

*A report presented as part of data collection
for diagnostic component of national logistics
master plan*

Business Process Analysis Report

Part V of comprehensive report on data
collection for diagnostics component of
national logistics master plan

To: DT Global

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Section one: overview

By considering the potential of logistics master plan qualitative data is captured using key informant interview from key players in the international trade. The purpose of this report is to summarize the KII views and show the visual diagram of the business process analysis (BPA) component of the diagnostic study of the logistics master plan. To create the BPA desk review and key informant interview techniques are used as a data source. It involved a review of the existing logistics ecosystem system, international trade processes, customs procedures, and cross-border transportation. Two FGDS were conducted with key stakeholders from Ethiopian Shipping and Logistics Enterprise and Ethiopian Customs Commission. The FGD was followed by detailed interview covering business process of import/export procedures, business process at Djibouti port, bottleneck in the logistics sector. Out of such exercise emerged list of bottlenecks offered by ESLSE and ECC FGD participants and BPA diagrams for the various categories of cargos.

1.1. List of bottlenecks outlined by Ethiopian Shipping and Logistics Service Enterprise participants

ESLSE team reflection can be summarized into the following four categories.

- There is mismatch of working hours between the two countries linking the Ethio-Djibouti corridor, Ethiopia and Djibouti. There is no work at Djibouti from Thursday afternoon to Sunday. As a result, it is difficult to contact clearing agents in Djibouti on those days, resulting in multifaceted bottlenecks. Besides, system interruptions on top of lack of working hour synchronization between the two countries, there has been frequent bottleneck at Ethio-Djibouti corridors.
- The inspection process in custom sites is tedious and requires manually produced documents to pass the checkpoints.
- Infrastructure: There is a high system down time due to telecommunications and power outages that affects international trade facilitation and cross-border transportation. Due to disruption on Customs digital systems exporters are more vulnerable to demurrages and logistical damages.
- Lack of system interoperability: There are various stakeholders in the sector that use their respective digital platform while there is apparent need for efficient data exchange and synchronized working systems among key actors.

1.2. List of bottlenecks outlined by Ethiopian Customs Commission Transit Team

The ECC team's reflection on bottlenecks can be summarized by following four points:

- Lack of interoperability among different system used by the partners is a major obstacle to ensure seamless trade logistics in the nation. The key informants recommended due to the rapid development of data accumulation systems should be able to communicate seamlessly.
- Inconsistent system support service: System down time is commented as a major challenge.
- Resistance to changes: There is limited awareness about the value of international trade, logistics, technology adoption that goes as far as policy makers.
- Capacity building: there is no continuous capacity building and certification program arranged for logistics service providers that operate in international trade.

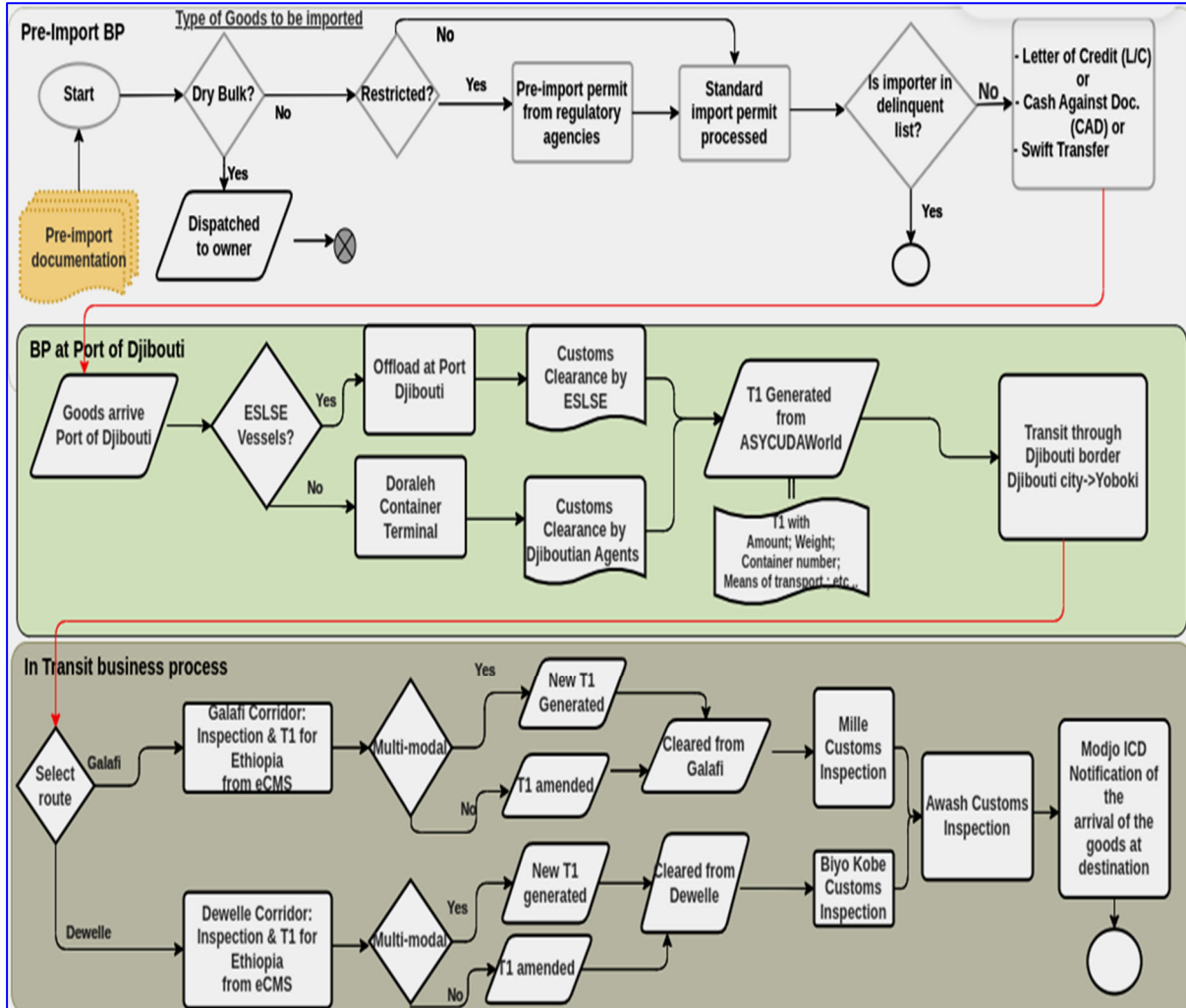
Section two: Business Process Analysis (BPA)

The Business Process Analysis covered import and export process through Ethiopia's main corridors, Djibouti ports, via road for dry bulk cargo and international container cargo, and via railway for import cargo. It also covered selected key export and import commodities such as coffee, live animal, meat and meat products, and fertilizer as well as agricultural inputs.

2.1. Business Process Analysis for container cargo and dry bulk cargo via road

BPA for road transport for international container cargo and dry bulk cargo covers (wheat, fertilizer, coal, building steel (rebar)) three core process, pre-import, port service process, and in-country transit process. The pre-import process starts with documentation and ends with issuance of international payment options. Here, experts indicate that getting regulatory pre-import permit is main bottleneck for restricted goods while issuance of letter of credit is a bottleneck for both restricted and unrestricted commodities regardless as well as private and public organizations. The Djibouti port service process runs from goods arrival to transit through border via Yakobi city. Here, both offloading and customs clearance are considered the main practical bottlenecks. Finally, in-transit process starts from border pass from Dewelle or Galafi to Modjo dry port for container cargos and fertilizer and final destination for dry bulk cargo. Here, the main bottlenecks are considered at customs check points of Awash, Mille, and Biyo Kobe.

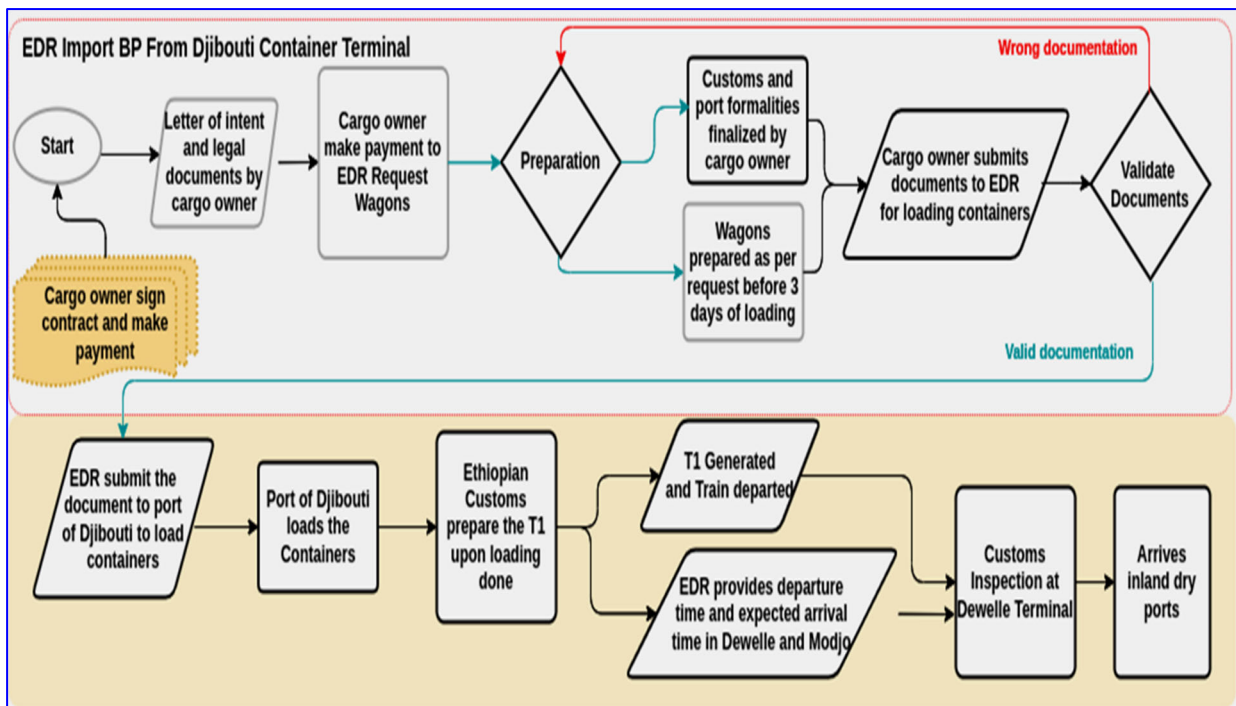
Figure 1: BPA Diagrams for imports by road through Djibouti ports and Dewele/Galafi border post to Modjo ICD and to selected destinations in Ethiopia.



2.2. Business Process Analysis for imports via railway through Ethio Djibouti Railway (EDR)

BPA for import via railway transport for international container cargo covers two core processes, document validation and issuance of order. The document validation process is carried between cargo owner and the Ethio Djibouti railway starting from contract to document validation. Passing through customs formalities is considered the main bottleneck of this process for cargo owners. The issuance of order is the next core process that occurs between EDR and Djibouti port. Here, loading at Djibouti port is considered a major bottleneck. The following BPA diagram depicts the detail.

Figure 2: BPA Diagram for imports by rail through Djibouti ports and Dewele border post to Modjo ICD for containers



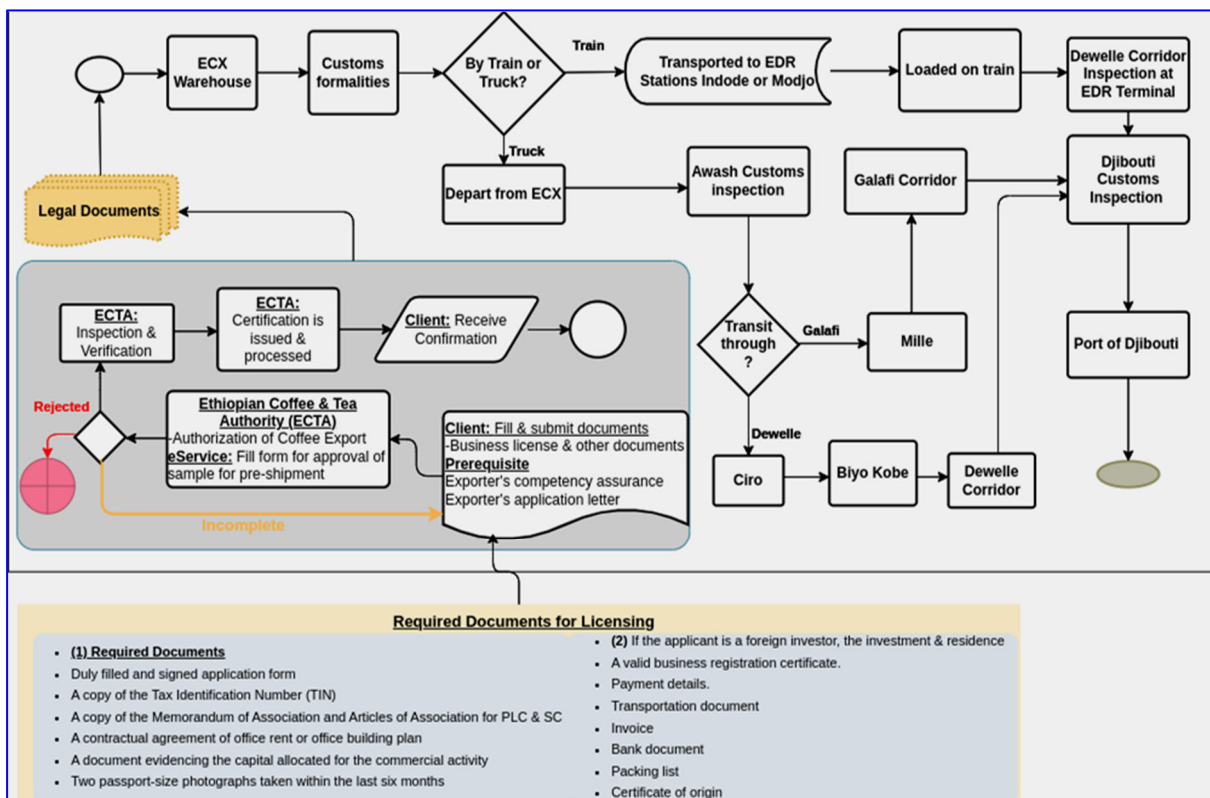
2.3. Business process analysis for selected export/import commodities

2.3.1. Business Process Analysis for coffee and related commodities (Sesame, pulse) export

BPA for coffee and related commodities such as sesame and pulse represents two distinct processes: issuance of legal document and physical transport through the main Djibouti corridor. The document process happens between the client and respective sectoral regulatory authority who makes accept, reject, and return decisions. However, the regulatory authority differs, the process for export commodities such as coffee, sesame,

pulses is similar, both for documentation process and transport, owing to the fact that all goes to EXC warehouse. The second process is warehousing and transport through possible routes to main corridors of Djibouti port via road or railway depending of the location of production regions, southern for coffee and northern for oilseeds. The main bottleneck in the documentation lies on regulator’s approval of sample while the physical transport bottlenecks are mainly manifestations of the overall country logistics challenges on customs, road/railway infrastructure, fleeting, warehousing, and missing linkages among facilities and key transport nodes. The following diagram depicts the details illustratively for coffee export.

Figure 3: BPA Diagrams for exports of Coffee from Ethiopia

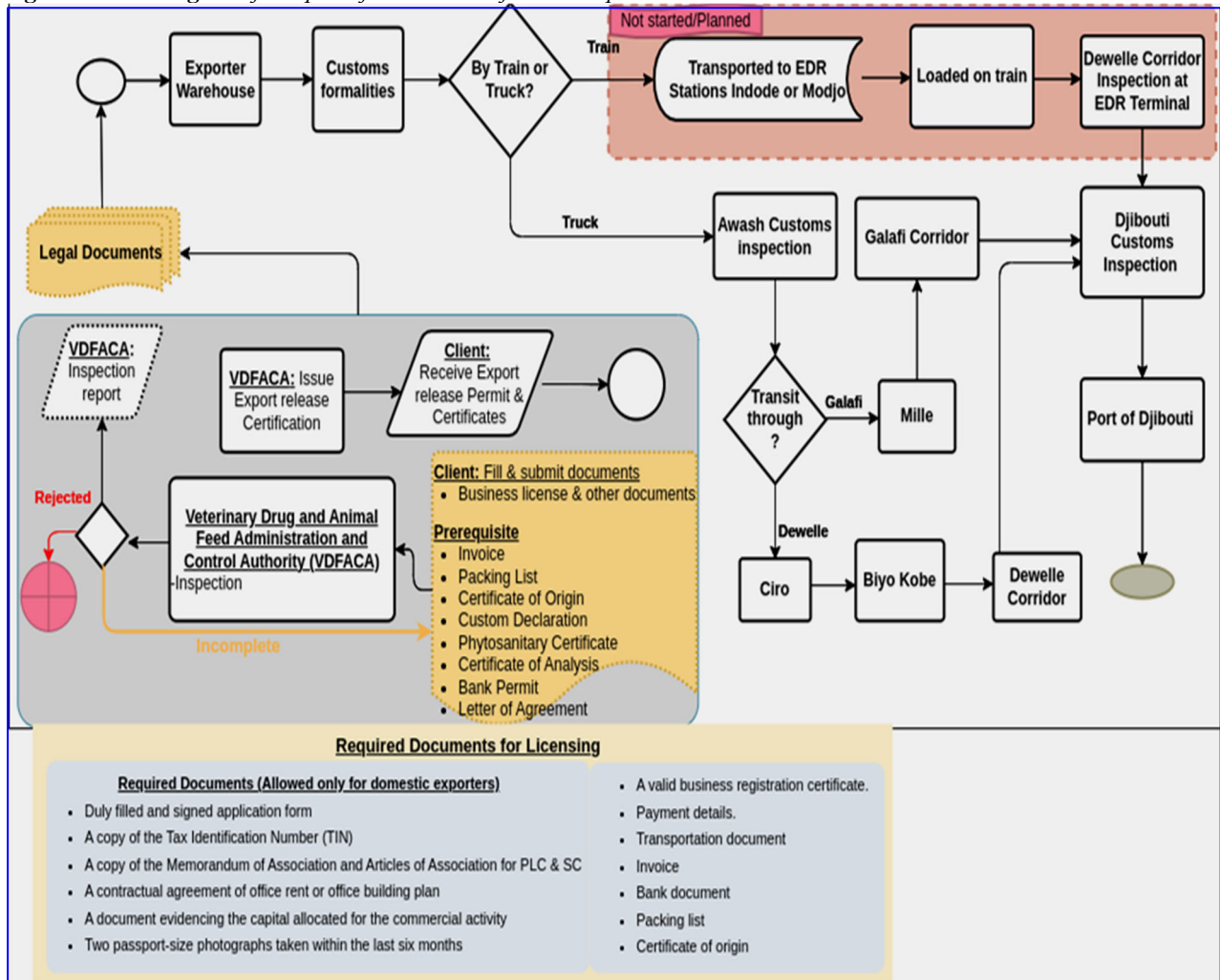


2.3.2. Business Process Analysis for perishables (fruits and vegetables) export

Export of live animals like other export commodities pass through documentation and physical transport process. However, the type and number of documentations required and the regulatory body vary. More supplemental documents are required for live animal export to gain approval by Veterinary Drug and Animal Feed Administration Control Authority (VDFACA) and the get way to physical transport is exporter warehouse. The

inspection process is often cited as the main bottleneck of documentation while overall national logistics problems are reflected in the second stage, the missing link among transport nodes and poor-quality warehouse and vehicles are considered the most pressing ones. The following diagram depicts the details for live animal export.

Figure 4: BPA Diagrams for export of live Animals from Ethiopia

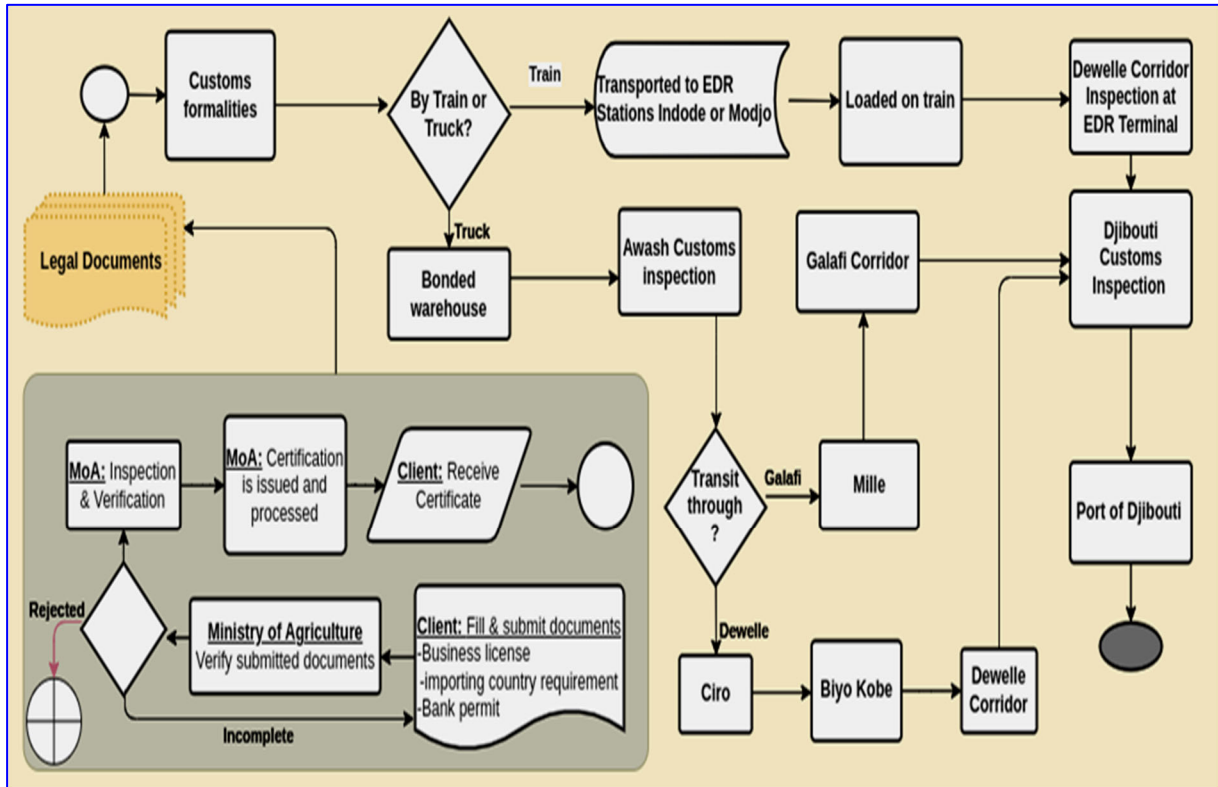


2.3.3. Business Process Analysis for perishables (fruits and vegetables) export

Although export of fruits and vegetables pass through the two export core processes of documentation and physical transport, it has its unique features. Relatively fewer number of documents than those for other major export agricultural commodities is required, Ministry of Agriculture is the focal regulator, and customs is the gateway to physical transport process. Here overall lack of cold chain associated with vehicles, warehouses, and related facilities, lack of consolidation centers, and lack of

synchronized temperature control technology are often cited as main bottlenecks. The following diagram depicts the details fruits and vegetable export.

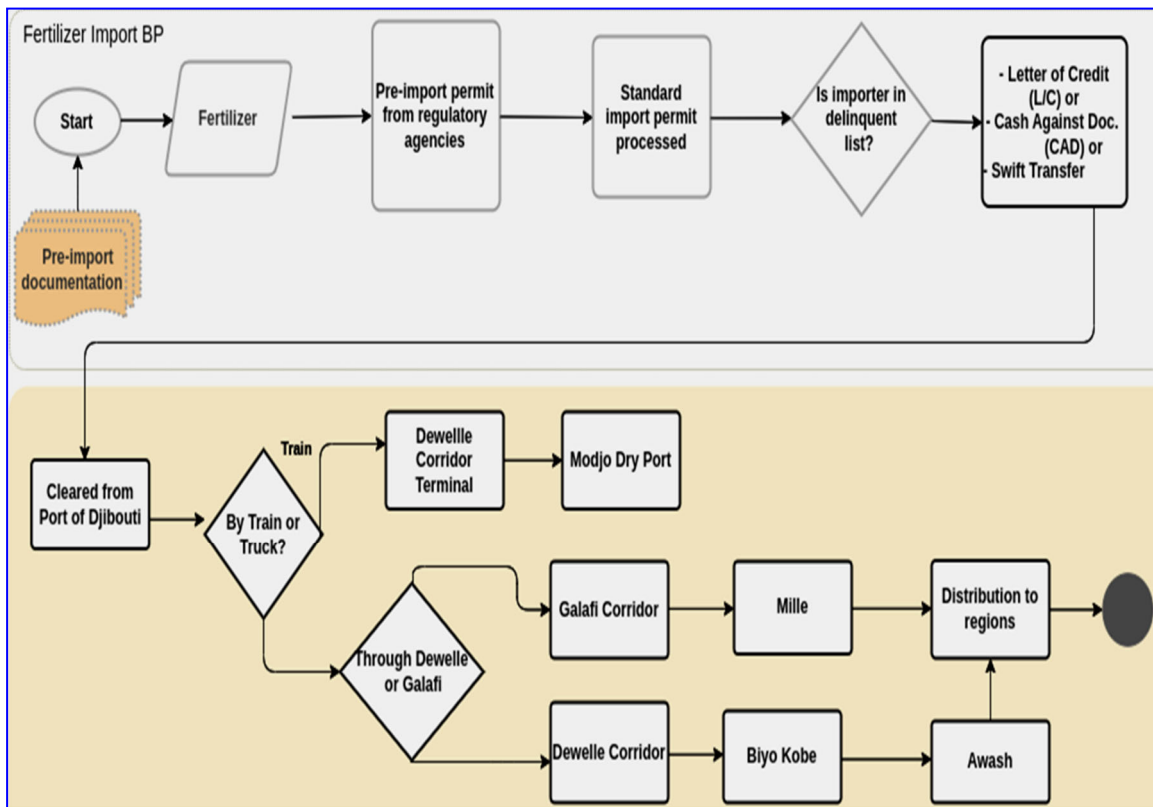
Figure 5: BPA Diagrams for fruits and vegetables Export from Ethiopia



2.3.4. Business Process Analysis for fertilizer import

The fertilizer importation process in the international trade ecosystem typically involves the following core steps: pre-import documentation and physical transport. Pre-import documentation involves obtaining the necessary import permits and licenses, as well as completing the required customs paperwork; the physical transport starts from port clearance at Tajura port of Djibouti towards either Modjo dry port for temporary storage or directly to importer warehouses particularly cooperative union warehouses scattered across the country. Of the major bottlenecks in fertilizer importation, securing foreign currency is indicated as pressing for the first process while lack of national central warehouses and fleet management for the second process.

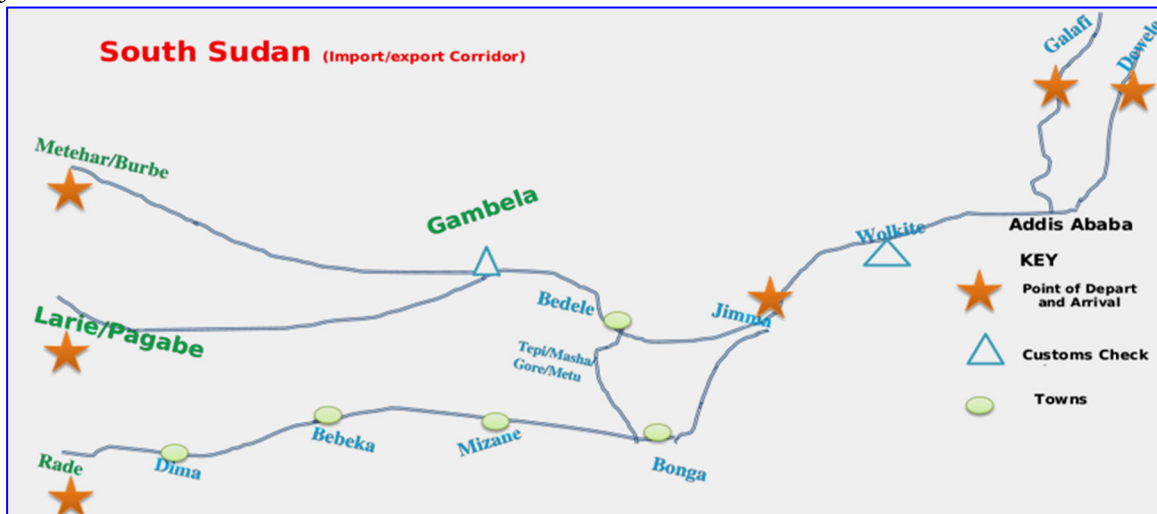
Figure 6: BPA Diagrams of Fertilizer import



2.3.5. Export/import through other Ethiopian corridors

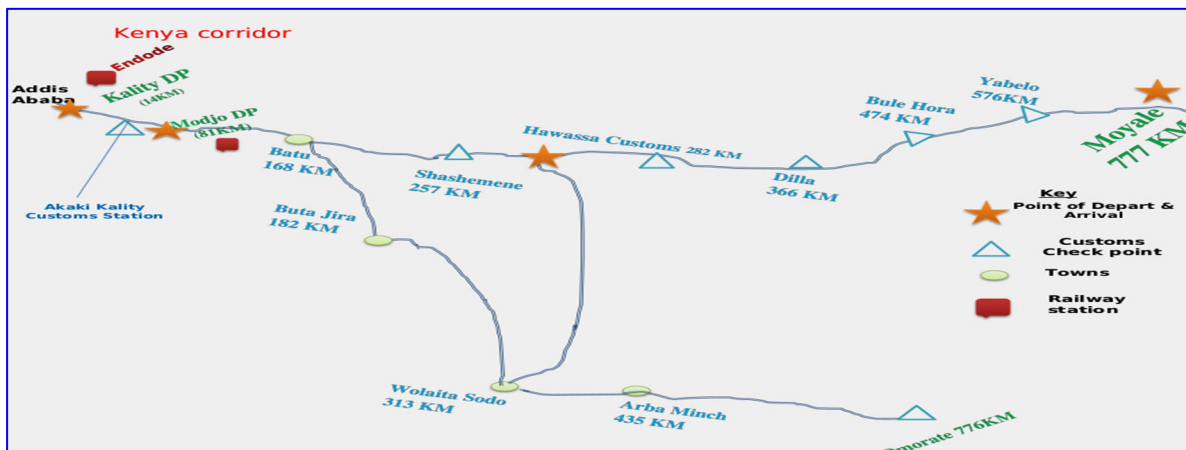
While the export/import process is similar between the Djibouti main corridor and other corridors for the first documentation stage of any commodity, the physical transport routes markedly differ. As indicated in the Ethiopian Customs Commission’s electronic cargo tracking system, the routes for other transport corridors are indicated in the following diagrams.

Figure 7: Transit Routes Diagrams for imports through South-Sudan to a selected destination in Ethiopia for containers



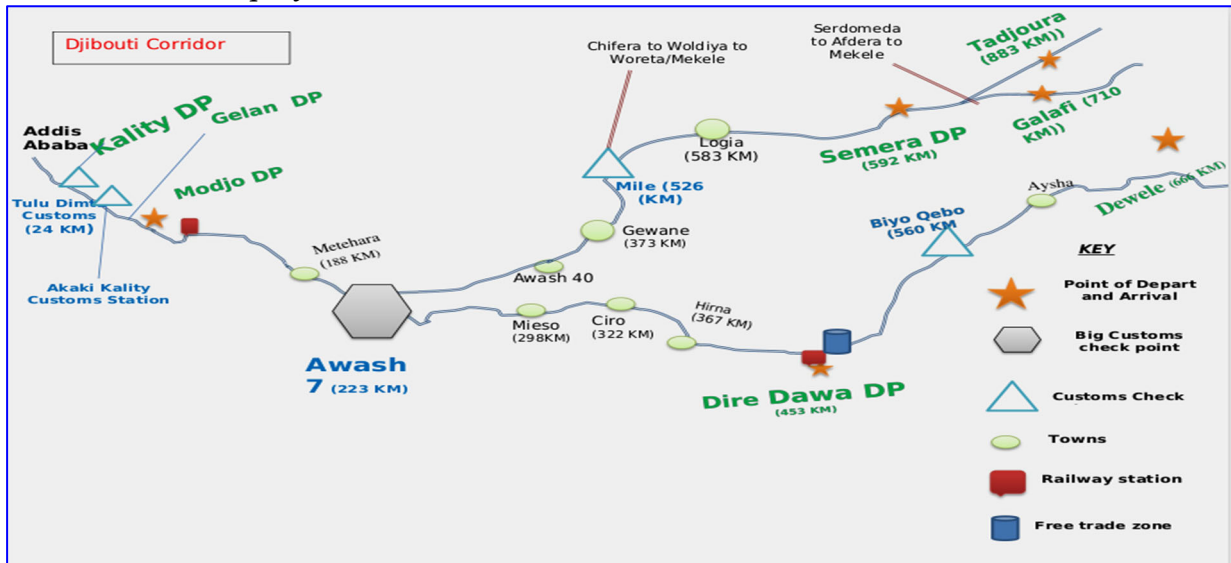
Source: Ethiopian Customs Commission, Cargo Tracking System

Figure 8: Transit export/import routes via Mombasa port and Moyale to a selected destination in Ethiopia for containers



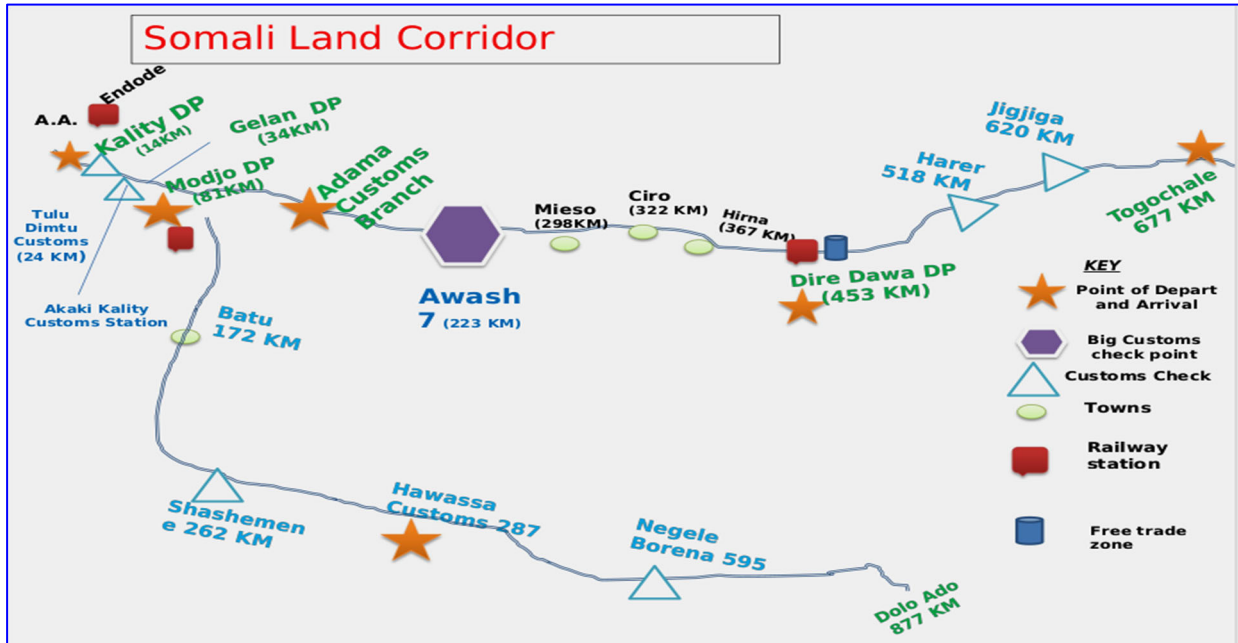
Source: Ethiopian Customs Commission, Cargo Tracking System

Figure 9: Transit export/import routes via Djibouti Corridors (Galafi and Dewelle) to a selected destination in Ethiopia for containers



Source: Ethiopian Customs Commission, Cargo Tracking System

Figure 10: Transit export/import routes via Somali Land Corridors (Togochale) to a selected destination in Ethiopia for containers



Source: Ethiopian Customs Commission, Cargo Tracking System

References:

<https://repository.uneca.org/bitstream/handle/10855/49382/b12023292.pdf?sequence=1&isAllowed=y>

https://unctad.org/system/files/official-document/aldc2018d6_en.pdf

Appendix I: Distance between Stations in KM

No.	From	To	Distance
1.	Adama	Addis Ababa	105 KM
2	Adama	Awash	132 KM
3	Modjo	Batu	90 KM
4	Batu	Shashemene	89 KM
5	Shashemene	Hawasa	24 KM
6	Hawasa	Dila	87 KM
7	Dila	Bule Hora	111 KM
8	Bule Hora	Yabelo	102 KM
9	Yabelo	Moyale	213 KM
10	Batu	Buta Jira	53 KM
11	Buta Jira	Wolita Sodo	182 KM
12	Wolita Sodo	Arba Minch	122 KM
13	Arba Minch	Omorate	347 KM

Appendix II: List of Transit/Customs Check Points

No	Customs Branch Offices	Check Points/Stations
1.	Galafi Branch Office	i. Serdo Meda custom monitoring station
		ii. Bure custom monitoring station
		iii. Tajura (modedina Pradozi) custom monitoring station
2.	Awash Branch Office	i. Semera custom monitoring station
		ii. Asaeta custom monitoring station
		iii. Mile custom monitoring station
		iv. Alberekete custom monitoring station
3.	Kombolcha Branch Office	i. Woldia custom monitoring station
4.	Adama Branch Office	
5.	Mojo Branch Office	
6.	Addis Ababa Branch Office	i. Tulu Dimtu custom monitoring station
		ii. Akaki custom monitoring station
7.	Dire Dawa Branch Office	i. Dewelle custom monitoring station
		ii. Biyoqobi custom monitoring station
		iii. Dure custom monitoring station
		iv. Denbel custom monitoring station
		v. Harer custom monitoring station
8.	Jigjiga Branch Office	i. Togochale custom monitoring station
		ii. Teferi Ber custom monitoring station
		iii. Hart Shek custom monitoring station
		iv. Harshin custom monitoring station
		v. Bombas custom monitoring station
		vi. Chinakson custom monitoring station
		vii. Daror custom monitoring station
		viii. Gashamo custom monitoring station

		ix. Boh custom monitoring station
		x. Gode custom monitoring station
		xi. Dudub custom monitoring station
		xii. Kelefao custom monitoring station
		xiii. Ferfer custom monitoring station
		xiv. Kebri Dehar custom monitoring station
		xv. Geladi custom monitoring station
		xvi. Warder custom monitoring station
9.	Moyale Branch Office	i. Moyale Mewucha Ber custom monitoring station
		ii. Yabelo custom monitoring station
		iii. Bulehora custom monitoring station
		iv. Doloado custom monitoring station
		v. Negele Borena custom monitoring station
		vi. Genale Dildiy custom monitoring station
		vii. Meleyu Meda custom monitoring station
		viii. Genale Dildiy custom monitoring station
10	Hawassa Branch Office	i. Dila custom monitoring station
.		ii. Dayu Mazoria custom monitoring station
		iii. Ginir custom monitoring station
		iv. Dolo Sebro custom monitoring station
		v. Oda Roba custom monitoring station
		vi. Adaba (Washa) custom monitoring station
		vii. Shashemane(kuyera) custom monitoring station
		viii. Konso custom monitoring station
		ix. Omorate custom monitoring station
11	Jimma Branch Office	i. Gizen custom monitoring station
.		ii. Kurmuk custom monitoring station
		iii. Behamza custom monitoring station
		iv. Almehal custom monitoring station

		v. Asosa custom monitoring station
		vi. Metehar(Burbe) custom monitoring station
		vii. Lare(Pogag) custom monitoring station
		viii. Gambela custom monitoring station
		ix. Gido custom monitoring station
		x. Wolkite custom monitoring station
		xi. Rad custom monitoring station
12 .	Bahir Dar Branch Office	i. Metema Yohannis custom monitoring Station
		ii. Sereba custom monitoring Station
		iii. Gonder custom monitoring Station
		iv. Midre Genet custom monitoring Station
		v. Wusha Tiris custom monitoring Station
		vi. Sanja custom monitoring Station
13 .	Mekele Branch Office	i. Logdi custom monitoring Station
		ii. Dima custom monitoring Station
		iii. Humera custom monitoring Station
		iv. Zalambesa custom monitoring Station
		v. Dima custom monitoring Station
		vi. Maykadira custom monitoring Station
		vii. Adi Remets custom monitoring Station
		viii. Chila custom monitoring Station
		ix. Maytemen custom monitoring Station
		x. Alamata custom monitoring Station
		xi. Rama custom monitoring Station

