

AID-FOR-TRADE: CASE STORY

NIGERIA

STRATEGIC TRADE FACILITATION ACTION PLAN FOR NIGERIA

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EXECUTIVE SUMMARY

The Case Story illustrates the dividend, synergy and Donor programme alignment that could arise from the interplay of local and strategic stakeholder partnership approach with “bottom up”, open, transparent and inclusive process of needs assessment, design and programme development planning.

Despite the huge wealth of human and material resource endowment of Nigeria, the slow pace of trade liberalization has not gathered enough momentum to improve trade performance and reverse the severe deterioration in indicators: 114th out of 189 countries on Trading across Borders; Logistics Performance Index of 2.54 out of 5 (100th out of 155 countries); Global competitiveness index (drop from 99th to 127th out of 133 countries country continues to score badly on most measures of trade facilitation and global competitiveness indices. And her failure to provide adequate and effective leadership to ECOWAS economic integration could lead to the region performing below its potential and denying the non-oil sector the opportunity of broader based quality growth that could contribute to more wealth creation, employment generation and poverty reduction.

The key objective, therefore, is to contrive against the decline, with a robust, pro-active, holistic and integrated strategic trade facilitation action plan, developed jointly between institutional and private sector stakeholders with the involvement of the Development Partners. These must produce much more conducive trade and investment environment and reduce the cost of doing business in Nigeria while building the much needed institutional, technical and organisational capacities where needed.

An inter-ministerial stakeholder partnership based Trade Facilitation Task Force was set up composed of 23 Ministries, Departments and Agencies (MDAs) plus a handful of organised private sector which interacted with the Development Partners.

Besides the stakeholder partnership framework, much of the process was characterised by joint assessment and prioritisation, strategic sequencing of projects and technical assistance, and alignment with medium to long term Donor programme of support; early identification of Co-finance in the budgetary process; joint implementation and a common and co-ordinated approach to monitoring and evaluation.

All these were only possible because of the early injection, by DfID, of rapid and flexible short term consultancy support that helped the initial needs assessment, outreach visits to sea ports, airports, Seme border and the regional transit corridor; development of the action plan; followed by identification of proposals for support and contributing to a wider and longer term framework on which Development Partners can build their medium to longer term programme of support in a much more aligned and co-ordinated fashion.

The short term plan consists of quick wins (sensitization and awareness raising, e-trade portal, validation of Nigerians Custom CEMA Act, that are deliverable in 6 months piloted in Lagos sea ports, airport and Seme border with the Republic of Benin and the Lagos – Abidjan Transit Corridor. The medium to longer term plan have a large portfolio of projects that are properly sequenced to avoid unnecessary duplication

INTRODUCTION

Nigeria is the 3rd fastest growing economy in the world (IMF2010), after China and India, with a growth rate of 7.2% that is set to jump into the double digit growth typical of the Asian tiger economies. This growth is despite the chronic power shortage, financial crisis and global economic meltdown and even the lack of strong contribution from the non-oil export trade regime. Ironically, despite the vast wealth in Oil, Gas and natural mineral resources, vast area of excellent agro-ecological zones. With liberalized sectors such as Telecom and Banking posting triple and double digit growth respectively, the reforms in trade liberalisation have not been strong enough to arrest and reverse the severe deterioration of trade and competitiveness indicators. In 2009, Nigeria ranked 144th out of 189 countries on Trade Across Borders; scored 2.59 out of max of 5 (index), thus ranking 100th out of 155 countries in Logistics Performance Index; dropped from 99th (2009) to 127th (2010) out of 133 countries in Global Competitiveness indicator; very high Corruption Perception Index of 2.7 (121th of 180 countries -2008) and the low Global Enabling Trade Index shows that excessive high cost of trading is adversely affecting trade performance and export competitiveness.

1. ISSUES ADDRESSED.

The case story is about a comprehensive and integrated planning approach that helps in articulating clearer 'demand driven' Aid for Trade process within the framework of the WTO and National Needs Assessment. The programme is synergised with Development Partners Technical Assistance and Support Programme at National and Regional levels.

Additional challenges faced related to:

- Proper engagement of the organized private sector in trade policy formulation, project and programme design, implementation and monitoring.
- Ensuring interaction with development partners in ways that ensure greater DP co-ordination of their activities; better alignment of their resources and development assistance; more harmonization of procedures and practices and in delegated co-operation to enable country programme staff more flexibility; more result oriented programming and ensuring 'country ownership' and effective leadership of the development policies, strategies and actions consistent with the Paris Declaration on Principles of Aid Effectiveness.
- Address "Sufficiency" of Aid for Trade resources through realizing synergy from tighter programming and early identification and release of national budgetary resources for counterpart funding.

2. OBJECTIVES PURSUED.

The generic objectives are to;

- a) Create an inclusive forum (The Task Force) that effectively engages all stakeholders and interact effectively with the development partners
- b) To proactively direct and link wider DP programme of support to short, medium and longer term national action plan in accordance with Paris Declaration and ACCRA Accord on Aid Effectiveness
- c) To ensure more compliance with Nigeria's obligations under the Multi-lateral trading system, deepening of ECOWAS regional economic integration and embrace accelerated trade liberalisation at our own pace.

The specific objectives include;

- To increase the visibility of trade facilitation measures and sensitize stakeholders and the general public.

- To consolidate and publicise existing work on the identification and prioritization of Trade Facilitation bottlenecks in Nigeria, including the Trade Facilitation Needs Assessments.
- To develop over the medium-term, and in close collaboration with the private sector, a comprehensive Trade Facilitation Action Plan that identifies and prioritizes policy intervention.
- To link the Trade Facilitation Action plan to a wider programme for support from the Development Partners, and align it with regional and international best practices.
- To use the Trade Facilitation Action Plan to develop and disseminate measurable performance targets in key areas.
- To monitor the implementation of the Trade Facilitation Action Plan and progress on measurable performance targets.
- To provide a forum for discussion, and as appropriate, formulating recommendations in relation to international negotiations on trade facilitation;
- To help build private sector capacity in Trade Facilitation and logistics

Key Target:

One of the key targets is to ensure that by the end of 2015, over the life of this action plan, Nigeria would improve the ranking from 144th to about 50th (World Bank DBI) and by 2018, to 20th; number of document for export from 10 to 4; time for export reduced from 25 days to 5 days; cost to export reduced from \$1, 179 to \$1, 000 per container; document for import reduced from 9 to 4; total time for import reduced to between 48 hours to 5 days; and cost to import reduced from \$1, 306 to \$1, 000.

3. DESIGN AND IMPLEMENTATION

In accordance with WTO recommendation of the setting up of Trade Facilitation Committees to help with Trade Facilitation, the Honourable Minister of Commerce and Industry constituted Task Force (inter-ministerial) on Trade Facilitation (TFT) which was approved by the Federal Executive Council. In setting up, the Honourable Minister was clear that he wanted “action oriented approach” and results that will be felt by the man on the street and not studies to commission more studies, nor “litany of woes from the biblical book of lamentation”. He wants to confront “real obstacles” standing on the way to opening up trade, bringing more revenue to the country and yielding more economic opportunity and employment to Nigerian people.

The MDAs membership of the Trade Facilitation Task Force includes:

Federal Ministry of Commerce and Industry (FMC&I); Federal Ministry of Finance; National Planning Commission; Federal Ministry of Transport; Nigerian Customs Service (NCS); Nigeria Immigrations Service (NIS); Nigeria Shipper’s Council (NSC); Nigerian Ports Authority (NPA); National Agency for Food, Drug Administration and Control (NAFDAC); Standards Organization of Nigeria (SON); Nigerian Quarantine Service (NQS); Federal Produce Inspection Service (FPIS); Nigerian Export Promotion Council (NEPC); Central Bank of Nigeria (CBN); NEXIM Bank; National Association of Clearing & Forwarding Agent (NAC&FA); Nigeria Police Force (NPF); Federal Airport Authority of Nigeria (FAAN); Federal Road Safety Commission (FRSC); Nigerian Maritime Administration and Safety Agency (NIMASA); Nigeria Export Processing Zones Authority (NEPZA); Raw Material Research & Development Council (RMR&DC); National Office for Technology Acquisition & Promotion (NOTAP); and Council for Regulation of Freight Forwarders (CRFF)

While members of the organized private sector include:- National Association of Chambers of Commerce, Industry, Mines and Agriculture (NACCIMA); Association of Nigerian Exporters (ANE) and Manufacturers Association of Nigeria (MAN).

The Chairman of the Task Force, Mr David Adejuwon, Acting Director of Trade, has shown great vision and tenacity in holding the structure and a highly consultative process and style of leadership.

TFT has an ongoing consultation with other TF initiatives led by Development Partners at the National and ECOWAS regional levels involving Nigerian Customs (World Bank, USAID); Federal Ministry of Transport, ECOWAS and World Bank (Lagos-Abidjan Transit Corridor); Nigerian Customs/FMC&I, World Bank, ECOWAS (Authorized Economic Operators); FMCI, DfID, EU, USAID, GTZ, Japan and World Bank (Trade Policy, Trade Facilitation Task Force); FMCI and World Bank (National e-Trade Portal); FMCI, World Bank, ECOWAS, Afrexim (Okerete Transnational Border Market)

Thus the Trade Facilitation Task Force is the focal point of Trade Facilitation activities and provides a co-ordination role. A TFT Secretariat of smaller co-ordination group of 6; (Federal Ministry of Commerce and Industry; National Planning Commission; Federal Ministry of Finance; Nigerian Customs Service; Nigerian Ports Authority; a representative of Development Partners) is supported by a National Consultant, Dr Ken Ife. The consultant is to strengthen the Funding Action Matrix and build a directory of projects (CRS) to monitor and provide information on the status of the TF projects, among others

DfID sponsored the immediate development of the short, medium and long term Action Plan of the TFT. DfID and EU undertook to support (Design Consultancy, events etc) the first 6 months of short term actions of series of big sensitization and public awareness raising events in ports, borders and transit corridors. Other DPs, GTZ and USAID will join in the second and third quarters of 2011 as well as the main £58m EU Trade Programme for Nigeria.

The revised comprehensive integrated TF Action Plan had to go to the Federal Executive Council for approval and then consolidated into the vision 20:2020 master plan as it makes its way to budgetary expression in the 2011/12 budget round to secure national counterpart funding.

4. OVERVIEW OF THE STRATEGIC ACTION PLAN

A fundamental political injunction from the Minister was to ensure that the Trade Facilitation Action Plan has a strategic ECOWAS regional focus and builds on the regional trade architecture particularly linked to the Lagos – Abidjan Transit Corridor which accounts for over 70% of the regional economic trading activities and which is a recipient of substantial Donor funding (US\$258million from the World Bank; €418million of EU 10th EDF etc)

The Short Term Action Plan (of about 6 months), which drafting was supported by DfID, focused on extensive sensitization, dissemination and awareness campaign in the Lagos Sea ports at Apapa and TinCan Island, Murtala Mohamed International Airport, SEME border with the Rep of Benin(along the ECOWAS Lagos-Abidjan Transit Corridor) More access to information in compliance to WTO were underpinned by World Bank support for the creation of the National e-trade Portal linking the sites of all the trade governance agencies and organised private sector and other stakeholders involved in trade. It also involves key activities along the transit corridor such as mandatory reduction to 3 official check-points, one-stop border/ports agency to support Joint Border Post initiative , setting up of TTF secretariat to facilitate domestic and donor co-ordination and so on.

The Medium to Long Term Action Plan involves cascading the Short term actions in Lagos to other parts of the country and include alignment of medium to long term Development Partners comprehensive programmes of support to trade facilitation.

5. PROBLEMS ENCOUNTERED.

The first problem encountered was inadequate funding and lack of budgetary provision for the task force programme of activities planned for the first 6 months (June '10 to Dec '10). Donor commitment to short term programme support was only agreed in Dec 2010, thus pushing back the programme to Jan 2011, by 3 months.

Consultation with the Development Partners secured short consultancy from DfID to enable support to TFT in sensitization visit to Apapa port, Tin Can Island port, Murtala Mohammed International Airport, Seme Border (Nigeria/ Rep. of Benin) and the Lagos-Seme Transit Corridor and production of short, medium and long term Action Plan.

Drawing up the Action Plan required wider consultation with stakeholders and Development Partners and ECOWAS than expected to capture the Trade Facilitation programmes and input. Also, further visits were made to Okerete border town to look at Trans-Border market initiative at Okerete Border post between Nigeria and Republic of Benin (ECOWAS North-West Transit Corridor). Not many Donors have flexible response to short term project financing as most DP programmes will start mid 2011 and for EU, early 2012.

The issue of Programme and Donor co-ordination required a smaller sub-group rather than in large meetings of 23 MDAs and others. In this respect, a smaller work group of 6 institutions constituted the secretariat supported by the National Consultant. This also included one representative of the Development Partners. It is foreseen that problems of absorptive capacity may arise in the near future when we enter the delivery phase unless the right team are mobilised and technical skills development programme is fast tracked. The problem of counter-part funding has been taken into account.

6. FACTORS FOR SUCCESS

The key factors for success is the integrated partnership approach with the inclusion of most stakeholders and also including the organized private sector and the close interaction with the Development partners which permitted closer alignment of their programme of support.

There is also a bottom-up, open, transparent and inclusive process that facilitates decision making and effective sharing of information.

The third factor of success is that the strategic Action Plan was based on WTO National needs Assessment Framework with due regards to ECOWAS Regional Trade Liberalization Obligations as well as other obligations under the multi-lateral Trade Agreements. Prioritization of those needs were done jointly by stakeholders and Development partners having regards to the needs to develop sustainable trade capacity through building technical institutional and organizational capacities and trade related infrastructure, more dynamic and pro-active trade policy that creates and nurture a conducive investment environment while reducing the cost of doing business. One obvious factor that will be key to success is the higher degree of transparency occasioned by the internet publication, through the National e-trade portal, of rules, procedures, documentation requirements, penalties etc relating to import and export and the hot links to the websites of all the stakeholders of the trade governance community

7. RESULTS ACHIEVED.

The key results are in the setting up of an effective and inclusive TF partnership structure that embedded dialogue between stakeholders and interaction with DPs, nurtured by an open, transparent and inclusive process that resulted in TF Secretariat of sub-group of 6 with a representative of Development Partners and the National Consultant to undertake programme co-ordinations and joint monitoring.

The second relates to the ownership by 23 MDAs of a Strategic Action Plan that is based on WTO National Needs Assessment Framework, responsive to other National and Regional strategic priorities and to which the Development Partners are aligning their programme of support. This no doubt will increase the tempo of compliance and compatibility with WTO, ECOWAS

The profound need to increase transparency and access to trade related information through wider internet publication has been addressed through the World Bank supported National e-Trade Portal – a single point of access to the resources of all the 23 MDAs and other stakeholders. This, combined with the widespread public publicity and sensitisation campaign, is increasing transparency and reducing bribery and corruption in ways that would reduce the cost of doing business in terms of reduction in clearing goods and the transit times of goods.

The successful linkage with the Development Partners have resulted in initially raising over US\$150million commitments from Development Partners.

8. LESSON LEARNED

One of the lessons is the power and value of joint working, the synergy and strategic benefits that flow from holistic, inclusive, integrated and co-ordinated approach to Trade Facilitation Action Planning and Capacity Development.

Group learning and information sharing of the best practices is evident in the conduct of affairs of the Trade Facilitation Task Force, clearly helping build trust in partners and promote better understanding of national priorities. This then allows effective matching of demand to supply of Aid for Trade resources. Communications have proved easier within government ministries, Departments and agencies, as are between Government, the Private Sector and the Development Partners. An inclusive but strong partnership approach, supported by open and transparent process has now laid a solid foundation for developing clear agenda and programme of Action to mainstreaming trade in other areas of development policies such as Agriculture, Promote growth and MDG, Poverty reduction, Banking finance, Health, Education, Creative and cultural industries etc.

9. CONCLUSION

Effective leadership is at the heart of design, development, planning, implementation and monitoring of very complex array of development programmes aimed at tackling multi-dimensional challenges around Trade-facilitation at national, regional and international levels. This is even more challenging considering the range of state and non-state stakeholders involved. The imperatives of strategic fitness to national and regional policy objectives and priorities while delivering obligations under the multi-lateral trading systems requires a high level of co-ordinated action, through stakeholder partnership framework and an bottom-up, open, transparent and inclusive process that engages the development partners in ways that permit closer programme alignment and co-ordination.

ANNEX: Trade Facilitation Action Plan 2010 to 2013.SHORT TERM ACTION PLAN (Jan 2011 – June 2011)

Information & Communications: Sensitization & Public Awareness Campaign, Disseminating & publishing information – targeted seaports, airports & border posts; E-Trade Portal -_Development of the National e-Trade Portal and link to the sites of all trade governance agencies

Resources: Stakeholder Forum Workshops, Capacity Building Activities – TF_stakeholders forum / consultation /feed back; policy dialogue and interaction

Strategic Management Issues : Systems & Procedures: E-Manifest,_Review of Existing Regulations on penalties. Regional Transit & Border Post: Reduction To 3 Check Points On Regional Transit Corridors Agreement . One-Stop Border & Ports Agency- a) Implementation of subsisting rules and Regulation on Transit including ISRT, Revised ISRT, ETLs, CET and Axle Regulation(Weight/Height). b)Provision of alternative power back up at the transit border post. Alternative Dispute Resolution

Mechanism Including implementation of complaints and appeals procedures at the border post. Apapa Ports, Lagos - a) Increase the use of Risk Profiling. Customs to hold single JOINT inspection with authorised agencies at the ports. b) Post release examination of documents to stop forthwith. c) Road worthiness and Road Safety Scheme with Federal Road Safety Commission for lorries entering the ports and transit corridors; d) Fresh Produce handling and conditioning facility/cold storage at the Seaport. Murtala Mohamed Int'l Airport - a) Series of measures at both the Cargo and passenger terminals. b) Fresh Produce handling and conditioning facility/cold storage at the Airport.

Domestic Co-Ordination & Ministerial Briefing: High level Inter-ministerial meeting. b) Briefing for the National Council of Commerce and Industry, c) Meeting of the 37 Directors of Trade in FCT and 36 states. d) Inauguration of the Secretariat with co-ordination sub-group of 6 Ministries, representative of the D.Ps & Consultant.

International Co-operation: a) Update Trade Facilitation Needs Analysis carried out in 2008 on WTO Compliance. b) Set up inventory of Dev. Partners support projects

Trans-National Market.@ Okerete: A consultant to define and assign responsibility to identified stakeholders and undertake a feasibility study and draw up integrated master plan with support of development partners and ECOWAS

MEDIUM TO LONG TERM WORK PROGRAMME FOR TTF (June 2011 to Dec 2013)

Strategic Management Issues:

Carry out Trade Policy Review: Initiate work towards comprehensive Trade Policy Review. Review of Customs CEMA Act.

Commission various Quick Studies/Reviews: 24 Hr Pre-shipment Notification, Customs Modernisation, Trade Policy, Intellectual Property Right, Competition Policy/Law, Customs Time Release Studies, Integrity Study, **Authorised Economic Operator-** Feasibility Studies; **Authorised Economic Operator:** - Pilot & Roll-Out, Integrated Supply Chain Management, Satellite Cargo Tracking; **Common Investment Market & Trade Policy Issues**, **Joint Border Post At Some Border**, National Single Window; **Cross-Border Ict Backbone, Interconnectivity & Roaming, One-Stop Shop Trade Information Centre, National Trade Information Centre, One Stop Border/Ports Agency, Satellite Tracking Of Transit Goods, Monitoring Investment Climate/D.B.I. Indicators; Electronic Trade Hub:** - SME E-Trade Readiness (Trade Hub); **Laboratory At The Port, Pilot Trans-Border Market : North -West Ecowas Transit Corridor** - Develop "Okerete" Trans-Border Regional Pilot Market ; **Unified Customs Policies, Codes & Training**

Sensitization & Public Awareness Programme

Permanent Signs & Posters: Erection of permanent multi-lingual sign posts at border posts, Abidjan – Lagos Transit Corridor and other Transit Corridors, sea ports and Air ports. **Nationwide implementation of communication and sensitization strategies-** Use of Posters, Bill boards, leaflets, electronic media etc Action Oriented Sensitisation /CB Workshop for TTF on key TF issues targeting Kano, Port-Harcourt and also Lagos, Minna, Maiduguri, Enugu

Customs Facilitation - Systems & Procedures: (i) World Bank *Support to NCS's modernization plan* (a) Finance a package of five short studies: i). Increase compliance with Customs procedures, and, ii). Build capacity in risk analysis, rules of origin, fraud and Customs intelligence. (c) Automated internal reporting. -(ii) *Support the establishment of a single window in Lagos port (Apapa and Tin Can Island)*, a) establish a port management system (end-to-end cargo track and trace system); (b) Equipment, services and training to achieve interconnection between the main public sector agencies and port stakeholders in Apapa and Tin Can Island. (iii) *Support information-sharing between Customs administrations along the Abidjan-Lagos corridor for goods in transit (Nigerian part)* : Joint Border Posts (JBP) – provision for: equipment, training on JBP operation, and TA for the development &/or dissemination of procedures manual; will complement the EU-funded Transport Facilitation Project; Purchase of equipment for research, publication and dissemination of customs reviews and analysis. Short courses on NCS security and accredited security agents, accredited clearing agents, customs valuation and documentation

Trade Policy & Reg.Framework. Set Up Independent Regulatory Authority /Ratification Of Port Bill-Ratification of the Port bill in the Nigerian House of Assembly

Resources. Institutional Strengthening & Trade Capacity Development): T.A.Trade Advisors , a)regional integration and multi-lateral trading systems, b) trade policy development and programme management, c)internal research and planning), c) Short courses on international trade policy analysis, economic development analysis, income and poverty analysis, quantitative methods, international trade laws, trade negotiation skills. f) Institutional support to Export Promotion Agency, Investment Promotion Agency, Standards Organisation, Plant Quarantine etc.

Export Trade Capacity Development/ Support Infrastructure: a) Support MSMEs in building sustainable export capacity and quality infrastructure to meet export standards, and conformity assessment around TBT, SPS and NTBs