Title:** Sustainable and Inclusive Trade in Africa
- 3. Amount:** 200 mill DKK 2025-2030
- 4. Presentation for Programme Committee:** 25 March 2025
- 5. Previous Danish support presented to UPR:** No, this is the first presentation to UPR

Sustainable and inclusive trade in Africa (SITA)

<p>Key results:</p> <ul style="list-style-type: none"> - Improved political buy-in from AU member States and donors for AfCFTA implementation - Improved efficiency along the Northern Corridor - Increased volumes of sea freight for containerised horticulture exports - Increased market access for women and youth in trade <p>Justification for support:</p> <ul style="list-style-type: none"> - The project contributes to economic development in East Africa and the wider African continent by facilitating sustainable and inclusive intra-African free trade and exports; - The project is as a key vehicle for delivering on the Africa Strategy's ambitions to increase opportunities for trade and investment in Africa - The project is a direct contribution to the EU Global Gateway initiative on the Northern Corridor; - The project aligns with African, including East African, government priorities to increase trade and economic integration across the continent and within sub-regions <p>Major risks and challenges:</p> <ul style="list-style-type: none"> -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 complexity of the reforms that SITA is aiming to achieve. To mitigate these challenges, TMA has established a strong governance and oversight mechanism. -Risk of negative impact if related donor funding reduces. This is mitigated through regular coordination and early warning. -Reliance on African institutions and authorities developing capacity to sustain trade reforms beyond 2030. Mitigation measures include structured capacity-building plans, validation of programme outputs with institutions, regular capacity assessments, and sustainability exit strategies to ensure long-term ownership. 	File No.	23/19085									
	Country	Africa-wide with regional focus on East Africa									
	Responsible Unit	Nairobi									
	Sector	Economic development									
	Partner	TradeMark Africa									
		<i>DKK million</i>	2025	2026	2027	2028	2029	Total			
	Commitment	50	50	100				200			
	Projected disbursement	25	49	56	46,5	23,5		200			
	Duration	2025-2030									
	Previous grants	2021-2025 110 mill. DKK									
	Finance Act code	06.32.01.23									
	Head of unit	Stephan Schönemann									
	Desk officer	Kanan Patruss									
	Reviewed by CFO	YES: Charlotte Rosen									
Relevant SDGs											
 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		 Partnerships for Goals			

Objectives

The overall objective for SITA is to improve livelihoods and economic opportunities through more inclusive trade in Africa. This is done through four components: 1) policy advocacy for AfCFTA implementation, 2) facilitation of Smart Borders in East Africa, 3) transition from air to seafreight for horticultural exports along the Northern Corridor, and 4) 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	50 %	0	50 %
Total green budget (DKK)	100 million			

Justification for choice of partner:

TradeMark Africa (TMA) works to grow prosperity through increased trade and has been a Danish partner since 2011. TMA is widely recognised for its strong convening power that can effectively foster results delivery together with African institutions and the private sector. With TMA, Denmark gets a one-stop solution for the delivery of all the objectives of the SITA project at the continental, regional and national levels.

Summary:

SITA will promote free trade and economic opportunities in Africa at two levels: At the continental level, through efforts to improve political buy-in from African Union member states for AfCFTA implementation. At the regional level, the project will address trade barriers in East Africa by facilitating smart borders along the Northern Corridor (a Global Gateway initiative), facilitating the transition from air to sea freight for avocado exports along the Northern Corridor and fostering inclusive trade for women and youth border traders.

Budget (engagement as defined in FMI):

Component 1: Policy advocacy for AfCFTA implementation	15 million DKK
Component 2: Facilitating Smart Corridors	61 million DKK
Component 3: Transition from Air to Sea freight	63 million DKK
Component 4: Inclusive Trade for Women and Youth	24.3 million DKK
NPAC 12 %	19.6 million DKK
Contingency 5 %	8.2 million DKK
MEAL	2.9 million DKK
Audits	1.0 million DKK
Unallocated	5.0 million DKK
Total	200.0 million DKK

Ministry of Foreign Affairs of Denmark

Sustainable Inclusive Trade in Africa (SITA)

2025 – 2030

Project Document

Final

21 May 2025

Ref: 23/19085

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Abbreviations

EAWIBP	East African Women in Business Platform
AFRC	Audit, Finance and Risk Committee
AfCFTA	African Continental Free Trade Agreement
AI	Artificial Intelligence
AMG	Aid Management Guidelines
AOC	Advisory Oversight Committee
ATPC	African Trade Policy Centre
AU	African Union
DAC	Development Assistance Committee
DKK	Danish Krone
DRC	Democratic Republic of Congo
EAC	East African Community
EACS	EAC Secretariat
EU	European Union
EUDR	EU Deforestation Regulation
FCDO	Foreign, Commonwealth and Development Office
FMG	Financial Management Guidelines, AMG.um.dk
GAC	Global Affairs Canada
GDP	Gross Domestic Product
GGI	Global Gateway Initiative
GIZ	Deutsche Gesellschaft für International Zusammenarbeit GmbH
ICT	Information and Communication Technology
IDH	The Sustainable Trade Initiative
IFRS	International Financial Reporting Standards
IP	Intellectual Property
ISA	International Standards on Auditing
MEAL	Monitoring, Evaluation, Accountability and Learning
MFA	Ministry of Foreign Affairs (Denmark)
MIS	Management Information System
NAEB	National Agricultural Export Development Board
NCIP	Northern Corridor Integration Projects
NCTTCA	Northern Corridor Transit and Transport Coordination Authority
NPAC	Non-Project Attributable Costs
NTB	Non-Tariff Barrier
ODA	Official Development Assistance
OECD	Organisation for Economic Co-operation and Development
PCC	Programme Coordinating Committee
RDE	Royal Danish Embassy
REC	Regional Economic Community

SCT	Single Customs Territory
SGR	Standard Gauge Railway
SITA	Sustainable and Inclusive Trade in Africa
SME	Small and Medium-sized Enterprises
SPS	Sanitary and Phytosanitary Measures
STR	Simplified Trade Regime
TMA	TradeMark Africa
TMEA	TradeMark East Africa the precursor to TradeMark Africa
UK	United Kingdom
UNECA	United Nations Economic Commission for Africa
USAID	United States Agency for International Development
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 the 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 improve livelihoods and economic opportunities through more inclusive free trade in Africa. The project will support the ongoing efforts to implement the African Continental Free Trade Area (AfCFTA), which presents a key opportunity to boost intra-African trade and increase exports. Complementing this work, SITA will address trade barriers at a regional level in East Africa, including through efforts to transition to greener forms of trade practices and support inclusion of women and youth traders in economic progress.

Denmark's new Africa Strategy, *"Africa's Century: Strategy for Strengthened Danish Engagement with African Countries"*, sets out a new approach to enter into partnerships with African nations that seeks to bring better offers to the table and create solutions that make Denmark and the EU attractive partners. This includes improving opportunities for trade and investment, including through EU Global Gateway initiatives. Contributing to these objectives, the SITA project will be a flagship programme under the new Africa Strategy.

SITA has been designed around four result areas. Each component addresses a critical constraint within Africa's trade ecosystem and connects high-level policy engagement at the continental level to trade facilitation support, value chain support and inclusive economic participation at the regional level. With this structure, upstream efforts to shape and influence trade policy are coupled with downstream interventions that enable operationalisation, sustainability, and impact at the local level:

- **Component 1** seeks to drive political commitment for AfCFTA implementation, by contributing to laying the foundation for enhanced trade on the continent, including at the regional level. This is pursued through evidence-based advocacy efforts.
- **Component 2** seeks to facilitate increased and more efficient cross-border trade along the Northern Corridor with economic benefits to the affected countries. This is done through infrastructure investments, including in digital infrastructure, along with policy framework alignment and capacity-building at two pilot border posts along the Kenyan-Ugandan border.
- **Component 3** aims to facilitate a transition to sea freight for export of horticultural products from East Africa, thus contributing to greener trade practices and enabling inland exporters – specifically Rwanda and Uganda – to increase exports of, in particular, avocados. This will be facilitated by putting in place key cold chain infrastructure, including consolidation facilities in Rwanda and Uganda and for the railway in Kenya, harmonising export processes and training exporters on sea freight processes.
- **Component 4** aims to ensure women and youth are positioned to benefit from increased trade by improving access to trade systems and formal markets. This is pursued through capacity-building of women and youth border traders, including raising awareness on trading procedures, strengthening cooperatives, supporting traders to scale their businesses and onboarding traders onto digital trade platforms.

2 Context, strategic considerations, rationale and justification

2.1 Context and rationale

Africa remains the second fastest growing continent after Asia. Overall, Africa's real GDP growth is projected to average 4.2% in 2025. East Africa is expected to be the continent's fastest-growing region, with real GDP growth increasing from 1.5% in 2023 to 5.7% in 2025. Despite this, **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 2022¹.

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 poverty². Two-thirds of the world's extreme poor live in Sub-Saharan Africa. The EAC region does not fare any better: World Bank statistics highlight **significant disparities in multidimensional poverty levels across the EAC Partner States ranging from 38% in Kenya to 84% in DRC**³. Aid for trade interventions, when implemented judiciously, can have a significant impact on growth. Research recognises several key channels where trade can have positive effects on poverty, i.e.: i) labour markets and how people are employed; ii) consumption or how the changes in consumer prices affect the welfare of households; and iii) household characteristics such as mobility, assets or demographic and gender structures.⁴

Facilitation of international trade can expand the range of goods and services available to low-income populations 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. Evidence shows that exporting firms experience productivity gains of 16-26% in monthly profits⁵, with benefits also for workers and their families. While trade liberalisation and regional integration offer significant benefits, they also produce **both winners and losers**. Larger, formal enterprises often benefit first, capitalising on increased market access, preferential policies, and access to finance; while **smaller, informal, and marginalised actors can struggle to keep up** with rising compliance costs, increased competition, and rapid shifts in market dynamics. Gender and generational inequalities are further exacerbated when women- and youth-led businesses, often concentrated in the informal sector, are unable to formalise or scale in response to market openings. To avoid deepening inequalities, **integration efforts must be accompanied by targeted support** for those likely to be left behind, ensuring that trade-led growth is inclusive, equitable, and resilient. The promotion of **decent work and respect for workers' rights** is an important **principle in this regard**. **In addition, geographical** disparities and competition can emerge between countries in a bloc, with increased trade in some countries negatively affecting producers and traders in another in the short term, and reducing political will for integration as a consequence.

The potential of AfCFTA

AfCFTA implementation was launched on 1 January 2021, creating renewed optimism for economic growth in Africa. 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,

¹ Afreximbank: African Trade Report 2024

² World Bank: The African Continental Free Trade Area: Economic and distributional effects. 2020

³ World Bank: Multidimensional Poverty Measure database

⁴ ICAI: Literature review: Aid for Trade and its role in promoting trade for poverty reduction. 2023.

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

thereby creating the largest free trade area globally. 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 the establishment of a continental customs union**. It will expand intra-African trade through better harmonisation and coordination of trade liberalisation and facilitation instruments across the Regional Economic Communities (RECs) and across Africa in general. Research estimates that if the AfCFTA is fully implemented, the volume of total exports would increase by almost 29% by 2035, with intracontinental exports increasing by more than 81%, while exports to non-African countries would rise by 19%.⁶ This is expected to create new opportunities for African manufacturers and workers and contribute to poverty reduction. A World Bank report estimates that the full implementation of the AfCFTA would raise incomes on the continent by 7% (or nearly USD 450 billion) and lift over 40 million people out of extreme poverty by 2035⁷.

In the East African region, 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% (or \$2 billion)**. Overall, EAC total exports are projected to increase by 10%, imports by 12.4% and with creation of over 2 million new sustainable jobs within the wider East African region⁸. The AfCFTA is expected to boost intra-African imports to EAC by USD 3.4 billion. **However, the EAC still has many steps required to implement the AfCFTA**. These include domesticating the AfCFTA Tariff Schedules, rolling out the EAC AfCFTA implementation strategy, building capacity of both public and private sector on AfCFTA trade regime, and leveraging existing EAC trade policy instruments and institutions for AfCFTA implementation. All EAC Partner States except South Sudan have signed and ratified the AfCFTA Agreement. Efforts to operationalise AfCFTA at national and regional levels underscore the importance of aligning continental commitments with domestic reforms and operationalisation of trade facilitation.

Despite widespread support for AfCFTA's objectives, effective domestication and implementation by national governments remains weak, and require adequate and sustained political will to ensure progress. **As such, there is a clear need for evidence-based policy advocacy to strengthen political buy-in to accelerate domestication of AfCFTA provisions.**

East African trade development and key development issues in the EAC region

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. **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**. 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. 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).

The stated objectives for EAC integration are broad and ambitious. Some successes have been recorded, contributing to a rise in total trade from USD 50.5 billion in 2018 to USD 74 billion in 2022, and exports from USD 4 billion to USD 6.4 billion. These include the launch and implementation of the

⁶ Echandi, Roberto; Maliszewska, Maryla; Steenberg, Victor: Making the Most of the African Continental Free Trade Area: Leveraging Trade and Foreign Direct Investment to Boost Growth and Reduce Poverty. 2022.

⁷ World Bank: The African Continental Free Trade Area: Economic and distributional effects. 2020.

⁸ UNECA: Creating a unified regional market: towards the implementation of the African Continental Free Trade Area in East Africa. 2020

Single Customs Territory (SCT) in 2014⁹ and an Authorised Economic Operators (AEOs) programme, with over 235 accredited traders, and harmonised more than 3,000 regional standards for key goods. The EAC Elimination of NTBs Act (2017) provides the framework for functional mechanisms to report and resolve NTBs. Implementation of the Common Market Protocol has also advanced, with Kenya, Rwanda, and Uganda waiving work permit fees and accepting national IDs for travel. Cross-border financial services and capital movement have expanded, and the region has made headway on monetary and fiscal policy harmonisation and industrial development through the EAC Industrialisation Policy. **However, most of EAC's ambitions remain unfulfilled, including the key ambition to move towards a full customs union.** Delays in legal harmonisation, inconsistent application of customs procedures, political resistance to revenue-sharing and perceptions of unequal benefits to Partner States as a result of further integration mean that internal borders and customs controls are expected to persist for at least another decade. The accession of new members such as DRC and Somalia has added complexity. Experience from ECOWAS has shown that in such contexts, high-level integration goals risk losing momentum unless supported by phased, pragmatic reforms that build trust and demonstrate impact.¹⁰ **This makes a strong case for investments in not only regulatory alignment and implementation, but also in measures that can practically facilitate increased trade by removing barriers and putting in place necessary infrastructure for key industries. Importantly, the facilitation of increased trade needs to be coupled with efforts to ensure benefits to marginalised and vulnerable groups.** To ensure high impact and broad demonstrability of the benefits of increased trade, such measures should build on work already done, including through Danish funds, and investing in areas with high potential for progress given efforts already put in place to further integration and trade facilitation, e.g., along the Northern Corridor.

Partner States are already implementing various trade facilitation measures to enhance trade. A key element is the development of One Stop Border Posts (OSBPs), integrated border management (IBM) and Electronic Cargo Tracking Systems. Through the EAC Customs Union Blueprint (2024), the region has outlined a phased roadmap for Customs Union implementation, including automating trade documentation, harmonising one-stop border posts and integrating customs and cargo tracking systems operations. 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, followed by an increase in trade volumes. 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 2021-2022¹¹. The Malaba OSBP, processing approximately 1,600 vehicles daily and handling 70% of Mombasa-Uganda truck traffic, had 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.¹² The reduction in transport costs associated with the OSBPs is estimated to be between 0.3% and 14%. The OSBPs have thus improved efficiency and increased throughput, contributing significantly to the growth of trade in the region, with economic benefits for affected populations. For example, an ODI study found that the introduction of OSBPs could potentially be saving some rural Kenyan families one month of food expenditure every year¹³. However, the rapid economic growth and expanding trade volumes has led to renewed pressure with border posts once

⁹ Under the SCT, assessment and payment of duties is done at the destination Partner State, while goods are still at the first point of entry, which facilitates faster clearance and improvement in cargo movement along the Northern and Central Corridors and the Standard Gauge Railway line - <https://www.eac.int/customs/single-customs-territory>

¹⁰ UNECA. (2023). AfCFTA Policy Monitoring Report: Advancing Implementation through Data and Dialogue. Addis Ababa: United Nations Economic Commission for Africa.

¹¹ Based on 1 USD – KES 130

¹² ODI: One-stop border posts in East Africa: Impact on transport costs and issues for further analysis. 2023.

¹³ ODI: One-stop border posts in East Africa: An assessment of the economic and social impact 2023.

again facing congestion. Infrastructure development is not keeping pace with the exponential growth of trade and cargo traffic, necessitating a shift to the use of more smart digital technologies. In addition, there is a strong potential for enhancing progress already made to deepen integration of services and systems, by connecting government agencies within and across borders through secure and interoperable platforms, as well as streamlining and harmonising regulations and procedures across the region and reducing bureaucratic hurdles. Such investments can **reduce transaction costs, improve reliability, and deepen regional trade cooperation as a stepping stone to further integration.**

Agriculture is a key contributor to EAC economies and the main employer in all the Partner States. However, increased demands from the EU and its consumers – the key destination for the region’s agricultural exports – in the form of sustainability standards, including in relation to reduced greenhouse gas emissions and minimised use of natural resources, pose a challenge for exporters from the region. If EAC exporters are not able to comply with relevant requirements, they are likely to become less competitive. For East African nations 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. Further, air freight rates soared during the pandemic and are set to rise further with the phasing out of EU ETS free allowances by 2026, eroding the competitive edge of East Africa’s horticultural exports. 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 will enable more smallholder farmers to participate in export activities, increasing their revenues and provide incentives to apply improved farming techniques, increasing yields. The higher output can in turn support more jobs, many of which will be for women and young people.

Women and youth dominate informal cross-border trade in East Africa, but remain largely excluded from formal trade systems, constraining both equity and growth.¹⁴ Yet the case for their inclusion is strong. Closing gender gaps in trade participation could raise global GDP by up to USD 12 trillion, while eliminating sectoral barriers could boost output by 25%.¹⁵ Similarly, youth entrepreneurship and market access are critical to economic dynamism and there is clear potential for youth enterprises to create hundreds of thousands of jobs across Africa.¹⁶ Addressing these gaps through targeted trade inclusion measures is essential to unlocking inclusive growth and mitigating potentially negative impacts on small-scale and informal women and youth traders from efficiencies pursued at larger scale, e.g. more efficient border posts. These groups are a policy priority for the EAC as evidenced by the EAC Gender Policy (2018), the EAC Social Development Framework (2013) and the EAC Youth Policy (2013).

¹⁴UNCTAD. (2022). Borderline: Women in Informal Cross-Border Trade in Africa. United Nations Conference on Trade and Development. <https://unctad.org/webflyer/borderline-women-informal-cross-border-trade-africa> UNCTAD. (2022). See also ITC. (2023). Unlocking Markets for Women in Trade: 2023 Report. <https://intracen.org/resources/publications>

¹⁵ McKinsey Global Institute. (2015). The Power of Parity: How Advancing Women’s Equality Can Add \$12 Trillion to Global Growth. <https://www.mckinsey.com/featured-insights/employment-and-growth/how-advancing-womens-equality-can-add-12-trillion-to-global-growth>

¹⁶ World Trade Organisation. (2023). Empowering Youth for Sustainable Trade: Youth Trade Summit Report. Geneva: WTO. https://www.wto.org/english/res_e/booksp_e/youth_trade_summit_report2023_e.pdf. See also Tony Elumelu Foundation. (2023). 10-Year Impact Report: Empowering African Entrepreneurs. <https://www.tonyelumelufoundation.org/impact/10-year-impact-report>

Generating impact through a corridor approach

Working in one country alone rarely delivers benefits at scale, as trade barriers are to a large extent a function of the relationship between institutions in different countries, or between different policies or trade regimes. **A corridor approach allows for a singular focus on such cooperation, identifying critical links and nodes in a transport network system, that can be addressed through targeted interventions.** The private sector (in particular in land-locked countries) naturally sees trade from a corridor perspective, as logistics and transport form a large proportion of their costs. The two main corridors in East Africa are the Northern and Central Corridors, acting as the main arteries for trade in the region. The Northern Corridor originates from Mombasa port, leading through Kenya, Uganda and Rwanda up to Kisangani in DR Congo. The Central Corridor starts from Dar es Salaam, heading through Tanzania and connecting Burundi, Rwanda and DR Congo. While focussing on the Northern Corridor, may make the Central Corridor less competitive as a transport route in the short term, it can also provide a blueprint for successful interventions to be rolled out further in the region. A comparative analysis of the two corridors, taking into account the volume and type of trade, including the growth potential; the maturity of systems and the capacity to take on second generation automation; and leverage the potential of other donors' funding makes the Northern Corridor the preferred option for a first stage pilot on digital borders and advanced cold freight logistics. In time, these pilots can be rolled out to cover more of the region, as has been done with the network of OSBPs.

Diagram 1: Northern Corridor



The **SITA project** responds directly to critical challenges for African and East African trade, working at two levels: 1) At the continental level, driving implementation of the AfCFTA through policy advocacy, to create a basis for enhanced intra-African trade with tangible benefits for the regional level. 2) At the regional level and with a specific focus on the Northern Corridor, addressing 3 key challenges for East African trade, namely by facilitating more efficient borders, supporting a scaling up of agricultural

exports (a key sector in the region) and enhancing inclusive economic participation with a special focus on women and youth.

2.2. Justification

The SITA project contributes to multiple Sustainable Development Goals (SDGs). Below is an outline of its contributions to relevant SDGs:



1. SDG 8: Decent Work and Economic Growth

- SITA aims to increase intra-African trade volumes and international exports in an inclusive and sustainable manner, which will create jobs and drive sustainable economic growth.

2. SDG 9: Industry, Innovation, and Infrastructure

- SITA focuses on developing smart trade corridors, modernising border infrastructure, enhancing digital trade platforms, and investing in cold chain logistics, which aligns with SDG 9's target on building resilient infrastructure and fostering innovation.

3. SDG 10: Reduced Inequalities

- By improving trade facilitation and market access for informal women and youth small-scale traders, SITA reduces inequalities in economic participation.

4. SDG 5: Gender Equality

- The project promotes inclusive trade by facilitating better market access for women entrepreneurs, addressing systemic barriers they face.

5. SDG 13: Climate Action

- The transition from air to sea freight reduces carbon emissions pr. exported good, supporting SDG 13's climate mitigation efforts.

6. SDG 17: Partnerships for the Goals

- SITA is implemented through a collaborative approach involving TMA, Denmark, the AfCFTA Secretariat, the EAC, private sector stakeholders, global/regional trade associations and as part of a Team Europe approach.

The proposed interventions all have strong justification as per the OECD/DAC evaluation criteria, as elaborated in the table below.

Table 1: 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 low. Without progress, which SITA will contribute to enabling, there is a risk that the potential of the AfCFTA will go unrealised.

	SITA also has 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 and youth-inclusive trade growth. The project is aligned with the EAC's economic development priorities, aiming to enhance trade facilitation, including through smart digital technologies, and integrate women and youth into regional and global trade markets.
Effectiveness	SITA employs a multifaceted approach, incorporating evidence-based advocacy, targeted infrastructure development, regulatory reforms and alignment, and strong engagement with private sector to facilitate a transition to more efficient and trade mechanisms, such as export through sea trade. 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 harmonisation ensures tangible and measurable improvements in trade facilitation. Further, SITA builds on previous effective interventions to increase market access and income generation for women traders at the borders.
Efficiency	In East Africa, the work on OSBPs builds on over a decade of experience at TMA, with established networks and governance mechanisms involving key national and regional stakeholders. The air to sea freight component is a Global Gateway initiative, with the EU and the Netherlands already funding several workstreams, allowing Denmark to complement the ongoing work and leverage Denmark's 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 would maximise 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 liberalised. ¹⁷ Through a structured shift towards sea freight and the promotion of future-proof border systems, SITA aims to enhance East African countries' trade, thus driving economic growth, providing economic opportunities for farmers, producers and traders. The project's sustainability-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, development partners, and the EAC—ensures sustained momentum and policy support beyond the project's implementation phase.
Coherence	SITA is aligned 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, including supporting the Global Gateway. Its alignment with existing Danish engagements and partnerships reinforces synergies with ongoing trade facilitation initiatives.

¹⁷ UNECA: Takeaways from the expected impact of AfCFTA's implementation. 2021.

2.3. Alignment with Danish priorities and related Danish support

SITA is a flagship initiative of Denmark's Africa Strategy, "Africa's Century" and functions as a key vehicle for delivering on the strategy's ambitions to increase opportunities for trade and investment in Africa, including through development cooperation. SITA's aim to improve livelihoods and economic opportunities through more inclusive free trade in Africa is a Danish development priority. The programme will additionally contribute to position Denmark and the EU as a preferred partner in Africa, enabling increased African export to Europe, while improving framework conditions for European and Danish businesses in Africa. Engaging partners at continental, regional and national levels will strengthen Denmark's political and economic policy dialogue in Africa and underpin Denmark's commitment to fostering mutually beneficial trade relationships, green economic growth, and inclusive development. SITA's strong focus on green logistics, smart digital border systems, and sustainable horticultural value chains also opens opportunities for Danish companies and knowledge institutions to contribute expertise in climate-smart infrastructure, food safety systems, digital innovation, and cold chain management.

SITA aligns with the EU's broader trade and investment agenda in Africa, as it actively contributes to the EU Global Gateway. By promoting regional integration through the AfCFTA and strengthening exporters' adherence to EU trade standards, SITA reinforces Denmark's role as a bridge between European and African economic interests. As such, SITA **amplifies the EU's collective efforts in fostering sustainable trade cooperation**, in line with the Africa Strategy's ambition of harmonising development and trade objectives for enhanced economic development.

Further, SITA will contribute to a number of other priorities in the Africa Strategy, including by supporting digitalisation in Africa through efforts to digitalise trade, responding to the "youthquake" through targeted job creation activities, and contributing to the green transition in Africa through support to the air-freight-to-sea-freight transition.

SITA alignment with other Danish programmes

SITA has strong synergies with other current Danish initiatives. Designated as the regional hub under the Danish Africa Strategy, the Danish Embassy in Nairobi will coordinate closely with the relevant embassies in the region, including through the governance set-up for SITA (see section on SITA project governance set-up), to ensure alignment between these initiatives. The following engagements are of relevance to SITA:

Support to TMA-Kenya through the Royal Danish Embassy in Kenya – 110 mill DKK

Under the Strategic Framework for the 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. The support to TMA under this strategic objective aims to increase Kenya's integration into the regional and global economy through improved business competitiveness, including more inclusive trade, and reduced barriers to trade, including improved transport infrastructure and trade regulatory environment. SITA will build on progress attained under the Kenya-programme, including in terms of infrastructure upgrades and work to increase inclusive trade, and complement these efforts by further investments at the continental level and in interventions in other countries along the Northern Corridor, namely Uganda and Rwanda.

Support to AfCFTA through the Royal Danish Embassy in Addis Ababa – 39 mill DKK

The Embassy in Addis Ababa is delivering support to the implementation of the AfCFTA through two projects. Firstly, through a 24 mill DKK project implemented through UNECA (2025 to 2028), which focusses on enhancing the capacity of AU Member States, RECs and the private sector, to inclusively

domesticate and operationalise the AfCFTA. This includes providing assistance to Member States in developing national AfCFTA Implementation Strategies and supporting the interaction between Member States and the AfCFTA Secretariat in Accra. In addition, the Embassy in Addis Ababa provides 18.35 mill DKK to the “Team Europe Initiative – Technical Assistance Facility (TEI-TAF) to the AfCFTA”. The TEI-TAF provides direct capacity-development of the AU (including the AfCFTA Secretariat, African Union Commission and some AU specialised agencies), RECs, AU Member States, private sector and civil society organisation to build and implement the AfCFTA agreement. 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.

Support to TMA-Uganda through the Royal Danish Embassy in Kampala – 70 mill DKK

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 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’s Uganda Country Office is the main implementing partner for the green, sustainable and inclusive economic transformation, with support worth DKK 70M 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, including supporting cold chain logistics along the Northern Corridor through specific infrastructure investments in Kampala, as well as contributing to enhancing compliance with EU standards, with specific focus on avocado exports. SITA is also piloting activities at two border points between Kenya and Uganda, thus directly contributing to enhancing trade through and in Uganda, as well as targeting women and youth traders in Uganda, thus creating additional results to the investments already made in border infrastructure.

Tanzania – accreditation and support to the EAC

The Danish Ambassador to Tanzania is accredited to the East African Community (EAC). The Danish Embassy in Dar Es Salaam has historically supported the EAC on efforts to promote regional integration. Following the reversal at the end of 2023 of the Danish Government’s decision to close the Embassy in Tanzania, the Embassy is now working to establish a new bilateral partnership with the East African Community (EAC). The SITA project will be an important element of rebuilding this relationship.

In addition, DKK 40 million will be programmed in 2025 to support EAC to counter the impact of the U.S. trade war in Africa. Direct support will be provided to EAC through the Embassy in Dar Es Salaam to analyse and respond to the implications of U.S. policy announcements, which are anticipated to lead to an increased influx of low-cost Chinese products into the African market with a risk of undermining local production and job creation. Efforts will focus on analysis, policy recommendations, and initiatives aimed at enhancing economic integration and intra-African trade, as well as trade with the EU. As the programme is developed, adequate coherence and linkages with SITA will be sought.

2.4. Main partner and key stakeholders

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 project, making it more efficient and coherent across activities at the continental, regional and national level. A thorough assessment of TMAs strengths and weaknesses and the

advantages of implementing through TMA has formed the basis of the decision (see annex 2 for further details).

TMA is widely recognised as an African trade facilitation agency with strong convening power that can effectively foster and support implementation and results delivery together with African institutions and the private sector, including marginalised and informal traders. Denmark was one of the founding partners of TMA and has a longstanding partnership with TMA, which has been characterised by professionalism and effective results delivery. During the scoping and formulation phase, TMA – with its Africa-wide reach – was assessed as the implementer that could offer a unified implementing modality combining continental and regional approaches and with the ability to pursue the objectives of the SITA project, including the individual components. Hence, TMA is expected to build on gains already achieved and lessons learned from previous successful approaches in the implementation of SITA.

TMA is currently funded by 12 public and private donors, including the EU, the Netherlands, Sweden, Norway, Finland and the UK, providing significant potential to pursue a Team Europe approach for SITA.

It is important to note that TMA in many cases acts as an enabler and supporter of continental, regional and national institutions to implement trade facilitation measures. As such, close engagement and coordination with and ownership by key agencies and organisations is critical. These agencies not only lead on implementation, but also provide project operational oversight through TMA's oversight structure, particularly the regional and National Oversight Committees (NOCs). A more comprehensive description of these partners and how TMA engages them is contained in Annex 2. Key among them is the AfCFTA Secretariat, the EAC Secretariat, national revenue authorities, ministries responsible for transport and women and youth private sector partners, who operate primarily in the informal sector.

Beneficiaries

The primary beneficiaries of this project will be the business community, including informal and marginalised traders, in the EAC Partner States. 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 will 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 African citizens, in particular along the Northern Corridor, that are expected to benefit from increased economic growth, employment creation, efficiency gains in various sectors, and 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 inclusive participation in regional economic integration.

2.5. 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, including 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
- Leveraging and complementing 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

3 Project Objective and Components

3.1. Project Objective

The development objective of SITA is to improve livelihoods and economic opportunities through more inclusive free trade in Africa. At the continental level, this will be pursued through advocacy for the implementation of the AfCFTA. At the regional level in East Africa, SITA will deliver interventions to increase trade, including exports out of the region, and enhance inclusion of marginalised traders to stimulate economic growth and job opportunities. The four components are described in more detail below.

A value chain approach will be used along the Northern Corridor in Rwanda, Uganda and Kenya, in particular under component 3 which focusses on sustainable avocado exports. 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.

3.2. SITA project components

This section describes the rationale and objectives of the four interlinked interventions that together form the operational core of the SITA project.

Component 1: Policy Advocacy for AfCFTA Implementation

Objective: This component aims to strengthen political commitment for AfCFTA implementation through evidence-based advocacy, fostering inclusive intra-African trade to support economic development and poverty reduction.

Budget: DKK 15,000,000

Background and context:

While the AfCFTA is at the apex of economic integration, actual trade under the Agreement remains limited. Its success hinges on effective domestication of protocols, regulatory alignment, and private sector engagement, which are constrained by weak coordination, limited capacity, and insufficient political momentum at national levels. Advocacy efforts to address this issue under SITA, will complement technical assistance provided via the Danish Embassy in Addis Ababa to relevant African institutions, including the AfCFTA Secretariat, the AU Commission, RECS and national governments to enable effective domestication and operationalisation of the AfCFTA. The policy advocacy and dialogue

with the African Union on AfCFTA will remain the responsibility of the Embassy in Addis Ababa, that leads the dialogue between Denmark and the AU Commission. Close coordination in relation to other advocacy efforts with AU Member States will be ensured by the Royal Danish Embassy in Nairobi, including through the Advisory Oversight Committee for SITA (see section on SITA Project Governance Structure).

Approach to Poverty Reduction:

This component contributes indirectly to reducing multi-dimensional poverty by driving political will to strengthen AfCFTA implementation, which lays a foundation for expanding market access and economic opportunities for African businesses, including SMEs, women, and youth traders. Enhanced trade integration generally lowers transaction costs and increases incomes, addressing poverty. Specific advocacy for gender- and youth-inclusive policies ensures marginalised groups gain access to markets and skills, tackling educational and social dimensions of poverty.

Key Interventions and Activities:

1. Knowledge Generation and Strategic Analysis:

- Commission 20 short-term studies, policy briefs, and develop toolkits focusing on AfCFTA negotiation gaps (e.g., investment, competition, intellectual property, e-commerce, digital trade) and cross-cutting issues like gender, youth inclusion, and climate-smart trade.
- Conduct political economy assessments to evaluate national and regional readiness for AfCFTA domestication, identifying barriers and opportunities for effective advocacy.
- Produce market opportunity analyses for sustainable value chains (e.g., horticulture) to guide private sector engagement.
- Organise dissemination workshops to share findings with AU, EAC, and national stakeholders, including AU Member States, ensuring African ownership of research outputs.

2. Advocacy and Stakeholder Engagement:

- Design and implement 10 regional advocacy workshops in collaboration with the AfCFTA Secretariat and EAC to promote domestication of AfCFTA protocols, targeting 35 countries by 2030.
- Facilitate stakeholder events, including public-private dialogues and AU/REC engagements, to build consensus on trade policy reforms.
- Support dissemination of advocacy messages to global platforms (e.g., EU-AU Summits, G7/G20 meetings, WTO events) through high-level engagements to push for AfCFTA implementation.
- Strengthen TMA's partnerships with the AfCFTA Secretariat's Private Sector Unit and EAC to integrate private sector and civil society perspectives into policy processes.

Component 1 leverages TMA's established relationships with the AfCFTA Secretariat and EAC to deliver targeted advocacy that accelerates trade integration. By generating actionable research and fostering stakeholder consensus, it contributes to AfCFTA protocols being domesticated at national levels, creating an enabling environment for trade. The focus on inclusive policies ensures that trade benefits reach marginalised groups, aligning with Denmark's priorities for equitable growth and poverty reduction. Coordination with the Danish Embassy in Addis Ababa ensures synergy with institutional capacity-building efforts.

Component 2: Facilitating Smart Trade Corridors along the Northern Corridor

Objective: This component aims to enhance trade efficiency and reduce costs along the Northern Corridor by implementing smart border systems at Malaba and Busia border points, fostering economic growth and poverty reduction in East Africa.

Budget: DKK 61,000,000

Background and context:

Tariff alignment and AfCFTA implementation will not yield meaningful results without efficient transport infrastructure and trade facilitation systems. In 2023, a study¹⁸ found that trade costs in landlocked countries like Uganda are up to 30% higher due to border delays, procedural inefficiencies, and poor inter-agency coordination. Despite progress under the EAC's Single Customs Territory and One Stop Border Posts, East Africa's Northern Corridor still faces outdated barriers, such as duplicated procedures, manual documentation, and limited risk management. Infrastructure struggles to keep up with rising volumes, causing average border delays of 14.5 hours. This disproportionately affects landlocked countries and smaller firms, undermining regional competitiveness and trust in integration efforts. A more scalable and technologically integrated approach is needed to manage the increasing flow of goods effectively. Malaba and Busia, the busiest borders in Eastern Africa, are critical choke points, making them ideal for piloting smart corridors.

While the ultimate aim of the EAC is to eliminate internal borders through a fully functioning Customs Union, delays in legal harmonisation, disparate application of customs valuation and tariffs, and political resistance to a shared revenue formula mean internal customs controls will remain in place for at least a decade, if not longer. This is compounded by the accession of the DRC and Somalia into the EAC, which has necessitated a 'return to basics' approach, as well as a renewed political focus on security and other issues. In this context, smart corridors act as a move to develop pragmatic enablers of regional integration, allowing states to reduce transaction costs and improve trade efficiency even in the absence of full political consensus. Furthermore, the 'smart corridor' approach fosters trust between the Partner States through shared data and interoperable systems, a critical enabler for deeper customs integration in future. This component will therefore act as support to the implementation of the EAC Customs Union Blueprint (2024), which explicitly includes digital customs systems, interoperable regulatory frameworks, and efficient, risk-based clearance mechanism in the roadmap to an eventual Customs Union. In addition, the investments will be worthwhile even if the implementation of the full Customs Union should happen faster than anticipated. TMA's prior Borders 1.0 initiatives showed that a combination of infrastructure and processes upgrades can cut clearance times by 50%, yielding economic benefits estimated at USD 50 million annually. With new digital technologies, the time required in queuing and processing cargo at border can be cut down leading to significant economic benefits.

Component 2 links the political ambition of Component 1 with the logistical and regulatory transformation required to make AfCFTA implementation a reality. It is complemented by Component 4, which offers specific support to women and youth traders at the borders.

Approach to Poverty Reduction:

This component indirectly addresses multi-dimensional poverty by lowering trade costs and transit times, enabling SMEs and informal traders — many led by women and youth — to access regional markets affordably. Reduced costs increase incomes, tackling income poverty, while improved market access enhances economic opportunities, addressing social and economic exclusion. Job creation in

¹⁸ TradeMark Africa, 2023.

logistics and digital trade systems supports youth employment, reducing vulnerability in border regions where poverty is acute.

Key Activities:

Based on TMA's experience with Smart Borders 1.0 and direct asks from the EAC Secretariat and border agencies, digitalisation, infrastructure upgrades, and capacity building are considered critical to address known bottlenecks like manual processes and agency fragmentation. A diagnostic study will refine these interventions by identifying more specific gaps, ensuring tailored, evidence-based solutions that maximise economic impact. The specific interventions under this component are as follows:

1. Diagnostic Study:

- Conduct a comprehensive assessment at Malaba and Busia to map regulatory, infrastructure, and technology gaps, engaging border agencies, traders, and EAC stakeholders.
- Analyse trade flows, clearance processes, and coordination challenges to inform digital and infrastructure interventions.
- Produce two diagnostic reports to guide activity prioritisation and resource allocation, adjusting the scope of subsequent activities as needed.

2. Policy Framework (Smart Border Policy):

- Develop cross-border agreements for secure data-sharing and legal recognition of electronic documents, involving EAC and national authorities.
- Draft regulatory provisions for digital clearance and risk-based inspections, ensuring enforceability across Kenya and Uganda.
- Facilitate stakeholder workshops to align policies with EAC Customs Union goals, fostering trust and harmonisation.

3. Digital Platform Development:

- Upgrade the Single Customs Territory platform with AI-supported risk profiling and blockchain for secure cargo tracking, replacing manual processes.
- Implement e-payment solutions and pre-arrival clearance systems to streamline payments and documentation.
- Integrate platforms with regional cargo tracking systems, enabling real-time data sharing across Malaba and Busia.

4. Infrastructure Upgrades:

- Install automated smart gates at Malaba and Busia to expedite vehicle processing and reduce congestion.
- Deploy high-capacity scanners for risk-based inspections, minimising physical checks and delays.
- Enhance border connectivity with high-bandwidth internet and dedicated lanes for Authorised Economic Operators (AEOs), improving operational efficiency.

5. Capacity Building for Border Agencies:

- Train border officials in Kenya and Uganda on digital clearance, risk management, and inter-agency collaboration.

- Conduct joint workshops for customs, immigration, and standards agencies to standardise procedures and reduce fragmentation.
- Establish mentorship programs with private sector logistics firms to sustain skills and ensure system adoption.

Component 3: Transition from Air to Sea Freight for Regional Exports

Objective: This component aims to increase the volumes of avocado exports from Rwanda and Uganda by facilitating a transition from air freight to sea freight, enhancing market access, increasing incomes for exporting farmers and lowering carbon emissions pr. kg. exported avocados.

Budget: DKK 63,000,000

Background and context:

Reliance on expensive, carbon-intensive air freight for high-value avocado exports limits the export competitiveness of landlocked countries like Rwanda and Uganda. Air freight costs USD 2.80/kg on average, compared to USD 1.50/kg for sea freight, and European consumers increasingly reject air-freighted produce due to climate concerns. Avocados have high export potential due to a long shelf life in sea freight containers, and with complementary harvest cycles in Rwanda and Uganda the regional export season can be extended from Kenya’s March–July peak into October. Facilitating sea freight exports of avocados – which are a “heavy” commodity and therefore expensive to air freight – would increase total export volumes, enabling small and medium agribusinesses to access global markets.

Current logistics systems in Rwanda and Uganda lack the cold chain infrastructure and regulatory frameworks needed for sea freight of perishable goods, with gaps in sorting, cooling, and container handling. Bureaucratic complexity, including overlapping export certifications and excessive permits, further delay shipments, increasing costs for exporters and the risk of horticultural products going bad before reaching the consumers. Dialogue with private sector actors, including Rwandan and Ugandan avocado exporters and logistics providers, confirms a demand for capacity training as well as relevant cold chain facilities. While logistic providers have often made own investments to maintain the cold chain during transport, there is a gap in terms of cooling, packing and sorting facilities to be used *before* the goods are loaded onto reefer containers provided by logistic companies.

Investments in Rwanda and Uganda would build on investments already being done in Kenya by TMA and its partners with funding from EU and Netherlands to shift horticulture exports from air freight to sea freight. Existing investments include setting up dedicated consolidation facilities as well as equipping the standard gauge railway (SGR) in Kenya to carry the horticulture export from inland location to Mombasa port – SITA will also contribute to the latter. The SGR in Kenya requires investment in clip-on generators to maintain cold chain integrity for reefer containers. Once equipped, the SGR is a more efficient alternative to road for transporting horticulture cargo. Due to its predictability, shipping lines demand cargo carried by rail to reach only a day before sailing while cargo carried by road has to reach four days before, extending the transport time for perishable goods. The component further builds on pilots funded by IDH and USAID, which successfully tested sea freight for avocados to Dubai and Rotterdam.

Component 3 is closely linked to the other three SITA components. Regional exports can only succeed if goods move efficiently through border posts and transport corridors—the core aim of Component 2. By investing in smart digital corridors, SITA improves the reliability and timeliness of the route to

Mombasa, essential for sensitive horticultural products like avocados that require tight cold chain controls. Likewise, Component 3 depends on the political diplomatic traction advanced through Component 1. AfCFTA implementation, mutual recognition of standards, and supportive continental-level policies on digital trade and green transition create the enabling environment for Component 3 to deliver impact. Additionally, regulatory streamlining and harmonization across national authorities, a major focus of Component 1, are critical to simplify procedures for exporters.

Approach to Poverty Reduction:

This component indirectly reduces multi-dimensional poverty by lowering export costs and increasing market access for small and medium agribusinesses farming avocados in Rwanda and Uganda, boosting incomes and addressing income poverty. Training and pilot shipments farmers and SMEs with skills and market linkages, tackling educational and economic exclusion. Job creation in logistics and cold chain operations supports youth and women in rural areas, reducing vulnerability where poverty is entrenched. Finally, the component contributes to a decrease in carbon emissions pr. kg. exported goods.

Key Activities:

The activities address identified gaps in cold chain infrastructure, bureaucratic complexity, and rail logistics, based on TMA's dialogues with exporters, logistics providers, and institutions such as National Agricultural Export Development Board (NAEB) in Rwanda and Hortifresh in Uganda (an association of horticulture exporters having several government institutions on its Board). IDH/USAID pilots have highlighted the need for retrofitted facilities, streamlined regulations, and training. Infrastructure will be owned by NAEB in Rwanda (which is a government body) and Hortifresh in Uganda ensuring accountability and long-term sustainability. A model allowing for private sector operators to lease facilities will ensure the financial sustainability of the facilities.

The project interventions are as follows:

1. Retrofitting Inland Consolidation Facilities in Rwanda and Uganda:

- Upgrade facilities in Kigali (Rwanda) and Kampala (Uganda) to handle sea freight, including reinforced truck yards and loading zones for reefer containers, addressing sorting and cooling gaps.
- Install pre-cooling units and temperature-controlled storage to maintain cold chain integrity for 35–40-day sea journeys.
- Develop packing lines tailored to sea freight pallet requirements, enabling efficient container loading.
- Establish on-site offices for customs and phytosanitary authorities to streamline clearance, reducing delays from fragmented inspections.

2. Enabling Reefer Container Movement by Rail in Kenya:

- Equip Kenya's SGR with clip-on generators for reefer containers to maintain cold chain en route to Mombasa, addressing the lack of rail-compatible cold chain infrastructure.
- Conduct demonstration shipments to showcase rail's timeliness and reliability, reducing lead times to one day before sailing, encouraging private sector adoption by small and medium logistics providers.

3. Regulatory and Institutional Reform in Rwanda and Uganda:

- Harmonise export certification processes by reducing overlaps between customs, phytosanitary, and food safety agencies, based on assessments of bureaucratic delays.
- Simplify export licensing and promote mutual recognition of certifications between Rwanda, Uganda, and Kenya.
- Deploy ICT systems for real-time tracking and inspection documentation, integrating with existing national platforms to reduce manual processes.

4. Capacity-building of exporters in Rwanda and Uganda:

- Train 100 small and medium agribusinesses and logistics providers on sea freight processes, cold chain management, and EU Deforestation Regulation (EUDR) compliance, responding to exporter demands.
- Support pilot sea freight shipments from Kigali and Kampala to Europe, documenting lessons to build confidence and encourage commercial uptake among SMEs.

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

Objective: This component aims to increase market access and income generation for women and youth traders along the Northern Corridor by formalising their businesses and enhancing access to digital platforms and cooperatives, fostering inclusive trade and poverty reduction.

Budget: DKK 24,376,068

Background and context:

Informal cross-border trade, dominated by women and youth, is a vital livelihood source along the Northern Corridor, particularly at borders like Busia, Malaba (Kenya/Uganda), and Katuna (Rwanda/Uganda). However, these traders face structural barriers, including limited awareness of trade regulations, exposure to harassment, and lack of access to finance, technology, and market information. An end of programme evaluation¹⁹ found that 66.4% of small-scale traders lack market data access, with awareness of systems like the EAC Simplified Trade Regime (STR) as low as 18.1% at borders like Loitokitok-Tarakea (Kenya/Tanzania). Smart border upgrades (Component 2) risks displacing traders reliant on border inefficiencies, such as those providing services to delayed trucks, but TMA's analysis confirms most trade occurs *across* borders, rather than at border stops, with traders moving goods to nearby markets. Supporting both types of border traders to formalise and access digital platforms mitigates displacement risks and enhances resilience.

This component builds on previous programmes, particularly those targeting women. Insights from the *Making Trade Work for Women* initiative showed that traders in cooperatives recorded 33% higher trade values, while formalised businesses saw a 15% increase compared to informal traders. The iSOKO platform also contributed to trade growth by improving access to market information and compliance tools. Building on this, Component 4 aims to make trade systems more inclusive by supporting informal traders' transition to the formal economy, strengthening cooperatives, and expanding access to digital platforms like iSOKO. The component is informed by engagements with border cooperatives and EAC.

As Components 1 and 2 drive policy reform and digital corridor development, they risk entrenching existing inequalities unless parallel efforts are made to enable women and youth to access and benefit from these systems. Component 4 will aim to ensure the benefits of enhanced trade also reach marginalised women and youth traders.

¹⁹ TradeMark Africa, 2024

Approach to Poverty Reduction and Decent Work:

This component tackles poverty by supporting women and youth traders in Northern Corridor border communities. It addresses gendered labour divisions—where women dominate post-harvest and informal trade, and young men engage in production—through formalisation, skills training, and digital market access via platforms like iSOKO. To reduce exploitation and gender-based violence, it establishes resource centres, safe reporting spaces, and awareness campaigns, including training for border officials. For young men, it offers capacity building on trade regulations and business skills to support entry into formal roles in transport and value-added trade. Strengthening cooperatives further promotes fair wages, decent work, and reduced vulnerability. Gender-responsive monitoring, including sex-disaggregated data and the Women in Trade Empowerment Index, ensures accountability and impact.

Key Activities:

The activities target women and youth traders, including young women, to address overlapping vulnerabilities. They focus on high-traffic Northern Corridor borders (Busia, Malaba, Katuna) and underserved but high-potential borders (Loitokitok-Tarakea²⁰, Suam, Lwakhakha) to maximize reach and impact. Activities mitigate smart border displacement by formalising traders and linking them to regional markets.

1. First-Generation Interventions: Raising Awareness on Trading Procedures:

- Conduct sensitisation campaigns for 15,000 women and youth traders (5,000 per country: Kenya, Uganda, Rwanda) at Suam, Lwakhakha (Kenya/Uganda), Katuna (Rwanda/Uganda), and Loitokitok-Tarakea (Kenya/Tanzania), including on EAC STR provisions and formalisation benefits.
- Facilitate linkages to border cooperatives, enabling access to finance and collective bargaining.
- Provide training on trader rights to reduce harassment, targeting rural border points with high vulnerability.

2. Second-Generation Interventions: Graduating to SMEs:

- Support 5,000 experienced traders at Busia and Malaba to scale into SMEs through:
 - Access to microfinance via cooperative partnerships.
 - Linkages to regional buyers for agribusiness and textiles, promoting value addition.
 - Training on sanitary and phytosanitary (SPS) and quality standards for export markets.

3. Scaling and Sustaining the iSOKO Digital Platform:

- Onboard 15,000 new users (5,000 per country: Kenya, Uganda, Rwanda) to iSOKO, a platform for accessing market prices, connecting to buyers, and managing compliance documents.
- Launch regional promotion campaigns and update content to include STR guidelines and market trends.
- Pilot sustainability models, such as advertising partnerships, to ensure long-term platform viability.

4. Strengthening Trader Cooperatives and Associations:

²⁰ Inclusion of Loitokitok-Tarakea, despite its focus on the Kenya-Tanzania border, is justified by its high potential for informal trade and alignment with EAC's STR. It also is immediately adjacent to the Northern corridor even though the programme does not work in Tanzania to an extensive degree.

- Train 50 border cooperatives in Kenya, Uganda, and Rwanda on governance, financial management, and member advocacy to enhance service delivery.
- Develop sustainability plans for cooperatives to integrate informal traders into formal trade systems.
- Support cooperatives to negotiate better terms with buyers, improving trader incomes.

5. Establishing Border-Based Resource Centres:

- Operationalise centres at Busia, Malaba, and Katuna to coordinate training, provide compliance resources, and report harassment incidents.
- Facilitate public-private dialogues with EAC, National government institutions, and traders to address trader needs.
- Collect real-time data via iSOKO to inform policy advocacy (Component 1) and programme adjustments.

3.3. Linkages with other donor-funded projects

The SITA project contributes to TMA's broader programme activities under its Strategy 3 (2023–2030), including activities that contribute to the EU's Global Gateway initiative (GGI) on the Northern Corridor. As such, SITA's four components are supported by complementary funding streams from other donors, enabling more ambitious interventions. The below outlines how each SITA component fits into TMA's total programme, the associated funding, complementarities, and risks if donor funding is withdrawn. A table illustrating these linkages is further provided in Annex 7 of this document.

Component 1: Policy Advocacy for AfCFTA Implementation

SITA's advocacy for AfCFTA implementation builds on TMA's policy work funded by the EU (EUR 5 million) and Canada (CAD 3 million) through the Africa Trade Policy Centre (ATPC) programme. While the EU and Canada support capacity building for the AfCFTA Secretariat and RECs, focusing on negotiation skills and institutional frameworks, SITA emphasises evidence-based advocacy and stakeholder engagement, producing policy briefs and campaigns to drive domestication of AfCFTA protocols. If EU or Canadian funding is withdrawn, SITA's advocacy may lack the foundational capacity-building support, risking slower policy uptake, though SITA's targeted campaigns could still drive momentum independently.

Component 2: Facilitating Smart Corridors along the Northern Corridor

SITA's smart corridor interventions at Malaba and Busia are complemented by TMA's broader trade facilitation portfolio, that is proposed to be funded by the EU and Netherlands (EUR 25 million) under the GGI's Trade and Transport Facilitation Mechanism (TTFM) and Sweden for study on smart gate implementation (and not actually putting up the smart gate). The proposed support from EU and the Netherlands is for trade facilitation focusing on horticulture along the Northern Corridor, in particular development of a multi-agency AEO framework, advancing standards and SPS compliance, strengthening traceability for EU market compliance, improving regulatory coherence and providing digital trade information. It will complement SITA activities, which specifically target smart gates, AI-driven risk profiling, and inter-agency collaboration at Malaba and Busia, piloting scalable solutions that feed into broader GGI objectives. Nonavailability of the EU-Netherlands funding could delay scaling of digital systems, but SITA's pilot would still deliver localised efficiency gains, serving as a proof of concept for future investments.

Component 3: Transition from Air to Sea Freight for Regional Exports

SITA’s air-to-sea freight transition for horticulture exports aligns with TMA’s export development initiatives, funded by the EU (EUR 25 million) through the Business Environment And Export Enhancing Programme, BEEEP, with smaller contributions from the Netherlands on trade facilitation and from FCDO on studies. The BEEEP focuses on shifting 50% of Kenyan horticulture to sea by 2030. SITA complements rail-related investments in Kenya and extends efforts to Rwanda and Uganda, retrofitting inland facilities and enabling rail logistics. If Dutch or EU funding decreases, SITA’s activities in Rwanda and Uganda may face challenges in linking to Kenyan logistics hubs, though standalone infrastructure upgrades can still enhance local export capacity.

Component 4: Promoting Inclusive Trade for Women and Youth

SITA’s focus on women and youth traders integrates with TMA’s inclusive trade programmes, funded by GAC (USD 18 million), USAID (USD 5 million) and MasterCard Foundation (USD 46 million). The first two have supported women’s economic empowerment through market access training, while MasterCard foundation supports economic empowerment around the fish value chain. SITA builds on the lessons from these programmes by formalising traders via cooperatives and scaling the iSOKO platform along the Northern Corridor, ensuring inclusivity aligns with emphasis on equitable growth. USAID has already withdrawn, while any reduction in MasterCard funding would have no tangible effect on the SITA intervention. Also, SITA scales up the work already done by TMA using GAC funding in setting up iSOKO and some resource centres by expanding the user base and access to the centres on the platform.

SITA’s alignment with actions under the Global Gateway initiative on the Northern Corridor

SITA provides a contribution to the EU Global Gateway initiative on the Northern Corridor²¹. The table below sets out the key interventions and actions that are part of this initiative.

Table 2: 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)	<ul style="list-style-type: none"> - Developing consolidation centres (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	<ul style="list-style-type: none"> - 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
Digitalisation & Smart Corridors	<ul style="list-style-type: none"> - 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)

²¹ European Union: EU-Africa: Global Gateway Investment Package – Strategic Corridors. 2023

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, Denmark

Donor coordination

As a part of the EU Global Gateway initiative on the Northern Corridor, as well as a component of TMA's larger portfolio of programmatic activities, many of which are funded by other EU donors, SITA offers Denmark the opportunity to leverage joint investments with other EU countries through a Team Europe approach, in line with the Africa Strategy. The Danish Embassy in Nairobi, in close collaboration with other relevant embassies and MFA departments, will actively pursue a Team Europe approach in the implementation and communication of SITA, including through scaled-up coordination with EU and EU Member States on programme activities and strategic guidance to TMA.

Exploration of direct support to EAC

EAC is a key partner in the SITA programme, albeit not a direct recipient of funds. In order to ensure anchorage of SITA's efforts in the relevant African institutions in the longer-term, 5 mill DKK will be retained in the budget as unallocated funds, providing an opportunity to explore and develop mechanisms for supporting direct capacity-building of the EAC, as relevant. Such exploratory efforts should take into account a new programme of 40 mill DKK, which will be managed through the Danish Embassy in Dar Es Salaam and is envisaged to provide direct support to the EAC to counter the impact of the U.S. trade war in Africa. Activities undertaken under the unallocated budget line will be carried out in consultation with the Advisory Oversight Committee for the programme during its implementation.

4 Theory of Change

The Theory of Change (ToC) for the SITA programme articulates the pathway to achieve the objective of improving livelihoods and economic opportunities through more inclusive free trade in Africa. The ToC is as follows:

IF

- coordinated, evidence-based policy advocacy strengthens political commitment of AU Member States and drives national policy reforms aligned with AfCFTA,
- AND IF trade within the East African Community (EAC) is strengthened through smart digital systems, targeted infrastructure upgrades, and institutional coordination that reduce transit times and trade barriers along the Northern corridor, reinforcing AfCFTA implementation;
- AND IF sea freight becomes an economically viable option for landlocked countries such as Rwanda and Uganda through upgraded logistics infrastructure, and regulatory reforms, that meet global standards;

- AND IF women and youth traders are empowered to engage in formal cross-border trade opportunities through targeted training, awareness, and institutional support, increased access to digital platforms like iSOKO, and cooperatives;

THEN

- national-level reforms will domesticate AfCFTA protocols, strengthening trade integration across Africa; trade corridors will operate more efficiently, reducing the cost, time, and climate impact of trade—particularly for horticulture;
- AND women and youth will achieve increased earnings and economic empowerment through formalised participation;
- AND overall, intra-African trade volumes and exports will grow, increasing economic opportunities, and improved livelihoods in line with the AfCFTAs aim to improve continental and global trade.

Key Assumptions

For the ToC to hold true, the following assumptions must be met:

1. **Political will for integration:** The EAC and AU member states maintain sustained political commitment to implement AfCFTA protocols and EAC trade policy instruments, including the Customs Union Blueprint.
2. **Trade growth continuity:** Trade volumes along the Northern Corridor continue to grow at a steady rate (e.g., 10% per annum), driven by regional demand and integration efforts.
3. **Consumer preferences in Europe:** European consumer and regulatory preferences continue to favour lower-carbon sea freight over air freight, sustaining demand for sustainable horticulture exports.
4. **Demographic and urban demand:** East Africa's demographic growth and urbanisation continue to drive demand for jobs, exports, and inclusive market systems, supporting the scalability of Component 4 interventions.
5. **EAC as AfCFTA building block:** The EAC remains a central pillar for AfCFTA implementation, facilitating lesson-learning and inter-REC trade integration.

The risks associated with the project and Theory of Change are detailed in Annex 5 of the project document.

5 Summary of the results framework

For results-based management, learning and reporting purposes Denmark will base the actual support on progress attained in the implementation of the project as described in the documentation. The below shows the summary of the results framework, while the full results framework can be found in Annex 3. The full results framework will be further developed before submitting the programme for final approval by the Minister.

The SITA programme is expected to deliver results across the four components of the project, contributing to the overall objective of improving livelihoods and economic opportunities through more inclusive free trade in Africa.

SITA’s results framework comprises a high-level objective supported by four component-level outcomes and a series of outputs and indicators:

- **Component 1** drives political commitment for AfCFTA implementation, contributing to laying the foundation for enhanced trade on the continent, including at the regional level;
- **Component 2** improves the efficiency of the Northern trade corridor, allowing an increase in trade with economic benefits to the affected countries as well as building systems of trust as a stepping stone to a full future customs union in the EAC;
- **Component 3** enables inland exporters – specifically Rwanda and Uganda – to participate in global markets through export through sea freight for high-value horticultural products, in particular avocados;
- **Component 4** ensures women and youth are positioned to benefit from lowered trade barriers and increased trade by improving access to trade systems and formal markets.

The framework integrates both quantitative indicators (e.g., reduction in clearance times, increased export volumes) and qualitative markers of change (e.g., institutional cooperation). Importantly, the programme adopts an adaptive management approach. A border diagnostic (under Component 2) and a cold chain feasibility study (under Component 3) will provide critical data to refine baselines, adjust targets, and validate intervention priorities. This ensures that project resources are directed where impact can be maximised.

This results framework recognises that TMA is not the sole driver of outcomes under SITA. At the same time TMA’s strategic interventions, technical expertise, and convening power significantly influence regional trade reforms and inclusive growth. Attribution is clearest at the output level, where TMA’s direct role in activities is measurable. Outcomes and impact often reflect a shared responsibility with regional and national stakeholders, private sector actors, and development partners.

Project Title		Sustainable Inclusive Trade in Africa (SITA)	
Project Objective		The development objective of SITA is to improve livelihoods and economic opportunities through more inclusive free trade in Africa	
Impact Indicator		1. % increase in EAC exports 2. % increase in intra-African trade volumes 3. % increase in income for target women/youth traders	
Outcome 1		Improved political buy-in from AU member states on AfCFTA implementation	
Outcome indicator		Number of countries submitting revised tariff and service offers under AfCFTA MoV: AfCFTA Secretariat reports	
Baseline	Year	2025	0
Target	Year	2030	35 countries by 2030 (Contribution)
Output 1.1		Knowledge products developed on AfCFTA gaps, risks and opportunities MoV: TMA Knowledge Management system	
Output indicator 1.1.1		Number of policy briefs, position papers, and toolkits published and disseminated	
Baseline	Year	2025	0
Target	Year 1	2026	TBD
Target	Year 2	2027	TBD
Target	Year 3	2028	TBD
Target	Year 4	2029	TBD
Target	Year 5	2030	20
<i>Examples of activities</i>		<i>Implement up to 20 short-term studies, policy briefs, and toolkits focusing on AfCFTA negotiation gaps (e.g., investment, competition, intellectual property, e-commerce, digital trade) and cross-cutting issues like gender, youth inclusion, and climate-smart trade.</i>	

	<i>Organise dissemination workshops to share findings with AU, EAC, and national stakeholders, ensuring African ownership of research outputs.</i>		
Outcome 2	Improved efficiency along the Northern Corridor		
Outcome indicator	Average reduction in transit time at selected borders MoV: Border agency data, TMA diagnostics		
Baseline	Year	2023	Avg. 14.5 hrs (2023 baseline from NCTTCA survey)
Target	Year	2030	50 % reduction (attribution)
Output 2.1.	Corridor diagnostic and policy reviews completed (accumulated)		
Output indicator 2.1	Border diagnostic reports published MoV: Diagnostics reports		
Baseline	Year	2025	0
Target	Year 1	2026	2
Target	Year 2	2027	0
Target	Year 3	2028	0
Target	Year 4	2029	0
Target	Year 5	2030	0
<i>Examples of activities</i>	<p><i>Conduct assessment at Malaba and Busia to map regulatory, infrastructure, and technology gaps, engaging border agencies, traders, and EAC stakeholders.</i></p> <p><i>Analyse trade flows, clearance processes, and coordination challenges to inform digital and infrastructure interventions.</i></p> <p><i>Produce two diagnostic reports to guide activity prioritisation and resource allocation, adjusting the scope of subsequent activities as needed.</i></p>		
Outcome 3	Increased volumes of sea freight for containerised horticulture exports		
Outcome indicator 3.1	3.1.1 % increase in avocado exports through the port of Mombasa from Rwanda and Uganda 3.1.2. Exporters trained by the SITA programme who comply with international standards 3.1.3 Reduced greenhouse gas emissions pr. kg exported avocados MoV: Exporters invoices, Logistics assessments		
Baseline	Year	2024	0
Target	Year	2030	10% increase of avocado exports from port of Mombasa coming from Rwanda and Uganda (contribution)
Output 3.1	Sea freight consolidation and logistics facilities retrofitted		
Output indicator 3.1	Number of operational consolidation hubs with cold chain functionality MoV: Facility records, contractor reports		
Baseline	Year	2025	0
Target	Year 1	2026	0
Target	Year 2	2027	0
Target	Year 3	2028	0
Target	Year 4	2029	0
Target	Year 5	2030	2 (1 in Rwanda, 1 in Uganda) (Attribution)
<i>Examples of activities</i>	<p><i>Upgrade facilities in Kigali (Rwanda) and Kampala (Uganda) to handle sea freight, including reinforced truck yards and loading zones for reefer containers, addressing sorting and cooling gaps.</i></p> <p><i>Install pre-cooling units and temperature-controlled storage to maintain cold chain integrity for 35–40-day sea journeys.</i></p> <p><i>Develop packing lines tailored to sea freight pallet requirements, enabling efficient container loading.</i></p> <p><i>Establish on-site offices for customs and phytosanitary authorities to streamline clearance, reducing delays from fragmented inspections.</i></p>		
Outcome 4	Increased market access for women and youth in trade		
Outcome indicator 4.1	4.1.1. Value of earnings from trade for targeted women and youth 4.1.2. Number of women and youth, including women and youth-owned MSMEs, accessing formal regional markets		

		MoV: Beneficiary records, surveys Women in Trade Empowerment Index	
Baseline	Year	2025	USD 380 per month
Target	Year	2030	An average of 15% increase in trade earnings for women and youth (Attribution)
Output 4.1		Women and youth knowledgeable on trading procedures and their rights (First generation intervention)	
Output indicator 4.1		Number of traders knowledgeable on basic trading procedures including Simplified Trade Regime – STR (first generation intervention) MoV: TMA inclusive team monitoring	
Baseline	Year	2025	0
Target	Year 1	2026	TBD
Target	Year 2	2027	TBD
Target	Year 3	2028	TBD
Target	Year 4	2029	TBD
Target	Year 5	2030	15,000 (5000 per targeted country) (Attribution)
<i>Examples of activities</i>		<i>Conduct sensitisation campaigns for 15,000 women and youth traders on EAC STR provisions and formalisation benefits. Provide training on trader rights to reduce harassment, targeting rural border points with high vulnerability.</i>	

6 Budget

Denmark’s contribution to the SITA project is structured as a project-based, earmarked grant totalling **DKK 200 million** over five years (2025–2030). This funding is intended exclusively for the delivery of the results outlined in the project’s results framework. Any possible additional budget that might become available for the same overall objective of the Project will be agreed upon between the parties and result in relevant updates to this project document and the bilateral agreement. An overview of the indicative budget by component and year is presented below, with an output-based budget presented in Annex 4 and accompanied by a more detailed budget, in line with the Financial Management Guidelines’ annex 2b-format, shared with the Embassy.

Table 3: SITA Indicative Project Budget (DKK)

Component/Outcome	Year 1	Year 2	Year 3	Year 4	Year 5	Total (DKK)
Component 1: Policy Advocacy for AfCFTA Implementation	2,500,000	3,500,000	4,000,000	3,500,000	1,500,000	15,000,000
Component 2: Facilitating Smart Corridors	6,000,000	16,000,000	19,000,000	12,000,000	8,000,000	61,000,000
Component 3: Transition from Air to Sea Freight	8,000,000	14,000,000	18,000,000	18,000,000	5,000,000	63,000,000
Component 4: Inclusive Trade for Women and Youth	3,000,000	5,000,000	6,000,000	6,000,000	4,376,068	24,376,068
Direct Project Budget	19,500,000	38,500,000	47,000,000	39,500,000	18,876,068	163,376,068
NPAC (12%)	2,340,000	4,620,000	5,640,000	4,740,000	2,265,128	19,605,128
Contingency (5%) *	975,000	1,925,000	2,350,000	1,975,000	943,803	8,168,803
Unallocated Funds Administered by the Embassy **	2,000,000	3,000,000	0	0	0	5,000,000
Monitoring, Evaluation, and Learning (MEAL)	0	0	1,850,000	0	1,000,000	2,850,000
Audits	200,000	200,000	200,000	200,000	200,000	1,000,000
Total Funding	25,015,000	48,245,000	57,040,000	46,415,000	23,285,000	200,000,000

* The contingency may only be used for activities already included in the approved budget and with the explicit approval of the MFA. As TMA's expenditure is in USD the contingency is primarily to take into account the significant fluctuation in currency that is being witnessed currently. The contingency can also be used to scale up some activities based on results obtained. Any requests for the same will be submitted with detailed justifications and reviewed by the MFA for approval.

** 5 mill DKK will be unallocated under the project and administered by the Royal Danish Embassy of Nairobi. The funds can be utilised to explore and develop mechanisms for supporting direct capacity-building of the EAC and/or other activities that may be deemed relevant by the Embassy and in consultations with the Advisory Oversight Committee for the project during its implementation.

*** The NPAC percentage deviates from the Danish guidelines of a 7 % admin fee. The NPAC percentage of 12 % was approved by the Council (which Denmark chaired at the time) at a special Council meeting on 20 March 2023. The NPAC rate of 12 % was put in place as part of a number of measures to reduce the deficit TMA had incurred due to a sudden and significant drop in funding from the UK. It was an important consideration for Denmark as a provider of funding to TMA (under the Kenya Bilateral Programme 2021-25) that the administration costs were shared fairly with ear-marked contributions to avoid a disproportionate use of core support for administration. TMA has since managed to decrease the deficit significantly and plans to scale back the NPAC. These plans are expected to be discussed in the Council before 2027. The budget can be revised once an adjustment to the NPAC figures is made.

To ensure transparency and accountability, TMA will establish and maintain clear lines of attribution between donor contributions and activities/outputs. This will be reflected in both its internal accounting system and its monitoring framework. Where donor investments converge on similar outputs or infrastructure, TMA will ensure that Danish funds remain distinctly traceable and are not used to subsidise non-SITA activities.

Importantly, no Danish grant funds may under any circumstances be transferred to, or utilised by, Trade Catalyst Africa—TMA's commercial arm. There will be no purchasing of services by Trade Catalyst Africa by the project. This separation is critical for ensuring compliance with ODA requirements and avoiding any perception of subsidy to commercial operations.

TMA will maintain a multi-year budget that aligns with Danida's General Guidelines for Financial Management (Annex 2.B of the [General Guidelines for Financial management](#)). 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 this project. The budget will include clear budget notes, including notes on the specific expenditure categories included in the overhead costs and in project costs, ensuring that the budget is self-explanatory and the transaction costs involved with implementation are clearly identifiable. The budget will be maintained in USD, with the understanding that disbursements may not exceed the DKK value of the grant. Exchange rate gains may be reinvested into eligible activities under the project's outputs, subject to prior approval by the Royal Danish Embassy in Nairobi (RDE).

Budgetary Controls and Reallocation Procedures:

- Reallocations exceeding 10% between output lines must be pre-approved by the RDE.
- Requests must include a revised work plan, budget, Fund Accountability Statement, and written justification.
- Reallocations from output lines to other budget categories (e.g. admin, NPAC) are not permitted.

- Overspending beyond agreed limits will not be covered by the Danish grant unless expressly authorised in advance.

TMA is responsible for ensuring the funds are spent in compliance with the agreement and with due consideration of economy, efficiency, and effectiveness in achieving the project’s intended outcomes.

7 Institutional and Management Arrangements

7.1 SITA Project Governance Structure

As the regional hub in East Africa designated under the Africa Strategy, the Royal Danish Embassy in Nairobi will be responsible for the day-to-day management of SITA. However, the SITA project supports continental and regional priorities, including AfCFTA and EAC agendas, which extend beyond Kenya and requires close coordination across Danish trade-related engagements in the region and under the Africa Strategy. To ensure coherence, coordination, information-sharing and strategic alignment across all relevant units in the Ministry of Foreign Affairs, an Advisory Oversight Committee (AOC) with a membership that spans across relevant parts of the Danish MFA will be established as the principal mechanism for providing strategic guidance for and oversight of project implementation.

The AOC will be co-chaired by the Head of Cooperation at the Royal Danish Embassy in Nairobi and TMA’s Project Director responsible for SITA. Members will include:

- From the Ministry of Foreign Affairs:
 - **The Royal Danish Embassy in Nairobi.** The Embassy is designated a regional hub in East Africa and will be responsible for the day-to-day management of the project and for coordinating with all relevant embassies and units in the MFA, as well as with other TMA donors, including advancing a Team Europe approach. The Embassy will further ensure regular information-sharing and pursuit of synergies with the work done by the Trade Council and the Strategic Sector Counsellors at the Embassy, enabling SITA to leverage Danish private sector expertise in relevant areas such as logistics, digital innovation, and agribusiness. The Embassy further represents Denmark in the Council of TMA (see below).
 - **The Danish Embassy in Addis Ababa.** The Embassy is accredited to the AU and will act as the entry point for direct conversations with the AU and its member states, including on the AfCFTA, and can feed in relevant analysis from the organ to the AOC. The Embassy further manages several programmes that support the AfCFTA, which SITA needs to ensure alignment with in its implementation.
 - **The Danish Embassy in Dar-es-Salaam.** The Embassy is accredited to the EAC and therefore acts as the project’s direct line to the EAC by bringing in the perspective of the EAC into the AOC. The Embassy is further programming direct support to the EAC. It will be important to ensure adequate linkages and coherence between SITA and the upcoming direct support to EAC.
 - **The Danish Embassy in Kampala.** The Embassy supports TMA-Uganda bilaterally and is an important actor to ensure alignment between the Danish-funded work in Uganda and SITA, as well as in order to offer insight from the Ugandan context, which is a key geography for SITA, given its focus on the Northern Corridor.

- **The MFA Department for Africa, Development Policy and Financing (AFRPOL).** The Department is key in coordinating the implementation of the Africa Strategy across the MFA and acts as an important link to the Danish high-level political engagement with African countries, as well as to EU-level discussions on the EU engagement with Africa, including progress on the Global Gateway.
- **The MFA Department for Economic Diplomacy (ECODIP).** The Department is integral to offering guidance to SITA implementation from an economic diplomacy angle and operationalising the ambition of the Danish Minister of Foreign Affairs to better integrate Danish development and economic diplomacy efforts. While focussed on development outcomes, SITA is a vehicle for this ambition given its focus areas on markets and facilitating private sector growth to enable livelihoods and economic opportunities.
- From TMA:
 - Technical leads from TMA's SITA programme (Smart Corridors, Sea Freight, Inclusive Trade).

The AOCs main functions will include assessing progress, challenges and risks under the project in light of contextual developments and Danish policy priorities and initiatives and offering strategic guidance on the continued roll-out of the programme. This includes ensuring strategic linkages and synergies with other Danish efforts, including programmatic activities, high-level policy dialogues, coordination activities with the EU and its member states and relevant economic diplomacy initiatives. The AOC will meet once per year, with the option of convening extraordinary meetings as deemed relevant by its members. TMA will serve as the secretariat for the AOC. Terms of reference for the AOC will be developed by the Royal Danish Embassy in Nairobi with input from and close coordination with the rest of the AOC members.

7.2 TMA Governance Structure

TMA operates under a structured governance framework defined by its Constitution. This framework outlines the roles and responsibilities of its primary governance bodies: the Council, the Board, and the National Oversight Committees (NOCs). The Board has fiduciary and operational oversight responsibilities, including strategy delivery, financial control, and appointment of TMA's leadership. The Council, composed of all qualifying donors including Denmark, provides strategic oversight and direction and convenes quarterly. Denmark, through the Royal Danish Embassy (RDE) in Nairobi, is a member of the Council and may participate in its subcommittees.

At the country level, NOCs ensure alignment and oversight of programme delivery with national priorities. In extension of SITA, the Danish Embassy in Dar es Salaam will be invited to participate in the NOC for Tanzania. For regional programmes such as SITA, oversight is provided through the Programme Coordinating Committee (PCC). The PCC replicates the functions of the NOC but for EAC and regional programmes and assures ownership and oversight at a regional level. The PCC includes senior representatives of the EAC Secretariat, regional implementing partners, and investors, including development partners such as Denmark. These committees meet quarterly and maintain direct engagement with the TMA Board, ensuring ownership and transparency at all levels. In addition to continuous dialogue and engagement, the PCC serves as a mechanism through which TMA will ensure inclusion of and coordination with the EAC Secretariat for the implementation of SITA, including full transparency on the budget and activities of SITA.

7.3 Monitoring, evaluation, accountability and Learning (MEAL)

SITA's results-based management will be governed by a Monitoring, Evaluation, Accountability and Learning (MEAL) system. The system tracks delivery against the SITA results framework, ensuring evidence-based implementation. Baselines, targets, and output milestones will be finalised following inception studies (e.g., border diagnostics). MEAL oversight will be provided by TMA's Evaluation Committee.

A joint communication plan will be developed in early 2025, ensuring visibility of Denmark's support and coordination under the Team Europe framework.

The project will undergo 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 to a second phase. The mid-term review should also provide recommendations on the future direction of Danish support to regional trade in Africa.

In addition, there will 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 that these may inform other development programmes seeking to achieve similar objectives, including through direct support to EAC, or inform a potential extension of SITA.

The RDE in Nairobi has 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, MEAL support will be provided by project staff as needed.

8 Reporting

Progress reports will be generated twice a year to document progress against the set outputs, and outcomes in the results framework. 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 project 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 Danish Embassy;
- 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 (Annex 4)
- 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.

9 Financial Management, planning and reporting

9.1 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. TMA will comply with the *Danida Financial Management Guidelines* (annexed) except when deviations are explicitly stated in this Project Document.

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 annual detailed budget in accordance with annex 2B of the Financial Management Guidelines; (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.

Accounts should be output based and at least at the same level as the annual detailed project budget in accordance with FMG annex 2B.

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.

TMA is required to establish and maintain accounting records and documents on all activities funded by Denmark. Records must be systematic, easily traceable, identifiable and verifiable. TMA must

ensure safe and up-to-date back-up systems to eliminate the risk of losing accounting data. Accounting records should be kept for a period of ten years after completion of the engagement.

9.2. 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.

Disbursements are made in USD equivalent of the Danish Kroner amount into a TMA account that will be opened for SITA. Interest accrued from this bank account would be returned to the Embassy of Denmark on an annual basis.

Disbursements will be made twice a year and be triggered by approval of the annual work plan and budget at the beginning of the TMA financial year (July-June) and six months later upon receiving the annual audits (January).

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 by using the standard disbursement form from the Danish Aid Management Guideline (FMG Annex 3)
- Requests must be signed by two authorised persons
- Before the first disbursement upon signature of this Project document, there must be proof of proper utilisation of outstanding funds under previous engagements.

The overall conditions for disbursement of funds from RDE include:

- 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.

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 (including any unaccounted-for advances) and payables are registered in the accounting system as receivables and not included as expenditure until fully accounted for;
- 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 TMA'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.

Audit

TMA is audited on an annual basis. The audit period follows the TMA 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 for SITA will be carried out as an institutional audit covering the entire operation of TMA and presented for approval to the Board and the Annual General Meeting of Members by 31 December following the close of the respective financial year, *so long as* it is assessed by the Danish Embassy that the institutional audit adequately covers the Danish requirements in the financial management guidelines including the aspects of performance and compliance audit. If not, supplementary audits or studies may be needed or, in case this is not deemed sufficient by the Danish Embassy, a project specific audit could be required.

A budget provision to cover the audit requirements has been made.

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.

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 an independent whistle-blower hotline is provided on the TMA website.

Any substantiated suspicion of irregularities, fraud or corruption are reported immediately to the Director of Audit & Assurance (DAA). The DAA shall refer the matter to the Incident Response Group (IRG) recommending any action to be taken. Substantiated matters are reported within 24 hours to the Board and Council 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 deemed as notifiable and reported to the TMA Board of Directors and Council

In case TMA sub-grants to other implementing partners, TMA will ensure sound grants management, in line with relevant Danida management guidelines.

9.3. Allowances

Non-TMA staff, including government officials, participating in TMA activities will receive allowances (per diems, transport etc.) in accordance with TMA Regulations (art 52-57 of version December 2024) as approved by its Board and updated as needed. These policies are taking into consideration any joint donor-specific policies on allowances in the country, where TMA carries out the SITA activities.

The following applies to all RDE funded engagements:

- Allowances should be paid only when it is absolutely unavoidable.
- Sitting, participation and facilitation allowances will not be paid under any circumstances.
- In general, when representatives from government or other organisations participate in activities, programmes and events, it should be assumed that the sending organisation has an interest in being represented. Therefore, as a rule of thumb, the sending organisation should be expected to cover all costs related to participation, including per diems and travel reimbursements.
- Allowances should not be paid to owners or employees of implementing partners or beneficiaries for participating in profit enhancing activities of the company/organisation.
- Any donor coordinated harmonised approaches for the country where the implementation is taken place should be adhered to.
- Allowances for TMA staff and governing bodies will follow the rates set out in the relevant regulations as mentioned above.

10. 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 output 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. In addition, the programme is designed to integrate with and complement other donor-funded initiatives, as detailed in the "Linkages with other donor-funded projects" section, which poses a risk of negative impact to SITA's outcomes, if other donors reduce or withdraw their funding. Regular coordination will be carried out to ensure that there is early warning on any cuts and an optimal solution is found in an environment of reduced fund availability. Further, the programme's long-term impact relies on African institutions and authorities developing the skills, systems, and ownership to sustain trade reforms beyond 2030. This will be managed through structured capacity-building plans, validation of programme outputs with institutions to ensure ownership, regular capacity assessments, sustained donor advocacy, and sustainability exit strategies to ensure long-term ownership, as well as a possible exploration of direct support to the EAC under SITA.

The main institutional risks relate 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, granting them the capacity to contain any such outbreak. Additionally, the Danish MFA may face reduced opportunities, when working solely through TMA, for engaging directly with and developing deep relations and knowledge of the African competent institutions. Denmark may also face the risk of dissatisfaction from the relevant African institutions, such as the EAC, with the lack of direct support that may be perceived as signalling an approach that is not in line with the Africa Strategy's partnership approach. This will be managed through extensive inclusion, consultation and coordination with EAC on the part of TMA and a strengthened dialogue and programme support through the Danish Embassy in Dar-es-Salaam, as well as an exploration of potential future support to the EAC under SITA.

Annex 5 provides a list of the main risks affecting SITA.

Risks will continuously be managed by the Embassy. This will happen through annual review of the risk framework in the context of AOC meetings based on risk reporting from TMA and relevant information obtained through other partners, e.g., EAC.

11. Closure

Activities for the SITA project will end no later than 30 June 2030. TMA will commission a final evaluation of SITA in line with its own MEAL 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, 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.

TMA has a strong anchor with governments in its countries of operation, as well as with regional bodies, including the EAC, 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 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.

A short exit and sustainability strategy will be developed and submitted by TMA by 2027. The strategy can include scenarios both for continued and discontinued Danish support. The exit and sustainability strategy should be reviewed and tracked by the Advisory Oversight Committee, as well as by the mid-term review envisaged for the programme.

Trade facilitation has been identified as a political priority 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. Funds are further set aside to enable the RDE to explore the potential for future, direct support to EAC.

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

Annex 1 Context analysis

The Political Economy of AfCFTA and EAC Regional Integration

Regional economic integration remains a critical pathway for Africa's economic transformation. The African Continental Free Trade Area (AfCFTA) and the East African Community (EAC) frameworks aim to address fragmented markets, stimulate industrialisation, and expand employment through improved market access and reduced trade barriers. Together, these frameworks create opportunities to leverage economies of scale, build competitive regional value chains, and drive inclusive growth across a diverse continent.

If fully implemented, the AfCFTA is projected to increase Africa's real income by 7% (approximately USD 450 billion) by 2035, with the majority of gains arising from reduced non-tariff barriers and improvements in trade facilitation.²² It could lift 30 million people out of extreme poverty and 68 million out of moderate poverty, while increasing the volume of total exports by 29% and intra-African exports by more than 81%. Manufacturing exports are expected to benefit the most, increasing by 62% overall and by 110% within Africa, supporting Africa's industrialisation objectives and a shift from subsistence agriculture to higher-productivity sectors.²³ Recent assessments reinforce this outlook. A 2022 UNECA report emphasises that AfCFTA's benefits will depend heavily on the depth of implementation, particularly on aligning national regulations, reducing behind-the-border barriers, and facilitating inter-REC cooperation.²⁴ These findings point to the importance of investing in implementation capacity and institutional readiness.

Within the EAC, regional integration has progressed further than in most other RECs. The EAC Customs Union and Common Market are operational, albeit not optimally, enabling free movement of goods, people, and capital across Partner States. According to the EAC Trade and Investment Report (2022), intra-EAC exports rose from USD 5.9 billion in 2018 to USD 7.2 billion in 2022, a growth of over 22% despite global trade headwinds.²⁵ However, non-tariff barriers, infrastructure deficits, and misaligned policies continue to limit deeper integration and the realisation of the full potential of the Common Market.

Importantly, full implementation of the EAC Common Market Protocol (CMP) could have transformative impacts. An IMF working paper found that eliminating internal trade frictions within the EAC could increase real GDP by up to 6% across the region and substantially increase trade volumes. The study also noted that full EAC integration could have similar or greater benefits than implementation of the AfCFTA alone, highlighting that the two frameworks must be pursued in tandem to unlock complementary gains.²⁶ A further step would be the full and coordinated implementation of AfCFTA by EAC Partner States. Such an approach could facilitate deeper inter-REC trade and reduce the costs of doing business across regions. However, EAC states currently differ in their levels of preparedness and political will to harmonise national legislation with continental commitments.

²² World Bank. (2020). *The African Continental Free Trade Area: Economic and Distributional Effects*. Washington, DC: World Bank. <https://www.worldbank.org/en/topic/trade/publication/the-african-continental-free-trade-area>

²³ Ibid

²⁴ UNECA. (2023). *AfCFTA Policy Monitoring Report: Advancing Implementation through Data and Dialogue*. Addis Ababa: United Nations Economic Commission for Africa.

²⁵ EAC Secretariat. (2023). *EAC Trade and Investment Report 2022*. <https://www.eac.int/documents/category/eac-trade-and-investment-reports>

²⁶ Khandelwal, P., & Ruta, M. (2022). *Economic Integration in the East African Community*. IMF Working Paper. <https://www.imf.org/en/Publications/WP/Issues/2022/06/17/Economic-Integration-in-the-East-African-Community-519675>

Fragmentation of negotiation positions and regulatory divergence continues to undermine the EAC's effectiveness as a bloc.

The case of the EAC–EU Economic Partnership Agreement (EPA) illustrates these challenges. Originally negotiated as a region, internal disagreements about the EPA's implications resulted in prolonged delays in its signature. In 2023, Kenya opted to ratify a bilateral EPA with the EU to maintain market access after transitioning out of Least Developed Country (LDC) status. Other EAC states remain under the Everything But Arms (EBA) scheme. While Kenya's EPA secures duty-free and quota-free access, functionally equivalent to EBA, it marked a fracture in regional alignment. This divergence highlights the limits of collective regional negotiation, particularly when political economies and development priorities differ.²⁷

Despite some achievements, regional integration faces deep-rooted political economy challenges. Integration produces both winners and losers, often exacerbating disparities unless carefully managed. Political and fiscal resistance remains strong, with many countries prioritising national interests over regional commitments. Within the EAC, political momentum for a full Customs Union has slowed. Key challenges include:

- **A widening vs deepening integration approach:** The accession of the Democratic Republic of Congo (DRC) and Somalia has expanded the EAC's market size and geographic reach but has simultaneously introduced new layers of complexity. Both new members face significant infrastructural deficits, weak trade enforcement mechanisms, and internal political instability, diluting efforts to deepen existing integration among older members.²⁸ Widening the bloc without consolidating the gains among existing Partner States has created a more fragmented rather than harmonised market.
- **Revenue sharing:** A major sticking point remains the establishment of an equitable revenue-sharing formula among Partner States. Disputes over how customs revenues should be allocated, particularly between coastal and landlocked countries, have slowed progress toward deeper customs integration.²⁹ Lessons from other regions, such as the Southern African Customs Union (SACU), show that sustainable revenue-sharing frameworks are crucial to maintaining regional cohesion, and the absence of consensus in the EAC presents a serious obstacle.
- **Political Instability:** Fragility in countries like South Sudan, the DRC and Somalia continues to undermine collective progress. South Sudan's ongoing civil conflicts and weak institutional capacity hinder its ability to meet EAC obligations, while insecurity in Eastern DRC destabilises regional corridors vital for trade.³⁰ This creates an uneven pace of implementation and complicates collective decision-making.

Experience from ECOWAS illustrates that ambitious integration goals can be derailed when Member States lack trust, consistent enforcement mechanisms, and political will. Despite a long history of integration ambitions, ECOWAS has faced persistent barriers in implementing free movement and

²⁷ European Commission. (2023). European Green Deal and EU Deforestation Regulation.

https://ec.europa.eu/environment/publications/proposal-regulation-deforestation-free-products_en

²⁸ EAC, 2023. Ibid. See also UNECA 2023. Ibid

²⁹ EAC, 2023. Ibid

³⁰ UNECA, 2023, ibid. See also: International Crisis Group, (n.d.). Retrieved May 2, 2025, from <https://www.crisisgroup.org>

customs union protocols. The EAC faces a similar risk if these foundational elements of trust and enforcement are not reinforced.³¹

In this context, a phased, pragmatic approach is essential, prioritising trade facilitation, trust-building, and gradual alignment before pursuing deeper customs and monetary integration. At the same time, deeper integration will only succeed if accompanied by complementary enablers beyond border and regulatory reform. These include modernising regional logistics, improving infrastructure efficiency, and supporting greater inclusion in trade. The shift to sea freight and the formalisation of women and youth traders are not peripheral to integration; they are central to unlocking the productivity, resilience, and political buy-in needed for EAC and indeed Africa's integration agenda to succeed.

Trade Facilitation and Border Management as Strategic Enablers

Trade facilitation is one of the most practical and impactful levers to advance regional integration under current political economy constraints. While the EAC's vision remains the full elimination of internal borders, the operational reality is that customs controls, regulatory inspections, and clearance processes will persist for the foreseeable future. Differences in national systems, political priorities, and the lack of a shared revenue formula all but guarantee that a fully-fledged Customs Union is at least a decade away.

In this context, investments in 'smart borders' and digital corridor management offer a high-impact, forward-looking, and politically neutral solution. These interventions generate tangible short-term benefits through lower trade costs and faster clearance, while laying the foundations for future institutional trust and regulatory convergence. Their technical nature, broad stakeholder acceptance, and alignment with existing regional strategies make them especially effective entry points for advancing integration, even amidst divergent national political priorities.

Through the EAC Customs Union Blueprint (2024), the region has outlined a phased roadmap for Customs Union implementation, prioritising trade facilitation reforms across immediate, short-, and medium-term timelines. These include automating trade documentation, operationalising the regional customs bond, harmonising OSBP operations, and integrating customs and cargo tracking systems. SITA's support to smart borders and digital corridors aligns directly with these priorities and is strategically positioned to accelerate progress on key regional interventions.³²

For example, targeted investments in trade facilitation, particularly through the establishment of One-Stop Border Posts (OSBPs), integrated customs management systems, and electronic cargo tracking, have delivered significant short-term gains. Border clearance times at key crossings, such as Busia and Malaba, have dropped from an average of 14 hours to approximately 1 hour and 18 minutes. These improvements have reduced logistics costs by up to 14% for traders and freight operators.³³ Shorter clearance times enhance fleet efficiency, minimise delays, reduce spoilage in perishable supply chains, and strengthen the export competitiveness of landlocked economies such as Rwanda and Uganda, which rely heavily on efficient passage through regional corridors.

Beyond operational efficiency, smart border systems play a strategic role in trust-building. The deployment of interoperable digital systems, including real-time cargo tracking, shared customs platforms, and harmonised risk profiling, enables agencies from different Partner States to access and

³¹ UNECA, 2023. Ibid

³² EAC, 2024. Blueprint for the attainment of the fully-fledged East African Community Customs Union (unpublished)

³³ World Bank, 2020. Ibid

act on shared data. This reduces discretionary authority, curbs corruption, and eliminates duplication of processes.³⁴ By strengthening mutual accountability, these systems create a more transparent and predictable trade environment, which is essential for the gradual convergence of regulatory regimes.

Furthermore, these investments contribute to institutional strengthening and future readiness. As regional trade volumes grow, and supply chains become increasingly globalised and digitalised, including through e-commerce, digital certification, and traceability requirements, customs authorities must upgrade their systems and capacities. The implementation of the WTO Trade Facilitation Agreement (TFA) and growing market demands for compliance with environmental, social, and traceability standards place new pressures on border management. Strategic investments in infrastructure, technology, and training enable agencies to meet these demands and position the region competitively in global value chains.

Importantly, the Northern Corridor, linking Mombasa Port to Uganda, Rwanda, and Eastern DRC, has been prioritised by both the EAC and TradeMark Africa as a pilot for integrated smart corridor implementation. It aligns with the EAC Customs Union Blueprint (2024) and AfCFTA's trade facilitation objectives. SITA-supported interventions are therefore not only technically and economically justified, but also strategically positioned to serve as models for replication in other corridors, including the Central Corridor.

In sum, smart border and trade facilitation investments offer measurable returns, build the trust needed for long-term customs integration, and strengthen the institutional foundations of deeper regional trade cooperation. Importantly, they also lay the logistical groundwork for wider regional market access—creating the infrastructure, systems, and efficiencies necessary for more ambitious freight transitions, including the shift from air to sea freight.

Transition from Air to Sea Freight: Expanding Regional Market Access

One of the most pressing logistical gaps in East Africa's integration journey lies in the continued reliance on expensive, carbon-intensive air freight. While regional border reforms have improved inland connectivity, without accessible and green freight options, inland producers remain effectively disconnected from international markets. East Africa's high-value agricultural exports, notably fresh horticultural produce such as avocados, cut flowers, and green beans, remain heavily reliant on air freight, a logistics model that is increasingly recognised as financially unsustainable and environmentally problematic. Historically, air freight provided the necessary speed to ensure product quality for highly perishable goods destined for European and Middle Eastern markets. However, structural vulnerabilities in this model have been starkly exposed by recent global disruptions, evolving regulatory standards, and shifting consumer preferences.

The COVID-19 pandemic caused a sharp contraction in available air cargo capacity as passenger flights, which are carriers of a significant share of freight, were cancelled worldwide.³⁵ Freight rates soared, with costs doubling or tripling in some markets. For East African exporters, the average cost of air-freighting horticultural produce to Europe rose to approximately \$2.8/kg, compared to pre-pandemic averages of \$1.5–\$1.8/kg. In contrast, sea freight offers a more cost-efficient alternative, with rates averaging \$1.5/kg for containerised cold chain shipments.³⁶ As input costs, such as fertiliser, labour,

³⁴ UNECA, 2023. Ibid

³⁵ International Trade Centre. (2021). *COVID-19: The Great Lockdown and Trade Disruptions*. <https://intracen.org/resources/publications/covid-19-the-great-lockdown-and-trade-disruptions>

³⁶ TMA. (2023). Northern Corridor Trade Facilitation Programme Reports. <https://www.trademarkafrica.com>

and compliance with sustainability standards, have risen, the cost burden of air freight is increasingly undermining export competitiveness.

Beyond cost, climate imperatives are exerting pressure on exporters to decarbonise logistics chains. Air freight emits up to 50 times more CO₂ per kilogram of cargo than sea freight.³⁷ With the European Union's Green Deal and Deforestation Regulation (EUDR) coming into force, exporters face both regulatory and market demands to prove climate responsibility.³⁸ Leading European retailers, including Tesco and Carrefour, have already adopted stricter sourcing standards, favouring sea-freighted produce.³⁹

Transitioning from air to sea freight thus presents an opportunity to dramatically reduce the carbon footprint of East Africa's exports. According to FAO estimates, shifting just 50% of horticultural exports from air to sea could reduce emissions by more than 60% and cut logistics costs by up to 40%.⁴⁰ Modern cold chain infrastructure, controlled atmosphere containers, and real-time tracking systems now make it possible to ship sensitive goods over 30-day sea voyages while preserving quality. Pilot programmes led by TradeMark Africa, with support from the EU and the Netherlands under the BEEEP initiative, have proven both the technical feasibility and commercial viability of sea freight from East Africa to European markets.

Beyond climate and cost, sea freight offers greater resilience and predictability. Unlike air cargo, which remains vulnerable to disruptions, sea logistics provide more stable schedules and greater capacity.⁴¹ For inland exporters in Rwanda and Uganda, connectivity to Mombasa via rail-linked consolidation hubs offers a platform to overcome the landlocked disadvantage and fully participate in global horticultural value chains.

Thus, facilitating a shift from air to sea freight is not just a logistical upgrade, it is a strategic necessity to ensure East Africa's horticulture exports remain viable, competitive, climate-aligned, and resilient in the face of evolving global demands.

Inclusive Trade: Unlocking the Potential of Women and Youth

Inclusion is not only a social imperative, it is an economic necessity. Trade systems that exclude women and youth undermine their own potential, both by limiting productivity and by failing to leverage the full breadth of the region's entrepreneurial base. Building on the logistics and regulatory reforms outlined in the previous sections, it is thus essential that regional integration also delivers for those most often excluded. Women and youth are integral to East Africa's trade ecosystem, yet they continue to face structural barriers that limit their full participation in formal trade systems. Inclusive trade is not a peripheral goal, it is a strategic necessity for resilience, competitiveness, and equitable development.

³⁷ World Economic Forum. (2022). The Net Zero Freight Challenge.

<https://www.weforum.org/agenda/2022/01/decarbonizing-air-cargo-net-zero-logistics/>

³⁸ European Union. (2023). EU Regulation 2023/1115 on Deforestation-Free Products. <https://eur-lex.europa.eu/eli/reg/2023/1115/oj>

³⁹International Trade Centre. (2022). *Trade and Climate Change: Adapting Supply Chains*.

<https://intracen.org/resources/publications/trade-and-climate-change-adapting-supply-chains>

⁴⁰ FAO. (2022). Sustainable Cold Chains and Food Loss Reduction. <https://www.fao.org/documents/card/en/c/cb9134en>

⁴¹ World Bank, 2023 Ibid

Women play a pivotal role in East Africa's trade sector, particularly in informal cross-border trade, where they constitute approximately 70% of traders.⁴² Despite this, women-led businesses remain significantly underrepresented in formal export markets, with only 22% of women-led firms engaged in export activities.⁴³ Trade can be transformative for women's economic empowerment: in developing economies, women make up 33% of the workforce in exporting firms, compared to 24% in non-exporting firms (IMF, 2023). Exporting firms also tend to pay higher wages, offer better benefits, and provide more secure employment—highlighting the inclusive potential of regional and global trade.

However, persistent constraints hinder women's full participation. These include limited access to trade finance, inadequate knowledge of regulations, exposure to harassment and insecurity at border points, and exclusion from digital trade systems and trade facilitation mechanisms. Small women-led enterprises, especially in border areas, often operate in the informal sector and struggle to access support programmes, market information, and formal networks.

Youth also face formidable barriers to entering the trade economy, despite comprising the majority of the population. Individuals aged 15 to 34 account for over 68% of the East African population,⁴⁴ but youth unemployment rates remain high, averaging above 20% across the continent.⁴⁵ Many young people are locked out of trade opportunities by skills mismatches, regulatory complexity, and limited access to affordable capital. Informal self-employment is often the only available pathway, limiting their ability to scale or formalise their businesses.

To unlock the full potential of women and youth in trade, SITA promotes targeted inclusion measures that address the structural barriers these groups face. These measures include the deployment of digital platforms such as iSOKO, which provide women and youth traders with access to real-time market and regulatory information. SITA also supports the simplification of trade procedures, particularly for small-scale and informal traders, enabling easier compliance and reduced costs at border points. In addition, the project facilitates capacity-building for cooperatives and youth-led enterprises, equipping them with the skills and knowledge needed to engage competitively in regional markets. Finally, SITA advocates for the design and implementation of gender- and youth-sensitive infrastructure and policy reforms, ensuring that border facilities and trade systems are inclusive, safe, and responsive to the needs of all users.

Inclusive trade interventions are core to SITA's vision of sustainable integration. For regional markets to function equitably, women and youth must be able to access, navigate, and benefit from formal trade systems—just as infrastructure is modernised and customs systems are harmonised. Only by expanding opportunity can trade truly drive transformation across East Africa.

⁴² UNCTAD. (2022). *Borderline: Women in Informal Cross-Border Trade in Africa*. United Nations Conference on Trade and Development. <https://unctad.org/webflyer/borderline-women-informal-cross-border-trade-africa>

⁴³ ITC. (2023). *Unlocking Markets for Women in Trade: 2023 Report*. <https://intracen.org/resources/publications> ITC, 2023

⁴⁴ EAC, 2023. *Ibid*

⁴⁵ ILO. (2022). *Global Employment Trends for Youth 2022*.

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. Denmark has supported TMA since 2011, including through several embassies. TMA is chosen as the single implementing partner of SITA due to its history of delivering results, its wide recognition as a convening and enabling facilitator of enhanced trade, including by relevant African authorities as well as its unique ability to offer delivery across all the components of SITA. 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.

Geographical scope of activities

TMA works across the continent and thus has capacity to deliver on both continental and regional activities. Building on successes in East Africa, TMA has with its recent strategy – Strategy 3, “Building Sustainable and Inclusive Trade for Africa (2023-30)” – set a continent-wide scope for its activities and is working to replicate their successes in Eastern Africa along transit corridors and trade systems across Africa. This 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. As such, the strategic direction of TMA’s activities aligns with Danish development priorities. TMA can build on gains already achieved, learning the lessons from successful approaches, and applying experience from more mature operational markets in East Africa to new geographies, while deploying innovative technologies and approaches in areas where core interventions have already been embedded. TMA is currently present 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.

While this continent-wide presence allows TMA to effectively coordinate and implement projects that span multiple regions, it should be noted that TMA has only recently set out to establish itself as a continental 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. It is also 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, which TMA is strong in given the solid relationships the organisation has built with governments in Africa over the years. It further 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. At the same time, TMA has a proven track record on delivering results relevant to components 2-4 of the SITA and extensive experience in the East Africa region, which components 2-4 of SITA focus on.

Delivery of results

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; and enabling business to capitalise on these gains. 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.

Components 2-4 of SITA are targeting key EAC states along the Northern and Central corridors, including Rwanda, Uganda and Kenya. 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. Further, 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.

Partnership with relevant stakeholders, including African institutions

Working through TMA poses a risk in terms of the long-term sustainability of the project's interventions as they will not be anchored directly with the African institutions that have trade facilitation mandates, such as the AfCFTA Secretariat and the EAC. However, TMA's 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. 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. In addition, TMA is widely recognised as a trade facilitation agency that implements and delivers results effectively, including by the AfCFTA Secretariat, EAC and national authorities in East Africa. TMA works closely with these stakeholders in the implementation of activities to ensure local ownership and voice. 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). For SITA, 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, TMA can minimise the risk of being delayed by political bottlenecks and administrative constraints
 - 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. SITA complements direct support and capacity-building of EAC through the Embassy in Dar Es Salaam and to the AU and AfCFTA Secretariat through the Embassy in Addis Ababa. It should also be noted that work is currently undertaken to explore options for the future set-up of TMA, including the possibility of being designated as a specialised institution of a continental body e.g., the African Union (AU) or the AfCFTA Secretariat or becoming an agency of another African development institution such as the AfDB, to provide a stronger anchorage within African institutions.

Donor alignment and potential for Team Europe approaches

TMA is by a majority of donors recognised as the *de facto* go-to implementing agency in Eastern Africa for trade facilitation reforms nationally and regionally. 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. The design of SITA fits well within TMA's Strategy 3, and the components of SITA are aligned into a unified programme with streamlined oversight and management arrangements. While this carries certain risks of dependency on other donors' funding (see section below on funding sustainability), it also provides an opportunity for Denmark to leverage joint investments with other EU countries through a Team Europe approach in line with the Africa Strategy. SITA is a direct contribution to the EU Global Gateway initiative on the Northern Corridor allowing for synergies to be pursued with other EU donors, including through Denmark's role in TMA's governance structures.

Governance structure

TMA's governance arrangements 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 through the Embassy's role as a regional hub under the Africa Strategy. In addition to the Council, the AOC will enable direct and detailed conversation between all relevant parts of the Danish MFA and TMA on SITA.

TMA's financial sustainability

TMA was in 2020 severely challenged when support from a key donor was pulled away at short notice, leading to significant institutional and organisational uncertainty, with the viability of the organisation in question. TMA has since heavily diversified its funding sources, making TMA less vulnerable to changes in political priorities of donors, even in the face of termination of projects by USAID and possible future cuts by UK FCDO, which are yet to be detailed. For its strategy three covering 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.

Annex 3 Results framework

Project Title		Sustainable Inclusive Trade in Africa (SITA)	
Project Objective		The development objective of SITA is to improve livelihoods and economic opportunities through more inclusive free trade in Africa	
Impact Indicator		1. % increase in EAC exports 2. % increase in intra-African trade volumes 3. % increase in income for target women/youth traders	
Outcome 1		Improved political buy-in from AU member states on AfCFTA implementation	
Outcome indicator		Number of countries submitting revised tariff and service offers under AfCFTA MoV: AfCFTA Secretariat reports	
Baseline	Year	2025	0
Target	Year	2030	35 countries by 2030 (Contribution)
Output 1.1		Knowledge products developed on AfCFTA gaps, risks and opportunities MoV: TMA Knowledge Management system	
Output indicator 1.1.1		Number of policy briefs, position papers, and toolkits published and disseminated	
Baseline	Year	2025	0
Target	Year 1	2026	TBD
Target	Year 2	2027	TBD
Target	Year 3	2028	TBD
Target	Year 4	2029	TBD
Target	Year 5	2030	20
Output 1.2		Targeted advocacy and engagement workshops	
Output indicator 1.1.2		Number of targeted advocacy and engagement workshops delivered MoV: Event reports, press clippings	
Baseline	Year	2025	0
Target	Year 1	2026	TBD
Target	Year 2	2027	TBD
Target	Year 3	2028	TBD
Target	Year 4	2029	TBD
Target	Year 5	2030	10
<i>Examples of activities</i>		<i>Implement up to 20 short-term studies, policy briefs, and toolkits focusing on AfCFTA negotiation gaps (e.g., investment, competition, intellectual property, e-commerce, digital trade) and cross-cutting issues like gender, youth inclusion, and climate-smart trade. Organise dissemination workshops to share findings with AU, EAC, and national stakeholders, ensuring African ownership of research outputs.</i>	
Outcome 2		Improved efficiency along the Northern Corridor	
Outcome indicator		Average reduction in transit time at selected borders MoV: Border agency data, TMA diagnostics	
Baseline	Year	2023	Avg. 14.5 hrs (2023 baseline from NCTTCA survey)
Target	Year	2030	50 % reduction (attribution)
Output 2.1.		Corridor diagnostic and policy reviews completed (accumulated)	
Output indicator 2.1		Border diagnostic reports published MoV: Diagnostics reports	
Baseline	Year	2025	0
Target	Year 1	2026	2
Target	Year 2	2027	0
Target	Year 3	2028	0
Target	Year 4	2029	0
Target	Year 5	2030	0
<i>Examples of activities</i>		<i>Conduct assessment at Malaba and Busia to map regulatory, infrastructure, and technology gaps, engaging border agencies, traders, and EAC stakeholders. Analyse trade flows, clearance processes, and coordination challenges to inform digital and infrastructure interventions.</i>	

	<i>Produce two diagnostic reports to guide activity prioritisation and resource allocation, adjusting the scope of subsequent activities as needed.</i>		
Output 2.2	Smart border systems and infrastructure implemented		
Output indicator 2.2	Number of upgraded border facilities with digital clearance, Regional Electronic Cargo Tracking System (RECTS) and Improved Infrastructure (accumulated) MoV: Site inspections, TMA MEL reports		
Baseline	Year	2025	0
Target	Year 1	2026	TBD
Target	Year 2	2027	TBD
Target	Year 3	2028	TBD
Target	Year 4	2029	TBD
Target	Year 5	2030	2 smart borders
<i>Examples of activities</i>	<i>Install automated smart gates at Malaba and Busia to expedite vehicle processing and reduce congestion. Deploy high-capacity scanners for risk-based inspections, minimising physical checks and delays. Enhance border connectivity with high-bandwidth internet and dedicated lanes for Authorised Economic Operators (AEOs), improving operational efficiency.</i>		
Outcome 3	Increased volumes of sea freight for containerised horticulture exports		
Outcome indicator 3.1	3.1.1 % increase in avocado exports through the port of Mombasa from Rwanda and Uganda 3.1.2. Exporters trained by the SITA project who comply with international standards 3.1.3 Reduced greenhouse gas emissions pr. kg exported avocados MoV: Exporters invoices, Logistics assessments		
Baseline	Year	2024	0
Target	Year	2030	10% increase of avocado exports from port of Mombasa coming from Rwanda and Uganda (contribution)
Output 3.1	Sea freight consolidation and logistics facilities retrofitted		
Output indicator 3.1	Number of operational consolidation hubs with cold chain functionality MoV: Facility records, contractor reports		
Baseline	Year	2025	0
Target	Year 1	2026	0
Target	Year 2	2027	0
Target	Year 3	2028	0
Target	Year 4	2029	0
Target	Year 5	2030	2 (1 in Rwanda, 1 in Uganda) (Attribution)
<i>Examples of activities</i>	<i>Upgrade facilities in Kigali (Rwanda) and Kampala (Uganda) to handle sea freight, including reinforced truck yards and loading zones for reefer containers, addressing sorting and cooling gaps. Install pre-cooling units and temperature-controlled storage to maintain cold chain integrity for 35–40-day sea journeys. Develop packing lines tailored to sea freight pallet requirements, enabling efficient container loading. Establish on-site offices for customs and phytosanitary authorities to streamline clearance, reducing delays from fragmented inspections.</i>		
Output 3.2	Sea freight inspection procedures and clearances streamlined		
Output indicator 3.2	Number of public and private actors trained on procedures in Rwanda and Uganda (accumulated) MoV: Training logs, TLIP metrics		
Baseline	Year	2025	0
Target	Year 1	2025	TBD
Target	Year 2	2026	TBD
Target	Year 3	2027	TBD
Target	Year 4	2028	TBD

Target	Year 5	2030	300 trained (attribution)
Examples of activities		<p><i>Train small and medium agribusinesses and logistics providers on sea freight processes, cold chain management, and EU Deforestation Regulation (EUDR) compliance, responding to exporter demands.</i></p> <p><i>Support pilot sea freight shipments from Kigali and Kampala to Europe, documenting lessons to build confidence and encourage commercial uptake among SMEs.</i></p>	
Outcome 4		Increased market access for women and youth in trade	
Outcome indicator 4.1		<p>4.1.1. Value of earnings from trade for targeted women and youth</p> <p>4.1.2. Number of women and youth, including women and youth-owned MSMEs, accessing formal regional markets</p> <p>MoV: Beneficiary records, surveys Women in Trade Empowerment Index</p>	
Baseline	Year	2025	USD 380 per month
Target	Year	2030	An average of 15% increase in trade earnings for women and youth (Attribution)
Output 4.1		Women and youth knowledgeable on trading procedures and their rights (First generation intervention)	
Output indicator 4.1		<p>Number of traders knowledgeable on basic trading procedures including Simplified Trade Regime – STR (first generation intervention)</p> <p>MoV: TMA inclusive team monitoring</p>	
Baseline	Year	2025	0
Target	Year 1	2026	TBD
Target	Year 2	2027	TBD
Target	Year 3	2028	TBD
Target	Year 4	2029	TBD
Target	Year 5	2030	15,000 (5000 per targeted country) (Attribution)
Examples of activities		<p><i>Conduct sensitisation campaigns for 15,000 women and youth traders on EAC STR provisions and formalisation benefits.</i></p> <p><i>Provide training on trader rights to reduce harassment, targeting rural border points with high vulnerability.</i></p>	
Output 4.2		Women and youth traders scaled to SMEs	
Output indicator 4.2		<p>4.2.1. Number of traders supported to scale into SMEs</p> <p>4.2.2. Number of traders trained on SPS and quality standards for export markets</p> <p>MoV: Training logs, TLIP metrics</p>	
Baseline	Year	2025	0
Target	Year 1	2026	
Target	Year 2	2027	
Target	Year 3	2028	
Target	Year 4	2029	
Target	Year 5	2030	5,000 traders (Busia and Malaba) scaled to SMEs (Attribution)
Examples of activities		<p><i>Support 5,000 experienced traders at Busia and Malaba to scale into SMEs through:</i></p> <ul style="list-style-type: none"> • <i>Access to microfinance via cooperative partnerships.</i> • <i>Linkages to regional buyers for agribusiness and textiles, promoting value addition.</i> • <i>Training on sanitary and phytosanitary (SPS) and quality standards for export markets.</i> 	
Output 4.3		Women and youth trained, formalised, and onboarded on digital platforms	
Output indicator 4.3		<p>4.3.1. Number trained</p> <p>4.3.2. Number registered on iSOKO or similar platforms</p>	

		MoV: TMA inclusive trade team monitoring, Grantee reports, ISOKO platform reports	
Baseline	Year	2025	0
Target	Year 1	2026	TBD
Target	Year 2	2027	TBD
Target	Year 3	2028	TBD
Target	Year 4	2029	TBD
Target	Year 5	2030	15,000 new users registered on Isoko or similar platforms (5000 per targeted country) (Attribution)
<i>Examples of activities</i>		<i>Onboard 15,000 new users (5,000 per country: Kenya, Uganda, Rwanda) to iSOKO, a platform for accessing market prices, connecting to buyers, and managing compliance documents.</i>	
Output 4.4		Strengthened cooperatives and associations for women and youth	
Output indicator 4.4		4.4.1. Number of cooperatives trained on governance, financial management, and advocacy	
		MoV: Cooperative training logs, TMA reports	
Baseline	Year	2025	0
Target	Year 1	2026	TBD
Target	Year 2	2027	TBD
Target	Year 3	2028	TBD
Target	Year 4	2029	TBD
Target	Year 5	2030	50 cooperatives trained (Attribution)
<i>Examples of activities</i>		<i>Train 50 border cooperatives in Kenya, Uganda, and Rwanda on governance, financial management, and member advocacy to enhance service delivery. Develop sustainability plans for cooperatives to integrate informal traders into formal trade systems.</i>	
Output 4.5		Operational border-based resource centres supporting traders	
Output indicator 4.5		4.5.1. Number of resource centres operational 4.5.2. Number of public-private dialogues facilitated through resource centres	
		MoV: Resource centre records, Dialogue reports, TMA monitoring	
Baseline	Year	2025	0
Target	Year 1	2026	TBD
Target	Year 2	2027	TBD
Target	Year 3	2028	TBD
Target	Year 4	2029	TBD
Target	Year 5	2030	3 resource centres (Attribution)
<i>Examples of activities</i>		<i>Operationalise centres at Busia, Malaba, and Katuna to coordinate training, provide compliance resources, and report harassment incidents. Facilitate public-private dialogues with EAC, National government institutions, and traders to address trader needs.</i>	

Annex 4 Output-Based budget

Unit		Unit Cost	Budget in DKK	Year 1	Year 2	Year 3	Year 4	Year 5
Total Components 1-4								
Component 1: Policy Advocacy for AfCFTA Implementation								
Output 1.1 Knowledge products								
Research Studies, policy briefs, and Dissemination workshops and publications	DKK lumpsum	6,600,000	1,000,000	1,500,000	1,900,000	1,700,000	500,000	
	DKK lumpsum	4,600,000	700,000	1,000,000	1,400,000	1,200,000	300,000	
	DKK lumpsum	2,000,000	300,000	500,000	500,000	500,000	200,000	
Output 1.2 Advocacy and Stakeholder Engagement								
Advocacy team operations	DKK lumpsum	5,840,000	1,040,000	1,450,000	1,550,000	1,250,000	550,000	
Workshops and stakeholder events	DKK lumpsum	3,140,000	540,000	800,000	800,000	700,000	300,000	
Global platform participation (e.g., EU-AU Summits, WTO events)	DKK lumpsum	1,200,000	200,000	300,000	400,000	200,000	100,000	
Salaries	DKK lumpsum	1,500,000	300,000	350,000	350,000	350,000	150,000	
Travel cost	DKK lumpsum	2,060,000	360,000	450,000	450,000	450,000	350,000	
	DKK lumpsum	500,000	100,000	100,000	100,000	100,000	100,000	
Total direct cost Component 1	DKK	15,000,000	2,500,000	3,500,000	4,000,000	3,500,000	1,500,000	
Share indirect cost Component 1	DKK	2,131,371	325,641	438,182	654,468	437,722	275,359	
Total budget Component 1	DKK	17,131,371	2,825,641	3,938,182	4,654,468	3,937,722	1,775,359	
Component 2: Facilitating Smart Trade Corridors along the Northern Corridor								
Output 2.1 Corridor Diagnostic and Reviews								
Diagnostic Assessment at Busia and Development of Smart Border Policy	DKK lumpsum	550,000	230,000	320,000	-	-	-	
	DKK lumpsum	200,000	80,000	120,000				
	DKK lumpsum	350,000	150,000	200,000				
Output 2.2. Smart Border Systems and Infrastructure Implemented								
Digital Platform Development	DKK lumpsum	48,500,000	5,300,000	12,200,000	14,200,000	10,300,000	6,500,000	
Infrastructure Upgrades	DKK lumpsum	15,300,000	300,000	5,000,000	5,000,000	4,000,000	1,000,000	
Capacity Building for Border Agencies	DKK lumpsum	26,900,000	4,500,000	5,200,000	7,200,000	5,000,000	5,000,000	
Salaries	DKK lumpsum	6,300,000	500,000	2,000,000	2,000,000	1,300,000	500,000	
Travel cost	DKK lumpsum	10,050,000	270,000	2,980,000	4,300,000	1,200,000	1,300,000	
	DKK lumpsum	1,900,000	200,000	500,000	500,000	500,000	200,000	
Total direct cost Component 2	DKK	61,000,000	6,000,000	16,000,000	19,000,000	12,000,000	8,000,000	
Share indirect cost component 2	DKK	8,862,719	781,538	2,003,117	3,108,723	1,500,759	1,468,580	
Total budget Component 2	DKK	69,862,719	6,781,538	18,003,117	22,108,723	13,500,759	9,468,580	
Component 3: Transition from Air Freight to Sea Freight for Regional Exports								
Output 3.1 Sea freight consolidation and logistics facilities retrofitted								
Facility upgrades	DKK lumpsum	34,400,000	6,000,000	5,900,000	9,500,000	11,000,000	2,000,000	
On-site customs and standards offices	DKK lumpsum	31,900,000	4,500,000	5,400,000	9,000,000	11,000,000	2,000,000	
	DKK lumpsum	2,500,000	1,500,000	500,000	500,000			
Output 3.2 Sea freight inspection procedures and clearances streamlined								
Enabling Reefer Movement by Rail in Kenya	DKK lumpsum	16,220,000	1,520,000	4,600,000	4,600,000	3,500,000	2,000,000	
Regulatory and Institutional reforms	DKK lumpsum	6,618,000	618,000	3,000,000	3,000,000			
Capacity building and exporter readiness	DKK lumpsum	4,700,000	500,000	600,000	600,000	2,000,000	1,000,000	
Salaries	DKK lumpsum	4,902,000	402,000	1,000,000	1,000,000	1,500,000	1,000,000	
Travel cost	DKK lumpsum	10,480,000	280,000	3,000,000	3,400,000	3,000,000	800,000	
	DKK lumpsum	1,900,000	200,000	500,000	500,000	500,000	200,000	
Total direct cost Component 3	DKK	63,000,000	8,000,000	14,000,000	18,000,000	18,000,000	5,000,000	
Share indirect cost Component 3	DKK	8,908,887	1,042,051	1,752,727	2,945,106	2,251,139	917,863	
Total budget Component 3	DKK	71,908,887	9,042,051	15,752,727	20,945,106	20,251,139	5,917,863	
Component 4: Promoting Inclusive Trade For Women and Youth in Eastern Africa								
Output 4.1 Knowledgeable on trading procedures and their rights								
Sensitisation campaigns for 15,000 traders	DKK lumpsum	4,900,000	500,000	1,000,000	1,000,000	1,000,000	1,400,000	
Linkages to cooperatives and training on trader rights	DKK lumpsum	3,100,000	300,000	600,000	600,000	600,000	1,000,000	
	DKK lumpsum	1,800,000	200,000	400,000	400,000	400,000	400,000	
Output 4.2 Support for Graduating into Microfinance access and linkages to Training on SPS and quality standards								
Microfinance access and linkages to Training on SPS and quality standards	DKK lumpsum	6,170,000	570,000	1,100,000	1,100,000	1,700,000	1,700,000	
	DKK lumpsum	3,770,000	370,000	700,000	700,000	1,000,000	1,000,000	
	DKK lumpsum	2,400,000	200,000	400,000	400,000	700,000	700,000	
Output 4.3 Scaling and sustaining the iSOKO digital platform								
Onboarding 15,000 users and regional promotion campaigns	DKK lumpsum	3,476,000	400,000	700,000	700,000	900,000	776,000	
Sustainability models (e.g., advertising partnerships)	DKK lumpsum	1,500,000	200,000	300,000	300,000	300,000	400,000	
	DKK lumpsum	1,976,000	200,000	400,000	400,000	600,000	376,000	
Output 4.4 Strengthening Trader Cooperatives and Reducing Trader								
Training 50 border cooperatives on governance and financial management	DKK lumpsum	7,100,000	1,100,000	1,600,000	2,600,000	1,800,000	-	
Sustainability models for cooperatives	DKK lumpsum	1,800,000	300,000	500,000	1,000,000			
Operationalising resource centres at Busia, Malaba, and Katuna	DKK lumpsum	1,600,000	400,000	600,000	600,000			
Salaries	DKK lumpsum	3,700,000	400,000	500,000	1,000,000	1,800,000		
Travel cost	DKK lumpsum	1,550,000	250,000	350,000	350,000	350,000	250,000	
	DKK lumpsum	1,180,068	180,000	250,000	250,000	250,000	250,068	
Total direct cost Component 4	DKK	24,376,068	3,000,000	5,000,000	6,000,000	6,000,000	4,376,068	
Share indirect cost Component 4	DKK	3,552,151	390,769	625,974	981,702	750,380	803,326	
Total budget Component 4	DKK	27,928,219	3,390,769	5,625,974	6,981,702	6,750,380	5,179,394	
Indirect cost								
Administrative costs (12% of direct cost) *	DKK	19,605,128	2,340,000	4,620,000	5,640,000	4,740,000	2,265,128	
Monitoring, Evaluation, and Learning (MEAL)	DKK	2,850,000			1,850,000		1,000,000	
Audit	DKK	1,000,000	200,000	200,000	200,000	200,000	200,000	
Total indirect cost	DKK	23,455,128	2,540,000	4,820,000	7,690,000	4,940,000	3,465,128	
Other Costs								
Fund to be allocated by the Embassy for specific activities	DKK lumpsum	5,000,000	2,000,000	3,000,000	-	-	-	
	DKK lumpsum	5,000,000	2,000,000	3,000,000				
Contingency								
Contingency at 5% (max 10% of total direct cost excluding contingency)	DKK	8,168,803	975,000	1,925,000	2,350,000	1,975,000	943,803	
Total direct cost	DKK	163,376,068	19,500,000	38,500,000	47,000,000	39,500,000	18,876,068	
Total budget	DKK	200,000,000	25,015,000	48,245,000	57,040,000	46,415,000	23,285,000	

Annex 5 Risk Management matrix

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 built 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	Medium	Medium	A Team Europe approach is being	Low	Economic factors such as inflation,

affecting project funding and private sector investments			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.		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 opportunities to both nudge positive	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

			outcomes (e.g. through a flexible research call-down) or exit from the process, as needed.		themselves are unresolved and actual development benefits from the AfCFTA are yet to materialise.
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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.
Reduced capacity development and sustainability effects on African institutions through TMA	Medium	High	Structured capacity-building plans, validation of project outputs with institutions to ensure ownership, regular capacity assessments, sustained donor advocacy, and sustainability exit strategies to ensure long-term ownership	Medium	TMA's role as a technical enabler is central to building capacity. Resource constraints or weak engagement could limit skills transfer and sustainability of reforms.
Delays or failures in infrastructure development projects (e.g., Cool Port, cool rail services, smart gates)	Medium	High	Risk mitigation will involve phased project planning, robust stakeholder engagement, and securing diverse funding sources to maintain project momentum. Regular progress assessments and involvement of experienced project	Medium	The successful implementation of infrastructure projects like the Cool Port at Mombasa and the development of cool rail services are vital for the project's success. Delays due to unforeseen technical challenges, funding shortages, or regulatory barriers could slow the project and

			management teams will help pre-empt and address potential delays.		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: Harmonising 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 harmonisation 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 sparse.
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,	Medium	Component 1 is heavily reliant on new data infrastructure, policies and processes. It is established that border agencies have limited capacity to adapt, utilise and maintain new technologies and processes.

			maintaining and further designing will need to be considered. A data protection impact assessment should be done as part of the diagnostic phase.		
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 project 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 identified and reported. However, at local level, authorities may not be aware of the issues, or may be disinterested 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 compatibilities. 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	Low (Air to Sea freight)	High (Air to Sea freight)	While the initial business case is based on reduction of emissions for horticulture exports	Medium	The Trump-effect has unpredictable influence on politics in the US but also Europe. This has the power to change recent

objectives before the economic case can be made to transition from air to sea freight			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.		trends and, as such, policy.
Interdependency with other donor-funded activities	Medium	High	Carry out regular donor coordination to ensure that there is early warning on any cuts and an optimal solution is found in an environment of reduced fund availability.,	Medium	SITA builds on complementary funding from EU, Netherlands, Canada, and others for activities like BEEEP (Component 3) and TTFM (Component 2). Funding pullouts could disrupt synergies and delay outcomes.

Institutional risks

Risk Factor	Likelihood	Impact	Risk response	Residual risk	Background to assessment
TMA is not able to deliver on its commitments 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, it is possible that TMA will not be able to meet its full target budget, which may mean that it will have to make strategic decisions 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.
Dissatisfaction with the lack of a direct funding modality to African	High	Medium	To ensure a partnership-based approach in line with the Danish Africa Strategy, extensive	Low	EAC has expressed interest in receiving direct donor funding rather than indirect funding through

institutions such as EAC			inclusion, consultation and coordination with EAC on the part of TMA and a strengthened dialogue through the Danish Embassy in Dar-es-Salaam, as well as an exploration of potential future support to the EAC, will be deployed.		other organisations such as GIZ or TMA
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 decisively 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 performance	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 technical experts as needed.	Medium	Following the financial 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 6 Process Action Plan

Action/product	Deadlines	Responsible/involved units	Comment	Current Status
The project 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 project	Done
Identification				
Develop joint PAP	6 November 2023	Mette, Kanar, Elma	PAP for TMA Regional project - 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. <ul style="list-style-type: none"> - 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. 	Done

			<ul style="list-style-type: none"> - Inclusive sustainable growth, climate change and environment. <p>Capacity of public sector, public financial management and corruption.</p>	
	November 2023	FOR DISCUSSION	<p>Consultations with Gok and Strategic partners & Stakeholders on draft Identification Note</p> <ul style="list-style-type: none"> - EAC - Africa Union - Donors with Regional Projects - Trade Mark Africa <p>Other African Governments</p>	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	1 st 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 project 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 project 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 project document from consultants to embassy	Friday, 7 February 2025	Consultants		
Briefing of management Kenya	Friday, 28 February 2025	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 Project document	
Finalisation of the project document + annexes with formulation consultants	Monday, 7 April 2025	Mette, Henrik, Kanar, Elma	Project 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	
Any adjustments needed in response to the CDP as relevant	June 2025	Henrik, Kanar, Elma		
The minister approves the project	July 2025	Henrik, Kanar, Elma		
Document for Finance Committee (Aktstykke) is sent to AFRPOL	End July 2025	Henrik, Kanar, Elma		
Document for Finance Committee (Aktstykke) and presentation to the Parliamentary Finance Committee	Submission of aktstykke to FIU 8 days before meeting	Henrik, Kanar, Elma	Dates for FIU's fall sessions have not yet been announced. The Parliament opens in October.	
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 – October 2025 (TBC)	Henrik, Kanar, Elma		
Register commitment(s) in MFA's financial systems within the planned quarter	After agreement(s) are signed	Henrik, Kanar, Elma		

Annex 7 Development Partner Alignment

The SITA project has been designed in a synergistic manner to other donor led efforts as highlighted in the table below:

Intervention Area	Key Actions	Donor Support
AfCFTA	<ul style="list-style-type: none"> • Customs cooperation and connectivity- E-certificate of origin • Private sector unit directorate in AfCFTA • Fisheries programme through the AfCFTA with focus on specific countries • Strengthening digital trade governance for secure transactions and information sharing • Knowledge creation and advocacy • Protocol for digital trade and for women in trade 	FCDO, MasterCard Foundation, Denmark
Trade Facilitation & Border Efficiency	<ul style="list-style-type: none"> • 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 and information sharing 	Denmark, EU, Sweden and possible future support from The Netherlands
Horticulture (Air-to-Sea Freight Shift)	<ul style="list-style-type: none"> • Developing consolidation centers at key locations along the corridor • Implementing cool rail solution • Promoting avocado exports from Rwanda and Uganda by sea-freight by utilising investments being carried out in Kenya. • Research into post-harvest treatments & better packaging • Reducing cost of reefer movement • Mapping carbon footprint of exports and reducing the same 	EU, Denmark, The Netherlands, FCDO
Women and Youth in Trade	<ul style="list-style-type: none"> • Extension of programme being implemented with women and Youth • New intervention areas especially in underserved but high potential border crossings 	GAC, ERRA, MasterCard, Denmark