Early Warning System

AFDB-P-Z1-KZ0-040

Multinational (EAC, COMESA and SADC) - Tripartite Capacity Building Programme, Phase II

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Quick Facts

Financial Institutions	African Development Bank (AFDB)
Status	Approved
Bank Risk Rating	U
Voting Date	2020-01-20
Borrower	*Borrower information not provided at the time of disclosure*
Sectors	Industry and Trade, Law and Government
Investment Type(s)	Loan
Investment Amount (USD)	$ 1.18 million

Project Description

According to bank documents, the Project will address the key developmental challenge of low intra-African trade focusing on tackling the problems of small, fragmented markets, overlapping Regional Economic Community (REC) membership, which creates a spaghetti bowl of trade rules, a proliferation of non-tariff barriers and information asymmetries, which limit the ability of traders, especially women, to effectively take advantage of market access opportunities. The key outputs will be the development of guidelines/procedures/regulations/manuals necessary for implementation of the TFTA Agreement, and roll out online databases for Non-Tariff Measures (NTMs), building on the pilots under phase I.

The proposed operation is a grant of UA850, 000.00 to finance the Tripartite Capacity Building Programme, Phase II in three (3) Regional Economic communities, namely COMESA, East African Community (EAC) and Southern Africa Development Community (SADC). The Tripartite Free Trade Area (TFTA) Agreement is a major milestone in Africa's efforts to overcome the challenges of small, fragmented markets and overlapping REC membership, which creates a spaghetti bowl of trade rules. It consolidates the markets of three RECs, namely COMESA, EAC and SADC into a seamless free trade area. Together, these RECs cover a USD1.3 trillion market representing 56% of Africa's GDP and approximately 740 million consumers spread across 29 Countries. The TFTA also aims at tackling non-tariff barriers to trade (NTBs), which tend to rise as countries resort to unfair regulatory and other trade restricting measures when tariffs fall, thereby inhibiting cross border trade. The Project will complement the support provided by the Bank under TCBP Phase I and give the impetus to implement the negotiated TFTA Agreement. This is a stand-alone operation, within the framework of the Bank's Regional Integration Strategic Framework (RISF, 2018-2025). The Project will bridge the identified capacity gaps not fully supported by other DPs towards operationalizing the Free Trade Area. Indeed, the proposed operation will provide technical assistance and capacity building to the 3 RECs and their RMCs to operationalize the TFTA Agreement, which was signed in Sharm El Shekh, Egypt in 2015. Key outputs from the Bank's intervention will be the development of guidelines, procedures, regulations and manuals required to operationalize the Agreement in areas such as rules of origin and dispute settlement. The Project will also support the establishment of online databases for non-tariff measures in Tripartite RMCs, building on the pilots under phase I. This will improve transparency in trade, speed up the resolution of non-tariff barriers (NTBs), deter arbitrary application of regulatory measures that hinder trade, and improve awareness of traders about legitimate regulatory requirements, which provides a foundation for them to improve their capacity for compliance. The Project will also provide training to members of regional business councils/chambers on the applicable rules of origin and disseminate information on TFTA trade rules and opportunities through the Bank-funded 50 million WS Platform for entrepreneurs. The project will also support the implementation of Tripartite Simplified Trade Regime (STR). Implementation will take a period of 24 months, from grant effectiveness.

Investment Description

- African Development Bank (AFDB)

Contact Information

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ACCOUNTABILITY MECHANISM OF AfDB

The Independent Review Mechanism (IRM), which is administered by the Compliance Review and Mediation Unit (CRMU), is the independent complaint mechanism and fact-finding body for people who have been or are likely to be adversely affected by an African Development Bank (AfDB)-financed project. If you submit a complaint to the IRM, it may assist you by either seeking to address your problems by facilitating a dispute resolution dialogue between you and those implementing the project and/or investigating whether the AfDB complied with its policies to prevent environmental and social harms. You can submit a complaint electronically by emailing crmuinfo@afdb.org, b.kargougou@afdb.org, b.fall@afdb.org, and/or s.toure@afdb.org. You can learn more about the IRM and how to file a complaint at https://www.afdb.org/en/independent-review-mechanism/.