



TRADE MARK
EAST AFRICA
Prosperity Through Trade

CHALLENGES, SUCCESSES AND LESSONS LEARNT ON THE ROAD TO AN INTEGRATED GLOBAL TRADE SYSTEMS AND NETWORKS – THE EAST AFRICAN EXPERIENCE

In this Presentation



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2. PRE-2010 ENVIRONMENT
3. POST-2010 ENVIRONMENT
4. RESULTS
5. LESSONS LEARNT

TMEA



- A Donor Funded Aid-for-Trade Agency based in Eastern Africa
- Established in 2010; with a budget of **US \$560M (for period 2011-2017)** to Support the improvement of the Hard-Soft-People Trade Infrastructure in the Region through Improving:
 - **Market Access**
 - **Trade Environment**
 - **Business Competitiveness**

TMEA – Market Access

- Hard Infrastructure Barriers to Trade at Points of Entry/Exit/Transit (Border Posts & Ports)
 - Infrastructure Programme
 - One Stop Border Posts (OSBPs)
 - Port Facility & Productivity Improvement – Mombasa & Dar es Salaam
 - Access Roads – Port Roads in Dar Port, Access Roads in Mombasa Port, OSBP Access Roads

TMEA – Trade Environment



- **Focus on Trade Systems, Procedures, Policies/Laws and Standards**
 - **ICT4Trade & Transport Facilitation Programme**
 - Customs Systems Reengineering & Automation
 - Port Management Systems Reengineering & Automation
 - Government Trade Agencies Systems Reengineering & Automation
 - National Trade Single Window Systems
 - Trade & Transport Observatory & Monitoring Systems
 - Cross Border Trade Systems Interconnectivity
 - Coordinated Border Management Platforms
 - » Port Community Systems (Sea Cargo)
 - » Cargo Community Systems (Air Cargo)
 - » Joint Border Information Display Systems

TMEA – Trade Environment



- Focus on Trade Systems, Procedures, Policies/Laws and Standards
 - Standards & NTBs Programme
 - Harmonization of Regional Standards;
 - Regional Coordination on the Removal of NTBs;
 - Standards Testing & Inspection Infrastructure Support;
 - Development of National & Regional Standards Policies
 - Formulation & Implementation of the Regional Rules of Origin & SPS Acts

TMEA – Trade Environment



- Focus on Trade Systems, Procedures, Policies/Laws and Standards
 - Trade Policy Programme
 - Implementation of the Trade Facilitation Agreement;
 - Formulation and Implementation of National & Regional Trade Policies;
 - Support to the East Africa Community Secretariat
 - Common Market Protocol
 - Common External Tariff Review and Implementation
 - Single Customs Territory Implementation

TMEA – Business Competitiveness

- Focus on Support to the Business Community to Enhance Competitiveness:
 - Trade Logistics Programme;
 - Export Capability Programme;
 - Women-in-Trade Programme;
 - Business Advocacy Programme;

East Africa's Growth Corridors



Overlays	
Northern Corridor	
Road	
Rail	
Central Corridor	
Road	
Rail	
Transit Points	
Sea Ports	
Border Post	

TMEA STRATEGY TARGETS

25% +

intra regional
exports compared
with total exports
from EA

10% +

Value of Exports
from the EAC region

15% -

Average time to
transport Container
from Msa/ Dar Ports
to
RW/ BUR

30% -

Reduced time to
cross select
borders

PRE-2010 ENVIRONMENT

- **Poor Infrastructure:**
 - Large % of Transport Corridor & Arteries not Paved;
 - Congestion at Ports of Entry/Exit/Transit;
 - Poor Port-Border Connections
- **Bureaucratic Red Tape:**
 - Complex & Complicated Trade Documentation and Border Formalities;
 - Paper-Based Systems for Cargo Handling and Clearance;
 - Control-Centric Versus Facilitation-Centric Trade Regime

PRE-2010 ENVIRONMENT



- Regulatory Challenges
 - Cost of Complying with Multiple Standards across Borders;
 - Low Standards of Testing and Inspection Facilities;
 - Low Levels of Compliance due to Lack of Knowledge/Awareness and Fraud; almost 60% to 70% non-compliance levels

Infrastructure Deficit



PRE-2010 ENVIRONMENT

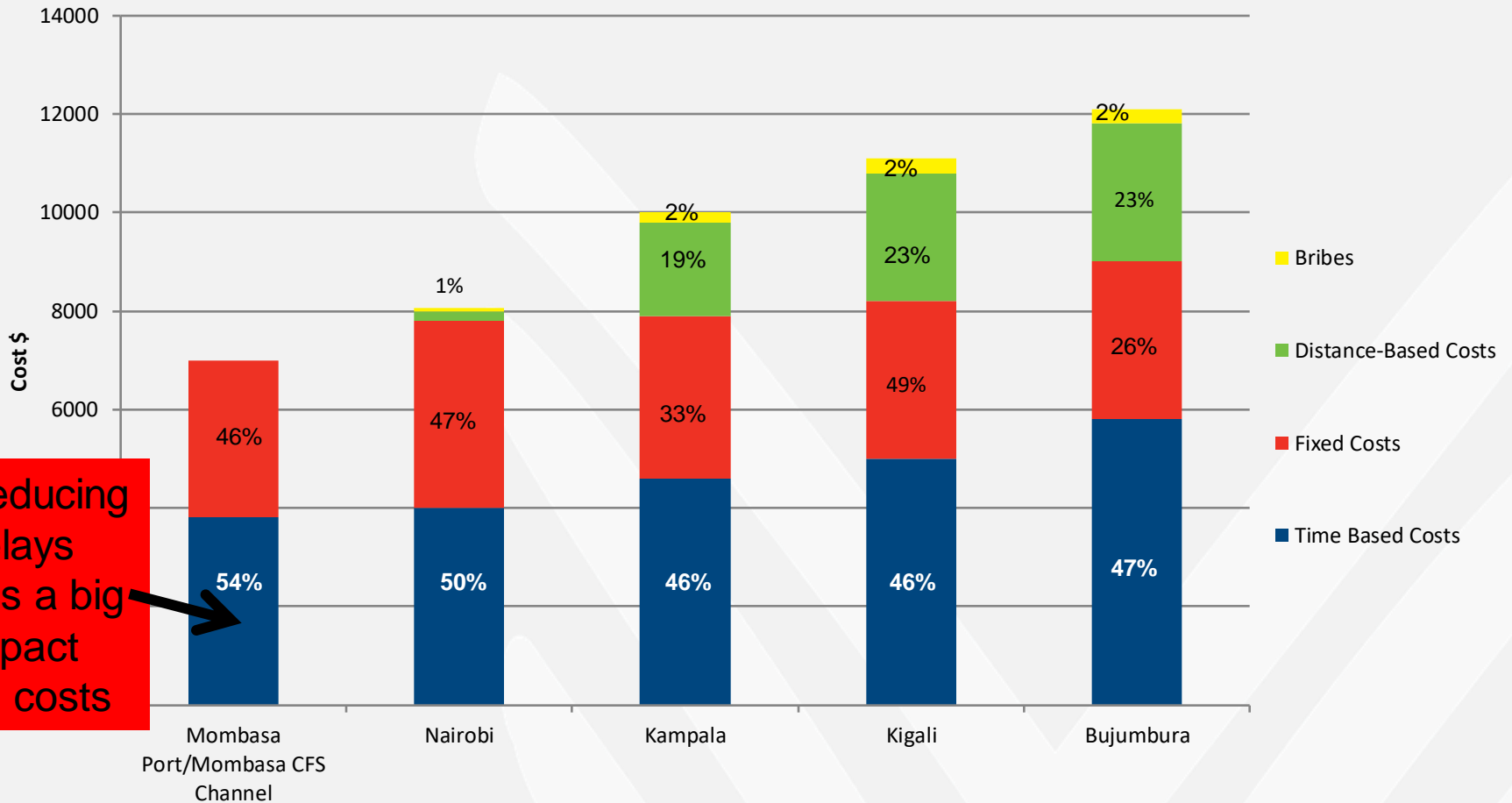
- High Cost to Trade in the Region
 - Moving Goods: One of the Highest in the World
 - **US \$0.15 Per-Tonne-Per-Kilometre**
 - **Mombasa-Kampala (1,170KM) Freight @ US \$3,400**
 - Cost of Regulatory Compliance
 - **Costs Range from US \$200 up-to US \$550**
- Delays in Handling-Clearing-Transiting Goods
 - Average Cargo Dwell Time at Ports:
 - ***Mombasa Port: 9 Days***
 - ***Border Crossing: 14.5 Hours***
 - Average Time to Transit
 - ***Mombasa to Kampala (1,170KM): 18 Days***

Border Congestion



Transport Cost Components

Costs for an average Bujumbura bound container



Reducing delays has a big impact on costs

PRE-2010 ENVIRONMENT

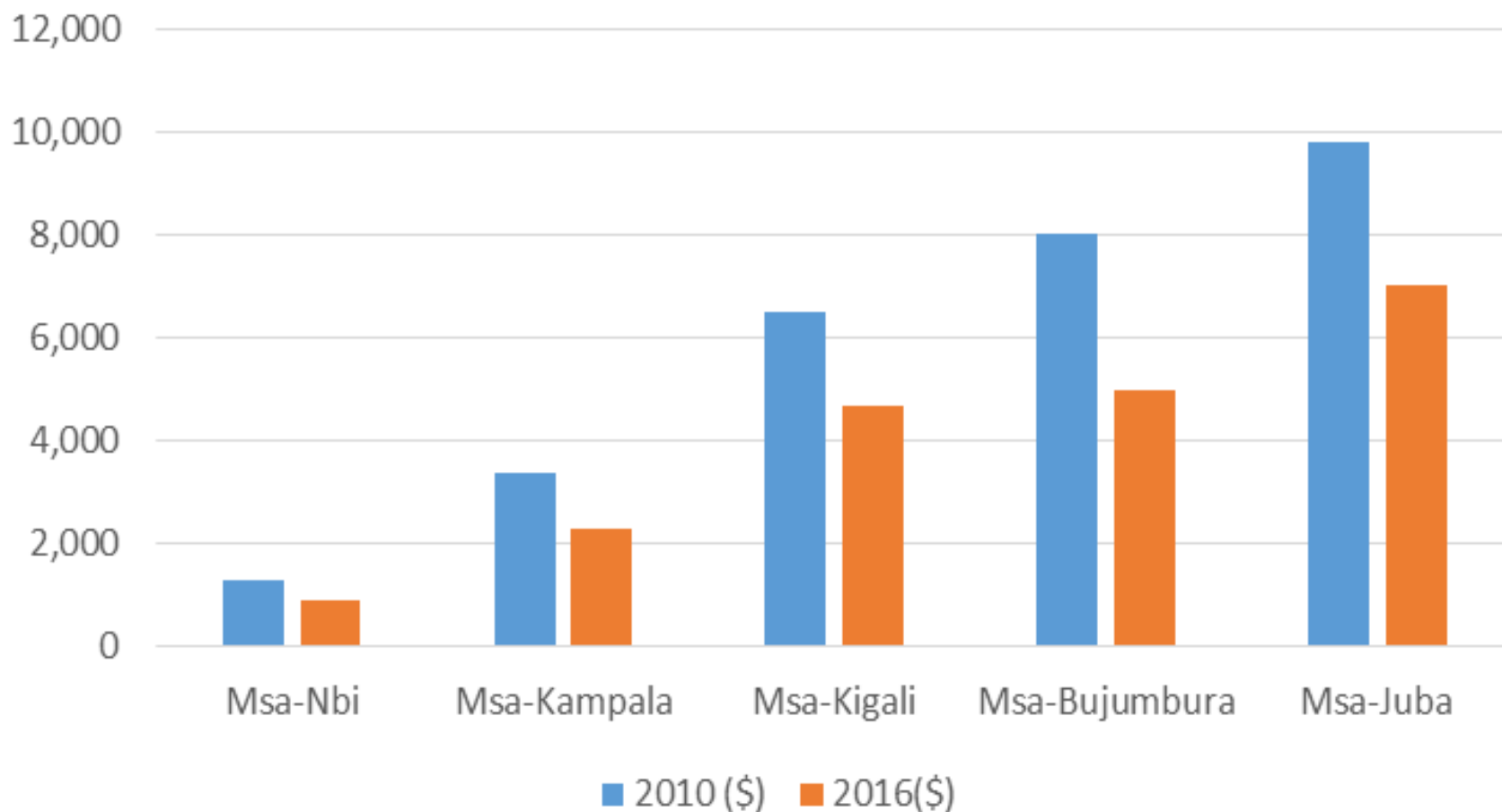
- Integrity & Transparency Challenges:
 - High Corruption Prevalence in Trade Transactions: Police Service, Revenue Authorities, Port Authorities, Government Trade Regulatory Agencies Ranked as among Corrupt Bodies by Transparency International Reports
 - Corruption Prevalence:
 - **Burundi:** 36.7%
 - **Kenya:** 31.9%
 - **Rwanda:** 6.6%
 - **Tanzania:** 28.6%
 - **Uganda:** 33.0%

POST-2010 ENVIRONMENT

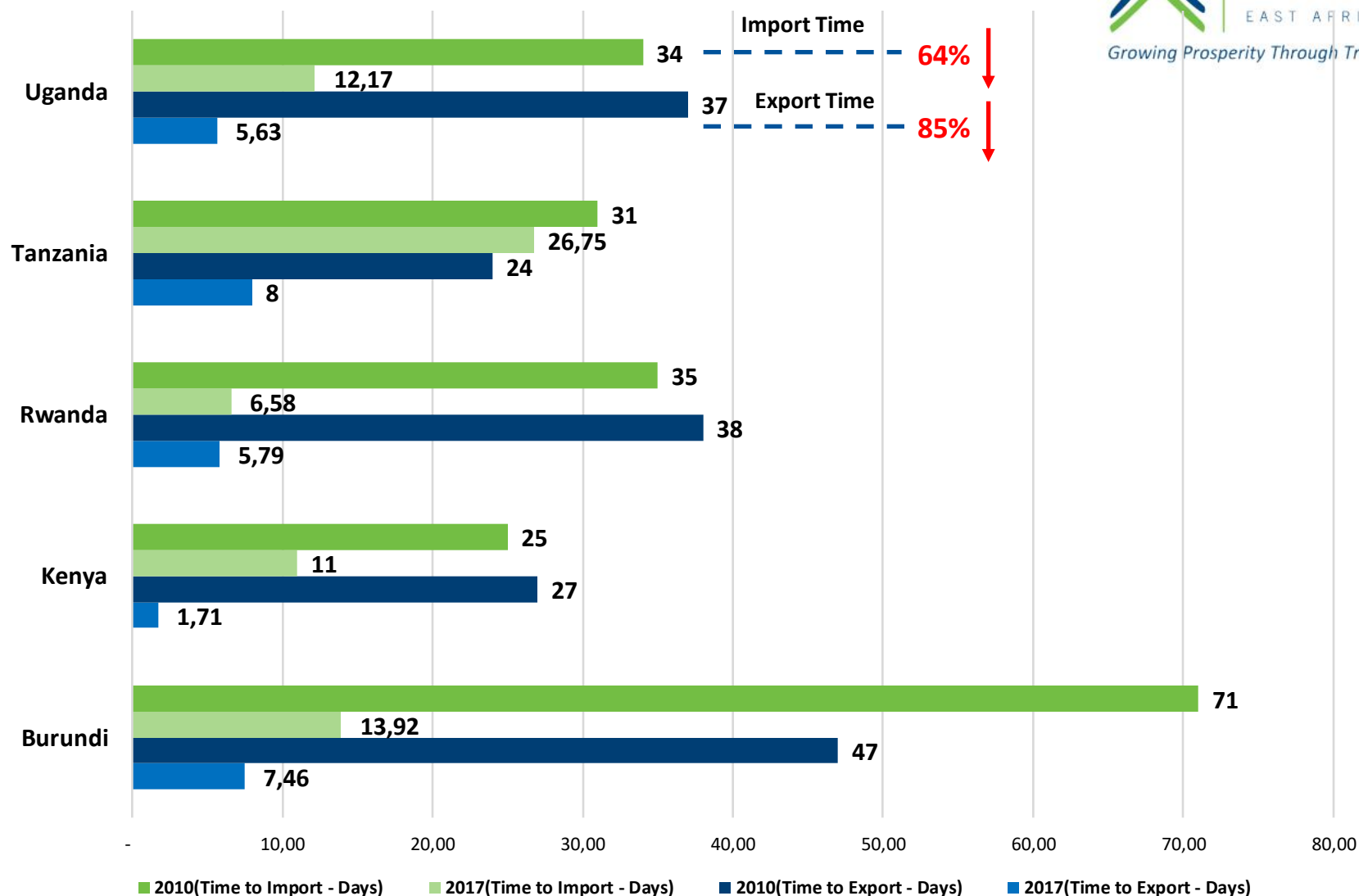
- Cost of Trading in the Region
 - Cost of Moving Goods:
 - **US \$0.07 Per-Tonne-Per-Kilometre**
 - **Mombasa-Kampala (1,170KM) Freight @ US \$2,500**
 - Cost of Regulatory Compliance:
 - **Reduced by Between 20% and 45%**
- Time to Handle, Clear & Transit Goods
 - Cargo Dwell Time:
 - ***Mombasa Port: 3 Days***
 - ***Border Crossing: 3 Hours***
 - Transit Time
 - ***Mombasa-Kampala (1,143KM): 4 Days***

Transport Cost Reductions

2016 Transport Costs by Route (U\$)



Time to Import and Export (Days)



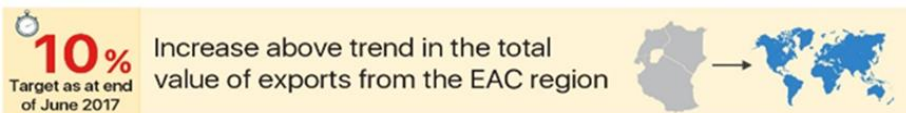
Source: World Bank Doing Business Indicators, 2017 Report

POST-2010 ENVIRONMENT



- Integrity & Transparency
 - Reduced Corruption Prevalence in Trade Transactions – **Marginal Improvement**
- Regulatory Challenges
 - Increased Levels of Compliance
 - **Prevalence of 65%**
 - Cost of Standards Compliance
 - **Cost of Testing Reduced from US \$500 to US \$205**

Outcome Dashboard



***\$12.8B**

\$15.3B



* Actual value of exports from the EAC as of Dec 2015 (EAC Trade Report, 2015)

Value of exports from the EAC by June 2017 (TMEA estimates)

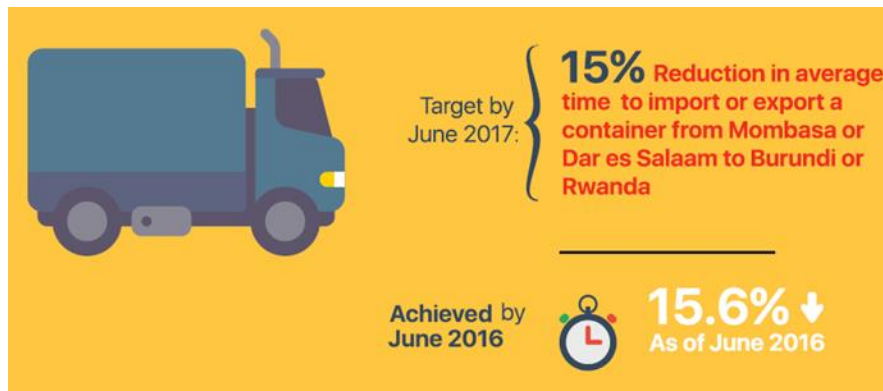
\$3.1B

\$3.3B



* Actual value of intra-EAC exports as of Dec 2015 (EAC Trade Report, 2015)

Value of intra-EAC exports by June 2017 (TMEA estimates)



Present Value of Benefits – low case \$3.9 bn (13 projects) – high case \$16.9 bn (2025) IRRs from 61% to 136%

ROLE OF ICT IN TRADE

- Methodology:
 - Adoption of the 9 Principles of Digital Development:
 - Stakeholder-Centric; Ecosystem Scoping; Scalability; Sustainability & Learning; Data-Driven; Open Sourcing; Usability; Security; Collaboration
 - Incremental Approach – ***“not what is right/best practice, but what is suitable”***
 - Adaptability & Agility
 - Human-Centred Designing

ROLE OF ICT IN TRADE

- Methodology
 - Fundamental Questions:
 - *If I were a Trader, What Systems and Procedures Would Work for My Business?*
 - *If I were a Trade Object, What Systems and Procedures Would Work for me to Fulfil My Nature?*
 - *Trade Objects:*
 - » *Data/Information/Documents*
 - » *Containers and Packaging Objects*
 - » *Vessels*



Customs Officers



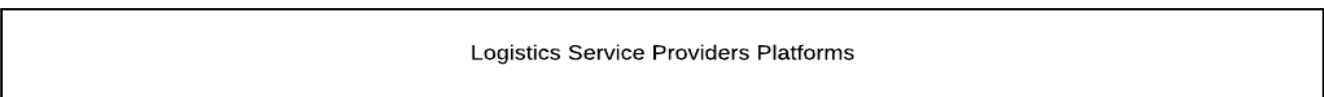
Port Managers



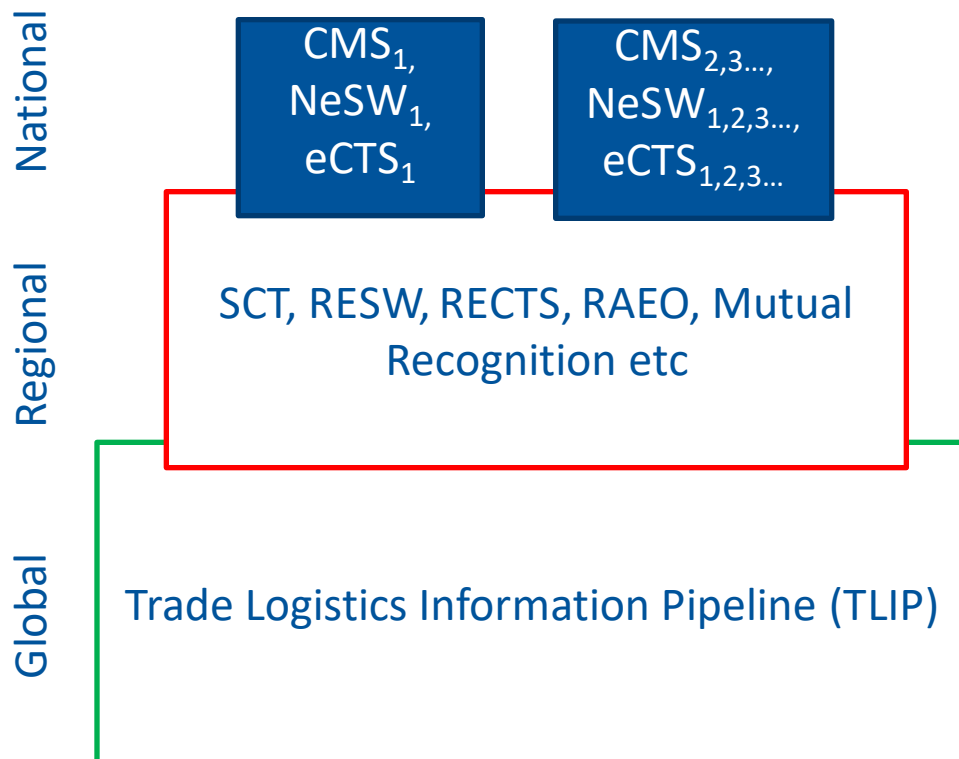
Government Regulators



IMPORTERS/EXPORTERS



INCREMENTAL APPROACH

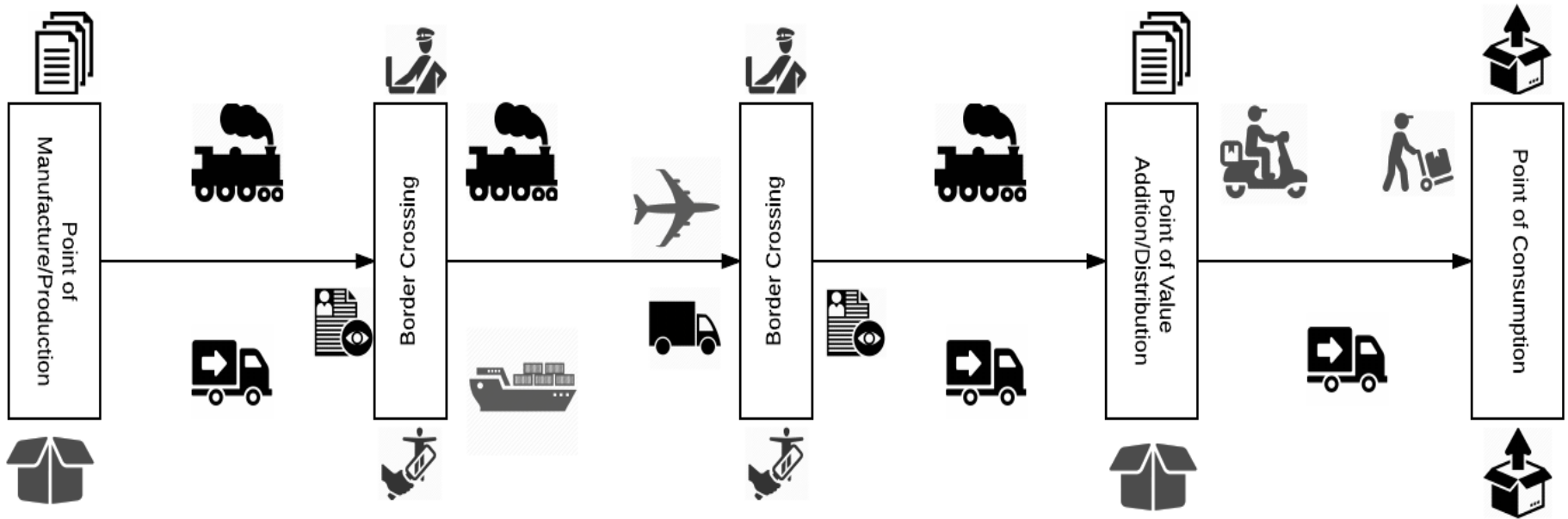


- National Bottlenecks
- Resolved at national level
- Limited benefits (nationally)

- Regional Bottlenecks
- Resolved at regional level
- Limited benefits (regionally)

- End to end focus
- Improved export opportunities
- Resolution of trade barriers from a global perspective

Strategy Blueprint - The value of Information Sharing.



Good Preparation for Export

1. Packaging
2. Documentation Compliance
2. Logistics Preparation

Point of Exit Border Formalities

1. Goods Inspection & Clearance
2. Goods Documentary Verification
3. Logistics Documentary Verification
4. Goods Handling Operations

Point of Entry Border Formalities

1. Goods Inspection and Clearance
2. Goods Documentary Verification
3. Logistics Documentary Verification
4. Goods Handling Operations

Goods Preparation for Market

1. Unpacking
2. Value Addition
3. Distribution Preparation
4. Logistics Preparation

Market Access & Authorization

1. Market Surveillance
2. Product Traceability
3. Product Consumption

INCREMENTAL APPROACH



- Cross Border Systems Confluence @ Ports
 - Process Reengineering & Integration;
 - Process Capacity
 - Joint-Stakeholder Coordination;
 - Management Efficiency;
 - Compliance;
 - Awareness & Knowledge
 - Visibility & Transparency

LESSONS LEARNT

- Process Improvement is Key in Transforming the Trade Environment
- Partnership in Stakeholder-Driven Initiative give Sustainable Results and Continuous Improvement
- Journey with Stakeholders in the Agenda for Change is more Important that “Fixing Problems”
- Cross Border Initiatives Exponentially Expand the Results Achieved at National Level

LESSONS LEARNT

- A Holistic Approach in Transforming the Trade Process is what will Yield Sustainable & Inclusive Results
 - ***“Focus on all Points the Trader is Interacting with Value Chain Intermediaries End-to-End at National, Regional & International Levels”***
- Use Technologies Readily Available or Tailor-Made to Address the Local Needs; and Address the Challenge of Digital Divide that may fester and erode gains made

LESSONS LEARNT

- ICT Interventions Must Translate to Tangible and Transformative Changes on Actual Transactions Taking Place at Borders
- Digital Cross-Border Information Sharing is the Key to:
 - Opening Markets (Sourcing & Supplying)
 - Seamless Cross Border Systems Interconnectivity
 - Security & Integrity of Trade Supply Chains



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