



**Pan African Chamber of
Commerce and Industry**



CAPACITY ASSESSMENT OF BUSINESS ORGANISATIONS ALONG THE ETHIOPIA-DJIBOUTI CORRIDOR

Prepared under the project “Improving Trade Facilitation
Environment in the IGAD Region Through Knowledge
Generation and Capacity Building”

Acknowledgements

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FOREWORD

One key component of the project entitled Improving Trade Facilitation Environment in the IGAD Region Through Knowledge Generation and Capacity Building (ITFE) is to facilitate cross border trade and enhance the capacities of SMEs in respect of competitiveness and knowledge of trade facilitation issues along the Ethiopia-Djibouti trade corridor. Increased cross border trade between Ethiopia and Djibouti is widely viewed as beneficial to everyone who resides along the corridor. In this regard, PACCI has conducted three studies; (i) 'Trade Logistics and Facilitation along the Ethiopia-Djibouti Corridor', (ii) 'Business Environment and Regulatory Frameworks along the Ethiopia-Djibouti Corridor' and (iii) 'Capacity Assessment of Business Organizations along the Ethiopia-Djibouti Corridor'.

As a landlocked country, Ethiopia depends on different transportation routes to trade with the region and the rest of the world. One of the most significant routes for the country of 100 million people is the Ethio-Djibouti Corridor connecting to the port of Djibouti. The Ethio-Djibouti corridor accounts for moving 95% of imports and exports.

Despite efforts to improve the business environment, Ethiopia's trade performance is low while trade cost is high compared to other landlocked African countries. The three studies examine the current status of trade facilitation and logistics along the Ethio-Djibouti Corridor, including recommendations that enhance and expand SMEs growth and survival, aim to enhance the capacities of private businesses and business support associations as well as trade facilitation agencies to understand the key challenges of cross border trade.

The Pan African Chamber of Commerce and Industry (PACCI) is an independent, non-profit and non-partisan organization established in 2009 by the assembly of African National Chambers of Commerce and Industry to serve Africa's businesses through policy advocacy. In this regard, PACCI pushes for public policies that foster continental economic integration, competitiveness, and sustainable growth in Africa. PACCI offers its constituents a wide range of services including advocacy for the creation of the African Economic Community, capacity building for businesses and business policymakers, as well as creation of better opportunities for business networking.

Kebour Ghenna
Executive Director
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EXECUTIVE SUMMARY

1. The project “Improving Trade Facilitation Environment (ITFE) in Eastern Africa through Knowledge Generation and Capacity Building” is focused on providing analysis on a number of issues related to trade and trade facilitation in the IGAD region, and specifically the Ethiopia-Djibouti corridor, and to design and pilot corresponding capacity building activities. The project has two components. The first one involves the conduct and dissemination of research on various issues pertaining to trade facilitation in the IGAD region and particularly the Ethiopia-Djibouti corridor. The second component will build on the results of the first one and provide capacity building for trade facilitation.
2. This study was developed as part of the deliverables under the first component of the project and focuses on the capacity assessment of business support organizations. The study diagnoses the capacities of business support organizations along the Ethiopia-Djibouti corridor and identifies the capacity building support required to further strengthen them. Results of this study will inform the design of training programs, which will be delivered under the second component of the project.
3. The first step undertaken in the study was a desk review of the Ethio-Djibouti corridor, which aimed to gain a comprehensive view of all the stakeholders involved in the corridor and understand their roles. For this purpose, stakeholders were categorized into three main groups. The first group of stakeholders identified are business support organizations, which are the sectoral associations that seek to create a supportive business environment by advocating for conducive policies and by providing capability building, marketing, and other support services for their private sector members. These business support organizations are the direct beneficiaries of the capacity development support provided under this project. The second group are investors, which are the exporters and importers that utilize the Ethio-Djibouti corridor. The third group of stakeholders are the regulators responsible for governance and compliance as well as the facilitators that support the efficient flow of goods across the Ethio-Djibouti corridor.
4. The team then conducted in-depth, semi-structured interviews with selected stakeholders across the three groups. The interviews with the business support organizations aimed to understand their technical, human, technological and financial capacities; to identify and prioritize their main capacity gaps; and to inform capacity building support plans. The interviews with investors (exporters and importers) focused on their performance across the Ethio-Djibouti corridor, challenges in trading, and the support they require from business support organizations. The interviews with the regulators and facilitators focused on regulatory requirements, services available, and challenges faced across the trade corridor.
5. The findings from the field research were used to analyze the capacity of business support organizations. The business support organizations were assessed on five organizational capacity areas: strategic leadership, organizational structure, organizational infrastructure, organizational outputs, and organizational linkages.
6. Strategic leadership assesses the ability of the organization to set organizational directions and follow the implementation. The study found that, while business support organizations regularly develop strategic plans to provide organizational direction, there are gaps in the implementation, monitoring and evaluation of these plans.
7. Organizational structure assesses the ability of the organization to structure and restructure to adapt to changing internal and external conditions. Most of the assessed business support organizations have a governance and operational structure to support effective and efficient

operations. However, the organizations are not able to implement these structures properly due to lack of resources.

8. Organizational infrastructure encompasses the knowledge and skills of the organization's labor force and the basic financial and technological infrastructure that allow an organization's work to proceed. The capacity of the business support organizations was found to be restricted by human, financial, and technological resource gaps. Most of the assessed support organizations are funded by membership fees, which are not sufficient to support operations. Consequently, the organizations are understaffed, and existing employees do not have the required knowledge and skills to effectively carry out the organizations' operations. Furthermore, the business support organizations make limited use of technological tools and platforms.

9. Organizational output assesses organizations' overall integration, effectiveness, and impact in their service/product delivery. Business support organizations provide 3 main types of services to their members: policy advocacy, capacity building, and market linkage. While some business support organizations are strong in the provision of these services, most of the assessed organizations do not have the capacity or capabilities to provide consistent quality services. This was confirmed by the investor interviews, which indicated that the business support organizations have not been strong in lobbying or advocating government on their behalf and have had limited engagements with their members. Furthermore, regulators and facilitators have also indicated that business support organizations need to strengthen their policy advocacy to government and capacity building support to their members.

10. Organizational linkage assesses organizations' partnerships with external stakeholders. Assessed business support organizations are found to have close working relationships with one or two stakeholder organizations and some have regular structured engagement platforms with a key stakeholder. However, while some are much stronger than others on their stakeholder engagement efforts, none of the assessed associations have a structured approach to identifying a comprehensive list of all stakeholders relevant to their operations and establishing structured engagement platforms to discuss strategic issues.

11. The findings of this study will be used to inform the capability building support provided under the second component of this project. The business support organizations will be upskilled through structured training sessions and given the required tools to help them serve their members better as well as cascade the acquired knowledge/skills to the sectors they support. The structured training sessions will be mainly focused on addressing technical as well as soft skills required to address the identified capacity gaps and include topics such as internal and external environment analysis, target setting and performance review, work planning, marketing and promotion, problem solving, effective communication, monitoring and evaluation, and stakeholder engagement.

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ABBREVIATIONS

BMZ	German Federal Ministry for Economic Cooperation and Development	IGAD	Intergovernmental Authority on Development
BSR	Business for Social Responsibility	IPD	Import Promotion Desk
CCD	Chamber of Commerce of Djibouti	IPM	Integrated Pest Management
CRM	Customer Relationship Management	ITFE	Improving Trade Facilitation Environment
ECAE	Ethiopian Conformity Assessment Enterprise	KPI	Key Performance Indicator
ECCSA	Ethiopian Chamber of Commerce and Sectoral Associations	LIDI	Leather Industry Development Institute
ECEA	Ethiopian Coffee Exporters Association	MoA	Ethiopian Ministry of Agriculture
ECX	Ethiopian Commodity Exchange	MoR	Ethiopian Ministry of Revenue
EFFSAA	Ethiopian Freight Forwarders and Shipping Agents Association	MoT	Ethiopian Ministry of Transport
EFY	Ethiopian Fiscal Year	MoTI	Ethiopian Ministry of Trade and Industry
EHPEA	Ethiopian Horticulture Producer Exporters Association	NEAA	National Exchange Actors Association
ELIA	Ethiopia Leather Industries Association	OCAT	Organizational Capacity Assessment Tool
ELTA	Ethiopian Livestock Traders Association	PACCI	Pan-African Chamber of Commerce and Industry
EPA	Ethiopia Pharmaceutical Association	PESTEL	Political, Economic, Social, Technological, Environmental and Legal
ERP	Enterprise Resource Planning	REC	Regional Economic Communities
ESLSE	Ethiopian Shipping and Logistics Services Enterprise	SME	Small and Medium Enterprises
ETGAMA	Ethiopian Textile & Garment Manufacturers Association	SWOT	Strengths, Weaknesses, Opportunities and Threats
GAP	Good Agricultural Practices	TVET	Technical and Vocational Education Training
IDH	Sustainable Trade Initiative	UNCTAD	United Nations Conference on Trade and Development
		USAID	United States Agency for International Development
		USD	United States Dollar

1 INTRODUCTION

The project “Improving Trade Facilitation Environment (ITFE) in IGAD Region through Knowledge Generation and Capacity Building” is focused on providing analysis on a number of issues related to trade and trade facilitation in the IGAD region, and specifically the Ethiopia-Djibouti corridor, and to design and pilot corresponding capacity building activities.

As indicated in the Terms of Reference for the project, although trade among the IGAD Members has increased in recent years, the region “continues to experience substantial cross border and business environment related bottlenecks along its transport corridors. These include border delays occasioned by complicated documentation requirements, infrastructure congestion, smuggling, fraud and security related problems, which result into increased trade costs and high prices for consumers. These ‘hidden’ costs of trade negatively affect the cost of doing business and economic development along the trade corridors and beyond in the IGAD member nations.”

Accordingly, the overall objective of the project is “to enhance capacities of private businesses and business support associations as well as trade facilitation agencies involved in trade and investment activities across the Ethiopia-Djibouti corridor in order to facilitate cross border trade, and competitiveness of the Small and Medium Enterprises (SMEs) through technical, institutional and managerial capacity development programs to increase overall trade flows, both for exports and imports, and identify gaps and provide support in the areas of trade policy making capacity by the Regional Economic Communities (RECs) and national as well as local policy makers.”

Among the activities under the project was an assessment of the capacity of business organizations along the Ethiopia-Djibouti corridor. This report presents the findings of the capacity assessment. The approaches, findings, and recommendations of the study are presented in the next chapters. Chapter 2, Research Methodology, reviews the approach used to conduct the capacity assessment. It gives a brief overview of the research methodology, data collection methods, and data analysis tools implemented in this study. Chapter 3, Stakeholder Mapping, presents the main stakeholders involved in trade along the Ethio-Djibouti corridor. Chapter 4, Capacity Assessment, highlights the key findings from the capacity assessment study. Chapter 5, Capacity Development Plan, states the recommended capacity building support, based on the findings of the assessment.

2 RESEARCH METHODOLOGY

The objective of this study is to diagnose the technical, human, technological and financial capacities of business support organizations that support companies trading across the Ethio-Djibouti corridor, and to identify the possible additional capacity building programs that could be required to empower the organizations to fully support the economic development of the trade corridor. Results of this study will inform the design of training programs to empower the support organizations to develop quality services and products for their members.

The research followed a qualitative design as it is found to be more appropriate for the purposes of this study, where the capacity of organizations along the Ethio-Djibouti corridor need to be assessed through the interpretation of different variables that are qualitative in nature. The qualitative analysis was complemented by quantitative data, which was used to prioritize the stakeholders based on their contribution to export/import trade and performance on the Ethio-Djibouti corridor. Both primary and secondary data were utilized for the study. Primary data was collected through semi-structured in-depth interviews with selected stakeholders across the Ethio-Djibouti corridor. Secondary data was collected through reports and prior research on the status and performance of the trade corridor.

The sequence of research activities is summarized in Figure 1; the following sections provide more details about each step.

Figure 1: Research Methodology



2.1 Desk Review

The first step in the study was a desk review of research on the Ethio-Djibouti trade corridor. This involved the analysis of data and reports that provided an overview of the status, performance, and challenges of the trade corridor. The purpose of the desk review was to gain a comprehensive view of all the stakeholders involved in the Ethio-Djibouti trade, understand their role in the facilitation of trade across the corridor, analyse their performance, and identify challenges across the corridor. For this purpose, stakeholders were categorized into three main groups (Figure 2).

A review of the trade corridor was carried out by consulting the United Nations Conference on Trade and Development (UNCTAD) report on the Djibouti City–Addis Ababa corridor, “*Djibouti City–Addis Ababa Transit and Transport Corridor: Turning Diagnostic into Action*”, which gives an overview of the status of infrastructure along the transport corridor as well as the stakeholders and processes involved in import/export of goods across the corridor. Furthermore, a review of the national logistics strategy, “Federal Democratic Republic of Ethiopia National Logistics Strategy 2018 – 2028”, was undertaken in order to collect data on the performance of the trade corridor. The TradeMap database of the International Trade Centre was used to understand the performance of Ethiopian export trade. A range of additional literature, including reports published by IGAD on the integration of the Horn of Africa region, were also reviewed. A full bibliography of literature reviewed and referenced is provided in the references section.

Figure 2: Stakeholder Groups



2.2 Field Research and Consultation

The second step in the study included field research and consultations with the stakeholders identified and prioritized in step one. The team conducted in-depth semi-structured interviews with the selected stakeholders. As mentioned above, the objective of this study is to diagnose the capacities of business support organizations across the Ethio-Djibouti corridor and to develop capacity building programs to empower these institutions to better serve their members. The interviews therefore focused on the roles, capacities, and challenges of these business support organizations. The interviews were tailored to each stakeholder group, as follows.

2.2.1 Business Support Organizations (Direct beneficiaries)

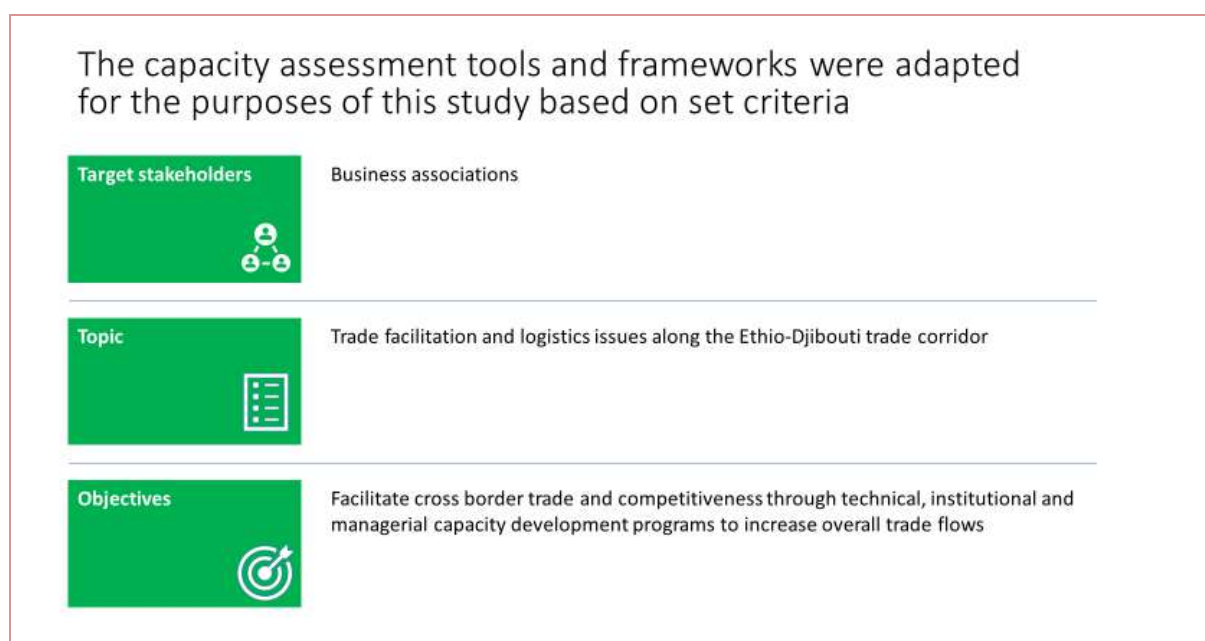
The business support organizations are the direct beneficiaries of the capacity development support provided under this project. The interviews with these stakeholders therefore aimed to understand the technical, human, technological and financial capacities of the business support organizations. The team interviewed the national chambers of commerce as well as the sectoral associations for coffee exporters, textile and garment manufacturers, and leather.

The interview questions were developed based on McKinsey and Co’s Organizational Capacity

Assessment Tool (OCAT) and Lusthaus et al.’s “Organizational Assessment – A framework for improving performance”. The OCAT is a tool to measure organizational capacity. It has seven elements: aspirations, strategy, organizational skills, human resources, systems and infrastructure, organizational structure, and culture. Each of the seven elements are scored on a grid presenting the organization’s current status or performance. The capacity assessment framework provided in Lusthaus et al. provides eight areas for the assessment of organizational performance with various sub-components under each area: strategic leadership, organizational structure, human resources; financial management; infrastructure; program and services management; process management; and inter-organizational linkages.

The OCAT and the capacity assessment framework provided by Lusthaus et al. were adapted to develop an appropriate framework for the study’s needs (Figure 3). The adaptation of the frameworks looked into tailoring capacity areas assessed, assessment format, assessment statement types, level of and ranking/scoring options based on the project’s context.






Figure 3: Criteria to Adapt Capacity Assessment Frameworks



The team then developed yes/no questionnaires to assess the organizations’ capacity in the identified assessment areas (Figure 4). In addition to the yes/no questions, the interviewees were also asked to comment on the organization’s capacity under each of the five assessment areas. This provided space for the interviewees to elaborate on their responses and provide reasoning/justification behind their yes/no responses.

Figure 4: Capacity Areas Assessed for the Purposes of this Study

Business support organizations were assessed on 5 organizational capacity areas

Assessment Area	Description	Sub-components
1 Strategic Leadership 	Ability of the organization to set organizational directions and follow the implementation thereof	<ul style="list-style-type: none"> Strategic leadership
2 Organizational structure 	Ability of the organization to structure and restructure to adapt to changing internal and external conditions	<ul style="list-style-type: none"> Governing structure Operating structure
3 Organizational infrastructure 	The knowledge and skills of the organization's labor force and the basic infrastructure that allow an organization's work to proceed	<ul style="list-style-type: none"> Human resource Financial infrastructure Technological infrastructure
4 Organizational outputs 	The organization's overall integration, effectiveness and impact in their service/product delivery through process uniformity, problem-solving, decision-making, communication and monitoring and evaluation	<ul style="list-style-type: none"> Products/services Process
5 Organizational linkages 	The organization's governing structure and linkages/network/partnerships with external stakeholders	<ul style="list-style-type: none"> Governance Linkages Communications




The full capacity assessment questionnaire is provided in Annex A.

2.2.2 Investors (Final beneficiaries)

Investors, which are the exporters and importers that utilize the Ethio-Djibouti trade corridor, are the beneficiaries of the support provided by the Business Support Organizations. Figure 5 summarises the focus areas of the interviews for this stakeholder group.

Figure 5: Investor Interviews Focus Areas

Investor interviews assessed three areas

1 Performance 	This assessment area looks into the historical performance of the organization relative to its targets and potential as well as the future plans and goals of the organization. It aims to understand the factors behind the success/failures in historical performance.
2 Challenges 	This assessment area looks into the internal and external challenges faced by the organization in its operation. It aims to identify the key bottlenecks in the flow of goods across the Ethio-Djibouti corridor.
3 Support from business support organizations 	This assessment area looks into the support required by the investors to improve their performance along the trade corridor as well as the support they have been provided so far by the Business Support Organizations. It aims to understand the strengths and gaps in the support provided by the Business Support Organizations.

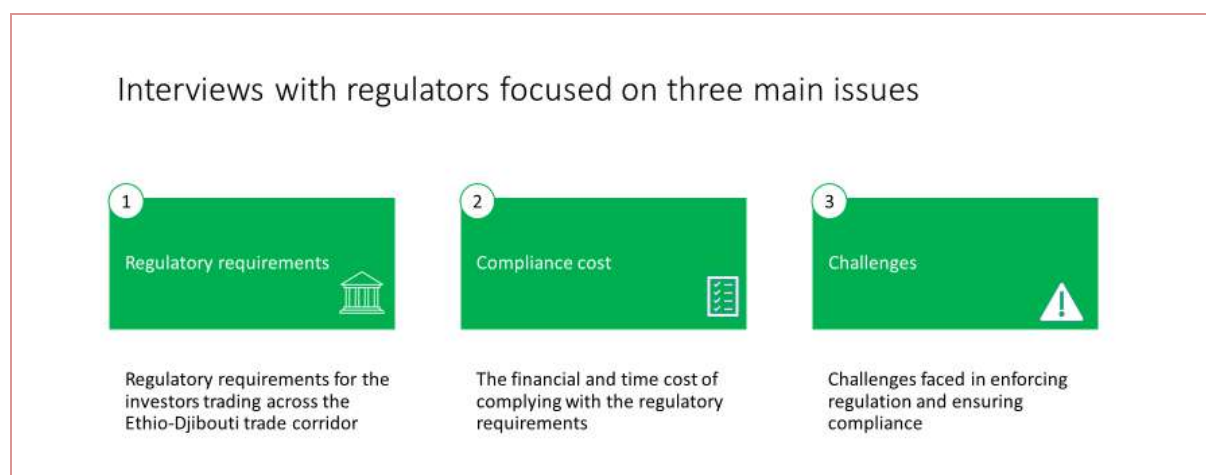
2.2.3 Regulators and Facilitators (Lead agencies)

These include regulators responsible for setting frameworks, guidelines and boundaries and enforcing compliance as well as the private and public sector enablers that facilitate the efficient flow of goods across the Ethio-Djibouti corridor.

2.2.3.1 Regulators

These stakeholders regulate the flow of goods across the Ethio-Djibouti corridor and enforce compliance and standards of service delivery. The requirements set by these governance bodies has an implication on the time and cost of trading across the corridor. Interviews with them focused on regulatory requirements, compliance costs, and challenges encountered (Figure 6).

Figure 6: Regulator Interviews Focus Areas



2.2.3.2 Facilitators/Enablers

Facilitators are the organizations that provide logistics and financial services to the investors along the trade corridor. The services provided by these organizations has a significant impact on the cost and time of trading across the Ethio-Djibouti corridor. As a result of this, interviews focused on the type and quality of the services provided, as well as challenges faced in service provision (Figure 7).

Figure 7: Facilitator Interviews Focus Areas



2.3 Analysis and Reporting

The capacity of business support organizations was analysed based on the results of the interviews. The organizations' capacity level in each of the five assessed areas was rated on a scale of 1 – 4, where 1 represented low capacity; 2 represented a basic level of capacity; 3 represented a moderate level capacity and 4 represented a high level of capacity.

The results of the organizational capacity analysis were used to categorize the capacity areas into three priorities for capacity building support:

- **Priority 1:** Capacity components with an average rating of less than 2
- **Priority 2:** Capacity components with an average rating of 2 - 3
- **Priority 3:** Capacity components with an average rating of greater than 3

This provided the groundwork for the development of a capacity building program to be translated into an actionable plan to empower the private sector and relevant public sector agents and associations.

2.4 Validation

The findings of the desk research and consultations were synthesized into the final analysis and preparation of the Capacity Assessment Study.

The study was presented and discussed with the relevant stakeholders including IGAD, PACCI and AfDB, and primary and secondary stakeholders, at a validation workshop in July 2021. At the validation workshop, key stakeholders provided comments to the report findings and recommendations. An overall presentation of the study and project output was prepared by the Project Team.

3 STAKEHOLDER MAPPING

The flow of goods across the Ethio-Djibouti corridor involves various private and public sector stakeholders which, for the purposes of this assessment, have been broadly categorized into three main groups as illustrated in Figure 2 above. Key stakeholders were identified based on the grouping and are mapped out in Figure 8. The following sections provide details about the various stakeholders.

Figure 8: Key Stakeholders across the Ethio-Djibouti Corridor

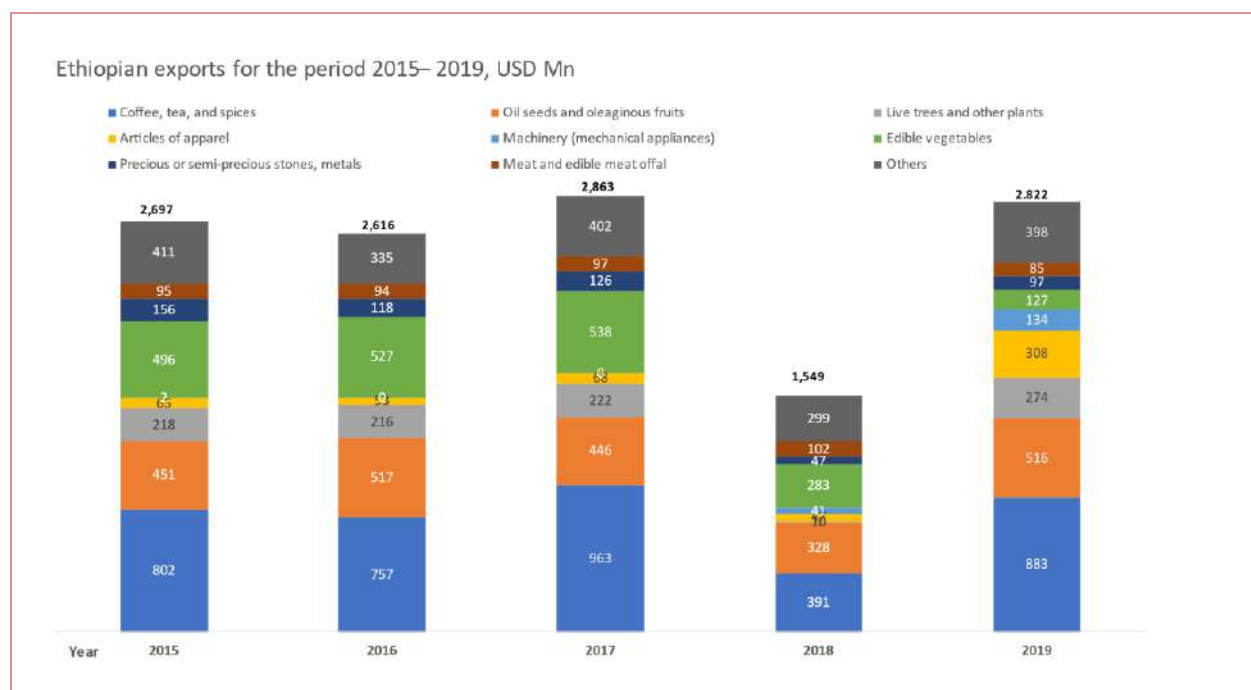
Key stakeholder across the Ethio-Djibouti trade corridor were identified		
Stakeholder group	 Ethiopia	 Djibouti
Business Support Organizations (Direct Beneficiaries) 	<ul style="list-style-type: none"> • Pan-African Chamber of Commerce and Industry (PACCI) • Ethiopian Chamber of Commerce and Sectoral Associations 	<ul style="list-style-type: none"> • The Chamber of Commerce of Djibouti (CCD)
Investors (Final beneficiaries) 	<ul style="list-style-type: none"> • Exporters in coffee, oil seeds leather, and apparel & textile sectors • Importers in the pharmaceuticals sector 	
Regulators and facilitators (Lead Agencies) 	<ul style="list-style-type: none"> • Ministry of Trade and Industry • Ministry of Transport • Ministry of Revenue • Ethiopian Investment Commission • Ethiopian Customs Commission • Ethiopian Commodity Exchange Authority • Ethiopian Conformity Assessment Enterprise (ECAE) 	<ul style="list-style-type: none"> • Ethiopian Maritime Affairs Authority (EMAA) • Ethiopian Shipping and Logistics Services Enterprise (ESLSE) • Freight Forwarders • Shipping companies • Ethiopian Railway Corporation • National Bank of Ethiopia • Commercial Banks • Insurance companies • Djibouti Ministry of Infrastructure and Transport • Djibouti Ministry of Economy and Finance In Charge of Industry and Planning • Djibouti Customs • Djibouti Ports and Free Zones Authority • Djibouti port terminal

3.1 Investors

3.1.1 Exporters

Ethiopia exports 2 million tons annually through the port of Djibouti, the bulk of which are containerized goods (National Logistics Strategy). In Ethiopian Fiscal Year (EFY) 2019, Ethiopia exported USD 2.8 billion worth of goods. The majority of the earnings came from coffee, tea, and spices (USD 883 million – 32%), oil seeds (USD 516 million – 18%), live plants and cut flowers (USD 274 million – 10%), and articles of apparel and clothing accessories (USD 308 million – 11%); together, these account for 70% of total exports for the year. The breakdown of 2015-2019 exports by sector is provided in Figure 9.

Figure 9: Ethiopian Exports by Sector, 2015-2019 (USD million)



Source: ITC TradeMap.

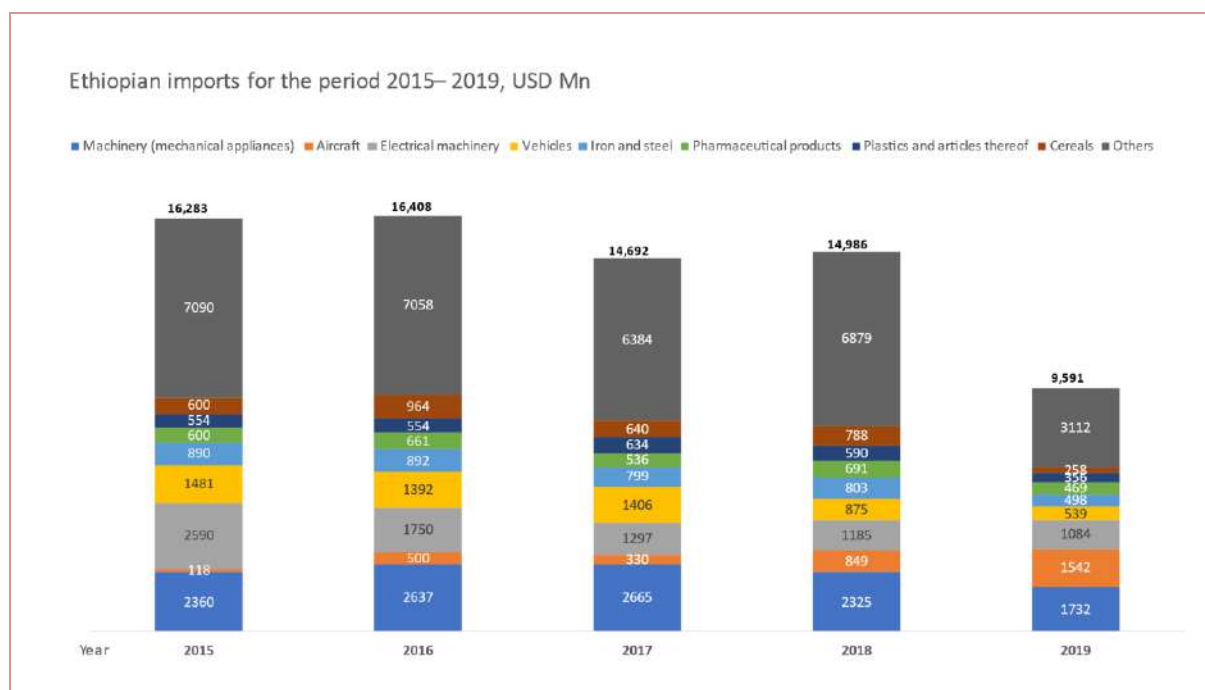
Coffee, oil seeds, and apparel are mainly exported through the Ethio-Djibouti corridor. Coffee and oilseeds are exported mainly by large local agricultural and agro-processing companies. The top exporters of textile and apparel are large, mainly foreign-owned, companies located in industrial parks.

3.1.2 Importers

Ethiopia imports 14 million tons annually through the port of Djibouti, out of which about 23% are containerized goods, 28% is dry bulk, 29% is petroleum products, and 20% is steel and other general cargoes (National Logistics Strategy). Dry bulk cargo includes fertilizer, wheat, grain, coal, and sugar which is about 4 million tons per year (National Logistics Strategy).

In EFY 2019/2020, Ethiopia imported a total of USD 9.6 billion worth of goods. The majority of the imports are mechanical appliances (USD 1.7 billion), aircraft (USD 1.5 billion), electrical machinery (USD 1.0 billion), vehicles (USD 539 million), iron and steel (USD 498 million), pharmaceutical products (USD 469 million), plastics (USD 356 million), and cereals (USD 258 million); together accounting for 68% of total imports for the year. The breakdown of imports by sector and value for the years 2015 - 2019 is provided in Figure 10.

Figure 10: Ethiopia's Imports by Sector, 2015 – 2019 (USD million)



Source: ITC TradeMap.

Vehicles, pharmaceutical products, plastics, and cereals are imported through the Ethio-Djibouti trade corridor. Vehicles and plastics are mainly imported by local private businesses, while pharmaceutical and cereals (mainly wheat) are mainly imported by government procurement agencies.

For the purpose of this study, investors in the pharmaceutical, textile, and leather sectors have been interviewed.

3.2 Regulators and Facilitators (Lead agencies)

3.2.1 Regulators

A number of government bodies regulate the import/export trade along the Ethio-Djibouti corridor. These include ministries, government agencies, authorities and commissions, and sector development institutions.

3.2.1.1 Ministries

Five ministries supervise the flow of goods along the Ethio-Djibouti corridor. The roles of these ministries related to trade across the trade corridor is provided below.

1. **Ethiopian Ministry of Trade and Industry (MoTI)** supervises, and coordinates government institutions involved in the promotion & development of trade, industry and investment activities.
2. **Ethiopian Ministry of Transport (MoT)** has the powers and duties to, among others:
 - ensure the integration, efficiency, and accessibility of land, air and sea transportation services.
 - ensure the establishment and implementation of regulatory frameworks to guarantee

- the provision of reliable and safe transport services.
 - regulate transit services related to import and export of goods.
 - conclude port service agreements with other countries and follow up their implementation.
3. **Ethiopian Ministry of Revenue (MoR)** has the powers and duties to, among others:
 - collect and analyse information necessary for the control of import and export goods and the assessment and determination of taxes.
 - examine goods and means of transport entering into or departing from Ethiopia through customs ports, frontier posts and other customs stations, and ensure that customs formalities are complied with.
 - decide the places where import and export goods are to be deposited, control the handling and care of deposited goods; supervise duty-free shops, establish warehouses and issue warehouse licenses, suspend or revoke warehouse licenses; collect license and service charges.
 4. **Djibouti Ministry of Infrastructure and Transport** is responsible for the development of necessary transport infrastructure and transport services in the country, regulation of maritime and transit service, etc.
 5. **Djibouti Ministry of Economy and Finance in Charge of Industry and Planning** is “responsible for the implementation and coordination of the economic and financial policy, the management of the heritage, the resources and the debt of the State, and financial control of monetary and credit institutions.”

3.2.1.2 Commissions, Authorities and Agencies

In addition to the ministries, seven government bodies support the regulation of trade across the Ethio-Djibouti corridor. The role of these bodies is provided below.

1. **Ethiopian Maritime Affairs Authority** has the “responsibility and authority to ensure the standards of Ethiopia’s maritime training and seafarer certification, marine & dry ports, and transport logistics infrastructure”.
2. **Ethiopian Investment Commission (EIC)** has the power and duties to, among other, “serve as nucleus for matters of investment and initiate policy and implementation measures required to create a conducive and competitive investment climate.”
3. **Ethiopian Customs Commission** was established with the objective to “collect duties and taxes on goods imported or exported, implement relevant customs laws and international agreements ratified by Ethiopia; control the import and export of prohibited or restricted goods; and prevent and control customs fraud and contraband.”
4. **Ethiopian Commodity Exchange Authority** was established with the objective to “ensure the development of an efficient and modern (agricultural) commodities marketing system.”
5. **Ethiopian Conformity Assessment Enterprise (ECAE)** was established as a federal owned public enterprise with the mission to “provide internationally accepted and recognized conformity assessment and training services for domestic consumption and for import and export purposes.”

6. **National Bank of Ethiopia** is the central bank of Ethiopia

3.2.1.3 Sector Development Institutes

Sector development institutes are public organizations established to support development and facilitate knowledge and technology transformation to make their respective sectors globally competitive. Three sector development institutes that support the more active sectors on the Ethio-Djibouti corridor are identified.

1. **Ethiopian Leather Industry Development Institute** was established to “facilitate the development and transfer of leather and leather products industry and to enable the industries to become competitive.”
2. **Ethiopian Food, Beverage & Pharmaceuticals Industry Development Institute** was established to “support the food, beverage, and pharmaceutical industry, accelerate technology transfer, achieve transformation, and enable the industry to be competitive in the international level.”
3. **Ethiopian Textile Industry Development Institute** was established with the mission to accelerate the development of the Ethiopian cotton and textile sector to make it globally competitive.

3.2.2 Facilitators

Facilitators are the public and private logistics and financial service providers that support the smooth flow of goods across the Ethio-Djibouti corridor. Five groups of facilitators have been identified.

1. **Freight forwarding agents** are organizations that arrange and organize shipments to get goods to the final point of distribution.
2. **Shipping agents** are organizations that manage the cargo ships at every port the ships visit or dock.
3. **Ethiopian Railway Corporation and Ethio-Djibouti Railway** are state owned enterprises that construct railway lines and provide rail transport services.
4. **Commercial Banks** support the export/import trade by providing payment guarantees for the shipments.
5. **Insurance companies** support the export/import trade by enabling investors to manage risk in international trade.

3.3 Business Support Organizations

Chambers of commerce and sectoral associations support businesses along the Ethio-Djibouti corridor. The three main chambers of commerce that support businesses across the trade corridor are the Pan-African Chamber of Commerce and Industry, the Chamber of Commerce of Djibouti and the Ethiopian Chamber of Commerce. In addition, there are a number of sectoral associations that support their respective members. Below is a brief overview of these business support organizations.

1. **Pan-African Chamber of Commerce and Industry (PACCI)** is an independent, non-profit and non-partisan organization established in 2009 to serve Africa's business by promoting public policies that foster continental economic integration, competitiveness, and sustainable growth. PACCI offers its constituents a wide range of services including advocacy for the creation of the African Economic Community, capacity building, and business networking. PACCI has 50 national chambers of commerce as its members.
2. **The Chamber of Commerce of Djibouti (CCD)** is a trade facilitation bodies that aims to defend the interests of economic operators by conducting studies and raising awareness on opportunities in the national market. CCD provides information, gives advise, provides technical assistance and training to economic operators.
3. **The Ethiopian Chamber of Commerce and Sectoral Associations (ECCSA)** is the national chamber of commerce with the aim to create an enabling business environment and build the capacity of the business community to play a leading role in the economy. The ECCSA provides services to the business community such as research, advocacy, business advisory, and capacity building; promotes the products and services of the country; and serves as a bridge between the business community and the government.

The ECCSA has 18 members, including 11 regional and city Chambers of Commerce and Sectoral Associations, one national Chamber of Sectoral Association, and six national Sectoral Associations. The six national Sectoral Associations that are members of the ECCSA include the Ethiopian Sugar and Sweats Manufacturing Association; the Ethiopian Textiles and Garment Manufacturing Association; the Ethiopian Leather, Shoes and Leather Product Manufacturing Association; the Ethiopian Meat Exporters Association; the Ethiopian Vegetable, Fruit and Flower Producers Association; and the Ethiopian grain, oil seed and spices producers and exporters. In addition to the six national Sectoral Associations that are members of the ECCSA, there are 15 Sectoral Associations organized at the national level, seven Sectoral Associations organized at the regional level, and 13 Sectoral Associational organized at the city or woreda level.

3.4 Stakeholder Prioritization

For the purposes of this study, we have selected organizations to interview based on their contribution to trade along the Ethio-Djibouti corridor, and identified performance gaps for them. Figure 11 to Figure 13 provide an overview of the interviewed business support organizations, investors, and regulators & facilitators respectively.

Figure 11: Interviewed Business Support Organizations

The team interviewed eight business support organizations	
Stakeholder group	Selected organizations
Business Support Organizations (Direct Beneficiaries) 	<ol style="list-style-type: none"> 1 Ethiopian Chamber of Commerce  2 Ethiopian Coffee Exporters Association (ECEA)  3 Ethiopian Horticulture Producer Exporters Association (EPHEA)  4 Ethiopian Textile, Garments, and Apparel Manufacturers Association (ETGAMA)  5 Ethiopian Leather Industries Association (ELIA)  6 Ethiopian Freight Forwarders and Shipping Agents Association (EFGAA)  7 Ethiopian Pharmaceutical Association 8 National Exchange Actors Association (NEAA)

Figure 12: Interviewed Investors




The team interviewed investors in 3 sectors	
Pharmaceuticals 	<ol style="list-style-type: none"> 1. Julipar Pharmaceuticals P.L.C.
Textiles and Garment 	<ol style="list-style-type: none"> 3. Bollore Transport and Logistics Ethiopia S.C. 4. Freight International P.L.C.
Leather 	<ol style="list-style-type: none"> 5. Trademark East Africa P.L.C.

Figure 13: Interviewed Regulators and Facilitators

Stakeholder group	Selected organizations
Regulators 	<ol style="list-style-type: none"> 1 Ministry of Trade and Industry  2 Ethiopian Customs Commission  3 National Bank of Ethiopia 
Facilitators 	<ol style="list-style-type: none"> 1 Ethiopian Commodity Exchange (ECX)  2 Ethiopian Shipping and Logistics Services Enterprise (ESLSE)  3 MAERSK  4 Bollore Transport & Logistics Ethiopia  5 Ethiopian Conformity Assessment Enterprise (ECAE) 

4 CAPACITY ASSESSMENT

The team assessed the technical, human, technological and financial capacities of business support organizations – which provide support to exporters/importers along the Ethio-Djibouti corridor – to understand and prioritize their main capacity gaps and inform capacity building support plans. The capacity of business support organizations is found to be restricted by human, financial, and technological resource gaps. Most of the support organizations are funded by membership fees, which are not sufficient to support operations. Consequently, the organizations are understaffed and existing employees do not have the required knowledge and skills. Furthermore, organizations make limited use of technological tools and platforms. These gaps in resources have led to difficulties in service provision, inefficiencies in internal operations, and limited external linkages.

The team interviewed selected exporters and importers to assess their performance and understand their challenges in trading across the Ethio-Djibouti trade corridor. The findings from these interviews were used to inform the capability building support plan for business support organizations. Investors require support in lobbying and advocating government to adapt flexible policies and resolving operational bottlenecks such as lack of forex, difficulties in procuring raw materials, and lack of trucks for transportation. Furthermore, interview with foreign investors has indicated that sectoral associations are focused on domestic investors and have limited engagement with international companies. Associations could therefore strengthen their engagement with the investors in order to assist the investors and to facilitate knowledge sharing to local investors.

The team also interviewed the main regulatory bodies across the Ethio-Djibouti corridor to understand regulatory requirement and identify compliance issues. The findings from these interviews indicated that a number of regulatory challenges arise due to the lack of proper understanding or misinterpretation of regulatory requirements and lack of required resources.

Finally, the team interviewed logistics, technical and financial service providers that support the efficient flow of goods across the Ethio-Djibouti corridor, to understand gaps and challenges in service provision. The service providers face three critical issues in the provision of services: long, costly, and bureaucratic customs processes; poor transport infrastructure; and lack of coordination between stakeholders.

Business support organizations therefore need to strengthen their policy advocacy and capability building support services to their members in order to resolve these operational bottlenecks.

4.1 Business Support Organizations

The team interviewed and assessed the organizational capacity of the seven prioritized sectoral associations.

4.1.1 Ethiopian Horticulture Producer Exporters Association (EHPEA)

EHPEA was established in 2002 G.C. to “promote the interest of its members, which are engaged in the production and export of flowers, vegetables, fruits, herbs, and cutting”. EHPEA currently has 123 members, out of the 136 registered actors in the sector, thereby representing about 90% of the Ethiopian horticulture sector. The association aims to “promote and safeguard the competitive position of the Ethiopian horticulture sector in the global market” and envisions “obtaining a world class status in the international network of associations”.



The strategic leadership of EHPEA is rated as very strong. EHPEA has a formal organizational strategy to support its objectives. The association has a structured process for the development, approval, and implementation of their multi-year strategic plan. The strategic plan is treated as a living document and guides the decisions and operations of the association. EHPEA has also established a monitoring and evaluation department to track and evaluate the performance of the association. The monitoring and evaluation department reviews the action plan and identifies performance indicators, outputs, and outcomes for each activity.



The organizational structure of EHPEA is rated as very strong. EHPEA has a formal governance structure to review and set the organization's direction. EHPEA also has a clear and structured operating structure – with clearly defined roles and lines of authority – to support operations.



The organizational infrastructure of EHPEA is rated as strong.

- **Human resources:** EHPEA has the required number of skilled experts to undertake its activities.
- **Finance:** Financial planning or resource mobilization is a key pillar of EHPEA's strategic plan. EHPEA generates sufficient finances- generated through membership fees and additional income generating activities - to carry out its core activities. However, the association is not able to expand its services due to financial constraints.
- **Technology:** EHPEA has one of the strongest online presences out of all sectoral associations reviewed. It has a functional website that provides comprehensive and up-to-date relevant information. The association is also active on social media platforms such as Facebook and Twitter and uses chatting platforms such as WhatsApp to closely engage members and disseminate information. In addition to these, the association has recently implemented Customer Relationship Management (CRM) software and plans to install Enterprise Resource Planning (ERP) software in the near future.



The organizational output of EHPEA is rated as very strong. EHPEA provides three core services:

1. **Policy advocacy:** EHPEA engages government on issues that impact its members including policy, regulation, and administrative issues.
2. **Capability building:** EHPEA provides training to members to support Good Agricultural Practices (GAP) and to ensure members adhere to social and environmental standards. In addition, EHPEA recently launched an accredited Technical and Vocational Education Training (TVET) institute to enhance capacity building efforts and promote sustainable operations of the sector.
3. **Business promotion and information:** EHPEA promotes the Ethiopian horticulture brand and facilitates market access and business linkages.

In addition to its core service areas, EHPEA undertakes a number of activities to ensure the sustainability of the sector, including:

- **Gender intervention:** In partnership with Business for Social Responsibility (BSR) and Sustainable Trade Initiative (IDH), EHPEA designed “Empowering the Source”, a project

aimed at addressing gender and health issues in the horticulture sector.

- **Used water treatment:** In partnership with IDH, EHPEA provides technical support for the construction of Wetland System of farms to reduce environmental risks from the discharge of untreated used water and to enable farmers to save water.
- **Integrated Pest Management (IPM):** EHPEA, in partnership with the Netherlands, has developed a project to identify and test endemic biological agents, adopt and register existing IPM technologies, support national horticulture sector IPM technical committee, help develop IPM policy framework, and support capacity building.
- **Minimum wage schemes:** EHPEA has introduced a cluster based minimum wage scheme introduced for the sector, which defines minimum wage thresholds for the sector on an annual basis.



The organizational linkage of EHPEA is rated as strong. EHPEA engages with key government stakeholders such as the Ministry of Agriculture (MoA) and Ministry of Trade and Industry (MoTI) on operational issues. EHPEA also has strong linkages with international governmental and non-governmental bodies such as the Netherlands Embassy, Import Promotion Desk (IPD) funded by German Federal Ministry for Economic Cooperation and Development (BMZ), United States Agency for International Development (USAID), and Enterprise Partners. However, there are no structured platforms to regularly engage with key stakeholders and collaboratively address sector challenges.

4.1.2 Ethiopian Coffee Exporters Association (ECEA)

ECEA was established in 1969 G.C. with the main objectives of supporting the production of quality coffee, promoting Ethiopian coffee in the global market, and helping members resolve operational challenges. The association currently has 278 members.



The organizational structure of ECEA is rated as moderate. ECEA has a formal governance structure to review and set organizational direction. However, the association's governance mechanism needs to be strengthened to properly implement safeguards and incentives that support organizational goals. ECEA also has a clear operating structure – with clearly defined roles and lines of authority – to support operations. However, the organizational and operational structure is not fully implemented due to the association's smaller size.



The organizational infrastructure of ECEA is rated as moderate.

- **Human resources:** ECEA has difficulties in attracting and retaining candidates with the required skills and knowledge due to its low compensation packages. There are gaps in the knowledge and capacity of current association employees.
- **Finance:** ECEA does not generate sufficient financial resources to support its operations.
- **Technology:** ECEA mainly uses technology platforms to obtain and share information and communicate with partners. Beyond these services, the association does not make use of technology to support its operations.



The organizational output of ECEA is rated as moderate. ECEA provides four core services for its members, and the sector more widely:

1. **Promote Ethiopian coffee** in the international market through participation in various specialty coffee exhibitions and conferences.
2. **Keep members informed** of relevant sector information such as price data, news, reports, government policies, and regulations.
3. **Advocate government** on behalf of members. The association is relatively stronger and more successful in its advocacy efforts. ECEA has formed a strong relationship with the GoE and the government seeks the association's feedback when formulating sector legislations and policies.
4. **Support coffee sector development** by conducting sector research, coordinating coffee exporters, and providing different training and capability building programs to members.

Overall, the Association has faced challenges in delivering quality service to its members due to capacity gaps and poor organization. In particular, it has not been able to provide capability building trainings on marketing (e.g. promotion, country prioritization, cupping), due to knowledge and capacity gaps.



The organizational linkage of ECEA is rated as strong. ECEA has strong linkages with key government stakeholders. The Association is a member of a technical committee set up to support sector development. ECEA also engages with other key stakeholders through its advocacy efforts.

4.1.3 Ethiopian Textile & Garment Manufacturers Association (ETGAMA)

ETGAMA was established in 2003 G.C. as the national textile and garment industry association. ETGAMA currently has 100+ members in textile and garment manufacturing, with 80-90 of the members actively involved. The association aims to “serve as the voice for businesses operating in the textile and garment sector; promote the interest, growth and sustainability of members; and contribute to the growth of the sector” and envisions becoming “a leading, well recognized and influential association in the textile and garment sector in Ethiopia with broad-based membership and empowered members.”



The strategic leadership of ETGAMA is rated as strong. ETGAMA has a formal organizational strategy to support its objectives. The strategic plan was developed with input from key stakeholders and covers strategic issues to strengthen the organization and performance of the association.



The organizational structure of ETGAMA is rated as moderate. ETGAMA has a structured governance mechanism to review and set organizational direction. The association currently has an informal organizational and operational structure due to its small size, however, the new strategic plan includes plans to restructure the organization in line with the association's goals and operations.



The organizational infrastructure of ETGAMA is rated as weak.

- **Human resources:** ETGAMA does not have sufficient human resources to support operations.
- **Finance:** ETGAMA does not have sufficient financial resources to support operations.
- **Technology:** ETGAMA uses basic technology platforms and tools to share/obtain information and communicate with stakeholders. Beyond these services, the association does not make use of technology to support its operations.



The organizational output of ETGAMA is rated as moderate. ETGAMA provides four key services to its members and the wider sector:

1. Provide capability building support to members.
2. Form market linkages for members.
3. Advocate government to adapt conducive policies and regulations for the sector.
4. Act as a bridge between the sector and government.



The organizational linkage of ETGAMA is rated as moderate. ETGAMA engages with government stakeholders, such as MoTI, through quarterly sectoral performance review meetings. However, the relationship remains weak and could be strengthened to address key sector challenges.

4.1.4 Ethiopia Leather Industries Association (ELIA)

ELIA is a trade association for businesses in leather industries. The association was initially established in 1994 as the Ethiopian Tanners Association, later changed to the Ethiopian Tanners, Footwear and Leather Products Manufacturing Association in 2004, and finally expanded to the current Ethiopian Leather Industries Association in 2007. ELIA aims to strengthen the leather industries business environment through the promotion of export leather and leather products; promotion of members' interests; and support of members to strengthen their operations.

ELIA has 91 members, which are divided into three groups: tanneries (26), shoe manufacturers (20), and leather & leather products manufacturers (45).



The organizational structure of ELIA is rated as moderate. ELIA has a formal governance mechanism and organizational structure. However, the organization does not have sufficient human and financial resources to implement the structure.



The organizational infrastructure of ELIA is rated as weak.

- **Human resources:** ELIA does not have sufficient human resources to support its operations. Furthermore, employees require capability building support to develop their knowledge and skills.
- **Finance:** ELIA does not have sufficient finances to support its operations.
- **Technology:** ELIA does not have strong technological systems to support operations. The staff also does not have the skills and knowledge to make use of available technology platforms

and tools.



The organizational output of ELIA is rated as moderate. ELIA undertakes four key activities:

1. Identify and address sector bottlenecks.
2. Facilitate and organize support from international development partners.
3. Provide training to build members' capacity.
4. Expand association membership.

There is, however, room for improvement in the delivery of quality services for members – specifically in providing technological trainings and forming market linkages – due to staff capacity gaps.



The organizational linkage of ELIA is rated as strong. ELIA has regular structured engagements with key government stakeholders such as MoTI and MoA. ELIA also has strong influence in government policy formulation and helps resolve main policy bottlenecks for sector.

4.1.5 Ethiopian Freight Forwarders and Shipping Agents Association (EFFSAA)

EFFSAA is a national association of logistics service providers with the mission to “promote professionalism and excellence of the logistics industry through continuous learning and professional development”. The association was initially established in 1998 by the government as the country shifted from utilizing Eritrean ports to Djibouti ports.

EFFSAA has 80 operational members (members such as ESLSE and Maersk that provide logistics services) as well as five professional members.



The strategic leadership of EFFSAA is rated as strong. EFFSAA has a formal five-year strategic plan, which aims to strengthen the association's influence over policy. The strategic plan is aligned with the National Logistics Strategy and was developed with input from key stakeholders (including association members and government bodies). The Association has started the implementation of the strategic plan with the training of member organizations' top management.



The organizational structure of EFFSAA is rated as moderate. EFFSAA has a seven-member board of directors, which are selected from association members. The Association has also formed five committees to resolve the Association's challenges: training committee, customs committee, legal and dispute settlement committee, port committee and marketing committee.

The Association has also a formal operating structure with a general manager and three departments: training, marketing, and administration & finance. The Association plans to expand and add two additional departments: research and arbitration.



The organizational infrastructure of EFFSAA is rated as moderate.

- **Human resources:** EFFSAA currently has 10 staff, but their work/operating structure requires 18 employees at minimum.
- **Finance:** Finance is one of the key bottlenecks to EFFSAA's operations. EFFSAA's main source of income is membership fees, but it remains insufficient.
- **Technology:** EFFSAA has a website, through which they share information related to the Association and the logistics sector. They also use emails and other technology platforms to communicate internally and with members. In addition to communication and information sharing, they are currently trying to adapt a system that automates training and payments.



The organizational output of EFFSAA is rated as moderate. EFFSAA provides four key services to its members and the wider sector:

1. **Provide training for members:** EFFSAA provides vocational and international certified trainings. The Association is also a member of International Federation of Freight Forwarders Associations (FIATA) and provides training on behalf of FIATA in Ethiopia. Trainings are provided to the Customs Authority, MoT, Ethiopian Maritime Affairs Authority (EMAA), ESLSE, Ethiopian Airlines (EAL), MoTI, and Ethio-Djibouti Railway (EDR) in addition to Association members.
2. **Disseminate information related to the logistics sector:** The Association shares information through multiple channels: website, its own newsletter, social media, and press conferences. All regulations and key documentations are also shared on the Association's website as well as given in soft copies to members.
3. **Advocate for policies and regulations that are conducive to sector players:** EFFSAA has established the Ethio-Djibouti technical committee, which aims to identify bottlenecks on the trade corridor and present them to relevant government bodies. The technical committee meets monthly and has representatives from EFFSAA, ECEA, Ethiopian Livestock Exporters Association (ELEA), Customs Authority, exporters, and importers. EFFSAA also represents the private sector in the National Logistics Council, chaired by the Minister of Transport. Internationally, EFFSAA has signed MOUs with similar associations in other countries to exchange information as well as the International Landlocked and Developing Countries Thinktank.
4. **Liaise between Djibouti port and Association members to resolve issues.**
5. **Facilitate market linkage.**



The organizational linkage of EFFSAA is rated as strong. EFFSAA has strong engagement with local and international stakeholders. It is an active member of several logistics associations and committees.

4.1.6 National Exchange Actors Association (NEAA)

The National Exchange Actors Association was established in 2007, with the Ethiopian Commodity Exchange (ECX) Authority, to “self-regulate and maintain and uphold standards of

integrity, professionalism, and skills of its members”. The association currently has 347 members – membership in the association is mandatory for members of the exchange.



The strategic leadership of NEAA is rated as strong. The Association develops strategic plans to guide its operations.



The organizational structure of NEAA is rated as strong. The Association is accountable to the Ethiopian Commodity Exchange Authority and is governed by a board of directors. Five of the 11 directors are members of the Association. The Association has recently been restructured into two wings: an operations wing, which handles anything related to trading activities, and a support wing, which handles anything related to finance and administrative issues.



The organizational infrastructure of NEAA is rated as weak.

- **Human resources:** The Association currently does not have sufficient human resources to carry out all of its main activities and plans to recruit more people.
- **Finance:** The Association does not seem to face any financial constraints.
- **Technology:** The Association makes limited use of technology platforms and tools to support its operations.



The organizational output of NEAA is rated as moderate. The Association provides four main services – market surveillance, information sharing, research and advocacy, and member verification – which are focused on the Association’s regulatory role. The Association provides limited capability building support to its members.



The organizational linkage of NEAA is rated as moderate. Association members meet every quarter to review performance and consult on raised issues. The Association also has close collaboration with key stakeholders such as ECX and the Ministry of Trade and Industry.

4.1.7 Ethiopia Pharmaceutical Association (EPA)

The Ethiopian Pharmaceutical Association was established in 2014 G.C and currently has 15 members. However, the Association has not been formally organized and currently has no employees. EPA has no formal vision, strategy, or policy and currently focuses on resolving operational bottlenecks for members, such as the lack of forex. It is managed by the chairperson of EPA’s board of directors, which has four members.

EPA, represented by its chairperson, has strong engagements with government stakeholders. The Association has no or very limited external communication with the wider public.

4.2 Investors

4.2.1 Pharmaceuticals

Investors in the pharmaceutical sector use the Ethio-Djibouti corridor to import inputs and raw

materials.

Investors face 4 main challenges in their international trade:

- Lack of **cold chain logistics infrastructure**
- **Bureaucracy** and delays in processing documents by regulating authorities
- Limited access to **forex**
- Limited availability and high cost of **raw materials and packaging**

Investors thus require support from the associations in addressing these issues to strengthen their performance:

- Lobbying and advocating government to **secure forex access** for member companies
- Supporting member companies in **raw materials procurement** by organizing needs and working with relevant bodies
- Identifying **potential export markets** and clearly outlining the regulatory requirements for target markets

4.2.2 Textiles and Apparel

Investors in the textiles and apparel sector use the Ethio-Djibouti corridor to import inputs as well as to export finished products. Investors face several challenges in their trade across the corridor:

- Long **lead time** and high **cost** of logistics services
- Lack of **visibility or tracking system** for products once they have been loaded on trains/trucks
- Poor **road infrastructure** between Djibouti and Addis Ababa, which increases logistics lead time
- Frequent interruptions in new **automated customs system** and the lack of flexibility to switch to manual processes during system downtime, which leads to delays in moving products from ports and additional demurrage costs
- Misalignment in **Djibouti and Ethiopia working days**, which limits the actual working days of the trade corridor to only 4 days a week

To support investors in their trade across the Ethio-Djibouti corridor, the sector association could help address the challenges raised by **lobbying and advocating** government, regulators, and logistics service providers to adapt flexible policies, provide efficient services, and align operations between the two countries.

Foreign investors in the textile and apparel sector have limited engagements with the ETGAMA and are mainly supported by Industrial Parks Development Corporation (IPDC) and EIC. The association should therefore strengthen its engagement with these international investors in order to facilitate knowledge and technology transfer (e.g. in understanding standards and certification requirements for international markets, in identifying and targeting potential export markets and clients, etc.) as well as to provide them support services.

4.2.3 Leather

Investors in the leather sector use the Ethio-Djibouti corridor to export their products to international markets. Exporters face 3 main challenges in their international trade:

- Shortage of **trucks** to transport goods
- Slow **customs system**, which leads to delays in product delivery

- Restrictions on the usage of **forex** generated

Investors thus require support from the associations in addressing these issues to strengthen their performance:

- Lobbying and advocating government to **adapt more flexible policies on the usage of forex generated**
- Lobbying and advocating customs commission to **address issues with the current automated customs system** and to be operationally flexible to provide manual services during system interruptions
- Creating **linkage with trucking service providers** and potentially increasing investors' attractiveness to trucking service providers by consolidating their demand and therefore strengthening their purchasing power

Similar to the textile and apparel sector, foreign investors in the leather sector have limited engagements with the national leather sector association (ELIA) and, in some cases, are not even aware of the services and benefits the association provides to members. These foreign investors are currently mainly supported by IPDC and EIC. The association should therefore strengthen its engagement with these international investors.

4.3 Regulators

The team interviewed three critical Ethiopian government organizations that regulate trade across the Ethio-Djibouti corridor. Ministry of Trade and Industry, Ethiopian Customs Commission, and National Bank of Ethiopia.

4.3.1 Ethiopian Customs Commission (ECC)

The ECC was recently established in 2018 (separated from the previous Ethiopian Revenues and Customs Authority) with the objectives to:

- Establish a modern customs administration system;
- Collect duties and taxes on goods imported or exported;
- Implement relevant customs laws and international agreements approved and ratified by Ethiopia; and
- Control the import and export of prohibited or restricted goods as well as customs fraud and contraband.

There are three key challenges in the provision of services:

1. **System and internet access.** The Commission is fully dependent on technology for service provision. However, there are challenges in overall system reliability as the Commission's systems face frequent downtimes and interruptions. This has significant impact on ECC's performance as system interruptions halt the Commission's operations and hinder revenue collection.
2. **Internal skills.** Limited staff skills and knowledge leads to misinterpretation of laws and regulations, which causes delays in service provision.
3. **Information access.** The provision of customs services requires information from various institutions such as banks, insurance companies, other government bodies, etc. However, this information is not easily accessible, which causes delays in service provision.

The Commission wants to support the private sector through the associations established to represent and support it. However, most of the associations are not strong in their advocacy efforts – challenges are not organized, properly analysed, and presented in a strategic manner, but rather raised on individual case basis.

4.3.2 National Bank of Ethiopia (NBE)

The NBE was established in 1963 as the central bank of Ethiopia. The bank currently operates according to the new proclamation issued in 1994, which gives it the powers and duties to:

- Regulate the supply of money and credit in the economy as well as applicable interest and other charges;
- Set limits on gold and foreign exchange assets which banks and other financial institutions can hold in deposits;
- Set limits on the net foreign exchange position and on the terms and amount of external indebtedness; and
- Make short- and long-term refinancing facilities available to banks and other financial institutions.

NBE currently plays three roles:

1. Advisory role by regularly producing research and reports;
2. Regulatory role by regulating the performance of the financial sector; and
3. Administrative role by managing the country's forex reserves.

The Bank faces four main challenges in carrying out its roles, especially in the administration of foreign exchange:

- **There is a resource constraint.** While the government and the Bank are aligned on the need to support the private sector, the lack of sufficient forex reserves makes it difficult to allocate the required amount of forex to private sector. Furthermore, there are a number of critical national projects and debt commitments which require significant amounts of forex.
- **Private sector is not properly informed.** Private sector players are not aware of the government proclamations, regulations and directives. There is also a lack of proper understanding and misinterpretation of directives, which causes confusion and challenges in the market.
- **There are frequent changes at NBE.** New directives are introduced frequently, which add to the confusion in the market.
- **The financial sector is highly regulated.** The high regulation of the financial sector limits the flexibility of private sector players.

NBE mainly engages with financial sector players (e.g. MoF, banks, insurance companies, IMF, World Bank). The Bank has limited engagement with implementation partners (e.g. MoTI, EIC) and engagements with these institutions is mainly demand based. Business support organizations (associations) also have not established strong relationship with the bank and could strengthen their advocacy for the private sector.

4.4 Facilitators

The team interviewed logistics, technical, and financial service providers that support the

facilitation of trade across the Ethio-Djibouti corridor.

4.4.1 Ethiopian Shipping and Logistics Service Enterprise (ESLSE)

ESLSE, established by Council of Ministers Regulation Np. 255/2011, is a state-owned enterprise with the mandate to provide sea-transport and logistics services to importers and exporters. ESLSE provides three main services:

1. **Shipping:** ESLSE provides shipping services through three modalities:

- a. NVOCC (Non-Vessel Operating Common Carrier), where ESLSE partners with other ship owners to transport goods through contract agreements. This modality is mainly used to transport containers.
- b. Chartering, where ESLSE rents out ships to transport goods. This modality is mainly used for bulk goods.
- c. Ship owner, where ESLSE uses its own ships to transport goods.

ESLSE transports the majority of Ethiopia's ship cargo. Most government procured goods are shipped by ESLSE as the public procurement directive requires Freight on Board (FOB) terms for public procurement and ESLSE is the sole FOB operator in Ethiopia. Organizations have to obtain a waiver from ESLSE to transport their goods through other means. For exports, buyers nominate the shipping carrier. However, limited exports are transported through ESLSE.

2. **Freight Forwarding:** ESLSE provides inland transportation services.

3. **Port and terminal:** ESLSE provides cargo loading/unloading and warehousing services in inland dry ports. In the operation of ports, ESLSE has partnered with Ethiopian Customs Commission (ECC), Ethiopian Railway Corporation (ERC), Transport Authority, Ethiopian Food and Drug Administration (EFDA), Ministry of Trade and Industry (MoTI), Ethiopian Standards Agency (ESA), Ministry of Agriculture (MoA), and banks to ensure effective port operations.

ESLSE provides a number of benefits to Ethiopian traders:

- consolidates Ethiopian cargo, which gives Ethiopian goods negotiation power when dealing with international carriers such as MERSK.
- gives discount for manufacturing exporters to import intermediate inputs (5% discount from sea freight costs and 25% discount from land transport costs).
- gives trade credit for freight services.
- waives container deposit requirements for exporters and freely delivers empty containers to exporters' location.

ESLSE faces challenges in operations that increase the time and cost of services:

- Extensive **customs documentation** requirement that delays the import/export process. Customs processes are not automated, which makes them inefficient and time consuming. Furthermore, there is lack of integration between Djibouti and Ethiopia customs systems, which results in duplication of compliance requirements.
- Expensive and long **LC procedure** that delays the import/export process.
- Poor **road infrastructure**.

4.4.2 Maersk (Freighters International)

A.P. Moller – Maersk is an integrated container logistics company and member of the A.P Moller Group. The company has a team of over 80,000 members and operates in 130 countries. In Ethiopia, Maersk operates through its exclusive agent, Freighters International (PABOMI).

Freighters International, Maersk's exclusive agent in Ethiopia, provides international freight forwarding services to importers and exporters in Ethiopia. They provide five main services: air cargo transport, sea freight, shipping, trucking, and project cargo traffic.

The company faces three main challenges in the provision of its services along the corridor:

1. Customs regulations in Ethiopia and Djibouti are not conducive to smooth operations across the trade corridor. The customs process is bureaucratic and requires a lot of paperwork that is time consuming and costly to comply with. The customs systems between the two countries (Ethiopia and Djibouti) are not integrated, which has resulted in duplication of steps and documentations required. Furthermore, the operators are not empowered to problem solve and make decisions, which causes additional delays on the process.
2. There is lack of communication and coordination between the different institutions across the trade corridor regarding logistics issues.
3. The transport infrastructure between Ethiopia and Djibouti is in very poor condition.

The logistics association (EFFSAA) has been active in sharing information and collecting feedback on government policies. However, the association needs to strengthen its policy advocacy role to lobby for the adoption of more conducive regulations across the trade corridor, especially on customs.

4.4.3 Bolloré Transport and Logistics Ethiopia

Bolloré Logistics is an international transport and logistic operator with one of the largest integrated logistics network in Africa. Bolloré provides services across seven areas: Multimodal Transport, Trade Compliance, Contract Logistics, Global Supply Chain, Industrial Projects, E-commerce, and Customer Value. The company has a team of over 35,000 employees that operate in 600 offices across 109 countries.

Bolloré's Ethiopian subsidiary officially opened on February 2020 and was established as a partnership between Bolloré Transport & Logistics and CLS Logistics, which has been Bolloré's exclusive agent in Ethiopia since 2008.

Logistics service providers along the Ethio-Djibouti corridor face several challenges in the provision of service such as lack of access to forex, inefficient port services, obstructive customs regulations. EFFSAA could support its members and develop the country's logistics sector by:

- Facilitating partnership with international logistics service providers for local companies
- Advocating for the adoption of conducive government policies and regulations and supporting members in their lobbying with government
- Providing relevant training (e.g. customer service, logistics, international trade)
- Facilitating experience sharing and knowledge transfer with regional countries

4.4.4 Ethiopian Commodity Exchange (ECX)

The Ethiopia Commodity Exchange (ECX) is a marketplace where buyers and sellers come together to trade commodities assured of quality, delivery and payment. ECX was established in 2009 to establish a standard, efficient, and transparent formal market. ECX's mission is "to connect all buyers and sellers in an efficient, reliable, and transparent market by harnessing innovation and technology, and based on continuous learning, fairness, and commitment to excellence". The Exchange's vision is to "transform the Ethiopian economy by becoming a global commodity market of choice".

ECX provides an end-to-end system for handling, grading, and storing commodities; matching offers and bids for commodity transactions; and the payment and delivery of goods to settle transactions. The exchange plays an intermediary role between the primary market, where farm products are aggregated and farm-gate price is discovered, and tertiary market, where commodities are traded internationally. The exchange therefore has an indirect influence on the final price and efficiency of the international trade of the commodities. Furthermore, about 60% of exported agricultural products are traded through ECX, which makes it a key stakeholder.

ECX is a partnership of market actors, exchange members, and the government. The exchange has an 11-member board of directors, six of which are public sector representatives appointed by MoTI and five are private sector representatives from farmers union, suppliers' association, exporters associations, and exchange actors association. In addition to the representation of the private sector on its board, ECX engages the private sector in a formal forum chaired by MoTI which meets quarterly.

ECX regularly engages with associations both formally through its board and informally as needed. ECX consolidates challenges faced by associations and forwards them to the relevant regulatory bodies such as MoTI, MoA, Ethiopian Coffee and Tea Authority, or the Prime Minister's Office. Associations however need to strengthen their training and capability building support to their members – as traders are usually short-term profit oriented and conduct mostly informal trade, which limits their engagement with ECX and the international market.

4.4.5 Ethiopian Conformity Assessment Enterprise (ECAE)

The National Quality Infrastructure in Ethiopia includes four service providers:

1. **Ethiopian Standards Agency (ESA)**, which develops national standards and provides capability building support to private sector players to ensure adherence to standards
2. **ECAE**, which conducts independent conformity assessment on goods and provides testing, inspection and certification services
3. **National Metrology Institute**, which checks the traceability of measurements
4. **National Accreditation Office**, which assesses the competency of conformity assessment bodies

ECAE was established in 2011 as a state-owned enterprise with the mission "to provide internationally accepted and recognized testing, inspection and certification services to exporters, producers, service providers, regulatory bodies, and consumers in an effective, efficient, credible and accessible manner to ensure the availability of quality products and services".

ECAE is currently the main standard conformity assessment service provider in the country and provides three core services:






1. **Laboratory testing** services to determine that products quality features through physical and chemical testing to check if products comply with specific requirements
2. **Inspection** services to check production processes to check if they adhere to specific requirements.
3. **Certification** services to provide a third party license that prove products adhere to specific requirements.

The harmonization of standards, regulation and conformity assessment in the IGAD region is critical for the facilitation of trade in the region. Currently, the conformity assessment of products imported through the Ethio-Djibouti corridor could take a minimum of three weeks. This extended time to assess products adds to the cost of trade across the trade corridor, as the importers have to pay demurrage costs for the time the goods sit at Djibouti corridor while their quality is being assessed. Associations therefore need to be active in advocating for efficient quality assessment process for the import/export of goods.

4.5 Summary

The capacity level of the business support organizations was rated on a scale of 1-4 , where 1 represents a low capacity level (weak) and 4 represents a high capacity level (very strong). The results of the assessment are provided in the table below.

Table 1: Business Support Organizations Capacity Assessment Ratings

Assessment Area	Sub-component	Questions	Associations rating 1 - 4 ¹						
			EHPEA	ECEA	ETGAMA	ELIA	EFFSAA	EPA	NEAA
 Strategic Leadership	Strategic Leadership	Association has a clear vision of what it wants to achieve	3	2	3	3	3	1	3
		Association has an effective formal strategy to support its vision/goal	4		3	2	3	1	2
 Organizational Structure	Governing Structure	Association has a clear and structured governance mechanism	3	2	3	2	3	2	3
	Operating Structure	Association has a clear operating structure	4	2	1	2	2	1	3
 Organizational Infrastructure	Human Resources	Association has the required human resource to efficiently provide its services	4	2	1	1	2	1	1
	Financial Infrastructure	Association has sufficient financial resources to provide core services	3	1	1	1	1	1	2
	Technological Infrastructures	Association has the required technology to support efficient service provision	2	2	2	1	3	1	1
 Organizational Outputs	Products/ Services/ Functions	Association provides Quality services (reliable, timely) at affordable prices	4	2	2	2	2	1	2
	Process	Association's operational process support efficient service provision	4	2	2		2	1	-
		Association experts have adequate problem solving skills to resolve operational bottlenecks in service provision	4	3	-	1	3	2	-
		Association has a robust monitoring and evaluation system in place to ensure the provision of quality services	4	-	-		3	1	-
 Organizational Linkages	Governance	Association has a proper understanding of all regulatory requirements and communicates same with relevant stakeholders	3	4	3	4	3	1	4
	External Linkages	Association has established or pursues adequate external linkages to support service provision	2	3	2	3	3	2	2
	Communication	Association has an effective external and internal communication process	4	2	2	2	3	1	2

¹ Rating of current organization capacity level from 1, low competency level with clear need for support, to 4, high level of competency

The project team categorized the capacity components into three priorities based on the results of the capacity assessment.

- **Priority 1:** Capacity components with an average rating of less than 2 (weak)
- **Priority 2:** Capacity components with an average rating of 2 – 3 (moderate to strong)
- **Priority 3:** Capacity components with an average rating of 3 or above (strong to very strong)

Priority 1 organizational capacity components: capacity areas where the assessed business support organizations have a clear gap. These capacity areas are the focus of the capability building plan covered in Chapter 5. Organizational infrastructure and the corresponding sub-components as well as communication have been identified as priority 1 areas with a clear need for support:

- **Human resources:** Most of the assessed business support organizations are not properly staffed, with employee sizes ranging from 0 – 28. Furthermore, current employees do not have the required knowledge and skills to properly carry out their responsibilities. The lack of sufficient qualified personnel hinders the provision of quality and efficient services to members.
- **Financial resources:** Financial resources are a key constraint for all of the business support organizations. Membership fees are the main, or only, source of income for most of the organizations – which is not sufficient to support operations. Lack of finances is one of the key reasons these support organizations are not able to attract and retain the required skilled personnel.
- **Technological infrastructure:** Almost all of the assessed business support organizations do not use technology tools and platforms to support their operations beyond for communication (emails and chatting platforms) and for disseminating information (via websites and social media platforms).
- **Communications:** Associations disseminate information mainly through their websites, traditional media, and social media platforms. However, most of these communications are irregular, incomprehensible, and do not cover the wider public.

Priority 2 organizational capacity components: capacity areas where assessed organizations have made some progress, but still need to be strengthened to ensure proper support to members. Sub-components under organizational outputs and linkages have been categorized as priority 2 capacity areas.

- **Products and services:** Sectoral associations, in general, give three main support services to their members:
 1. advocate for conducive sector policy and regulation
 2. build the capabilities of members; and
 3. form or facilitate market linkages

A number of organizations are strong in one or several of these areas, with most being active in policy advocacy. However, most organizations do not have the capacity or capabilities to provide quality support services for their members. Marketing (including promotion and market linkages) has been identified as an area that needs to be strengthened.

- **External linkages:** Assessed associations have close working/operational relationships with one or two stakeholder organizations and some have regular structured engagement platforms with a key stakeholder. However, while some are much stronger than others on their stakeholder engagement efforts, none of the assessed associations have a structured

approach to identifying a comprehensive list of all stakeholders relevant to their operations and establishing structured engagement platforms to discuss strategic issues.

Priority 3 organizational capacity components: These are the organizational capacity areas where the assessed organizations are relatively strong or have demonstrated some success on. Strategic leadership and organizational structure have been categorized as priority 3.

- **Strategic leadership:** Almost all associations regularly develop a strategic plan for the association and take inputs/feedback from members and key stakeholders. However, the plans could be further strengthened by adopting a more systematic process to develop a strategic plan, use the plan to guide operations and decisions, and regularly monitor performance against plan and course correct as needed.
- **Organizational structure:** Associations have a governance and operational structure to support effective and efficient operations. However, most do not have the resources to implement the structure.
- **Governance:** Government stakeholders regularly solicit feedback from associations in the development of policies and regulations affecting relevant sectors. Furthermore, most associations are active in advocating for policy and regulation changes to make them more conducive for sector operators. However, information on these policies and regulations is not easily accessible for members and wider sector. Associations could organize all information related to policy and regulation to make it easily accessible to members and interested parties.

5 CAPACITY DEVELOPMENT PLAN

Given that the private sector actors that utilize the Ethio-Djibouti corridor are large in number and diversified, the team is proposing a Training of Trainers (ToT) approach through which the team will provide capability building support to the business support organizations (sectoral associations) that represent the private sector players. Through structured training sessions, the business support organizations will be upskilled and given the required tools to help them serve their members better as well as cascade the acquired knowledge/skills within their associations. Training materials will also be developed based on both previous training courses provided by experts and other institutions (including the WTO, UNCTAD, the World Bank and others) and tailored to the specific training needs of the participants.

The structured training sessions will be mainly focused on addressing technical as well as soft skills required to provide quality and efficient services to association members. Topics covered in these sessions will include the below:






- Strategy and Landscaping Modules
 - Strengths, Weaknesses, Opportunities, and Threats (SWOT) analysis
 - Political, Economic, Social, Technological, Environmental and Legal (PESTEL) analysis
- Performance Management Modules
 - Target Setting
 - Key Performance Indicator (KPI) development
 - Performance monitoring and evaluation
- Marketing and Communication Modules
 - Effective Communication
 - Marketing and Promotion
- Technical Skill Modules
 - Time Management and Work planning
 - Stakeholder mapping and engagement
 - Resource mobilization

The trainings are not intended to be academic, but rather to train participants in practical aspects. The trainings will therefore be delivered through lectures. A training manual will be provided, serving as a main source of learning text and information for trainees as well as a reference so that trainees can come back to the material for future use.

Workbooks and other supporting learning tools will be prepared, containing case studies, downloadable models and data sets, practical examples, problem-solving exercises, topics for discussion and brain-storming sessions, and after-class reading material.

The organizational capacity component areas prioritized for capability building support and recommended topics for support are provided in the table below.

Table 2: Capacity Building Support Plan

Assessment Area	Sub-component	Average Capacity level	Main identified gaps	Recommended topics for capacity development
 Strategic Leadership	Strategic Leadership	2.5	<ul style="list-style-type: none"> Systematically analysing the external and internal environment to identify gaps and opportunities Identifying priorities and performance indicators, and using those to regularly assess performance 	<ul style="list-style-type: none"> SWOT and PESTEL analysis KPI development Performance monitoring and evaluation Target setting
 Organizational Structure	Governing Structure	2.5	<ul style="list-style-type: none"> Having a defined system to review external and internal environment and set organizational direction 	<ul style="list-style-type: none"> SWOT and PESTEL analysis
	Operating Structure	2.2	<ul style="list-style-type: none"> Implementation of operating structure 	N/A
 Organizational Infrastructure	Human Resource	1.7	<ul style="list-style-type: none"> Insufficient number of employees Gaps in knowledge and skills of employees 	<ul style="list-style-type: none"> Effective communication Work planning Resource Mobilization
	Financial Infrastructure	1.5	<ul style="list-style-type: none"> Relying on limited sources of income and not pursuing additional income generating activities 	
	Technological Infrastructures	1.5	<ul style="list-style-type: none"> Limited use of technology to support operations 	
 Organizational Outputs	Products/Services/ Functions	2.2	<ul style="list-style-type: none"> Lack of capacity to provide some of the services Lack of skills and capacity to provide high quality and efficient services 	<ul style="list-style-type: none"> Marketing and promotion
	Process	2.3		
 Organizational Linkages	Governance	3.2	<ul style="list-style-type: none"> Having an organized list of all relevant regulations that is easily accessible for members 	<ul style="list-style-type: none"> Stakeholder engagement Effective communication
	Linkages	2.3	<ul style="list-style-type: none"> Having a structured approach to identifying a comprehensive list of all stakeholders relevant to their operations and establishing a structured engagement platforms to discuss strategic issues 	
	Communications	1.8	<ul style="list-style-type: none"> Communications are irregular, incomprehensible, and do not cover wider public 	

Training Evaluation

The training evaluation will serve a dual purpose. Firstly, it will measure the results of the training on the skill level of training participants. Secondly, it will assess the extent to which the objectives of the Project have been achieved, and adjust the training design and materials prior to roll-out. In practical terms, the evaluation of training modules will be used to:

- Provide feedback on whether the training activity is effective and achieved its aims (relevance of provided professional inputs, relevance of contents, appropriateness of training methodologies);
- Indicate the extent to which trainees apply the knowledge they have acquired;
- Find ways to increase effectiveness of ongoing or future training programs in the field; and
- Demonstrate the added value of training activities.

At the end of each training, participants will be asked to complete assessment forms. These assessment forms will ensure that the immediate effects of the learning exercises can be evaluated in two directions, from the trainers to the participants and among the participants. The purpose of this approach is to promote the performance of the participants by creating a certain competitive environment. The assessment forms will consist of two parts: one with questions about the trainee's perception of the training, and one with substantive questions about the topics covered by the module. The trainers will also give feedback on the performance of the participants.

Assistance in Training Roll-out

Although the roll-out of the training is expected to be done by IGAD (for the policy training) and PACCI (for the training of business organizations), the Project team will remain available to assist in the process.

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ANNEX

Annex A – Capacity Assessment Questionnaire

Assessment Area	Sub-component	Questions	Prompts
General Information		Date of Interview	
		Association Name	
		Year of Establishment	
		Name of Interviewee & Position	
		Number of Staff	
		Location	
		Branch Offices/Bureaus	
		Core Services/Mandate	
Strategic Leadership	Strategic Leadership	Does the association have a clear vision of what it wants to achieve? Does the association have an effective formal or informal strategy to support its vision/goal?	
			Is the association strategy aligned with the national direction/ strategy?
			What data or inputs were used to develop the strategy?
			Does the association collect information on its sector(market) and its role inside the sector or market?
			Does the association regularly conduct assessments to identify core and distinctive competencies that reveal its strengths and weaknesses within its role?
			Is there an ongoing process for scanning the environment to consider potential threats and opportunities? How frequently are these types of exercises undertaken?
			Which internal and external stakeholders were involved in the development of the strategy?
			Is there a process for clarifying and revising the strategy?
			Does the association have the required capacity (financial, human, technology) to support the successful implementation of the strategy?
			Does the strategy have priorities and performance indicators, thus giving the association a way to assess its performance?
			Are the association's current operations aligned with its strategy?
			Is the strategy used to guide decision making?
			Does the association regularly assess its performance against its strategy?
Organizational Structure	Governing Structure	Does the association have a clear and structured governance mechanism ?	Does the governing structure have a clearly defined system to review and set organizational direction?
			Does the governing body have a mechanism to scan the external and internal environment to understand the forces affecting the association and its performance?
			Does the governing structure have the mechanisms to review and assess organizational performance and, if appropriate, create conditions to support change?
			Does the governing structure have a group that reviews safeguards and incentives to ensure that managers do not compromise organizational goals in the interest of their personal goals?
	Operating Structure	Does the association have a clear operating structure ?	Are roles clearly defined?
			Are there clear lines of authority and accountability?
			Are work processes clear and adequately structured?

Assessment Area	Sub-component	Questions	Prompts
			<p>Does the operating structure support an efficient provision of services, specifically trade enabling services? - Are departmental lines or divisions within the association coordinated to improve performance?</p> <p>Are the work groups and units adequate for implementing the organizational strategy and improving performance?</p> <p>Do members/clients have to directly interact with multiple divisions to receive service?</p>
Organizational Infrastructure	Human Resource	Does the association have the required human resource to efficiently provide its services?	<p>How many core employees does the association currently have vs. how many does it need to effectively provide its services?</p> <p>Do the current core employees have the required skills, knowledge and attributes to enable them to effectively carry out their roles?</p> <p>Does the association have a robust human resource planning process? - Does it forecast current and future demands for human resources? Does it link its mission and goals to its human resources planning?</p> <p>Does the association have an efficient recruitment process? - Does it have appropriate job descriptions, competency reviews or equivalents to determine what staffing is needed? Does the association know how and where to identify people with the skills needed to fill its needs? Does the association have an appropriate system for selecting candidates? Are the roles identified and staff recruited aligned to deliver on the organizational goals and targets?</p> <p>Does the association provide capacity development programmes for core employees? - Does it have an robust employee performance management system? Does it have a training and development policy supported by budget and personnel? Is training demand driven (responds to needs in the organization) as opposed to supply driven (responds to whatever is offered on the market or by a donor)?</p> <p>Is the association able to effectively retain key/core personnel? - What is the retention rate among core staff? Is morale in the association generally good?</p>
			<p>Is regular and periodic financial planning undertaken to support performance?</p> <p>Is there adequate budgetary planning? Are budget plans timely?</p> <p>Are comparisons of both actual and planned budgets monitored and analysed for decision-making?</p> <p>Does it have the required skilled personnel to ensure effective financial planning?</p>
			<p>Does the association have any customer facing technology platforms?</p> <p>What technological systems are utilized in the provision of core services?</p> <p>Does the association have adequate technology hardware to support efficient service provision?</p> <p>To what extent does the presence/lack of technological resources affect the association's performance?</p> <p>Is there adequate technological planning? - Does the association regularly assess technology needs? Are technology systems supported by the required financial and human resource for utilization and maintenance?</p>
	Financial Infrastructure	Does the association have sufficient financial resources to provide its core services?	
	Technological Infrastructure	Does the association have the required technology to support efficient service provision?	
	Organizational Outputs	Products/Services/Functions	Does the association provide quality services (reliable, timely) at affordable prices?
			What services does the association provide, specifically to support the efficient flow of goods along the Ethio-Djibouti corridor?
			Who are the direct beneficiaries of these services?
			How long does it take to provide the services?
			How much does it cost to provide the services?
	Process	Do operational process support efficient service provision?	How reliable is the service?
			Are customers satisfied with the quality and timeliness of service delivery?
			What is the external process/steps to provide the service (customer journey)?
			What is the internal process to provide the service?

Assessment Area	Sub-component	Questions	Prompts
			Does the decision making process hinder service provision?
			How centralized (versus decentralized) is decision-making?
			Who are the key decision makers? Do they have the required skills and knowledge to make the right decisions?
		Does the association have adequate problem solving skills to resolve operational bottlenecks in service provision?	What types of challenges/problems arise in the provision of core services?
			Are the problems faced well structured, straightforward and familiar? Or are they new or unusual problems regarding which information is ambiguous or incomplete?
			Is the association able to adequately and timely resolve issues that arise in service provision?
			Are adequate problem-solving skills found within the leadership and operational staff to address operational bottlenecks?
		Does the association have a robust monitoring and evaluation system in place to ensure the provision of quality services?	Are there policies and procedures that guide monitoring and evaluation?
			Are service delivery time monitored to reduce time overruns?
			Is service quality monitored to increase reliability?
			Are budgets reviewed in a timely fashion?
			Are there adequate opportunities to review department/directorate indicators to measure progress against plans?
Organizational Linkages	Governance	Does the association have a proper understanding of all regulatory requirements and does it communicate same with members and relevant stakeholders?	Are clear, comprehensive, and detailed governance directives provided for the sector?
			Are governance directives publicly available and shared within the association as well as with members and other relevant stakeholders?
			Does the association engage with regulatory and government bodies to ensure alignment on all legal and regulatory requirements?
	Linkages	Are adequate external linkages established or pursued to support service provision and to help facilitate the flow of goods along the Ethio-Djibouti corridor?	Does the association form linkages with relevant organizations across the Ethio-Djibouti corridor?
			Do institutional linkages support the facilitation of goods across the Ethiopian-Djibouti corridor?
			Are institutional linkages adequately supported?
			Are adequate external technological linkages established or pursued to support service provision and to help facilitate the flow of goods along the Ethio-Djibouti corridor? - Does the association form
			electronical linkages with relevant organizations across the Ethio-Djibouti corridor?
			Do electronic networks effectively respond to the needs, shared interests and capabilities of the Ethiopian-Djibouti trade corridor?
			Are electronic networks supported technically, financially and with skilled personnel?
	Communication	Does the association have an effective external and internal communication process/system ?	Are electronic networks and technical team supported financially?
			Do electronic linkages afford organizations the privacy and security required for day-to-day transactions?
			Is the association communicating information about its work to external stakeholders, including the general public?
			What are the main vehicles of external communication?
			Do members/clients have easy access to those in the association with whom they must deal? Can they communicate easily with them?
			What are the main vehicles of internal communication?
			What are the top-down and bottom-up channels used within the association for information sharing (flow)?
			Do staff members feel that there is adequate and ongoing communication about the association's activities?

Assessment Area	Sub-component	Questions	Prompts
			If information circulated about activities becomes distorted, are there corrective mechanisms to remedy this?

