TradeMark East Africa: Growing Prosperity in East Africa through Trade

On 2 November 2016, the Minister of Trade, Industry and Cooperatives, Ms Amelia Kyambadde, the Chief Executive Officer of TradeMark East Africa (TMEA), Mr Frank Matsaert and the Country Director, Mr Moses Sabiiti paid a curtesy visit to His Excellency, the President of Uganda. The main purpose of the visit was to give a brief on the key achievements of TMEA so far, and present to the President TMEA phase 2 Strategy (2017-2023). TMEA is the largest Aid for Trade Facility globally; it was established with the aim of growing prosperity in East Africa through increased trade. It is funded by the development agencies of the following countries: Belgium, Canada, Denmark, Finland, the Netherlands, Sweden, UK, and USA. The main objective of TMEA is *Growing Prosperity in East Africa through Trade.*

Increased trade contributes to stronger economic growth, a reduction in poverty and subsequently greater prosperity. TMEA has its headquarters in Nairobi with offices in Arusha, Bujumbura, Dar es Salaam, Juba, Kampala and Kigali.

Over the last six years -2011 to 2016 - that TMEA has been operational, it has worked closely with its partners, that is, the East African Community Partner States, the East African Community Secretariat, the private sector and civil society - to increase trade and prosperity by unlocking the economic potential of East Africa.

TMEA is focused on supporting Eastern Africa to trade more by investing in the trade competitiveness of the region and believes that increased trade will contribute to tangible gains for all citizens in Eastern Africa. The focus is not just on big business, but also on ensuring that increased trade generates benefits for all, especially, small businesses, women, and the poor.

In Uganda TMEA is working closely with the Ministry of Works and Transport (MoWT) to improve trade transport infrastructure by constructing several One Stop Border Posts (OSBPs). Currently, Busia OSBP, Mutukula OSBP, and Mirama Hills OSBP are all fully constructed and are now operating under one stop controls, where a transit cargo truck or passenger only stop in once, in one direction to undergo customs and/or immigration controls there by reducing the time previously spent on these process by more than 50%. Construction of the Elegu One Stop Border Post with South Sudan is at 70%.

TMEA has also worked with the Uganda Revenue Authority (URA) to upgrade the customs management system (ASYCUDA World) which has enabled 24hour web-based processing of customs transactions. This has led to 48% increase in customs revenue as of June 2015 with customs processing time reducing significantly by 30% from 120hours to 84hours. Indeed, in its 2015 report, URA indicated the increase in customs revenue from UGX2.9trillion in 2011 to UGX4.3trillion in 2015.

In addition, URA has implemented the Electronic Cargo Tracking System which enables the real-time electronic monitoring of transit cargo trucks within the borders of Uganda, this has led to an 80% reduction in transit time for of cargo trucks from 8days (2012) to 2days. With this system URA tracks an average of 15,000 transit shipments annually and truck owners reported savings of $400-600 per truck daily, which is a cumulative total of US$38M annual savings on shipments to Uganda (over 2 years from 2014 to 2016).

Also, URA has implemented the Authorised Economic Operator (AEO) initiative, this offers an AEO accredited company a kind of customs red carpet treatment. The company's cargo is not subject to physical inspection and the company self manages its bonded warehouse. Over 28 companies, which account for over 80% of customs revenue have been accredited to date.

TMEA has also worked with the Ministry of East African Community Affairs (MEACA) to implement an electronic monitoring system to provide a status of Uganda's implementation of the EAC Common Market Protocol. The National Policy on EAC Integration has been implemented, laws aligned with the common market protocol and awareness level by the Ugandans on opportunities available in East Africa increased from 32% in 2010 to 67% in 2015. Furthermore, TMEA has worked with the Uganda National Bureau of Standards (UNBS) through the provision of laboratory testing equipment for key products that impact the Ugandan economy such as maize for moisture content, cement, and steel. The testing time for these products has been reduced by 63% from an average of 19days (2012) to an average of 7days. In addition, UNBS has certified over 57 Small and Medium Sized Enterprises (SMEs) with the Standards and Quality Mark that enables them to sell their products in super markets as well as export to the regional markets.

The work with the Ministry of Trade, Industry and Cooperatives (MTIC) has seen the implementation of the Non-Tariff Barriers (NTB) Reporting System, this system enables anyone with a basic mobile phone to report an NTB by simply pressing ***201#** and the report is sent simultaneously to MTIC and the relevant authority - such as the Uganda Police, URA, Uganda National Roads Authority, Immigration - depending on the NTB they are facing.

HE Y. K. Museveni, President of Uganda (R), Ms Amelia Kyambadde (L), Minister of Trade, Industry and Cooperatives, Mr Moses Sabiiti, TMEA Uganda Country Director and Mr Frank Matsaert, TMEA Chief Executive Officer during a briefing on the key achievements of TMEA so far and presenting to the President TMEA phase 2 Strategy (2017-2023) at State House, Entebbe.

According to an independent evaluation the report, the interventions at UNBS have led to a 58% reduction of the average time it takes to test selected products from 19 days (2011) to 8 days (2015). The average cost of testing products reduced by 71% from USD350 (2011) to USD100 (2015).

The work with the private sector has also yielded great results, for example support SEATINI created awareness on EAC Maize standards to 21,000 farmers in Nakaseke District, central Uganda. An adherence to the standards and adoption of principles like drying, grading and sorting have enabled farmers receive 75% price increase per kilogram. SEATINI's sensitization on maize standards includes sorting, harvesting, grading, proper drying methods. Additionally, SEATINI developed a Sesame Standards No US11628:2016, which the World Trade Organisation approved and Uganda has adopted. This will improve the sesame for Ugandan and increase exports to regional and international markets due to better quality.

Currently, Busia OSBP, Malabla OSBP, Mutukula OSBP, and Mirama Hills OSBP are all fully constructed and operating under one stop controls where a transit cargo truck or passenger only stop in once, in one direction to undergo customs and/or immigration controls, reducing the time previously spent on these processes by more than 50%.

The independent evaluation, conducted by consulting firm Market Share, reports that the TMEA Uganda programmes have contributed to inducing additional trade of USD 97Million since 2014; with USD 50Million achieved in 2015/2016. The elimination of non-tariff barriers, upgrading of customs systems and custom reforms, improvement of testing by UNBS have significantly reduced the cost and time of doing business in Uganda.

Regionally, TMEA's support for the modernisation of ports in Mombasa and Dar, and its one-stop border posts, are transforming trade and driving integration across the region. The time it takes to move goods from Mombasa to Kampala has been halved, to six days. A container now moves through the port of Mombasa in less than 4days – it took more than 15days only a few years ago. Also, TMEA has raised significant funding to develop the port of Dar es Salaam. And by the end of next year, the programme will have helped increase East Africa's exports by at least 10%.

To contribute to the free flow of goods in East Africa and enhance access to markets, TMEA has supported the construction and operationalisation of critical infrastructure like the 13 One Stop Border Posts spread across seven border crossing in the EAC; these border crossings will contribute to reducing the time it takes to cross the border by 30%. Investments at the port of Mombasa and Dar es Salaam are expected to increase throughput and reduce the time it takes to import/export goods at the two ports. This reduction in time leads to a reduction in the cost of doing business. It is ultimately expected to lead to a decrease in the cost of basic commodities, or at the very least a stabilisation of those costs.

TMEA has complimented its investments in hard infrastructure at borders and ports by supporting the adoption of world class software by government agencies, allowing for better trade efficiency and enhanced revenue collection. The customs systems adopted by the Revenue Authorities in Uganda and Rwanda, for example, have led to creating a better business environment in those countries. In, Rwanda the Electronic Single Window has reduced the time it would take to process imports from 2days, 10hours and 5minutes to 1day, 10hours and 55minutes – a reduction of 46%. A decrease of one day (1day), in release times for imported goods, translates to savings of 0.4% of total imports, equalling approximately $6.8million annually.

Kirunda Kivejinja (R), Second Deputy Prime Minister and Minister of East African Community Affairs handing over the Visionaries of Uganda Awards to Mr. Moses Sabiiti (L), the Country Director of Trade Mark East Africa at Serena Hotel recently

Overall, TMEA's work with EAC Partner States has contributed to the performance of the EAC region, for example the East African Community Regional Block performed quite well in the recently released World Bank Doing Business Report (2017) with Rwanda, Kenya and Uganda, taking the lead. Uganda was ranked 115 out of 189 economies and was recognized one of the top 10 most improved economies.

On the Trading Across Borders Indicator, Uganda registered tremendous improvement. The report credits this to the construction of the Malaba OSBP and improved border processes to clear exports. The report recognizes URA for being among the top reformers, the implementation of TMEA supported integrated border management and one stop controls at Busia OSBP, Malaba OSBP, Mutukula OSBP and Mirama Hills OSBP has had a positive impact on the cost of doing business.

The Doing Business report indicates that there was a 20% reduction in time to export from 7days (2016) to 5.6days (2017) and a 50% reduction in cost to export from USD780 (2016) to USD389 (2017). In addition, it indicates that there was a 6% reduction in time to import from 13days (2016) to 12days (2017) and a 33% reduction in cost to import from USD1, 176 (2016) to USD785 (2017).

Furthermore, according to the African Union Regional Integration Report 2016, the EAC is the highest performing regional integration block in Africa. The reports notes that key success factors of block's performance include: very strong political will; trade integration and free movement of goods through the Single Customs Territory; and the planning and financing of regional infrastructure projects.

In addition, the recently released World Bank Logistics Performance Indicator 2016, scored the EAC highly with the Northern Corridor Initiatives and the Single Customs Territory singled out as key contributors to this improved performance. In Africa, Kenya was ranked 2nd, Uganda ranked 5th, Tanzania 8th, Rwanda 9th and Burundi 13th. The report noted that within the low income group, East African countries are leading the performance in this years' edition and lists Kenya, Uganda and Rwanda as countries that are over-performing their income group peers. Also, customs agencies obtained much higher LPI ratings than other agencies enforcing quality or technical standards of goods.

It further indicated that relatively rapid improvements can be achieved regionally if countries have a strong political will and align their efforts in implementing administrative reform such as the Northern Corridor that links Burundi, Rwanda and Uganda with the port of Mombasa in Kenya. The report elaborated that soft trade infrastructure (ICT) and transport facilitation reforms, where implemented, have had a significant impact even before hard infrastructure projects were completed. For the first time, in the history of the LPI reports, landlocked countries are no longer automatically the most unfortunate ones, as evidenced by, for instance, the performance of Rwanda and Uganda.

TMEA's catalytic role in these regional and national performance achievements cannot be overstated specifically on the Trade Facilitation initiatives that have been implemented in by EAC Ministries, Departments and Agencies. TMEA intends to continue these great partnerships with a focus on exports growth for Uganda and the EAC in general.