



Trade Facilitation & the AfCFTA

**TMEA Presentation for the 2019 tralac
Conference**

Nairobi, 21st March 2019



Presentation Outline



- What is TMEA?
- Results Achieved
- Lessons Learnt
- Plans to support the AfCFTA

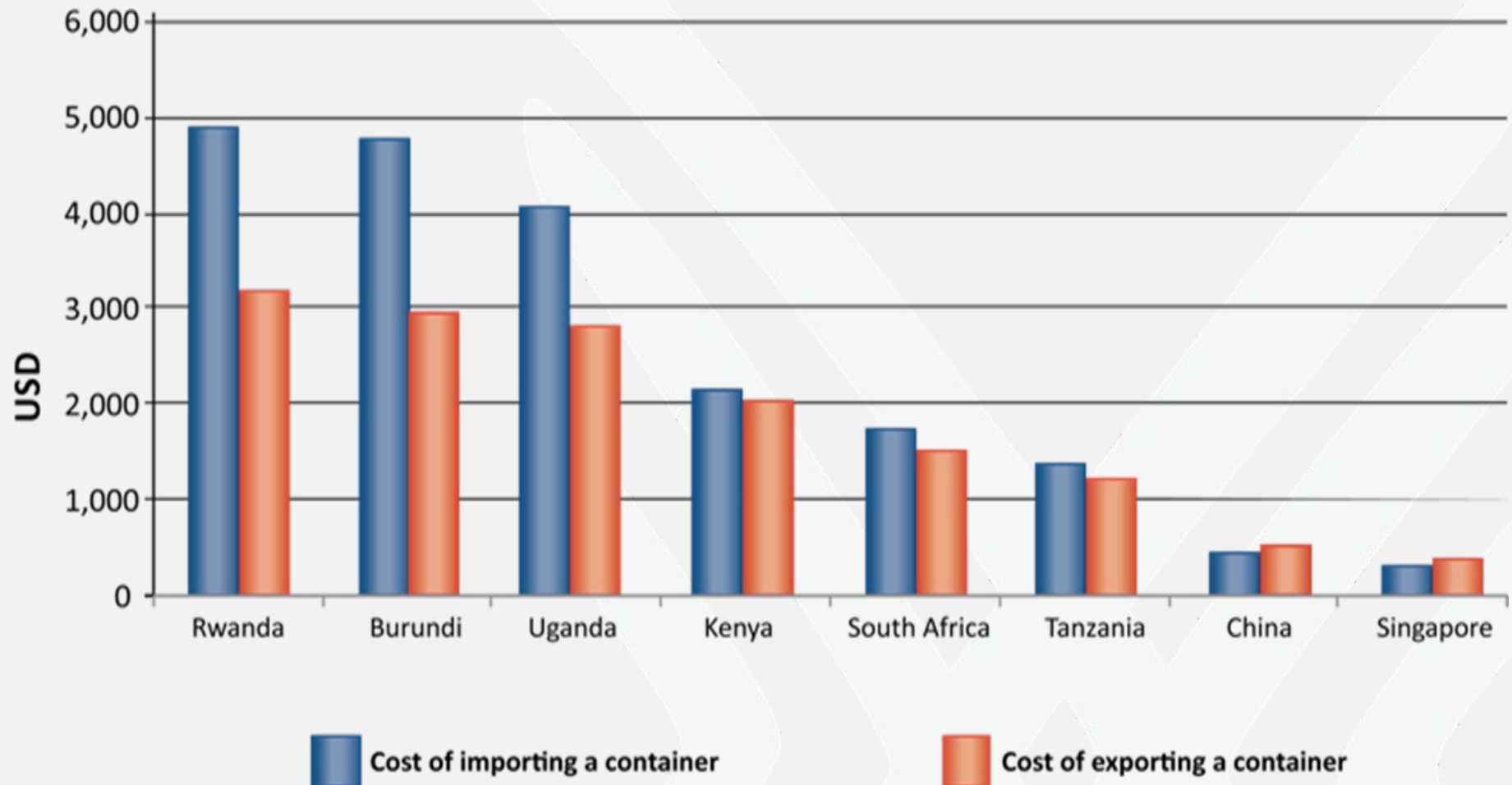
What are we?



- Vision: *A united Eastern Africa with flourishing trade, strong investment and less poverty*
- Mission: *To promote rapid advances in Eastern Africa's integration, trade and global competitiveness for all East Africans*
- Trade and Markets East Africa (TMEA) - not-for-profit registered in all EAC partner states
- Regional & National presence - branches in all EAC states, Addis, Hargeisa, Bukavu & Arusha
- Multi-donor – Belgium, Canada, Denmark, EU, Ireland, Finland, Netherlands, Norway, UK, USA - Budget \$560m 2010 to 2017 – \$570m for 2018-2023

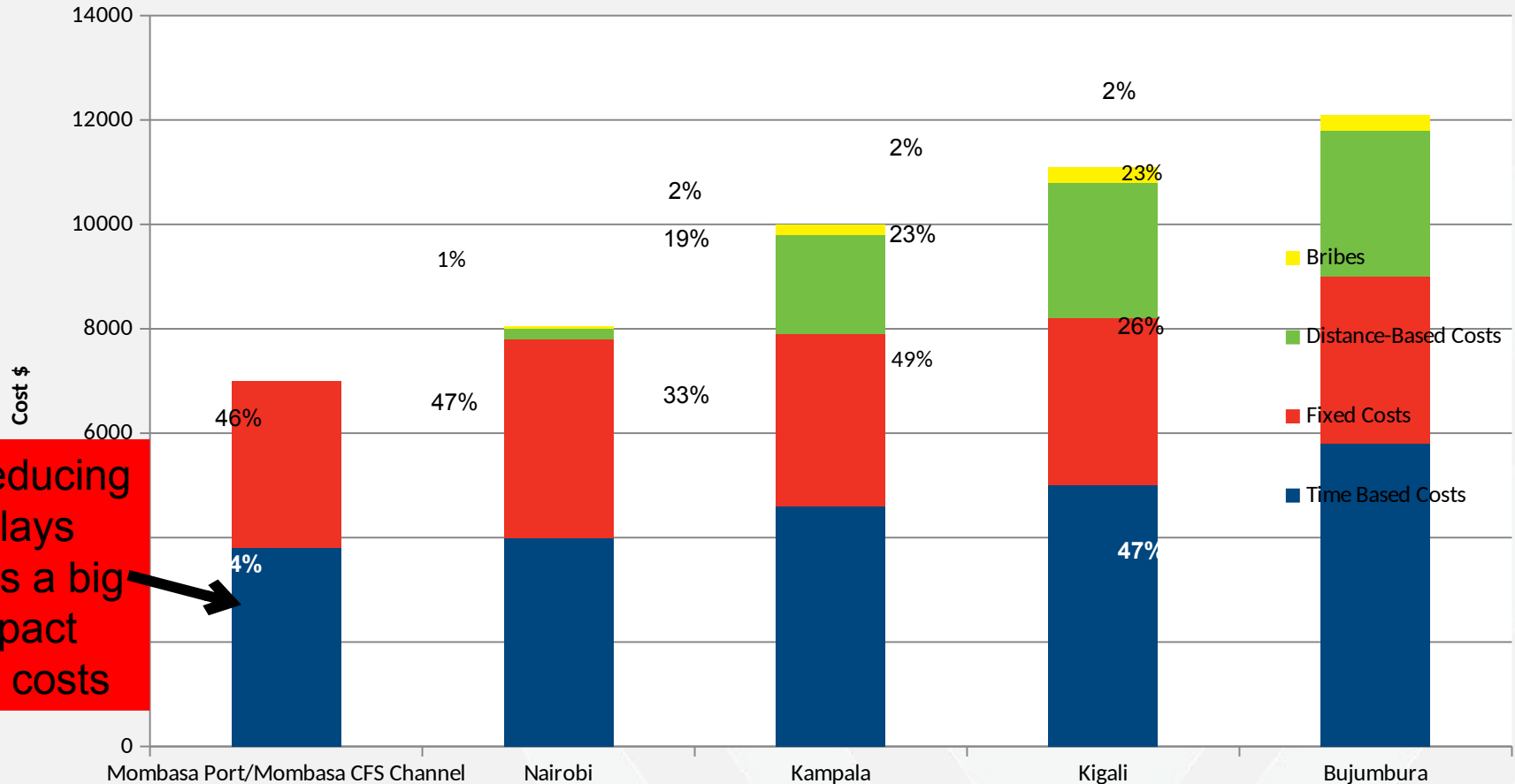
High Business Costs in 2010

Cost to Import & Export a Container



Transport Cost Components

Costs for an average Bujumbura bound container



Infrastructure & productivity deficits



Border Congestion



Strategy 1 (2010-2017): Target Results

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

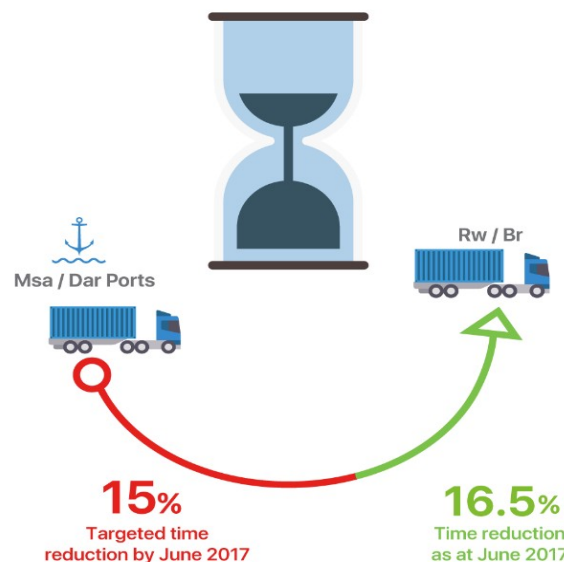
30% -

Reduced time to
cross select
borders

Outcome Dashboard

15%
Target as at end of June 2017

Reduction in average time to import or export a container from Mombasa or Dar es Salaam to Burundi or Rwanda

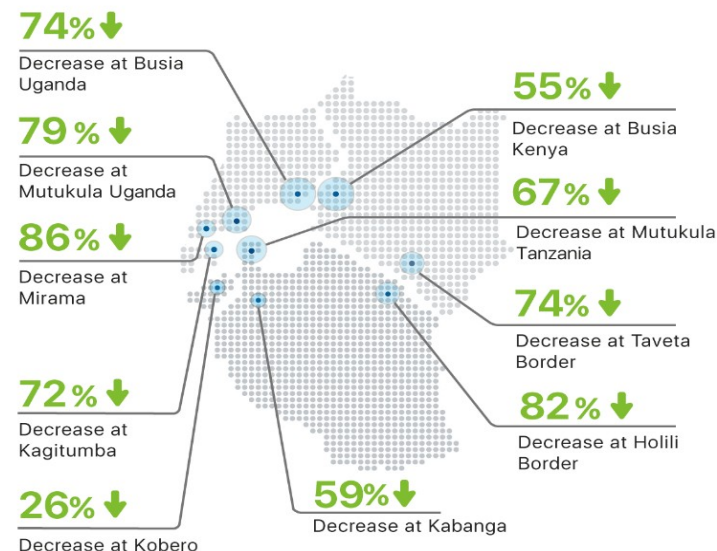


70%
Target as at end of June 2017

Reduction in time (in at least one direction) to cross the border at selected locations



Overall average time savings for all trucks: 70%



25%
Target as at end of June 2017

Increase in intra-regional exports when compared to total exports in the region



10%
Target as at end of June 2017

Increase in the total value of exports from the EAC region



\$2.4B

\$3.7B

Actual value of intra-EAC exports by Dec 2016 (EAC Trade and Investment Report 2016)

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

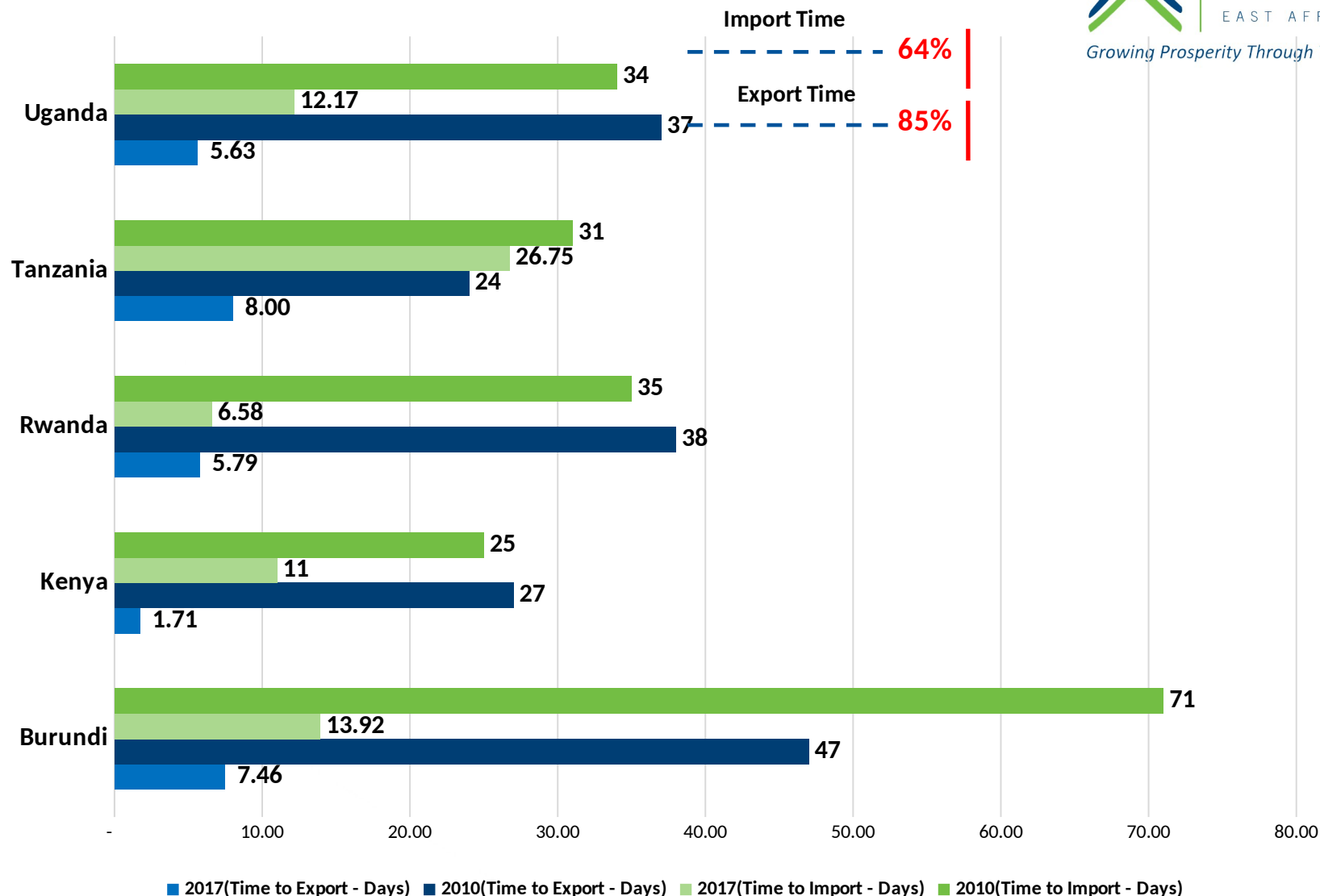
\$12.4B

\$14.6B

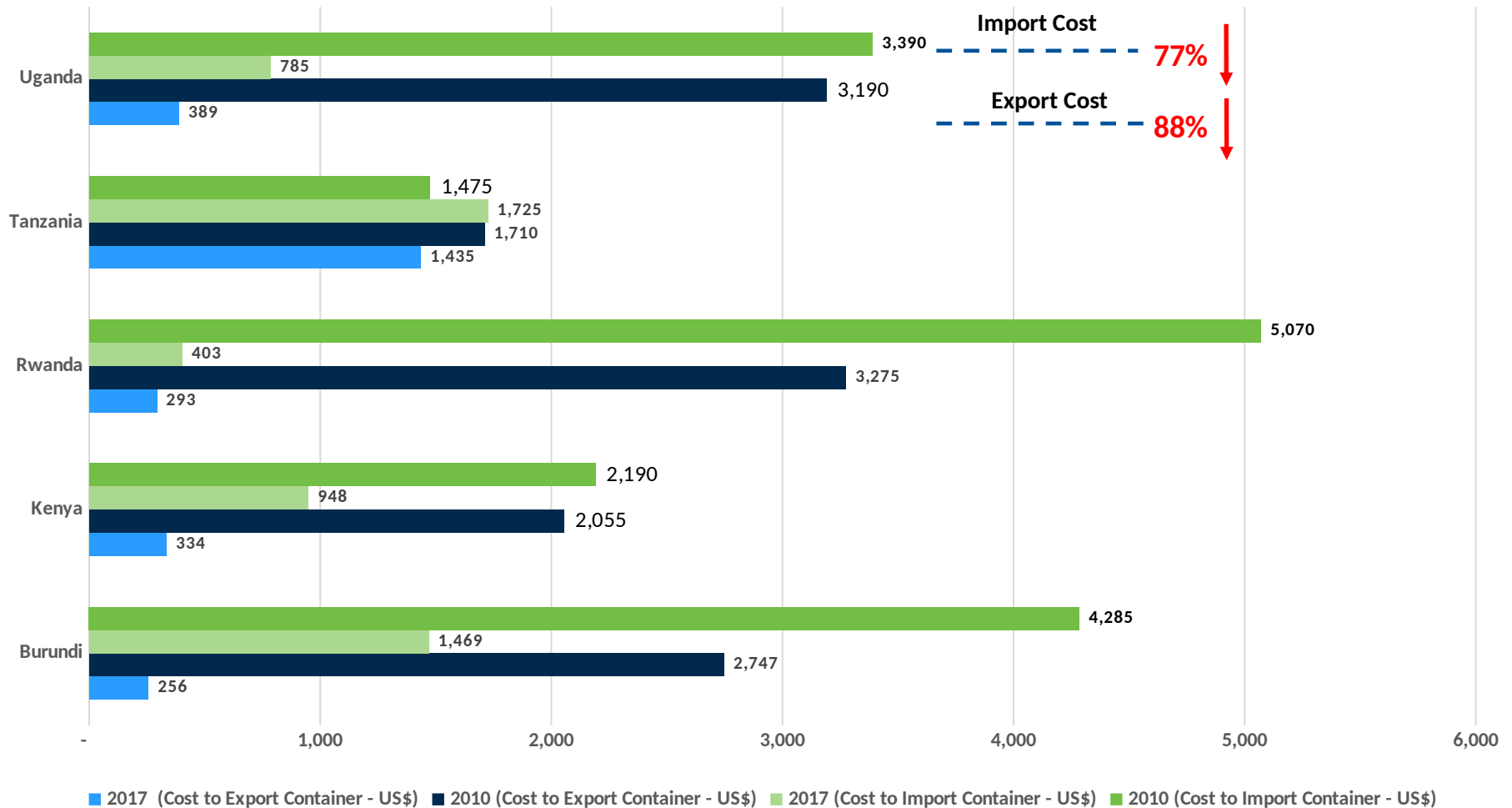
Actual value of exports from the EAC by Dec 2016 (EAC Trade and Investment Report 2016)

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

Time to Import and Export (Days)



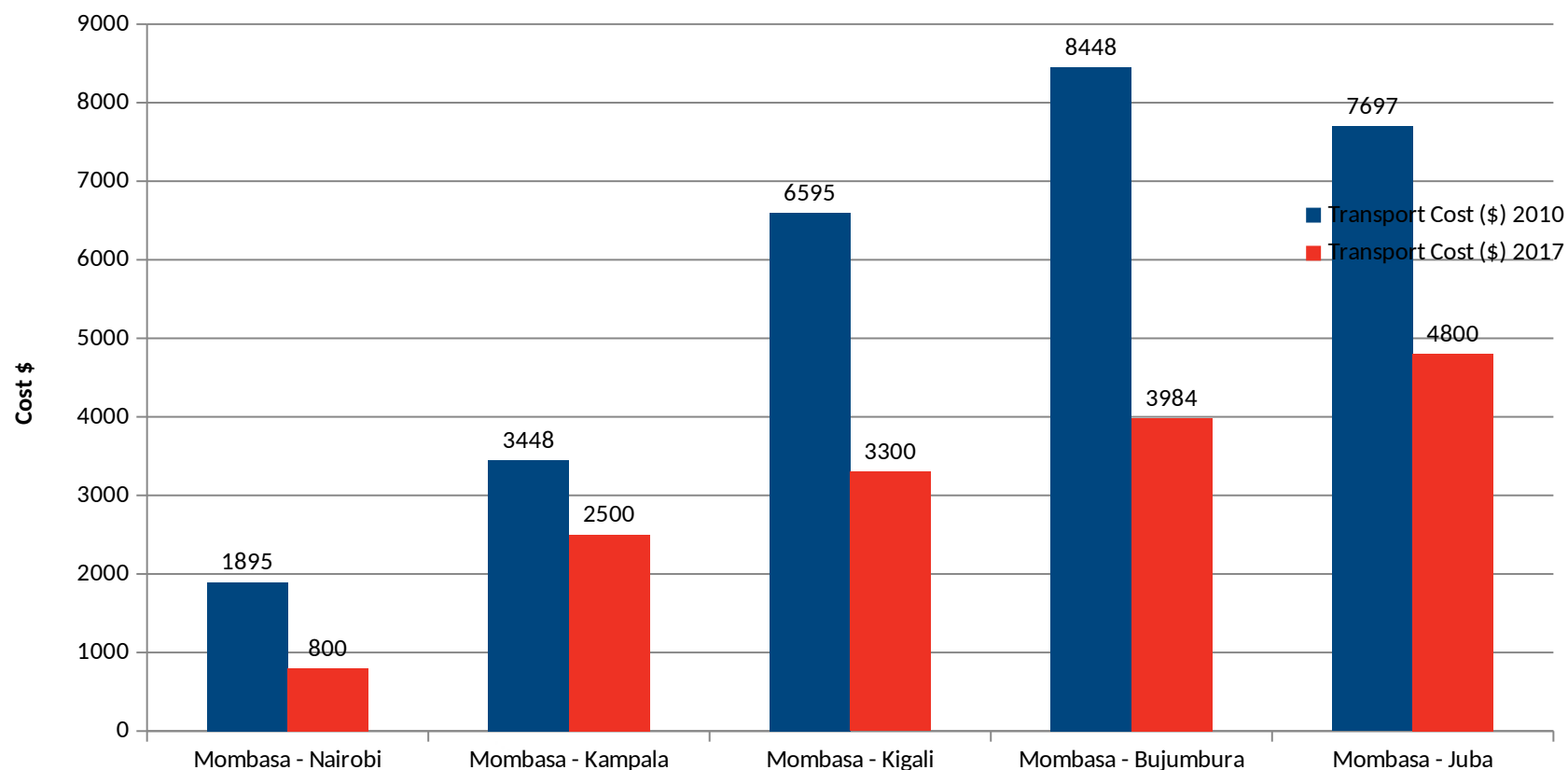
Cost to Import and Export a Container (US\$)



Source: World Bank Doing Business Indicators, 2017 Report

Transport Cost Reductions

Transport Cost per Route (\$)



Source: Road Transport Survey March 2017 Northern Corridor Transport Observatory Report

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Increase in Port Efficiency

Mombasa Port



-51% import time (from 11.2 days in 2010 to 5.5 days in Nov 2017) and **-53% in export time** (to 7.3 days in Nov 2017 from 15.4 days in 2010).
Catalysing \$250m in berth upgrades from lenders (EIB & AFD).

Dar es Salaam Port



-44% import time (9 days in Nov 2017 from 16 days in 2010) and **-48% in export time** (7.65 days in Nov 2017 from 14.6 days in 2010). Helped **catalyse \$350m** loan from the World Bank.

Reduced Border Delays

On average 70% reduction in time taken to transit key borders



57% reduction in time at Busia OSBP (Uganda) in 2017



74% reduction in time at Busia OSBP (Kenya) in 2017



90% reduction in time at Mutukula OSBP (Uganda) in 2017



58% reduction in border clearance time at Kabanga (Tanzania) in 2016



82% reduction in time at Taveta OSBP (Kenya) in 2015



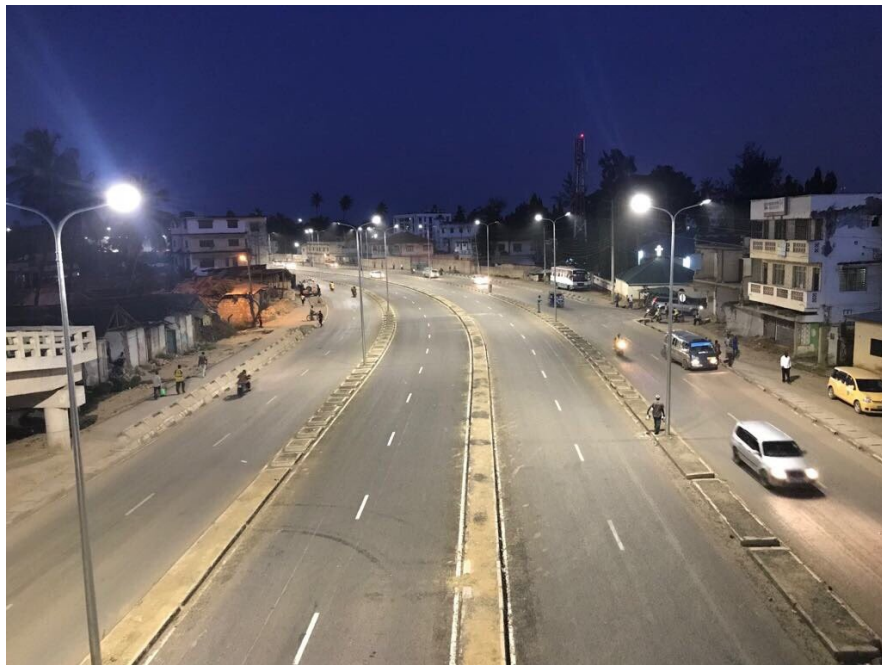
55% reduction in time at Mutukula OSBP (Tanzania) in 2017

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Catalytic Trade Infrastructure



Mombasa West Roads Programme



Key congested road (6.4kms) to new container terminal at Mombasa Port to be completed in a record 15 months, second phase underway

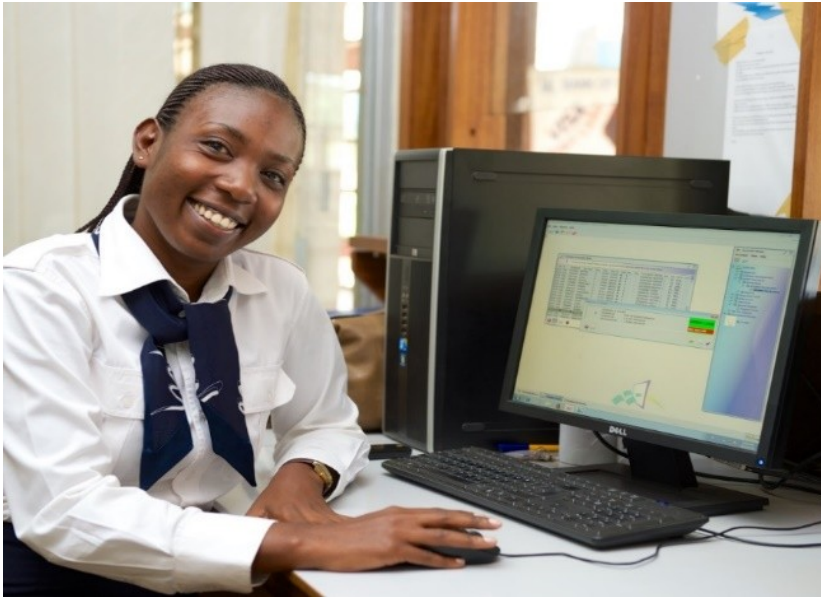
Ntungamo Road, Uganda



Regional link road (37kms) from Kampala to Kigali via Mirama Hills/Kagitumba OSBP almost complete in 36 months

ICT to facilitate trade - Customs

Rwanda Revenue Authority



Rwanda Electronic Single Window – clearance times fell from **11 days** to **1 day 10 hours**, **\$6m** savings in 2014 alone

Source: Formative Evaluation of the Single Window for the Rwanda Revenue Authority Project, 2015

Uganda Revenue Authority





Customs Management System & Green channel -**75%** reduction in transit & clearance times, **\$56m** savings annually

Source: Uganda Country Programme Independent Evaluation Report, 2016

ICT Building Blocks for Trade

Tanzania Food and Drug Authority



Average processing time for Key trade documents 		Average Cost 	
2014	2016	2014	2016
5.6 days	2 hours	\$ 80	\$ 30

Kenya Tea Directorate



Average processing time for Key trade documents 		Average Cost 	
2014	2016	2014	2016
5 days	4 hours	\$ 65	\$ 10

Reducing business costs

Reduction of NTBs



Supported the establishment of Tanzania SMS reporting systems for NTBs then across the region, enabling drivers to report instantly. Over **40% reduction in NTBs**, 67% reduction in NTBs resolution time

Trade Standards



90% reduction in standards-related border clearance time for certified goods. Average testing **cost reductions of 59%** (from US\$500 to US\$205).

Private Sector Engagement

TRAC



iShamba – Over 350k farmers reached.
50% greater yield by potato farmers. **5% increase** in farm gate prices for maize and potato.

Source: I-Shamba Impact Assessment Report, 2015

Authorised Economic Operator Scheme - Uganda



Nice House of Plastics – Reduction in transit time (**from Mombasa to bonded warehouse in Kampala**) from an average 17 days (2014) to 4 days (2016). Savings of over \$250k.

Institution Building



Burundi Revenue Authority (OBR)



110% increase Burundi's government revenue – additional **\$190 million** in tax between 2010 and 2016

South Sudan Customs Service



Reduction in clearance times for humanitarian cargo **from 4 days to 1 day at Nimule border**. Non oil customs revenue grew \$9.5 million (2011) to \$96 million (June 2016)

Lessons Learnt

- **National implementation** of regional policies works, **independence & non-political technical** inputs highly valued
- **Partnership** focus - working **systemically** with a range of relevant partners key to scale of impact
- Trade facilitation (**‘software’**) combined with infrastructure (**‘hardware’**) key in driving impact & catalysing investment
- **Needs time & capability** - nurtured strong East African technical knowledge focusing on trade and political grounding
- **Importance of good governance** – respected Board & bottom-up national input.

DEMOCRATIC
REPUBLIC OF CONGO

S.SUDAN

To Addis

KENYA

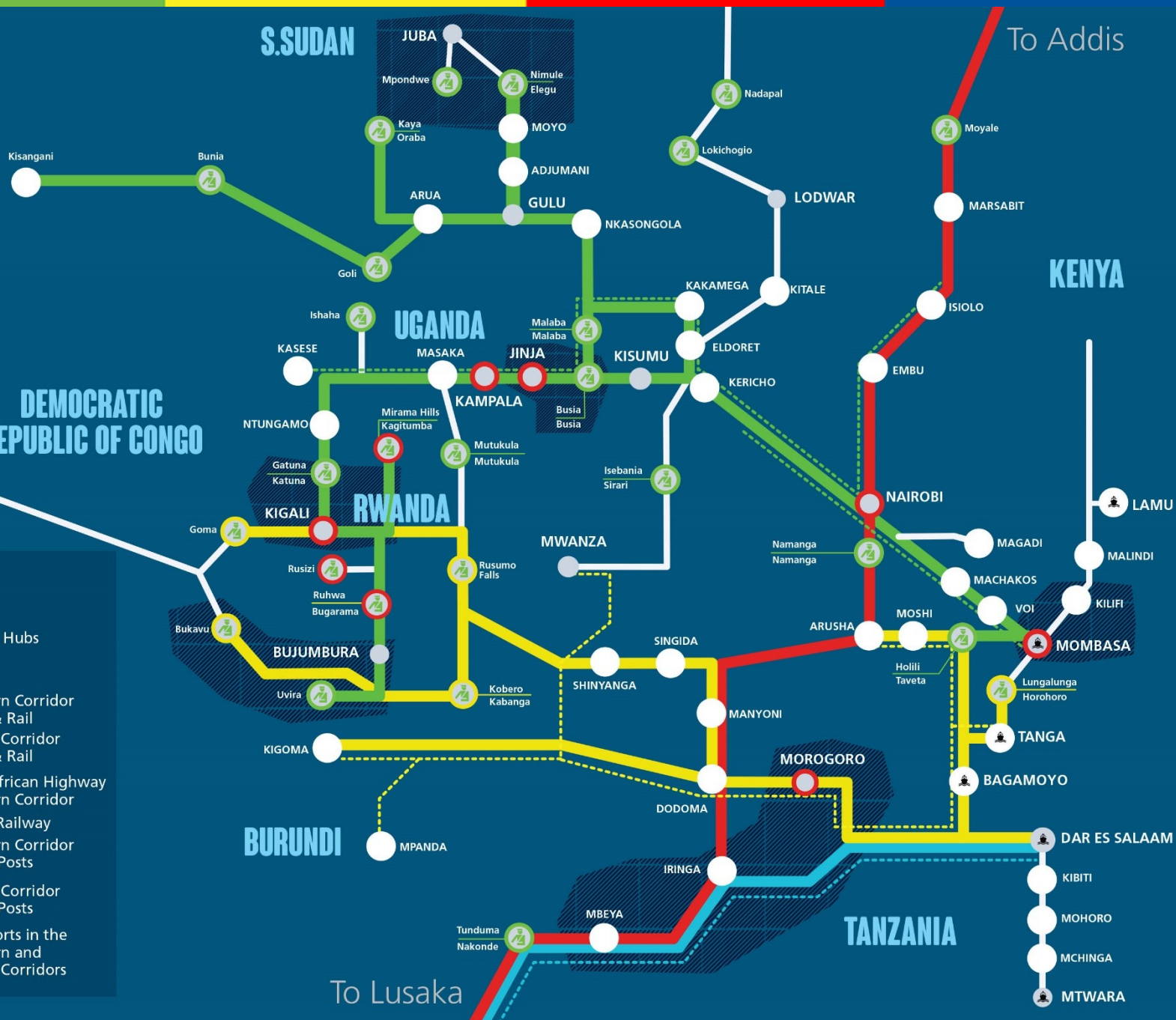
BURUNDI

TANZANIA

To Lusaka

KEY

-  Hubs
-  Growth Hubs
-  Nodes
-  Northern Corridor
-  Roads & Rail
-  Central Corridor
-  Roads & Rail
-  Trans-African Highway
-  Southern Corridor
-  Tazara Railway
-  Northern Corridor Border Posts
-  Central Corridor Border Posts
-  Main Ports in the Northern and Central Corridors



New Strategy 2018 to 2024



- Focus on **growing exports & jobs** with location specific pilot interventions (*trade & logistics clusters*)
- More **systemic approach** across the whole transport network: not just ports and borders but rail, road & logistics
- Invest in **contiguous borders** and cross-border trade with the EAC's neighbours
- **Scale up** programming on women and trade across all borders
- Improve **standards** to boost competitiveness across region
- Take **trade automation** to next level with regional trade portals & global value chains to reduce corruption
- Support implementation of the **WTO TFA** to reduce trade costs
- Increase competition within the **logistics industry**
- **Support trade facilitation between several RECs to support the AfCFTA**

TMEA plans to support the AfCFTA



- Focus on trade facilitation as part of the AU's Action Plan on **Boosting Intra-Africa Trade** (BIAT)
- Given our experience, role in helping **pilot** harmonised approaches across several Regional Economic Communities (EAC, IGAD, COMESA & potentially SADC)
- Focus **country approach** in Ethiopia, Somaliland, Eastern DRC (established) & scoping in Zambia, Malawi & potentially Mozambique
- **Partnerships** with the Afro-Champions Initiative (ACI) & UNECA on private sector engagement, analytics & with the Africa Union (in process)
- **Knowledge Sharing** - Lessons Learnt series & pilot OSBP in West Africa with UNECA

BIAT Engagement



Cluster	Programme	Plans
Cluster 1 - Trade Policy	Enhancement of the role of the formal & informal private sector in trade policy formulation	Partnership with Afro-Champions Initiative & UNECA Women in Trade programme scale up
Cluster 2 - Trade Facilitation	Reduction in Road Blocks	Monitoring in countries through Transport Observatories
	Harmonising & simplifying customs & transit procedures, documentation & regulations	Working with Revenue Authorities to establish a common approach between countries
	Establishment & operationalisation of OSBPs	Plans for additional OSBPs between countries in which we operate (e.g. Moyale, Galafi, Tog Machale, Nakonde, Songwe etc)
	Integrated Border Management systems established	Agree national curricula, Cross Border Committees & procedures between countries
Cluster 3 - Productive Capacity	Establishment of integrated & interconnected trade information systems	Work on linking agency portals & single windows
Cluster 4 - Trade Related Infrastructure	Prioritising Implementation of PIDA	Work on the key corridor, maritime, lake & air transport projects in PIDA in countries TMEA operates in
	Mobilise resources for preparation of multi-country infrastructure projects	Project preparation of key trade related infrastructure projects
	Enabling Environment for private sector participation in infrastructure development	Support to development of PPP logistics projects & in PPP capacity in countries in which TMEA operates
Cluster 4 - Trade Finance	Strengthening capacity of existing regional & continental financial institutions	Review of Trade Finance in Eastern Africa www.trademarka.com



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