



## PRESS RELEASE

For release on 13<sup>th</sup> July at 3.00 p.m. East African Time

# The EU, TradeMark East Africa and AFD boost regional trade in the horn of Africa.

TradeMark East Africa (TMEA) and the Agence Française de Développement (AFD), signed this afternoon a €29.9 million (approx. USD 35.5 million) grant agreement to contribute to more sustainable and inclusive regional economic integration in the Horn of Africa. The funding comes from the European Union, who delegated it to AFD via a €32 million total financing agreement, signed one week earlier between the two parties.

The TMEA-AFD project will focus on the Djibouti corridor as the main artery of trade for Ethiopia, whilst also supporting more inclusive trade between Djibouti and Ethiopia. The overall objective is to enhance the competitiveness of this corridor through logistical and regulatory improvements (reduction of transport and transit times at ports and border crossings, simplification of procedures and reduction of associated costs) and strengthening the capacity of stakeholders to benefit from these improvements, including the most vulnerable.

It will be implemented according to four lines of operation:

- Reduction of trade costs and time along the Djibouti-Ethiopia corridor, from Djibouti Port to the Galafi border post and the dry ports in Ethiopia.
- Simplification and harmonisation of procedures, standards and regulations governing trade between the two countries, bringing them into line with the various trade agreements signed, with a view to their digitalisation.
- Support to enterprises and producers in the logistics sector both in Ethiopia and in Djibouti and in the export sectors.
- Support to the most vulnerable populations: small traders at the borders, women operating in export sectors, etc., to enable them to take advantage of these improvements.

In 2019, Djibouti, Eritrea, Ethiopia, Kenya and Somalia launched a Horn of Africa Initiative with the overall objective of ensuring the rapid development of the sub-region. Four pillars had been identified by the Finance Ministers of the region, including "promoting economic integration to stimulate trade, inclusive growth and create decent jobs" (Pillar 2). However, administrative and technical bottlenecks and a lack of regional coordination often result in high trade costs between the countries.

European Union Head of Delegation to Djibouti Ambassador Aidan O'Hara noted that: *"The European Union is working closely with AFD and TMEA on the Djibouti-Addis Ababa corridor. This €32m initiative will facilitate trade and support value chains along the route. Europe's single market is one of the greatest achievements of the Union. We have been working on regional integration for over 70 years*

## Media contacts:

For TMEA: Nelson Karanja | Communication Director | [nelson.karanja@trademarkea.com](mailto:nelson.karanja@trademarkea.com) | +254 731 500 596

For AFD: Bérénice Oreyo-Pierronnet | Regional Communications | [oreyopierronnetb@afd.fr](mailto:oreyopierronnetb@afd.fr) | +254 759 637 405



*and we know how it is done. Together with AFD and TMEA, we are bringing our #TeamEurope approach to market integration in the Horn of Africa and we are confident it will boost growth and create new opportunities for entrepreneurs and consumers."*

Speaking during the signing ceremony at TradeMark East Africa Headquarters in Nairobi today, AFD Regional Director for Eastern Africa Mr. Christian Yoka explained: *"We are proud to implement the first Horn of Africa Initiative Pillar 2 project, with the EU contribution. We are also very pleased to implement this project with TMEA and the various stakeholders in Djibouti and Ethiopia. Deepening regional integration in the Horn is key to enable local markets to reach a critical size for the development and competitiveness of African firms and producers. This is the ambition of the AfCFTA, which AFD Group is also supporting, and it is one of the main thrusts of AFD's regional strategy in East Africa. We are therefore delighted to contribute to improving regional integration through the Djibouti Addis corridor."*

TradeMark East Africa Chairman Amb. Erastus Mwencha elaborated that the project would primarily focus on the 'soft' trade facilitation measures and other support mechanisms to ensure great efficiencies along the key regional corridor to boost trade. According to the Chairman, in addition to smoothing the flow of goods and services along the corridor, the project will support aligned trading and standards regimes between Ethiopia and Djibouti and will enhance trade between the two nations as well as their neighbours.

*"The financing agreement we have signed today is very important in furthering trade along the Djibouti corridor by making it faster and cheaper to move cargo along the Djibouti corridor. This will result in increased competitiveness of Djiboutian and Ethiopians companies, thereby enhancing access to export markets and inputs, ultimately reducing production costs and attracting investments in the region."* said Amb. Mwencha.

By streamlining, simplifying, and computerizing logistical and trade procedures on the Djibouti corridor, trade costs and trade time are expected to decrease. This gain in time and efficiency will translate into increased competitiveness of Djiboutian and Ethiopian companies ensuring easier access to both export markets and inputs through imports, effectively reducing production costs and attracting investments. Through these interventions, Djibouti and Ethiopia are expected to increase the value of their exports and access more markets both regionally and internationally. The project will also boost women traders by providing information and training to help boost cross border trade.

The 5-year project is expected to greatly impact various stakeholders. Government and public agencies in trade will be able to better execute their mandates and meet their trade commitments under WTO and AfCFTA. Private sector organizations will receive direct support to advocate better for key reforms to improve flow of goods along the critical corridor, push eliminate technical and non-tariff barriers as well as enhance their capacity from the improved business competitiveness. Ultimately the ordinary citizens will benefit from better access to agricultural input as well as markets for their harvests.

END

**Media contacts:**

For TMEA: Nelson Karanja | Communication Director | [nelson.karanja@trademarkea.com](mailto:nelson.karanja@trademarkea.com) | +254 731 500 596

For AFD: Bérénice Oreyo-Pierronnet | Regional Communications | [oreyopierronnetb@afd.fr](mailto:oreyopierronnetb@afd.fr) | +254 759 637 405



## About TradeMark East Africa (TMEA)

TradeMark (Trade and Markets) East Africa is an aid-for-trade organisation that was established in 2010, with the aim of growing prosperity in East Africa through increased trade. TMEA operates on a not-for-profit basis and is funded by the development agencies of the following countries: Belgium, Canada, Denmark, European Union, Finland, Ireland, Netherlands, Norway, United Kingdom and United States of America. TMEA works closely with Regional Intergovernmental Organisations, like the East Africa Community, national governments, the private sector, and civil society organisations.

The first phase of TMEA (2010-2018) delivered exceptional results which contributed to substantial gains in East Africa's trade and regional integration in terms of reduced cargo transit times, improved border efficiency, and reduced barriers to trade.

We are now in the second phase (2018 - 2023) where we will focus on:

1. Reducing barriers to trade; and
2. Improving business competitiveness.

We believe this will deliver large-scale impact in job creation, poverty reduction and enhanced economic welfare.

TMEA has its headquarters in Nairobi, Kenya, with successful operations and offices in EAC (Arusha), Ethiopia (Addis-Ababa), Burundi (Bujumbura), Democratic Republic of Congo (Bukavu), Tanzania (Dar es Salaam), Djibouti, The Horn (Hargeisa) South Sudan (Juba), Uganda (Kampala), Rwanda (Kigali), Malawi (Lilongwe) and Zambia (Lusaka).

To find out more, please visit our website [www.trademarka.com](http://www.trademarka.com)

## About AFD

The Agence Française de Développement (AFD) Group implements France's policy on development and international solidarity.

Comprised of AFD, which finances the public sector and NGOs; Proparco, which finances the private sector; and soon, Expertise France for technical cooperation, the Group finances, supports and accelerates transitions towards a more resilient and sustainable world.

We are building shared solutions with our partners. Our teams are active in more than 4,000 projects in the field, in the French overseas departments and some 115 countries, including areas in crisis.

## Media contacts:

For TMEA: Nelson Karanja | Communication Director | [nelson.karanja@trademarka.com](mailto:nelson.karanja@trademarka.com) | +254 731 500 596

For AFD: Bérénice Oreyo-Pierronnet | Regional Communications | [oreyopierronnetb@afd.fr](mailto:oreyopierronnetb@afd.fr) | +254 759 637 405



We strive to protect the common good – promoting peace, biodiversity and a stable climate, as well as gender equality, health and education. It's our way of contributing to the commitment that France and the French people have made to fulfill the Sustainable Development Goals. Towards a world in common.

[www.afd.fr/en/](http://www.afd.fr/en/)

**Media contacts:**

For TMEA: Nelson Karanja | Communication Director | [nelson.karanja@trademarkea.com](mailto:nelson.karanja@trademarkea.com) | +254 731 500 596

For AFD: Bérénice Oreyo-Pierronnet | Regional Communications | [oreyopierronnetb@afd.fr](mailto:oreyopierronnetb@afd.fr) | +254 759 637 405