Since the launch of the Standard Gauge Rail (SGR) Cargo train in 2018, the Railway industry was positioning itself to be the transport mode of choice along the Northern Corridor region. By January 2021, the rail evacuated 21% cargo based on the Mombasa Port throughput; SGR hauling approximately 19.12% market share of combined imports and export volumes, mainly containerised cargo, excluding transhipment cargo. Imports containerised market share by rail was about 39.33% for both Transit and local markets.
According to the Kenya Railways data, 22% of throughput imports being fuel were moved by pipeline and approximately 57% of imports cargo was carried by Road Transport; an improvement from the previous 95% and 5% market share held by road and the rail transport respectfully.

As per the Railway Logistics in Kenya, the industry intends to expand its scope on convention and bulk cargo to achieve a 40% market share by 2022.

From January 2018 to January 2021, the total volumes hauled by SGR Cargo was 11,960,533 Tons, of which 703,445 TEUs were imports, 42,374 TEUs were exports, and 380,477 TEUs Empty Containers.

The completed projects that supported such tremendous improvement of rail market share include; the operationalisation of the Naivasha Inland Container Depot with 450,000 TEUs capacity; a Grain Bulk Handlers Limited (GBHL) Nairobi Bulk storage facility connected with SGR siding; a GBHL Loading facility at Mombasa Port; modification of types of wagons into load containerised cargo; completion of the Kenya Railway Transit shed, and the refurbishment of the Meter Gauge Rail line Nairobi-Nanyuki to attract more exports cargo.

Other ongoing rail market share enabling projects include modifications of more wagons to move more containerised cargo, revamping the Meter gauge link line from Naivasha ICD to Longonot MGR Station, Kisumu and Malaba, as well as the construction of steel coil carriers (Saddles).

The Northern Corridor has two major rail networks: The Standard Gauge Railway (SGR) and the Meter Gauge Railway (MGR). The meter gauge rail network runs from Mombasa Sea Port through Nairobi, Malaba, and Kampala to Kasese in Western Uganda, next to the Democratic Republic of Congo.

A branch line radiates from Nakuru to Kisumu on Lake Victoria, where rail wagon ferries link to Uganda’s railway system at Port Bell. Another rail branch line runs from Tororo in Eastern Uganda to Pakwach in Northern Uganda, where river steamers used to provide Nimule links in South Sudan.

In Uganda, the total developed Rail Network (Meter Gauge Rail) covers 1,250 km. In Kenya, Railway services are provided via SGR and MGR. The SGR (561km) currently links the port of Mombasa to the Kenyan town of Naivasha through Nairobi. The 1,083 km MGR links Mombasa to Malaba with 165 km commuter network in Nairobi, 217km from Nakuru to Kisumu and 220km from Nairobi to Nanyuki.
The NCTTCA Executive Committee (EC) has directed the Northern Corridor Secretariat to engage the Member States to address the trade imbalance between exports and imports and promote the inland water mode of transport in the region.

The 50th EC meeting took place online from 25th to 27th January 2021. Anchored under the theme: “Towards a Resilient, Smart and Responsive Corridor for Trade and Transport Logistics,” the meeting sought to present and discuss the progress reports of the Northern Corridor Technical Programs and assess the implementation status of the directives and recommendations made during the previous Policy Organs meeting held in July 2020.

Members of the Executive Committee commended the Northern Corridor Secretariat and the Chairperson for the initiatives undertaken to mitigate some of the challenges caused by the COVID-19 pandemic.

In the last half-year, the NCTTCA reported tremendous growth despite the challenges posed by the COVID-19 pandemic. More specifically, the Authority saw increased automation of data collection and transmission with stakeholders such as KPA, KRA, KeNHA, RRA, and OBR. Shared dated complemented by surveys conducted and mobile data collection from drivers enabled compile different performance reports, including a joint Northern and Central Corridors report.

In its endeavour to transform the Corridor into a resilient, smart, and seamless transport-oriented development corridor, under COVID-19, the Secretariat has been convening a fortnight meeting with regional operations stakeholders to address specific facilitation challenges brought about by the pandemic. Unresolved issues were escalated for a way forward under the Tripartite framework. The Secretariat also surveyed the conditions and potential for the use of the Naivasha ICD to reduce the cost of transport in the Northern Corridor region.

Speaking during the online meeting, the Chairperson of the Executive Committee, Dr Margaret Mwakima, Principal Secretary State Department for Regional and Northern Corridor Development in the Ministry of East African Community and Regional Development, Kenya, lauded the NCTTCA for its efforts in ensuring fluid transit transport while curbing the spread of Coronavirus disease.

NCTTCA organised a retreat for drafting the Northern Corridor Black Spots Management Guidelines (NC- BSMG) on infrastructure development. To promote business opportunities for private sector investments, the Secretariat spearheaded the identification of facilities with amenities similar to roadside stations for proposal to designate as RSS.
The Member States tremendously reduced the Non-Tariff Barriers along the Northern Corridor. However, some issues require regional intervention, including the disparity in levying Road User Charges by the EAC Partner States, gaps in exchange of information used in the clearance of internationally traded among the Member States under the Single Customs Territory, and geo-fencing of all transit sections linking the Central and Northern Corridor to support tracking of goods from origin to destination.

As a way forward, the EC directed NCTTCA to engage the Member States in addressing the imbalance of trade by encouraging free trade and value addition trade hubs along the Corridor and promoting inland water mode of transport. The Secretariat has currently collected information regarding Ports and Inland Waterways from the East African Community (EAC) platform for Lake Victoria’s development.

The Secretariat will work with member countries to mobilise the Corridor infrastructure projects and work with member countries with established PPP units to assist the other members with legislation and capacity building.

The EC Chair urged Member States and Stakeholders to increase coordination and cooperation in dealing with the integration of information systems; harmonisation and simplification of documents, processes, and procedures required for trade and mutual recognition of licenses, certificates, insurance, and other transport trade-related documents.

**TRADING BASED ON THE AFCFTA; A WELCOME MOVE TO SUPPORT THE POST-COVID-19 ECONOMIC RECOVERY PROCESS**

Trading based on the African Continental Free Trade Area (AfCFTA) kicked off on 1st January 2021, creating a single continental market for goods and services to boost intra-Africa trade, economic growth, and development.

According to the World Bank, AfCFTA is projected to increase the intra-African trade volume by 81% by 2035 and increase total African exports by 29%. The AfCFTA connects 55 countries with a combined population of 1.3 billion people and a combined gross domestic product (GDP) of USD 3.4 trillion.

The AfCFTA comes when COVID-19 has ravaged economies threatening to scale back years of progress in transport and trade facilitation and weaken strides made in integration and international cooperation. For

African Continental Free Trade Area (AfCFTA) now has 28 full member countries, with 26 more signed on to the project as future members.
The northern Corridor Member States, the Agreement provides an opportunity to leverage on the larger markets and deepened coordination to bounce back the covid-19 ravaged economies.

The African Business Council (AfBC), the apex body on the promotion and lobby of the Pan-African Business interests, projects the start of trading under the AfCFTA presents enormous business opportunities for the Pan-African Private Sector, SMES, Women, and Youths as the continent takes this bold move towards Boosting Intra-African Trade.

Low levels of Intra-African trade and high costs of doing business are caused mainly by Non-Tariff Barriers (NTBs) that comprise a wide array of regulatory and procedural barriers to trade, except regular customs duties. Regulatory and procedural barriers include customs operations and border documentation requirements, rules of origin documentation, and pre-shipment inspections. Other trade barriers come from transport regulations, sanitary and phytosanitary measures (SPS), and technical barriers to trade (TBTs).

As policymakers, governments, businesses, and societies seek ways to steer the economies to recovery, addressing Non-Tariff Barriers (NTBs) is now more critical than ever. NTBs slow down the movements of goods and make the cost of doing business unbearable.

However, the AfCFTA promises smooth cross-border transit and trade facilitated by the online system on the Monitoring, Reporting and Elimination of Non-Tariff Barriers (www.tradebarriers.africa). Through the online tool, the private sector can file a complaint on specific trade obstacles. The complaint is then transmitted to the responsible trading partner’s government to react to the complaint and resolve it within concrete timelines. The reported NTBs will also feed into national and regional trade policy improvements.

As one of the objectives of AfCFTA, given the different overlapping Regional Economic Communities (RECs), the Agreement aims at simplifying trading regimes. Beyond streamlining customs procedures, digital tools like online information portals, single windows, digital documentation, electronic payments, electronic certificates, and automated processing of trade declarations will help expedite trade-related procedures.

Along the Northern Corridor region, interventions to make the member countries reap more benefits have been ongoing, including infrastructure development, modernisation of road protecting infrastructures like weighbridges and one stop border posts which play a crucial role in facilitating transboundary trade by enhancing the efficiency of border crossing, and facilitating cross border trade including informal trade in Africa, among others.

Whether the AfCFTA will succeed and offer optimum benefits and impact, especially along the Northern Corridor, will depend on member countries implementing and complying with the Agreement’s provisions.

With the post-COVID-19 economic recovery process among key priorities for many countries, complementary policies, infrastructure development, and initiatives to enable businesses and individuals to take advantage of trade and RECTs investment opportunities under the AfCFTA would facilitate greater uptake of AfCFTA opportunities.
The Northern Corridor Digest

For an Efficient, Smart and Green Corridor

IMPACT OF THE COVID-19 PANDEMIC ON SMALL-SCALE CROSS-BORDER TRADERS

The outbreak of COVID-19 early last year came with a number of restrictions, including cross-border movement. During the initial restrictions and measures taken by countries in the Northern Corridor region and beyond, only big consignments were allowed for cross-border trade, compelling some Member States to encourage the small-scale cross-border traders to aggregate their goods under groups mainly transporting the goods across the border by hiring motorized tricycles.

According to a jointly published report by the UN Economic Commission for Africa (UNECA), TradeMark East Africa (TMEA) and the African Economic Research Consortium (AERC) dubbed “Waving or Drowning? The Impact of COVID-19 Pandemic on east African Trade”, though by global standards, the East Africa Community economies were proven to be relatively resilient, “cross-border traders’ livelihoods-mostly women- were severely affected”.

The said report revealed the hard-hitting impact of COVID-19 on cross-border women traders ranges from the “loss of income and increased financial stress to the reversal of gains in women’s economic empowerment”.

Cross-border trade is an essential source of income for cross-border communities, especially women and smallholder farmers. Many of these communities depend on the proceeds from the informal cross-border trade to purchase essentials to survive. The restriction of movement due to border closures resulted in significant revenue loss as they could not access the cross-border markets to purchase or sell their stocks.

Most informal cross-border traders are typically unbanked and rely on informal loan sharks for bulk stock purchases. They tend to borrow money early in the morning to acquire merchandise and payback in the evening of the same day once they have sold their goods. Losses from unsold stock due to COVID-19 movement restrictions quickly escalated into a spiral of debt.

The informal cross border trade offers women an independent income source, which can further their empowerment in traditionally male-driven households and communities. Removing this income source, coupled with increased confinement at home, raised the gender-based domestic violence rate in some communities.

Trade between neighbouring countries conducted by vulnerable, small and often unregistered traders who move merchandise between markets close to the border forms a significant part of intra-regional trade.

As an illustration, before the Pandemic...
struck, more than 40 thousand small scale traders would cross the Petite-Barrière border crossing between Rwanda and D.R. Congo in a day and continued to use the simplified declaration and preferential tariff.

The closure of borders by both countries affected the border communities’ livelihoods causing fears of food insecurities in the D.R. Congo’s North-Kivu Province. To ensure informal cross-border trade continued, officials from the two countries agreed to encourage traders to operate in cooperatives to reduce the number of people who would have to cross the border daily. Unfortunately, several complaints emerged on the proposed cooperative model that excluded small scale traders, mostly women, because goods traded must be worth between USD 300 and USD 1000. Before the Pandemic, traders from D.R. Congo could purchase enough goods in Rwanda with a capital of just USD 100.

In Uganda, informal cross-border trade declined precipitously from an estimated USD 44 million in the first quarter of 2020 to just USD 1 million by April 2020. Even the reopening of Uganda’s borders in September 2020 did not revive informal cross border trade signalling the Pandemic’s impact was profound.

A concerted effort by Governments, Regional Economic Communities and Development Partners is highly needed to ensure continued support for informal cross-border traders and smooth flow of trade between neighbouring countries.