East African Experience on the Development of Economic Corridor

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EAC growth corridors

Northern Corridor

Central Corridor
Corridor faced several challenges for the movement of goods

Significant time taken for unloading, lodging declaration, payment of port charges, sealing of containers etc.

Transport volumes **on the northern corridor are expected to** quadruple by 2030 increasing the scope of challenge
One way nature of traffic flow also increases costs

Source: JICA Study Team
Who are we?

- **Trade and Markets** East Africa (TMEA)
- Presence in Arusha, Bujumbura, Dar es Salaam, Juba, Kampala, Kigali and Nairobi
- Multi-donor funded - Belgium, Canada, Denmark, Finland, Netherlands, Sweden, UK & USA
- Budget - $560m 2010 to 2016/17

Established in 2010 to “Promote rapid advances in Eastern Africa’s integration, trade and global competitiveness...’
National focus to support implementation of regional issues

GRANTS, FINANCIAL AID, TECHNICAL ASSISTANCE AND CIVIL WORKS

East African Community
National Governments
Private sector Organisations
Civil Society Organisations

INFRASTRUCTURE. BUSINESS ENVIRONMENT. COMPETITIVENESS
How have things changed over the years?

- **41% import time reduction** (from 11.2 days in 2010 to 6.56 days in 2015) and **39% in export time** (6.8 days in 2015 from 11.2 days in 2010) at Mombasa Port

- Average transport costs for a 20ft container from Mombasa to Kampala and Kigali has reduced by **25% from US$2.93/Km in 2011 to US$2.2/Km in 2015**

- EAC corridor **transport time reduction** attributable to TMEA of **15.6%**

- Border Clearance time **reduced by 70%**
How have changes been achieved?

• A series of interventions from the ports to the borders and beyond. More details in the following slides.

• **National implementation** of regional policies

• Trade facilitation (‘software’) combined with infrastructure (‘hardware’)

• Fast & flexible **demand-led** approach

• Strong national and regional **governance**
Increase in Port Efficiency

Port Improvement

41% import time reduction (from 11.2 days in 2010 to 6.56 days in 2015) and 39% in export time (6.8 days in 2015 from 11.2 days in 2010)

Mombasa Port Community Charter

Brings stakeholders together in forum with specific targets all geared towards improving port performance.

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Reduction in border delays

Preliminary 80% reduction in time at Busia OSBP (Uganda) in 2016

Preliminary 79% reduction in time at Busia OSBP (Kenya) in 2016

82% reduction in time at Taveta OSBP in 2015

25% reduction in border clearance time at Kagitumba (Rwanda)

24% reduction in time at Holili OSBP in 2015
Better Road Infrastructure

Port Reitz Road Expansion
Expansion and improvement of the existing Port Reitz and Moi International Airport Access roads to provide for a dual carriageway.

Ntungamo Road
Link road (37kms) from Kampala to Kigali via Mirama Hills/Kagitumba OSBP to be completed in a record **30 months. (84% complete as at Nov 2016. To be completed in Q1 2017)**
Reducing Non Tariff Barriers

Supported Establishment of National and regional monitoring committees for NTBs. National committees can meet to resolve bilateral issues.

Supported the establishment of SMS reporting systems for NTBs, enabling drivers to report instantly. As at 2016, time for reducing NTBs had dropped from 24 months to 8.
Reducing Non Tariff Barriers

Monitoring Committees

Supported Establishment of National and regional monitoring committees for NTBS. National committees can meet to resolve bilateral issues.

SMS reporting systems

Supported the establishment of SMS reporting systems for NTBs, enabling drivers to report instantly. As at 2016, time for reducing NTBs had dropped from 24 months to 8.
Single Customs Territory clearance provides for customs clearances to be made for Northern Corridor countries at Mombasa port. Rwanda and Uganda saved a combined $400 million in clearance and inland shipping costs from the port till December 2015.

Electronic Cargo Tracking & Customs Management System in Uganda-75% reduction in transit & clearance times, $56m savings annually. System being extended to all countries.
Trade improvement measures

Standards Harmonization

74% reduction in average testing time within the EAC (38 days to 10 days) resulting in cost savings of 59% (from US$500 to US$205) per test

Tea Board of Kenya

Tea export verification & payment processes have reduced from 8 days to 1.5 days
Capacity Building

Freight Forwarder Training

4500 freight forwarders trained with 80% of trained agents providing quicker and lower cost service to clients

South Sudan Customs Service

Reduction in clearance time for humanitarian cargo from 4 days to 2 days at Nimule border
Private Sector Engagement

**TRAC**

TMEA investment of **US$4.5m** has catalysed **US$13.1m** from partners. Nearly **1,200 jobs** have been created resulting in **52%** increase in incomes for participating farmers.

**LIFT**

TMEA investment of **US$4.8m** has catalysed **US$6.1m** from partners. Supported projects are expected to contribute to a further reduction in transport costs and time.
Private Sector Engagement

Enhanced business environment for women traders
Increased understanding of EAC CBT requirements
Strengthened capacity of women’s associations
Advocacy on gender dimensions of trade & inequality

Reduction in trade barriers faced by women traders and women entrepreneurs
ICT platforms to enhance business & trade competitiveness of women SMEs
Gender responsive frameworks for CBT

Increased participation of women in trade in East Africa
Export capacity development for women-led SMs
Value chain analysis for women’s broader participation
Business development training for women associations
Large impact of programming

US$ 560m
Budget 2010-2016

US$ 17B
over 10 years

For every US$1 invested

A return of US$ 30
Significant improvement in LPI rankings for EAC

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<th>Country</th>
<th>Rank 2016</th>
<th>Rank 2014</th>
<th>Number of Places Climbed</th>
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<tr>
<td>Kenya</td>
<td>42</td>
<td>74</td>
<td>32 places higher</td>
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<tr>
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<td>138</td>
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Thank you

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