



**FEDERAL GOVERNMENT OF SOMALIA
THE MINISTRY OF COMMERCE AND INDUSTRY**

TERMS OF REFERENCE

**CONSULTANCY SERVICES TO UNDERTAKE A TRADE FACILITATION STRATEGY FOR
SOMALIA.**

February 2025

1. Background

The Ministry of Commerce and Industries of Somalia is responsible for facilitating trade and improving the competitiveness of the country's businesses through three main categories: policy, legal framework, and management. The Ministry formulates, develops, and implements policies to strengthen commerce, promote domestic industries to promote exports and foreign investment in the country, and enhance the use of advanced technologies for increased productivity. In addition, it oversees the creation and enforcement of relevant investment laws and regulatory frameworks. Furthermore, the Ministry manages and collaborates on the collection, research, and sharing of commerce and industry information to attract investment, while also focusing on capacity development and advancement of skills within the country and ministry staff.

Under the Horn of Africa Initiative, the World Bank is funding the De-Risking, Inclusion and Value Enhancement of Pastoral Economies Project (DRIVE) and the Ministry of Commerce and Industries is one of the project beneficiaries. DRIVE Project aims to protect pastoralists against drought shocks, using a package of financial services including drought insurance, payment, savings, and provision of credit funding, and to connect the pastoralists better to markets by upgrading the livestock value chains and facilitating the regional livestock trade. This project is regional, and Djibouti, Ethiopia, Kenya, and Somalia are the participating countries. The development objective of the Project is to enhance de-risking, financial inclusion, and value addition of pastoral economies in the HoA.

The Ministry of Commerce and Industry of Somalia is tasked with enhancing the country's trade framework to support economic growth, increase market access, and improve export competitiveness. Somalia is committed to implementing a comprehensive National Trade Facilitation Strategy, designed to streamline trade processes, reduce barriers, and foster regional and global trade integration. This strategy will serve as the primary roadmap for trade facilitation in Somalia, aligning with global best practices and the World Trade Organization's (WTO) Trade Facilitation Agreement.

Somalia's National Trade Facilitation Strategy faces several unique challenges:

Infrastructure Deficits: Limited access to reliable infrastructure, such as electricity, clean water, and transportation networks, hampers efficient trade operations and increases logistical costs. Addressing these gaps is essential for effective trade facilitation.

Weak Legal and Regulatory Frameworks: Existing legal and regulatory structures are underdeveloped, making it challenging to streamline customs, improve investment protection, and enforce trade policies effectively. Reforms in these areas are critical for a more supportive trade environment.

Institutional Capacity Constraints: Limited capacity within trade-related institutions affects their ability to effectively implement and manage trade facilitation measures. Building institutional capacity is essential to sustain improvements in trade operations and policy enforcement.

Customs and Border Management Challenges: Inefficiencies in customs procedures, lack of automation, and limited interagency coordination at borders delay trade processes and reduce competitiveness. Simplifying and digitizing customs operations are key areas for improvement.

Security and Stability Issues: Ongoing security challenges require a phased and managed approach to trade facilitation. Initial efforts must focus on stable regions with supportive local governance, while ensuring measures are in place to safeguard trade infrastructure and personnel.

Limited Access to Financial Services: Restrictions in access to financing and trade credit pose a barrier for businesses, particularly small and medium enterprises (SMEs), in participating fully in trade. Expanding financial services and trade finance options is vital for supporting trade growth.

Dependence on Traditional Trade Practices: A high reliance on traditional trade practices and limited digital infrastructure reduces the efficiency of trade processes. Transitioning to modern trade practices and digital solutions will be essential for aligning with international standards.

By addressing these challenges, Somalia's National Trade Facilitation Strategy can improve trade efficiency, reduce barriers, and enhance integration into regional and global markets.

2. Objectives of National Trade Facilitation Strategy

The primary objective of the National Trade Facilitation Strategy for Somalia is to establish a comprehensive framework that integrates modern trade facilitation measures, streamlines policies, and fosters a business-friendly environment. This strategy will serve as the cornerstone for Somalia's trade development, equipping the country to efficiently manage and promote trade activities while ensuring alignment with international standards and best practices. **The strategy seeks to enhance access to both regional and international markets for goods and services.**

1. **Establish a Comprehensive Trade Framework:** Design a strategic framework that provides clear, coordinated guidance on trade facilitation practices and policy implementation, serving as the primary roadmap for Somalia's trade development. This strategy will be designed to assist the FGS in implementing national trade facilitation reforms including reduction in administrative barriers, exercise documentation, complex border procedures and inefficient regulations.
2. Ensure the implementation of trade facilitation agreements as part of the EAC, HOA, AcFTA, and the WTO Trade Facilitation Agreement.
3. **Integrate Modern Trade Facilitation Measures:** Introduce globally recognized trade facilitation measures—such as automated customs systems, streamlined border processes, and efficient logistics management—to reduce delays, minimize costs, and enhance trade efficiency.
4. **Simplify and Harmonize Trade Policies:** Revise and consolidate trade-related policies, ensuring they are transparent, accessible, and business-friendly. This includes aligning domestic policies with international agreements to create a more predictable and investor-friendly trading environment.

5. **Promote a Business- and Export-Friendly Environment:** Develop policies that support local and international businesses by reducing administrative burdens and regulatory barriers, thereby enhancing Somalia's competitiveness in regional and global markets.
6. **Build Institutional Capacity and Stakeholder Engagement:** Strengthen the capacity of relevant government agencies Ministry of Commerce in particular and private sector stakeholders to effectively implement and monitor trade facilitation measures, fostering collaboration across sectors.
7. **Ensure Alignment with International Standards and Best Practices:** Benchmark against global trade facilitation standards, such as those outlined by the World Trade Organization (WTO) and World Customs Organization (WCO), to enhance Somalia's integration into the global trade system and boost compliance with international trade norms.
8. **Support Sustainable Economic Growth and Market Access:** Facilitate increased exports and improved access to international markets for Somali goods and services, contributing to sustainable economic growth, job creation, and poverty reduction across the country.
9. Facilitate Intergovernmental institutions collaboration and ensure coordination on the implementation of trade facilitation measures including customs, Somalia Bureau of Standards on conformity assessments, MLFR on phytosanitary controls, animal quarantine, food safety, animal health.

3. Scope of the Assignment

The development of Somalia's National Trade Facilitation Strategy involves a comprehensive approach to streamline trade processes, improve efficiency, and enhance competitiveness in alignment with international standards. The consultant(s) will undertake the following activities to ensure a robust, efficient, and sustainable framework that fosters trade-driven economic growth and aligns with international standards.

1. Assessment of Existing Trade Facilitation Framework and Practices

- a) Conduct a detailed review of Somalia's current trade policies, regulations, customs procedures, and administrative processes impacting trade facilitation.
- b) Analyze the roles and responsibilities of key institutions involved in trade facilitation, identifying gaps, overlaps, and areas for improvement.
- c) Benchmark Somalia's trade facilitation environment against international best practices and standards, including WTO Trade Facilitation Agreement (TFA) commitments and World Customs Organization (WCO) guidelines.
- d) Undertake a gap analysis on trade facilitation including WTO TFA Gap assessments, customs procedures, border procedures
- e) Describe the strengths and weaknesses of the trade facilitation regime for Somalia both at regional and national levels.

2. Stakeholder Consultations and Needs Assessment

- a) The initial assessment should be as comprehensive as possible and aimed at gathering detailed information on the needs and priorities of all major stakeholders in trade facilitation, typically through a series of national surveys, interviews, and consultations.

- b) Engage with government stakeholders, including customs authorities, the Ministry of Commerce, port and border authorities, and the Ministry of Finance, to understand existing challenges and gather input.
- c) Consult with private sector stakeholders, including importers, exporters, transporters, and trade associations, to identify pain points and expectations for streamlined trade processes.
- d) Conduct a needs assessment to identify training and capacity-building requirements for stakeholders to effectively implement trade facilitation measures.

3. Development of Trade Facilitation Measures

- a) Design specific trade facilitation measures tailored to Somalia's context, including:
 - a) Customs Process Simplification: Develop protocols for faster customs clearance, risk-based inspections, and duty exemptions for qualifying goods.
 - b) National Single Window System: Create an implementation roadmap for a single window system to streamline trade documentation, reduce duplication, and centralize trade procedures.
 - c) Digitalization of Trade Processes: Recommend technology solutions for the digital processing of trade documents and electronic data exchange between agencies.
 - d) Measures to make trade facilitation accessible to small scale cross-border traders, STR, and gender responsive.
 - e) Integration of Risk Management with Border Management. Modern border compliance management approach encourages administrations to focus on high-risks threats and ensure minimal intervention in low-risks operations; to focus on both noncompliant and compliant operators, offering clear benefits for compliers; to gradually replace physical inspections at borders by management of data and information and prior arrival and post clearance audits and controls
- b. Propose strategies to reduce non-tariff barriers, enhance logistics infrastructure, and improve the efficiency of port and border operations.

4. Policy and Regulatory Recommendations

- a) Review and recommend adjustments to existing trade policies to align them with international standards and enhance trade facilitation.
- b) Propose regulatory reforms that reduce administrative burdens, eliminate redundant procedures, and simplify licensing and permitting processes.
- c) Draft a phased policy implementation plan to integrate these recommended regulatory reforms over the short, medium, and long term.

The report should include trade facilitation and border management reforms initiatives including regulatory and procedural harmonization in line with international standards, automation of key procedures, adoption of modern compliance management techniques based on intelligence and risk management, complementing transactional controls at borders with audit-based monitoring schemes of operators, and increased transparency and institutional reform of Customs and other cross-border regulatory agencies.

5. Institutional Strengthening and Capacity Building

- a) Develop a capacity-building plan for relevant government institutions, focusing on skills development in areas such as customs management, data analysis, and trade compliance.

- b) Design training programs and materials to support the adoption and ongoing management of new trade facilitation systems and policies.
- c) Recommend frameworks for inter-agency coordination and information-sharing mechanisms to support collaborative trade management.

6. Trade Facilitation Strategy Drafting and Validation

- a) Prepare a draft National Trade Facilitation Strategy, incorporating all findings, analyses, and proposed measures.
- b) Ensure that the draft strategy aligns with international best practices, Somalia's trade policy objectives, and stakeholder feedback.
- c) Present the draft strategy to key stakeholders for validation, incorporating their feedback to ensure broad support and relevance.

7. Implementation Roadmap and Monitoring Framework

- a) Develop a detailed roadmap for the implementation of the National Trade Facilitation Strategy, including timelines, key milestones, and responsible agencies.
- b) Outline a monitoring and evaluation framework with specific performance indicators to track progress and ensure continuous improvement.
- c) Recommend mechanisms for regular reporting, stakeholder engagement, and adaptive management of the strategy to respond to evolving trade needs.

4. Lessons Learned and Best Practices

1. Global Best Practices and Lessons Learned

- a) **Identify Successful Models:** Study trade facilitation models from developing or post-conflict economies (e.g., Rwanda, Kenya, Bangladesh) to understand how they overcame challenges like infrastructure deficits and complex regulations. Align Somalia's strategy with international standards from the WTO and WCO and incorporate relevant lessons from African countries with similar contexts.
- b) **Learn from Challenges:** Examine common pitfalls in trade facilitation reforms—such as poor infrastructure, regulatory complexity, and coordination issues—and assess cases of implementation failures. Ensure Somalia avoids these mistakes by addressing key obstacles like stakeholder engagement, funding, and institutional capacity, while focusing on long-term sustainability through continuous capacity building and financing.

2. Incorporating Innovation and Technology

- a) **Leverage Digital Solutions:** Adopt technologies like electronic single windows, automated customs processes and custom systems, and data-driven risk management systems, which have proven effective in improving trade efficiency in countries such as Singapore and Thailand. This will help streamline Somalia's customs and trade procedures, reduce bottlenecks, and enhance transparency.
- b) **Apply Technology for Data Insights:** Use data analytics to improve customs inspections, reduce delays, and optimize resource allocation, taking inspiration from countries with advanced trade facilitation technologies.

3. Stakeholder Engagement and Institutional Strengthening

- a) **Promote Collaboration:** Engage government agencies, the private sector, and trade associations to ensure shared ownership of trade facilitation reforms. This will help align all parties with the goal of improving trade efficiency, taking inspiration from successful partnerships in countries like Mauritius and Senegal.
- b) **Focus on Capacity Building:** Establish strong institutional capacity-building programs, focusing on training and knowledge transfer to ensure long-term sustainability. Learn from countries with similar capacity-building efforts, such as Uganda and Tanzania, to develop continuous training and leadership programs for Somali institutions involved in trade facilitation.

3.10 Recommendations and Implementation Roadmap

I. Key Findings and Recommendations:

- a. Synthesize all findings from the various components of the study and present clear, actionable recommendations for national trade facilitation strategy for Somalia.
- b. Provide specific recommendations on sector prioritization, legal and regulatory framework, infrastructure, financing mechanisms, environmental and social safeguards, risk mitigation, stakeholder engagement, and capacity building.

II. Phased Implementation Roadmap:

- a. Develop a detailed and phased implementation roadmap outlining the sequence, timelines, and key milestones for national trade facilitation strategy.
- b. Proposed phased implementation strategy for national trade facilitation strategy.
- c. Overall, Road Map for Operationalization of national trade facilitation strategy Scheme.
- d. Identify priority actions required in each phase to ensure efficient and effective strategy execution.

III. Monitoring and Evaluation Framework:

- a. Propose a comprehensive monitoring and evaluation framework to track trade facilitation strategy performance, measure progress against objectives, and facilitate adaptive management.
- b. Define key performance indicators (KPIs), data collection methods, reporting mechanisms, and evaluation protocols to ensure accountability and continuous improvement.

5. Deliverables and Timeline for NTFS Development (5 Months)

No.	Deliverable Title	Details	Timeline (Weeks from Contract Signature)
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1	Inception Report	Outlines the finalized methodology, work plan, and timeline for the study based on initial consultations and research. It will clarify the study's objectives, key stakeholders, data collection methods, and analytical tools to be used.	2
2	Desk Study Report	A comprehensive review of existing literature, data, and resources related to Somalia's trade ecosystem, and legal framework and recommended structure for trade facilitation strategy. Draft document for a dedicated trade facilitation based on international best practices and tailored to Somalia's context.	8
3	Gap analysis, needs assessment and Field Research Findings	Detailed findings from the needs assessment, gap analysis, field research, including outcomes of site visits, interviews, and surveys with stakeholders to identify the trade facilitation actions needed.	11
4	Consultation Meeting	Hold a consultation meeting with key stakeholders both from public and private to share key findings and incorporate with the first draft of the document.	12
5	Draft National Trade Facilitation Strategy	Present the draft strategy document to the client for feedback, ensuring that the findings and recommendations accurately reflect the needs and expectations of all parties involved	15
6	Stakeholder Validation	Present the draft national trade facilitation strategy to stakeholders for feedback and validation	17
7	Final National Trade Facilitation Strategy	Incorporates stakeholder feedback on the Draft Strategy, providing finalized recommendations for National Trade Facilitation Strategy. The Executive Summary provides a high-level overview of findings, recommendations, and next steps. Road	20

6. Ideal Firm(s) Profile and Key Experts

To successfully undertake the development of Somalia's National Trade Facilitation Strategy, the consulting firm must possess a robust profile with demonstrated expertise in trade facilitation, policy development, and capacity building, particularly in contexts similar to Somalia's. This section outlines the required qualifications, experience, and capabilities of the consulting firm and its proposed team.

6.1. Firm Profile

Core Business and Expertise:

- **Specialization in Trade Facilitation and Policy Development:** The firm should specialize in international trade consulting, with a strong focus on trade facilitation, customs modernization, and trade policy reform.
- **Experience with International Trade Agreements:** Demonstrated expertise in aligning national trade frameworks with international standards, including the World Trade Organization (WTO) Trade Facilitation Agreement (TFA) and World Customs Organization (WCO) guidelines.
- **Capacity Building and Institutional Strengthening:** Proven experience in developing and delivering capacity-building programs for government institutions and private sector stakeholders involved in trade.

Years in Operation:

- The firm should have a minimum of **10 years** of experience in providing consultancy services related to trade facilitation, international trade policy, and economic development.

Relevant Experience:

- **Similar Assignments:** Successfully completed at least **three (3)** similar assignments in the last **seven (7)** years, preferably in developing countries or post-conflict environments comparable to Somalia.
- **Regional Experience:** Experience working in the Horn of Africa or similar contexts, with a deep understanding of the regional trade dynamics, challenges, and opportunities.
- **Government and Stakeholder Engagement:** Proven track record of working with government ministries, customs authorities, and private sector stakeholders to develop and implement trade facilitation strategies

6.2. Key Expert Profiles for National Trade Facilitation Strategy

The team would be expected to collaborate closely throughout the NTFS development process. The Trade Facilitation Expert (Team Lead) would guide the overall strategy development, ensuring the coordination of each expert's inputs. The Economist would focus on the economic impact and feasibility of the trade facilitation measures, while the Legal Expert would ensure alignment with national and international legal frameworks. The Stakeholder Engagement Expert would lead efforts to gather input from all relevant parties, ensuring the strategy reflects the needs and perspectives of all stakeholders.

1. Trade Facilitation Expert (Team Lead)

Qualifications:

- Advanced degree in International Trade, Economics, Business Administration, or related fields.
- Certification in Trade Facilitation or related programs (e.g., WTO Trade Facilitation Agreement, World Customs Organization programs).

Experience:

- Minimum 15 years of experience in trade facilitation, international trade policy, customs operations, and logistics.
- Proven experience in leading teams for strategy development, with a focus on trade facilitation reforms, capacity building, and cross-border trade improvements.
- Experience in developing national-level trade facilitation strategies in developing or fragile economies.
- Familiarity with global standards and best practices (WTO, WCO, etc.) in trade facilitation.
- Strong understanding of the complexities and challenges faced by developing nations in implementing trade facilitation reforms.

2. Economist

Qualifications:

- Minimum master's in economics, International Trade, or Development Economics.
- Strong background in econometrics, market analysis, and policy evaluation.
- Familiarity with economic modeling and impact assessments.

Experience:

- At least 10 years of experience in conducting market analyses, economic feasibility studies, and cost-benefit analyses related to trade, infrastructure, or public policy.
- Experience in analyzing the economic impact of trade facilitation reforms on national economies, with an emphasis on developing countries like Somalia.
- Knowledge of trade policy, trade agreements, and regional economic integration.
- Expertise in evaluating economic climates, investment potential, and sectoral trade opportunities.

3. Legal Expert

Qualifications:

- Law degree (LLB, LLM, or equivalent), with a focus on international trade law, customs law, or regulatory frameworks.
- Certification in trade law or related programs (e.g., WTO Trade Facilitation Agreement) is advantage.

Experience:

- Minimum 10 years of experience in legal aspects of international trade, customs regulations, and trade facilitation reforms.
- Experience drafting or reviewing legal frameworks for trade, including national regulations on customs procedures, trade agreements, and border management.
- Expertise in aligning national trade policies with international standards and agreements (WTO, WCO, regional agreements).
- Proven experience in advising governments or trade bodies on legal aspects of trade facilitation strategy development.

4. Stakeholder Engagement Expert

Qualifications:

- Degree in Public Administration, Political Science, International Relations, or a related field.
- Certification or training in stakeholder engagement, public consultation processes, or participatory governance.

Experience:

- At least 7 years of experience in stakeholder engagement, public-private partnerships, and consultation processes for policy development.
- Proven experience in managing multi-stakeholder consultations, particularly involving government entities, private sector, civil society, and trade associations.
- Experience with engaging hard-to-reach or marginalized groups and ensuring their participation in trade and economic development projects.
- Strong communication and negotiation skills, with the ability to build consensus among diverse stakeholder groups.

Reporting Arrangements

The selected consultancy firm(s) will operate under the direct supervision of the Director General of the Ministry of Commerce and Industry. Regular reporting is essential for maintaining transparency and alignment with the project's objectives. The firm is required to provide bi-weekly progress reports, highlighting achievements, challenges, and any critical issues needing attention. Coordination with the Project Implementation Unit (PIU) of the DRIVE project and the World Bank is essential, while ensuring inputs from relevant ministries and agencies are integrated.

7. Payment Schedule

NO	Deliverable Acceptable to the Client	Payment proportion
1	Inception Report	10%
2	Draft National Trade Facilitation Strategy	25%
3	Validation Workshop	15%
4	Final Draft National Trade Facilitation Strategy	50%