The Northern Corridor Trade And Transport Facilitation Study On Improving The Use Of COMESA Facilitation Instruments And Strengthening The Northern Corridor Stakeholders Forum/National Trade Facilitation Committees

Final Report

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TABLE OF ACRONYMS

ABR	Rwanda Bankers Association
ACPLRWA	Association of Rwanda Long Distance Truck Drivers
ADECOR	Association for the Defence of Consumer Rights in Rwanda
ADR	Association des Agences en Douane du Rwanda
ASSAR	Association Des Assureurs du Rwanda
ASSET	Automated Systems for Secure Electronic Transit
ASSIMPER	*Associations des Importateurs du Petrole au Rwanda*
ASYCUDA	Automated System for Customs DAta
ATAR	*Association des Transporteurs Agréés au Rwanda*
ATCUAE	Automobile & Touring Clubs of United Arab Emirates
ATPC	Africa Trade Policy Centre
ATF	Agreement on Trade Facilitation
AWB	Airway Bill
BL	Bill of Lading
CAMIS	Cargo Management Information System
CCTTFA	Central Corridor Transit Transport Facilitation Agency
CD	Customs Document
CEPAR	Coffee Exporters and Processors Association in Rwanda
CEPGL	*Communaté Economique des Pays des Grand-Lacs*
C & F	Cost and Freight
CGO	Central Guarantee Office
CL	Carrier Licence
CMC	Corridor Management Committee
CMI	Corridor Management Institution
CMS	Customs Management Systems
COMESA	Common Market for Eastern and Southern Africa
COMESA-CD (CD-COM)	COMESA Customs Document
COMESA CL	COMESA Carrier Licence

CTG	Customs Transit Guarantee
CVTFS	COMESA Virtual Trade Facilitation System
DFR	Draft Final Report
DoT	Department of Transport
DRC	Democratic Republic of Congo
EABC	East African Business Council
EAC	East African Community
EACCMA	East African Community Customs Management Act
EACCMR	East African Community Customs Management Regulations
EAC -SCT	East African Community – Single Customs Territory
EACSOF	East Africa Civil Society Organizations Forum
ECTS	Electronic Cargo Tracking Systems
EU	European Union
FCVR	Final Classification and Valuation Report
FEAFFA	Federation of East African Freight Forwarders Associations
FEC	Fédération des Entreprises du Congo
FTA	Free Trade Area
GATT	General Agreement on Tariffs and Trade
GMS	Greater Mekong Sub-region
GTKP	Global Transport Knowledge Practice
GVM	Gross Vehicle Mass
GVW	Gross Vehicle Weight
ICT	Information and Communications Technology
IDF	Import Declaration Form
IFC	International Finance Corporation
IGAD	Inter-Governmental Authority on Development
ISCOS	Intergovernmental Standing Committee on Shipping
IR	Inception Report
ISO	International Organization Standardization

IT	Information Technology
JBC	Joint Border Committees
KC	Kyoto Convention
KNESWS	The Kenya National Electronic Single Window System
KWATOS	Kilindini Waterfront Automated Terminal Operating System
MAGERWA	Magasins Généraux du Rwanda
MCLI	Maputo Corridor Logistics Initiative
KRA	Kenya Revenue Authority
MMS	Manifest Management System
MOU	Memorandum of Understanding
MVGW	Maximum Vehicle Gross Weight
NAMPORT	Namibia Ports Authority
NC	Northern Corridor
NCSCF	Northern Corridor Stakeholders Consultative Forum
NCTA	Northern Corridor Transit Agreement (1985)
NTB	Non-Tariff Barriers
NCTTA	Northern Corridor Transit and Transport Agreement (2007)
NCTTCA	Northern Corridor Transit and Transport Coordination Authority
NEPAD	New Partnership for Africa's Development
NMC	*National Monitoring Committees for Elimination of Non-Tariff Barriers*
NTTFCs	National Trade & Transport Facilitation Committees
OBR	*Office Burundais des Recettes*
OGEFREM	*Office de Gestion du Fret Multimodal*
PCA	Pohl Consulting & Associates GmbH
PPP	Public-Private Partnership
PTA	Preferential Trade Area
REC	Regional Economic Community
RESW	Rwanda Electronic Single Window

RCTD	Road Customs Transit Document
RCTG	Regional Customs Transit Guarantee
RCTG-MIS	RCTG-Management Information System
RCSP	Rwanda Civil Society Platform
RESW	Rwanda Electronic Single Window
RFID	Radio Frequency IDentification
RKC	Revised Kyoto Convention
RRA	Rwanda Revenue Authority
RSS	Republic of South Sudan
SAD	Single Administrative Document
SADC	Southern African Development Community
SARB	South African Reserve Bank
SARS	South African Revenue Service
SCT	Single Customs Territory
SGD	Single Goods Declaration
SMEs	Small and Medium Enterprises
SO	Strategic Objective
SOCABU	*Société d'Assurances du Burundi*
SONARWA	*Société Nationale d'Assurances du Rwanda*
SONAS	*Société Nationale d'Assurance (DRC)*
SORWATHE	Societé Rwandaise pour la production et la commercialisation du Thé *S.A. R. L.*
SSCS	South Sudan Customs Service
TMEA	TradeMark Eastern Africa
TIRExB	*Transport Internationaux Routiers Executive Board*
TIR	*Transport Internationaux Routiers*
TKCMC	Trans Kalahari Corridor Management Committee
ToR	Terms of Reference
TTCA	Transit and Transport Coordination Authority

NCTTCA	Northern Corridor Transit and Transport Coordination Authority
TTTF	Transit Trade and Transit Facilities
UCR	Unique Consignment Reference
UAE	United Arab Emirates
UN	United Nations
UNECE	United Nations Economic Commission for Europe
UN/CEFACT	United Nations Centre for Trade Facilitation and Electronic Business
URA	Uganda Revenue Authority
URA CMS	Uganda Revenue Authority Customs Management System
UNECA	United Nations Economic Commission for Africa
UNCTAD	United Nations Conference on Trade and Development
USAID	United States Agency for International Development
WBCG	Walvis Bay Corridor Group
WCO	World Customs Organization
WTO	World Trade Organization

EXECUTIVE SUMMARY

This **Final Report** (FR) outlines the background, objectives, study methodology, summary of findings, examples of best practice and case studies, and proposed strategies and action plans for consideration of the TTCA and stakeholders for the consultancy assigned by the Permanent Secretariat of the Northern Corridor Transit Transport Coordination Authority (NCTTCA) to POHL CONSULTING & ASSOCIATES (PCA), Berlin, Germany under contract No. 04/EATTFP/NCTTCA/ADB/01/2013 for the *Northern Corridor Trade and Transport Facilitation Study on Improving the Use of COMESA Trade Facilitation Instruments and Strengthening Northern Corridor Stakeholders Forums/ Committees*.

The Overall Objective of the Study was to come up with a comprehensive Strategy and Action Plan for effective implementation of the specific facilitation instruments and the WCO Unique Consignment Reference number (UCR) along the Northern Corridor and strengthening the stakeholder committees/ forums both at the national and regional level. This assignment is organized into two components, namely:

- *Component 1: Improvement in the Use of Trade and Transport Facilitation Instruments* i.e. COMESA Customs Document (CD-COM); COMESA Regional Customs Transit Guarantee (RCTG); COMESA Carrier License; COMESA Transit Plates; COMESA harmonized road transit charges; and implementation of the WCO Unique Consignment Reference (UCR).
- *Component 2: Strengthening of Trade Facilitation Committees/ forums* i.e. the Northern Corridor Stakeholders Consultative Forum (NCSCF) and the National Trade & Transport Facilitation Committees (NTTFCs).

Chapter 1 provides a general introduction and background to the study. In terms of background, it provides the institutional linkage between the NCTTCA and COMESA, other regional developments such as membership of some of the NCTTCA States in the East African Community, and participation of these countries in other regional and international standards setting and regulatory bodies. The Contracting Parties to the *Northern Corridor Transit and Transport Agreement* (NCTTA) are the Government of the Republic of Burundi, the Government of the Democratic Republic of Congo, the Government of the Republic of Kenya, the Government of the Republic of Rwanda, the Government of the Republic of South Sudan, and the Government of the Republic of Uganda. The original Northern Corridor Transit Agreement (NCTA) was signed in 1985 and came into force in 1986 following ratification by all Member States (Burundi, Kenya, Rwanda and Uganda). The Democratic Republic of Congo (then called Zaire) acceded to the Agreement in 1987, while South Sudan is the newest Contracting Party having been admitted at the 24th Meeting of the Council of Ministers held on 6th December 2012.

All the Contracting Parties to the NCTTA (except South Sudan) are also Contracting Parties to the Treaty Establishing the Common Market for Eastern and Southern Africa (COMESA, 1993). In this regard, Art. 180 Paragraph 1 of the COMESA Treaty provides that “the Member States may be members of other regional or sub-regional organisations with other Member States or third countries for the purpose of strengthening co-operation among themselves”. The NCTTA makes reference to COMESA instruments in a number of areas, including Article 27b (adoption of the vehicle identification and marking system similar to the one agreed under the Treaty establishing the Common Market for Eastern and Southern Africa to which they are members), Article 35 (commitment to take necessary steps for the insurance of their means of transport to cover third party liability incurred in the course of interstate traffic and traffic in transit in accordance with the provisions of the Third Party Motor Vehicle Insurance regime established by the Common Market for Eastern and Southern Africa known as the COMESA Yellow Card) and Article 37b (the contracting parties agree that the rules on transport licensing as set by the Treaty establishing the Common Market for Eastern and Southern Africa and its Protocols are applicable to road transport in the corridor). Finally Article 56 and 57 of the Agreement provides for reference of disputes that are not resolved by arbitration to the COMESA Court of Justice.

This Chapter also highlights ongoing developments at the regional and international level with an impact on the trade and transport facilitation environment in the Northern Corridor. These include the EAC Single Customs Territory in which import declarations for goods destined to Uganda, Rwanda and Burundi are lodged only once and duties paid at the destination country while the transit countries (Kenya and Tanzania) verify the goods against the electronic declarations already in the system. Another significant development is the COMESA-EAC-SADC Grand Free Trade Area (Tripartite) Initiative: The first summit of the Heads of State of the Tripartite (comprising 26 countries) was held in Kampala, Uganda in October 2008. Since then, a Draft Road Map and a Draft Tripartite Agreement with associated Annexes have been prepared. In this regard, the Annex on Transit Trade and Transit Facilities has provisions that seek to harmonize the transit regimes of the EAC, SADC and COMESA Member States. Finally, the WTO Agreement on Trade Facilitation (ATF) creates binding commitments across the 159+ Members of the WTO to expedite movement, release and clearance of goods, improve cooperation among WTO members on Customs matters, and provides a framework for provision of technical assistance and capacity building for least developed and developing countries towards implementation of the Agreement.

This report was prepared using material obtained from both Field Survey and Literature Review methods. Field Survey was conducted from 10th February to 6th March 2014 in the Northern Corridor Member States of Burundi, Democratic Republic of Congo, Kenya, Rwanda and Uganda, while the Literature Review spanned over the period before and after the survey. For the Field Survey, each of the experts prepared a list of guiding questions to pose to respondents. The respondents were of varied backgrounds including government officials responsible for trade and transport policy development and implementation (government ministries, departments and agencies), officials from private sector representative organizations (such as associations of customs clearing agents), and citizens acting in their private capacity (such as a clearing agent at the Rubavu/ Goma border). It was therefore necessary to customize the questions to the respondents.

Analysis of the data was done using qualitative and descriptive methods. We basically sought to establish whether the respondent was aware about each of the specific instrument trade facilitation (or in the case of Component 2, the national committee or regional forum) then proceeded to ask questions relevant to their backgrounds (e.g. transport policy questions were directed at officials in the ministries of transport, while issues of implementation of the RCTG were directed at customs officials, insurance company representatives, and representatives of customs clearing and forwarding associations). The interviews played a dual role of seeking information and sensitizing the respondents on the trade facilitation instruments and committees/ forum.

Furthermore, the study findings were subjected to validation in two workshops, namely a workshop to present the mid-term report (**12th May 2014**) and another one for validation of the Draft Final Report (**30th June to 1st July 2014**). A meeting was also held between the NCTTCA Secretariat and the Project Team (specifically, the Team Leader and Key Expert 1, with participation of Key Expert 2 by Skype) on **4th and 5th September 2014**. Comments arising from this meeting have also been taken account of in this report.

Chapters 2 to 9 specifically deal with the trade and transport facilitation instruments and the stakeholder committees. **Chapter 2** (COMESA Customs Document, COMESA-CD) begins with an introduction to the legal authority for use of the COMESA-CD and its envisaged benefits, namely reduction of documentation costs and easier exchange of information across the transit route. In addition, it is aimed at ensuring openness in national administrative requirements, rationalizing and reducing administrative documentation, reducing the amount of required information and standardizing and harmonizing data. Although fifteen COMESA Member States are using the Single Administrative Document (SAD) based on the COMESA-CD, including all the NCTTA Contracting Parties, it is evident upon examining and comparing the national customs declaration forms in each of the Northern Corridor countries that although based on the COMESA CD, the national declaration forms differ in various ways. In spite of this situation, it is recommended that focus be put on data exchange amongst the Northern Corridor Member States: agreement required on minimum fields of the COMESA-CD for electronic data exchange rather than the format of the physical declaration. This would build on the lessons learnt about single electronic submission of customs declarations under the EAC Single Customs Territory, and comparison with use of the Single Administrative Document in the European Union.

The introduction to **Chapter 3** provides some background to the concept of the UCR. In this regard, the WCO Council adopted a *Recommendation Concerning a Unique Consignment Reference (UCR) for Customs Purposes* in June 2004 as a contribution "to the security and facilitation of the international movement of goods through Customs and other administrative procedures, and to reduce the burden associated with international trade procedures to a minimum". Secondly, it was meant to increase the effectiveness and efficiency of Customs Administrations in dealing with international trade transactions. The concept provides the trade with a tracking capability, while it offers customs a "source to destination" audit trail as well as access to commercial data that may be of interest to Customs and other regulatory bodies. It is therefore related to two other WCO instruments (a) the SAFE Framework of Standards – with its two pillars of Customs-to-Customs network arrangements and Customs-to-Business relationships aimed at ensuring trade facilitation and security of the international trade supply chain; and (b) the WCO Data Model - which provides a standard data set for all transactions (export, national transit and import), all modes (air, maritime, road and rail), and all requirements of all cross border activities of related agencies. Benefits associated with the use of the UCR include:

- Promoting safe and secure borders by providing enhanced access to information at time of release of goods
- Helps co-operating export and import Customs to offer authorized traders end-to-end premium procedures and simple integrated treatment of the total transaction

- Enabling the processing of pre-arrival data prior to the assignment of a Goods Declaration number
- Contributing to rapid release
- Helping in the management of the logistical chain and enhancing just-in-time operations
- Eliminating redundant and repetitive data submitted by the carrier and the importer
- Reducing the amount of data required to be presented at time of release
- Provides an additional aid in general cargo reception, handling and servicing at ports
- Allows commercial and official contacts/enquiries at any point in the logistical chain
- Reducing compliance costs
- Promoting greater Customs co-operation.

The study recommends that the UCR be adopted as a regional document amongst the Northern Corridor Member States through linking documentation between stakeholders at the regional level. The countries of the Northern Corridor are experiencing rapid and positive change in customs, transport and trade facilitation. In customs ICT, this is occurring in reliable telecommunications infrastructure and support as well as upgraded, flexible Customs Management Systems. The underlying theme, as in most industries, for ICT support to trade is a move to flexible, modifiable and extendable web based applications as seen above in the move to ASYCUDA World and a new Customs Management System (that will certainly be web-based) incoming in Kenya. These incoming systems are well suited to being easily extended to include the increased functionality of the UCR. Finally, the chapter provides specific strategies and actions for implementation of the UCR in the Northern Corridor.

Chapter 4 covers the RCTG in terms of its legal framework, the concept of transit guarantees as provided for in the TIR Convention, and its operation within COMESA and more specifically along the Northern Corridor Member States. The origin of the COMESA Regional Customs Transit Guarantee (RCTG) dates back to Preferential Trade Area Regional Customs Bond Agreement (November 1990), prior to the COMESA Treaty (1991). In Article 4 of the COMESA Treaty, Member States commit themselves to "adopt a common customs bond guarantee scheme" while the Agreement is provided in Article 174 paragraph 5 as one of the agreements whose rights and obligations are not extinguished by the coming into force of the COMESA Treaty. The current Contracting Parties to the Regional Bond Guarantee Agreement include Burundi, Kenya, Uganda and Rwanda.

Furthermore, the COMESA Protocol on Transit Trade and Transit Formalities (Annex I to the COMESA Treaty) has provisions relevant to the operations of the RCTG. Article 3 provides the scope of the transit transport operations covered under the Protocol, namely transport that is:

(a) Operated by a carrier licensed under the provisions of Article 4 of this Protocol;
(b) Performed under the conditions set out in Article 5 of this Protocol by means of transport approved by the customs office of commencement and issued with certificates which shall be in the form set out in Appendix III of this Protocol;
(c) Guaranteed by a surety in accordance with the provisions of Article 6 of this Protocol; and
(d) Undertaken under cover of the RCTD Document, or any other transit document approved by Council.

The objective of the scheme is to reduce the high cost of moving goods in transit in the COMESA region and thus contribute to enhancing the competitiveness of the foreign trade especially of the landlocked countries. The scheme is intended to address the following issues:

- High cost of national guarantees for each and every transit country.
- Tied-up monetary and financial assets as collateral requirement.
- Delays at border crossing points.
- Longer vehicle turn-around time.
- Delays in acquittal/cancellation of guarantees.
- Frequent inspection of transit goods by administrative authorities in the transit countries.

Although the RCTG is based on international best practice (the TIR Convention), its uptake along the Northern Corridor has not been as good as was originally expected due to poor coordination between COMESA Secretariat and the Member States, inadequate training and sensitization, and inadequate technical support. The scheme is currently driven by the public sector. It needs to be seen as a public/private sector project for economic development by stakeholders and the public. Critical to the success of the RCTG scheme is an operating Management Information System (RCTG-MIS). Stakeholders are waiting to move forward with the RCTG scheme but are not informed as to progress, or timeframe for moving forward. Private sector resources cannot be leveraged without transparency. A lean project implementation team needs to be put in place as a short-term arrangement to put in place all outstanding institutional and legal issues and to oversee the establishment of the autonomous operating entity, which will manage the RCTG as a viable self-sustaining business. Its is also recommended that the member States pursue the use of the TIR Carnet to further reduce the time and cost of clearance of internationally traded goods at the ports and border stations.

Chapter 5 provides the background, legal framework, status quo analysis, best practice and recommendations for improvement in implementation of COMESA Carrier License, Transit Plates, Road User Charges and Roadworthiness Checks for motor vehicles used to ferry goods in transit. The present cooperation in coordination of transit vehicle movement of goods in COMESA dates back to the *Protocol on Transport and Communications* and the *Protocol on Transit Trade and Transport Facilities* of the Preferential Trade Area Treaty (PTA, 1981). The objective was for the Member States to evolve coordinated and complementary transport networks and policies and to promote greater movement of goods, persons and services in the Preferential Trade Area (Article 2; PTA, 1981). The cooperation in road Transport and Communications in general and in roads transport in particular is further presented in the COMESA Treaty as the *COMESA Protocol on Transit Trade and Transit Facilities*.

The COMESA Carrier License provides for easy movement of transit vehicles by eliminating multiple licenses along the transit countries. It eliminates the need for transporters to obtain carrier permits each time they transit a COMESA Member country. It therefore contributes to reducing transit costs, expediting the transit processes and leads to better utilization of road transport and improved competitiveness of the general trucking industry. EAC countries have harmonized transit vehicle licensing Under the EAC Customs Management Act regulation 104 (EAC, 2010). Vehicles conveying transit goods in EAC must be licensed by the Commissioner, using Form C28 or must be licensed by a Competent Authority in COMESA or SADC Member States and those licensed in other Member States approved by the Commissioner using Form

C29 on application. The vehicles should have distinguishing numbers of registration in accordance with the provisions of national laws in of EAC Partner States. Consultations carried out with transit transport stakeholders in the Northern Corridor showed that there is limited utilization of COMESA carrier license in the NCTA contracting States. Knowledge about the license among the stakeholders is also limited. Stakeholders however confirmed that there is mutual recognition of carrier licenses issued by other COMESA Member States.

COMESA Transit Plates are important in the distinction of the transit transport vehicles under *COMESA Protocol on Transit Trade and Transport Facilities* from those involved in local transport operation in COMESA member countries. From Customs point of view, the plates are an enforcement mechanism as carriers with such plates are expected to follow approved transit routes. In addition, vehicles with COMESA transit plates do not have to undergo extensive checks *en route* and at transit border points, hence reducing delays encountered at checkpoints. They are therefore important instruments for facilitating transit transport along the Northern Corridor. Like the carrier license, there is limited utilization of the COMESA transit plates in the Northern Corridor countries. The EAC transit inscription requirements 'TRANSIT GOODS' are however common in EAC Partner State countries.

Harmonized Road User Charges (commonly known transit tolls or road user transit charges) were introduced in COMESA in 1991 and it's expected to be implemented by not later than 1st April 1995 (COMESA, 1994). The COMESA harmonized road user charges depend on vehicle category. For freight vehicles they are 6 and 10 US$ per 100Km for a vehicle of 3 axles and greater than 3 axles respectively. Revenues obtained from the road user charges are for management of road network. Additional funds would be obtained from enforcement of axle load limits charges from overloaded vehicles. Consultations during the inception mission showed that countries charge different road user/toll or transit charge along the Northern Corridor often on a flat fee basis and that charges could often be increased arbitrarily. Kenya and Uganda use the COMESA harmonized charge rates while Rwanda charges a flat toll of USD 152 for a trailer and US $ 76 for a single truck. In DRC the toll charge for vehicles entering the country is higher and more elaborate with a 2 – 3 axle truck being charged a toll of US$300 while a small vehicle is charged US$100. The practice of inspecting motor vehicles for roadworthiness also differs from country to country although there are efforts to carry out vehicle inspection to ensure road worthiness in all the NCTA contracting states at the national level, there is however lack of trust in the systems of other EAC partner states. Harmonization of the procedures for ensuring roadworthiness in the region is therefore necessary.

The study makes a number of recommendations in regard to the transport facilitation instruments:

(a) COMESA Carrier Licence

- Integrate COMESA Carrier License provisions into member states domestic legislation;
- Change the restrictions in the current transit carrier license conditions to remove restrictions confining carriers to transit transport operations (therefore allow domestic market access).
- Vehicles for undertaking transport of transit goods have to meet uniform standards to satisfy conditions for goods transported under Customs control.
- Harmonized procedures for issuance of COMESA Carrier License.

(b) Transit Plates

- Mandatory use of Transit Plates for all Member States.
- Issue Transit Plates with the words "COMESA- TRANSIT" as part of carrier licensing requirements.

(c) Harmonized Transit Charges

- All Member States implement COMESA harmonized road user charges (transit charges) of 6 and 10 US$ per 100Km for a vehicle of 3 axles and greater than 3 axles respectively.

(d) Vehicle Roadworthiness

- Mandatory Periodical Technical Inspections of wheeled vehicles as one of the mandatory conditions for issuing the COMESA carrier license
- Same (uniform) criteria for periodic testing used in all the countries.
- Vehicles, which pass the test, should also be issued with similar roadworthiness certificate.
- Costs for undertaking the tests are harmonized.

The issues in **Chapter 6** (ICT and Information Exchange) are related to Chapter 2 (*COMESA-CD*), Chapter 3 (*UCR*), Chapter 4 (*RCTG*) and Chapter 5 (*Road Transport Instruments*) because effective implementation is greatly enhanced by use of ICT. First, it provides an overview of the ICT systems in operation within the Northern Corridor Member States (except the Republic of South Sudan) – basically the Customs Management Systems, port management systems, Single Window Systems and other supporting systems including the COMESA Virtual Trade Facilitation System, RADDEx and Electronic Cargo Tracking System.

The following recommendations are made in this chapter:

(a) Mandatory and optional data elements for electronic exchange of information at the regional level;
(b) Regional implementation of the UCR concept by leveraging on existing electronic Single Window Systems; and
(c) Link the RCTG-MIS with the Customs Management Systems.

Finally, there are proposals on strategies and actions for use of information and communications technologies to support effective implementation of the trade and transport facilitation instruments under study.

Chapter 7, 8 and **9** are concerned with the second component of this study, namely strengthening of trade facilitation committees/ forums at the regional level (Northern Corridor Stakeholders Consultative Forum) and at the national level (National Trade & Transport Facilitation Committees). Chapter 7 commences with the legal framework for the regional forum, which is identified as Article 8d of the Northern Corridor Transit Transport Agreement (2007). Article 8d provides for a Public Private Partnership Committee composed of public and private sector persons and organisations dealing with matters of inter-state transit along the corridor. The functions of this Committee include identification of problems within its' scope of operation and to provide solutions to them, consolidate views and put forward recommendations to the Permanent Secretariat for review by the Executive Committee and consideration by the Council of Ministers, and facilitate implementation of decisions of the organs of the authority.

The main purpose for the Forum is to bring together Chief Executives of Public and Private sector institutions involved in transport and trade related activities in the Northern Corridor region for joint consultations in the area of trade facilitation (i.e. Customs, freight clearance, cargo handling, transport infrastructure, transport policies and other cross-cutting trade issues). The Forum has provided the institutional mechanism to facilitate private sector participation in the deliberation and decision-making processes of the Northern Corridor. However because this Forum has lacked resources of its own, meetings depend on sponsorship of public sector bodies in the Northern Corridor Member States. There is also considerable overlap between the forum and the EAC Regional Forum on Elimination of Non-Tariff Barriers.

It is proposed that funding and resources for the NCSCF come from:

(a) Member/ participant contributions towards participation in meetings;
(b) Donor funding for specific activities;
(c) The levy on goods loaded or unloaded at Mombasa Port – specifically for Secretariat expenses (Article 11 of the Agreement).

Other specific recommendations, in addition to strategies and action plans for implementation, are:

- Whenever practicable, hold the meetings of the NCSCF back-to-back with those of the EAC Regional Forum, so that common agendas are only discussed once;
- Clearly defined rules of procedure for the NCSCF (provided).

Chapter 8 starts with the legal framework and status quo analysis for National Trade and Transport Facilitation Committees in the Northern Corridor. Although there is no specific provision in the NCTA for National Trade and Transport Committees, NCTTCA has proposed Common Policy Guidelines for Formation of Joint Border Committees (JBC's) along the Northern Corridor. The aim of institutionalization of the JBC's is to enhance coordination between and among the public and private sector agencies at the border stations to contribute towards improved competitiveness of the economy, increased government revenue and business opportunities for the private sector, reduced cost of doing business and lower barriers to regional and international trade. According to the guidelines the JBC's will, through a Chairperson, report to the coordinating Ministry/ Government Agency/ National Trade and Transport Facilitation Committee. Within the EAC, there are two types of committees that have been organized with a mandate for issues related to trade facilitation, namely (a) National Monitoring Committees (NMC's) for Elimination of Non-Tariff Barriers established under a directive from the EAC Council of Ministers and (b) National Committees on Trade Facilitation that are currently being established in accordance with Article 23.2 of the WTO Trade Facilitation Agreement.

It is noted that while the NMC's have a link to a regional EAC Forum, and the National Committees on Trade Facilitation will be linked to the WTO Committee on Trade Facilitation, there is currently no link between the structures in the Member States and the NCTTCA.

Furthermore, the national structures for consultation between the private and public sectors on trade facilitation issues are different in the Democratic Republic of Congo and the Republic of South Sudan. After consideration of best practice (UNECE), it is recommended that:

(a) Member States notify the NCTTCA of the membership and governance structure of the national body responsible for dealing with Northern Corridor matters;
(b) National committees are best sustainably funded through a mix of funding sources including donor funding, government support through in-kind contributions and budget provision, and private sector contributions through payment for training and capacity building events.

Chapter 9 deals with another crosscutting issue: training and capacity building. During the inception mission in the Northern Corridor Member States, a number of training and capacity building needs were identified including:

- Knowledge and sensitization on COMESA and international trade facilitation instruments to relevant government agencies and private sector stakeholders (at the strategic, operational and technical levels);
- Formal clarification of the responsibilities of regional organizations (such as COMESA and TTCA) and national authorities in the delivery of training, given the lack of impact of training on RCTG delivered by the COMESA Secretariat for a number of years to stakeholders in the Northern Corridor;
- Organization of Train-the-Trainer events within the region – through collaboration between regional organizations and national authorities;
- Technical assistance missions to member states for support in establishment of trade and transport facilitation committees.

Some of the issues in **Chapter 9** are taken up to a little bit more detail in Chapter 10 (Conclusions). The following general recommendations are proposed on the basis of conclusions from the study:

(a) NCTTCA Secretariat emphasize commitment to the Agreement and relevant international standards in meetings of the organs of the Authority namely the Public-Private Partnerships committee, the Specialized Committees, the Executive Committee of Permanent Secretaries, and the Council of Ministers as a step towards developing and maintaining high standards of trade and transport facilitation along the Northern Corridor.
(b) NCTTCA Secretariat leverage existing Strategic Partnership Agreements with the EAC and COMESA to ensure the two Regional Economic Communities incorporate, involve and/or involve the Secretariat in missions to Northern Corridor Member States for training, sensitization and generation of political will for implementation of regional requirements.
(c) NCTTCA and COMESA continue high-level engagements with the Democratic Republic of Congo for ratification of the COMESA Regional Customs Bond Agreement.
(d) Cooperating Development Partners and other Member States, with the support of the NCTTCA Secretariat, provide relevant technical assistance, training and capacity building

towards implementation of regional trade and transport facilitation instruments and international standards to the Republic of South Sudan.

(e) TTCA make deliberate efforts to link their programs and interventions to these developments using the EAC and COMESA Strategic Partnership Agreements, and continue cooperating with other international organizations active in the area of trade facilitation such as TradeMark East Africa, UNCTAD, UNECE and World Bank.

(f) The Northern Corridor Stakeholders' Consultative Forum formally transforms itself into the Public-Private Partnership Committee in line with the provisions of the NCTTA. Furthermore, the current composition and structure of the Forum be reviewed so as to transform it into the Public-Private Partnership Committee envisaged by the NCTTA, with links to National Trade & Transport Facilitation Committees and Joint Border Committees.

(g) Member States adopt common policy guidelines for establishment of National Trade & Transport Committees; and given that there are no structures specifically called "National Trade & Transport Facilitation Committee" in any of the Member States, with existing structures variously being called "National Monitoring Committee for Elimination of Non-Tariff Barriers" or "National Committee on Trade Facilitation", Member States notify the Secretariat of the structure, membership and Terms of Reference of the committee responsible for trade and transport facilitation in each Member State.

(h) Member States amend their laws and procedures to make them compliant to the requirements of the regional framework for use of the COMESA Carrier License, Transit Plates and harmonization of road user charge.

(i) Given the significant training and capacity building constraints for implementation of the trade facilitation instruments under study:

- TTCA Secretariat use the web site to provide relevant information on the various trade and transport facilitation instruments e.g. background information including legislation, meeting reports, progress in implementation, and outlines of training materials.
- Training of Trainers programme on the various instruments be conducted at the national and regional level and the content incorporated into existing training programmes for the public sector (e.g. Customs) and the private sector (e.g. the East African Community Freight Forwarding Certificate).

(j) Member States:

- Enhance connectivity and collaboration in the exchange of information and data; and
- Adopt the Unique Consignment Reference number at the regional level.

Finally, the study makes proposals for projects that could be implemented from the findings, conclusions and recommendations of the study namely:

- Integration of the RCTG business practices into existing Customs Management Systems
- Implementation of a centralized methodology for data exchange that leverages on existing initiatives, e-SWS and CMS capabilities
- Training and capacity building on Trade and Transport Facilitation
- Implementation of a Monitoring & Evaluation mechanism
- Institutionalization of the Northern Corridor Stakeholders Consultative Forum

1 INTRODUCTION AND BACKGROUND

1.1 INTRODUCTION

This Introduction to the Final Report (FR) provides an overview of the consultancy assigned by the Permanent Secretariat of the Northern Corridor Transit and Transport Coordination Authority (NCTTCA) to POHL CONSULTING & ASSOCIATES (PCA), Berlin, Germany under contract No. 04/EATTFP/NCTTCA/ADB/01/2013 for the *Northern Corridor Trade and Transport Facilitation Study on Improving the Use of COMESA Trade Facilitation Instruments and institutionalizing the Northern Corridor Stakeholders Forum/ Strengthening the National Trade and Transport Facilitation Committees*.

The report outlines the background, objectives of the project, study methodology, findings, examples of best practice and case studies, and proposed strategies and action plans for implementation by the NCTTCA Secretariat and stakeholders.

The final report builds on the Terms of Reference (ToR) and the Technical Proposal presented by PCA in October 2013 and integrates the insights gained during the Inception Period (10th February to 6th March 2014), and the two validation workshops held in Nairobi (for presentation of the Interim Report on 12th May 2014 and for validation of the Draft Final Report held from 30th June to 1st July 2014). A meeting was also held between the NCTTCA Secretariat and the Project Team (specifically, the Team Leader and Key Expert 1, with participation of Key Expert 2 by Skype) on 4th and 5th September 2014. Comments from the meeting have also been incorporated in this report. The Terms of Reference for the Study are attached as Appendix 1.

The Overall Objective of the Study was to come up with a comprehensive Strategy and Action Plan for effective implementation of the specific facilitation instruments and the WCO Unique Consignment Reference number (UCR) along the Northern Corridor and strengthening the stakeholder committees/ forums both at the national and regional level. This assignment is organized into two components, namely:

- *Component 1:* Improvement in the Use of Trade and Transport Facilitation Instruments i.e. COMESA Customs Document (CD-COM); COMESA Regional Customs Transit Guarantee (RCTG); COMESA Carrier License; COMESA Transit Plates; COMESA harmonized road transit charges; and implementation of the WCO Unique Consignment Reference (UCR).
- *Component 2:* Strengthening of Trade Facilitation Committees/ forums i.e. the Northern Corridor Stakeholders Consultative Forum (NCSCF) and the National Trade & Transport Facilitation Committees (NTTFCs).

This chapter provides a general introduction and background to the study. Specifically, it provides the institutional linkage between the NCTTCA and COMESA, other regional developments such as membership of some of the NCTTCA States in the East African Community, and participation of these countries in other regional and international standards setting and regulatory bodies. Secondly, it outlines the methodology used for the study before providing a summary of the report.

1.2 BACKGROUND

The Contracting Parties to the Northern Corridor Transit and Transport Agreement (NCTTA) are the Government of the Republic of Burundi, the Government of the Democratic Republic of Congo, the Government of the Republic of Kenya, the Government of the Republic of Rwanda, the Government of the Republic of South Sudan, and the Government of the Republic of Uganda. The original Northern Corridor Transit Agreement (NCTA) was signed in 1985 and came into force in 1986 following ratification by all Member States (Burundi, Kenya, Rwanda and Uganda). The Democratic Republic of Congo (then called Zaire) acceded to the Agreement in 1987, while South Sudan is the newest Contracting Party having been admitted at the 24th Meeting of the Council of Ministers held on 6th December 2012.

All the Contracting Parties to the NCTTA (except South Sudan) are also Contracting Parties to the Treaty Establishing the Common Market for Eastern and Southern Africa (COMESA, 1993). In this regard, Art. 180 Paragraph 1 of the COMESA Treaty provides that "the Member States may be members of other regional or sub-regional organisations with other Member States or third countries for the purpose of strengthening co-operation among themselves". The NCTTA makes reference to COMESA instruments in a number of areas, including:

- Art. 27b: "The contracting parties agree to adopt the vehicle identification and marking system similar to the one agreed under the Treaty establishing the *Common Market for Eastern and Southern Africa* to which they are members";[1]
- Art. 35: "The contracting parties shall take necessary steps for the insurance of their means of transport to cover third party liability incurred in the course of interstate traffic and traffic in transit in accordance with the provisions of the Third Party Motor Vehicle Insurance regime established by the *Common Market for Eastern and Southern Africa* known as the COMESA Yellow Card;"[2]
- Art. 37b: "The contracting parties agree that the rules on transport licensing as set by the Treaty establishing the *Common Market for Eastern and Southern Africa* and its Protocols are applicable to road transport in the corridor;"[3] and
- Art. 56 and 57: Disputes that are not resolved by arbitration are required to be referred to the COMESA Court of Justice.

Article 49 Paragraph 1 requires COMESA Member States to remove existing non tariff barriers and refrain from imposing any new non tariff barriers on Common Market goods. Furthermore under the NCTTA, Contracting Parties are obliged to facilitate smooth and rapid movement of persons and goods between their territories and in transit, through the simplification and harmonisation of documentation and procedures relevant to the movement of persons and goods between their territories and transit through their territories (Article 4h). NCTTA Protocols relevant to our study include Protocol No. 1 (on use of Maritime Port Facilities), Protocol No. 2 (on Routes and Facilities), Protocol No. 3 (on Customs Controls),

[1] Italics supplied
[2] Italics supplied
[3] Italics supplied

Protocol No. 4 (on Documentation and Procedures) and Protocol No. 6 (on Transport of Goods by Road).

The COMESA instruments, as well as the instruments of the Northern Corridor, are based on international best practice on trade and transport facilitation, and if properly implemented, would lead to considerable savings in time and cost of moving goods and people across the Corridor. For example, the COMESA-CD has been designed in accordance with the UN-Layout Key (UNLK) of the UN Centre for Trade Facilitation and Electronic Business (UN/CEFACT). Similarly, the RCTG is adapted from the TIR Convention, while the road transport facilitation instruments in use are broadly in line with what has been developed in Europe (see Chapter 5). However, the study demonstrates gaps in terms of uniform implementation throughout the Northern Corridor Member States.

In addition to membership in COMESA, the Contracting Parties to the NCTTA are all party to various international conventions and agreements that are relevant to simplification and harmonization of customs and trade procedures as shown in Table 1 (and the list is not exhaustive). The East African Community Customs Management Act (EACCMA), which is applied by four (4) of the Contracting Parties to the NCTTA (Burundi, Kenya, Rwanda and Uganda), is broadly consistent with the provisions of the RKC (PriceWaterhouseCoopers 2013). In the same manner, the Customs Code of the Democratic Republic of Congo (2010) incorporates international standards for Customs laws.

Table 1-1: Ratification / Accession to International Agreements and Treaties

Agreement	Burundi	Democratic Republic of Congo	Kenya	Rwanda	South Sudan[4]	Uganda
CEPGL 1976	✓	✓	X	✓	X	X
EACCMA	✓	X	✓	✓	X	✓
GATT/ WTO	23.07.1995	01.01.1997	01.01.1995	22.05.1996	N/A	01.01.1995
IGAD	X	X	✓	X	✓	✓
KC 1974	25.06.1974	24.10.1977	N/A	N/A	N/A	N/A
RKC 2006	N/A	15.06.2000 (signature, NOT acceded)	25.06.2010 (Accession)	21.11.2011 (Accession)	X	27.06.2002 (Ratification)
COMESA	✓	✓	✓	✓	x	✓

Sources: WTO (2013a); WCO (2013); WCO (2014a); official web sites.

[4] The Republic of South Sudan (RSS) became an independent state in 2011. RSS is a member of the African Union, and has applied to join the East African Community, and envisages (in the long term) to become a member of COMESA and the WTO (Sabuni 2013).

Key:CEPGL - Communauté économique des Pays des Grands Lacs; EAC – East African Community; GATT/WTO – Agreement Establishing the WTO (Marrakesh, 1994); IGAD – Inter-Governmental Authority on Development; KC 1974 – WCO International Convention on the Simplification and Harmonisation of Customs Procedures; RKC 2006 – WCO International Convention on the Simplification and Harmonisation of Customs Procedures (as amended).

A number of donors are assisting the relevant South Sudan customs and trade facilitation institutions with funding and expertise to improve the governance and other challenges facing the new country. Yoshino, Ngungi and Asebe (2011) highlighted the poor customs infrastructure and staff capacity as serious constraints to South Sudanese Customs and the same was noticed during the Northern Corridor Stakeholders survey conducted by the NCTTCA Secretariat in September 2013. A modern data management and communication system was lacking thus making the administration inefficient particularly in terms of inter-office data verification and communication among different customs offices. This situation is now changing, with introduction of computerised filling of customs declarations, and the planned entry of South Sudan in the EAC-SCT (Crown Agents 2014; New Times 2013).

The President of the Republic of South Sudan, H. E. Gen. Salva Kiir Mayardit, gave assent to the *Customs Service Act* (Act No. 68, Laws of South Sudan) on 2nd May 2014. The Act is broadly consistent with the Revised Kyoto Convention, and requires the use of the GATT Valuation for customs purposes (although South Sudan is not yet a member of the WTO). Section 210 provides for the use of information technology for "more effective customs controls, more effective customs clearance, more effective revenue collection, more effective data analysis, effective production of trade statistics and improved quality of data." In addition, it requires the use of risk management in customs operations.[5] However, regulations for implementation of the Act as required under the provisions of Section 211 have not been made.[6]

Apart from the Republic of South Sudan, whose constitution does not explicitly make reference to the manner in which international treaties and conventions become binding to the State,[7] the constitutions of all the other Contracting Parties to the NCTTA are explicit regarding the binding nature of international agreements once ratified or acceded to by a Member State. In Burundi, trade treaties can only be ratified by law[8] and can only have the force of law after ratification. For the Democratic Republic of Congo, once international

[5] "The Customs Service *shall* apply the concept of risk management in its operations" (Section 210 paragraph 2, italics supplied). This makes the use of risk management mandatory.

[6] Responsibility for making the regulations lies with the Minister for Finance in consultation with the Commissioner for Customs Services (Section 211).

[7] The closest the Transitional Constitution of the Republic of South Sudan (2011) makes provision to the place of international law is in Article 5 (sources of law in South Sudan, which are listed as (a) this Constitution (b) customs and traditions of the people (c) the will of the people and (d) *any other relevant source*). The term "any other relevant source" may be construed to include relevant principles of international law which include the principle that a treaty or agreement is binding based on the parties to the treaty or agreement (*pacta sunt servanda*).

[8] See Art. 163 "Les traités de paix et les traités de commerce, les traités relatifs à l'organisation internationale, les traités qui engagent les finances de l'Etat, ceux qui modifient les dispositions de nature législative ainsi que ceux qui sont relatifs à l'état des personnes ne peuvent être ratifiés qu'en vertu d'une loi" and Art. 165 "Les traités ne prennent effet qu'après avoir été régulièrement ratifiés et sous réserve de leur application par l'autre partie pour les traités bilatéraux et de la réalisation des conditions de mise en vigueur prévues par eux pour les traités multilatéraux."

treaties and agreements have been conclusively adopted, they have precedence over national laws.[9] Articles 2(5) and 2(6) of the Kenya Constitution 2010 provide that "the general rules of international law shall form part of the law of Kenya" and "any treaty or convention ratified by Kenya shall form part of the law of Kenya under this Constitution". Title X of the Rwanda Constitution (*International Treaties and Agreements*) specifically Articles 189 – 192 provide the constitutional basis for ratification and ratification of international treaties and agreements. Once international treaties and agreements, which have been conclusively adopted in accordance with the provisions of the law, are published in the official gazette, they "shall be more binding than organic laws and ordinary laws except in the case of non-compliance by one of the parties."

This discussion is relevant in the light of questions being raised in various forums, including more recently at the 32nd Meeting of the COMESA Council of Ministers (Kinshasa, 22nd – 24th February 2014) on the binding nature of the COMESA Treaty, and the regulations, directives, decisions, recommendations and opinions made by the Council while exercising their mandate under the Treaty. In this regard, the Council affirmed the basic principle of international law (also implied in the Preamble to the COMESA Treaty)[10] that Member States are bound by the Treaty and each party is therefore "under a Treaty obligation to perform its obligations in good faith (Article 26, Vienna Convention) and is stopped from invoking provisions of its internal law to resile from performing its Treaty obligations (Article 27, Vienna Convention)".

The COMESA Treaty makes a distinction between regulations, directives and decisions, which have binding force and recommendations and opinions which have no binding force. Subject to the provisions of the COMESA Treaty, "the directions and decisions of the Authority taken or given in pursuance of the provisions of this Treaty, shall as the case may be, be binding on the Member States and on all other organs of the Common Market other than the Court in the exercise of its jurisdiction, and on those to whom they may be addressed to under this Treaty" (Article 8 paragraph 3).[11] In a similar manner, the regulations, directives and decisions of the Council of Ministers "taken or given in pursuance of the provisions of this Treaty shall be binding on the Member States, on all subordinate organs of the Common Market other than the Court in the exercise of its jurisdiction and on those to whom they may under this Treaty, be addressed" (Article 9 paragraph 3). In contrast, "a recommendation and an opinion shall have no binding force" (Article 10 paragraph 5).

If the Contracting Parties to the COMESA Treaty (which incorporates Contracting Parties to the NCTTA) have the required instruments and structures for enforcement of the Treaty and the Protocols, regulations, directives and decisions made under the Treaty, how do we explain the poor implementation of these instruments within the Member States?

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[9] "Les traités et accords internationaux régulièrement conclus ont, dès leur publication, une autorité supérieure à celle des lois, sous réserve pour chaque traité ou accord, de son application par l'autre partie."

[10] From the Preamble: "Having regard to the principles of international law governing relations between sovereign states…"

[11] The COMESA Authority consists of the Heads of State or Government of the Member States.

The NCTTCA Strategic Plan (2012-2016) identifies a number of factors responsible for poor trade and transport facilitation in the Northern Corridor. First is the lack of a trade facilitation mindset, and a predilection for control, specifically within the public sector when an adequate balance between facilitation and control is required. Secondly, the various facilitation instruments are either not implemented, or only implemented partially, part of the reason being overlaps and differences between the various instruments in operation. Thirdly, the licensing of inter-state cargo trucks is not uniform across the Member States. Fourth is the lack of coordination and collaboration amongst various agencies especially at the border, which causes considerable delays. Priority initiatives identified to address some of these problems include implementation of the COMESA-CD as a regional instrument, full implementation of the RCTG along the corridor, and establishment and making operational National Trade and Transport Facilitation Committees (p. 17 - 18).

A COMESA Committee of Customs & Trade Report (2013) provides another set of insights on the reasons for the low level of implementation. First, national mechanisms for ratification of/ accession to treaties can at times be cumbersome. For example, while the Democratic Republic of Congo had decided to join the COMESA Free Trade Area (FTA) a while ago, enactment of the required national legislation to make the decision operational as required by the country's constitution has been a time-consuming exercise and this has not been achieved to date.[12] Secondly, there are cases where the relevant provisions in the Treaty or Protocol do not have sufficient clarity and legal force to deter non-compliance by Member States e.g. to ensure COMESA Member States remove existing non-tariff barriers and do not impose new ones as required by Article 49 of the Treaty, *Draft NTB Regulations* are being developed.[13] Thirdly, there are fears that reduction of controls and opening up of markets would lead to loss of national sovereignty and reduction in international trade taxes. As a result, Member States delay implementation so as to learn from the experiences of early adopters, and request studies and capacity building interventions as a prerequisite to implementation. These fears are not entirely misplaced, as transit goods (especially those goods subject to high rates of duty such as sugar, textiles, cigarettes, used motor vehicles, fuel, dry batteries, electronics and spirits) are often diverted in the transit countries thus occasioning loss of revenue (NCTTCA 2013b).

The discourse on possible loss of sovereignty (or jobs at the national level) fails to take account of the reality of international trade in modern times, where the delivery of such services as finance and insurance, transport and logistics, handling, measurement and communication services "can require a scale of production beyond the national borders" (Maur 2008, p.9). There are countries in the Northern Corridor where insurance companies may not have the capacity to provide guarantees at competitive prices, and banks can only lend to mid-size businesses with larger companies being forced to seek for assistance

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[12] Similarly, a recent NCTTCA Survey (2013a) notes that although the NCTTA came into force in December 2012, most member states had not domesticated its provisions, and there was need for sensitization on the Agreement to facilitate smooth implementation.

[13] It should be remembered that while COMESA adopted Customs Management Regulations in 2009 in preparation for the COMESA Customs Union in 2012, the Union has been postponed several times (with the current date being June 2014 according to paragraph 80 of the Report of the 32nd Meeting of the Council of Ministers) due to lack of readiness by Member States to implement the provisions of the Customs Management Regulations.

offshore. In such situations, individual traders and small business-persons may easily be driven out of business by the requirements of cash-backed guarantees, or continue to survive but with less than optimum returns given the high working capital requirements.

Often, implementation of reforms in the trade and transport facilitation area is conceived of as a technical process that may be fixed by enacting new legislation, modernizing infrastructure or changing procedures. In reality, it is these issues and more (see Box 1 on *Guiding Principles for Implementation of Customs Procedures Reforms* – IFC 2006, p. 26).

Box 1-1: Guiding Principles for Implementation of Customs Procedures Reforms

It is critically important that capacity-building assistance to reform import/export procedures be structured bearing in mind the following key principles:

1. There must be political will, commitment and ownership for change, as well as cooperation and partnership among all public and private stakeholders.
2. An accurate capacity-building diagnostic needs analysis must be undertaken that recognizes that each specific country's program must be tailor-made.
3. Adequate financial and human resources must be found to implement the program.
4. The supporting legal framework must be modernized.
5. Transparency and predictability is a must to promote voluntary compliance.
6. An appropriate balance must be maintained between facilitation and control objectives with authorities exercising minimum intervention at time of release through the application of risk-management techniques and non-intrusive technologies, and most controls exercised on a post-clearance audit basis.
7. Integrity and other human resource management weaknesses must be redressed.
8. Procedural, document, and data requirements be kept to a minimum, with information and communication technology applied according to recommended international best practices and standards.

In spite of the generally disappointing history of the implementation of the trade and transport facilitation instruments that are the object of this study, three key factors provide reason for hope that the situation can be reversed:

1. East African Community Single Customs Territory (SCT): Four (4) out of the Six (6) Northern Corridor Member States are also Members of the EAC (see Table 1). Regional integration in COMESA is expected to move through the stages of the Free Trade Area (launched in the year 2000 with 9 Member States) to a Customs Union (launched in June 2009, but has not been implemented as at the time of writing this report), to a Common Market and ultimately an Economic Community with a single currency (COMESA 2010, p. 17). The fundamentals of a COMESA Customs Union are in place (including agreement on a Common External Tariff of 0% for capital goods and raw materials, 10% for intermediate goods, and 25% for finished products; principles for a Common Trade Policy; Customs Management Regulations; and revenue collection and sharing

mechanisms) (ibid.) However, these instruments have not been implemented across the Member States, so the benefits of deeper integration have not been realized.

The EAC has gone further on the regional integration road. The Protocol on the Establishment of the EAC Customs Union was concluded in 2004 and implementation started in 2005 for the original three Partner States (Kenya, Uganda and Tanzania). In 2007, Burundi and Rwanda signed Treaties of Accession to the EAC (including the Customs Union) thus expanding membership to five (5). These countries share the same Customs Law (East African Community Customs Management Act and East African Community Customs Management Regulations) and use the same Common External Tariff.

In November 2013, the Partner States agreed on a Framework for the attainment of a Single Customs Territory in the EAC by June 2014 (EAC 2013). The Framework rests on three pillars, namely (a) free circulation of goods (b) revenue management systems and (c) regional legal and institutional framework. The identified preconditions for achievement of free circulation of goods and revenue management within the SCT include compatible and interfaced Customs systems, regional cargo tracking systems and implementation of the Regional Customs Transit Guarantee System. It is therefore expected that the impetus for implementation of the SCT will result in increased focus amongst the four Member States of the Northern Corridor that are EAC Partner States for COMESA trade facilitation instruments like the RCTG. This will have a positive impact on the efforts of the NCTTCA to streamline and harmonize customs and trade procedures in the Northern Corridor.

Although the SCT started as an initiative of three of the five EAC Partner States with a corridor approach (Kenya, Uganda and Rwanda) Tanzania has since joined the arrangement. In mid-September 2014, it was reported that Kenya and Tanzania had started conducting customs assessments for goods destined for Rwanda, Burundi and Democratic Republic of Congo, while duty is paid at the destination country.[14] Lessons learnt from the destination model for payment of customs duties, which incorporates secure exchange of information by electronic means and use of the RCTG and electronic cargo tracking system, are important for enhancing trade and transport facilitation in the Northern Corridor.

2. The COMESA-EAC-SADC Grand Free Trade Area (Tripartite) Initiative: The first summit of the Heads of State of the Tripartite (comprising 26 countries) was held in Kampala, Uganda in October 2008.[15] Furthermore, the 2nd Tripartite Summit held in Sandton, South Africa (June 2011) launched the negotiations for establishment of the Tripartite FTA, adopted the Road Map for Establishing the FTA, and adopted the Tripartite FTA

[14] Please see http://www.theeastafrican.co.ke/news/Tanzania-rolls-out-Single-Customs-Territory/-/2558/2451632/-/fb3lf4z/-/index.html (page accessed 20th September 2014).

[15] The countries in the Tripartite include Angola, Botswana, Burundi, Comoros, Democratic Republic of Congo, Djibouti, Egypt, Eritrea, Ethiopia, Kenya, Lesotho, Libya, Madagascar, Malawi, Mauritius, Mozambique, Namibia, Rwanda, Seychelles, South Africa, Sudan, Swaziland, Tanzania, Uganda, Zambia and Zimbabwe

Negotiating Principles, Processes and Institutional Framework.[16] In this regard, the Annex on Transit Trade and Transit Facilities has provisions that seek to harmonize the transit regimes of the EAC, SADC and COMESA Member States. The provisions of the Annex only apply to transit transport that is:

- Operated by a carrier licensed under the provisions of Article 4 of the Annex;
- Performed under the conditions set out in Article 5 of the Annex by means of transport approved by the Customs Office of commencement and issued with certificates which shall be in the form set up in Appendix III of the Annex;
- Guaranteed by a surety in accordance with the provisions of Article 6 of the Annex; and
- Undertaken under cover of a transit document approved by the Tripartite Council (Article 3)

In other words, the energy spent on attempting to harmonize customs and trade procedures within specific regional economic communities will be utilized towards ensuring harmonization across a greater number of countries and a larger market in line with the aspirations of Article 6 of the Treaty Establishing the African Economic Community (African Union, 1991). The Treaty envisages a staged process of regional integration in Africa, commencing with establishment of Regional Economic Communities, deepened integration within those communities, then "coordination and harmonization of tariff and non-tariff systems among the various regional economic communities with a view to establishing a Customs Union at the continental level by means of adopting a common external tariff". In the words of H. M. King Mswati III, the Tripartite FTA represents "the most significant continental consolidation since the establishment of the Organization of African Unity in May 1963" (in COMESA 2010, p. 2). Thus with resolution of some of the problems resulting from overlapping membership in competing regional economic communities, the region can focus more on implementation of facilitation measures and the benefits accruing thereto. The majority of Member States/ Partner States in the Tripartite have made ambitious tariff offers and agreement has been reached on rules of origin will be applied in the interim period while awaiting agreement on product-specific rules of origin. This has paved the way for launch of the Tripartite FTA by the end of 2014.[17]

The NCTTCA has Strategic Cooperation Agreements with both the EAC and COMESA. During the closing ceremony for the 8th Meeting of the Northern Corridor Technical Committee on Customs & Trade Facilitation and the 6th Meeting of the Technical Committee on Transport Policy and Planning (Nairobi, 16th May 2014), the Secretary General of COMESA, H. E. Sindiso Ngwenya said that corridor management institutions are closer to the ground, working on issues that complement rather than compete with the regional economic communities. The challenge is how to take advantage of programmes like the NCTTCA Transport Observatory, and ensure that both government agencies and the private sector are moving at the same pace of reform. In the coming years, we expect to see the sort of integration being

[16] http://www.dfa.gov.za/docs/2011/comesa0613a.html page accessed 17th November 2014.
[17] This was the outcome of the Tripartite Sectoral Committee of Ministers held in Bujumbura, Burundi from 24 to 25 October 2014.

witnessed in the EAC in COMESA and SADC as well, because the EAC is on a fast-track in achieving regional integration in Africa.

3. The WTO Bali Agreement on Trade Facilitation (ATF 2013): The ATF creates binding commitments across the 159+ Members of the WTO to expedite movement, release and clearance of goods, improve cooperation among WTO members on Customs matters, and provides a framework for provision of technical assistance and capacity building for least developed and developing countries towards implementation of the Agreement. Some of the provisions of the Bali Agreement (WTO 2013b) that are relevant to our study include requirements for:
   - Regular consultations between border agencies and traders or other stakeholders within the territories of Member States (Article 2 -2)
   - Pre-arrival processing of documents to expedite release of goods upon arrival (Article 7-1)
   - Maintenance of a risk management system and post clearance audit for customs control (Articles 7-4 and 7-5)
   - Freedom of Transit (Article 11) and
   - Customs Cooperation (Article 12).
   - National Committee on Trade Facilitation (Article 13.2).

While the issues in the ATF are not substantially new (the Agreement clarifies Articles V, VIII and X of the GATT 1947, and most of the provisions are covered by the WCO Revised Kyoto Convention), conclusion of the Agreement has provided a new impetus to trade facilitation issues, especially in the context of the other two strategic issues that are impacting trade facilitation in the Northern Corridor. This means that some of the issues that were previously seen as optional (e.g. stakeholder consultation) will become mandatory upon entry into force of the Agreement. [18]

The African Union Summit held in Malabo, Equatorial Guinea in June 2014 expressed unequivocal support for the ATF as an integral part of the Doha Development Agenda.[19]

A number of donor agencies are currently supporting least developed and developing countries in updating their needs assessments following the adoption of the Bali package. These include TradeMark East Africa (TMEA) in Kenya, Uganda and Rwanda. The result of these assessments are reports that will guide the countries in notifying the WTO Secretariat of those measures that they will be in a position to implement after the Agreement enters into force (Category A). They will also identify the measures that the countries will be in a

[18] The 1st Meeting of the WCO Working Group on the WTO Agreement on Trade Facilitation took place in Brussels, Belgium from 11th to 12th March 2014 thus indicating the readiness of the international community to implement the Agreement (WCO 2014b). At the meeting, the WCO Secretary General emphasized the important role of customs administrations in implementing the ATF and the role of the WCO in assisting by means of its instruments, tools, technical assistance and capacity building. The Chairperson of the Working Group is Ms. Gugu Treasure Dlamini (Swaziland) while the Vice Chairperson is Mr. Carlos G. Enrique Montes (Mexico).

[19] Please see http://www.au.int/en/sites/default/files/Assembly%20AU%20Dec%20517%20-%20545%20%28XXIII%29%20_E.pdf

position to implement on their own over a specified transitional period (Category B), and those that require both a transitional period and technical assistance and capacity building (Category C). This will pave way for the provision of technical assistance and capacity building for those measures where support may be required, so long as the countries in question are able to develop business cases and the proposals for funding.[20]

1.3 STUDY METHODOLOGY

This report was prepared using material obtained from both Field Survey and Literature Review methods. Field Survey was conducted from 10th February to 6th March 2014 in the Northern Corridor Member States of Burundi, Democratic Republic of Congo, Kenya, Rwanda and Uganda, while the Literature Review spanned over the period before and after the survey. **The List of Persons Met during the Inception Mission is provided in Appendix 2.**

For the Field Survey, each of the experts prepared a list of guiding questions to pose to respondents. The respondents were of varied backgrounds including government officials responsible for trade and transport policy development and implementation (government ministries, departments and agencies), officials from private sector representative organizations (such as associations of customs clearing agents), and citizens acting in their private capacity (such as a clearing agent at the Rubavu/ Goma border). It was therefore necessary to customize the questions to the respondents.

The Literature Review was conducted through online search using key words and review of published and unpublished works from relevant national, regional and international organizations. The period of the Field Survey coincided with preparations for the 17th Summit of COMESA Heads of State and Government (Kinshasa, 24 – 27th February 2014). This made it difficult to access officials from the COMESA Secretariat who were busy in the preparatory meetings and the Summit. However, a visit to the COMESA Secretariat was later made between 23rd and 24th June 2014 during which useful information on the trade facilitation instruments was obtained. In addition to visits to NC Member States, one of the experts made a trip to Dar es Salaam, Tanzania to meet with officials from EAC Member States and the EAC Secretariat who were attending a meeting there in the week commencing 17th February 2014, and another visit to Arusha to meet officials from the EAC Secretariat and the East African Business Council was made from 19th to 20th June 2014.

Prior to meetings with respondents, the NCTTCA and the Team Leader established contact with them for an overview of the rationale for the Study, expected contribution, and approximate time required for the interview. Respondents were therefore able to prepare relevant materials, and would even identify other potential respondents that were in a position to provide more accurate and relevant information.

Two types of data were obtained, namely (a) primary data from the Field Survey and (b) secondary data from the Literature Review. Primary data and information was obtained

[20] The African Union Summit declaration in Malabo reads in part: "assistance and support for capacity building should be provided as envisaged in the Trade Facilitation Agreement in a predictable manner so as to enable African economies to acquire the necessary capacity for the implementation of the Agreement."

through interviews with various respondents in Burundi, Democratic Republic of Congo, Kenya, Rwanda and Uganda. Secondary data was obtained from materials and information published in books, reports, proceedings of meetings, gazettes, and corporate documents from key organizations such as the NCTTCA, COMESA, EAC, WCO and WTO.

Analysis of the data was done using qualitative and descriptive methods. We basically sought to establish whether the respondent was aware about each of the specific instrument trade facilitation (or in the case of Component 2, the national committee or regional forum) then proceeded to ask questions relevant to their backgrounds (e.g. transport policy questions were directed at officials in the ministries of transport, while issues of implementation of the RCTG were directed at customs officials, insurance company representatives, and representatives of customs clearing and forwarding associations). The interviews played a dual role of seeking information and sensitizing the respondents on the trade facilitation instruments and committees/ forum.

To ensure that stakeholders owned the study and implementation of its conclusions, two workshops were held in Nairobi, Kenya for regional stakeholders, namely (a) a Workshop to present the Interim Report and (b) a Workshop to present the Draft Final Report. The Interim Report Workshop was held on 12th May 2014, while the validation workshop for the Draft Final Report was held from 30th June to 1st July 2014. Insights from the two workshops, as well as several meetings with the NCTTCA Secretariat, have been incorporated into this report.

1.4 Summary of Report

Following this introduction (**Chapter 1**), the rest of the report is organized as follows. **Chapter 2** provides the status regarding use of the COMESA-CD in the Northern Corridor Member States and compares this with the European Union, followed by a summary of the findings, conclusions and recommendations.

Chapter 3 deals with the UCR in terms of the legal framework for its implementation, implementation status in the Northern Corridor, case studies of its use, and detailed findings, conclusions and recommendations including proposed strategies and action plan for implementation. **Chapter 4** and **5** follow a similar format for the RCTG and road transport facilitation instruments respectively.

Chapter 6 is a detailed treatment of ICT and information exchange in the Northern Corridor. Specifically, it provides a general overview of the various ICT systems that have been implemented in the region, and how they support the COMESA-CD, UCR and the RCTG among other issues.

Chapter 7 covers the strengthening of the Northern Corridor Stakeholders Consultative Forum. It commences with the Legal Framework for the forum (Article 8d of the NCTTA), before covering the current status, case studies in implementation of regional trade facilitation stakeholder forums, proposals on resourcing the forum, and key findings, conclusions and recommendations. At the end of the chapter, strategies and an action plan for implementation of the proposals are provided.

Chapter 8 deals with establishment and strengthening of National Trade & Transport Facilitation Committees in terms of legal framework, best practice and case studies, lessons learnt, and key findings, conclusions and recommendations. At the end of the chapter strategies and an action plan for implementation of the proposals are provided.

Chapter 9 deals with training and capacity-building issues related to implementation of the COMESA trade and transport facilitation instruments under study. It covers identified training needs, proposes training and capacity building initiatives for the instruments and the stakeholder forums, provides the key findings, conclusions and recommendations, as well as strategies and an action plan for implementation of the proposals.

Chapter 10 is the concluding chapter, which summarizes the proposals from each chapter and provides indicative projects arising out of the findings of the study. The projects include those focusing on (a) training and capacity building (b) strengthening the capacity of the TTCA in monitoring and evaluation of trade and transport facilitation instruments (c) institutionalization of regional and national stakeholders' forums and (d) enhancing the use of ICT in information exchange along the Northern Corridor.

2 COMESA CUSTOMS DOCUMENT (COMESA-CD)

2.1 INTRODUCTION

The legal authority for use of the COMESA Customs Document (COMESA-CD) is Protocol 4 to the NCTTA and Article 9 of the Agreement:

The Contracting Parties agree to introduce a Customs Transit Declaration form, conforming with the Common Market Customs Document (COMESA-CD COM) shown in Appendix 4 to this Protocol, as the single Customs document required to cover Customs transit operations by any transport mode or by a combination of these modes.

The COMESA-CD was adopted by the COMESA Council of Ministers in 1997 in accordance with provisions of the Treaty on simplification, harmonisation and standardisation of trade documents, regulations and procedures (see Articles 4, 59, and 63). It merged various customs documents used in the different countries for import, export, warehousing, transit, transhipment and re-exports into one Single Goods Declaration. EAC Customs Management Regulations provide for use of C17a (SAD – ASYCUDA) and C17b (SAD –SIMBA).

The benefits of standardisation of Customs entry documents and replacement of national documents with an identical Single Goods Document (SGD) (or Single Administrative Document, SAD) include reduction of documentation costs and easier exchange of information across the transit route. In addition, it is aimed at ensuring openness in national administrative requirements, rationalizing and reducing administrative documentation, reducing the amount of required information and standardizing and harmonizing data.

2.2 STATUS

Fifteen COMESA Member States are using the SGD based on the COMESA-CD, including all the NCTTA Contracting Parties.[21] However, it is evident upon examining and comparing the national customs declaration forms in each of the Northern Corridor countries that although based on the COMESA CD, the national declaration forms differ in various ways including:

- Number of fields (boxes)
- Field (box) descriptors
- Field (box) numbering
- Field (box) order
- Printed presentation
- On screen presentation

In a purely paper-based system of customs transactions this lack of harmony would present substantial difficulty in cross border trade. However, in the current, evolving environment of

[21] The other Member States using the SGD are Angola, Egypt, Ethiopia, Madagascar, Malawi, Mauritius, Namibia, Sudan, Zambia and Zimbabwe.

electronic Customs Management Systems (CMS), some of this disharmony is alleviated through the ability of behind the scenes ICT integration, field mapping and standardized methods of data messaging. A regional example of this is the Revenue Authorities Digital Data Exchange (RADDEx). RADDEx is an ongoing initiative among the Partner States of the EAC to provide electronic data exchange among customs authorities.

The RADDEx working group has developed a standardized electronic message comprising the fields of the COMES CD. This electronic message has an advantage in compulsory harmonization, as the RADDEx software will not function unless the message passed between all customs authorities is identical.

The countries of the Northern Corridor trade route (apart from Southern Sudan) have all implemented electronic automated customs systems (though different systems and at varying levels of implementation) that provide a means for entering and storing the fields of the customs declaration and printing a national customs declaration form (Table 2-1).

Table 2-1: Customs Management Systems in the Northern Corridor Member States

Organization	Automated Customs System	National Declaration	Identical to COMESA-CD?
KRA	SIMBA	C63 (EAC - C17B)	✖
URA	ASYCUDA WORLD	SAD (EAC - C17A)	✖
RRA	ASYCUDA WORLD	SAD (EAC - C17A)	✖
OBR	ASYCUDA WORLD	SAD (EAC - C17A)	✖
DGDA	ASYCUDA ++ / ASYCUDA WORLD		✖
SSCS	NONE	SSCS Form 1	✖

Source: PCA Field Survey (2014)

South Sudan Customs Service (SSCS) is a customs administration in its infancy. SSCS is being supported by TMEA though TMEA closed their offices in Juba in January 2014 due to insecurity. Currently their biggest challenge is obtaining valuation information for imports to support import duty calculations. The best source for this information was identified as transit and export entries lodged in the URA Customs Management System. URA has assisted in developing an offshoot of the RADDEx 1.0 software for SSCS, in order to query the URA CMS, and has piloted this endeavour at the Nimule Border Post only. Unfortunately, the pilot is reported as stalled due to insufficient staffing. The government of South Sudan has also applied to UNCTAD to provide them with ASYCUDA to manage Customs processes (NCTTCA 2012b p.16).

Although a paper-based instrument, the COMESA-CD does not oppose the development and adoption of ICT management systems. In fact, it can be considered a useful tool in defining the underlying business logic and data management in such a system. Although a single customs document for all trading partners is ideal, the region is experiencing a rapid move towards paperless transactions in trade and an environment where ICT may enable an invisible level of harmonization unattainable on paper.

2.3 Best Practice: Use of the Single Administrative Document in the EU

The background to the current use of the Single Administrative Document (SAD) for completion of all customs formalities is the *Convention on the Simplification of Formalities in Trade in Goods* (1987) concluded between the European Economic Community, the Republic of Austria, the Republic of Finland, the Kingdom of Norway, the Kingdom of Sweden and the Swiss Confederation. Article 2 of the Convention provides as follows:

Where goods are the subjects of trade between the Contracting Parties, the formalities connected with such trade shall be completed using a single document based on a declaration form, the specimens of which are to be found in Annex I to this Convention. The single document shall, depending on the circumstances, serve as a declaration or document of export, transit or import.

Article 4 paragraph 3 clarifies that Contracting Parties may offer greater facilitation than is offered by the SAD, by for example:

- Dispensing with the single document with regard to postal traffic (by letter or parcel post);
- Dispensing with the requirement of written declarations;
- Concluding between themselves agreements or arrangements with a view to greater simplification of formalities in all or part of the trade between them;
- Allowing the use of loading lists for the completion of transit formalities in the case of consignments composed of several kinds of goods, in lieu of continuation sheets of the single document;
- Allowing declarations to be made, where appropriate on plain paper, by means of public or private computers on conditions fixed by the competent authorities;
- Enabling the competent authorities to require that data necessary for completing the formalities in question be entered in their computerized declaration-processing systems without, where appropriate, requiring a written declaration; and
- Enabling the competent authorities, should a computerized declaration processing system be used, to provide that the export, transit or import declaration be constituted either by the single document produced by that system or by entry of the data in the computer if such a document is not produced.

In the same year (1987) the same Contracting Parties concluded the Convention on a Common Transit Procedure, which lays down measures for the carriage of goods in transit between the Member States including, where applicable, goods transhipped, re-consigned or warehoused, by introducing a common transit procedure regardless of the kind and origin of the goods. In addition to use of then SAD, the Convention provides for use of comprehensive, single transaction and flat-rate guarantees, other customs controls such as sealing of goods, and treatment of special shipments such as postal traffic and travellers' baggage.

In 2003, the European Commission issued a regulation amending the use of the SAD due to changes in customs legislation as a result of the entry into force of the single market in 1993 and technological progress (in particular the widespread use of computer-based clearance methods). The spirit of the new regulation was to ensure greater harmonization and simplification and consultation with the private sector to ensure that amendments take account of developments in business. It is instructive to note that at the end of the Regulation are the words "*This Regulation shall be binding in its entirety and directly applicable in all Member States*."

2.4 Findings, Conclusions and Recommendations

The key findings, conclusions and recommendations of the study in regard to the COMESA-CD are presented in Table 2-2.

Table 2-2: Key Findings, Conclusions and Recommendations on COMESA-CD

Key Findings	**Conclusions**	**Recommendations**
COMESA-CD harmonized multiple customs documents into one Document. It was also intended to be used as a Single Administrative Document for all transit operations within the COMESA Member States.	It has been the practice to terminate use of one document and prepare another when crossing from one country to another. With the implementation of the SCT in Kenya, Uganda and Rwanda, the document is only being lodged once (in the destination country) and the information is exchanged with the transit countries electronically. This fulfils the original intent of the introduction of the SAD in COMESA.	Focus on data exchange amongst the Northern Corridor Member States: agreement required on minimum fields of the COMESA-CD for electronic data exchange (indicate as mandatory or optional as may be appropriate) – see Chapter 6 for detailed proposal.

3 WCO UNIQUE CONSIGNMENT REFERENCE NUMBER (UCR)

3.1 INTRODUCTION

The WCO Council adopted a *Recommendation Concerning a Unique Consignment Reference (UCR) for Customs Purposes* in June 2004 as a contribution "to the security and facilitation of the international movement of goods through Customs and other administrative procedures, and to reduce the burden associated with international trade procedures to a minimum" (WCO 2004).[22] Secondly, it was meant to increase the effectiveness and efficiency of Customs Administrations in dealing with international trade transactions.

The Recommendation was informed by the increasing importance for international Customs cooperation to ensure Customs compliance and facilitation of legitimate trade, and built on the international efforts and investments of the private sector in modern logistics, inventory control, information systems and manufacturing.[23]

The concept provides the trade with a tracking capability, while it offers customs a "source to destination" audit trail as well as access to commercial data that may be of interest to Customs and other regulatory bodies. It is therefore related to two other WCO instruments (a) the SAFE Framework of Standards – with its two pillars of Customs-to-Customs network arrangements and Customs-to-Business relationships aimed at ensuring trade facilitation and security of the international trade supply chain;[24] and (b) the WCO Data Model - which provides a standard data set for all transactions (export, national transit and import), all modes (air, maritime, road and rail), and all requirements of all cross border activities of related agencies (WCO 2007b, section7). Finally, the concept is consistent with the Revised Kyoto Convention and may find application in the development of an electronic Single Window environment.

3.2 STATUS QUO ANALYSIS

Currently, the Unique Consignment Reference concept is not in use on the Northern Corridor. Although it is appearing, to some degree, nationally in Single Window implementations, there is lack of attention to regional harmony within EAC and COMESA.

In Kenya, KENTRADE has developed and implemented a single window based on the online platform used in Singapore called TradeNet. The KENTRADE Single Window has adopted and rolled out a key necessity of the UCR by attributing a unique reference at the earliest point possible in the supply chain, the Import Declaration Form (IDF). The IDF must be applied for and obtained from the Kenya Revenue Authority.

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[22] A Recommendation is not a binding international instrument like an Agreement or Treaty which requires ratification and accession procedures. However, a Customs Administration that accepts a recommendation is obliged to implement the Recommendation by taking the necessary steps at the national level e.g. by enacting new national legislation (or amendment of existing legislation) (WCO 2012).

[23] From the Preamble to the WCO Recommendation on UCR

[24] See WCO (2007a) for the text and Ireland (2009) for a commentary on the SAFE Framework of Standards.

The Rwanda Revenue Authority has recently implemented a single window with similar behind the scenes logic with technical assistance from UNCTAD, who are also responsible for the ASYCUDA World and previous ASYCUDA++ implementations. Details are further discussed in Chapter 6: "ICT & Information Exchange."

The closest regional example of the UCR in effect is in the Revenue Authorities Digital Data Exchange 2.0 platform (RADDEx 2.0). RADDEx 2.0 does not produce a new single UCR nor does it currently capture data from agencies other than customs, but it does create the concept of the UCR through creating a series of links to preceding documents producing a chain of independent national customs declarations that may be referenced by any single declaration in the chain. This is accomplished through entering the unique declaration id from the country of exit into an allocated field in the CMS of the country of entry so that one declaration may be mapped to another in a relational database. In fact, this method of mapping, though not ideal has been studied as a secondary implementation of UCR by the WCO.

The many benefits of the UCR include:

- Promoting safe and secure borders by providing enhanced access to information at time of release
- Helps co-operating export and import Customs to offer authorized traders end-to-end premium procedures and simple integrated treatment of the total transaction
- Enabling the processing of pre-arrival data prior to the assignment of a Goods Declaration number
- Contributing to rapid release
- Helping in the management of the logistical chain and enhancing just-in-time operations
- Eliminating redundant and repetitive data submitted by the carrier and the importer
- Reducing the amount of data required to be presented at time of release
- Provides an additional aid in general cargo reception, handling and servicing at ports
- Allows commercial and official contacts/enquiries at any point in the logistical chain
- Reducing compliance costs
- Promoting greater Customs co-operation

3.3 WCO Recommendations

The following diagram represents the WCO approach to implementation of the UCR:

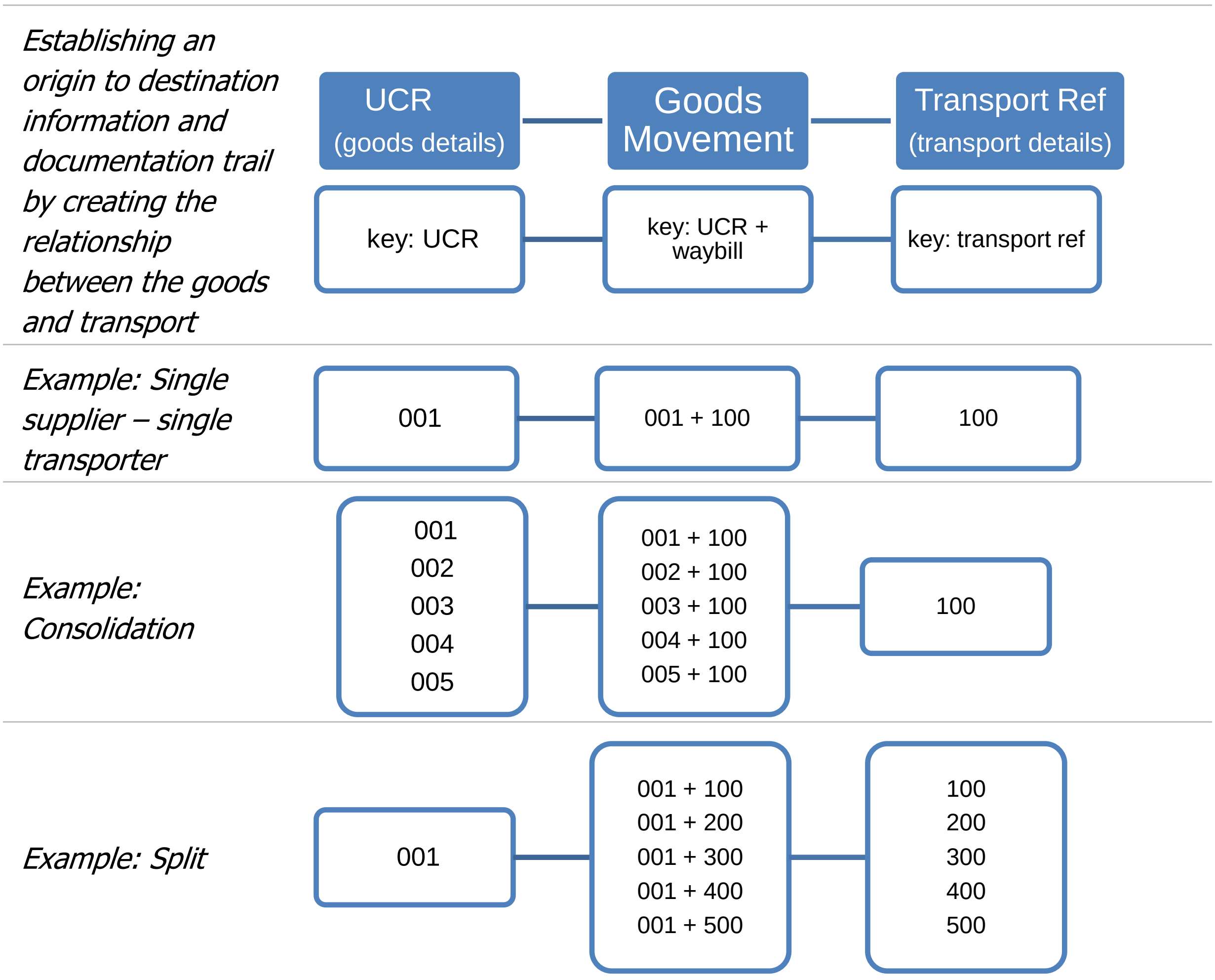

Figure 3-1: UCR relationships as per WCO

The World Customs Organization (WCO) explicitly recommends that Customs or Economic Unions should adopt and implement a Unique Consignment Reference (UCR) in close consultation with their trade bodies and transportation industries, which should be:

- Used for all international trade transactions
- Applied at consignment level, with a consignment being identified as "the total number of items specified in the commercial contract between the supplier and the customer and transported in a single or in multiple shipments”
- Used as an access key for audit, consignment tracking, information consolidation and reconciliation purposes
- Used only as an access key for audit, consignment tracking, information and reconciliation purposes, and should not be the source of any information about the consignment itself

- Able to uniquely identify data related to individual international trade transactions between a supplier and a customer at both the national and international level for a sufficient period of time in accordance with national data retention rules
- Associated with other relevant trade or transport references to establish an origin to destination information and documentation trail for the individual consignment, in case that the UCR, as defined in the accompanying Guidelines is not already used as the transport reference
- Issued for all consignments by or on behalf of the party having initiated the international trade transaction (issued as early as possible in the international transaction process by the "seller")
- Used in all relevant communications by all parties involved in the entire supply chain with regard to Customs and all other relevant regulatory agencies
- Able to uniquely identify a consignment at both the national and international level (WCO UCR, 2004)

3.4 Case Studies: Korea & South Africa

3.4.1 Korea

Korea Customs started implementing UCR at the national level and in collaboration with its trading partners in 2007, The drivers for the UCR Project included fulfilment of the requirements of the WCO SAFE Framework of Standards, support for data exchange and cargo security with other countries, and implementation of a global trade single window as provided for in UN/CEFACT Recommendation 33. Pilots were conducted with Belgian Customs and Philippine Customs after conclusion of Memoranda of Understanding for Exchange of Information (Korean Customs Service 2009).

Some of the outcomes of use of UCR included better risk management by comparing data received with information in the import manifest and the declaration, enhanced ability of customs to track exports, and improved data harmonization and standardization. Lessons learnt included:

(a) Resources required: independent department or team, time and budget

(b) Regular meetings (and periodic conference calls)

(c) Collaboration: among departments, the private sector, between countries

(d) Feasibility Study: required to evaluate partners in terms of IT infrastructure, political willingness and resources

(e) Language Issues (e.g. company names)

(f) Business Confidentiality (e.g. amounts on invoices)

(g) Unwillingness of the private sector to participate.

3.4.2 South Africa

The UCR has been in use in South Africa since 2009, where the South African Reserve Bank (SARB) and South African Revenue Service (SARS) require UCR for all export proceeds on a consignment by consignment basis (a consignment is defined as the total number of items specified in the commercial contract between the supplier and the customer and transported in a single or multiple shipments) (Manaadiar 2012). The number, which first appears on the Bill of Entry, is required to be reported to the bank when receiving sale proceeds (matching is done by SARS). This is a potential deterrent to tax evasion, fraud and other aspects of trans-national organised crime.

3.5 Findings, Conclusions and Recommendations

The adoption of the Unique Consignment Reference (UCR) by the World Customs Organization (WCO) was driven by the need for customs organizations to facilitate legitimate international trade while at the same time strengthen audit-based controls.

In the current trading environment each stakeholder makes an individual effort to track their transactions and documentation usually through assignment of a key unique to the organization. ***This creates multiple references by different organizations to the same overall transaction.*** The resulting scenario is undesirable and inefficient when trying to track down all the related documents required in a transaction. The countries of the Northern Corridor have adopted, or are rapidly adopting, sophisticated, trade-supporting ICT systems and infrastructure and are well positioned to take advantage of the UCR concept.

The UCR establishes an information and documentation link between the supplier and the customer in an international trade transaction and requires this reference to be used throughout the entire supply chain. The UCR can be used as the common access key for national and international data sharing. The transaction identifier (UCR) will be understood by all organizations involved in a transaction including but not limited to:

- *Customs*
- *Importer*
- *Declarant*
- *Ministries, Departments and Agencies*
- *Banks*
- *Exporter*
- *Shipping Agent*
- *Agencies for Permits and Exemptions*

This will provide powerful means of collaboration through data exchange between organizations initially nationally and eventually internationally. Both private and public sector will realize benefits. Clearing agents and importers will be able to trace all documents by a single identifier enabling them to track the status of all electronic trade documents. In turn, customs and other trade related agencies will be able to review all related documents with a single identifier and are expected to utilize UCR primarily for post audit processes.

3.5.1 Key Implementation Points

3.5.1.1 Issuing the UCR

It is recommended that the UCR concept be driven by the National Revenue Authorities and that it is the RA's themselves that become the accredited National Issuing Agency in accordance with ISO/IEC 15459. A UCR will be applied for by a declarant through a web interface supplied by the Revenue Authority as an add-on to the existing Customs Management System or through a linked module. The application shall contain simple transactional information including:

- *Exporter Tin*
- *Name*
- *Address*
- *Telephone Number*
- *General Goods Description*
- *Country of Consignment*
- *Country of Destination*
- *Means of Transport*

It is further recommended that the RA's of the Northern Corridor adopt a harmonized approach to the UCR format with the idea of regional unity in mind. Once issued it is mandatory that the UCR be referenced in all subsequent trade related documentation including but not limited to:

- *Suppliers Order*
- *Import Declaration Form (IDF)*
- *Airway Bill (AWB) / Bill of Lading (BL)*
- *Invoice*
- *Final Classification and Valuation Report*
- *Customs Declaration*
- *Ministries, Departments and Agencies*
- *Permits and Exemptions*

3.5.1.2 UCR Format

A recommended format for generation of the national UCR according to the WCO (2011) is as follows[25]:

1. Maximum length of 35 characters.
2. The UCR should be alpha-numeric and not contain any special characters, such as spaces, dots, or slashes.
3. The first character is reserved for the last digit of the calendar year in which the exports took place.
4. The next 2 characters will be reserved for the UNLCODE/SWIFT country code of the country from where the exports originated:

[25] *WCO Recommendation on the Unique Consignment Reference Number*, available at http://www.tafa-r.org.tw/forum/20110816/20110816UCR.pdf page accessed 17th November 2014.

- KE - Kenya
- UG - Uganda
- RW - Rwanda
- BI - Burundi
- SS - South Sudan
- CD - Democratic Republic of Congo

5. The next 8 characters is the identity of the trader as known by the Revenue Authority (with zeros added to the left for padding if necessary to make a total of 8 characters.)
6. The last 24 characters are either a sequential number or other unique identifier such as an invoice number, consignment number, order number etc.

Example:

UCR: 4KE00123456000000045

4	KE	00123456	000000045
Year: 2014	Country of Import: Kenya	Importers code number	Sequential or other unique number

3.6 Recommended Implementation Guide

3.6.1 Phase 1: National Relational Links

This phase is considered optional and depends on a countries assessment of readiness in issuing and enforcing applications of a true UCR (as in phase 2) from the start.

It is noted that the Kenya National Electronic Single Window (KNESW) implementation has laid the groundwork for implementation of a National UCR in Kenya and application for a UCR is a preliminary process in beginning the trade process in Kenya. However, it is further noted that in countries where the UCR has not been implemented but there is a single window initiative ongoing, the UCR *concept* will most certainly be implemented either by assignment of a unique identifier to all related transactions or by a primary/foreign key relationship in the single window database. This represents an application of the concept through database linking and is the easiest to readily implement, as it does not require any changes to the business processes. It is this process of relational linking that is recommended here as a primary phase in UCR implementation.

It is assumed that relational linking as described here take place as the first step in implementation of a Single Window. This implies that participating stakeholders either have a proprietary ICT system or are provided an electronic means through the SW implementers. This allows a primary/foreign key relationship where primary key is a unique identifier provided by agency issuing documentation and foreign key most likely be the customs declaration ID.

3.6.2 Phase 2: National UCR

With the RA acting as the accredited issuing agency, a UCR must be applied for and subsequently used in all commercial transactions entering or leaving the country. Stakeholders will be expected to reference the UCR in ***all*** subsequent trade documentation including but not limited to:

- Import Declaration Form (IDF)
- Customs Declaration
- Border Agency Documentation
    - Bureau of Standards
    - Port Health
    - Plant Health
    - Food and Drug
- Banks
- AWB / BL Acronyms
- Invoice
- Packing List
- FCVR Acronyms

It is recommended that if a pilot scheme is desired, that the pilot require all commercial transactions and build on the number of documents where inclusion of UCR is required.

3.6.3 Phase 3 & 4: Regional UCR

The adoption of the UCR in each country represents a huge step forward and now all related transactions are grouped under a single identifier within a country. However, in a region where road transit might take a consignment through multiple countries to reach final destination such as the Northern Corridor, this consignment should ideally be linked at a regional level. In the same manner as linking documentation between all stakeholders Nationally in Phase 1, after the adoption of the UCR in each country, a method of regional linking should be put in place.

Having established the Revenue Authority in each country as the accredited issuing agency, it stands to reason that during Northern Corridor transit, two UCR's should be captured in each Customs Management System:

1. The national UCR applied for in arriving country
2. The national UCR from departing country

The capture of these two UCR's allows for establishing a chain of UCR's from origin to destination:

Example:

	Kenya	Uganda	Rwanda
Preceding UCR	--	4KE00123456000000045	4KE00123456000000045
National UCR	4KE00123456000000045	4UG00234567000000156	4RW00345678000002445

From this example it becomes apparent that for goods in transit a unique regional id exists through the very process of linking and the emerging solution is to utilize the UCR from country of departure also as the regional UCR. This then becomes an agreement and policy decision among the neighbouring countries rather than further technical implementation. This is of particular importance in goods transiting outside of the SCT, which is addressed below.

3.6.4 Regional UCR in the SCT

A key advancement in implementation of the SCT is elimination of export declarations for transit goods in favour of a single import declaration lodged in the country of destination. This single import declaration is electronically accessible to all countries of transit. This vastly simplifies the concept of a regional UCR in that linking is no longer necessary, as even a transit consignment will need only apply for a single UCR in country of destination, which will reference all documentation for the entire voyage.

3.7 ICT Support to the UCR

This is covered more comprehensively in Chapter 6: "ICT & Information Exchange."

3.7.1 Compatibility of the UCR with ICT systems currently in use

Noted Recent Advancements **in ICT**

- Roll out of ASYCUDA World in Uganda (URA), Rwanda (RRA), Burundi (OBR), DRC (DGDA) and granted access to source code by UNCTAD. This allows direct integration into the user interface of ASYCUDA World and elimination of an additional user interface.
- Procurement underway for a new customs management system by Kenya (KRA), supported by Trademark East Africa.
- Roll out of the Kenya National Electronic Single Window (KNESW).
- Roll out of the Rwanda Electronic Single Window (RESW).

The countries of the Northern Corridor are experiencing rapid and positive change in customs, transport and trade facilitation. In customs ICT, this is occurring in reliable telecommunications infrastructure and support as well as upgraded, flexible Customs Management Systems. The underlying theme, as in most industries, for ICT support to trade is a move to flexible, modifiable and extendable web based applications as seen above in the move to ASYCUDA World and a new Customs Management System (that will certainly be web-based) incoming in Kenya. These incoming systems are well suited to being easily extended to include the increased functionality of the UCR.

The conclusion therefore ***is that there are no foreseen technical ICT conflicts in implementing the UCR in the countries of the Northern Corridor.***

Looking to the Future**: ICT Support to the SCT**

The Northern Corridor will move from an environment where customs data exchange was *useful* support to customs operations, to an environment where customs data exchange is *essential* to operations. Currently under the SCT, an ICT working group has been formed to support the operations of the SCT. Largely, data exchange is being accomplished through web services and the passing of XML messages bilaterally among the neighbouring countries of the Northern Corridor (excluding South Sudan and DRC). The recommended efficient and robust model for ICT support to the SCT lies in a centralized solution directly integrated into the user interface of the respective Customs Management Systems. This centralized model also represents the ideal solution for implementation of a regional UCR concept. Due to the adoption of more modern Customs Management Systems (CMS) like ASYCUDA World and the demand for access to the source code for modifications by the Revenue Authorities, the members States are for the first time in a unique position to integrate a centralized data-sharing platform into the CMS user interface. This is a huge step forward as it eliminates the burden on the user of referring to two separate interfaces to perform a single job while giving the appearance to the user of increased functionality in an existing system, rather than introduction of a new system. This is discussed further in Chapter 6: ICT & Information Exchange.

3.8 Strategies and Action Plan

In implementing the UCR concept on the Northern Corridor it is critical to note that the countries of the Northern Corridor have adopted, or are rapidly adopting, sophisticated, trade-supporting ICT systems and infrastructure. With the introduction of comprehensive customs management systems, like ASYCUDA World, it becomes even more evident that there are numerous stakeholders in cross border trade that should be taken into account by these ICT advancements.

The next logical step is therefore to introduce the electronic Single Window environment. A Single Window environment will allow the transmission of one standard set of data, distributed and used by all cross-border regulatory agencies. Kenya and Rwanda have both launched Single Windows and all countries on the Northern Corridor have a similar strategy, largely spearheaded by the revenue authorities, to follow suit.

The Single Window immediately simplifies the application of the UCR in all transactions. *It is therefore* recommended *that the UCR concept be addressed at the regional and national level prior to implementation of the Single Window, and implemented in parallel with the Single Window.* It is important to note that in a Single Window environment, a data source may also be another government's Single Window (i.e. G2G).

The strategy outlined below for implementation of UCR assumes the concurrent implementation of the Single Window environment.

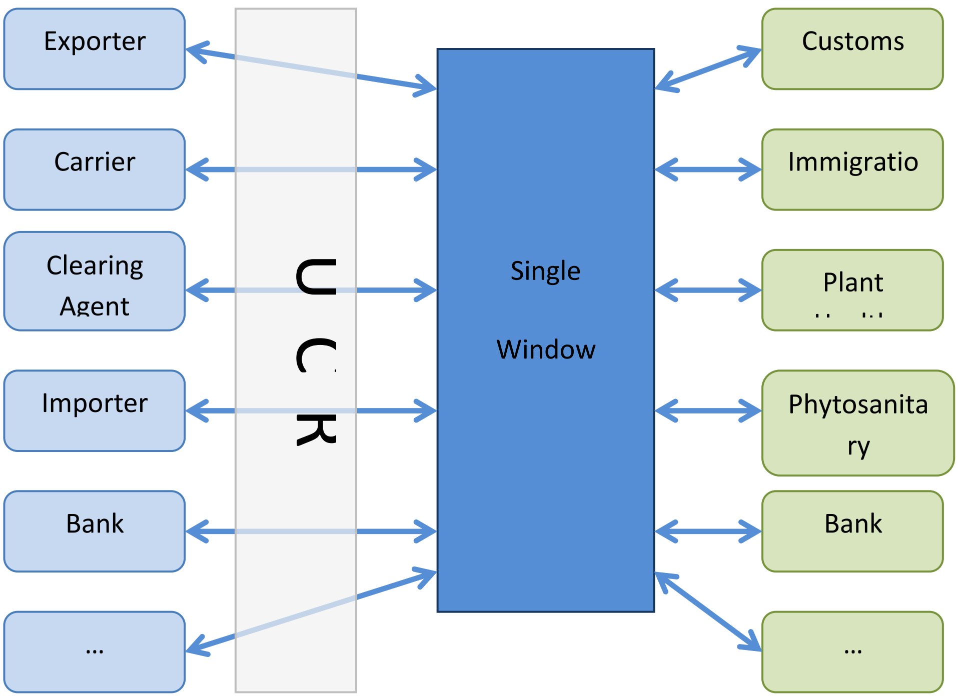

Figure 3-2: UCR implementation

3.8.1 Strategy

INSTRUMENT VISION (GOAL)	OBJECTIVES	STRATEGIES	ACTIONS	PERFORMANCE MEASURES / TARGETS
3. UCR: Provide an efficient mechanism for trade agencies to exchange and/or retrieve information	3.1 UCR and Single Window knowledge transfer and sensitization	3.1.1 Sensitize all Northern Corridor countries to the purpose and usefulness of UCR in international trade, and a working Single Window implementation.	3.1.1.1 Northern Corridor Workshop to showcase UCR implementation through Kenya National Electronic Single Window System. Includes public and private sector.	M: # of countries represented at workshop T: 100%
			3.1.1.2 Workshop delegates to further sensitize national stakeholders in home country.	M: # of private/ public sector trade stakeholders sensitized T: 100%
	3.2 a) Enhance national and international access to data on all transactions from origin to destination. b) Increase security and tracking of consignments. c) Manage the logistical chain d) Promote greater Customs co-operation e) Provide for efficient audit controls	3.2.1 Regionally decide on UCR format (based on WCO guidelines) taking care to realize that the UCR is an *access key* and does not contain information directly describing the consignment.	3.2.1.1 Northern Corridor Workshop comprised of customs and supporting trade agencies to designate the format for the UCR (taking note of work by KNESWS and RESW).	M: # of national trade agencies represented at workshop T: 100%
			3.2.1.2 Devise unique identifier for data related to individual international trade transactions between a supplier and a customer at both the national and international level (for a sufficient period of time, TBD).	M: unique identifier established, unique throughout region T: 100% unique
			3.2.1.3 Workshop delegates to further sensitize national stakeholders in home country.	M: # of private/ public sector trade stakeholders sensitized T: 100%
		3.2.2 Use the UCR in all relevant communications by all parties involved in the	3.2.2.1 Ensure all private sector actors and public sector actors either have proprietary systems	M: # of private/ public sector with access to Single Window

INSTRUMENT VISION (GOAL)	OBJECTIVES	STRATEGIES	ACTIONS	PERFORMANCE MEASURES / TARGETS
		entire supply chain	that can integrate with the Single Window or that the single window accommodates them.	T: 100%
			3.2.2.2 Bring all stakeholders on board with the Single Window (Capacity building)	M: # of stakeholders operating in the Single Window T: 100%
		3.2.3 Issue the UCR at first point of entry to the SCT by the receiving customs administration on behalf of the importer. Use KNESWS issuance at IDF stage as a model.	3.2.3.1 Pilot UCR in select trade transactions with singular consignments (e.g. simple single commodity consignments) at consignment level.	M: # of designated consignments with successful use of UCR T: 100%
			3.2.3.2 Increase scope of pilot to include all consignments.	M: # of total consignments with successful use of UCR T: 100%
		3.2.4 End-to-end audit trail of consignment.	3.2.4.1 Establish G2G connections through the National Single Windows that utilize the UCR for complete tracking of all trade documentation and tracking along the Northern Corridor.	M: # of G2G connections T: 100%

3.8.2 Action Plan

PRIORITY	ACTION	RESPONSIBLE	% COMPLETE	DUE DATE
Normal	3.1.1.1 Northern Corridor Workshop to showcase UCR implementation through Kenya National Electronic Single Window System. Includes public and private sector.	TTCA / National Revenue Authorities	0	Start date + 3 months
Normal	3.1.1.2 Workshop delegates to further sensitize national stakeholders in home country.	National Revenue Authorities		Start date + 6 months
Normal	3.2.1.1 Northern Corridor Workshop comprised of customs and supporting trade agencies to designate the format for the UCR (taking note of work by KNESWS and RESW).	TTCA / National Revenue Authorities	0	Start date + 3 months
Normal	3.2.1.2 Devise unique identifier for data related to individual international trade transactions between a supplier and a customer at both the national and international level (for a sufficient period of time, TBD).	TTCA / National Revenue Authorities	0	Start date + 3 months
	3.2.1.3 Workshop delegates to further sensitize national stakeholders in home country (Capacity building oriented workshop)	National Revenue Authorities	0	Start date + 6 months
Normal	3.2.2.1 Ensure all private sector actors and public sector actors either have proprietary systems that can integrate with the Single Window or that the single window accommodates them (Capacity building oriented)	TTCA / National Revenue Authorities	0	Start date + 6 months
Normal	3.2.2.2 Bring all stakeholders on board with the Single Window.	TTCA / National Revenue Authorities	0	Start date + 18 months
Normal	3.2.3.1 Pilot UCR in select trade transactions with singular consignments (e.g. simple single commodity consignments) at consignment level.	TTCA / National Revenue Authorities	0	Start date + 18 months
Normal	3.2.3.2 Increase scope of pilot to include all consignments.	TTCA / National Revenue Authorities	0	Start date + 24 months
Normal	3.2.4.1 Establish G2G connections through the National Single Windows that utilize the UCR for complete tracking of all trade documentation and tracking along the Northern Corridor.	TTCA / National Revenue Authorities	0	Start date + 36 months

4 REGIONAL CUSTOMS TRANSIT GUARANTEE SCHEME (RCTG)

4.1 LEGAL FRAMEWORK

Obligation under NCTTA, Protocol 3 (*Customs Controls*), Article 10 (*Customs Security*): "The Contracting Parties undertake to use and accept as Customs security for ensuring the fulfilment of any obligation arising under a Customs transit operation carried out under the terms of this Protocol, the Regional Customs Bond Guarantee Scheme of COMESA"].

The origin of the COMESA Regional Customs Transit Guarantee (RCTG) dates back to Preferential Trade Area Regional Customs Bond Agreement (November 1990), prior to the COMESA Treaty (1991).[26] In Article 4 of the COMESA Treaty, Member States commit themselves to "adopt a common customs bond guarantee scheme" while the Agreement is provided in Article 174 paragraph 5 as one of the agreements whose rights and obligations are not extinguished by the coming into force of the COMESA Treaty.[27] The current Contracting Parties to the Regional Bond Guarantee Agreement include Burundi, Kenya, Uganda and Rwanda.[28]

Furthermore, the COMESA Protocol on Transit Trade and Transit Formalities (Annex I to the COMESA Treaty) has provisions relevant to the operations of the RCTG.[29] Article 3 provides the scope of the transit transport operations covered under the Protocol, namely transport that is:

a) Operated by a carrier licensed under the provisions of Article 4 of this Protocol;
b) Performed under the conditions set out in Article 5 of this Protocol by means of transport approved by the customs office of commencement and issued with certificates which shall be in the form set out in Appendix III of this Protocol;
c) Guaranteed by a surety in accordance with the provisions of Article 6 of this Protocol; and
d) Undertaken under cover of the RCTD Document, or any other transit document approved by Council.[30]

[26] The PTA (precursor to COMESA) was established in 1982 (see Article 188 of the COMESA Treaty).
[27] Article 174 also provides for the survival of the Protocol on Third Party Motor Vehicle Insurance Scheme adopted by the PTA after dissolution of the PTA to give way to COMESA.
[28] The Democratic Republic of Congo is NOT a Contracting Party and attends the RCTG Council Meeting as an observer (COMESA 2013c). Burundi was one of the countries involved in the piloting of the RCTG in 2009 (see World Bank 2012 p. 38). Other Contracting Parties are Djibouti, Malawi, Zimbabwe, and Sudan.
[29] The Protocol defines "surety" to mean any person who gives an undertaking to the customs authorities of a Member State to answer for or be collaterally responsible for the debt, obligation, default or miscarriage of the transitor and for the payment to transit States of import duties and any other sums of money due and payable to them in the event of non-compliance with the terms and conditions of transit relating to transit traffic introduced into the transit States by carriers of such goods.
[30] This provision shows the relationship between the COMESA-CD (paragraph (d)), the RCTG (paragraph (c)) and COMESA Carrier License (paragraph (a) and (b)). Chapter 5 of the RKC General Annex (on security) provides the framework for the use of guarantees – and specifically emphasizes that acceptance of securities, the amount thereof and its discharge is the prerogative of Customs. For comparison, the EACCMA Part IX (Sections 106 and 107) lays the law on securities within the EAC (in line with the RKC including the powers of Customs, the form of security, execution of bonds and their discharge). In the same manner, Article 139 of the DRC Customs Code provides for removal of goods upon payment of a guarantee: «the Collector of Customs may

Article 16 of the *Council Regulations Governing the COMESA Customs Union* (COMESA 2009a) provide for the adoption of Customs Management Regulations, which "shall apply uniformly in all Member States except as otherwise provided for in these Regulations".[31] The Customs Management Regulations were published on 9th June 2009 (COMESA 2009b) and provide the legal framework for internal and external transit in Chapter 18 (Sections 114 to 119) as well as the lodging of security to cover Customs debt (Chapter 32 Sections 270 to 281). The Customs Management Regulations do not mention or refer to the Regional Customs Bond Agreement. The thrust of the EAC towards implementation of the SCT, and the priority given to use of the RCTG within this context, raises expectations (and efforts should be made in that direction) that the EACCMA and Regulations will be amended to make specific provision for operation of the regional bond (EAC 2013). This would enhance implementation of the scheme amongst the EAC States that are Contracting Parties to the NCTTA.

4.2 Introduction to Transit Guarantees and the RCTG Scheme

4.2.1 Introduction to Transit Guarantees

Guarantee requirements are defined by the national regulations of a transit country or in the framework of regional or international agreements. These regulations clarify among other areas the amount of the guarantee required, persons responsible to furnish the guarantee, and the form of the guarantee.

Guarantees can have various forms. In national transit regimes, transit guarantees are often sold at the border of entry by national insurance or financial institutions. Such guarantees cover only the transit liabilities in one country. In multilateral transit schemes the transit guarantee is often purchased in advance of the transit operation, although, it will only be activated once the transit operation is commenced. This is the case with the European Union Community guarantee system and the TIR System.

In general, it is the transit operator who is required to obtain the guarantee from a third party. It is customarily provided by a bank, insurance company or other financial institution. The beneficiary of the guarantee is normally the national Customs authorities.

Guarantees are considered either individual (specific) or comprehensive (general). An individual guarantee covers one single transit operation. The calculation of the guarantee is based on the highest rates of duties and taxes applicable to the goods according to the Custom's classification of the goods. A comprehensive or general guarantee enables the principal, subject to certain conditions, which shall be fulfilled, to conduct several transit declarations at any office of departure as long as the duties and taxes which may become liable do not exceed a given guaranteed amount for a specified period. The guarantee amount will be calculated by multiplying the value of the transit goods by the highest aggregate duty and tax assessment in any transit country.

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permit the removal of goods prior to payment of duties and taxes upon the posting of a guarantee, renewable annually, to cover (a) the payment of duties and taxes (b) payment of interest»

[31] According to Article 12 of the COMESA Treaty, Council Regulations enter into force once published, in which case these regulations entered into force on 9th June 2009.

Some Customs transit guarantee systems, e.g. the TIR system, operate with a flat rate guarantee amount per transit operation.

Customs transit operations are terminated when the goods are presented at the office exit of a Customs territory or the office of final destination where Customs officials should verify that no unauthorized interference with the goods occurred. Customs officials only release the operator from his financial liability when it is verified that the transit operation has actually been correctly terminated and discharged. In the case of detected irregularity, interference or fraud, national transit legislation normally require that the responsibilities of the persons involved in the transit operation has to be determined and lost duties and taxes recovered, principally from the persons engaged in the unlawful practice or from the guarantee (UNCTAD 2011).

4.2.2 The RCTG Scheme

The RCTG Scheme operations manual (COMESA, n.d.) provides a detailed description of the processes for the activities of the Scheme and contains the following sections:

- Introduction to the RCTG regime;
- Policies and directives of the RCTG scheme;
- Detailed procedures on the issuance of Customs Transit Bond, COMESA Carnet and on handling and settlement of claims;
- Responsibility of Customs Administration in the management of the Customs Transit bond; and,
- Role of Carriers and Clearing and Freight Forwarding Agents.

The COMESA Customs Transit Guarantee (CTG) is a three party contract between the surety, the principal and beneficiary, in which a Primary Surety guarantees a Principal's (e.g., importers, exporters, transit operators, freight forwarders and, carrier) undertaking to pay duties and taxes and other charges of equivalent effect to customs administrations, who is the beneficiary, where the principal fails to carry out his obligation in compliance of the law of the transiting country.

The types of bonds or guarantee, which are issued in the RCTG scheme, are: specific and general bonds. Specific bonds are issued for a single and specific transaction and are discharged immediately upon completion of the conditions of the bond to the satisfaction of the Customs. The general bond enables the principal, subject to certain conditions which shall be fulfilled, to conduct several transit declarations at any office of departure as long as the duties and taxes which may become liable do not exceed a given guaranteed amount.

For the RCTG to be acceptable in each country of transit the size of the bond/guarantee must be adequate to cover duties and taxes across the transited countries and this would be determined by the highest duty requirement. Guarantee amounts required for a transit transaction shall be computed by multiplying the value of the goods by the highest aggregate duty and tax assessment in any transit country.

On a submission of a complete application by the Surety and Principal, the Customs consider the Customs Transit Guarantee application. Transit guarantees are lodged with the appropriate customs office of guarantee. The Office of Guarantee determines the amount of the guarantee by taking the highest tax rate obligation of involved transit states, accepts the surety's undertaking, and issues a Certificate of Guarantee permitting the principal to carry out a transit operation. In processing the application, Customs Administration Central Guarantee Office (CGO) approves or rejects the application within three (3) weeks from the date on which the application is submitted.

The CTG is issued for one year subject to renewal in subsequent years subject to satisfactory review. A new CTG is issued/executed subject to Primary Surety and Customs assessment and approval, where there is a change in the names of firms or directors that are parties to a bond.

The COMESA Carnet is a security printed document that is used throughout the transit process as proof of a valid guarantee and satisfactory compliance with customs obligations within each transited jurisdiction.

The Primary Sureties are responsible for issuing COMESA Carnets, and reimbursing National Sureties for claims settled on their behalf. Primary Sureties are Banks and Insurance Companies that are authorized by the competent authority to issue Customs Bonds or Guarantees for transit goods in the COMESA region. Any Primary Surety participating in the RCTG scheme issues the COMESA Carnet on the strength of the Certificate of Guarantee in order for the transit operation to commence.

A COMESA Carnet accompanies the goods until they are entered for consumption or for any other customs procedure, which is when, the foil is sent to the National Surety of the country of Final destination. The National Surety then sends the foil to the National Surety of the Country of commencement, which in turn sends it to the issuing Customs for reimbursement of the bond and storage.

The National Sureties are responsible for the administration of and management of the transit activities in each Member State or participating country. In this regard, they are responsible, among others, for obtaining and securing COMESA carnets, payment of claims, reimbursement of claim and monitoring the RCTG performance. The National Sureties are established by the Primary Sureties operating in the national market.

A National Surety, in consultation with its member sureties, namely insurance companies, banks and other financial institutions, shall determine the rate of premium or fee, on the basis of a directive issued by the Council of Sureties. During the survey we were advised by the National Sureties that COMESA advised them what rate to use based on the data COMESA had available. No additional information was available on how the rate was determined.

A reinsurance pool has been activated since the initial pilot run of the RCTG scheme and is described in the operations manual. The purpose of the Reinsurance Pool is to provide, among other services the following:

A Reinsurance Cover of the RCTG scheme;

- A Settlement mechanism for claims in excess of the limit payable by National Sureties, as determined by the Council of Surety, and
- A Central clearing mechanism for transfer of payments.

More details are provided in the operations manual of the RCTG Scheme which is available on the COMESA website under COMESA Carnet and most recently it was updated with references to the RCTG-MIS system.

4.3 Status Quo Analysis

The COMESA Customs Bond Guarantee Scheme is a customs transit regime designed to facilitate the movement of goods under Customs control in the COMESA region and to provide the required customs security and guarantee to the transit countries. It is meant to replace the system of national security guarantees with a regional guarantee system involving a single guarantee for the whole transit operation – from the Customs office where international transit starts to the Customs office where the international transit ends.

The objective of the scheme is to reduce the high cost of moving goods in transit in the COMESA region and thus contribute to enhancing the competitiveness of the foreign trade especially of the landlocked countries. The scheme is intended to address the following issues:

- High cost of national guarantees for each and every transit country.
- Tied-up monetary and financial assets as collateral requirement.
- Delays at border crossing points.
- Longer vehicle turn-around time.
- Delays in acquittal/cancellation of guarantees.
- Frequent inspection of transit goods by administrative authorities in the transit countries.[32]

The operating principles of the COMESA transit regime, which are in line with Article 3 of the Protocol on Transit Trade and Transit Facilities, are the following:

a) Goods should travel in Customs secure vehicles and /or containers wherever possible.

b) All carriers involved in transit traffic should be licensed.

c) Throughout the transit, duties and taxes at risk should be covered by a regional valid guarantee.

d) Goods should be accompanied by the COMESA Customs Declaration; and

e) The COMESA Carnet shall be used throughout the transit process (*COMESA RCTG Operational Manual*, p. 10).

Successful implementation of the scheme will contribute to the main aims of the COMESA Treaty, which calls for simplification, harmonization and standardizing of Customs processes, procedures and documentation by all Member States in order to have effective trade facilitation in the region (Article 174c and 58).

[32] Mwarania et al. (2008, p. 7).

During the 2007 - 2009 pilot run of the RCTG in the Northern Corridor Member States excluding the Democratic Republic of Congo[33] until its official launch in March 2010, the principles of the COMESA transit regime were upheld. In addition, it was expected that the Customs authorities of all transit countries accept the Customs control measures taken in the country of commencement, and Customs and participating sureties were provided with controlled access to the RCTG scheme. However, the uptake of the instrument was low before and after the pilot. In the three year period since inception, only 240 import transit carnets had been issued through Mombasa, while 11 export transits had been performed from Uganda and Rwanda (Mpata and Mwakalombe 2011, p. 25).

Based on our experience during the survey, we find Mpata and Mwakalombe's assessment accurate - that the scheme has not made significant impact on the traffic throughput on the corridor. Some of the reasons given for this scenario are that the cost of the bond was the same as the national bond, a cost-benefit analysis on the usage of the bond was not done, there was no special treatment from KRA when using the bond, and officers on the ground seemed not to have been enlightened about the scheme. Furthermore, awareness of the scheme even among the expected users of the scheme from the private sector was generally low, leading to the conclusion that "the scheme needed much more effort to implement with clear time frames and field supervision."

Many stakeholders informed us during the Field Survey that the regional guarantee was now less expensive than the national guarantees with some shippers saving as much as $500.00 US dollars per shipment. Some of the Clearing and Forwarding agents in Rwanda and Uganda advised us that although the rates for the national guarantees were less and the regional guarantee rates were greater the overall cost of the regional guarantee was less expensive. The National Sureties advised us that someone from COMESA assisted them in 2013 on setting the minimum rate that should be charged.

The role of the Management Committee of the RCTG is an important one with the following key functions:

a) Provide technical, legal and administrative advice to the Council of Sureties on the management of the RCTG Scheme;

b) Monitor and review the work of the Customs authorities, the Reinsurance Pool and the Management Information system (MIS);

c) Make regulations on the financial management of the Pool and MIS;

d) Determine general underwriting and claims policies and practices and reinsurance (Mpata and Mwakalombe 2011, page 17)

The Management Committee reported that in the period 2012 to 2013, over 600 carnets were issued to selected companies that were involved in operations of the scheme, and there was renewed interest from clearing and forwarding companies (COMESA 2013a).[34] The jump in issuance of carnets in 2013 may have been due to appointment of a private sector company (Indigo Procurement and Logistics Limited) to manage the operations of the RCTG

[33] South Sudan did not exist then as a state, having being part of Sudan until her independence in 2011.
[34] The meeting was held from 5th to 6th June 2013 in Lusaka, Zambia.

Carnet with a specific priority on the Northern Corridor for a period of three years with effect from 18th March 2013 (COMESA 2013b, p. 30).

As provided in the terms of their management agreement, their target is to increase the numbers of Agents joining the scheme, ensure that RCTG Bonds are executed and that Carnets are issued. Hence, they should work closely with Customs Authorities and National Sureties and assist the Agents on the following activities:

- Execution of Regional Guarantees (RCTG).
- Issuance of Carnets.
- Monitoring the processing of transit goods under Carnet.
- Follow up and ensure that transit is successfully completed and Carnets are acquitted.
- Provide in-house training to stakeholders (COMESA 2013a, p. 9)

Another challenge of the RCTG that had been identified was that it was lacking a well-capitalized and functional reinsurance pool. In this regard, the COMESA Yellow Card Reinsurance Pool has provided a credit line of US$ 1 Million to the RCTG scheme (payable over three years at an interest rate of 1.5% p.a, ibid. p.31).

Other notable successes from the RCTG pilot are that the sufficiency of the existing legal framework (Regional Customs Bond Guarantee Agreement and Reinsurance Pool Agreement) and institutional management structure were tested, some training and sensitization was conducted (though insufficient with no evidence of follow-up or impact evaluation), piloting of the system (the lessons learnt from the pilot led to the management of the system being outsourced to a private entity, and redesign of the forms), and buy-in from the customs administrations of the Northern Corridor that are EAC Partner States (who have seen the instrument as critical to achievement of their drive towards making the EAC a Single Customs Territory).

During the Field Survey, it was evident that in the Democratic Republic of Congo (not yet a Contracting Party to the Agreement) and in Burundi, the parties critical to the success of the scheme (Customs, Clearing and Forwarding Agents, and Insurance companies including the National Surety in each case) had not held any meetings to map out their various roles and responsibilities. In the Democratic Republic of Congo, banks are issuing national guarantees.

It was evident that many expected that the COMESA Secretariat would kick-start the process, and in some countries it was unclear who would take the lead between Customs and the National Surety. For example, the National Surety in Burundi (SOCABU) informed the study team that they had not begun to issue regional guarantees, and were waiting to hear from Customs on implementation of the scheme.

Most individuals interviewed during the pilot did not have detailed information about the RCTG scheme or their role in it, while others opposed it due to the perception that it favoured multinational clearing and forwarding agents, and that the rate charged was higher than that charged for national bonds (this was the case in Uganda). Considerable time had also passed since the pilot, and no structure seems to have been put in place to transition the RCTG from pilot to full-scale implementation (with the associated issues of personnel and other costs). Some of the staff from the revenue authorities who had been trained in the pilot had moved on.

On the positive side the National Surety of Rwanda (SONARWA) indicated that they had issued 80 regional customs transit guarantees since the beginning of 2014. More detailed information was available from the National Surety in Kenya (Kenya Re) and the RCTG private contractor (Indigo Procurement & Logistics Limited). According to Kenya Re, during the pilot, the Primary Sureties were concerned with their exposure/ risks with the RCTG, and charged their own rates. Secondly, although the reinsurance pool had been formed, it was not active. Thirdly, the COMESA RCTG-MIS is web-based, and experiences internet connectivity issues.

On their part, Indigo Procurement & Logistics Limited indicated that since they started working as RCTG Manager in March 2013, they had experienced a number of successes including busting the myth that RCTG was only for multinationals (a number of small freight forwarding companies had signed up), conducting training (though limited due to funding constraints), and an upsurge of interest from the EAC Member States (as a result of the SCT). Unfortunately, the company was unable to provide facts and figures to the study team as formal authority needed to be obtained from the COMESA Secretariat, which raised issues on what sort of information should be in the public domain from the perspective of the management of the RCTG as the RCTG-MIS web portal did not provide useful and up to date information on the system.[35]

The study revealed a lack of transparency on the activities of the RCTG scheme for stakeholders, potential investors in the Northern Corridor and the general public. Many of the headings on the website were left blank, outdated or provided insufficient information.

Information systems such as the RCTG-MIS need to provide transparency by making it possible to trace a piece of information back to its author. By doing so, they also provide an opportunity for the user to contact the author directly to confirm the quality of the information, but also to ask for any additional information that is needed to act upon it.

Perhaps the most important aspect of transparency is that it helps to build interpersonal trust, something which is absolutely essential for getting people to share and collaborate with each other as individuals but more importantly between different organizations and countries. Updating the website and developing a section referred to as "timeline" under activities is key to ongoing success of the RCTG scheme.

4.4 Best Practice - TIR

The COMESA RCTG was adapted from the "TIR" (*Transports Internationaux Routiers* or International Road Transport), which is an international Customs transit system based on a UN Convention implemented at global level in Public-Private Partnership. The TIR System has been facilitating and securing trade and international road transport for over 60 years, by allowing customs-sealed vehicles and freight containers to transit countries without border checks. Customs duties and taxes that may become due are covered by an international guarantee.

[35] Therefore, it appears that the observation that the RCTG was being driven as a public good by public sector entities rather than the demands of the market still appears to be the case in spite of the outsourcing of its management (FEAFFA, Pers. Comm.).

In 1949, the first TIR Agreement was concluded between some European countries and led to the elaboration of the TIR Convention in 1954 under the umbrella of the United Nations Economic Commission for Europe (UNECE). At the beginning of 2010 the TIR System had 68 Contracting Parties (including the European Union) on four continents. Many more countries have demonstrated their interest in acceding to the system (International Road Transport Union 2014).

The following concepts from the TIR Convention are promoted in the COMESA RCTG Scheme:

- Goods should travel in secure vehicles or containers;
- Duties and taxes at risk should be covered throughout the journey by a regionally recognized guarantee;
- Goods should be accompanied by a regionally accepted Carnet taken into use in the country of departure and accepted in the countries of transit and destination; and
- Customs control measures taken in the country of departure should be accepted by the countries of transit and destination.

The TIR Convention provides for an internationally recognized procedure to facilitate the cross-border transportation of goods in transit through the use of a standard, internationally recognized Customs document – the TIR Carnet – which also serves as proof of an internationally valid guarantee. Several million carnets have been issued over the last ten years. Many users of the TIR system complain that the TIR Carnet is still a paper document, preferring instead an electronic replacement. This issue has still to be resolved by contracting parties.

The continued expansion of the TIR System recently took place on April 13, 2014, when the Automobile & Touring Club of the United Arab Emirates (ATCUAE), signed a guarantee agreement with Dubai Customs to work together to introduce the TIR System. Similar agreements with Customs authorities in the other six Emirates are expected to follow in the coming months, as ATCUAE is seeking to have TIR fully operational in the near future. UAE joining the TIR System will considerably facilitate global trade by reducing transport times and costs across this major trade hub, including through the port of Dubai. Electronic pre-declarations to Customs, real-time traceability of TIR Carnets and efficient risk management provided by the TIR System will also contribute to making border procedures faster, more secure and user-friendly (International Road Transport Union 2014).

One of the most active and aggressive corridors in Africa is the Walvis Bay Corridor Group (WBCG). It is business development oriented and is dominated by a few large private sector stakeholders. The WBCG was established as a Public-Private Partnership (PPP) and now has extensive experience in corridor management and marketing with concrete achievements such as the Single Administrative Document (SAD) (Ntamutumba 2010). According to Ntamutumba, good practices used in the WBCG, which promoted their success to date, include:

- Business development orientation
- Domination by private stakeholders
- Established and seen as a PPP
- Management and marketing considered key areas.

East Africa countries have been operating on a system of national bonds. This involves the raising of a bond in one country and its acquittal in the next country as goods move from one country to another. A shipment leaving the port of Mombasa in Kenya for Bujumbura in Burundi has to be covered by multiple bonds- Kenya/Uganda (1), Uganda/Rwanda (1), Rwanda/Burundi (1) movement within Burundi (1) for a total of four bonds. Obviously, this is cumbersome and time consuming but it is also open to all manner of risks as the transit moves from one country to another. The best scenario is one bond, which would cover the movement of the transit from Mombasa to Bujumbura. This is what the European TIR Carnet does and the intention of the COMESA RCTG.

The COMESA RCTG is a key facilitation instrument because it seeks to replace multiple national transit bonds for international trade moving across with a single harmonized and integrated system, using the RCTG/Carnet. RCTG needs to be integrated into national legislation and owned by Revenue/Customs authorities who have the mandate to administer trade laws particularly for imports and exports of goods. A major principle, which is at the core of the successful implementation of any transit bond system, is mutual recognition by all countries- originating and transit countries. Although the Northern Corridor Summit has indicated that use of the Electronic Cargo Tracking System (ECTS) should provide sufficient assurance that the goods would move securely to destination, ECTS is not a recognized guarantee, and the customs administrations require either cash or security bonds from recognized institutions (banks or insurance companies) as guarantees.

4.5 Conclusions

The study noted some disagreement between some National Sureties, Indigo Procurement & Logistics, Limited and Zep-Re (the management company for the reinsurance pool) on the interpretation of a section of the Reinsurance Pool Treaty referred to as:

> Treaty Detail: Gross Retention (100% Limit)- *Max. US $ 2,000,000 any one Bond/Client* and the Definition of Any One Risk- *All guarantees issued in the aggregate in the name of any one individual person, firm, group or entity, shall be regarded as forming any one risk unless otherwise agreed with the Reinsurer*.

The COMESA Secretariat (Pers. Comm. 2014) clarified that according to the Reinsurance Pool Treaty, reinsurance cover is provided up to USD 2,000,000 for any one Bond/ Client, and **the Surety must negotiate a special reinsurance cover with the Reinsurance Pool for any bond issued beyond this amount**. This information needs to be made available and clarified since there is not a consistent understanding of the Reinsurance Pool Treaty between the users.

An important area of the RCTG Scheme which was not understood by any of the individuals or groups when asked about it during the survey was "Waiver or Reduction of Guarantee Amount", under SECTION II RCTG POLICIES AND DIRECTIVES. The section is as follows:

> 2.8.1. *For any transit transaction, in principle the reference amount has to be backed by a guarantee of the full duty amount. However, Customs may reduce the amount of guarantee to be specified in the guarantors undertaking to 50% or 30% of the amount at stake where the principal complies with certain criteria of reliability. If further conditions are met, the guarantee may even be reduced down to 0% and thus becomes a waiver.*

This is a section of the RCTG Scheme which must be addressed not only with insurance companies, banks, shippers, C&F Agents, etc., but especially with Custom authorities and included as part of any training for all of the stakeholders. It would have a significant impact on rolling out the RCTG scheme in the future since it would impact the way Customs authorities determine the amount of some guarantees and it may even impact the financials of the reinsurance pool. It is a section of the RCTG Scheme which may have to be delayed in practice until other areas are fully implemented but should not be ignored and most certainly needs to be explained in the near future to the stakeholders.

Many important statistics and frequently asked questions are not made available on the COMESA RCTG/CARNET website nor through discussions with the RCTG manager. The answers to the questions are necessary in prioritizing areas in the development of a strategy and timeline for re-launching another RCTG pilot.

Some questions and answers that is relevant for all stakeholders in moving forward with the RCTG are as follows[36]:

(a) **Claims Handling Process** by National Sureties - The process is as follows:

1. General: The directives the Council of the RCTG may issue regarding claims handling and payments shall take into account the Regional Customs Transit Guarantee Agreement and the national laws of the Member States.
2. Notifications: The National Surety in the RCTG Member State in which a claim is made shall receive all notifications from Customs on behalf of the Primary Surety that issued the Carnet.
3. Enquiry: The National Surety receiving a claim shall make an enquiry on the claim made by Customs to provide an explanation on the claim or irregularities. Guidelines for claim enquiry or investigation shall be published in the RCTG Operations Manual and may be amended from time to time by the Council of the RCTG.
4. Acceptance and Payment: If the enquiry and explanation of the National Surety fails to satisfy Customs, the National Surety shall refer the Customs claim to the RCTG Pool for full payment. The RCTG Pool shall obtain reimbursement from the Primary Surety through their National Surety.
5. Appeal: The National Surety shall appeal through the appeal mechanism as provided for in the RCTG Agreement on claims, which it believes, there are no irregularities.
6. Rules: Rules and Procedures regarding claims handling shall be as provided for in the RCTG Rules and Procedures Manual. The Council of the RCTG may amend these Rules from time to time.

(b) **Number of Guarantees Underwritten and Carnets Issued**- As at *30th June 2014*, the total guarantees underwritten were **10** (Kenya), **170** (Rwanda) and **22** (Uganda) amounting to **US$ 90 Million**. No guarantee has been underwritten in Burundi although it is a Contracting Party to the RCTG Agreement. The Democratic Republic of Congo and the Republic of South Sudan are not Contracting Parties. The number of carnets issued by Principals (clearing agents with valid RCTG bonds) up to 12th June 2014 was**1, 725**. Between 2012 and 2013, only three Principals were involved in the issuance of Carnets,

[36] Answers to these questions were provided by the COMESA Secretariat (June 2014).

namely Bollore Africa Logistics, Kuehne + Nagel and Spedag Interfreight. All three companies executed bonds from Kenya. The insurance companies executed all the guarantees in question (none by banks).

(c) **Management of the RCTG web site**: This web site is managed by the COMESA Secretariat. Currently, the COMESA Virtual Trade Facilitation System (CVTFS) is being implemented. CVTFS is aimed at integrating the existing instruments (and web sites) into one single sign-on, which will be accessible to various stakeholders including Customs, freight forwarders, insurance companies, banks, port authorities, container freight stations and traders.

4.6 Recommendations

The RCTG is based on the internationally recognized concept/good practices of the TIR but for COMESA to undertake a re-launch of the RCTG it must prioritize the following and ensure all stakeholders concerns are addressed:

- Governments put legal frameworks (policies and regulations) in place for implementation and accountability (enforcement & recognition for compliance)
- Development of a public/private partnership
- Adopting electronic data interchange systems- reducing cumbersome administrative process
- Effective mechanism for handling claims with a re-insurance pool
- Overcoming geographic barriers through co-operation between countries
- Greater competition among trade service providers
- Effective and ongoing training for all stakeholders
- Transparency, enhancing communication with users
- Public support

The management is probably addressing some of these areas, while others may be partly or completely in place, but the paucity of information on the system available in the public domain allows only a select group of stakeholders to know the true situation.

The RCTG is based on best international practices so providing a regional guarantee system should be a good model for the Northern Corridor as well as the rest of Africa. The concerns of stakeholders must be addressed in a transparent, systematic and concerted basis. A critical gap in the first pilot was the lack of buy-in by Customs who have not integrated the RCTG in their operational and IT systems.

The RCTG should be introduced into the EAC Customs Management Act of 2004 through regulations and appropriate national laws so it becomes a part of the trade facilitation procedures within the EAC and member countries of the NC.

An autonomous operating entity (business development oriented) should be created. Indigo Procurement & Logistics Limited may have been assigned this role but appear to have limited authority as seen during the survey to undertake the day-to-day management of the RTCG scheme**. If Indigo Procurement & Logistics Limited is going to take the lead in managing the operations of the RCTG scheme they need to be publicized as the**

focal point of all RCTG related activities to give it the credibility and political edge to pursue the necessary reforms and implementations.

The RCTG scheme is unlikely to succeed if it is driven by the public sector. It needs to be seen as a public/private sector project for economic development by stakeholders and the public. In the introductory section of the RCTG operations manual it states that the "RCTG will be private driven." The role of COMESA should move to being one of quality assurance and oversight not operational.

Attempts should be made to involve and leverage private sector resources into the RCTG scheme in order to operate it as a viable business and wean it from donor dependence. Establishing formal and informal relations with similar or regional bodies will assist the management in information exchange and in establishing relationships and provide for regional cooperation.

Critical to the success of the RCTG scheme is an operating Management Information System (RCTG-MIS). Stakeholders are waiting to move forward with the RCTG scheme but are not informed as to progress, or timeframe for moving forward. Private sector resources cannot be leveraged without transparency.

A lean project implementation team needs to be put in place as a short-term arrangement to put in place all outstanding institutional and legal issues and to oversee the establishment of the autonomous operating entity, which will manage the RCTG as a viable self-sustaining business. Indigo Procurement & Logistics Limited may be this operating entity but they must have the necessary management, business development and marketing skills. The project implementation team should be located in the NC along with the RCTG-MIS team so implementation will be driven on the ground in the NC.

4.7 RECOMMENDATIONS FROM VARIOUS STAKEHOLDERS PRIOR TO RE-LAUNCHING THE RCTG

- Ensure local ownership and buy-in by users
- The proposed Management Implementation Team should engage key stakeholders- Customs administrations, C&F Agents, insurance companies, banks, truckers and shippers.
- Customs should assign dedicated officers to process Carnets at all times and at all stations handling transit goods
- Encourage Custom authorities to consider use of risk management at borders
- Customs should provide training and support C&F companies in the operation of the RCTG Carnet
- Major challenge seen by one large C&F and logistic company is that there is non-recognition and acceptance of Customs of the RCTG
- Shorten the time it takes to cancel a bond- move away from the current manual system of retiring Bonds to an electronic system
- Review the possibility of risk based bonds

- Conduct a more aggressive marketing of the system- seen as a tool for business and economic development not a program pushed by a public institution.
- Publish training schedules, workshops agendas and all events on the COMESA website
- Involve Customs authorities at the highest levels at the EAC in integrating the RCTG systems into their operations
- More coordination and formal and informal discussions between COMESA and EAC Secretariats- set priorities and timeframes for completion like a business
- Integrate the RCTG into existing IT platforms

The RCTG should be implemented on a more integrated and concerted manner within defined timeframes, with set priorities, and with specific tasks for individuals who will be held accountable, if it is to achieve its desired goal of improving trade facilitation and the cost of doing business.

4.8 Strategies and Action Plans for RCTG

4.8.1 Strategies

Instrument Vision (Goal)	Objectives	Strategies	Actions	Performance (M)easures / (T)argets
4. RCTG: Singular, regional customs security and guarantee to all countries transited on the Northern Corridor	4.1 RCTG Manual available to all on informative website	4.1.1.RCTG manual and website revised as needed	4.1.1.1 Quality control established for website	M: Error free T: 100%
			4.1.1.2. Responsibilities of designated person(s) for website/manual reviews drafted	M: Written responsibilities T: 100% completed and implemented
			4.1.1.3. FAQs on website (see Annex A)	M: FAQs & ans. drafted T: 100%
			4.1.1.4. Contact info/email addresses for key stakeholders & management team provided on website	M: Contacts available T: 100%
			4.1.1.5. Electronic newsletter development on website with circulation list	M: Quarterly or bi-annual T: 100%
			4.1.1.6. All events; training schedules; and workshop locations & agendas published on website for RCTG	M: # Events published T: 100%
	4.2 All NC States signatories to RCTG Scheme	4.2.2. Legal frameworks and procedures in place for implementation and accountability	4.2.2.1 Policies and procedures in place at Custom Authorities for RCTG/Carnet	M: Policies/procedures adopted T: 100%
			4.2.2.2 D.R. Congo Gov. to sign Agreement for Scheme	M: # States Signatory T: 100%
	4.3. Development of Public/Private Partnership	4.3.3 Leverage and involve private sector resources	4.3.3.1. Manage as self-sustaining business	M: # private sector resources T: 50%
			4.3.3.2. Create a lean Project Implementation team	M: Project team selected & functioning T: 100%
			4.3.3.4. Indigo publicized as the focal point of all activities	M: Indigo selected as authority to go to for RCTG info

INSTRUMENT VISION (GOAL)	OBJECTIVES	STRATEGIES	ACTIONS	PERFORMANCE (M)EASURES / (T)ARGETS
				T: 100%
		4.3.4. Public Support	4.3.4.1. Publication of articles in newspapers, TV, & radio	M: Minimum 1 per month T: 100%
			4.3.4.2. Update Rotary, Chamber of Commerce on progress	M: Updated on Quarterly basis T: 100%
	4.4.MIS/IT systems in place with Customs/RCTG	4.4.4. Electronic interchange systems used to reduce administrative process	4.4.4.1. Costs and fees reviewed and transparent	M: Usage costs and fees made available on Web T: 100%
	4.5. Transparency	4.5.5. Enhancing communication	4.5.5.1. Inform stakeholders of progress and timeframes for moving forward	M: Monthly progress reports on website T: 100%
			4.5.5.2. Aggressive marketing of RCTG as tool for business and economic development	M: Number of marketing efforts documented T: 100% + increase in Carnets per year
	4.6. Knowledge Management	4.6.6. Effective and ongoing training and information sharing with stakeholders	4.6.6.1. Training on RCTG manual in areas of concern	M: # trainings and /or informational articles T: 1 per month
			4.6.6.2. Training on customs process/procedures	M: Online procedures for continuity T: 100% of the Customs Authorities
			4.6.6.3. Training on claims handling across borders	M: Stakeholders knowledgeable T: 100%
			4.6.6.4. Training on transport requirements/carnets	M: Stakeholders knowledgeable T: 100%
			4.6.6.5. Training on steps from issuing guarantee/carnet to acquittal for all stakeholders	M: Information sharing to all stakeholders T: 100%
			4.6.6.6. General training for project	M: Development of project

INSTRUMENT VISION (GOAL)	OBJECTIVES	STRATEGIES	ACTIONS	PERFORMANCE (M)EASURES / (T)ARGETS
			management & marketing	timeline/ with limited budget T: 100% of management team
	4.7. Reinsurance Pool	4.7.7. Agreement among stakeholders for establishment and use	4.7.7.1. Address concerns regarding treaty contract, rates and pricing	M: # documented primary insurers / RCTGs sold T: 100% concerns addressed
			4.7.7.2. Discuss waiver section in the RCTG manual and impact on Reinsurance pool and guarantees.	M: Publish article- waiver & usage by Customs T: 100%
	4.8. Geographic Barriers	4.8.8. Overcoming barriers through cooperation to reduce costs	4.8.8.1. Reduction in weighbridges	M: # states reducing weighbridges T: 100%
			4.8.8.2. Reduction in road blocks (RB)	M: #States reducing RB T: 100%
			4.8.8.3. Reduction in wait times	M: # states reducing wait T: 100%
			4.8.8.4. Sharing border facilities	M: #states sharing facilities T: 50%
			4.8.8.5. Risk Management techniques at borders	M: # states using RM T: 100%
	4.9. Greater Competition	4.9.9. Develop environment for more competition among trade service providers	4.9.9.1. Reduction in prices but with improvement in quality of service	M: # states with improved business environment T: 100%

4.8.2 Action Plan

PRIORITY	ACTION	RESPONSIBLE	% COMPLETE	DUE DATE
High	4.1.1.1 Quality control established for website	Indigo	0	Start time + 1month
Normal	4.1.1.2. Responsibilities of designated person(s) for website/manual reviews drafted	COMESA	0	Start time + 3 months
High	4.1.1.3. FAQs on website	Indigo/COMESA	0	Start- time + 3 months
Normal	4.1.1.4. Contact info/email addresses for key stakeholders & management team provided on website	Indigo	0	Start time + 3 months
Normal	4.1.1.5. Electronic newsletter development on website with circulation list	Indigo/COMESA	0	Start time + 9 months
Normal	4.1.1.6. All events; training schedules; and workshop locations & agendas published on website for RCTG	Indigo/COMESA	0	Start time + 6 months
High	4.2.2.1 Policies and procedures in place at Custom Authorities for RCTG/Carnet	Revenue Authorities	0	Start-time + 9 months
High	4.2.2.2 D.R. Congo Gov. to sign Agreement for Scheme	TTCA	0	Start time+ 9 months
High	4.3.3.1. Manage as self-sustaining business	COMESA/Indigo/TTCA	0	Start-time + 18 months
High	4.3.3.2. Create a lean Project Implementation team (includes stakeholders)	COMESA	0	Start time + 6 months
High	4.3.3.3. Set priorities and timeframes	COMESA/Indigo	0	Start time + 3 months
High	4.3.3.4. Indigo publicized as the focal point of all activities	COMESA	0	Start time + 3 months
Normal	4.3.4.1. Publication of articles in newspapers, TV, & radio	Indigo/COMESA/TTCA	0	Start-time + 12 months
Normal	4.3.4.2. Update Rotary, Chamber of Commerce on progress	Indigo/COMESA/TTCA	0	Start-time + 6 months
High	4.4.4.1. Costs and fees reviewed and transparent	Indigo/COMESA/TTCA	0	Start –time + 12 months

PRIORITY	ACTION	RESPONSIBLE	% COMPLETE	DUE DATE
Normal	4.5.5.1. Inform stakeholders of progress and timeframes for moving forward	Indigo/COMESA/ TTCA	0	Start –time + 12 months
Normal	4.5.5.2. Aggressive marketing of RCTG as tool for business and economic development	Indigo/COMESA/TTCA	0	Start-time + 12 months
High	4.6.6.1. Training on RCTG manual in areas of concern	Indigo/COMESA	0	Start –time + 3 months
Normal	4.6.6.2. Training on customs process/procedures	Revenue Authorities	0	Start –time + 6 months
Normal	4.6.6.3. Training on claims handling across borders	Indigo/COMESA	0	Start-time + 9 months
Normal	4.6.6.4. Training on transport requirements/carnets	Indigo/COMESA/TTCA		Start- time + 9 months
High	4.6.6.5. Training on steps from issuing guarantee/carnet to acquittal for all stakeholders	Indigo/COMESA/ Revenue Authorities	0	Start-time+ 12 months
Normal	4.6.6.6. General training for project management & marketing	COMESA	0	Start –time + 9 months
High	4.7.7.1. Address concerns regarding treaty contract, rates and pricing	COMESA/Reinsurance Pool	0	Start- time + 3 months
High	4.7.7.2. Discuss waiver section in the RCTG manual and impact on Reinsurance pool and guarantees.	Indigo/COMESA	0	Start-time + 3 months
High	4.8.8.3. Reduction in wait times	Revenue Authorities	0	Start- time + 12 months
Normal	4.8.8.4. Sharing border facilities	Revenue Authorities	0	Start- time + 24 months
Normal	4.8.8.5. Risk Management techniques at borders	Revenue Authorities	0	Start-time + 18 months
Normal	4.9.9.1. Reduction in prices but with improvement in quality of service	COMESA/TTCA/ Revenue Authorities	0	Start-time + 18 months

5 ROAD TRANSPORT FACILITATION INSTRUMENTS

5.1 INTRODUCTION

The present cooperation in coordination of transit vehicle movement of goods in COMESA dates back to the *Protocol on Transport and Communications* and the *Protocol on Transit Trade and Transport Facilities* of the Preferential Trade Area Treaty (PTA, 1981). The objective was for the Member States to evolve coordinated and complementary transport networks and policies and to promote greater movement of goods, persons and services in the Preferential Trade Area (Article 2; PTA, 1981).

With respect to road transport, the PTA members committed to co-operate in the fields of transport and harmonization of legislations, regulations, standards documents or procedures and adopt similar speed limits and safety regulations. They also agreed to construct inter-State trunk roads to common standards of design and committed to agree on toll and levies. They were further to enforce non-discrimination and national treatment between road operators of the different member state countries.

The cooperation in road Transport and Communications in general and in roads transport in particular is further presented in the COMESA Treaty as the *COMESA Protocol on Transit Trade and Transit Facilities*. Among the cooperation areas for inter-State road transport identified in the Treaty Establishing COMESA are:

i. Harmonization of laws concerning the equipment for markings of vehicles,
ii. Adoption of common standards and regulations for the issuance of driving licenses,
iii. Harmonization and simplification of formalities and documents required for the vehicles and cargo,
iv. Adoption of minimum requirements for the insurance of goods and vehicles,
v. Adoption of common regulations on speed limits on urban roads and highways;
vi. Adoption of common regulations for minimum safety for transport of dangerous substances,
vii. Establishment of common measures for the facilitation of road transit traffic,
viii. Harmonization of rules and regulations on special transport requiring escort,
ix. Adoption of common rules and regulations on dimensions, technical requirements, gross weight and load per axle of vehicles,
x. Adoption of common procedures for the harmonization of road transit charges,
xi. Maintenance, rehabilitation, upgrade and reconstruction of the inter-State trunk road network,
xii. Adoption of a coordinated approach in the implementation of inter-State trunk road projects.[37]

[37] For purposes of comparison, see Article 90 of the Treaty Establishing the EAC (Roads and Road Transport).

xiii. Make road transport efficient and cost effective by promoting competition and introducing regulatory framework to facilitate the road haulage industry operations.

The road transit facilitation instruments for use in COMESA apply to means of transport or movement of bonded goods on transit between COMESA Member States or between Member States and third countries. Transit traffic operations are required to be covered by customs bond and guarantees.

Road transport is the main mode of transport in COMESA region. For the Northern Corridor Transit and Transport Agreement contracting partner states, road transport is particularly important as it accounts for about 94 percent of all cargo handled at the Port of Mombasa. Traffic through the Corridor has been on an increasing trend (Republic of Kenya' 2007; 2012). Between 1997 and 2011,cargo transported along the Northern Corridor has increased over 4 fold. This quantity is expected to continue increasing with r the recent mineral and oil found in the area.

5.2 STATUS OF IMPLEMENTATION OF THE ROAD TRANSPORT FACILITATION INSTRUMENTS

5.2.1 COMESA Carrier License

Transit carrier license is an important control and regulatory instrument for customs for goods in transit. COMESA carrier license (CL) as a means of facilitating regional transit transport and trade is a key transit trade and transport facilitation instrument for COMESA transit corridors in general and for the Northern Corridor in particular. Road transport is the main mode for freight transport in the COMESA region hence transit transport facilitation can contribute significantly to low cost of doing cross border trade in the region.

A single carrier license provides easy movement of transit vehicles by eliminating multiple licenses along the transit countries. It eliminates the need for transporters to obtain carrier permits each time they transit a COMESA Member country. It therefore contributes to reducing transit costs, expediting the transit processes and leads to better utilization of road transport and improved competitiveness of the general trucking industry.

The COMESA Protocol on Transit Trade and Transport Facilities applies to transit transport which is operated by a licensed carrier; approved by national Customs Authorities, guaranteed by a surety and covered under regional Customs Transport Document or any other transit document approved by Council. No one of the six countries who are member of the NCTTA is party to the UN Convention on the Contract for the International Carriage of Goods by Road (CMR) (signed in Geneva, in 1956).

COMESA carrier license is a license issued for carriers involved in COMESA transit transport, with the license being recognized transited countries. The Licensing is by a competent Authority of respective COMESA member country of residence or establishment. The conditions of issuance of the license are:

- The appropriate licensing authority of a member country has approved a carrier after meeting technical regulations (presented in Box 5-1).

- Applicant has not been convicted of serious offence (such as bribery, smuggling, destroying evidence or documents, withholding of information on inter country transport) during a period of the recent past three years.

The respective competent Authority can withdraw the licenses in case the operators commit a crime related to transit transport. The protocol provides for customs authorities to escort the carrier through their country, or carry out examination of the means of transport and their loads *en route* in the territory of their country if they find it necessary. The means of transport and transit document should be presented to the customs authorities at customs offices *en route* and at customs offices of destination for any required administrative actions.

Before commencement of each transit operation, carriers and their cargo are required to be presented to the customs offices for examination and affixing of Customs seals.

EAC countries have harmonized transit vehicle licensing Under the EAC Customs Management Act regulation 104 (EAC, 2010). Vehicles conveying transit goods in EAC must be licensed by the Commissioner, using Form C28 or must be licensed by a Competent Authority in COMESA or SADC Member States and approved by the Commissioner using Form C29 on application. The vehicles should have distinguishing numbers of registration in accordance with the provisions of national laws in of EAC Partner States.

The conditions for issuing the license in EAC are that the vehicles must bear the words "TRANSIT GOODS" boldly and clearly printed on both sides simply and that they must be constructed and equipped for simple and effective fixing, maintenance and protecting of the Customs seal (which are similar to the technical requirements for COMESA and SADC transit goods carriers).

Box 5-1: Technical regulations for approval of transit carriers in COMESA

(i) The carriers are constructed and equipped in a manner such that: customs seal can be simply and effectively affixed to them; no goods can be removed from or introduced into the sealed part of the carrier without obvious damage to it or without breaking the seals; they contain no concealed spaces where goods may be hidden.

(ii) The carriers are constructed such that all spaces in the form of compartments, receptacles or other recesses, which are capable of holding goods, are readily accessible for Customs inspection.

(iii) In cases empty spaces are formed by the different layers of the sides, floor and roof of the carrier, the inside surface must be firmly fixed, solid unbroken and incapable of being dismantled without leaving obvious traces.

(iv) Openings made in the floor for technical purpose, such as lubrication, maintenance and filing of the sand-box, is allowed only on condition that they are fitted with a cover capable of being fixed in such a way as to render the loading compartment inaccessible from the outside.

(v) Doors and all other closing systems are fitted with a device, which shall permit simple and effective Customs sealing. This device shall either be secured by at least two bolts, riveted or welded to the nuts on the inside.

(vi) Hinges are made and fitted so that doors and other closing systems cannot be lifted off the hinge-pins, once shut; the screws, bolts, hinge-pins and other fasteners shall be welded to the outer parts of the hinges. These requirements are waived where the doors and other closing systems have a locking device inaccessible from the outside, which once applied, prevents the doors from being lifted off the hinge-pins.

(vii) Doors are constructed so as to cover all interstices and ensure complete and effective closure.

(viii) The carrier has a satisfactory device for protecting the Customs seal, or is constructed so that the Customs seal is adequately protected.

(ix) The flanges (filler caps) drain cocks and manholes of tank wagons are conducted so as to allow simple and effective Customs sealing.

Source: PTA (1991)

In addition, the carrier license is subject to payment of bond (paid by the transporters). Bond payment is made with Form C12. A license fee of US$ 200 has to be paid. Licenses issued by each Partner state are recognized in the other Partner States. The license is valid for a period of one year. The regulatory requirements of the EAC carrier license for commercial transit goods transport is in line with the transit transport facilitation Protocol for COMESA.

The EAC regulations of transit carriers are more explicit and elaborate. In addition to the technical specifications of the carriers (which are similar to COMESA specifications), they identify a common form to be used for licensing; Form C.28 for carriers registered in EAC Partner State and C.29 for carriers registered in COMESA and SADC member countries. Regulations also make distinction of transit goods through inscription on the sides of the transit goods carriers a mandate requirement for carrier licensing.

In addition the EAC form C.28 strengthens enforcement of the carrier license with its special requirement of:

- The license being permanently affixed to a prominent and visible position,
- Licensed vehicle to be used exclusively for the carriage of goods in transit/re –exports and for no other purpose, unless otherwise authorized by the Commissioner (therefore not for ferrying goods in the local market).
- Licensed vehicle to travel through the Partner States only along appointed routes in accordance with the provisions of the East African Community Customs Management Act.
- The licensed vehicle being distinguished by the inscription of 'TRANSIT GOODS' on both sides of the vehicle**.**

EAC licensing requirements however restrict transport operators to transit transport only and in transit appointed routes, therefore leading to market access restrictions both in the local market and the transiting countries.

Consultations carried out with transit transport stakeholders in the Northern Corridor showed that there is limited utilization of COMESA carrier license in the NCTTA contracting States. Knowledge about the license among the stakeholders is also limited. Stakeholders however confirmed that there is mutual recognition of carrier licenses issued by other COMESA Member States, although reservations were made with respect to DRC carrier licenses.

Requirements for issuance of transit goods carrier licenses in NCTTA contracting States remain different. For the EAC Partner State countries of Burundi, Kenya, Rwanda and Uganda, the issuance procedure and conditions are the same as guided by the EAC Customs

Management Act. The DRC Customs Code (Republic of DRC, 2010) does not provide procedures and requirements for issuance of transit goods carrier license. Likewise in South Sudan, the Customs services Act (Republic of South Sudan, 2013) does not provide procedures and requirements for issuance of a transit goods carrier license.

Table 5-1 compares requirement for issuance of carrier licenses in Northern Corridor agreement participating member countries.

Table 5-1: Carrier licensing requirements in Northern Corridor Transit and Transport Agreement contracting States

Requirement	**Country**					
	Burundi	**Kenya**	**Rwanda**	**Uganda**	**South Sudan**	**DRC**
Application fee		-	US$ 10	US$ 10	*	*
License fee	?	US$ 300	US$200	US$200	*	Depends on load capacity More than 10 tons US$ 35
Vehicle registration/ log book	x	X	X	X	X	x
Certificate (report) of inspection	x	X	Required in registration	X	X	x
Insurance cover	x	X	X	X	X	x
Transit indication (plates or inscription)	x	X	No	No	No	No
Duration of carrier license	1 year	1 year	1 year	1 year		*
Carrier bond	No	X	No	*	No	*

Source: Various country Customs laws and country traffic legislations

**Indicates information is not available*

For Burundi, Kenya, Rwanda, South Sudan and Uganda, there is a legal requirement of vehicle inspection. The main difference is on the amount and bases of the fee paid. For Kenya, Uganda and Rwanda is a flat fee while for DRC, the fee paid depends on vehicle load capacity, and while for South Sudan the fee is as 'may be prescribed'.

License fees payable by carriers of transit goods varies from one country to another depending on national legislations. In Kenya for example, the license fee for a transit carrier license is US$ 300 per year while for Uganda and Rwanda it is US$ 200.

The size of the bonds paid by the transporters for the carriers varies from one country to another depending on the number of carriers one has. In Kenya the minimum bond value charged is KES 1 million (equivalent of US$ 11,765), while this bond is not being requested in Rwanda.

An issue related to the current transit carrier licenses raised in Rwanda was the license issued by various countries was only for north bound and did not allow south bound (returning vehicles to ferry goods). Another issue raised was that once registered as a transit carrier, the carrier could not be allowed to carry goods in the domestic market.

Lack of uniform licensing processes discussed above affects transport operator's competitiveness as they are not based on same level playing field.

5.2.2 COMESA Transit Plates

COMESA Transit plates are important in the distinction of the transit transport vehicles under *COMESA Protocol on Transit Trade and Transport Facilities* from those involved in local transport operation in COMESA member countries. From Customs point of view, the plates are an enforcement mechanism as carriers with such plates are expected to follow approved transit routes. In addition, vehicles with COMESA transit plates do not have to undergo extensive checks *en route* and at transit border points, hence reducing delays encountered at checkpoints. They are therefore important instruments for facilitating transit transport along the northern corridor.

The *Protocol on Transit Trade and Transit Facilities* (PTA, 1991) provides that each means of transport engaged in international transit traffic operations under cover of an RCTD document or any other transit document approved by Council shall have affixed to its front and rear, a plate bearing the letters "COMESA-TRANSIT". The plates are to be placed as to be clearly visible, they are to be removable and the vehicles should be capable of being sealed. They are to be sealed by the customs authorities of the customs offices of commencement and the seals are to be removed by the authorities at the offices of destination.

Technical particulars for the COMESA transit plates include:

i. The plates measuring 120 by 1000 millimetres
ii. The words "COMESA-TRANSIT" placed at 70 millimetres high
iii. Use of Roman letters
iv. Letters in white on a blue background
v. Letters arranged as follows: COMESA – TRANSIT.

The technical transit regulations provided under the EAC Customs Management Act (applicable to Burundi, Kenya, Rwanda and Uganda) for transit goods carriers in EAC require that the carriers should have an inscription in letters painted yellow: 'TRANSIT GOODS', which is not less than 31cm high and on both sides of the vehicle. EAC transit inscription requirements 'TRANSIT GOODS' are however common in EAC Partner State countries.

Like the carrier license, there is limited utilization of the COMESA transit plates in the Northern Corridor countries. In DRC, Customs Code of 2010 does not provide for the use of transit plates for the vehicles on transit. The South Sudan's Customs services Act of 2013 does not also provide for use of transit plates (including COMESA transit plates).

5.2.3 Transit Charges

Harmonized road user charges (commonly known as transit tolls or road user transit charges) were introduced in COMESA in 1991 and were expected to be implemented by not later than 1st April 1995 (COMESA, 1994). The COMESA harmonized road user charges depend on a vehicle category. For freight vehicles they are 6 and 10 US$ per 100Km for a vehicle of 3 axles and greater than 3 axles respectively. Revenues obtained from the road user charges are meant for management of road network. Additional funds for road management would be obtained from enforcement of axle load limits charges from overloaded vehicles.

Consultations during the inception mission showed that countries charge different road user/tolls or transit charges along the Northern Corridor often on a flat fee basis and that charges could often be increased arbitrarily. Kenya and Uganda use the COMESA harmonized charge rates, while Burundi and Rwanda charges a flat toll of USD 152 for a trailer and US $ 76 for a single truck. In DRC the toll charge for vehicles entering the country is higher and more elaborate as shown in Table 5.2.

Table 5-2: Road Users Fees Charged on Vehicle Entry to DRC

Type of fee (levy)	From 2 – 3 axle truck (US$)	Small vehicle (US $)
Entry card	65	25
Insurance* (2 days)	60	37
Insurance* (7 days)	90	70
Container fee	40	-
Fumigation fee	50	50
Toll fee	300	100

**Insurance is charged only when the vehicle is not covered under COMESA Yellow Card scheme. Source: Trademark South Africa (TMSA)*

In addition, a surveillance fees depending on the weight of the vehicle is charged when a carrier enters DRC. For a vehicle of weight 0-10 tonnes, the fee is US$10 while it is US$ 20 for a vehicle of weight of 10 tonnes and above.

5.2.4 Vehicle Roadworthiness, Testing Facilities, Institutional Support Services

Ensuring vehicle roadworthiness aims at addressing road safety and environmental concerns. Safety concerns along the northern corridor have become increasingly important with the increase in the number of accidents on the route, most of which are associated with commercial freight trucks.

In Burundi, the Inland Road Haulage law no. 1/04 of February 2009 provides for quality of road transport service, road traffic conditions, security and safety. With respect to enforcement of road vehicle worthiness, the law provides for two vehicle inspections to be undertaken by traffic police, which should be undertaken after the initial inspection carried out before the vehicle is registered. These two inspections are periodic inspection (technical control) and on- road random inspections. Implementation of these provisions is yet to be achieved in Burundi due to limitations of testing facilities. Automobile technical control carried out by the Mass Transit Office (OTRACO) is limited and is concerned with buses.

In Kenya the Traffic Act, Chapter 403 Laws of Kenya provides for vehicle inspections. Public and commercial service vehicles are required to undergo an inspection for roadworthiness and environmental requirement. The Traffic Police Division undertakes the inspection. There are two types of vehicle inspections: periodic (required once a year) and on the spot (random checks).

For the periodic inspection, the owner of the vehicle must take the vehicle to the inspection centre once a year for testing and issuance of inspection certificate. On spot inspections are unannounced, and check issues such as brakes, steering, suspension, emissions transmission, electrical systems and assessment of general condition of the vehicle including tyres. There is only one vehicle inspection unit in the country, with more than 100 motor vehicle inspectors who carry out the inspection. The facility is not sufficient for inspection of the ever-increasing number of vehicles in the country, and one is required to book in advance before they deliver their vehicle for inspection.

Under the Rwanda Presidential Order no 85/01 of 02/09/2002 and the subsequent laws, registration of all vehicles in Rwanda requires a safety inspection for certification of roadworthiness. Inspection is undertaken at the *Centre de Controle Technique*at Remera Automobile by the Rwanda National Police. There is only one vehicle testing facility for the whole country for both personal and commercial vehicles. As a result, the facility is crowded and there are delays in testing. Recently (since 2014), the country is implementing a mobile vehicle-testing unit, which provides testing services of various regions.

Technical inspection of motor vehicles is weak in **Uganda** as was indicated by the stakeholders during the inception mission. Uganda Police Force is responsible for enforcing vehicle roadworthiness in the country and undertakes road vehicle inspections. To step up inspection functions and the capacity of the police force in motor vehicle inspection, the World Bank in 2013 supported 50 inspectors for training in Makerere University.

In the **Democratic Republic of Congo**, the Arrêté of 1998, reviewed in 2012 regulates the road vehicle inspection for roadworthiness. The Act also sets out the conditions and requirements for granting roadworthiness certificate. Inspection is undertaken by accredited technical inspection centers controlled by the Ministry of Transport. The required frequency for testing is 6 months.

The Traffic Act applicable to **South Sudan** (Traffic Act, 2003) provides that all the vehicles and trailers for use in roads in the country must be registered and licensed and that for licensing, an applicant should produce an inspection report showing that the vehicle was examined by the inspector and provide a certificate of inspection. The Directorate of Road Transport and Safety of the Ministry for Transport and Roads, the traffic police and donor agencies have been engaged in campaigns to step up food safety in the country.

Time and expenses related to testing and inspections affect competitiveness between road-transport operators. In Northern Corridor contracting party states, systems of testing do not only vary from one NCTTA contracting partner country to another, but also there is limited inspection and testing of transit vehicles in some of the countries. In countries where the periodic tests are being undertaken, particularly in Kenya and Rwanda, the frequency is also different being once per 12 months and once per six months period in Kenya on one hand, , Rwanda and DRC on the other hand.

Although there are efforts to carry out vehicle inspection to ensure road worthiness in all the NCTTA contracting states at the national level, there is however lack of trust in the systems of other EAC partner states. Harmonization of the procedures for ensuring roadworthiness in the region is therefore necessary.

5.2.5 Other Related Transport Facilitation Instruments

i.) Harmonized Axle Loads and Maximum Vehicle Dimension

COMESA harmonized axle load and maximum vehicle dimensions in 1991. The purpose of the harmonization is to control vehicle overload for better maintenance of roads in the region. The region has agreed on the axle load limits and maximum vehicle dimensions. The harmonized regional axle load limit is 56 tones Gross Vehicle Mass (GVM).

The agreed COMESA vehicle dimension is a maximum length of 22 Metres. On 30th May 2013, EAC Council of Ministers passed the *EAC Vehicle Load Control Bill*, 2012 into a law. The law sets the permissible maximum vehicle weight limit (GVW) at 56 metric tonnes for a vehicle with 7 axles. The GVW is limited to vehicle spatial axle distribution, configuration and number; type of tyres; length and axel grouping. The Law also provides that vehicles of a gross weight of 3,500 kilos or more must be presented for weighing at weighing stations on the EAC trunk roads.

Since EAC adopted this law, Kenya through Legal Notice No. 93 (Traffic Act) amended the maximum vehicle gross weight (MGVW) to 52 tonnes. Burundi has aligned the MGVW requirements to the EAC specifications while Rwanda has prepared a draft law (awaiting cabinet approval) aligning the MGVW to the EAC requirements. Burundi and Uganda are implementing the EAC harmonized GVW of 56 tonnes, while Kenya and Rwanda are applying GVW of 52 and 53 tonnes respectively.

ii.) COMESA Yellow Card Scheme

The PTA compulsory Third Party Motor Vehicle Insurance Scheme (Yellow Card) was introduced in 1987 with the coming into force of the Protocol on the Establishment of the Third Party Motor Vehicle Insurance Scheme. The insurance scheme covers third-party liability and medical expenses for road accident victims caused by foreign motorist from the COMESA region. A Yellow Card issued in one COMESA country is valid in all other countries participating in the scheme.

The Yellow Card insurance scheme is used in all the Northern Corridor countries. Awareness and usage of this scheme by different stakeholders in transit transport industry in the region is high. The high adoption and usage of this scheme is associated with its 'compulsory' adoption nature implemented as a requirement for vehicle licensing.

5.3 Best Practice in Implementation of Transit Carrier Licence, Transit Plates and Roadworthiness Testing

5.3.1 International Road Transport (TIR) Convention

Freight traffic on the Northern Corridor faces delays caused by multiple and detailed customs declaration of goods at each border crossing point, informal stops and checks points on the route. The Police, transit authorities and local communities officially mount some of the checks. Areas checked include driving licenses, vehicle licensing, vehicle roadworthiness certificates, over loading, contraband and trafficking.

Challenges in transit facilitation are mainly addressed through transit agreements. The *Transports* Internationaux *Routiers* (International Road Transport, TIR) Convention, the only global transport transit system in operation can inform the current efforts to address transit challenges in COMESA and along the Northern corridor in particular.

The Convention has 68 contracting parties spread out in four continents but operational in 58 countries (including Europe)[38]. It also covers North Africa and the Middle East. Over 40,000 transport operators are authorized by their national competent Authorities to use the TIR system with around 3.2 Million TIR carnets being issued per year. The agreement came into force in 1978, replacing the 1959 and the 1949 TIR Agreements, which covered several European countries. The objective of the Convention is to facilitate international transit through a simplified Customs transit procedures and an international guarantee system. The system facilitates trade and transport while protecting revenue loss of transit countries.

The TIR system is based on five pillars: (i) common customs document, (ii) controlled access (utilization of the TIR system is limited to authorized operators), (iii) a common guarantee system (TIR carnet), (iv) mutual recognition of customs controls and (v) secured vehicle containers.

Transit operations under the TIR system do not require national customs documents and national guarantees and because containers are well secured, the goods are not subject to physical inspection. The advantages of the system include:

- Access to all the TIR operational countries,
- Management of a low cost, high value guarantee,
- Intermodality,
- Security in the supply chain
- Reduced delays and costs for the international transit of goods
- Trade facilitation through goods movement across international borders with minimum interference
- Encouragement of international trade
- Economic benefits for individuals and nations (due to reduced costs).

Under this system, goods can be carried by road from one customs office of country of departure to a customs office of arrival in another country, through as many countries as necessary, without any intermediate frontier check of the goods carried.

[38]NCTTCA contracting Party countries are not party to the convention, although DRC has expressed interested in the convention.

Key precautionary measures under the system include customs control and secure sealing or prescriptions for the design of the load compartment or the container, in order to avoid smuggling. To cover duties and taxes at risk throughout the journey, an international guaranteeing chain has been established under the Convention.

The International Road Transport Union (IRU) takes care of the distribution of the TIR Carnet and management of the guaranteeing system. The TIR Administrative Committee, an inter-governmental organ comprising all Contracting Parties and its TIR Executive Board (TIRExB), comprising 9 elected members from the Contracting Parties undertakes the overall supervision of the TIR Convention and its application in all Contracting States.

5.3.2 Best Practice in Implementation of Transit Carrier License

Approval of transit goods carriers under the TIR convention presents a best practice in authorization of transit carriers.

Transit carriers under TIR system must fulfil construction and equipment requirements, and must be approved using the TIR Convention laid down procedures and issued with an approval certificate.

The construction and equipment requirements (which are the similar to those required in the EAC under the EAC CMA and under COMESA transit Transport agreement) include:

- No goods can be removed or introduced into the sealed part of the vehicle without leaving obvious traces of tampering or breaking the customs seal.
- Customs seals can be simply and effectively affixed to them
- They contain no concealed spaces where goods may be hidden
- All spaces capable of holding goods are readily accessible for customs inspection.

The structure of the load compartments including sides, floors, roofs, frames etc.) should be assembled with devices which cannot be removed from outside without leaving obvious traces; should be made up of structures which cannot be modified without leaving obvious traces. Doors and other closing devices are fitted with devices on which custom seals can be fixed, with the devices being such that they cannot be removed and replaced from outside without leaving an obvious mark or doors, and not being opened from outside without breaking the Customs seal. Apertures for ventilation are fitted with devices to prevent access to load compartment, and the devices are such that they cannot be removed from outside without leaving an obvious trace.

Approval procedure for vehicles is based on the individual vehicle or by vehicle design-type and is undertaken by a competent authority at the national level. In case of individual vehicle approval, the carrier owner, operator or their representative applies for the approval while in the case of a design-type approval; the manufacturer of a series of vehicles applies for approval. In both cases, the vehicle is inspected to ensure it meets technical conditions requirements to the satisfaction of the Competent Authority.

The vehicles must fulfil the above technical conditions for approval upon which an approval certificate is issued. The approval certificate is printed in three languages: language of the country issued, French and English and its original form is kept in the vehicle. When the competent authority deems it necessary, photographs or diagrams authenticated by the authority are attached to the certificate. If essential characteristics of the vehicle change, the vehicle ceases to be covered by that approval and has to be re-approved. Approval is renewed every two years and the vehicle has to be presented to physical inspection by competent authority where it is registered or the country where the carrier owner is resident.

Containers must also be constructed in conformity to conditions laid down by TIR Convention. Party reserves the right to refuse to recognize the validity of the approval of road vehicles or containers, which do not meet the conditions, set out under the TIR convention.

5.3.3 Best Practice in Implementation of Transit Plates

The TIR transit plates (UNECE, 1975) provide a best practice in the implementation and use of transit plates, given their wide adoption. They are in use in TIR convention contracting parties including the EU when transit involves third party countries. According to art 6 of the TIR Convention, when a carrier is carrying out a TIR transport, one rectangular plate bearing the inscription "TIR" has to be affixed to the front and another to the rear of the road vehicle or combination of vehicles. The plates are placed so as to be clearly visible. They are also placed to be removable or fitted or designed in a way that they can be reversed, covered, folded or indicate in any other manner that a TIR transport is not carried out.

Technical specifications of the plates include:

Dimensions of the plates be 250mm by 400 mm

- The letters 'TIR' in capital Latin shall be 200 mm high and their strokes at least 20mm wide
- Letters are written in white in a blue background.

COMESA and TIR transit plates are similar. Unlike the writing on 'TRANSIT GOODS' by the EAC on the cross- border goods carriers, the transit indicator plates for COMESA and TIR can be removed, covered or minimized when the vehicles are not undertaking transit transport business. In this case the plates do not present distinction challenges when the carriers are involved in domestic transportation.

5.3.4 Best Practices in Ensuring Vehicle Roadworthiness: The Case of EU

EU uses both periodic and roadside checks to ensure roadworthiness of vehicle for safety and environmental concerns. The tests are mandated and guided by the EU Directive 2009/40/EC of the European Parliament and of the Council of 6 May 2009 on roadworthiness tests for motor vehicles and their trailers. This directive is based on the *UN international convention on the harmonization of frontier controls of goods* (UNECE, 1982).

Of particular importance to vehicle inspection and testing is the *Agreement Concerning the Adoption of Uniform Conditions for Periodical Technical inspections of Wheeled Vehicles and the Reciprocal Recognition of such Inspections*, which entered into force on 27 January 2001 (UNECE 1997). The objective of the agreement is to achieve greater uniformity in the rules governing road traffic and ensures a higher level of safety and protection of the environment. The agreement defines uniform conditions on Periodical Technical Inspections of wheeled vehicles that are sufficient for the vehicles to fulfil in order to be certified in their countries.

The agreement specifies the frequency of inspection of goods vehicles is once a year after first registration; procedures for technical inspection after the international certificate is issued; minimum areas to of coverage by the inspections; test procedure and test equipment, among other specifications.

The aim is to harmonize as far as possible the frequency of tests and the compulsory items to be tested. Parties under the Convention have established rules for periodical technical inspections of vehicles registered or taken into service in their territory and agreed to reciprocally recognize the inspections carried out in accordance with those Rules. The rules apply to all the contracting parties through signing, ratification or acceding to the agreement. As of March 2013, 12[39] countries were contracting parties to the Agreement, while 17 countries were signatories pending ratification and 41 accredited technical inspection centres were already in notified (UNESOC, 2013). Rules specify:

i. Categories of wheeled vehicles concerned and the frequency of its inspection,
ii. Equipment and/or parts to be inspected,
iii. Test methods by which any performance requirements are to be demonstrated,
iv. Conditions for granting inspection certificate and their reciprocal recognition,
v. The date(s) of entry into force.

Contracting Party members are supposed to notify test centres accredited by their competent authorities to carry out the inspections.

After the periodic inspection, a tested vehicle is issued with an international technical inspection certificate. The agreement clearly specifies information to be contained in the certificate and provides a model certificate. The information to be presented in the certificate is shown in Box 5-2.

Box 5-2: Common Features in Vehicle Testing in the EU

a) Accredited Technical Inspection Centres are responsible for conducting the inspection tests, granting the approval of compliance with the inspection requirements and specifying the latest date of next inspection.
b) The International Technical Inspection Certificate may be a booklet in format A6 (148x105 mm), with a green cover and white inside pages, or a sheet of green or white paper of format A4 (210x197) folded to format A6 in such a way that the section containing the distinguishing sign of the State or of the United Nations forms the top of the folded Certificate.
c) Items of the certificate and their content are printed in the national language of the issuing Contracting Party and are clearly numbered.
d) The periodical inspection reports in use in the Contracting Parties to the Agreement may be used as an alternative. A sample of them has to be transmitted to the Secretary-General of the United Nations for information to the Contracting Parties.
e) Handwritten, typed or computer generated entries on the International Technical Inspection Certificate are to be made exclusively by the competent authorities, in Latin characters.

Source: UNESOC 2013

[39]These are: Russian, Estonia, Netherlands, Romania, Hungary, Finland, Bulgaria, Belarus, Albania, Ukraine, Moldova and Kazakhstan.

The EU Directive on periodic inspection sets the minimum testing frequency for the different categories of motor vehicles and their trailers as one year after the date on which the vehicle was first used, and thereafter annually for most of motor vehicles including motor vehicles used for the carriage.

EU member states undertake harmonized periodic roadworthiness tests for motor vehicles registered in their countries and their trailers. The roadworthiness tests must be undertaken by the EU countries, or by a public body that has been entrusted with the task, or by bodies or establishments designated and directly supervised.

The Directive sets out the items for compulsorily testing using techniques and equipment available without the use of tools to disassemble or remove any part of the vehicle. Compulsory test items include: vehicle identification; braking equipment; steering; visibility; lighting equipment and parts of electric system; axles, wheels, tyres and suspension; chassis and chassis attachments; other equipment – safety belts, fire extinguisher, locks and anti-theft device, warning triangle, first-aid kit, speedometer, etc.; nuisance – noise, exhaust emissions, etc.; supplementary tests for public transport vehicles include: emergency exit(s), heating and ventilation systems, seat layout and interior lighting.

The testing institution has to provide proof (roadworthiness certificate) that the vehicle together with its trailer or semi-trailer has passed a roadworthiness test in compliance with the provisions of the directive.

Roadside checks (unannounced roadside inspections of commercial vehicles**)** are also carried out in any EU country, whether or not the vehicle is registered in the EU as provided in the EU law. The checks cover brakes, emissions and the vehicle's overall condition. Drivers may also be required to produce recent inspection reports or proof the vehicle has passed the mandatory roadworthiness test.

NCTTA Contracting Party States could learn from the United Nations and EU harmonized vehicle inspection procedures and harmonize domestic vehicle testing for better insurance of vehicle roadworthiness.

5.4 LESSONS LEARNT

The above best practice cases on trade and transit road transport facilitation provide lesson for NCTTCA Member States, which could facilitate implementation of COMESA trade and transit facilitation instruments. Implementation of instruments particularly has contributed to facilitating transit trade and transport in implementing countries. Key factors contributing to success in the above cases, which provide a lesson for NCTTCA Member States include:

(i) Mandatory clear, detailed legislations and regulations at the regional level (in case of EU) or international level (the case of TIR), which are domesticated by member countries providing uniform regulations at the national level. This is a key driver in the implementation success. This is unlike the case of COMESA where carrier licensing for example is left under the guidance of the national legislations, which are not uniform across COMESA member countries.

(ii) Transit carrier approval requirements do not impose limitations on market access Transit carrier approval under TIR Convention is not restrictive as the carriers can be used for both domestic and cross border transport operations. This is unlike the case with EAC Party States where licensing for cross border carriers restrict them to approved transit routes (as is the case with all EAC Partner State countries) and restricts their domestic market access.

(iii) Use of uniform procedure and rules in contracting countries. This is the technical conditions, and physical examination before carrier approval under TIR. Periodic road vehicle inspection in the EU also uses the same procedures and guidelines.

(iv) Issuance and use of uniform documents by contracting countries. The use of uniform procedures for transit carrier approval and road vehicle worthiness testing lead to uniform document (or certificate), which enhances recognition and acceptability.

(v) Promotion and use of the entire road transit instruments together. Under TIR convention for example, all trade and transit transport operations documents are promoted as a block. As a result, guarantee paid for the goods is sufficient for the whole transportation operation and the vehicles do not need guarantee or bond (in EAC Partner State countries, vehicles transporting transit goods under customs control require a bond). This therefore reduces cost of doing business.

5.5 Conclusions and Recommendations

5.5.1 Conclusions

Use of COMESA instruments for facilitation of transit trade and transport particularly transit carrier license, transit plates and harmonized transit charges along the NCTTA Partner States remains low. Challenges to implementation of the instruments include:

i. Limited awareness of the COMESA transit transport facilitation instruments among the stakeholders including the customs officials, transporters, freight forwarders and general regulatory authorities.

ii. Limited mandatory regulations at the regional level contributing to limited harmonization of requirements for issuance of carrier license.

iii. Non-implementation of existing regulations at the national level. In South Sudan, traffic is yet to be developed. In Burundi, the current Act addresses domestic traffic issues.

iv. Limitations in implementation capacities particularly (both facilities and human resource) especially with respect to vehicle roadworthiness testing.

Best practice on utilization of a single carrier license in transit transport particularly the TIR show that there are clear benefits of trade facilitation due to elimination of multiple licensing and reduced vehicle delays. Benefits accrue to both transport operators and competent authorities (as a result of reduced administrative costs). It is concluded that COMESA carrier license and transit plates can be used to facilitate trade and transit transport along the Northern Corridor.

In the light of the recent developments in the EAC region, the movement towards a Single Customs Territory, the current EAC carrier license and transit instruments will become irrelevant for EAC cross border trade (the four of the six NCTTA Contracting Party States). Use of the COMESA Carrier License and transit plates will therefore remain relevant for EAC's territory trade with third party trade partners. For non EAC Partner State countries who are contracting parties to the NCTTA, COMESA carrier license and transit plates are most relevant as these countries are members of COMESA and could also utilize the instruments beyond the Northern Corridor. However they are welcome to adhere to the SCT initiative to ease transit movement along the Northern Corridor.

Benefits of regional transit transport facilitation as a result of utilizing integrated and single or uniform instruments are evident due to elimination of duplication and repeated procedures and processes such as obtaining a transit bond in each country transited. These processes require time and payments which put together lead to transit delays and higher cost of transit operations, and eventually contribute to higher costs of cross border or international trade. These factors further combine to discourage cross border international trade.

Use of the region wide instruments for trade and transit transport along the Northern Corridor will therefore reduce transit cost burden for the NCTTA Party States. Benefits expected from the use of an integrated and a single region wide transit transport facilitation instruments along the Northern Corridor, which have also been experienced under the TIR transit transport facilitation system include:

- Management of a low cost, high value guarantee, while avoiding double guarantee for goods and the vehicles.
- Security in the supply chain for goods on transit.
- Reduced delays and costs for the international transit of goods.
- Trade facilitation through goods movement across NCTTA Party States' borders with minimum interference by traffic law enforcement authorities.
- Encouragement of cross order and international and trade (both exports and imports).
- Economic benefits for businesspersons and countries at large (due to reduced costs).

5.5.2 Recommendations

For enhanced and effective implementation of COMESA transit transport facilitation instruments along the Northern Corridor by all the NCTTA contracting party countries, it is recommended that transport facilitation standards in the region be harmonized (in line with the Northern Corridor Transit and Transport Agreement 2007, relevant COMESA instruments, international best practice and regional best practices). The following recommendations are therefore being made:

A. Carrier License

To enhance effective implementation of COMESA Carrier License as a key regional instrument of trade facilitation, the NCTTA contracting party countries will need to undertake the following:

(i) **Integrate COMESA Carrier License provisions into member states domestic legislation**: The objective is to ensure that a uniform/same carrier license (COMESA Carrier License) is issued using the same procedures in all member countries. Once issued with a license to transport goods in transit by a competent authority in a Member State, the License would be recognized and accepted in all the other member states.

(ii) **NCTTA Contracting Party States change carrier license restrictions on domestic market access:** The countries need to change the restrictions in the current transit carrier license conditions to remove restrictions confining carriers to transit transport operations (therefore remove domestic market access). For example, one of the conditions of the current transit carrier license under the EAC Customs Management Act (CMA) is that, the license vehicle "must be used exclusively for the carriage of goods under Customs Control, other than transit, and for no other purpose, unless otherwise authorized by the Commissioner".

(iii) **Mandatory implementation of technical conditions for vehicle and equipment for conveyance of goods in transit:** Vehicles for undertaking transport of transit goods have to meet uniform standards to satisfy conditions for goods transported under Customs control. Current carrier regulations in various member states specify these conditions, which are inline in COMESA, EAC and international standards requirements. Customs. A part from South Sudan, Customs laws in NCTTA Party States provide these technical conditions. It is important that all vehicles make observation of these technical conditions involved in transit goods transport. Technical parameters for vehicles or containers that would satisfy customs conditions for international transport of goods (which are in line with those specified by COMESA, EAC and by international conventions) are shown in Box 5-3:

Box 5-3: Technical Conditions for Vehicle and Equipment for Conveyance of Goods in Transit

The vehicle is constructed in such a manner that:

(i) A Customs seal can be simply and effectively fixed to the vehicle.

(ii) Goods cannot be removed from or introduced into the sealed part of the vehicle without breaking the Customs seal.

(iii) It does not contain concealed spaces where goods may be hidden.

(iv) All spaces in the form of compartments, receptacles or other recesses that are capable of holding goods are readily accessible for Customs inspection.

(v) Should empty spaces be formed by the different layers of the sides, floor and roof of the vehicle, the inside surface shall be firmly fixed, unbroken and capable of being dismantled without leaving obvious traces.

(vi) Openings made in the floor for technical purposes, such as lubrication, maintenance and filling of the sandbox are fitted with a cover capable of being fixed in a way that renders the loading compartment inaccessible from the outside.

(vii) Doors and all other closing systems of the vehicle with a device that shall permit simple and effective customs sealing and the device is either welded to the sides of the doors where the doors are of metal, or secured by at least two bolts, riveted or welded to the nuts on the inside.

(viii) Hinges are made and fitted such that doors and other closing systems cannot be lifted off the hinge-pins and other fasteners are welded to the outer.

(ix) Parts of the hinges, except where the doors and other closing systems have a locking device inaccessible from the outside that once it is applied prevents the doors from being lifted off the hinge pins.

(x) Doors cover all interstices and ensure complete and effective closure.

(xi) It is provided with a satisfactory device for protecting the Customs seal, or so constructed that the Customs seal is adequately protected.

Best practice shows that for better acceptability, member countries need to implement uniform legislation to guide issuance of the license using similar (same) license issuing procedures. The legislation at the member countries national level should make utilization of COMESA carrier license mandatory for all vehicles involved in transport of transit goods along the Northern Corridor. The proposed harmonized legislation for issuing carrier license (model legislations) at the domestic level is presented in section 5.6.

(iv) **Proposed uniform procedure for issuing COMESA Carrier License:** It is also recommended that procedures for issuing the license for transport of transit goods by the member states be harmonized. The EAC countries have harmonized their procedures under the EAC CMA, Article 210. The proposed uniform procedure for issuing the COMESA Carrier License aims at ensuring minimization of the risk of smuggling. A common licensing procedure that is based on COMESA specifications, EAC (CMA article 210) and informed by international best practice is proposed in Box 5-4 below.

Box 5-4: Proposed Common Licensing Procedure

General rules for licensing of road vehicles complying with the technical conditions set in Box 5-3 above:

1. Road vehicles are to be approved individually.
2. A carrier license conforming to the standard form (proposed below- **model license**) shall be issued for approved vehicles. This License shall be printed in English and French.
3. The License (original) shall be affixed on the road vehicle.
4. Road vehicles shall be produced every year, for the purposes of inspection and of renewal of License, to the competent authorities of the country in which the vehicle is registered or, in the case of unregistered vehicles, of the country in which the owner or user is resident.
5. If a road vehicle no longer complies with the technical conditions prescribed for its

approval, it shall, before it can be used for the transport of goods under NCTTA, be restored to the condition which had justified its licensing so as to comply again with the said technical conditions.

6. If the essential characteristics of a road vehicle are changed, the vehicle shall cease to be covered by the license and shall be re-licensed by the competent authority before it can be used for the transport of goods under NCTTA.
7. The competent authorities of the country of registration of the vehicle, or, in the case of vehicles for which registration is not required, the competent authorities of the country where the owner or user of the vehicle is established may, as the case may be, withdraw or renew the License or issue a new License in the circumstances set out in 4, 5 and 6 above, or where a vehicle has been found to have defects that involve risk of smuggling and therefore no longer meets the conditions which justified its earlier licensing.
8. Vehicle Transit transport operations carried out under COMESA Carrier License must be indicated by COMESA transit plates

(v) We would like to propose the procedure for issuance of license for transit goods as per Box 5-5.

Box 5-5: Proposed Specific Procedure for Issuance of License for Transit Goods Conveyance by Road

1. The owner of the vehicle, the operator or their representative in all member countries shall apply to the Competent Authority for vehicle license using a harmonized Form (See Annex 5.1 for the proposed model application form (the proposed application Form is based on carrier application Form in use in EAC Customs (Form C28) and is informed by international best practice).
2. The applicant of the License shall produce to the Competent Authority a vehicle roadworthiness inspection report (commonly referred to as vehicle periodic inspection report).
3. The applicant shall produce the vehicle third party insurance certificate (COMESA Yellow Card).
4. The Competent authority shall inspect the road vehicle produced in accordance with the general rules laid down in paragraphs 1 to 7 above and shall satisfy itself that the vehicle complies with the technical conditions described above.
5. The competent authority after approval shall issue a license conforming to the model presented in Annex 5.2.

B. Transit Plates

To enhance effective implementation of COMESA Transit Plates as a regional instrument of trade facilitation to supplement the COMESA Carrier License, all the NCTTA contracting party states need to make use of COMESA transit plates as specified in *COMESA Protocol for Transit Trade and Transit Facilities*. The transit indications used by EAC countries are limited to EAC countries but may soon not be necessary with the full implementation of the SCT.

To promote use of COMESA transit plates, it is proposed that:

(i) **NCTTA Contracting Parties amend their existing legislation to enshrine in their domestic carrier license legislations mandatory use of COMESA transit plates.** This would include the EAC Partner State countries (whose carrier license legislations require marking of "TRANSIT GOODS" on the vehicles).

(ii) **Issuance of** transit plates becomes a part of carrier license issuing requirements (as is the current practice in EAC) as shown in the proposed carrier license regulations Annex 5.2.

When a carrier vehicle or combination of vehicles is carrying out a transit operation under the NCTTA, one rectangular plate bearing the inscription "TRANSIT GOODS" and conforming to the specifications proposed below, be affixed to the front and another to the rear of the road vehicle or combination of vehicles. These plates shall be so placed as to be clearly visible, shall be removable or be fitted or designed in such a way that they can be reversed, covered, folded or indicates in any other manner that a transit transport is not being carried out.

Transit operation indications should be solid plates conforming to the following technical requirements:

(i) The plates measuring 120 by 1000 millimetres
(ii) The words "TRANSIT GOODS" placed at 70 millimetres high
(iii) Use of Roman letters
(iv) Letters shall be in white on a blue background
(v) Letters shall be arranged as follows: "TRANSIT GOODS".

C. Harmonized Transit Charges

It is recommended that the COMESA harmonized road user charges (transit charges) of 6 and 10 US$ per 100Km for a vehicle of 3 axles and greater than 3 axles respectively be implemented by all NCTTA party states.

These charges are already in use in Kenya and Uganda. Burundi, DRC, Rwanda and South Sudan should endeavour to implement these harmonized charges.

These harmonized charges if adopted by the remaining NCTTA Partner State countries should also form the basis of transit charge harmonization in the COMESA- EAC- SADC initiative.

D. Recommendation On Criteria For Determining Vehicle Roadworthiness

The proposed criteria for ensuring roadworthiness aim at achievement of greater uniformity in the rules governing road traffic and ensure a higher level of safety and protection of the environment. Traffic rules in NCTTA Party States (except in South Sudan) provide for both periodic and unannounced checks on the vehicles to ensure road vehicle worthiness.

The required frequency of such Periodical Technical Inspections and the related expenses incurred affect the competitive conditions between road transport operators in different countries. The present systems of testing vary from one country to therefore making it necessary to harmonize the frequency of tests and the compulsory items to be tested in all countries party to the NCTTA.

The objective is to achieve greater uniformity in the rules governing road traffic in COMESA and NCTTA party states in particular and to ensure a higher level of safety and protection of the environment. The current proposed conditions are based on international standards presented on Agreement concerning the adoption of uniform conditions for periodical technical inspections of wheeled vehicles and the reciprocal recognition of such inspections (UNECE, 1997), and the current testing procedures existing in NCTTA countries particularly those existing in Kenya, Rwanda and DRC. Suggestions from stakeholders workshop organized by NCTTA on 30th June and 1st July 2014 also inform the current recommendations.

Accredited Technical Inspection Centers in each NCTTA Party State are responsible for conducting the inspection tests, granting the approval of compliance with the inspection requirements in line with the set rules, and specifying the latest date of next inspection in the Technical Inspection report and Certificate. It is recommended that all the member countries appoint technical inspection centers. The countries can also learn from Rwanda and implement mobile inspection centers therefore making the inspection services more available and reducing delays at inspection.

Based on best practices, it is proposed that:

(i) Periodical Technical Inspections of wheeled vehicles is implemented as one of the mandatory conditions for issuing the COMESA carrier license (therefore technical inspection report forms part of the requirements of issuing the COMESA Carrier License as suggested above).

(ii) Same (uniform) criteria for periodic testing should be used by all the countries.

(iii) Vehicles, which pass the test, should also be issued with similar roadworthiness certificate.

(iv) Costs for undertaking the tests are harmonized.

Specific recommendations on ensuring roadworthiness are presented in 5-6 (D1- D3) while a proposed uniform periodic testing manual is presented in Appendix 3 (proposed HCV technical inspection manual).

Box 5-6: Recommendations on Roadworthiness

D1: Specific Recommendations for Periodic Testing

1. Accredited Technical Inspection Centres in each NCTTA Party State are responsible for conducting the periodic inspection tests, granting the approval of compliance with the inspection requirements and specifying the latest date of next inspection. The Centres must be accredited (or authorized) by the relevant Competent Authorities.
2. Periodicity of technical inspections shall be once per year starting one year after the first registration and annually thereafter for vehicles registered in NCTTA contracting party countries; or when the vehicle has undertaken 120,000 KM or whichever comes earlier.
3. An owner or an operator of a transit goods vehicle shall apply for periodic technical

inspection of their vehicles (see a model vehicle periodic technical inspection application form: Annex 5.3).

4. Technical inspection shall be based on provided criteria (Technical inspection manual for heavy vehicle commercial vehicles (HCV) following which, their compliance they will be issued with a Technical Inspection Certificate.
5. The inspection shall cover all areas detailed in the HCV Technical Inspection manual (Appendix 5.1: Proposed HCV technical inspection manual).
6. An inspection report (see Annex 5.4: model inspection technical inspection report) shall be issued after every technical inspection is undertaken.
7. Following the technical inspection, the compliance with the technical inspection requirements, shall be confirmed by the NC Technical Inspection Certificate, which shall be issued to the carrier. A uniform model inspection certificate to be issued by all countries is proposed (Annex 5.5: *Model technical inspection Certificate*).

D2: Proposed uniform procedure for Heavy Goods vehicle Technical inspection

1. The owner of the vehicle makes an application for vehicle inspection (using model Form Annex 5.3) and pays the required inspection fee.
2. The vehicle with its registration documents is presented to the inspection centre.
3. The inspector carries out the tests based on the inspection manual.
4. The inspector issues an inspection report (Annex 5.4).
5. The owner takes the pass inspection report to the Competent Authority office (Revenue authority) where a roadworthiness certificate (Annex 5.5- model roadworthiness certificate) is issued for an additional fee.
6. If a vehicle fails and returns for testing within 21 days and has travelled less than 4,000km since it was tested, the vehicle does not have to repeat the full test. Rather, it is tested only on the failure points from the first test. A re-test costs approximately 50% of the full test.
7. Vehicles that fail must have failure items repaired before they can be re-tested.

D3: Recommended facilities and equipment for periodic vehicle roadworthiness testing

For periodic testing for roadworthiness, inspection or testing centres are needed in each of the NCTTA party states: These should be **centres in each country authorized by the relevant competent authority. They could include a**uthorized and licensed garages.

The Recommended equipment list for Heavy Goods Vehicle Inspection (for stationary or mobile testing units) is as below:

1. Roller brake testing machine, able to provide a printout of the brake performance readings.

2. Vehicle inspection pit.
3. Suspension detection equipment and shaker plates.
4. Pit mounted vehicle-jacking system.
5. Pit mounted lighting and handheld inspection light.
6. In pit portable steps.
7. Inspector to driver communication system.
8. Crow (pinch) bar/ various lengths.
9. Kingpin gauges.
10. Turntable jaw checker.
11. Tractor protection adaptors.
12. Wheel chocks/ various sizes.
13. Light Transmittance Meter.
14. Portable Brake testing decelerometer or Skid plate brake testing machine.
15. Headlight aim tester or Headlight testing screen.
16. Sound level meter.
17. Facsimile machine or equivalent.
18. Computer and printer (computer must be connected to the internet).
19. Station stamp suitable for Inspection Reports and Defect Notices (stamp must display the following details of the Authorized Test Centres: trading name, address and PIN).
20. Approved station signs.

5.6 Strategies and Action Plan

Strategic plan for NCTTCA Secretariat to enhance utilization of COMESA transit road transport along the Northern Corridor using COMESA trade and transit transport facilitation instruments of COMESA carrier license (CL), COMESA transit plates (TPs), harmonized vehicle technical road worthiness testing and use of harmonized transit charges is summarized in section 5.6.1. The vision is to achieve efficient transit procedures along the Northern Corridor.

The proposed action plan is summarized in Section 5.6.2.

5.6.1 Strategy

INSTRUMENTS VISION (GOAL)	OBJECTIVES	STRATEGIES	ACTIONS	PERFORMANCE (M)EASURES / (T)ARGETS
Efficient transit procedures along the NC	5.1 Ease cross border vehicle transit through the adoption of a single and harmonized transit **COMESA carrier license along the NC**	5.1.1 Promote mandate use of harmonized transit carrier license at the NCTTA level.	5.1.1.1 Create awareness on COMESA CL 5.1.1.2 Create awareness of the limitations of the current carrier licenses and benefits of a single and harmonized transit CL 5.1.1.3 Share best practices in transit carrier license with stakeholders in NCTTA Member States. 5.1.1.4 Consult with NCTTA Member States to obtain buy-ins of the recommended Common (harmonized) Carrier license legislation. 5.1.1.5 Promote review or development of harmonized transit CL legislations at the national level. 5.1.1.6 Promote mandatory adoption and implementation of the harmonized CL legislation.	M: Harmonized CL legislation adopted and implemented by the NCTTA Member State countries. T: 100% (adopted/ implementation by all NCTTA Member State countries.
	5.2 Improved customs control of goods in transit through easy identification of goods carriers undertaking transit transport operations through use of **COMESA Transit plate**s used by all goods transit carriers along the Northern Corridor 5.3 Reduced stops at roadblocks of transit goods carriers along the NC	5.2.1 Promote mandatory usage of 'COMESA transit' plates by transit goods carriers along the NC	5.2.1.1 Create awareness on benefits of TPs in facilitating transit transport. 5.2.1.2 Promote inclusion of use of COMESA transit plates as one of the conditions in the national transit CL legislations.	M: No. of countries making use of COMESA transit plates by goods carriersalong NC mandatory T: 100% M: Proportion of transit vehicles transporting goods using COMESA carrier license T: 100% M: Reduced stops of transit goods freight vehicles along the NC T: stops reduced to 20%
	5.4 Reduced accidents along the	5.4.1 Promote	5.4.1.1 Create awareness on need for	M: No. of countries adopting and

Instruments Vision (Goal)	**Objectives**	**Strategies**	**Actions**	**Performance (M)easures / (T)argets**
	Northern Corridor through implementation of **Harmonized technical vehicle roadworthiness inspection in all NCTTA contracting states** being undertaken	adoption and implementation of mandatory vehicle roadworthiness testing in all the NCTTA contracting party states	implementation of harmonized vehicle technical control and best practice 5.4.1.2 Facilitate vehicle testing capacity building including: providing technical capacity for development of the necessary legislation, testing facilities and training of testers.	implementing common (harmonized) minimum vehicle roadworthiness Technical control T: 100% M: Countries carrying out both periodic and spot checks for vehicle roadworthiness T: 100%
	5.5 Reduced transit costs through use of harmonized transit charges along the NC	5.5.1 Promote use of COMESA transit charges in Burundi, DRC, Rwanda and South Sudan	5.5.1.1 Create awareness on COMESA harmonized transit charges and their benefits 5.5.1.2 Promote review of domestic legislations to align transit charges to the COMESA rates	M: no. Of countries who have aligned their domestic transit rates to the COMESA rates T: 100% M: No. of countries applying COMESA transit charges T: 100
	5.6 Monitored use of COMESA trade and transit facilitation instruments on the NC.	5.6.1 Assess the use of COMESA trade and transit facilitation instruments.	5.6.1.1.Develop indicators of use of the COMESA trade and transit facilitation instruments along the NC 5.6.1.2 Carry out an evaluation of use of COMESA trade and transit facilitation instruments including transit transport instruments on yearly basis	M: One evaluation conducted per year T: 100%

5.6.2 Action Plan

PRIORITY	ACTION	RESPONSIBLE	% COMPLETE	DUE DATE
High	5.6.2.1 Create awareness on COMESA CL	**TTCA**, Customs and transit carrier license issuing Competent Authorities, transporters/ transit transport operators	75%	Start date + 6 months
High	5.6.2.2 Create awareness of the limitations of the current carrier licenses and benefits of a single and harmonized transit CL	**TTCA**, Customs and transit carrier license issuing Competent Authorities, Transporters Associations, customs	75%	Start date + 1 year
High	5.6.2.3 Share best practices in transit carrier license with stakeholders in NCTTA Party States.	**TTCA**, Transporters association, Customs and transit carrier license issuing Competent Authorities, transporters	75%	Start date + 6 months
Normal	5.6.2.4 Consult with NCTTA partner States to obtain buy-ins of the recommended Common (harmonized) Carrier license legislation.	**TTCA**, Transporters association, Customs and transit carrier license issuing Competent Authorities, traffic police	100%	Start date + 1year
Normal	5.6.2.5 Promote review or development of harmonized transit CL legislations at the national level.	**TTCA,** competent authorities, transporters	100%	Start date + 1year
Normal	5.6.2.6 Promote mandatory adoption and implementation of the harmonized CL legislation.	**TTCA**, Transporters association, Customs and transit carrier license issuing Competent Authorities, traffic police	75%	Start date + 6 months
Normal	5.6.2.7 Create awareness on benefits of TPs in facilitating transit transport.	**TTCA**, Transporters association, Customs and transit carrier license issuing Competent Authorities	100%	Start date + 3months
High	5.6.2.8 Promote inclusion of use of COMESA transit plates as one of the conditions in the national transit CL legislations.	**TTCA**, Transporters association, Customs and transit carrier license issuing Competent Authorities, traffic police, development partners	100%	Start date + 3months
Normal	5.6.2.9 Create awareness on need for implementation of harmonized vehicle technical	**TTCA**, Transporters association, Customs and transit carrier license issuing Competent	100%	Start date + 3 months

PRIORITY	ACTION	RESPONSIBLE	% COMPLETE	DUE DATE
	control and best practice	Authorities, traffic police		
Normal	5.6.2.10 Facilitate vehicle testing capacity building including: providing technical capacity for development of the necessary legislation, testing facilities and training of testers.	**TTCA**, Transporters, Customs and transit carrier license issuing Competent Authorities, transporters, traffic police	100%	Start date + 1 year
Normal	5.6.2.11 Create awareness on COMESA harmonized transit charges and their benefits	**TTCA**, Transporters, Customs and transit carrier license issuing Competent Authorities, transporters, traffic police	100%	Start date + 3 months
Normal	5.6.2.12 Promote review of domestic legislations to align transit charges to the COMESA rates	**TTCA**, Transporters, Customs and transit carrier license issuing Competent Authorities, transporters, traffic police	100%	Start date + 1 year
Normal	5.6.2.13 Develop indicators of use of the COMESA trade and transit facilitation instruments along the NC	**TTCA**, Transporters, Customs and transit carrier license issuing Competent Authorities, transporters, traffic police	100%	Start date + 9 months
Normal	5.6.2.14 Carry out an evaluation of use of COMESA trade and transit facilitation instruments including transit transport instruments on yearly basis	**TTCA**, Transporters, Customs and transit carrier license issuing Competent Authorities, transporters, traffic police	100%	Start date + 1 year

5.7 ANNEXES

Annex 5-1: Model Application form for COMESA Carrier License (based on the current EAC carrier licence, C.28)

NORTHERN CORRIDOR TRANSIT AND TRANSPORT AGREEMENT

APPLICATION FOR LICENCE FOR VEHICLE/VESSEL CONVEYING TRANSIT GOODS (COMESA CARRIER LICENCE)

Subject to the observance by the Licensee of the provisions of the NCTTA and the conditions prescribed herein, a License is hereby granted to …………………………………………………. PIN/TIN……………………………of……………………………………from…………………………until the 31st December, for the Vehicle/Vessel make/name)……………………………………………………………

(Registration No)…………………………. …for the conveyance of goods in transit through the Contracting Party countries.

Special conditions for vehicles carrying transit/re-export goods

1. The license shall be permanently affixed to the licensed vehicle in a prominent position where it is visible at all times.
2. When undertaking transit operations, the licensed vehicle shall travel through the partner states along those routes appointed in accordance with the provisions of the NCTTA.
3. When undertaking a transit operation**,** the licensed vehicle shall be distinguished by a transit plate placed in front and on the rear, with the following technical conditions:
    i. The plates measuring 120 by 1000 millimetres
    ii. The words "TRANSIT GOODS" placed at 70 millimetres high
    iii. Use of Roman letters
    iv. Letters in white on a blue background
    v. Letters arranged as follows: TRANSIT GOODS.
4. The licensed vehicle carrying goods in transit/re- exports shall be sealed by the Proper Officer except in the case of 'exceptional loads' as defined in regulation … or in any special case otherwise authorized by the Commissioner.
5. (Any other special conditions)……………………………………………………………………….

Commissioner

……………………………..

Fees paid dollars…………………………………………………..

Receipt No…………………………dated…………………………at………………………………….

1. Date of issue………………………………. Date of expiry ………………………………......
2. Attesting that the means of transport specified below fulfils the conditions required for admission to inter-Northern Corridor Transit and Transport Agreement transport of goods in transit.
3. Operator's name and address …………………………………. TIN/PIN ……………..............
4. Vehicle Registration No. …………………………………. Capacity …………………...............
5. Make ……………………………………. Type ………………………………………...................
6. Engine No. ………………………………. Chassis No……………………………………...................
7. Spedometer Reading........................... Other Particulars ……………………………..............
8. Issued at ………………………..……..…… (place) on ………………………….. (date)
9. License fee (Dollars) ……………………………receipt No………………of …………..................

………………………………………

Commissioner

Note: This certificate must be framed and exhibited in the cab of the means of transport. If not in use or on a charge of the owner or carrier or on expiry of the period of validity of the certificate or if there is any material change in any essential particulars of the means of transport must be surrendered to the issuing authority.

Conditions

1. This certificate must be permanently affixed to the approved vehicle in a permanent place where it is visible at all times.
2. It must be readily available on demand for verification by the "Proper Officer".
3. It shall not be sold or transferred in any manner without written approval of the Commissioner.
4. The licensed motor vehicles, when undertaking transit operations shall travel only upon those appointed transit routes.
5. When undertaking transit transport operations, the licensed vehicle shall bear at its front and rear solid COMESA TRANSIT Plates.
6. When not undertaking transit operations other than transit transport operations, the COMESA TRANSIT pates must be reversed, covered, folded or indicated in any other manner that a transit transport is not being carried out.

Types of Body

a. Flat/Platform body

b. Flat with side drops

c. Box body with sailing provisions

d. Tanker for carrying liquid products.

Application for vehicle inspection FORM XXI

No. ....

I...of ....

[Full name in block capitals] (Postal address)

Here by apply for inspection of vehicle No. ....(Identification mark)

Signature of applicant ....

Fee paid US$ .... Signature of Licensing Officer...........................

Vehicle Inspection Centre .... Date......................

Inspection arranged as follows:

Date..................................Time.................................... Place.........................

Important

1. The Registration Book appertaining to the above vehicle should be produced at the time of inspection, together with this form.
2. The vehicle should be brought for inspection unladen and in a clean condition, and must be accompanied by all parts, which are necessary to or ordinarily used with the vehicle when used on the road (i.e. spare wheel and tyre, too and other equipment belonging thereto).
3. Failure to appear at the time and place stated may result in forfeiture of fee.

Space for NCTTCA LOGO **Space for the LOGO of issuing Authority NCTTCA Member State**

....

(Administrative Authority responsible for technical inspection)

Vehicle Inspection Report

(Required prior to licensing)

VIR No. ....Application No. ....

Identification mark...

Owner's Name ....

Address ....

Make and Model of Vehicle ....

Type ....

Gross Vehicle Weight ....Kg: Tare Weight ....Kg.

Load Capacity ....Kg.

Size of tyres:

Front ....Rear ....

I have inspected the above vehicle, and find that -

* (a). It complies with the provisions of the Traffic Act and of the Rules made there under;

* (b). It does not comply with the provisions of the Traffic Act and of the Rules made there under because of the following minor remediable defects-

(i) ....

(ii) ....

(If this vehicle is produced before me with all the above defects remedied on or before ...., and if no more defects have arisen, I will endorse this report to state that the vehicle complies with the provisions of the Traffic Act and of the Rules made thereunder); or

* (c). It does not comply with the provisions of the Traffic Act and of the Rules made there under because of the following defects, which in my opinion render the vehicle unsafe to use on a road:

(i) ....

(ii) ....

Vehicle Inspector…………………………………………..

Date of Inspection ....Place ....

Received the above report:
.... (Owner or representative)

NOTE: This document MUST be produced to a Licensing Officer at the time of application for a vehicle license.

ENDORSEMENT in the case of a report under Part b only:
I have again inspected the above vehicle and find that it now complies with the provisions of the Traffic Act and of the Rules made thereunder.
....
Vehicle Inspector (*Seal or stamp of the authority issuing the report)*.
Next inspection after 1 year or after vehicle has covered 120,000 KMs whichever comes first.
*** Delete whichever is not applicable.**

Annex 5-5: Proposed model vehicle inspection certificate (to be affixed on the road vehicle)

……………………………………………

(Logo of Competent Authority Issuing)

Republic of …………………………………………………..

Vehicle Inspection Certificate No…………………………..

Expiring…………………….

(After 1 year or 120,000KM, whichever comes first)

Certifying office…………………………………….

(Stamp of Certifying competent Authority)

6 ICT & Information Exchange

6.1 Northern Corridor ICT Systems Overview

Customs agencies manage the interface among the world's economies. Even on a single trade route, such as the Northern Corridor, there exists diversity in transactions, requirements, culture and law. Harmonization contributing to international and national cooperation and collaboration between customs agencies as well as governmental inspectorate and approval agencies is of paramount importance. Instruments of harmonization must be robust and adaptive not only to merely function, but also to warrant their introduction as a more efficient foundation for trade.

Information and Communication Technology is a means to enhance national and international management and communication, improve process efficiency and ultimately support the nations of COMESA and the neighboring trading partners of the Northern Corridor in their economic development.

Following is an examination of ICT systems in support of COMESA instruments and Trade Facilitation on the Northern Corridor as well as recommendations for change and action.

Figure 6-1: Northern Corridor ICT Systems Overview

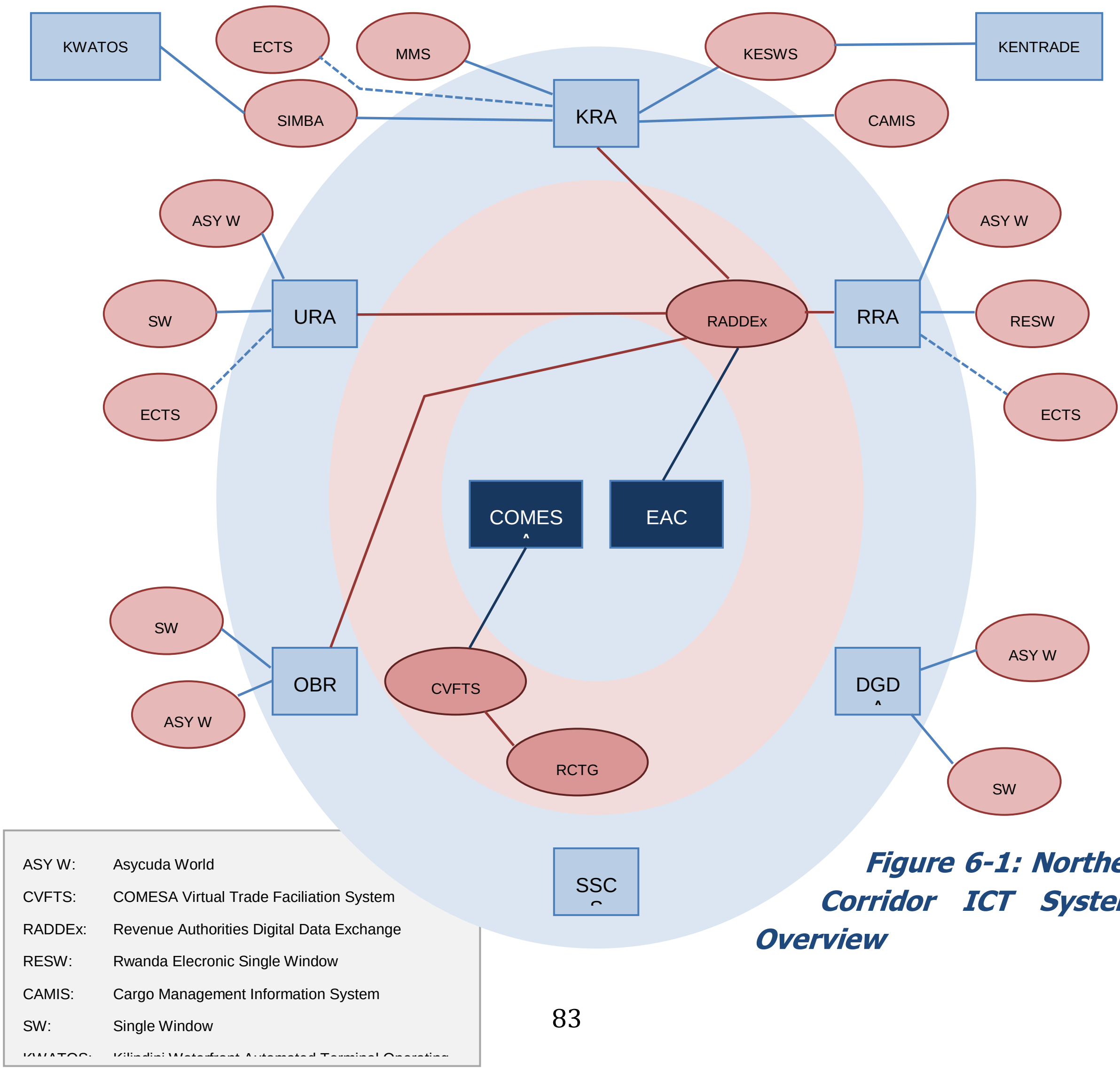

Figure 6-1: Northern Corridor ICT Systems Overview

The preceding diagram represents organizations in blue and systems in red, moving outwardly from regional organizations and systems in the centre to national organizations and systems on the periphery. In the above diagram the Single Window implementation for each RA is depicted as an entity of its own for ease of visualizing whether it is an active initiative or not. In practice however, the Single Window will form a conglomerate of all other systems (See Section 6.9). A necessary distinction in implementation tactics is that in Uganda, Rwanda and Burundi the RA's have spearheaded their Single Windows using the Asycuda World system as a starting platform where in Kenya, a parastatal was formed (Kentrade) to build a Single Window which would then incorporate KRA's Simba.

6.2 ICT Support to the COMESA Instruments

Instruments of trade and transport are increasingly being supported, and even driven by, advancements in ICT and ICT management systems. There exist clear linkages between each of the three COMESA instruments under examination: COMESA-CD, RCTG and UCR. Simply stated:

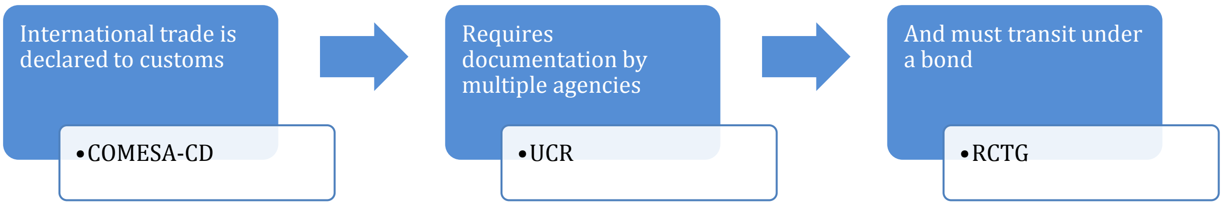

Figure 6-2: Linkage between the COMESA instruments

While clear advancements have been made in managing each of the instruments individually, these linkages strongly suggest a need for identifying means for data exchange, or a deeper integration, to both increase efficiency and simplify operations.

6.3 COMESA-CD

The key supporting ICT systems to the COMESA-CD are the various Customs Management Systems. These coupled with effective data exchange can comprise a method for efficient, electronic regional customs management.

6.3.1 Customs Management Systems

Customs management systems are designed to support import and export processes, speed up transactions and reduce the costs involved in international trade. They improve compliance with the legal requirements that govern international trade, and apply the modern operational principles that all customs administrations target including

- *Effective management of the Customs clearance process*
- *Selective examination practice*
- *Trader compliance*
- *Anticipated or guaranteed payment schemes to facilitate trade and secure duty collection*
- *Control of trade routing to approved Customs clearance offices*

Kenya Revenue Authority - launched the SIMBA Customs Management System in 2005. SIMBA is a customized adoption of the Senegalese GAINDE CMS. Since the launch of SIMBA, where KRA opted for a "big bang" launch (rather than a phased or parallel approach), the CMS has undergone several bouts of criticism from its private sector stakeholders i.e. clearing and forwarding agents. Frequent downtime on the network, which stalled crucial processes that affected importers and exporters, has led to millions of Shillings (tens of thousands of US Dollars) in losses.[40] Coupled with increased economic activity in East Africa's busiest port (Mombasa) and resulting growth in the regional economy the capacity of the system has been pushed to the limit and beyond.

KRA is now considering procurement of a new CMS and an Expression of Interest for provision of the new CMS was publicized by TMEA in January 2014. The procurement was undertaken with the technical advisory and financial support of TMEA and is awaiting award. The new system will be integrated with Kenya National Electronic Single Window System, Integrated Tax Management System now mandatory to large taxpayers, the KRA Payment Gateway System and the Electronic Cargo Tracking System. The planned implementation and transition period is expected to be 18 months.

Uganda Revenue Authority - completed a countrywide implementation of ASYCUDA World in November 2012, upgrading from ASYCUDA++.

The UNCTAD Automated System for Customs Data (ASYCUDA) is an integrated customs management system for international trade and transport operations in a modern automated environment. ASYCUDA World is the latest web-based iteration of this system. It is an advanced software application designed and developed for customs administrations and the trade community to comply with international standards when fulfilling import, export and transit related procedures. Through its ASYCUDA Programme, UNCTAD aims at:

- Modernizing customs operations and helping to improve revenue collection
- Facilitating trade efficiency and competitiveness by substantially reducing transaction time and costs
- Improving security by streamlining procedures of cargo control, transit of goods and clearance of goods
- Helping fight corruption by enhancing the transparency of transactions
- Promoting sustainable development by cutting down on the use of paper, through the use of electronic transactions and documents

Rwanda Revenue Authority - completed a countrywide implementation of ASYCUDA World in January 2013, upgrading from ASYCUDA++. With the financial assistance of TMEA, RRA contracted UNCTAD to implement a single window based around the ASYCUDA World platform.

Office Burundais des Recettes - completed a countrywide implementation of ASYCUDA World in May of 2013, upgrading from ASYCUDA++. They are currently in the second phase of an ASYCUDA World contract with UNCTAD with the plan to implement single window facilities in the same manner as RRA.

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[40] (http://www.standardmedia.co.ke/)

Democratic Republic of Congo **DGDA** – has implemented ASYCUDA World at 5 border stations and is expected to complete rolling out to all stations by December 2014. Note that an estimated 10% of border posts are manual and not yet computerized.

South Sudan Customs Services (SSCS) – South Sudan Customs Service (SSCS) is a customs administration in its infancy. SSCS is being supported by TMEA though TMEA has closed their offices in Juba since January 2014 due to insecurity. SSCS do not currently have a Customs Management System in place and there is no immediate plan to procure one. Currently their biggest challenge is obtaining valuation information for imports to allow for import duty calculations. The best source for this information was identified as transit and export entries lodged in the URA Customs Management System. URA has assisted in developing an offshoot of the RADDEx 1.0 software for SSCS, in order to query the URA CMS, and has piloted this endeavor at the Nimule border post only. Unfortunately, the pilot is reported as stalled due to insufficient staffing.

TMEA proposed the following steps to assist in ICT enablement and is currently addressing them as circumstances in South Sudan allow:

- Needs analysis exercise at SSCS offices in Nimule (and Juba) to establish software requirements specifications and capacity building required for SCSS
- System design, development and testing to commence at URA
- System deployment and testing / bug fixes at SSCS offices in Nimule (and Juba)
- SSCS Officers hands-on training on use of the system at Nimule (and Juba offices)

6.3.2 Analysis of the COMESA-CD as Implemented by Customs Managements Systems in Use

The following is a comprehensive, side-by-side, analysis of the fields of the i) COMESA-CD, ii) ASYCUDA-generated Single Administrative Document (SAD) and iii) the SIMBA-generated SAD. The following table maps each field's box number across the three documents. We consider the declaration to be the output of data collected through the Customs Management System and therefore this analysis shows that the current Customs Management Systems cater for almost the entire field set of the COMESA-CD and most certainly the elements deemed mandatory for data exchange. It should be further noted that following the introduction of ASYCUDA World, and the Revenue Authorities insistence on possession of the source code, the Customs Management Systems can be adapted to handle more or less fields as necessary. This is also the case with SIMBA.

With the recent (or planned) modernization of ICT and infrastructure within the Revenue Authorities of the Northern Corridor Member States as well as East Africa in general, there should not be technical concern for minimizing data shared and/or stored. In short, data storage and bandwidth is cheap and readily available and should not be a limiting factor. (It is of course well understood that limiting particularly sensitive data may be necessary.) It is therefore a strong recommendation that agreements be made between collaborating RA's to share as much data as possible that is relevant now or may be relevant in the near future. This includes at least all fields of the COMESA-CD and may be extended as deemed necessary. It can be very limiting to future application enhancements to reduce data shared to meet only a specific and current need. Due to the extended timeframes to reach harmonized agreements on shared fields amongst numerous RA's it is recommended that a maximum set be put forth from the start.

Although the table following is comprehensive, it is not limited to further inclusion or omission of elements. It is further recommended that there is ability to add custom fields that include both the field label as well as value to satisfy particular national requirements that may be enforced despite harmonization efforts.

Box No.	Field	Sub-field	Mandatory or Optional for Exchange	Included On		
				COMESA -CD	ASY SAD	SIMB A SAD
General Segment						
	Unique Consignment Reference - UCR		**M**	·	·	·
	Declaration Id		**M**	·	·	·
1	Exporter Consignor	Tin	**M**	1	2	1
		Name				
		·····s				
9	Importer/Consignee	Tin	**M**	·	8	10
		Name				
		Address				
18	Agent	Tin	**M**	··	14	23
		Name				
		Address				
2	Port of Clearance		**M**	2	A	2
3	Regime Code		**M**	3	1	4
4	Frontier Office Code / Port of Exit		**M**	4	15	3
5	Manifest No.		**M**	5	4	7
6	Date Arrival/Departure		**M**	6	21	6
7	Airway Bill/Bill of Lading No.		**M**	7	40	8
8	Identification of Means of Transport		**M**	8	21	15
10	Total Items		**M**	10	5	20
11	Total Packages		**M**	11	6	21
12	Country of Consignment		**M**	12	11	9
13	Account Holder No./Prepayment Account No.		**M**	13	48	31
14	Port of Arrival/Destination		**M**	14	29	13
15	Guarantee No.		**O**	15	·	·
16	Guarantee Amount		**O**	16	·	·
17	Security Bond No.		**M**	17	28	33

Box No.	Field	Sub-field	Mandatory or Optional for exchange	Included on		
				COMESA -CD	ASY SAD	SIMB A SAD
19	Security Bond Amount		**M**	19	*	34
20	CWC 1st Destination		**M**	20	10	11
21	Valuation Method/Ruling		**M**	21	43	27
22	Bank/Branch Reference No.		**M**	22	28	32
23	Country of Final Destination		**M**	23	17	12
24	Mode of Transport		**M**	24	25	15
25	Nationality of Transport		**M**	25	24	16
26	Place of Discharge/Loading		**M**	26	27	14
27	Terms of Delivery		**M**	27	20	29
28	Terms of Payment		**M**	28	28A	30
29	Estimated Period in Warehouse		**M**	29	49	26
30	Location of Goods		**M**	30	30	24
31	Warehouse Code/Name/Address		**M**	31	49	25
32	Other Information		**M**	32	44	39
33	Vehicle Driver		**O**	33	*	17
34	Attached Documents		**O**	34	44	43
35	Seal Numbers		**M**	35	*	18
36	Total Gross Weight		**M**	36	*	22
37	Total This Page	i,ii,iii,iv	**O**	37	47	
38	Other Pages	i,ii,iii,iv	**O**	38	47	
39	Totals	i,ii,iii,iv	**O**	39	47	46
40	Other Charges	Code	**M**	40	47	47-a
		Amount	**M**			47-b
41	Grand Total (Duties, taxes & other)		**M**	41	47	48
42	1st Transit Country	Entry	**M**	42	*	19
		Exit				
43	2nd Transit Country	Entry	**O**	43	·	·
		Exit				
44	3rd Transit Country	Entry	**O**	44	·	·
		Exit				
45	Country of Destination	Entry	**M**	45	17	12
		Exit				
46	Declarant		**M**	46	50	49

Box No.	Field	Sub-field	Mandatory or Optional for exchange	Included on		
				COMESA -CD	ASY SAD	SIMB A SAD
	Item Segment					
	Item No.		**M**	·	32	·
A	Marks & Numbers/Container No.		**M**	a	31	40-a
B	CPC		**M**	b	37	40-d
C	Commodity Code		**M**	c	33	40-c
D	Net Weight KG		**M**	d	38	40-f
E	Goods Description		**M**	e	31	40-b
F	Currency		**M**	f	22	40-v
G	Exchange Rate		**M**	g	23	40-w
H	Invoice Value		**M**	h	42	
J	Customs Value		**M**	j	46	40-y
K	1st Supplementary Quantity		**M**	k	41	40-g
L	Country of Origin		**M**	l	34	40-m
M	2nd Supplementary Quantity		**M**	m	·	40-i
N	Gross Weight Kg		**M**	n	35	40-e
O	Freight		**M**	o	*	40-s
P	Insurance		**M**	p	28B	40-t
Q	Other Costs		**M**	q	*	40-u
R	Preceding Document Ref		**M**	r	40	44
S	License Number		**M**	s	44	40-o
T	License Value/Quantity		**M**	t	44	40-p
U	Value/Quantity Deducted		**M**	u	44	40-q
V	Type of Package		**M**	v	31	40-k
W	Number of Packages		**M**	w	31	40-l
X	Agreement Code		**O**	x	·	·
Y	Duty/Tax Type		**M**	y	47	40-aa
Aa	Duty/Tax Base		**M**	aa	47	40-bb
Bb	Rate		**M**	bb	47	40-cc
Cc	Value for Duty/Tax		**M**	cc	47	40-bb
Dd	Duty/Tax Due		**M**	dd	47	40-dd
Ee	Total Duty/Tax Due on This Item		**M**	ee	47	40-ee

* It is understood that these fields are available in the Customs Management System but it is not immediately evident of their numbering scheme.

A previous regional agreement among Partner States was established during the implementation of RADDEX and these data elements are presented in Section 6.8.3: "RADDEx Common Fields for Electronic Data Exchange."

The data currently being exchanged under the SCT is examined further in Section 6.6: "Managing Data Exchange under the Single Customs Territory."

6.4 UCR

6.4.1 UCR under the SCT

The concept of the UCR is vastly simplified in an environment of electronic trade. Indeed, the UCR goes hand in hand with implementation of the Single Window and is a recommendation for all countries along the Northern Corridor.

A key advancement in implementation of the SCT is elimination of export declarations for transit goods in favour of a single import declaration lodged in the country of destination. This single import declaration is electronically accessible to all countries of transit. This vastly simplifies the concept of a regional UCR in that a transit consignment will need only apply for a single, regional UCR in country of destination, which will reference all documentation for the entire voyage. This concept is further explored in the section following on Chapter 6, Section 6.6: "Managing Data Exchange under the Single Customs Territory."

We will examine the Single Window concept in further detail Chapter 6. However, it is useful at this stage, to examine the Kenya National Single Window approach to UCR generation.

6.4.2 KESWS UCR Generation

The applicant (Exporter/Importer (ExIm) or Clearing & Forwarding Agent) should be registered in the KESWS system. Only registered users can create a UCR in the system. The registered user is responsible for the application of a UCR by inputting the required details regarding the consignment. The UCR details are stored in the system. When the importer submits a request for IDF, permit or exemption, the UCR to be linked is included in the request to formulate the complete request for permit. The UCR number is a standard number in an international format and is generated by the system using the logic provided by KENTRADE.

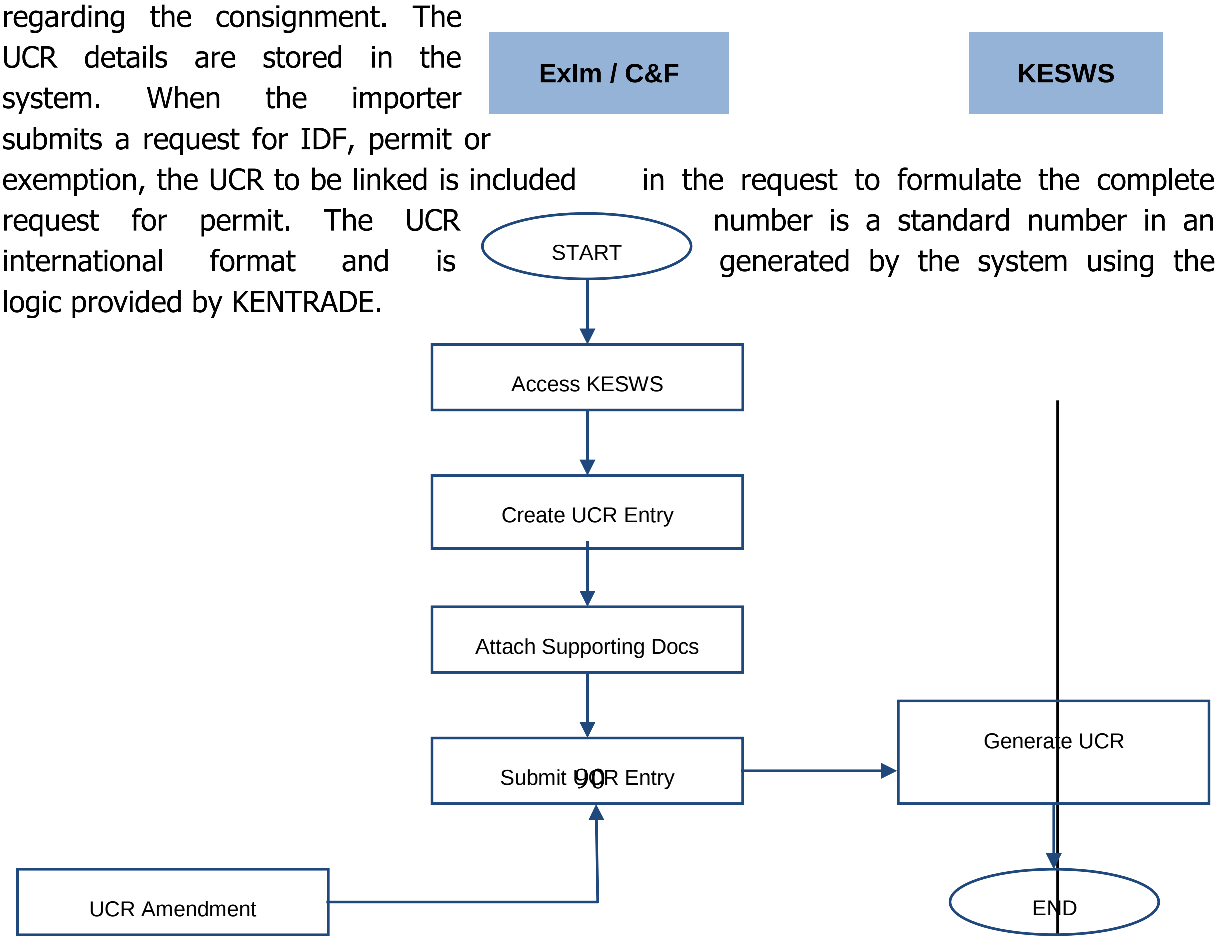

Figure 6-3: KESWS Approach to UCR Generation

1. Access KESWS Portal
    a. ExIm or the Clearing and Forwarding Agent accesses KESWS to create the UCR.
2. Create UCR by entering details
    a. ExIm or Clearing and Forwarding Agent inputs the required details for creation of the UCR including:

Exporter Details

- Regime
- Register Details
- Exporter PIN
- Exporter Name
- Exporter Address
- Exporter City
- Exporter Telephone/Fax No
- Exporter Contact Person
- Exporter Contact Number
- Contact Designation

Importer Details

- Importer PIN
- Importer Name
- Importer Address
- Importer City
- Importer Telephone/Fax No
- Importer Contact Person
- Importer Contact Number
- Contact Designation
- Consignment Details
- Internal Ref No:
- Consignment Description
- Country of Origin
- Country Of Consignment
- Means of Transport

3. Attach supporting documents
    a. ExIm/C&F attaches the required documents to ensure that the documents can be referenced whenever the UCR is referenced.
4. Submit UCR application

    a. Once the details have been input, the ExIm/C&F submits the UCR by clicking on the submit button.
5. UCR Number Generation
    a. KESWS validates the submission and creates the UCR. A UCR number is generated. This is a unique number, which will be used, in all subsequent transactions e.g. application for permits.
6. UCR Amendment
    a. The importer or clearing agent should be able to amend the following UCR details after submission:
        i. Exporter/Importer Details
        ii. General Goods Description
        iii. Country of Consignment
        iv. Country of Destination
        v. Means of Transport
    b. UCR is considered as amended if the exporter/importer/consignment details are changed. The applicant can amend the UCR as long as the UCR is not used in any customs declaration. Once it is used in a customs declaration it cannot be amended.

The example above illustrates how a Single Window allows creation of a UCR and immediate attachment of all documentation. The very nature of this approach links all documentation for a trade transaction under the single UCR.

6.5 RCTG

6.5.1 RCTG-MIS

The COMESA Customs Bond Guarantee Scheme is a customs transit regime designed to facilitate the movement of goods under Customs seals in the COMESA region and to provide the required customs security and guarantee to the transit countries. The RCTG-MIS is the information management system to facilitate the operation of the Scheme.

As of September 2013, eight COMESA members had ratified the RCTG agreement including: Djibouti, Malawi, Uganda, Zimbabwe, Kenya, Sudan and Rwanda. Burundi and DRC have not ratified the agreement and therefore a regional bond under the RCTG only covers transit through Kenya, Uganda and Rwanda on the Northern Corridor. The RCTG-MIS was not operational at time of the inception mission though it was used during the system pilot circa 2009. The COMESA RCTG is the regional bond of choice for the incoming Single Customs Territory and is being piloted in concurrence with the SCT but without utilizing the RCTG-MIS. During the SCT pilot, URA and RRA are allowing goods to either travel under a regional bond or pay duties in full at the port of Mombasa. Although Electronic Cargo Tracking Systems will aid in security and anti-diversion in the movement of goods, the ECTS does not provide a guarantee to customs in the event of loss and therefore does not take the place of a bond.

The RCTG-MIS was designed both as a tool for information dissemination as well as its more crucial role in operations management of the RCTG. This includes modules for:

- Carnet Management
  - Issuance and processing of RCTG Carnets
  - Monitoring of active carnets and acquitted carnets
  - Bond account management
- Claims Management
  - Register, monitor, evaluate and make payments towards reimbursement of claims
- Reports Management
  - Customizable reports and statistics

There are a number of noted challenges surrounding the RCTG-MIS including:

- RRA noted that there were insufficient validation measures in the RCTG-MIS due to the fact that it is a standalone system rather than integrated with customs. One such validation issue was that the MIS would allow an agent to generate a bond in a greater amount than the agent bond account in the Customs Management System.
- FEAFFA have objected to the RCTG-MIS charging a high fee for use of the system in the amount of 3% of collections.
- The RCTG scheme favours multinationals with presence in all of the transiting countries over SME's (smaller agents) with only national presence in one country.

It is a common agreement under the members of the Single Customs Territory that the RCTG regional bond will be used in favour of national bonds.

6.5.2 Recommendation for Linking the RCTG to the Customs Management Systems

As the RCTG-MIS is a standalone system, it requires duplicated effort both to enter and track transit information as well as to track bond balances and applications. This naturally creates resistance to its use from the intended user base as well as introducing opportunity for errors in keeping two or more identical but separate databases in sync.

In lieu of a full Single Window rollout, access to ASYCUDA source code allows direct integration of an application, such as the RCTG-MIS, into a single user interface under the customs management system for the first time. (Note that this has always been available to SIMBA, but not taken advantage of, as it would have required a separate implementation from what was being introduced to ASYCUDA). This introduces a method for a far *deeper* integration than the messaging platforms that have served data exchange until now. This integration, further discussed in Section 6.6: "Managing Data Exchange under the Single Customs Territory," would allow a National Customs Management system to utilize the RCTG-MIS as a *pseudo module*. The RCTG-MIS would then directly source its data from the Customs Management System, bypassing user interaction and providing a powerful regional bond management platform.

However, the most desirable approach, as the countries of the Northern Corridor move towards Single Window implementations, is that the RCTG-MIS be incorporated under the Single Window. This is a superior, more manageable and extendable method of sharing information among all stakeholder systems rather than just working towards a bilateral integration of the Customs Management System and the RCTG-MIS.

6.6 MANAGING DATA EXCHANGE UNDER THE SINGLE CUSTOMS TERRITORY

The EAC continues to work towards a fully-fledged customs union that promises key trade facilitation improvements including: no internal borders, free circulations of goods and a model for revenue sharing. In this regard, in April 2012, the Summit, in principle, adopted the Destination Model of clearance of goods where assessment and collection of revenue is at the first point of entry and revenues are remitted to the destination Partner States ["Framework for the Attainment of the EAC Single Customs Territory." November 2013.] This marked the birth of the Single Customs Territory (SCT) among the EAC Partner States and a step towards implementing the policies and procedures of a Customs Union on the ground. Policy and legal agreements aside, for the purposes of discussion of data exchange, this is achieved in practice through:

- Elimination of export declarations in customs,
- Use of a single import declaration lodged in the country of destination only,
- Payment of duties directly to the country of destination before release from the port of entry to the region,
- Increased cooperation among the EAC Revenue Authorities,
- Comprehensive use of ICT to regionally monitor and enforce the new operational procedures.

The SCT demands increased cooperation among the Revenue Authorities, which in turn demands comprehensive use of ICT to regionally monitor and enforce the new operational procedures.

Regional cooperation and ICT integration initiatives in customs and customs ICT are not new to the region. Perhaps the most prominent example of such an initiative is RADDEx. RADDEx is an initiative that began among the Revenue Authorities of the EAC Partner States in collaboration with the East and Central Africa Trade Hub (USAID) in 2005 and continues today. RADDEx has always been much more than just a software solution. It is a regional capacity building initiative resulting in increased awareness of the benefits of regional cooperation, sensitization to the need for legal reforms in the digital age, movement towards customs functioning as a union and finally a software solution owned, operated and maintained by the EAC and its Partner States. RADDEx pioneered groundwork in use today for communicating among like and unlike Customs Management Systems.

The SCT will effect significant changes in customs operations. The region will move from an environment where customs data exchange was useful support to customs operations, to an environment where customs data exchange is essential to operations. This means that the regional SCT supporting ICT and the subsequent sharing of electronic information is mission critical.

6.6.1 Recently Noted Key Changes to Data Exchange

- Establishment of the SCT
    - Elimination of EXPORT declarations, in favor of,
    - Use of a single import declaration lodged in the country of destination only,
    - Payment of duties directly to the country of destination before release from the port of entry to the region
- Roll out of Asycuda World in three out of the five Partner States (URA, RRA, OBR) and granted access to source code by UNCTAD.
    - This allows, direct integration into the user interface of Asycuda World and elimination of an additional user interface.
- Procurement underway for a new customs management system by KRA, supported by Trademark East Africa.
- Roll out of a new customs management system by TRA: Tanzania Customs Information System – TANCIS.

6.6.2 Status Quo for Data Exchange in the SCT

The efforts and accomplishments of the EAC and its Partner States so far in implementing the SCT and the underlying ICT support are well noted, congratulated and indeed essential in meeting the timelines set forth. Furthermore, these bilateral accomplishments during the phased rollout of the SCT will allow for a comprehensive understanding of requirements, allow for a parallel pilot of a centralized platform without disturbing operations and pave the way for the strategy to follow. However, as we examine a bilateral relationship between KRA and URA alone it becomes evident that bilateral models are not scalable and not appropriate for regional solutions.

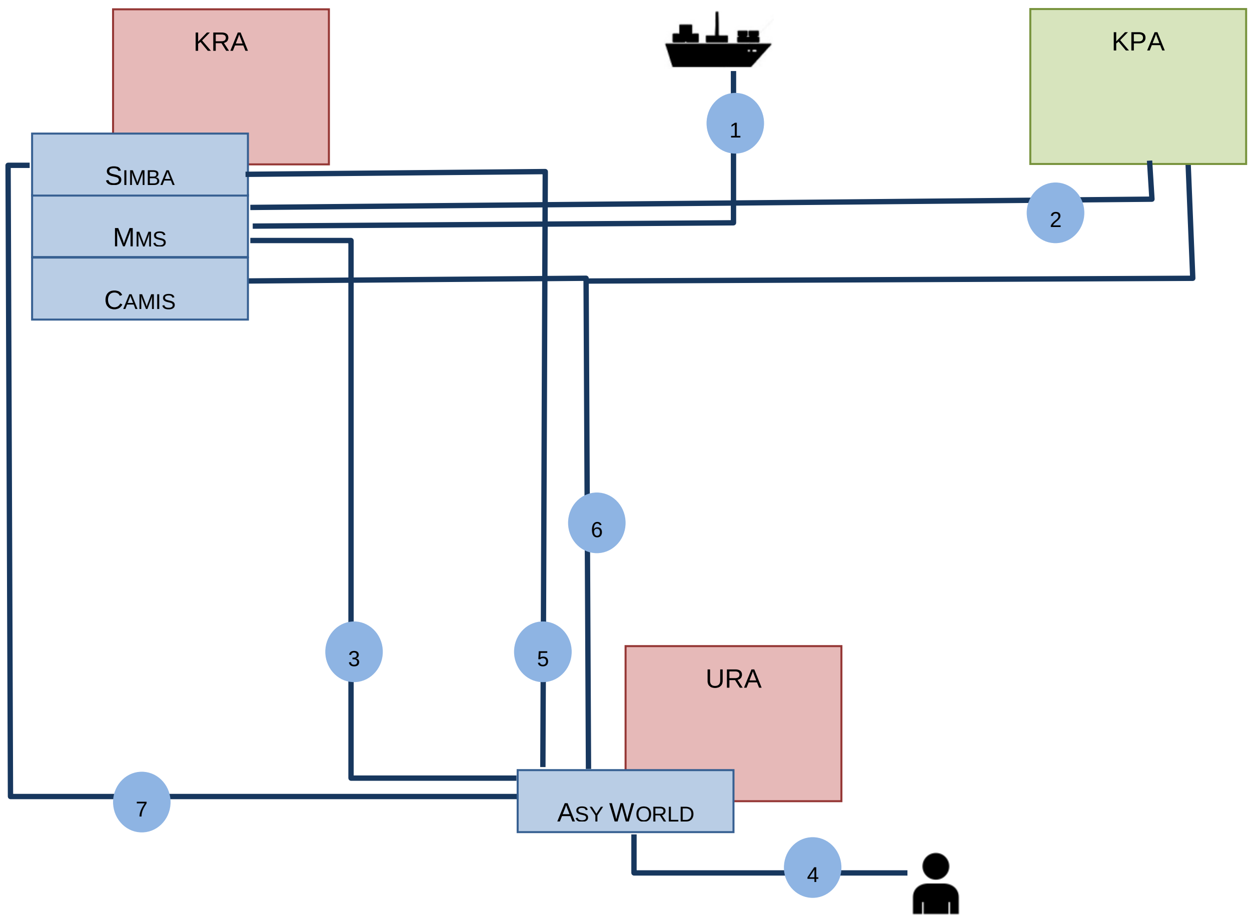

Figure 6-4: Data exchange status quo; example of bilateral model between KRA & URA.

STEP	**KRA-URA TRANSMISSION**
1. Ship transmits manifest to KRA's MMS	▪
2. KRA transmits manifest to KPA	▪
3. URA requests manifests destined for Uganda (hourly)	▪
4. Ugandan agent lodges import declaration (IM4) a. Items struck off against manifest b. Duties are paid	▪
5. Declaration is released and transmitted to KRA a. Goods are either inspected or green channeled	▪
6. URA sends an exit note to KRA and KPA	▪
7. Consignment transits Kenya until exit where KRA transmits an exit notice to URA (P5)	▪

Above we examine a single bilateral relationship between KRA and URA in support of the SCT. This is a simplified list of steps (1-7) that take place in customs alone, for an importer in

Uganda to receive goods that have arrived by ship to the port of Mombasa and then transported by road along the Northern Corridor to destination in Uganda. Keep in mind that the steps would be similar for cargo traveling further (e.g. Rwanda, Burundi etc.) but will need to account for supplying information to transit countries.

If the SCT were only an alliance between KRA and URA then this would be an acceptable model. However, there are currently five Partner States, and the possibility of expanding membership in the EAC. This means that during inward transit, this process is performed between RA of origin and RA of destination, and then at minimum the declaration, exit note and country exit message must be relayed to all affected RA's and a country exit message at each border crossing.

Examine inward transit from Port of Mombasa in Kenya to Bujumbura, Burundi and we find a minimum of 16 messaged being passed point to point for a single consignment (excluding those for the manifest). This is complicated and difficult to illustrate even in a diagram.

Examining the steps in further detail:

1. Before arriving in port the ship will transmit its manifest to the KRA. (The KRA has developed a Manifest Management System as an add-on to their Customs Management System, SIMBA that receives the manifest through Electronic Data Interchange.) This MMS is responsible both for receiving the manifest and making it accessible to the KPA and Revenue Authorities in countries of destination or transit. (In the example, this is only URA.)
2. KPA receives the manifest from the KRA's MMS for use in port operations.
3. URA communicates with the MMS hourly, checking to see if there are new manifests with goods transiting or destined for Uganda. New manifests are received and processed directly in Asycuda World's manifest module.
4. Once the manifest is stored in Asycuda World, a Ugandan clearing agent will lodge an import declaration striking items off against the manifest. This process allows comparison between declared goods and those reported on the manifest. Duties are then paid.
5. Upon payment, URA electronically releases the declaration in Asycuda World, which triggers a transmission of both the declaration itself and declaration release to KRA. Dependent upon the goods declared the consignment is either flagged for physical inspection or released without inspection (green channeled).
6. After clearing inspection or being green channeled, URA sends an exit note to KRA and KPA, which means that the consignment can be released from the port, and begin its road journey.
7. When the consignment reaches the border (in this case Malaba or Busia), and subsequently exits KRA's customs control, KRA transmits an exit notice to URA. This is the passing of the baton signifying that the consignment is now out of KRA customs control and under URA control to final destination.

6.6.3 Positive Aspects of the Bilateral Model

Positive advancements noted during implementation of bilateral data exchange relationships under the SCT include:

- All EAC Revenue Authorities are either in the process of upgrading their Customs Management System or have already upgraded.
    - URA completed a countrywide implementation of Asycuda World in November 2012, upgrading from Asycuda++.
    - RRA completed a countrywide implementation of Asycuda World in January 2013, upgrading from Asycuda++.
        - With the financial assistance of TMEA, RRA contracted UNCTAD to implement a single window based around the Asycuda World platform.
- Access to Asycuda source code allows direct integration of an SCT centralized platform into a single user interface under the customs management system for the first time.

6.6.4 Negative Aspects of the Bilateral Model

Negative aspects of this bilateral implementation include:

- Lack of a regional management of the distributed system.
- Application of similar operational processes in similar software by each of the five RA's.
    - This also means that a simple change request will be made five times.
    - If it is transferred technology without capacity building then it will not be able to be supported.
- Disharmony in software advancement.
- Five databases with differing content and no *master*.
- Does not take into account scalability.
- No capacity for regional reporting or comprehensive regional risk management.

6.6.5 The Future of Data Exchange in the SCT

The EAC is experiencing rapid and positive change in customs, transport and trade facilitation. In customs ICT, this is occurring in reliable telecommunications infrastructure and support as well as upgraded, flexible Customs Management Systems. These changes have positioned the region for the first time to fully integrate regional customs operations and data sharing seamlessly into their individual, national Customs Management Systems. This is a huge step forward in institutionalizing software that previously operated outside of the Customs Management System (e.g. RCTG-MIS, RADDEx).

The success of such a regional effort (in ICT) relies on many factors including: the implementation of an appropriate regional support and management structure as well as a robust and well-planned ICT platform. The recommendations and strategies for data exchange in this document present a sustainable strategy for adoption, development, implementation and support of a fully integrated and centralized data exchange platform for the incoming SCT.

6.7 Key Recommendation: Moving from Distributed Systems and Bilateral Exchange to Centralized Exchange

The move to a centralized model is a drastic change from the distributed messaging platform that is being put in place for the SCT today. In a true centralized environment we expect to see at most *two* messages passed to the Central Platform in the case of customs data exchange: i) the manifest ii) the IMPORT declaration lodged by the importing agent. Both the manifest and the import declaration will be stored only in the database of the importing RA and on the Central Platform. Actions taken from this point forward will be made directly on the Central Platform through a user interface directly in the Customs Management System. [NOTE: RADDEx 1.0 and 2.0 were designed to operate efficiently in conditions of poor connectivity. Both systems were designed to communicate via messaging and store all data passed locally. This methodology was used so that customs at the day-to-day operations level would not be as severely affected by lapses in connectivity to the Internet.] Communications infrastructure has been steadily improving over the last decade to a point where the popular, centralized, web-application architecture that is dominant in the developed world today is a viable solution for the region. This presents opportunity for a far superior approach to SCT management through centralized architecture.

At this point the master import declaration resides on the Central Platform. There are no further messages and no need for the declaration or manifest to be stored on every local Customs Management System in the region. All further additions, remarks, amendments, exit flags etc. will be made to the master import declaration on the Central Platform accessible by all RA's and up to date in real time. This method keeps all operations and data exchange at the same level of simplicity no matter the number of parties involved. In so far as the software application itself is concerned, it also greatly enhances data integrity, increases sustainability, eases maintenance, improves scalability and simplifies further enhancement of the application.

This platform can further be extended to take into account issuance of the UCR and integration of the RCTG-MIS, in effect working as a regional Single Window, incorporating regional systems and functionality, incrementally and as needed. Serving as a regional platform in the case of the RCTG will allow for simple and instant, real-time cancellation of bonds. In the same manner real time data from this Central Platform can be mined for use in the Transport Observatory.

Due to the adoption of more modern Customs Management Systems like ASYCUDA World and the demand for access to the source code for modifications by the Revenue Authorities, the Partner States are for the first time in a unique position to integrate a centralized data-sharing platform into the CMS user interface. This is a huge step forward as it eliminates the burden on the user of referring to two separate interfaces to perform a single job. It also gives the appearance to the user of increased functionality in an existing system, rather than introduction of a new system. This has the potential to drastically minimize the obstacle of institutionalization, as it will appear as one with the Customs Management System itself.

In this centralized model, all connections from all users are established through an add-on to the user interface of the existing Customs Management System.

The benefits of managing the system in this manner include:

- Business logic and processes contained in a singular application
    - One application services the entire region promoting operational harmony
- Greatly simplified regional problem solving
    - Outside of the declaration transmission nearly all error tracing will be on the SCT Central Server
- Single master database avoids data discrepancies
- SCT data access and manipulation takes place in a singular location
    - Translates to real time data access for the region
    - Simplifies errors in transmission as result is visible to the user immediately:
        - Success or,
        - Failure
- A single regional record of all formal trade in the region.

It is of particular importance with rapid national and regional change, incoming customs management systems, single windows and Single Customs Territory tools, that care be taken in sensitization and training in both the public and private sector. Clear materials in national languages must be presented that outlines the problem, the reason for the implementation and the positive effects on both the individual and trading environment as a whole. Big bang implementations (such as the KRA's SIMBA in 2005) must be avoided at all costs in favor of parallel or phased implementations.

The SCT is capable of providing an enormous step forward for the East African Community and the countries of the Northern Corridor in trade facilitation, reduction in non-tariff barriers and the cost of doing business in the region. The SCT must be supported by a well thought out, fully scalable ICT platform to truly achieve efficiency. In turn, this regional ICT platform must be managed and supported by a dedicated team that ensures its availability and performance to its users at all times.

6.8 Regional Data Exchange Case Study – Revenue Authorities Digital Data Exchange (RADDEx)

East African businesses are severely hampered by inefficient trade facilitation systems that include transport logistics, administrative cross-border entry and exit procedures and transit regulations. *Delays at border crossings* have long been identified as one of the largest non-tariff barriers to trade in Africa. Some of the identified, contributing factors include inefficient paperwork processes, lack of advance notification of goods, fraudulent declarations, lack of efficient, international information exchange between Revenue Authorities and out of date or lack of transit and trade statistics. One drastic improvement lies in developing a platform of efficient customs and transit data exchange, management and reporting.

RADDEx is an initiative, which began among the Revenue Authorities of the East African Community Partner States in collaboration with the East and Central Africa Trade Hub (USAID). RADDEx is described as a regional capacity building initiative resulting in increased awareness of the benefits of regional cooperation, sensitization to the need for legal reforms in the digital age, movement towards customs functioning as a union and finally a software solution owned, operated and maintained by the EAC and its Partner States.

The goal of RADDEx is to regionally manage customs data and operations throughout the EAC customs union by promoting free and automatic flow of customs data among the Partner States. This regional connectivity in customs greatly contributes to more efficient and paper free processes at borders as well as creating a transparent trading environment. This enhancement in customs connectivity works towards realizing the vision of wholly integrated border management.

RADDEx 1.0 or 2.0 are ultimately methodologies for automated communication between like and/or unlike systems. RADDEx eliminates multiple preparation of the Single Administrative Document (SAD). RADDEx allows for clearing agents to fill a single form at port of entry that can be used for the entire EAC region.

RADDEx enables the advance clearing of goods across borders. Once a truck has lodged its initial customs declaration at port of entry, all information regarding cargo is instantaneously relayed to the clearing agent at the border. That agent can immediately start clearing that cargo while the truck is still in transit.

RADDEx reduces transit bond cancellation time by providing electronic proof that a consignment has exited the transit country. Clearing agents no longer have to journey to borders or capital cities to gather export certificates and reports. Those reports are available to Customs through RADDEx. In addition to freeing up working capital sooner, electronic proof for bond cancellation saves clearing agent's excess travel and time.

RADDEx provides transparency. It reduces corruption through item-level tracking, removal of false declarations, and customs user-audit trails. Accurate customs reports provide data for policy makers to make sound decisions on public expenditure allocation.

The World Bank estimates that a loaded truck transporting goods on the Northern Corridor costs $384 per day of delay. In a joint KRA/WCO Time Release Study in 2004, advance clearing (pre-lodging) at the Malaba border was estimated to save 12 hours of processing time. (In addition to advance clearing, RADDEx also better prepares the customs unit for arriving goods.) If RADDEx only saves 2 hours at the Malaba border alone, this equates to $32 saved by an individual trucker on a single crossing and there are in excess of 1000 trucks crossing that border every day.

6.8.1 The RADDEx 1.0 Point-to-Point Architecture

The Partner State Revenue Authorities unanimously adopted RADDEx 1.0 as a regional solution in June 2006. It was proven to be a relatively easy model to implement and one that was suited to the telecommunications and ICT infrastructure of the time. That is, RADDEx required minimal hardware, minimal bandwidth and functioned very well even when Internet connectivity was sporadic.

The best working example of RADDEx 1.0 was the bilateral communications that took place daily between the Kenya Revenue Authority and Uganda Revenue Authority starting in 2007 and in place today. In addition to communication of data, a simple web application ran on the RADDEx web server that provides an interface to both customs officers and clearing agents.

The RADDEx architecture of RADDEx 1.0 is a distributed system communicating over a standardized methodology called web services. A web service provides simple access to software over a network (e.g. the internet). It achieves this through adopting a standardized method of communication. Web services are frequently used to retrieve data from an otherwise closed software application. A Web Service is defined by the W3C as: *a software system designed to support interoperable Machine-to-Machine interaction over a network.*

Although the original architecture of RADDEx 1.0 provided for a regional, distributed system through the use of comprehensive tracking of data transmission, the time constraints and pressure of an immediate solution largely transformed communications to a more limited bilateral arrangement as in the case of KRA / URA. With a growing list of requirements from various departments of customs and the critical regional need for transit and trade statistics the RADDEx 1.0 architecture can no longer address the requirements while maintaining a manageable level of complexity.

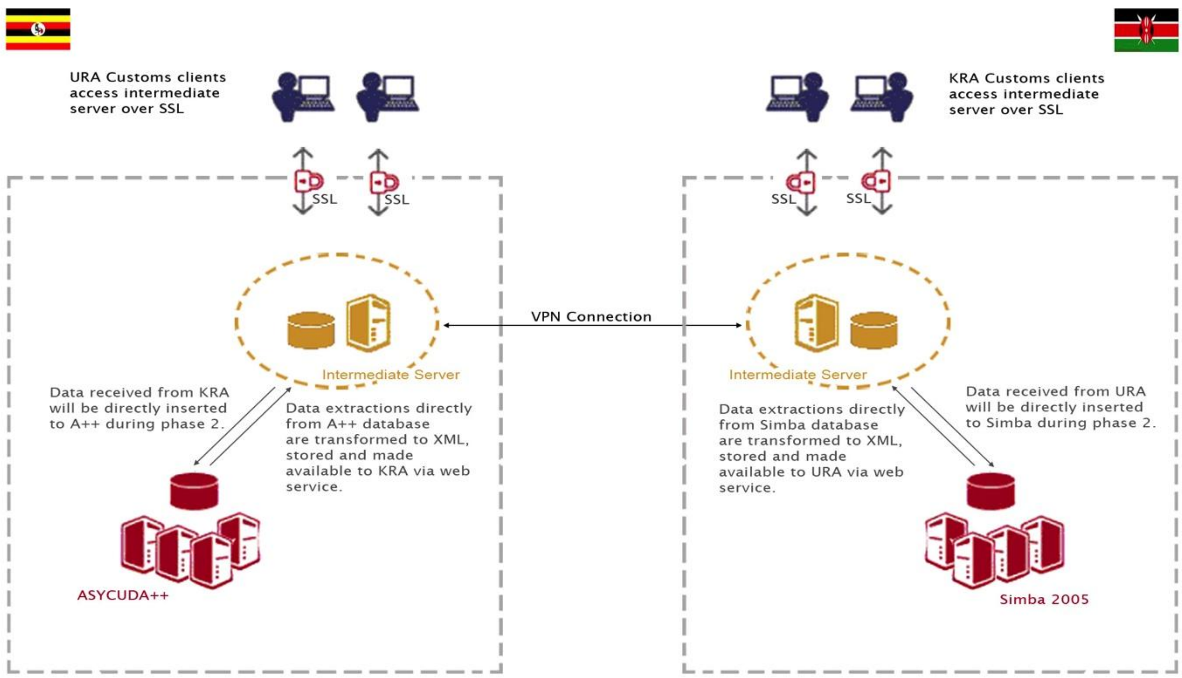

Figure 6-5: RADDEx 1.0 Point-to-Point architecture

6.8.2 RADDEx 2.0 Centralized Architecture

The RADDEx 2.0 network is a unique combination of centralized and distributed architecture. Each Partner State Revenue Authority manages a server within their own LAN, which functions as a tool for customs operations. The application running on this local RA server will be accessed by customs officers and clearing agents only within the borders of their country and used in the day to day business of customs. These servers are called the Satellites in the RADDEx 2.0 network. Satellites communicate only with the central server and not with each other. The requirements for the Satellites have been determined by the individual Partner States.

The control of the regional flow of information (between countries) is managed centrally by the Control server. The Control server holds regional customs information and determines what to *get* from each of the Satellites and what to *put* on each of the Satellites. It is essentially the controller of information flow and a central repository of regional data. In addition the Control server will host a user reporting application though we expect this traffic to be minimal.

RADDEx 2.0 is a modern web application and scalable by design. It will be able to handle increasing capacities far into the foreseeable future.

In designing the methodology for automated communication between differing systems running on differing platforms many models were considered. Arrival at the RADDEx 2.0 architecture was dependent primarily on:

1. Communication independent of platform
    a. There is no uniformity surrounding adoption of automated customs systems (i.e. KRA adopted web based SIMBA 2005, while many other Revenue Authorities have adopted Asycuda World and still others different systems without tending towards a common solution for the regional trading partners)
2. Sustainability at ICT capacity of Revenue Authority
3. Revenue Authorities at time of inception were only willing to accept technical support for this initiative if it could be proven to be sustainable through hands on involvement of their ICT staff
4. Reliability of telecommunications infrastructure
    a. This key weakness in Sub Saharan Africa is the primary reason that RADDEx has never been built using straightforward, centralized web architecture prevalent in the developed world.
5. Speed of implementation.

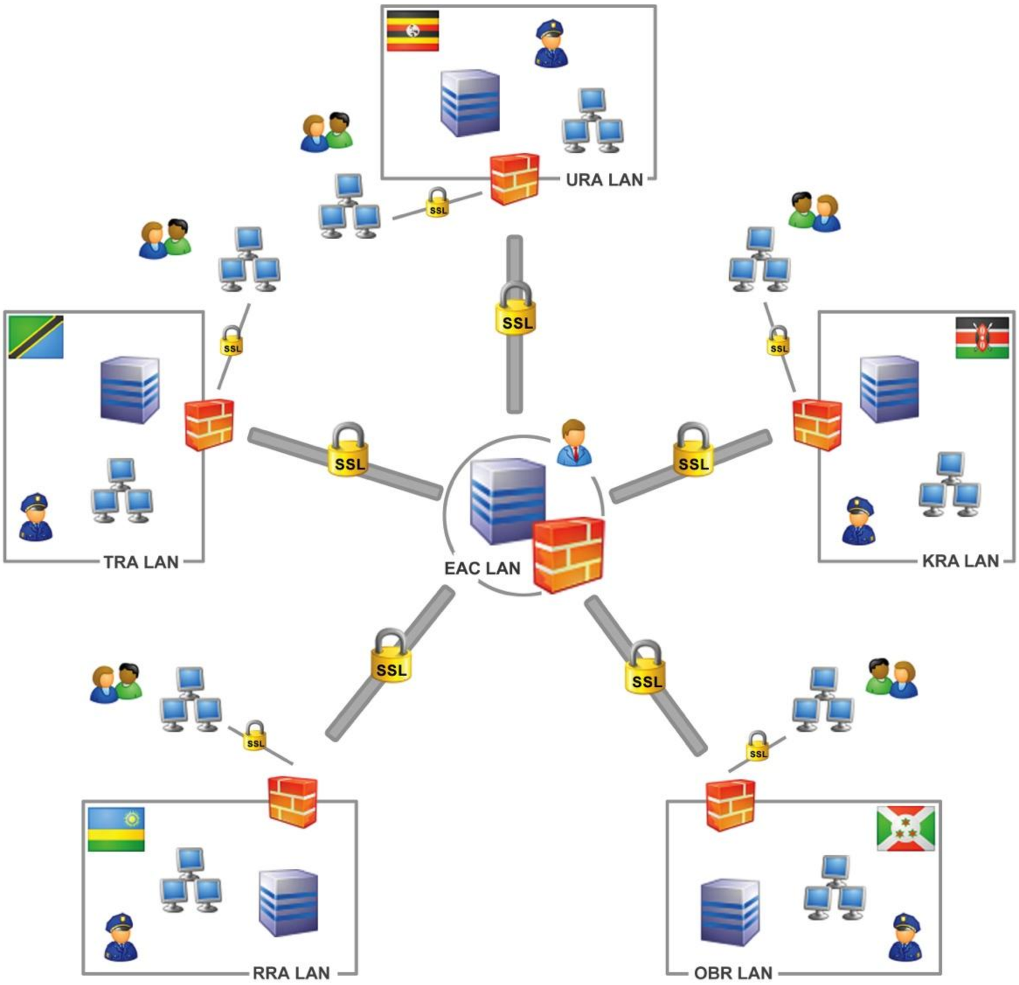

Figure 6-6: RADDEx 2.0 Architecture

6.8.3 RADDEx Common Fields for Electronic Exchange

Declaration Header – General Segment	Declaration Items – Item segment
1. Exporter name	1. Item number
2. Exporter tin (Taxpayer Identification Number)	2. Marks and numbers of pack
3. Exporter address	3. Commercial description
4. Importer name	4. Commodity code
5. Importer tin	5. Customs procedure code
6. Importer address	6. Item gross weight
7. Clearing agent name	7. Item net weight
8. Clearing agent tin	8. 1st supplementary quantity/units
9. Agent address	9. Type of packaging
10. Clearance office	10. Number of packages
11. Frontier or border office	11. Country of origin
12. Regime code	12. Preference code
13. Registration date	13. Item fob value
14. Voyage or vehicle number	14. Currency code
15. Date of departure	15. Exchange rate

16. Bill of lading 17. Manifest number 18. Country of last consignment 19. Country of final destination 20. Port of destination 21. Place of discharge 22. Mode of transport at the border 23. Nationality of transport 24. Seal number 25. Country of transit 26. Total number of items 27. Total number of packages 28. Total gross weight 29. Location of goods 30. Warehouse code 31. Period/time in warehouse/transit 32. Valuation method 33. Total fob 34. Total freight 35. Total insurance 36. Terms of delivery code 37. Terms of payment 38. Account holder no. Prepayment account no 39. Bank/branch code 40. Bond number 41. Bond amount 42. Total customs value 43. Total import duty 44. Total excise duty 45. Total value added taxes	16. Item freight 17. Item insurance 18. Item other charges 19. Customs value 20. Attached documents code 21. Preceding documents references 22. Item import duty 23. Item excise duty 24. Item vat

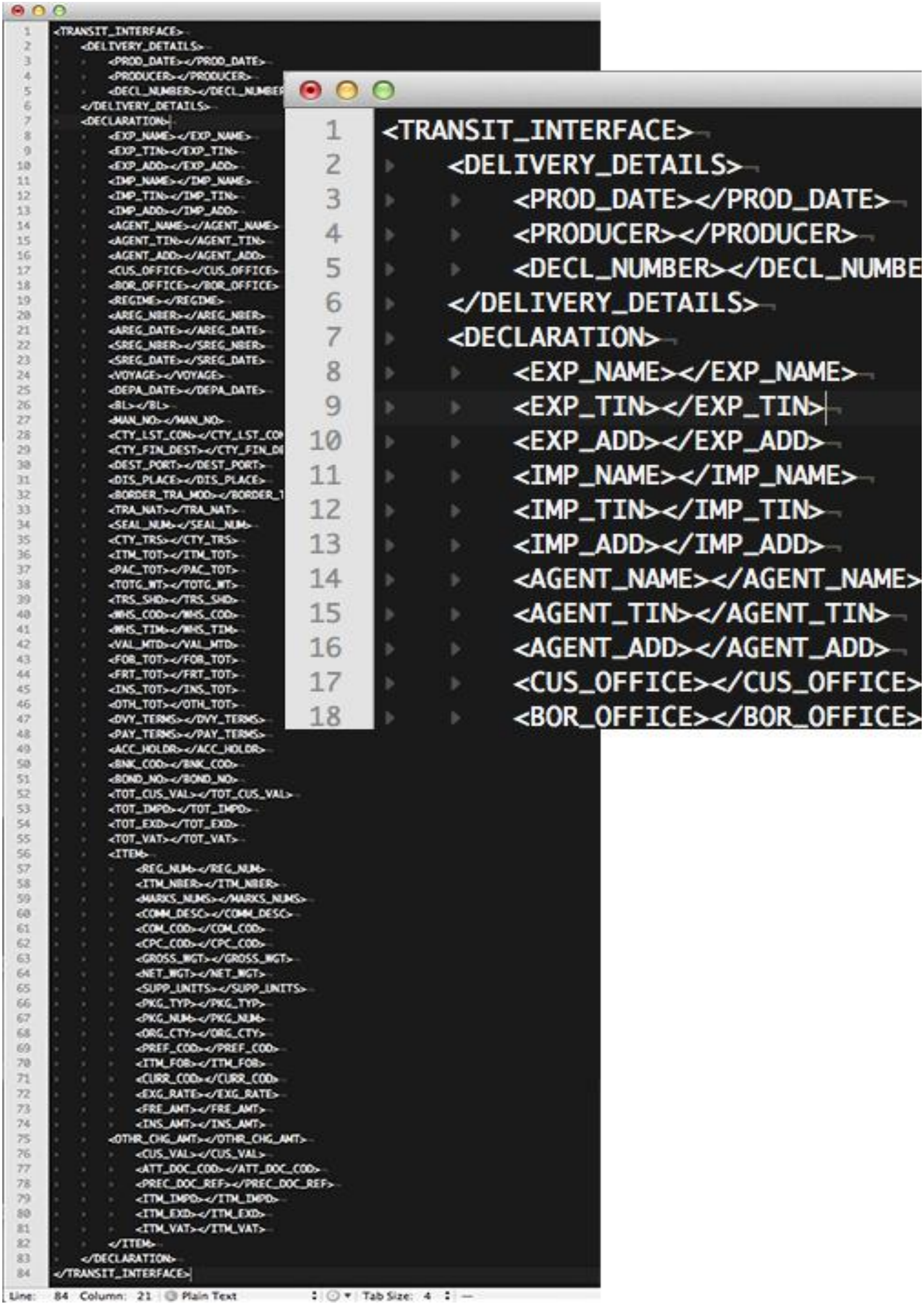

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Figure 6-7: Regional standardized electronic customs declaration through RADDEx

6.9 SINGLE WINDOW

As specified in the United Nations Centre for Trade Facilitation and Electronic Business (UN/CEFACT) Recommendation Number 33, refers to a facility that allows parties involved in trade and transport to lodge standardized information and documents with a single entry point to fulfill all import, export, and transit-related regulatory requirements. If information is electronic, then individual data elements should only be submitted once.

Single window models are generally implemented as either:

1. *Integrated model:* Single point of entry direct to system and all regulatory requirements are fulfilled by stakeholders accessing the provided integrated model.
2. *Interfaced model:* single point of entry through an add-on gateway while each regulatory maintains its own system, which is electronically interfaced.
3. *Hybrid model (i.e. integrated and interfaced existing in the same Single Window)*

Regardless of the model adopted, the end user experience should be identical. That is, to fulfill all import, export and transit-related regulatory requirements through a single submission of data. There are numerous challenges to Single Window implementation including:

- Lack of information and communication technology (ICT)
- Budget and human resource constraints
- Inadequate legal framework
- Difficulties in inter-agency co-ordination

6.9.1 Harmonizing Single Window Initiatives

As evidenced by the Single Window activities described above, there are various methods and approaches to implementation. Kenya has formed a parastatal in KENTRADE and built a Single Window to incorporate all trade stakeholders including the Revenue Authority. Rwanda Revenue Authority has elected to spearhead the Single Window initiative using UNCTAD consultants to build off of the ASYCUDA World platform. It is recommended that Single Window planning and implementations for the remaining countries of the Northern Corridor be supported by the nations who have already moved ahead. ASYCUDA World is the dominant Customs Management System along the Northern Corridor and the RRA are experiencing great success with their Single Window implementation. It is recommended that RRA lend support to its neighbors in the spirit of knowledge transfer and regional integration and harmony so that challenges and lessons learned need not hold up further advances in the region. In the same spirit of the SCT workshops incorporating all Partner States of the EAC, the Northern Corridor countries should meet to forge the way forward for national Single Windows.

6.9.2 The Kenya National Electronic Single Window System Project (KNESWS)

Kenya Trade Network Agency (KENTRADE) is a state Corporation under the National Treasury that is mandated to facilitate cross border trade and establish, manage and implement the National Electronic Single Window System. The principal objective of KENTRADE is to establish and manage a National Electronic Single Window System (Kenya TradeNet System) and to facilitate trade.

The KNESWS is currently being piloted.

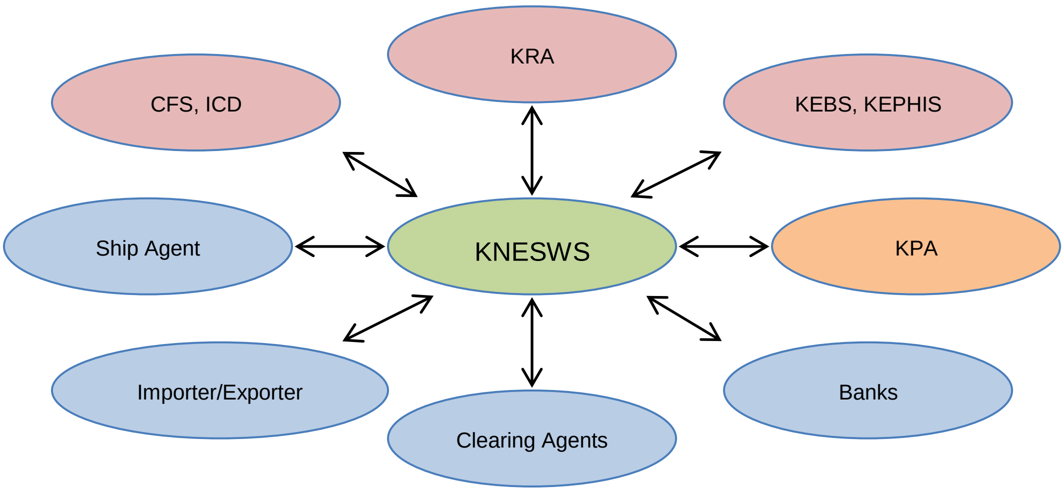


Figure 6-8: KESWS

6.9.3 Uganda Electronic Single Window System

URA has begun its implementation of an electronic single window in collaboration with UNCTAD to be based around the ASYCUDA World platform. URA is modifying their implementation of Asycuda World to incorporate mandatory actions by agencies relevant to the declared goods. This means that a declaration will be locked in processing within Asycuda World until the required agency performs its approval and releases the declaration. This early suggestion of a Single Window is being piloted with Uganda Bureau of Standards, the Ministry of Agriculture, the National Drug Authority and the Ministry of Energy.

6.9.4 Rwanda Electronic Single Window (RESW)

The RESW is currently implemented at all RRA customs offices. UNCTAD is responsible for the technical implementation of the RESW with sponsorship from Trademark East Africa (TMEA). RRA also assisted with numerous agencies to computerize processes to allow them to join the single window. At present the following agencies are included in the RESW:

1. Rwanda Development Board
2. Rwanda Bureau of Standards
3. Ministry of Health
4. MAGERWA (ICD)
5. All Clearing agencies
6. All Airlines using e-Cargo Manifest
7. All Pharmacies and depots
8. All Ministries handling Customs exemptions

The RESW is built around the Asycuda World platform and integrated at a level where logins to the Asycuda World Customs Management System take place through the Single Window. It is reported that the RESW has helped reduce clearance times from 3 days to a single day at Magerwa ICD.

"The Single Window will therefore be a practical application of trade facilitation concepts meant to reduce non-tariff trade barriers and deliver immediate benefits to all members of the trading community and government. For Government, RESW will improve integrity, transparency, and levels of security and increase revenue yields with enhanced trader compliance. Trading communities will benefit from transparent and predictable interpretation and application of rules, receiving real time information and better deployment of human and financial resources, resulting in appreciable gains in productivity and competitiveness." – Rwanda Revenue Authority

6.9.5 OBR

OBR is currently in the second phase of an Asycuda World contract with UNCTAD with the plan to implement single window facilities in the same manner as RRA.

6.9.6 DRC Single Window

DRC customs has implemented a fully functional single window and integrated with OGEFREM, Office Congolais de Contrôle (Bureau of standards) and Association des Commissionaires en Douane (clearing agents) who already enter electronic declarations over the Internet from their offices. This includes an electronic payment system whereby a payment bulletin is received by customs detailing all payments.

6.10 OTHER SUPPORTING ICT SYSTEMS

6.10.1 Electronic Cargo Tracking System

Electronic Cargo Tracking Systems are designed to provide security, reliability and visibility for goods in transit under Revenue Authority control resulting in increased efficiency and profitability. An ECTS will monitor both the state of cargo as well as its whereabouts through a combination of electronic seals, tracking devices and a software platform.

Kenya Revenue Authority and Uganda Revenue Authority are in the process of implementing ECTS's, which have been deemed a priority with the incoming Single Customs Territory. ECTS's are being implemented using Radio Frequency Identification (RFID) and GPS/GPRS technology. All trucks/vehicles, tankers and containers carrying goods on transit, exports & under Revenue Authority control are fitted with a tracking device and electronic seal which sends the seal status, truck location and any violation information to the affected RA on a real time basis.

There have been problems noted in procurement of ECTS supporting hardware including non-competitive sourcing, cost sharing between customs and transporters and development of a model for cost sharing. It was pointed out as a recommendation from RRA and OBR that there be regional discussions on harmonization of the ECTS implementation due to the costly hardware.

RRA is currently working with COMESA to arrange a pilot of their cargo tracking now bundled under the CVFTS.

OBR and DRC Customs remain in the early stages of planning.

6.10.2 COMESA Virtual Trade Facilitation System (CVTFS)

COMESA launched the CVTFS in September 2012 with the aim to integrate the COMESA Yellow Card, the Transit Data Transfer Module, the COMESA Carrier License for road freight operators, the COMESA Regional Customs Bond Guarantee System, the COMESA Harmonized Axle Load, and Gross Vehicle Mass Limits (which includes the COMESA Certificate of Overload Control) and the COMESA Customs Declaration Document.

The CVTFS will grant single sign on access to users including: customs, freight forwarders, insurance companies, banks, port authorities, container freight stations and traders. The pilot of CVTFS has officially begun in the Northern Corridor consisting Kenya, Uganda, Rwanda and DR Congo.

The CVTFS online system seeks to integrate/aggregate a number of COMESA instruments into a single sign-on platform:

1. COMESA Yellow Card Scheme.
2. COMESA Transit Data Transfer Module.
3. COMESA Carrier License.
4. COMESA Regional Customs Transit Guarantee.
5. COMESA Certificate of Overload Controls.
6. COMESA Harmonized Axle Loads.
7. COMESA Customs Declaration Document.
8. Electronic Cargo Tracking centrally managed from the COMESA secretariat.
9. An online freight exchange centrally managed from the COMESA secretariat.
10. Elements of interfacing with the COMESA Enterprise Resource Planning systems.

At present this system is not in use in day-to-day business in the countries of the Northern Corridor and plans for implementation remain unclear.

6.10.3 Manifest Management System – MMS

The Manifest Management System (MMS) implemented by KRA as an ad-on to the SIMBA Customs Management System allows KRA to compare the bay plan filed by the port of origin with the ship manifest to determine whether there is wrongful declaration of contents. In addition, members of the SCT (originally Kenya, Uganda and Rwanda and now all of EAC Partner States) can electronically request the manifest for their own verification purposes. Access to the manifest allows importing customs authorities to strike off declarations directly against the manifest in efforts to reduce fraud.

There was initial resistance to the MMS rollout from shippers and importers due to additional delays and penalties as a result of the requirement to lodge the additional document. New regulations require importers to file cargo manifests together with a bay plan from the port of origin indicating quantities, to ensure proper tax is paid for all imports.

6.10.4 Cargo Management Information System – CAMIS

The Cargo Management Information System (CAMIS) is a KRA system to track cargo at the various inland Container Freight Stations (CFS).

6.10.5 Kilindini Waterfront Automated Terminal Operating System - KWATOS

In 2005, KPA contracted a Southern Korean firm, "Total Soft Bank (TSB)," to develop the Kilindini Waterfront Operating System (Kwatos), which has now automated all the cargo handling operations at the Port of Mombasa. KWATOS was rolled out in mid-2008.

6.11 Conclusions and Recommendations

Countries and trading partners, along Corridors and particularly those within a Regional Economic Community must discuss and plan for changes to the status quo to predict and plan for issues that have effect on themselves, partners and the region. Bilateral arrangements along a corridor, or within a union, are common due to:

- Two players means less complexity:
    - Formalizing agreements
    - Strategy, ICT and otherwise
- Fast implementation
- Resulting quick wins and instant gratification (though not long term) in results
- Pressure from above for performance based results

In implementing national and international large-scale ICT solutions it is critical they are both scalable and sustainable. In addition, development should not deviate from a well thought out concept in the interest of a quick win or a system threatens to become a patchwork of incompatible designs, held together by the wrong kind of screws.

Example:

RADDEx 1.0 was a well thought out and planned regional system for communication that relied on transactional tables to maintain order in the region. In design it was scalable with the vision that new trading partners would simply be added to the transaction table as they became ready. However, in development, transactional tables were an added layer of complexity when dealing with only two trading partners. So, in the very early stages of RADDEx development, under time pressure to present the system, the transactional tables were abandoned in favor of producing a working solution for two trading partners. Scalability and sustainability, along with the conceptual regional solution were discarded in the interest of a quick win. This bilateral solution was not revisited but rather duplicated and the heralded bilateral solution quickly went from a huge success to an unsustainable product. The result was a loss in faith of the system and the call for a redesign.

Already, with the incoming Single Customs Territory, there is pressure to provide ICT solutions immediately to solve problems in bilateral arrangements. A current example is the scenario of bilateral exchange between KRA and URA, which illustrates the recent steps that KRA and URA have taken in order to release goods bound for Uganda at the port of Mombasa after direct payment of duties. This is a very current example of a bilateral solution to a problem, which is inherently regional. RRA will need to now implement a similar system with KRA and then again with URA and so on with the same end result as RADDEx 1.0.

Single Window implementations are an excellent time to consider national UCR implementation and UCR should be seen as an underlying requisite. By creating a single point of entry and data collection for all trade transactions, the Single Window is able to manage either the assigning of key identifiers or the relational links that allow a consignment to be fully traceable from origin to destination. In the case of the KENSWS, this is taking place as a key identifier is assigned at time of IDF application. This means that all subsequent documentation will bear this key identifier and thus the life of the consignment while in Kenya is traceable. It is therefore strongly recommended that the UCR concept is embraced during Single Window planning.

RADDEx 2.0 was conceived after growing complexity in the RADDEx 1.0 network. It is a centralized solution meant to facilitate trade both for the private sector clearing agents and public sector customs primarily through elimination of duplicate data capture, advance notification, regional risk management and fraud reduction. It was built with complex messaging to allow operations to take place in times of inconsistent connectivity. The region is experiencing a boom in ICT and supporting infrastructure and is well placed to take advantage of modern centralized, web based architecture. A Central Platform serving the SCT is an ideal solution to not only incorporate customs but also other stakeholders in regional trade such as the RCTG.

The incoming Single Customs Territory has rekindled the interest in a regional bond and it is common agreement among members of the SCT that that the RCTG scheme will be utilized. Still under question is the ICT operations management tool to be chosen if any at all. The RCTG-MIS has faced stiff resistance and will continue to face stiff resistance in its capacity as a standalone system. To gain acceptance the RCTG-MIS must interface with the customs management systems in place and their bond management modules. As bond management remains an intricate part of Customs Management Systems, which are in turn integrated with banking systems, it is unlikely that this functionality will be entirely moved to the RCTG-MIS. It is therefore recommended that either the RCTG-MIS be integrated with existing Customs Management Systems so that RCTG-MIS action is triggered by the CMS or incorporated into a Single Window platform.

It is of particular importance with rapid national and regional change, incoming customs management systems, single windows and single customs territory tools, that care be taken in sensitization and training in both the public and private sector. Clear materials in national languages must be presented that outlines the problem, the reason for the implementation and the positive effects on both the individual and trading environment as a whole. Big bang implementations (such as the KRA’s SIMBA in 2005) must be avoided at all costs in favor of parallel or phased implementations.

6.12 ICT Strategy and Action Plan

6.12.1 Strategy

Instruments	Objectives	Strategies	Actions	Performance (M)easures / (T)argets
COMESA-CD RCTG UCR	6.1 Seamless, national electronic communication between customs, inspectorate services and other trade agencies and private sector stakeholders	6.1.1 Sensitize all Northern Corridor countries to the purpose and usefulness of a working Single Window implementation.	6.1.1.1 Northern Corridor Workshop to showcase Kenya National Electronic Single Window System. Include public and private sector.	M: # of countries represented at workshop T: 100%
			6.1.1.2 Workshop delegates to further sensitize national stakeholders in home country.	M: # of private/ public sector stakeholders sensitized T: 100%
		6.1.2 Integrate RCTG-MIS with CMS.	6.1.2.1 Work with Asycuda ICT teams to integrate bond module logic with RCTG-MIS, so that interface to the RCTG-MIS is within Asycuda.	M: # countries where RCTG-MIS is fully integrated with Asycuda T: 100%
		6.1.3 Implement Single Window	6.1.3.1 Seek support of existing implementers (KEWSW, RESW) and funding sources (such as TMEA).	M: # of countries with SW technical support and funding T: 100%
			6.1.3.2 Ensure incorporation of UCR with all documentation of represented stakeholders.	M: # of stakeholders on board with UCR T: 100%
			6.1.3.3 Begin a phased approach to implementation bringing on controlled groups of stakeholders.	M: # of countries with SW T: 100%
	6.2 Seamless data exchange along the Northern Corridor	6.2.1 Develop Centralized Platform to serve SCT and neighbors	6.2.1.1 Delegate a support staff of RA ICT staff currently engaged in SCT support	M: Support staff delegated T: 100%
			6.2.1.2 Build on bilateral exchange to create Central Platform	M: Central exchange available to all NC countries T: 100%

INSTRUMENTS	OBJECTIVES	STRATEGIES	ACTIONS	PERFORMANCE (M)EASURES / (T)ARGETS
			6.2.1.3 Integrate central exchange directly into CMS interface	M: Central exchange accessible through CMS T: 100%

6.12.2 Action Plan

PRIORITY	ACTION	RESPONSIBLE	% COMPLETE	DUE DATE
High	6.1.1.1 Northern Corridor Workshop to showcase National Electronic Single Window Systems operational in the region. Includes public and private sector.	TTCA/Member States	0	Start date + 3 months
High	6.1.1.2 Workshop delegates to further sensitize national stakeholders in home country.	TTCA/Member States	0	Start date + 6 months
Normal	6.1.2.1 Work with Asycuda/SIMBA (or incoming KRA system) ICT teams to integrate bond module logic with RCTG-MIS, so that interface to the RCTG-MIS is within CMS.	TTCA/Member States	0	Start date + 12 months
High	6.1.3.1 Seek support of existing implementers (KEWSW, RESW) and funding sources (such as TMEA).	TTCA/Member States	0	Start date + 6 months
Normal	6.1.3.2 Ensure incorporation of UCR with all documentation of represented stakeholders.	TTCA/Member States	0	Start date + 12 months
Normal	6.1.3.3 Begin a phased approach to implementation bringing on controlled groups of stakeholders.	TTCA/Member States	0	Start date + 18 months
Normal	6.2.1.1 Delegate a support staff of RA ICT staff currently engaged in SCT support	TTCA/Member States		Start date + 6 months
Normal	6.2.1.2 Build on bilateral exchange to create Central Platform	TTCA/Member States		Start date + 18 months
Normal	6.2.1.3 Integrate central exchange directly into CMS interface	TTCA/Member States	0	Start Time + 24 months

7 STRENGTHENING THE NORTHERN CORRIDOR STAKEHOLDERS CONSULTATIVE FORUM (NCSCF)

7.1 LEGAL FRAMEWORK

Trade and Transport Facilitation Committees act as consultative inter-institutional bodies to promote facilitation, study international trade and transport regulations, prepare recommendations and provide transparency on major trade and transport issues (UNECE 2012). Customs is specifically obliged in the Revised Kyoto Convention 'to institute and maintain formal consultative relationships with the trade to increase cooperation and facilitate participation in establishing the most effective methods of working commensurate with national provisions and international agreements' (Standard 1.3, General Annex).

These bodies draw their membership from both the public and private sector out of a realization that 'neither government nor private enterprises can singularly assume all risks of investment, maintenance and operation of transport and communication facilities and equipment' (NCTTA 2007). The NCTTA recognizes this need and has provision for a Public Private Partnership Committee composed of public and private sector persons and organisations dealing with matters of inter-state transit along the corridor (Article 8d). The functions of this Committee include identification of problems within its' scope of operation and to provide solutions to them, consolidate views and put forward recommendations to the Permanent Secretariat for review by the Executive Committee and consideration by the Council of Ministers, and facilitate implementation of decisions of the organs of the authority.

This approach is in line with the provisions of the Treaty Establishing the EAC, which in Article 129 (2) requires the Council to establish modalities to enable business organisations or associations, professional bodies and the civil society in the Partner States to contribute effectively to the development of the Community. Indeed, one of the reasons recognized by the Treaty for failure of the first EAC (which ended in 1977) is "lack of strong participation of the private sector and civil society" (Preamble). In a similar manner, Article 18 of the COMESA Treaty (1993) provides for a Consultative Committee to represent the interests of the business community in the Common Market and provide a monitoring mechanism for some aspects of the Treaty. In contrast to these general provisions, Article 71 of the COMESA Treaty requires the Member States "to establish national trade facilitation bodies" for the purpose of implementing the provisions of this Chapter.

7.2 INSTITUTIONAL ASSESSMENT AND STATUS QUO ANALYSIS

7.2.1 Institutional Assessment

A SWOT analysis was undertaken as part of an organisational assessment and the findings were presented in the Strategic Plan 2012-2016. A number of weaknesses were highlighted directly relating to institutional matters. The main weakness facing the TTCA was reported to be the limited mandate to enforce compliance with treaty provisions together with difficulties surrounding the implementation of decisions and directives from the policy organs. An option put forward was to provide TTCA with the legal force of an authority 'in the real sense'. The Ministerial Conference in Northern Corridor Logistics, meeting in Mombasa in 2009, discussed the possibility of transforming TTCA into a Corridor Management Agency with appropriate powers.

A second barrier to effectiveness raised was the inadequacy of the TTCA's structure to provide for participation of other key agencies of government in policy formulation, decision-making and execution of programmes.

In addition, there is limited participation of the private sector in influencing policy formulation and the implementation of programmes.

One of the organizational goals relates to institutional development: 'Institutional strengthening and capacity building (Review of structure to incorporate missing functions: training; liaison officers in countries)'.

The funding received by the Secretariat from the member States is described as 'usually inadequate'. Initially all member states made equal contributions to the TTCA's budget however, as arrears accrued a new formula was developed apportioning annual budget contributions as follows: Burundi 5%, Rwanda 12%, DR Congo 17%, Kenya 28%, South Sudan 16% and Uganda 22%. Based on the budget allotted to a particular state, using the contribution formula above, each country's levy rate per ton is then determined, taking into account the projected traffic. The determination of levy rate is supposed to be undertaken annually once the NCTTCA budget has been determined, approved and allotted to the five countries. However, these levy rates have not been reviewed and consequently there has not been a change in the levy or contributions. Kenya is the only state that has chosen to pay its dues through the Treasury. Some reports have pointed to this method for funding as providing funding security:

This system has proven to be a sustainable and reliable way of funding this Corridor Management Institution (CMI). However, there is need to improve this system so that those who fund the CMI have greater say in what it does; free-riders are eliminated; and that benefits are passed onto to shippers as the ultimate financiers of the CMI (Punungwe 2009, p. 9 - 10).

With multiple organizations with similar mandates and at times conflicting initiatives operating within the region confusion arises around the operational role of NCTTCA. While all Northern Corridor countries are member States of COMESA, the DRC and South Sudan are not members of the EAC although South Sudan has applied to accede to the Treaty establishing the EAC and become a Partner State. This therefore requires a very delicate balancing act on the part of the NCTTCA as far as collaboration with other regional institutions is concerned.

A. Status Quo Analysis

The Northern Corridor Stakeholders Consultative Forum (NCSCF), a regional stakeholder group, was initially a Kenya Ports Authority initiative to facilitate the delivery of Uganda cargo imported through the Port of Mombasa. It has since evolved into an annual regional gathering coordinated by the NCTTCA under the chairmanship of the Commissioner General of Kenya Revenue Authority. The venue for meetings rotates around the NC Member States.[41]

The main purpose for the Forum is to bring together Chief Executives of Public and Private sector institutions involved in transport and trade related activities in the Northern Corridor region for joint consultations in the area of trade facilitation (i.e. Customs, freight clearance, cargo handling, transport infrastructure, transport policies and other cross-cutting trade issues). The Forum has provided the institutional mechanism to facilitate private sector participation in the deliberation and decision-making processes of the Northern Corridor. However because this Forum has lacked resources of its own, meetings depend on sponsorship of public sector bodies in the Northern Corridor Member States.

The private sector has been critical of the public sector-led forum for being slow to bring about change and thus reluctant to commit resources until concrete benefits can be seen. Suggestions have included that there should be a single focal point for all organisations concerned with NC matters; that responsibilities and accountability should be more clearly defined; that strategic directions should be clearly articulated and that political muscle should be employed to ensure enforcement of mandates and action plans. In addition concerns were expressed over the low level of interaction, timeliness of responses, agenda setting (secretariat-led rather than stakeholder-led) and lack of consistency.

However, the NCSCF has achieved a number of benefits including:

(a) Provision of a platform for various trade facilitation agencies to present case studies of successful initiatives (e.g. new technology or modification of existing technologies, reduction in the number of documents and enhanced efficiency and effectiveness, etc);

(b) A forum for monitoring implementation of ongoing initiatives (e.g. 24/7 operations at the Mombasa Port, electronic cargo tracking, Single Window, the performance of the Kenya-Uganda railway concession etc);

(c) A meeting point for potential trade facilitation donors and beneficiaries;

(d) Building trust and confidence among participants from the Member States;[42] and

(e) Providing opportunities for experience sharing and dissemination of innovations in trade facilitation.

Intergovernmental organizations that have attended the forum include African Development Band (AfDB), EAC, COMESA, UN Economic Commission for Africa (UNECA), the New Partnership for Africa's Development (NEPAD), the Intergovernmental Standing Committee on Shipping (ISCOS) and the *Communaté économique des Pays des Grand-Lacs* (CEPGL). Donors that have attended the meetings include USAID and Trade Mark East Africa.

[41] For example, the 5th Meeting (29th July 2011) was held in Kampala (Uganda), the 6th (3rd April 2012) in Kinshasa (Democratic Republic of Congo) while the 7th (17th May 2013) was held in Bujumbura, Burundi.

[42] The trust and confidence is enhanced when officials from public sector agencies and private sector representatives engage in joint projects e.g. the Northern Corridor Survey to Sudan (see for example TTCA 2013a when KTA, OGEFREM, KIFWA, KRA, SSCC, Kenya Police etc participated).

One of the key proposals emerging from consultations with stakeholders during the Field Survey is linking up meetings of the Northern Corridor Stakeholders Consultative Forum with the EAC Regional Forum on Non-Tariff Barriers either on a back-to-back basis or merging agendas to reduce opportunities for duplication and build synergies. For purposes of comparison, Table 7 below presents issues considered by the *EAC Regional Forum on NTB's* (Mombasa, 12 – 13 March 2012) and the *6th Northern Corridor Trade & Transport Logistics Chain Stakeholders Forum* (Kinshasa, 3rd April 2012). As may be observed from the table, the issues are broadly similar, and trade facilitation agencies find themselves reporting on the same issues in two different meetings. Collaboration between the EAC and TTCA may help address this overlap and duplication of effort.

Table 7-1: EAC Regional Forum and NC Stakeholders Forum - Issues Comparison

No.	Issue	EAC	NC
1	Harmonization of EAC RCTG regulations with COMESA	NO	YES
2	Enforcement of axle load controls in Kenya (using GVW) and Uganda (using axle load and group axle load limits)	YES	YES
3	Delays in cancellation of Customs transit guarantees	YES	YES
4	Theft of goods along the Northern Corridor	NO	YES
5	Corruption reduction/ development of integrity	YES	YES
6	Delays of releasing cargo from Mombasa Port	NO	YES
7	Customs IT system breakdowns/ interface	YES	YES
8	Single Window (Experiences Kenya and Rwanda)	NO	YES
9	Entry visas for citizens	YES	YES
10	Difficulty in obtaining Transit Goods Licence from the other NC Member States (DRC transporters) – call for mutual recognition	NO	YES
11	24/7 working hours at the Mombasa Port	NO	YES
12	Non-implementation of EAC harmonised documents	YES	NO
13	Lack of harmonised procedures manual	YES	NO
14	Numerous institutions involved in testing goods	YES	YES
15	Police road blocks along Central and Northern Corridors	YES	YES
16	Lengthy process of issuing work permits in EAC Member States	YES	NO
17	Plant Import Permit charges at Malaba for Uganda tea destined for auction in Mombasa	YES	NO
18	Lack of harmonised port procedures manual	YES	NO
19	Harmonisation of border agencies working hours	YES	YES
20	Inadequate police escort mechanism	YES	NO

Source*: Consultant's compilation from EAC (2012) and NCTTCA (2012b)*

7.3 Best Practice and Case Studies

Component 2 of this study calls for the examination of institutional structures, strategy and best practice for the engagement and strengthening of stakeholder activity at both the national and regional levels within the Northern Corridor environment. Whilst these two areas - the Northern Corridor Stakeholders' Consultative Forum (NCSCF) and National Trade and transit Facilitation Committees (NTTFCs) will be considered in specific context, their inter-relationship needs also to be addressed. The first part of this section will therefore consider them jointly.

The World Bank Corridor Toolkit suggests that 'appropriate management structure for a particular corridor depends on the nature of the corridor and the objectives for its promotion and development'. We can, however, look to good practice and apply lessons learned from other corridor arrangements as and where appropriate to the Northern Corridor.

Box 7-1: A summary of lessons learned for effective use of the corridor approach

- Corridor Management Committees (CMC), of which stakeholders' forums form part, must have strong drivers with a vested interest in change.
- The structure and functions must support the achievement of results.
- The agenda must respond directly to the needs of the Corridor, with clear timelines and specific accountabilities.
- Results should be documented and published to ensure transparency and maintain the commitment of government and the private sector.
- A strong public private partnership is most likely to achieve results.
- CMCs should provide an environment for solution seeking.
- CMCs need Secretariats to coordinate activities between meetings and to provide communication on what is being undertaken by the CMC and other initiatives in the Corridor.
- Alignment of regional and national stakeholders and interests is of paramount importance.

Most, if not all, best practice with regards to institutional structuring of transit transport corridor management organisations specifies a three-tiered approach (Global Transport Knowledge Practice – GTKP, 2014) with an executive group, core group and a permanent secretariat. NCTTCA also has this three-tier structure with executive staff, professional and support staff.

Two main models have been adopted by corridor committees set up by agreements or MOUs among national governments (GTKP 2014).

7.3.1 Corridor Management Institution Model 1

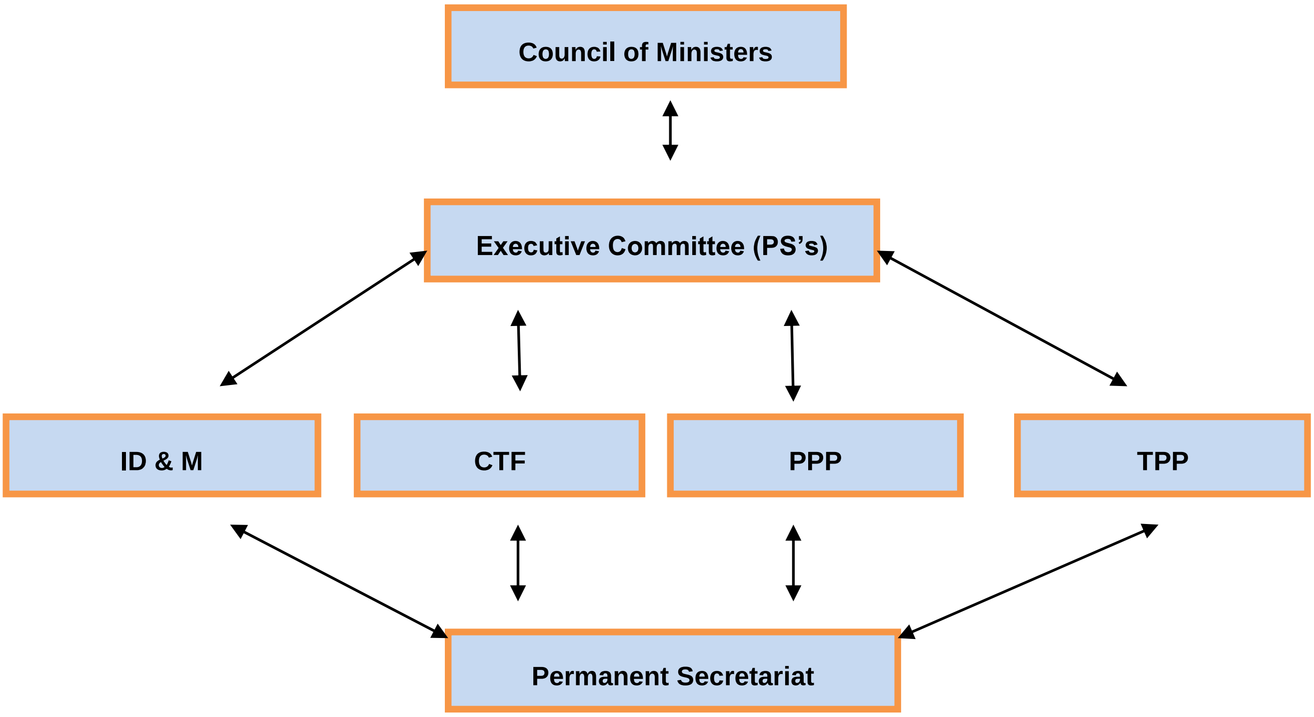


Diagram 7-1: Adopted by NCTTCA

NOTES: ***Specialised Committees created in accordance with Article 8 of the Northern Corridor Transit Agreement (2007) are: Infrastructure Development & Management (ID & M), Customs & Trade Facilitation (CTF), Public Private Partnership (PPP) and Transport Policy & Planning (TPP). The Council meets once a year and is responsible for overall policy. The Board (Executive Committee) meets twice a year and formulates strategies. The Secretariat is the operational organ and is supported by specialists and committees. The PPP (Stakeholders' Forum) meets periodically to provide feedback from stakeholders.***

It has also been adopted by the Central Corridor Transit Transport Facilitation Agency, but their Executive Board includes 5 Permanent Secretaries as well as a representative selected by the private sector in each member country. In this way the private sector has a decision-making role rather than a purely advisory one.

7.3.2 Corridor Management Institution Model 2

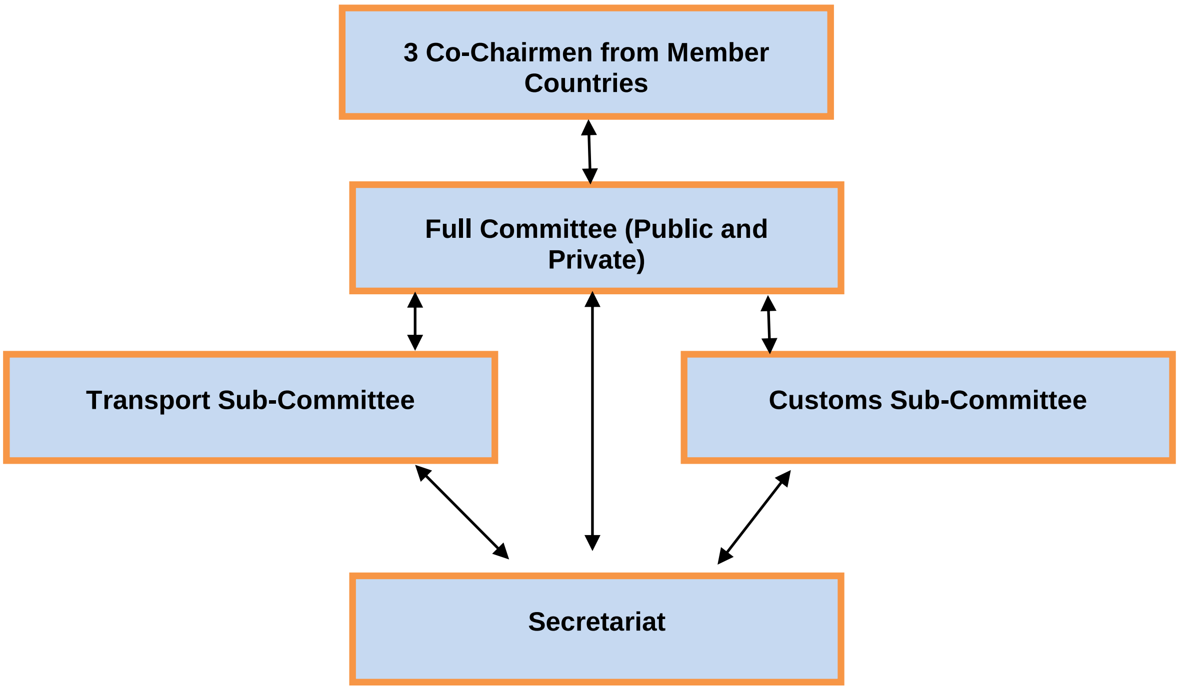


Diagram 7-2: Model 2

NOTES: ***The Co-Chairs act as the executive body on behalf of their governments. The Full*** Committee ***meets 2 -3 times a year to adopt an Action Plan, review progress on implementation and modify as necessary. Meetings consist of sub-committees reviewing progress on their Action Plans and reporting back to the Full Committee for further action planning and decisions. The Secretariat works with the Full Committee and the Sub-Committees to coordinate activities and provide technical support.***

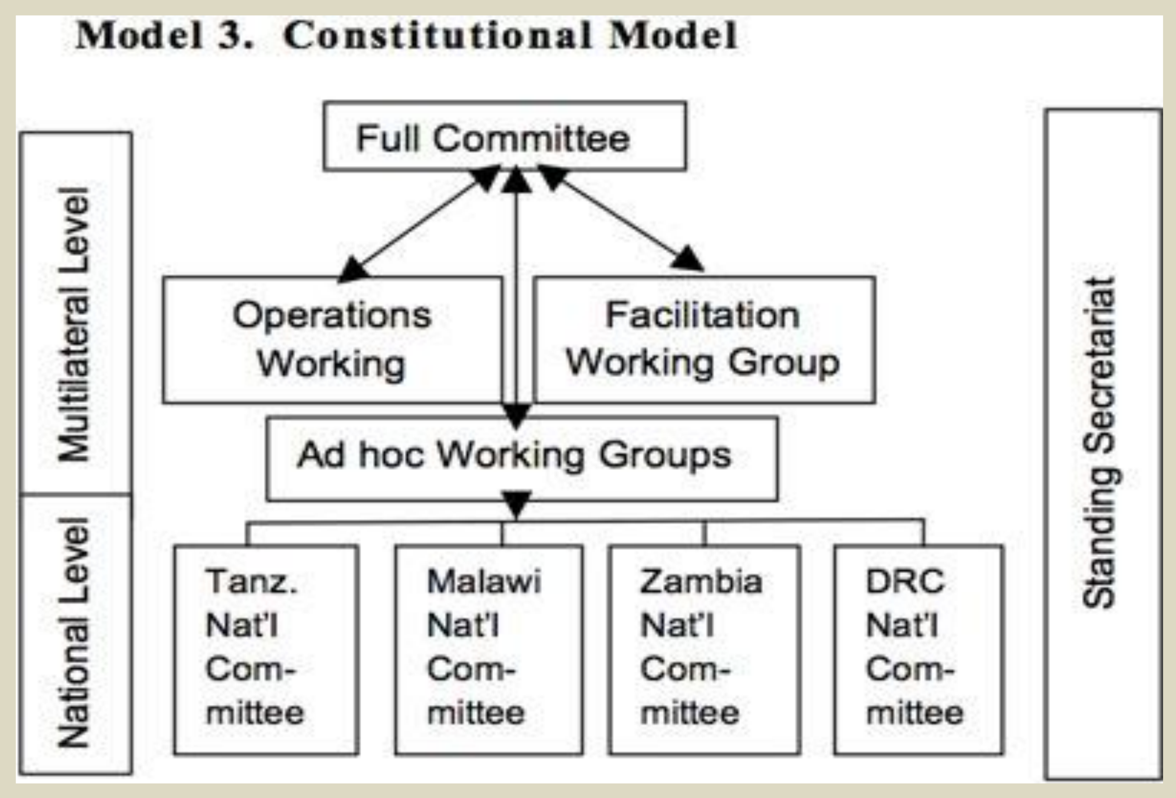
Model 2 demonstrates the organisational structure of the Trans Kalahari Corridor Management Committee. The Co-Chairs represent the interest of the participating governments as the decision-making and oversight body. The full committee comprises representatives from both relevant public agencies and private sector. The subcommittees and task teams (similar in scope to those in model 1) carry out much of the work of the Corridor Management Committee. The Secretariat provides coordination and momentum for the various activities. The Co-Chairs and agency members create the direct link back to national governments to foster actions needed to achieve action plan results.

Recommendation: Decide on an appropriate structure to include private sector stakeholders in the decision making process

The following model illustrates the links between the regional and national corridor management committees.

7.3.3 Corridor Management Institution Model 3

Diagram 7-3: Constitutional Model

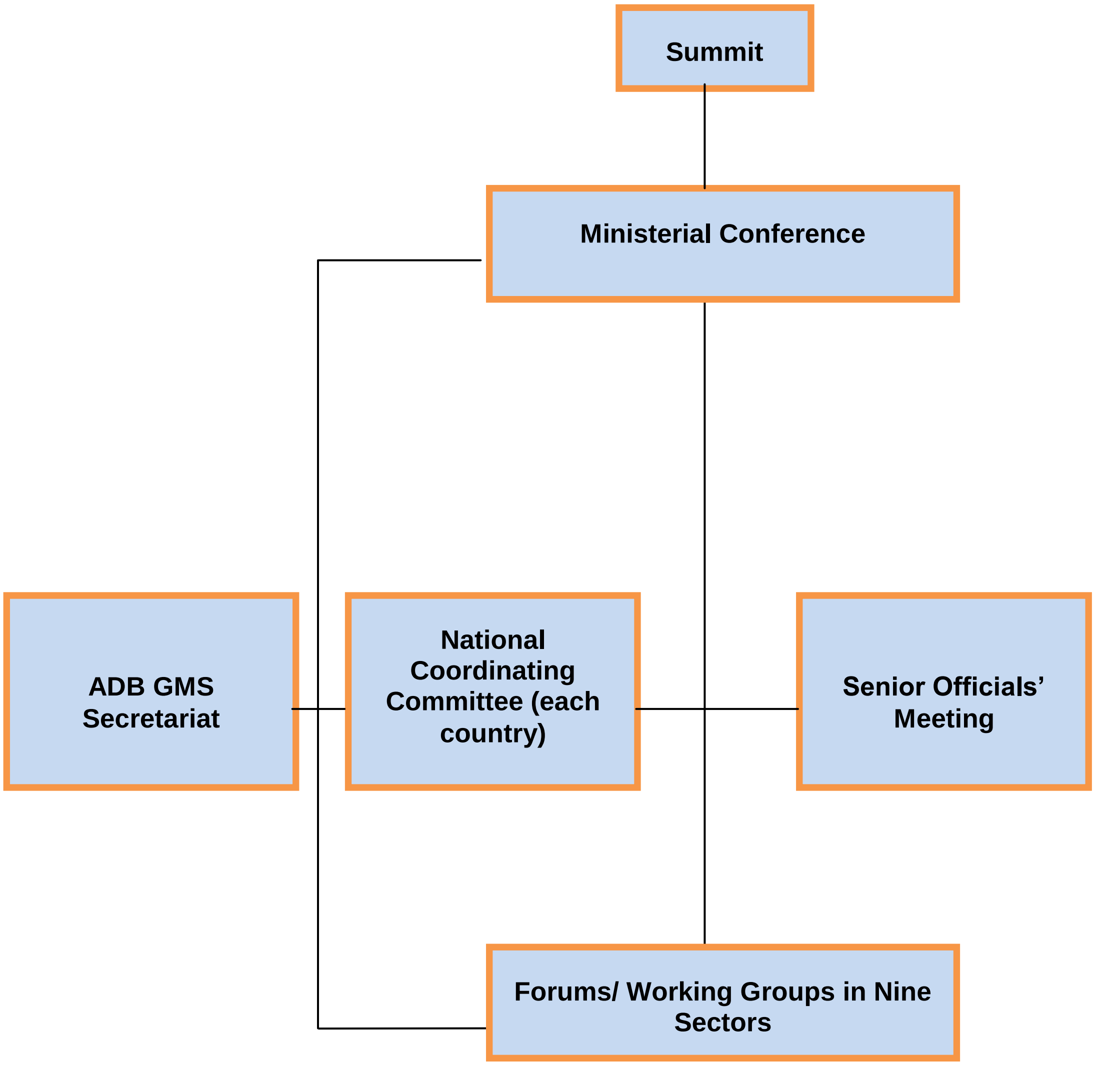


This model - applied by the Dar es Salaam Corridor Committee, shows the organisational structure whereby individual agencies and private sector representatives are signatories to a Constitution of which they become members, the rationale being that direct signing would ensure stronger commitment. In addition, government agencies and private sector associations are confirmed as equal members with equal authority and responsibilities.

Finally, **model 4** offers a further structure where national committees (covered in more detail later) are built into the main body, this is found in the Greater Mekong Sub-regional (GMS) Development Structure.

7.3.4 Corridor Management Institution Model 4

Diagram 7-4: The Greater Mekong Sub-region (GMS) Development Structure



It is felt that this model offers greater buy in at all levels and the ability to identify and action development opportunities in all key areas. The Asian Development Bank (ADB) is a key partner; hence their status within the secretariat, and their roles includes the promotion of and forum provision for dialogue.

Successful Corridor management relies on efforts at three levels: **Regional, National, Corridor-Specific**

The NCTTCA was originally established as an infrastructure/ transport corridor and the executive body, made up of Ministers of transport for the signatory states represent the decision-making organs most appropriate for this function. However, over the years the mandate has changed and the NC now has established itself as a Spatial Development body focussing on economic development. Its status and structure were thus revised accordingly with the revision of the Agreement in 2007.

A key conclusion from the (North-South Corridor and Maputo Corridor) cases is that countries at a rhetorical level are generously stating their support to formal regional structures – the Regional Economic Communities (RECs), but that in actual practice national political relations, actors and interests prevail. This means that even though countries have signed up to many regional agreements and protocols, these are often not implemented. This has implications for the likelihood of success of corridors and other cross-border initiatives. Comparing two different cross-border transport corridors in Southern Africa highlights the importance of aligning national and regional stakeholders and interests for positive outcomes. In other words, where regional efforts to improve corridors do not support domestic priorities, progress is likely to be slow or elusive.

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Recommendation: Ensure alignment of national, regional and corridor aims and strategies

The inter-relationship between national, corridor and REC can be expressed in the good practice model below: (source: gtkp.com)

7.3.5 Inter-relationships between CMI's, REC's and National Institutions

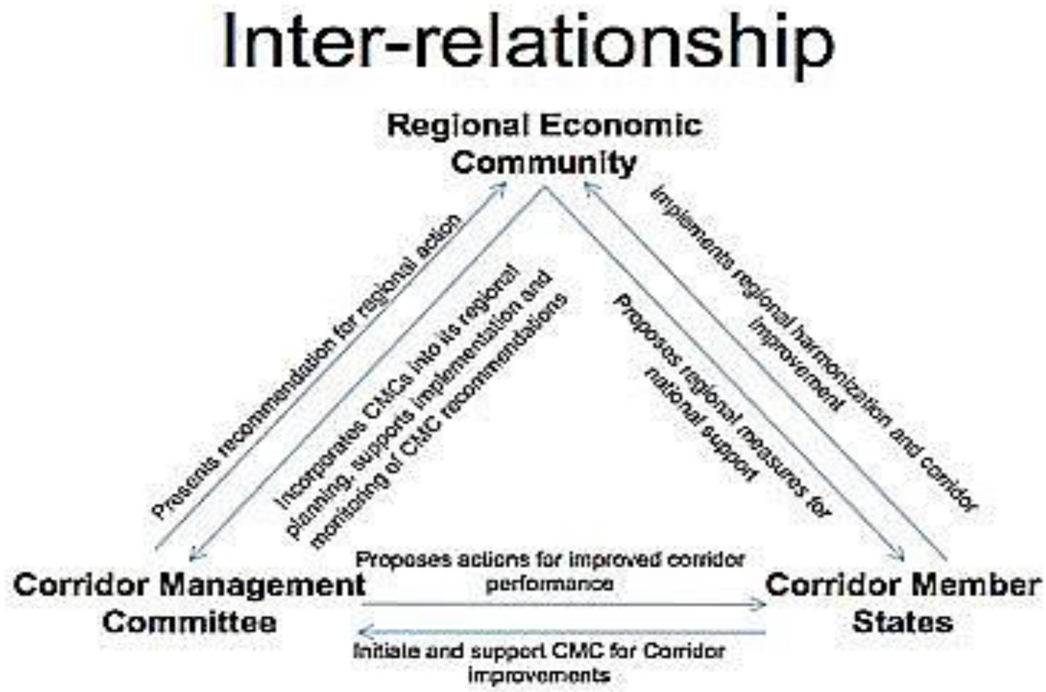
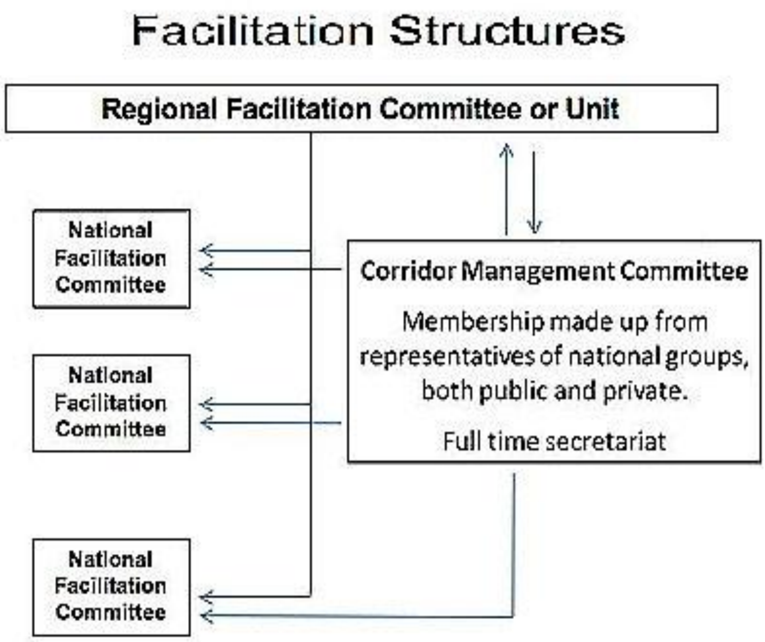


Diagram 7-5: Inter-relationships between CMI's, REC's and National Institutions

A further example of close working and integration at all levels can also be demonstrated here:

Diagram 7-6: Special Organ of the Regional Economic Community



This model is being considered by the West African Monetary Union, where the CMC is being initiated by the REC and a 3-way relationship is envisioned (see Rationale graphic). This institutional arrangement has three interlinked institutions. The membership of the CMC and REC Unit is composed of representatives of the National Facilitation Committees, which are the most broad-based.

NCTTCA has long been constrained by its limited ability to mobilise private sector investments. Part of the problem rests with a disconnect between the decision making body and the beneficiaries. Most regional corridor development authorities pursue private sector participation, yet when it comes to corridor development and coordination, the mechanism are government owned and driven. There is therefore a big concern over the slow implementation of protocols or any other transit transport facilitation instruments and a true PPP approach is yet to be effectively structured to ensure public-private interaction in corridor development (Ntamutumba, 2010).

Private sector and civil society actors can be drivers and beneficiaries of corridor initiatives, can act as oversight actors to hold governments to account in corridor implementation.

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The simplest way to overcome this hurdle, as has already been mentioned, is to incorporate private sector personnel in the decision-making processes. The next step is to publicise the role of the NC and the benefits of stakeholder engagement.

Recommendation: Publicise the role, achievements and benefits to stakeholders of the NC (TV, radio, web)

> **Both public and private sector stakeholders should be well versed with the reasons why a corridor is being pursued, to generate the required will and expeditious implementation at various levels**
>
> Bowland, Otto 2012

The Maputo Corridor faced similar challenges - the expansion of the corridor initiative into an economic corridor did not match up to expectations, mostly as a result of the lack of an integrated strategy, lack of Government commitment and failure to gain stakeholder participation. In response, the Maputo Corridor Flagship Programme was established in 2008 with the specific objective of developing an economic corridor. To that end, a six phase programme of activity was outlined and implemented as follows:

1. **Establishing the baseline**: Understanding the strategic framework and existing developments and plans within the Maputo Development Corridor Programme.
2. **Strategy Development**: Strategy and roll-out plan and key short, medium and long-term projects, targets and deliverables
3. **Feasibility phase:** Identify and establish economic and investment attractiveness of key economic multi-sectoral projects
4. **Project prioritisation:** Selection of key projects for implementation according to Government and private sector priorities
5. **Quick win projects:** Identify, develop and implement a number of quick-win projects
6. **Project implementation:** Secure investor, develop, design, build project operation

What's in it for me? The answer to this question needs to be made apparent to potential private sector stakeholders and potential investors in a transparent and obvious way. Whilst the public sector seek streamlining of their regulations, economic goal achievement and the need to meet social objectives, as well as finance opportunities, the private sector desire to be more competitive, have faster, more reliable services and reduce their costs and risks. The following case studies illustrate how this can be done and the results.

The Walvis Bay Corridor Group (WBCG) and Maputo Corridor logistics Initiative (MCLI) are frequently cited as examples of best practice in corridor management (e.g. in the NCTTCA Strategic Plan 2012 – 2016).

7.3.6 Case study 1 Maputo Corridor Logistics Initiative

The Maputo development Corridor is generally referred to as a successful partnership between public and private sectors.

Box 7-2: Maputo Corridor Logistics Initiative

> The key objectives behind the initiative were to rehabilitate the key elements of the Maputo Corridor, to maximise investment in the potential of the corridor, to maximise social development and employment opportunities, and to ensure policy and strategy frameworks for sustainable development
>
> The Maputo Corridor Logistics Initiative (MCLI) was established in 2004 by users, infrastructure investors, cargo owners and service providers looking for logistics solutions on the corridor. MCLI is a non-profit membership organisation and currently has 170 members from the three corridor countries of Mozambique, Swaziland and South Africa
>
> The Maputo Corridor is one of Africa's key success stories in terms of regional integration between the regions of Swaziland, southern Mozambique and the Mpumalanga province. The buoyancy of the regional economy throughout the onset of the economic crisis in 2008/9 is largely as a result of the ability of the corridor to provide access to trade and to the MCLI's ability to successfully create the interface between the government and the private sector on issues affecting trade and trade efficiencies. A key element of this is the enormous network of readers, which MCLI has accumulated over the years in providing key information to stakeholders on corridor related issues. MCLI's key functions of facilitation, coordination, integration and information have been crucial to providing users a platform for engagement with service providers and to ensuring that workable solutions are found to the challenges, which affect this African logistics corridor.
>
> The financial sustainability of the organisation has always been problematic, but a formalised PPP would provide a workable platform for introducing a user pay principle on the corridor, which would provide sustainable funding in balance with ensuring the least possible costs on this corridor.

Recommendation: Improve the website to provide relevant information, up to date news and changes to procedures, advice, assistance, links and contacts.

7.3.7 Case study 2 Walvis Bay Corridor Group (WBCG)

This case study examines the Walvis Bay Corridor Group whose forward thinking modus operandi has seen the opening of a sub-office in Brazil.

Box 7-3: Walvis Bay Corridor Group

The WBCG's main organisational strength is its unique public-private partnership (PPP) set-up of transport and logistics stakeholders from both the public and private sector. The partnership allows for the pooling of resources, expertise and authorities from both the regulators and the operators, who together form an integrated transport and logistics service for potential customers.

Due to the group's constitution as a PPP, it is able to lean on the public sector for advice and action on issues such as customs, transport regulation and infrastructure development, while the private sector can focus on business development such as marketing and making practical operational proposals and logistics solutions. Both arms provide input to developing human resources, the institutions themselves, and the associated infrastructure.

With strong consensus among our Board and management team about the changes that needed to be made and the directions that we were taking, we have made significant progress over the last year. The starting point has been a review of our own capabilities and focus. This year we have also assessed our business model as we continue growing into the future and have therefore implemented a User Pay Principle to create more sustainability for the institution in achieving its business objectives. SH engagement: We kept on developing new partnerships with various stakeholders to create more awareness about our logistics opportunity along the West Coast of Southern Africa. New partnerships that we have developed during the past year has been in training and development, with the Namibian German Centre of Logistics as well as with Corridor Empowerment Project to create more capacity in order to improve wellness for truck drivers along the corridors. We have continued our engagement with a variety of stakeholders in various countries around the globe to create more awareness about the Walvis Bay corridor initiative. Such engagements include countries such as Canada, Germany, France, Finland, Singapore, South Africa, and Zimbabwe. Focus national, regional and international. During the year under review, we expanded our footprint to the South American region, through the establishment of an office in Sao Paulo, Brazil. The addition of the office in Sao Paulo, Brazil, is fundamental as it can potentially serve as a direct link for cargo between South America and the Port of Walvis Bay destined for Southern Africa. The office further strengthens the WBCG’s position in Sao Paulo, Brazil with an eye to establishing a direct link between South America and Walvis Bay (2012 WBCG Annual review)

Table 7-2: Corridor Comparisons

	Northern Corridor - Transit Transport Coordination Authority	**Walvis Bay Corridor Group (WBCG)**	**Maputo Corridor Logistics Initiative**
Legal instruments	Multilateral agreement, Northern Corridor Transit Agreement (NCTA)	The WBCG Section 21 Company (non profit association) governed by a Board of Directors	Memorandum and Articles of Association, company without a share capital, driven by the Constitution of MCLI Company registration
Highest decision making body	Public sector - council of ministers	Public- private	Mostly private sector
Institution	Corridor Committee	Public-private partnership body Namibia ports Authority as champion	Public-private partnership Maputo Corridor Logistics Initiative (MCLI)
Funding	Tonnage levy Direct contribution (Kenya)	Membership contributions from NAMPORT and the Walvis Bay Port operator TKCMC equal contributions by the signatory states but investigating payments by beneficiaries User pays principle	Annual membership fee + contribution from the South African National Department of Transport (DoT) Will be user pay principle
Focus	Infrastructure, transit and Transport, Transport Facilitation, Development, Private Sector Promotion	Business development	Logistics + investment
Mission (From websites 21 April 2014)	To transform the Northern Corridor into an economic development Corridor that offers internationally competitive transit transport services, promotes national and regional trade and integration, and provides opportunities for private sector investments along the Corridor	• Facilitate and promote transport and trade along our secure and reliable corridors • Provide innovative service offerings to our customers • Consistently exceed customer expectations • Add value through our unique PPP • Apply principles of good corporate governance	To support the development of the Maputo Corridor into a sustainable, highly efficient transportation route, creating an increasingly favourable climate for investment and new opportunities for communities along the length and breadth of the Corridor.

The sustainability of most corridor institutions, in all regions of the world, presents a challenge. Funding (though not *only* funding) is key to making corridors work. Funding of the NC-TTCA is often heralded as an example of best practice with the User- Pay Principle championed as the most sustainable way forward. Other funding arrangements include membership fees, contributions from Governments, donor support and benefit-based contributions.

The latter form of funding has been suggested as a way for sustainable funding of Corridor Management Institutions (CMI). This approach involves contributions from different stakeholders based on the benefits they derive from improved corridor performance. The main challenge with this approach is to demonstrate quantitatively to each stakeholder, the aspects of corridor improvement that can be attributed to the CMI interventions. As a corridor is in reality a system with various players, which can affect the performance of the others, it would also be difficult to allocate benefits such that different stakeholders would contribute different levels of support.

It would appear that there is a trend towards User-Pay principle funding as both the WBCG and MCLI are moving to this means as it is believed to be the most appropriate method, maintaining pressure on the CMI to deliver tangible benefits for corridor stakeholders to justify its funding.

Good practice for the implementation of the User-Pay Principle stipulates the following steps (Punungwe, 2008):

a) Preparation of a five-year strategic plan from which results-oriented Annual Action Plans are derived that has to be approved by all key stakeholders especially those expected to contribute to the funding of the CMI.

b) Annually prepare Action Plans with result-based budgeting with clear targets for deliverables that has to be approved by an Executive Board with good representation of the main contributors.

c) Based on the annual budget and expected tonnage to be moved in the corridor, determine the usage levy per tonne for all traffic moving in the corridor. The total usage levy to be collected should be enough to cover the approved budget.

d) Determine a mechanism for collecting the levy at the port, international borders and/or other points that minimizes the cost of collection. As far as possible the mechanism should be automated to minimize leakage.

e) Enter into contractual arrangements for collecting the levy with the relevant institutions such as Port Authorities and/or Customs Authorities. There may be need to enter into an MoU with these institutions to collect and transfer the funds to the CMI on a monthly basis, at an agreed collection fee.

f) Monthly reconcile between what is collected and what is transferred to the CMI with the relevant collecting institution.

g) Secure an agreement among stakeholders on how excess funds collected maybe used, especially in cases where, for whatever reason, the usage levy is not reviewed annually.

h) The more traffic moved the smaller the usage levy and the smaller the levy the better, since overall objective is to reduce the cost of transport in the corridor in addition to improving the quality of transport.

7.4 Resourcing and Funding of the Northern Corridor Stakeholders Consultative Forum

7.4.1 Funding

The NCSCF is in effect, the Public Private Partnership Committee envisaged under Article 8d of the Northern Corridor Transit & Trade Agreement 2007. Article 9 of the Agreement provides that all ordinary or extraordinary meetings of the organs of the Authority shall be held, as may be agreed, in the territory of any of the contracting parties. In terms of cost of participation, the Agreement provides that 'each contracting party shall bear the cost for the participation of its delegation at regular and extraordinary meetings of the organs of the Authority (Article 9f).

The functions of the Permanent Secretariat include providing technical and analytical support to the Authority's organs in the form of strategy formulation, project identification, analysis of national standards and practices, collection and storage of data and statistics, and of any task or study that may be assigned to it by the appropriate organs of the Authority in technical, economic, institutional and legal matters. It is also expected to provide secretarial services to the meetings of the organs of the Authority including preparing and distributing agendas, keeping minutes, maintaining archives, preparing work plans and budgets. Therefore, the budget for secretariat expenses for the NCSCF will be provided for in the annual budget of the Permanent Secretariat.

In line with the spirit of the Agreement, delegates participating in the Northern Corridor Stakeholders' Forum will cover their own costs for participation in the meetings. However, there will be other costs, such as those associated with building the capacity of the members in policy analysis, strategic planning and implementation, and in their knowledge of relevant regional and international agreements. Until contracting parties are able to provide for such costs in their national budgets, donor financing will be required. Therefore, funding and resources of the NCSF will come from:

(a) Member/ participant contributions towards participation in meetings;

(b) Donor funding for specific activities;

(c) The levy on goods loaded or unloaded at Mombasa Port – specifically for Secretariat expenses (Article 11 of the Agreement).

Work plans for the NCSF should take account of the various stakeholders and their interests as exemplified in Table 7-3.

Table 7-3: Stakeholder Interests (Examples)

Stakeholder	**Main Interests**
Shippers	• Consignment moved from origin to destination in the shortest possible time and at minimum cost • Reduction in shipping costs • Safe transportation and handling
Transporters	• Reduction in turn round time • Minimization of opportunity cost of tying up the truck on a particular route longer than absolutely necessary
Clearing & Forwarding Agencies	• Reduction in operating costs • Increased volumes of cargo handled • Fast clearance process • Reduction in cross-border charges • Harmonization of documentation • Improved throughput • Promoting overall economic development
Customs Authorities	• Increased customs duty collection • Harmonization of Customs documents
Port Authorities	• Improved cargo throughput • Increased port utilization • Enhancing port competitiveness
Road Authorities	• Asset preservation through axle load control • Infrastructure cost recovery • Improving road safety
Security services	• Control of illegal goods • Management of movement of plants and animals
Service providers	• Increased traffic flows and therefore customers
Consumers	• Reduction in cost of goods
Health authorities	• Control and management of diseases and infections associated with mobile populations (HIV/AIDS, sexually transmitted infections…)
Development partners	• Increase trade, regional integration and poverty alleviation

7.4.2 Budgetary Needs for NCSCF

The budget for the PPP Committee is likely to cover the following items (Table 7-4):

Table 7-4: Budget for PPP Committee

Description	Source of Funding
Commissioning of studies and surveys	Members provide studies as appropriate to their areas of expertise. Work commissioned externally (beyond scope of PPP members) could be eligible for government grants (if of government interest) Donors: e.g. African Development Bank, European Union, World Bank, TradeMark East Africa, and bilateral donors (such as KfW, USAID, AfD, DfID etc).
Training seminars and workshops	Member funded
Accommodation: hotels and conference facilities	Members (Accommodation) / NCTTCA (Conference facilities)
Meals and refreshments	Members
Travel	Members
Production of meeting documents: agendas, reports, translation,	NC TTCA budget. Wherever possible documents should be provided electronically

7.5 Key Findings, Conclusions and Recommendations

Table 7-5: Key Findings, Conclusions and Recommendations

Key Finding	Conclusion	Recommendation/ Remarks
Article 8 of the Northern Corridor Transit & Transport Agreement (2007) establishes the Public Private Partnership Committee composed of 'private sector persons and organizations dealing with matters of interstate and transit along the corridor'. This committee is expected to make views and recommendations to the	Review the current composition and structure of the Northern Corridor Stakeholders' Consultative Forum and transform it into the Public Private Partnership Committee envisaged under the provisions of Article 8 of the Agreement. This will require leadership and direction from the private sector, with strategic and policy support from governments of	**R7.1:** Designate the Northern Corridor Stakeholders Consultative Forum as the Public Private Partnership Committee with Rules of Procedure (Draft Rules are provided in Annex 7.1)

Key Finding	Conclusion	Recommendation/ Remarks
Secretariat for onward transmission to the Executive Committee of Permanent Secretaries and the Council of Ministers	the Contracting Parties	
The NCTTA (2007) provides for participation of the organs of the authority to be funded by Member States	Clarify that participation in the PPP Committee will be through the support of the government ministries, departments and agencies (public sector) and through own funding (private sector) unless external funding is available through the NCTTCA Secretariat	*This has been clarified in the Draft Rules of Procedure*
There is no provision for National Trade & Transport Committees in the NCTTCA, and their relationship with the regional stakeholders' forum and the Joint Border Committees	Clarify the relationship between the national committees, the Joint Border Committees, and the PPP Committee	*This has been clarified in the Rules of Procedure for the PPP Committee*
Issues handled at the EAC Regional Forum on Non-Tariff Barriers are often the same as those handled by the NCSCF	Establish a means for collaboration between the EAC Regional Forum on Non-Tariff Barriers and the NCSCF	**R7.2**: Whenever practicable, hold the meetings of the NCSCF back-to-back with those of the EAC Regional Forum, so that common agendas are only discussed once **R7.3**: Secretariats of both committees ensure alignment and non-duplication of common agenda items
A lack of transparency, timeliness and accountability regarding corridor activity is a barrier to private sector participation and investment	Develop institutional norms for accountability, timeliness and transparency and a culture of ownership	**R7.4:** Clearly defined timelines and responsibilities (at individual rather than organisational level) to become part of the reporting process. Publicity of such accountabilities to be shared within the forum and placed in the public domain as appropriate.

7.5.1 Strategic Plan Stakeholder Forums

VISION (GOAL)	OBJECTIVES	STRATEGIES	ACTIONS	PERFORMANCE MEASURES / TARGETS
1. REGIONAL LEVEL				
Provide strategic and policy direction through public/ private stakeholder engagement to create a dynamic, cost effective and efficient corridor that serves both State and business interests	7.1 Structure, responsibilities and role of NCSCF committee determined to support a fully functioning PPP as envisaged under the provisions of Article 8 of the Agreement	7.1.1 Regionally agree the framework and remit of SH forum (based on appropriate case study guidelines)	7.1.1.1 Review and where appropriate redefine the structure, roles, responsibilities and objectives of the PPP	M: Objectives restated and published T: 100% M: SH activities aligned with NCTA (2007) Article 8d T: 100%
			7.1.1.2 Designate the NCSCF as the PPP Committee with Rules of Procedure (Draft Rules are provided in Annex 7.1)	M: NCSCF designated as the PPP Committee T: 100% M: Rules of Procedure agreed and publicized T: 100% M: SH activities aligned with NCTA (2007) Article 8d T: 100%
			7.1.1.3 Decide on an appropriate framework to include private sector Stakeholders in the decision making process	M: Private sector representation within decision making organ (Executive Committee) T: 100%
	7.2 a) Enhanced timeliness, transparency and accountability	7.2.1 Develop institutional norms for accountability, timeliness and transparency and a	7.2.1.1 Clearly define timelines and responsibilities (at individual rather than organisational level)	M: Accountability, timeliness and transparency form part of the planning, execution and reporting/ review processes T: 100%

VISION (GOAL)	OBJECTIVES	STRATEGIES	ACTIONS	PERFORMANCE MEASURES / TARGETS
	regarding corridor activity b) Increased investment potential	culture of ownership	7.2.1.2 Improve TTCA website to provide up-to-date news, advice and links	M: Website modernized, relevant, user-friendly and providing a service to users T: 100%
			7.2.1.3 Publish financial results in public domain	M: Figures published in public domain T: 100%
		7.2.2 Sensitize all potential stakeholders to the purpose, benefits and value of actively participating in forum activities	7.2.2.1 Publicise the role, achievements and benefits to SHs of PPP	M: Enquiries/ applications received to participate in NC activities T: 100% M: Outlets found to publicise good news T: 100%
			7.2.2.2 Conduct regular cost/ benefit analysis	M: Regular cost/ benefit analysis undertaken as a matter of course T: 100%
	7.3 Effective and efficient, non-duplicitous collaboration between the EAC Regional Forum on Non-Tariff Barriers and the NCSCF	7.3.1 clear lines of communication/ coordination established	7.3.1.1 Where practicable, meetings of the NCSCF/ EAC Regional Forum held back-to-back to ensure common agenda items are only discussed once	M: Meetings of the NCSCF/ EAC Regional Forum scheduled as back-to-back T: 100%
			7.3.1.2 Secretariats of NCSCF/ EAC Regional Forum ensure alignment and non-duplication of common agenda items	M: Designated coordination officers appointed in NCSCF/ EAC Regional Forum secretariats T: 100% M: Timely updates and information established as norm T: 100%

Vision (Goal)	Objectives	Strategies	Actions	Performance Measures / Targets
	7.4 Provision made for National Trade & Transport Committees in the NCTTCA, and their relationship with the regional stakeholders' forum and the Joint Border Committees clarified	7.4.1 Clear lines of communications established between the national committees, the Joint Border Committees, and the PPP Committee	7.4.1.1 Clarify, publish and publicise Rules of Procedure for the PPP Committee in relation to NTTCs and JBCs (and similar bodies)	M: Rules of Procedure for the PPP Committee clearly states relationship with T: 100%
			7.4.1.2 Nominate dedicated officers for coordination/ communication roles	M: Dedicated officers nominated for coordination/ communication roles T: 100%

7.5.2 Action Plan

Priority	Action	Responsible	% Complete	Due Date
High	7.1.1.1 Review and where appropriate redefine the structure, roles, responsibilities and objectives of the PPP	TTCA / National Revenue Authorities/ SHs	0	Start date + 6 months
High	7.1.1.2 Designate the NCSCF as the PPP Committee with Rules of Procedure	TTCA/ National Revenue Authorities	0	Start date + 3 months
High	7.1.1.3 Decide on an appropriate framework to include private sector Stakeholders in the decision making process	TTCA/National Revenue Authorities/SHs	0	Start date + 3 months
Normal	7.2.1.1 Clearly define timelines and responsibilities (at individual rather than organisational level)	TTCA/ National Revenue Authorities/SHs	0	Start date + 12 months
Normal	7.2.1.2 Improve TTCA website to provide up-to-date news, advice and links	TCCA	0	Start date + 3 months
Normal	7.2.1.3 Publish financial results in public domain	TTCA/ National Revenue Authorities	0	Start date + ongoing
Normal	7.2.2.1 Publicise the role, achievements and benefits to Stakeholders of PPP	TTCA	0	Start date + ongoing

PRIORITY	ACTION	RESPONSIBLE	% COMPLETE	DUE DATE
Normal	7.2.2.2 Conduct regular cost/ benefit analysis	TTCA	10	Start date + ongoing
Normal	7.3.1.1 Where practicable, meetings of the NCSCF/ EAC Regional Forum held back-to-back to ensure common agenda items are only discussed once	TTCA/ National Revenue Authorities/EAC/ SHs	0	Start date + 12 months
Normal	7.3.1.2 Secretariats of NCSCF/ EAC Regional Forum ensure alignment and non-duplication of common agenda items	PPP/ TTCA/ EAC	0	Start date + 12 months
Normal	7.4.1.1 Clarify, publish and publicise Rules of Procedure for the PPP Committee in relation to NTTCs and JBCs (and similar bodies)	TTCA / National Revenue Authorities/ SHs	0	Start date + 12 months
Normal	7.4.1.2 Nominate dedicated officers for coordination/ communication roles	TTCA / National Revenue Authorities/ SHs	0	Start date + 12 months

7.6 ANNEXES

Annex 7-1: Draft Rules of Procedure for Public Private Partnership Committee

Committee	Public Private Partnership Committee
Rules of Procedure adopted	[Date-Month-Year, Place]
Purpose	The purpose of the PPP Committee is to bring together Economic Operators in the region to consult with key Government and Private sector institutions in the area of trade facilitation. This will be achieved through the following activities: (a) Identify existing problems within member areas of operation and to seek solutions to these (b) Discuss issues relating to the effective functioning of the NC, consolidate views and put forward recommendations to the Permanent Secretariat for onward submission to the Executive Committee for review and consideration by the council of Ministers (c) Facilitate implementation of decisions of the organs of the Authority. (d) Provide feedback on the impact of NC activities and operations (e) Provide expert advice that can be freely shared among members (f) Exchange of expertise and learning: The process of participating in a multi-stakeholder committee, sharing experiences and participating in decision making processes, debating on the selection of good practices and the direction of the projects is an empowering process and a learning experience for all members. In addition, it will provide an opportunity to raise awareness and visibility of both obstacles to be overcome and successes already reaping benefits. (g) Support and promote openly NC aims and benefits.
Mandate	NCTTA 2007
Membership	Chair – elected for a term of two years by members (alternating private/ public sector representative) Vice chair – elected for term of two years by members (alternating private/ public sector representative – i.e. when chair is public sector, vice chair is private sector and vice versa) Members - The membership is drawn from sectors affected by or

Committee	Public Private Partnership Committee
	party to the operations of the NC. It is the role of all members to represent fairly and fully the interests and views of those bodies and groups. Regional forum to be representational (mix between public and private sector, particular institutions): Ministries of Transport, Trade & Commerce, EAC/ Regional Integration, Customs, Police, Road Authorities, National Clearing & Forwarding Agents Association, Transporters' Association, National Chambers of Commerce, Shippers Association, Cross-Border Trade Association, Associations of Manufacturers)
Governance and resourcing	The group will meet at least once per annum (Article 9c NCTA) It will provide reports and updates via the Secretariat to the other operating organs The secretariat shall ensure that the committee is properly equipped to carry out its role by: (a) Ensuring the provision of governance advice and support to the Chair on the conduct of its business and its relationship with the other committees; (b) Ensuring that the PPP Committee receives the information it needs on a timely basis; (c) Facilitating effective reporting to the Executive Committee (d) Enabling the Executive Committee to gain assurance that the conduct of business within the PPP Committee accords with the governance and any operating framework it has set. Communication between the secretariat and PPP Committee members shall be effected via email, telephone or other method as deemed appropriate. Venue: The venue will rotate between the contracting party states Research support: will be commissioned as appropriate Advocacy support: will be commissioned as appropriate Evaluation and monitoring support: Transport observatory
Duties / responsibilities [either delegated or self-imposed]	The PPP Committee will, in respect of its provision of advice to the Executive Committee: (a) Provide a forum to facilitate full engagement and activate debate amongst stakeholders with the aim of reaching and presenting, wherever possible, a cohesive and balanced stakeholder perspective to inform the Executive Committee's decision-making. **(b)** Represent those stakeholders who have an interest in, and whose own role and activities may be impacted by the decisions of the Executive Committee.

Committee	Public Private Partnership Committee
	THE CHAIR The PPP Committee Chair is responsible for the effective operation of the committee: (a) Chairing Group meetings; (b) Establishing and ensuring adherence to the standards of good governance, ensuring that all committee business is conducted in accordance with its agreed operating arrangements; and (c) Developing positive and professional relationships amongst the Group's membership and between the Group and the other organs. The Chair shall work in close harmony with the Chairs of the other advisory groups, and ensure that key and appropriate issues are discussed by the Group in a timely manner with all the necessary information and advice being made available to members to inform the debate and ultimate resolutions. The Chair of the PPP Committee may be invited to participate in meetings of the Executive Committee in observer capacity. **VICE CHAIR** (a) Assist the Chair in running the business of the forum acting in their stead where need be (b) Update the Chair of developments in both the private and public sector that have an impact on the matters which may be of interest to the business of the forum (c) Assist the Chair in timely preparation of information prior to meetings (d) Assist the Chair in identifying items to be included in the agenda
Authority/ Reporting	The PPP Committee may offer advice to the Executive Committee through the following mechanisms: (a) at Executive Committee meetings, through the PPP Committee Chair's participation as an observer. (b) in written advice; and (c) in any other form specified by the Executive Committee. Key issues from the PPP Committee (minutes) to be copied to the EAC Regional Forum on Non-Tariff Barriers (and vice versa) via the NC-TTCA secretariat
Meetings	*Quorum*: At least a third of Members, including either the Chair or Vice-Chair, must be present to ensure the quorum of the PPP Committee. *Frequency*: Meetings shall be held no less than once per annum and otherwise as the Chair of the PPP Committee in consultation with the

Committee	Public Private Partnership Committee
	Secretariat deems necessary – consistent with the NC Business Plan. *Decisions* (NCTA Article 10): a. The organs of the Authority shall endeavour to reach their decisions by consensus. b. If consensus cannot be reached, then the matter shall be decided by a simple majority.
Relationship and accountabilities with the Executive Committee	The PPP Committee's main link with the Executive Committee is through the Chair's membership of the Executive Committee as an observer and through reports from the PPP Committee to the Executive Committee. The Executive Committee Chair should put in place arrangements to meet with the PPP Committee Chair on a regular basis to discuss ongoing activities and progress.
Review	These Rules of procedures and operating arrangements shall be reviewed periodically by the PPP Committee as circumstances demand, but at any rate within a period of three years from the date of adoption or review.

8 Establishment And Strengthening Of National Trade And Transport Facilitation Committees

8.1 Legal Framework and Status Quo Analysis

There is no specific provision in the NCTA for National Trade and Transport Committees. TTCA has proposed *Common Policy Guidelines for Formation of Joint Border Committees along the Northern Corridor* and supports institutionalization of the JBC's for the purpose of enhancing coordination between and among the public and private sector agencies at the border stations to contribute towards improved competitiveness of the economy, increased government revenue and business opportunities for the private sector, reduced cost of doing business and lower barriers to regional and international trade.

According to the policy guidelines, the JBC will, through its Chairperson, report to the coordinating Ministry/Government Agency/National Trade and Transport Facilitation Committee. The EAC Treaty (Article 75) and the COMESA Treaty (Article 49) as well as the NCTA provide for Member States to eliminate existing non-tariff barriers and not to impose new ones. It is on the basis of the EAC/COMESA Treaty provisions and respective Council of Ministers' decisions that 'National Monitoring Committees for elimination of Non-Tariff Barriers' have been established in Kenya, Uganda, Rwanda and Burundi.

The UN Conference on Trade and Development (UNCTAD) has promoted and analysed National Trade and Transport Facilitation Committees (NTTFC's) for many decades. In a volume titled *National Trade Facilitation Bodies: Lessons from Experience,* UNCTAD observed that the mandate of NTTFCs is broad, as they are not only tasked with identifying border problems, but also with drawing up proposals for their solution and ensuring their implementation by the relevant government agency, which calls for collaboration between private and public stakeholders at a technical and institutional level (UNCTAD, 2005). These committees perform the essential function of helping to ensure coordination and exchange of information among all actors – yet analysis shows that in many developing and developed countries where they exist, they do not function properly (UNCTAD 2013).

What are the reasons for failure of the NTTFCs to effectively discharge their responsibilities? Firstly, many committees, where established, lack a clear mandate, work programme and/or budget. In the Northern Corridor Member States of Kenya, Uganda, Rwanda and Burundi, *National Monitoring* Committees *for Elimination of Non-Tariff Barriers* (NMC's), which have balanced representation from both the public and private sectors, have been formed in response to a directive of the EAC Council of Ministers. In Uganda, the Chairperson of the NMC is from the private sector (concurrently the chairperson of one of the associations of clearing and forwarding agents).

These committees were also utilized during the WTO trade facilitation capacity building diagnostic assessments prior to conclusion of the Agreement on Trade Facilitation.[43] These

[43] In some cases, a separate Committee on Trade Facilitation was set up under the auspices of the Ministry responsible for International Trade.

committees have a link with the *EAC Regional Forum on Elimination of Non-Tariff Barriers*, but no link with the Northern Corridors Stakeholders Forum in spite of the obvious overlap in subject matter (as seen in Table 7-1 in Chapter 7). The NMC's have a mandate and a work programme (the EAC Time Bound Matrix for Elimination of Non-Tariff Barriers), and have obtained budget support for some of their activities including technical assistance from Trade Mark East Africa. They do not have a specific mandate to address Northern Corridor trade and transport facilitation issues.

Box 8-1: Rwanda National Monitoring Committee Case Study

The Rwanda National Monitoring Committee (NMC) for Elimination of Non-Tariff Barriers (NTB's) was established in 2009 in accordance with the provisions of Article 13 of the *Protocol on Establishment of the EAC Customs Union* and a directive of the EAC Council of Ministers which adopted the mechanism for identifying and monitoring removal of NTB's (August 2006). This mechanism was developed in collaboration with the East African Business Council (EABC).

However, it was not until 2011, with TradeMark East Africa (TMEA) funding, that a secretariat was set up, a *National Strategy for Elimination of Non-Tariff Barriers* developed, and implementation of a work program commenced with a focus on:

- Creating capacity for active participation in monitoring and removal of all remaining NTB's;
- Participating in the regional NTB monitoring mechanism;
- Developing a documentary basis to support bilateral NTB resolution mechanisms; and
- Raising awareness about NTB issues nationally and regionally.

The Chairperson of the NMC is the Director General in charge of Trade & Investment at the Ministry of Trade & Industry (MINICOM) while the Chief Advocacy Officer of the Private Sector Federation (PSF) is the Co-Chair. The Chair and Co-Chair are supported by a full time NMC Coordinator and three sub-committees (Customs and Border Procedures; Transport and Infrastructure; and Standards).

The NMC has representation from government ministries, government agencies, the private sector, and civil society:

(a) *Government Ministries*: Ministry of Trade & Industry; Ministry of East African Affairs; Ministry of Foreign Affairs & Cooperation; Ministry of Agriculture; Ministry of Infrastructure; and Ministry of Finance and Economic Planning.

(b) *Government Agencies*: Rwanda Bureau of Standards; Rwanda Development Board; Rwanda National Police; Directorate of Immigration and Emigration; National Agricultural Exports Board; Rwanda Environmental Management Authority; Rwanda Agricultural Board; Road Transport Development Agency; Rwanda Utilities Regulatory Board; Rwanda Revenue Authority; and Kigali City Council.

(c) *Private Sector*: Private Sector Federation (PSF); Association for the Defence of Consumer Rights in Rwanda (ADECOR); Coffee Exporters and Processors Association in Rwanda (CEPAR); Societé Rwandaise pour la production et la commercialisation du Thé *S.A. R. L.* (SORWATHE); Association of Rwanda Long Distance Truck Drivers

(ACPLRWA); Petrocom Limited; Association Des Assureurs du Rwanda (ASSAR) ; Petroleum Importers Association (ASSIMPER); SDV Transami; Association des Agences en Douane du Rwanda (ADR) ; Akagera Business Group; Rwanda Transporters Association (ATAR); Rwanda Bankers Association (ABR); and Magasins Généraux du Rwanda (MAGERWA).

(d) *Civil Society*: Rwanda Civil Society Platform (RCSP) of the East Africa Civil Society Organizations Forum (EACSOF).

For monitoring purposes, the NMC prepares quarterly reports on its activities to the Chair. The NMC maintains a web site (www.nmcrwanda.org) which features information about the NMC and its governance, membership, resolved NTB's, and activity reports.

Source: www.nmcrwanda.org (8th September 2014)

During the Field Survey, it emerged that there was no structured process for regular public-private consultations at the national level on trade and transport facilitation issues in the Democratic Republic of Congo. Lack of funding was cited as the main barrier to national level stakeholder engagements (the last meeting to discuss NC related instruments was held in 2009) although the problem may lie elsewhere. The organisations reported to have attended the consultative meeting in 2009 include Customs, *Société Nationale d'Assurances* (SONAS), Ministry of Transport, *Office de Gestion du Fret Multimodal* (OGEFREM), *Fédération des Entreprises du Congo* (FEC) and *Banque Centrale du Congo*. It is evident that with funding support (as can be seen from the Rwanda Case Study in Box 8-1) a lot can be achieved. Without funding and a structure for formal consultations within the country and with trading partners, success, if any, will be minimal.

Box 8-2: The Kenya National Committee on Trade Facilitation

Kenya established a National Working Group on Trade Facilitation to coordinate the national position on the WTO Agreement on Trade Facilitation negotiations before the adoption of the Agreement in December 2013. Membership was drawn from various government ministries, agencies and the private sector as shown below:

(a) *Government Ministries:* Ministry of Foreign Affairs, Ministry of Trade & Industry, Ministry of Planning and National Development, Ministry of East African Community, Ministry of Finance, Office of the Attorney General, Ministry of Transport & Infrastructure, Ministry of Agriculture, Livestock & Fisheries;

(b) *Government Agencies:* National Police, Kenya Bureau of Standards, Kenya Revenue Authority, Kenya Ports Authority, Kenya Institute of Public Policy Research & Analysis, Kenya Trade Network Agency, Kenya Airports Authority, Kenya Railways Corporation, Kenya Plant Health Inspectorate Service, Horticultural Crops Development Authority, Port Health Department, Kenya Anti-Counterfeit Agency, Kenya Pipeline Company, Pharmacy & Poisons Board, Pest Control Products Board, Kenya Intellectual Property Institute, National Bio-safety Authority

(c) *Private Sector/others:* Kenya Transporters Association, Shippers Council of East Africa, Kenya Association of Manufacturers, Kenya International Freight & Warehousing

Association, Kenya National Chamber of Commerce & Industry, Fresh Produce Exporters of Kenya, Kenya Private Sector Alliance, Kenya Bankers Association, Kenya Media Council

After adoption of the WTO Agreement on Trade Facilitation, this body has been transformed into the National Committee on Trade Facilitation. At a meeting held in May 2014, its Terms of Reference were agreed as:

1. To coordinate and facilitate the preparation of required notifications to the WTO Committee on Trade Facilitation.
2. To coordinate and facilitate the implementation of trade facilitation measures in line with Kenya's obligations in the WTO Agreement on Trade Facilitation.
3. To provide technical advice on trade facilitation negotiations at the national, regional, interregional and multilateral levels.
4. To collect and disseminate information on trade facilitation and sensitize the stakeholders on the implications of trade facilitation measures adopted from different negotiations.
5. To monitor and evaluate the implementation of trade facilitation measures arising from different negotiations and trade facilitation measures of other WTO Members.
6. To collaborate with regional and international organizations or bodies on trade facilitation issues.
7. To identify capacity building needs and seek assistance from the Government, Development partners/ donors for the implementation of trade facilitation.
8. To co-ordinate of all border agencies dealing with trade facilitation.

The Ministry of Foreign Affairs & International Trade is the Secretariat. It is chaired by Kenya Revenue Authority (Customs Services Department) with the Kenya Private Sector Alliance as Co-Chair. Its relationship with the National Monitoring Committee on Elimination of Non-Tariff Barriers (coordinated by the Ministry responsible for EAC Affairs with equivalent responsibilities as the Rwanda NMC) has not been clarified.

At the time of writing the report, there is no provision for a legal or regulatory basis for its establishment and appointment of its members (e.g. by a Gazette Notice), and no work plans or budget for its operation. However, TradeMark East Africa (TMEA) has funded its workshops, with technical assistance from UNCTAD, for preparation of the country's notification to the WTO on its categorization of the trade facilitation measures under the WTO Agreement on Trade Facilitation.

This brings us to another reason cited by UNCTAD (2013) for ineffective functioning of NTTFCs: inappropriate composition of committees. How does this arise? A committee may exclude key stakeholders from the public or private sector due to turf wars, or stakeholders may fail to attend meetings due to perceptions that they are a waste of valuable time. From Box 8-2, it appears that the key constraint to the effective functioning of National Trade & Transport Facilitation Committees may not be inadequate representation, but inadequate provision of resources (human and financial) to the committee in question. When a committee is resourced (such as the funding provided to support recruitment of a

Coordinator to the NMC in Rwanda as well as the activities of the NMC), there is improved effectiveness.

In the case of Rwanda, there is a reporting mechanism from Joint Border Committees to the National Monitoring Committee. In Kenya, the Joint Border Committees are working independently of the National Monitoring Committee and the National Trade & Transport Committee. The NCTTCA has agreed on policy guidelines for establishment and functioning of Joint Border Committees. These guidelines provide for the committees to report to the National Trade & Transport Facilitation Committees.

JBCs are seen as way clearers to successful One-Stop Border Posts (OSBP). The EAC plans to transform the Northern Corridors busiest borders into OSBPs so that agencies on both sides of the border can coordinate border management activities and reduce clearing time. With JBCs at every OSBP, officials, traders and the travelling public alike would have a single point of contact to influence up to 14 agencies. At Malaba (Uganda/ Kenya), the JBC membership currently includes: Ministry of Trade, Kenya Revenue Authority, Kenya Plant Health Inspectorate Service, Ministry of Roads, Ministry of Transport, Kenya Bureau of Standards, Ministry of East African Community, National Police Service, Immigration Department, Port Health Services, Pharmacy & Poisons Board, Department of Veterinary Services, Kenya National Chamber of Commerce & Industry, Cross-border Traders' Association, Kenya International Freight & Warehousing Association, Kenya National Trade Network Agency, Kenya Transporters Association, Pest Control Products Board and County Authorities.

At Malaba, the JBC is managed by a Chair, Treasurer and Secretary with members drawn from both the public and private sector. The group meets twice monthly and is based on an informal gentlemen's agreement between all actors operating at the border (although MOUs have been drawn up to facilitate, for example, sharing of information). The group works together to identify barriers to trade, which can then be prioritised before discussions lead to practical solutions that all can support. Examples of successes to date include 24/7 operations at the border post, joint verification of cargo and an increase in the number of small-scale traders crossing the border formally.

Currently, JBCs exist at the following border crossings along the NC: Malaba, Busia (Uganda/ Kenya), Gatuna/ Katuna and Nimule (Uganda/ Rwanda).

Sustainability and Moving Forward: A COMPETE study conducted in 2012 found that over half (58 percent) of the challenges faced by stakeholders working at regional borders were domestic rather than bilateral or regional. Bilateral issues accounted for just 25 percent of challenges negatively impacting trade, underlining the importance of resolving domestic obstacles before challenges can be tackled bilaterally.

Finally, we cannot have effective NTTFC's without clear leadership at the institutional and individual level. The NMC's in the EAC Partner States are coordinated by the Ministries of East African Cooperation or Trade depending on their mandate. At the individual level, the person selected to lead the team must have capacity to actually lead from the front otherwise the committee will not achieve its mandate:

The leader of the committee should be aware of the importance of this function and act consequently. A pro-active attitude will be necessary to call meetings, propose topics for discussion, distribute relevant information, assign priorities and tasks and monitor the impact of the work done. Before calling a meeting, the leader should assess the scope of the agenda and send invitations accordingly, including to ad hoc members as necessary. Some issues could be discussed in smaller groups of experts. Participants to a technical meeting with no opportunity to contribute in any way to the discussion might feel discouraged and may not come back (UNCTAD 2013).

The proliferation of forums (including RECs') that make considerable demands on stakeholders' time means that they often have to give priority to attending those meetings that have perceived added value. These are likely to be meetings with a clear mandate and formal structures, which are held regularly, are properly funded, and that follow issues through. In the Democratic Republic of Congo, there are two members of staff in the Ministry of Transport (Cabinet Office and Permanent Secretary's Office) with specific responsibility for Corridor issues.

8.2 Best Practice and Case Studies

8.2.1 UNECE Recommendation No. 4 (2001)

The best practice for implementation of national trade and transport facilitation committees is UNECE Recommendation No. 4, which was adopted by the UN Centre for Trade Facilitation and Electronic Business (UN/CEFACT) in October 2001.[44] The Recommendation reads out as follows:

The UN Centre for the Facilitation of Procedures and Practices for Administration, Commerce and Transport (UN/CEFACT) recommends that Governments establish and support national trade facilitation bodies with balanced private and public sector participation in order to:

- Identify issues affecting the cost and efficiency of their country's international trade;
- Develop measures to reduce the cost and improve the efficiency of international trade;
- Assist in the implementation of those measures;
- Provide a national focal point for the collection and dissemination of information on best practices in international trade facilitation; and
- Participate in international efforts to improve trade facilitation and efficiency.

It is important to balance the participation of public and private sector entities in the national trade facilitation body because public sector entities are sometimes more concerned about meeting what they consider their core objectives (e.g. revenue collection for revenue authorities) at the expense of other objectives that may be equally important (e.g. trade facilitation). Secondly, such representation enables the public sector and the private sector players to learn from one another. For example, public officials are usually knowledgeable about the laws and regulations governing trade and commerce, and they can help the private sector, especially small and medium enterprises, develop a better understanding and better

[44] *National Trade Facilitation Bodies,* available at http://www.unece.org/fileadmin/DAM/cefact/recommendations/rec04/rec04_ecetrd242e.pdf page accessed 7th September 2014.

contribute to the amendment or repeal of provisions that may not be facilitative of trade. By clearly spelling out the objectives of such bodies, UN/CEFACT has helped to establish some level of standardization in the work of these bodies across the world.[45]

UN/CEFACT has also elaborated the goals of trade and transport facilitation (Table 8-1) and Terms of Reference for National Trade & Transport Facilitation Committees (Annex 8-1).

Table 8-1: Facilitation Goals (Source: UNECE 2001)

Goal/ Explanation	**Examples**
Simplification: the process of eliminating all unnecessary elements and duplications in formalities, processes and procedures.	Combination of several administrative documents into one, based on a pre-established format such as the United Nations Layout Key, the International Chamber of Shipping Bill of Lading and the European Union Single Administrative Document.
Harmonization: the alignment of national formalities, procedures, operations and documents with international conventions, standards and practices.	Adherence by a country to the International Maritime Organization's Convention on the Facilitation of International Maritime Traffic to prevent unnecessary delays to ships and to persons and property on board, and the use of INCOTERMS when referring to internationally accepted trade terms in coded form.
Standardization: the process of developing internationally agreed formats for practices and procedures, documents and information.	United Nations Layout Key for Trade Documents, the United Nations standard for Electronic Data Interchange for Administration, Commerce and Transport (EDIFACT), and international codes for countries, currencies and locations. Use of technical standards, such as the ISO standards for freight containers, is also a very important element in the facilitation of international trade and transportation.

The Terms of Reference spell out the purpose of the Committee, its objectives, composition and authority, as well as relationship to sub-regional trade and transport facilitation committees. The manner in which the Terms of Reference provide the link with the regional body is worth quoting verbatim:

[45] The UNECE has listed the contacts of National Trade Facilitation Bodies/ Committees from a number of jurisdictions including Austria, Azerbaijan, Bosnia and Herzegovina, Brazil, Bulgaria, China – Taiwan, Croatia, Czech Republic, Denmark, Finland, France, Hungary, Iceland, India, Iran, Italy, Japan, Jordan, Korea (Republic), Malta, Mongolia, Netherlands, Nigeria, Norway, Pakistan, Philippines, Moldova (Republic of), Serbia, Spain, Sweden and Vietnam, see http://www.unece.org/cefact/nat_bodies.html page accessed 7th September 2014.

From each of the National Committees, two or three members, including the Chairmen and the Technical Secretaries, will constitute the Sub-Regional Trade and Transport Facilitation Committee, which will meet every six months. The basic terms of reference for this Sub-Regional Committee are:

- *To monitor regional progress in the field of transport and trade and to coordinate regional awareness campaigns;*
- *To identify common inhibitions (technical, institutional or commercial);*
- *To identify common solutions/ regional action required to solve existing problems;*
- *To set region-wide standards for documentation, tariff structures, EDI, etc (paragraph 13, emphasis supplied).*

UN/CEFACT foresees a situation where all the members of the National Committee (say anything between 20 and 40) attend a regional committee (in a region, comprising, for instance 15 members). We would therefore potentially have a committee meeting with anything between 300 and 600 members, which would make decision-making difficult. At the national level, the Terms of Reference propose a governance structure comprising the National Committee (many members, anything between 20 and 40 that meets two or three times a year), a Permanent Commission (comprising a few members that help to follow up on the decisions of the Committee, which meets more often), and a Technical Secretary (responsible for drafting agendas, writing minutes, and day to day business of the Committee). Such a structure ensures that proposals from the Committee are followed up, and that meetings of the Committee are able to track progress (rather than repeat recommendations for action from previous meetings).

Finally, it is proposed that the Minister in the ministry designated to take the lead (such as Ministry of Trade, or Transport, or the Ministry of Finance which is responsible for Customs) chair the meetings, or in his/her absence, the Permanent Secretary in that Ministry. With such a governance structure, it would be expected that deliberations would be taken seriously and proposals will be acted upon. It would also be easier whenever it is necessary to refer matters to the Cabinet or other levels of government.

8.2.2 Case Studies of National Trade & Transport Facilitation Bodies

8.2.2.1 NorStella Foundation for e-Business and Trade Procedures (Norway)

In Norway, NorStella – Foundation for e-Business and Trade Procedures was appointed in 2003 by the Norwegian Government as the national contact point for all international standardization activities in the field of electronic business and trade facilitation.[46] The main objective of NorStella is to contribute to effectiveness and efficiency in public and private undertakings by promoting:

[46] See http://www.norstella.no/about-norstella.7695.no.html, page accessed 7th September 2014. The predecessor to NorStella was Norwegian EDIPRO (established 1994). EDIPRO was renamed NorStella in 2003. It adopted a new internet-based strategy, and has since led trade facilitation initiatives such as use of the eInvoice and chaired NordiPro (regional trade facilitation body of the Nordic countries).

- Rational and simplified processes and procedures in national and international trade, in the private as well as the public sector and between private companies and public administrations;
- Reliable and efficient implementation and profitable use of standardized data interchange between organizations.

The tasks undertaken by NorStella in line with its objective are:

- Promoting Norwegian interests in international standardization activities related to electronic collaboration - i.e. electronic exchange of all types of structured information for business and/or other purposes.
- Coordinating and participating in national and international projects aiming at the application and implementation of EDI solutions (EDIFACT, XML, etc.) and simplified procedures in different sectors and industries.
- Initiating, establishing and accomplishing projects to promote the use of EDI and electronic commerce in areas where these techniques are not used to-day.
- General information activities to increase the knowledge and consciousness regarding the use of EDI and electronic commerce.
- Training and education through the arrangement of courses and seminars in UN/EDIFACT, electronic commerce and trade facilitation.
- Offering users and members of the organization necessary assistance in connection with the implementation of electronic solutions, including paid services within NorStella's scope of activity.

NorStella is financed partly by the Government (20%), by project funding from different sources (30%), and from internally generated revenues (45%). Internal revenue is derived from member fees (over 200 members in 2008), document sales, services etc. It has an annual budget of approximately 1,100,000 EUROS.

8.2.2.2 National Trade & Transport Facilitation Committee (Pakistan)

The Government of Pakistan constituted a Standing Committee (National Trade & Transport Facilitation Committee) in 2008 via a notification in *The Gazette of Pakistan.* Subsequent notification was made on 5th April 2013.[47]

The Pakistani NTTFC is chaired by the Secretary/ Additional Secretary of Commerce in the Ministry of Commerce and comprises of the following organizations:

(a) *Government Ministries:* Ministry of Commerce, Ministry of Communications, Ministry of Ports and Shipping, Ministry of Finance (Economic Affairs Division), Ministry of Planning and Development, Ministry of National Food Security & Research, Ministry of Industries

(b) *Government Agencies:* Federal Board of Revenue, State Bank of Pakistan, Small and Medium Enterprise Development Authority, Port Qasim Authority, Pakistan Railways, Trade

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[47] Please see **http://www.nttfc.org/reports/minutes/NTTFC-Resolution-05-Apr-2013.pdf** (8th September 2014)

Development Authority of Pakistan, Pakistan Horticulture Development & Export Company, Civil Aviation Authority

(c) *Private Sector:* Pakistan Shippers Council of FPCCI, Karachi Port Trust, PNSC National Ship Owners, Multimodal Transport Operators (All Pakistan Shipping Association), Federation of Pakistan Chambers of Commerce and Industry, Insurance Association of Pakistan, Dry Port Operators, Pakistan International Freight Forwarders Association, Customs Clearance Agents Association, Goods Carriage Associations, Pakistan Ships Agents Association, Pakistan Bankers Association, International Chamber of Commerce (Pakistan), Pakistan International Airlines, Karachi International Container Terminal, Qasim International Container Terminal, Pakistan International Container Terminal, Karachi Chamber of Commerce & Industry, Lahore Chamber of Commerce & Industry, Faisalabad Chamber of Commerce & Industry, Sialkot Chamber of Commerce &b Industry, Khyber Pakhtoonkhwa Chamber of Commerce & Industry, Chamber of Commerce & Industry (Quetta).

The Committee may co-opt any other organizations on a need basis, and observer status is extended to international organizations supporting trade and transport facilitation n Japan including World Bank, Asian Development Bank, UNDP, European Commission and bilateral partners. These are invited as and when required.

The Terms of Reference for the NTTFC are as follows:

i. Review the regulation, procedures and systems pertaining to the conduct of trade and transport that impact the cost and efficiency of the country's international trade;
ii. Develop and promote the adoption of measures for simplification and harmonization of trade and transport procedures to reduce the cost and improve the efficiency of international trade;
iii. Act as a national focal point for the collection and dissemination of information on best practices in international trade facilitation;
iv. Undertake coordination of the efforts of concerned organizations in the field of facilitation of international trade and transport;
v. Promote adoption of standard trade and transport terminology and international codes for trade and transport information;
vi. Pursue simplification and alignment of trade and transport documents on the basis of the United Nations Layout Key, including documents designed for use in computer and other automated systems with the aim of adopting single window processing for all trade transactions;
vii. Organize and present training seminars and workshops to improve the capacity of domestic industry in international trade and transport procedures and knowledge of the international trading practices, promote and support training and research by other national bodies and stakeholders;
viii. Maintain interface with international and regional organizations with the objective of improving trade facilitation and efficiency;
ix. Establishment of institutional framework of NTTFC and hiring of staff/ experts for carrying out activities as per TOR of NTTFC, and matters relating to their salary structure.

The Secretariat of the NTTFC is located in Karachi, with an Executive Secretary to conduct NTTFC affairs. The affairs of the NTTFC are managed by a Board of Directors, which meets at least twice a year to provide vision, approve the work plan, approve the budget and review the performance of the NTTFC. Members of the Board include:

1. Additional Secretary, Ministry of Commerce, Islamabad (*Chairman*)
2. Member Customs, Federal Board of Revenue, Islamabad (*Member*)
3. Senior Joint Secretary/ Joint Secretary, Ministry of Communications, Islamabad (*Member*)
4. Director General (Port & Shipping), Ministry of Ports & Shipping, Karachi (*Member)*
5. Project Director Trade & Transport Facilitation Unit, Ministry of Commerce, Islamabad (*Member*)
6. Director, Westbury Group of Companies, Karachi (*Member*)
7. Director, Transfreight Corporation (Pvt) Limited, Karachi (*Member*)
8. Managing Director, Qaim Automotive Manufacturing (Pvt) Limited, Karachi (*Member*)
9. Chairman (Al-Hamd International Container Terminal, Karachi (*Member*)
10. Executive Secretary, NTTFC, Karachi (*Secretary*)

8.2.2.3 Lessons from the Case Studies and Best Practice

Table 8-2: Comparison between the Norwegian and Pakistani Case Studies

Issue	**NorStella Foundation**	**Pakistan NTTFC**
Legal Form	Private foundation	Public Sector body under Ministry of Commerce
Membership	Public & Private Sector	Public & Private Sector
Secretariat	NorStella Foundation	Ministry of Commerce
Permanent Management Support	Chief Executive Officer Project Manager Senior Adviser (Trade Facilitation)	Technical Secretary (Supervised by Secretary of Commerce) Deputy Secretary Accountant/ Computer Operator Driver, Messenger
Terms of Reference	In line with UNECE Recommendation No. 4 (broadly)	In line with UNECE Recommendation No. 4 (broadly)
Funding	Government (20%), Project funding from other sources (30%), internal revenues including membership fees (45%)	Year 1 (100% World Bank); Year 2 (80% World Bank, 20% Government); Year 3 (45% World Bank, 55% Government)[48]

[48] See http://tfig.unece.org/cases/Pakistan.pdf (8th September 2014). It is reported that the Pakistan NTTFC is still partially funded by donors as at the time of writing this report (UNECE, p.c. 18th September 2014).

Table 8-2 is a comparison of the Norwegian and Pakistani case studies. The lessons we learn from the two case studies are as follows:

a) There should be a legal basis for the National Trade and Transport Facilitation Committee (in the two cases, one is a private foundation that receives partial funding from the government, while the other is a public sector body).

b) Membership should be defined, with balanced public and private sector representation.

c) It is important for the Committee to have a full time Secretariat with management support – otherwise it will not be able to achieve the objectives for which it is constituted.

d) It is important to have clear terms of reference for the Committee (these can be drafted according to national requirements, but adapted from the Terms of Reference provided by UNECE – see Annex 7-1).

e) For the committee to obtain the required funding, high-level commitment from the government is important (in Pakistan, funding was obtained from the Export Development Levy although there was significant support from the World Bank for two years after establishment).

8.3 Resourcing and Funding of the National Trade & Transport Facilitation Committees

In 2007, the UN Economic Commission for Asia and the Pacific (UNESCAP) conducted a study on national coordination mechanisms for trade and transport facilitation in the Asia Pacific Region. The study, which covered ten countries in the Asia Pacific Region (Tajikstan, Kyrgyzstan, Kazakhstan, Armenia, Azerbaijan, Georgia, Nepal, Pakistan, China and Mongolia), noted that access to stable sources of funds is important for the sustainable development of trade and transportation bodies.[49]

An assessment of sources of funding for the bodies established in the region concluded as follows:

a) **Many governments supported trade and transport facilitation bodies from the state budget. This support mainly consisted of staff and offices for the bodies**. In some cases governments failed to provide additional budgets for staff and offices, but expanded the functions of relevant government agencies to facilitation and included some activities into the state budget allocated to the authorized agencies. Despite the limited financial support, these bodies achieved substantive progress in facilitation – *but they were not able to fully implement facilitation measures due to financial constraints.*

b) **Some countries established national trade and transport facilitation committees with financial support from international institutions**. Those committees contributed to the implementation of programmes or projects of international institutions in their countries. *They faced difficulties in operation after*

[49] See http://www.unescap.org/sites/default/files/Study_on_Coordination_Mechanisms_fulltext.pdf (UNESCAP 2007, P. 57-8, page accessed 18th September 2014).

completion of international assistance programmes or projects when no alternative support was provided.

c) **Contribution of the business sector to operation of facilitation bodies was another approach to financing facilitation bodies.** In some cases, funds were generated from export trade promotion levies or from the issue of transport permits. In other cases, the business sector initiated and led facilitation bodies. *On the whole, this approach was not met with great success throughout the region*.

In view of difficulties and constraints of the different financing approaches, the study concluded that it would be desirable to combine all possible funding approaches to finance the operations and activities of each of the national facilitation bodies:

- The governments may support staffing and office of facilitation bodies with either the use of existing staff and office or addition of staff. The governments may also include some facilitation activities into their overall official work plans if the facilitation activities are of the nature of governments' business.
- Support from the business sector may be on voluntary basis. They may donate some office equipment and facilities to the facilitation bodies. They may host some seminars, workshops or training courses from which they can enjoy direct benefits. They may also work together with facilitation bodies to undertake studies or investigations on some facilitation issues.
- International organizations and financial institutions may support facilitation bodies with financing initial establishment and operations, and then implementing international, regional, sub-regional and national facilitation activities through facilitation bodies. Regional and sub-regional agreements relating to facilitation may be formulated or implemented through one facilitation body in each country.

On the basis of the case studies presented in Section 8.2.2.3 and the experience from the Asia Pacific region, the following funding options are proposed:

a) Partial donor funding towards meeting the costs of technical assistance and capacity building support towards the setting up of a secretariat;

b) Partial government support through in-kind contributions (such as office accommodation, basic equipment and secretariat staff) at first, and later provision of budget support to the Secretariat;

c) Private sector contributions through organization of training and capacity building events at which participants from the private sector pay, while the NTTFC and government officials provide facilitation for free;

d) In the long run, establishment of training capacity at the NTTFC, where the NTTFC provides training to interested participants at cost as partial contribution towards the running costs of the Secretariat.

8.4 Key Findings, Conclusions and Recommendations

Table 8-3: Key Findings, Conclusions and Recommendations

Key Finding	Conclusion	Recommendation/ Remarks
There is no specific provision for National Trade & Transport Committees in the NCTA	National Monitoring Committees for Elimination of Non-Tariff Barriers (NMC's) or other National Trade Facilitation bodies may cover the same issues that a specific NC-NTTFC would seek to address	**R.8.1:** Each country to designate a national committee mandated to handle Northern Corridor issues and notify this to the NCTTCA Secretariat.
The aims, purpose, mandate, and potential membership of a NTTC to address NC issues have not been clearly defined	Issues of aims, purpose, mandate, and membership need to be addressed and clearly defined and aligned with those of an existing NTTFC	**R.8.2:** In consultations with national Stakeholders, obtain consensus regarding aims, purpose, mandate, and membership (to include localised trade barriers and solutions to overcome these; coordination and exchange of information; promotion of PPPs) **R.8.3:** Review existing NTTFCs focus to ensure best possible alignment of aims and options for resourcing additional remit
Inadequate provision of resources (human and financial) has been cited as a barrier to effective national level stakeholder engagement	The issue of resourcing may be partly addressed if existing NTTFCs undertakes the role of a NC specific NTTFC. Reviews will need to be undertaken to assess potential cost implications.	**R.8.4:** Review conducted to assess cost implications for existing NTTCFs to take on an additional NC specific role **R.8.5** Funding options explored
TTCA has proposed Common Policy Guidelines for Formation of Joint Border Committees along the Northern Corridor yet it is unclear whether these have been agreed and adopted among member states. Clear lines of	Clarity is needed regarding the relationship between NTTFCs and Joint Border Committees and other national PPP forums. Coordination and communication issues must be addressed and publicised as appropriate	**R.8.6:** Policy Guidelines for JBCs along NC are agreed, adopted and acted upon by NC states. **R.8.7:** Establish and publicise clear lines of communication and designated person/ organisation for coordination

Key Finding	Conclusion	Recommendation/ Remarks
communication and coordination have not been established		
NTTCFs provide an opportunity for knowledge sharing, information exchange and capacity building. They can equally provide, through PPP, a balance between core public service objectives and private sector aims and concerns	A broader focus is achieved, resulting in greater effectiveness, efficiency, problem solving capacity and momentum through a PPP that shares knowledge, experience and expertise.	**R.8.8:** Enhance knowledge share and capacity building through shadowing programmes and SH presentations

8.5 Strategies and Action Plans for NTTCs

8.5.1 Strategic Plan National Stakeholder Forums

Vision (Goal)	Objectives	Strategies	Actions	Performance Measures / Targets
2. National Level				
NATIONAL LEVEL Public/ private stakeholder engagement to create a dynamic, cost effective and efficient corridor that serves both state and business interests	8.1 NTTFCs established in each member state to address issues relating to NC business.	8.1.1 Where possible, existing NTTFCs assume responsibilities for NC mandate	8.1.1.1 Each member state to designate a national committee mandated to handle Northern Corridor issues	M: Existing national committees assume responsibility for NC business T: 100%
	8.2 Aims, purpose, mandate, and membership addressed and clearly defined, and aligned, with those of an	8.2.1 Stakeholders to define mandate of national PPP committees in relation to NC activity	8.2.1.1Review and redefine remit of existing NTTCs To encompass NC	M: NTTFC mandate, membership, objectives, MO, clearly defined, adopted and publicised

Vision (Goal)	Objectives	Strategies	Actions	Performance Measures / Targets
	existing NTTFC		activities	T: 100%
	8.3 Sufficient resourcing (financial and human) made available for NTTFCs	8.3.1 Exploration of Funding options	8.3.1 Engage with Stakeholders/ donors to explore funding options	M: Options for additional (if needed) funding identified T: 100%
	8.4 Clearly articulated, agreed and adopted Common Policy Guidelines for Formation of Joint Border Committees along the NC. Effective lines of communication and coordination established	8.4.1 Relationship between NTTFCs and Joint Border Committees and other national PPP forums clearly defined thereby creating time and money savings through non-duplication of effort and harmonisation of process. Trade facilitation effected through improved PPP coordination and communication	8.4.1.1 Agree, adopt and enact Policy Guidelines for JBCs along NC. 8.4.1.2 Establish and publicise clear lines of communication and designated person/ organisation for coordination	M: Policy guidelines re JBCs and other cluster Organisations in place and adhered to T: 100% M: Coordinators and communication networks identified and publicised T: 100%
	8.5 Increased Trade facilitation through improved information flow and effective problem solving.	8.5.1 Promotion of knowledge sharing, information exchange and capacity building as institutional norms. Development of PPP to balance core public service objectives and private sector aims and concerns	8.5.1.1 Enhance knowledge share and capacity building through shadowing programmes and SH presentations	M: Role shadowing scheme in place and benefits noted T: 100%
			8.5.1.2 Publicise benefits and results from PPP activity	M: PPP seen as a positive force and membership increased T:100%

8.5.2 Action Plan

PRIORITY	ACTION	RESPONSIBLE	% COMPLETE	DUE DATE
High	8.1.1.1 Each member state to designate a national committee mandated to handle Northern Corridor issues	TTCA/ National Revenue or other empowered Authorities	0	Start date + 6 months
High	8.2.1.1Review and redefine mandate of existing NTTFCs To encompass NC activities	TTCA/ National Trade Facilitation or Non-Tariff Barrier Committees	0	Start date + 3 months
High	8.3.1.1 Undertake review to assess additional (if any) costs to existing National Trade Facilitation or Non-Tariff Barrier Committees of adopting NC remit	TTCA/National Trade Facilitation or Non-Tariff Barrier Committees	0	Start date + 6 months
Normal	8.3.2.1 Engage with SHs/ donors to explore funding options	TTCA/governments/ donors	0	Start date + 6 months
Normal	8.4.1.1 Agree, adopt and enact Policy Guidelines for JBCs along NC.	TCCA/national coordinating authorities	0	Start date + ongoing
Normal	8.4.1.2 Establish and publicise clear lines of communication and designated person/ organisation for coordination between NTTCs and cluster PPPs	TTCA / NTTCs	0	Start date + ongoing
Normal	8.5.1.1 Enhance knowledge share and capacity building through shadowing programmes and SH presentations	TTCA / NTTCs/ SHs	0	Start date + 12 months
High	8.5.1.2 Publicise benefits and results from PPP activity	TTCA / NTTCs	10	Start date + 12 months

8.6 ANNEXES

Annex 8-1: Terms of Reference for National Trade & Transport Facilitation Committee (UNECE 2000)

A. Purpose and Objectives

1. The purpose of the National Trade and Transport Facilitation Committee (NTTFC) is to encourage the modernization of trade and transport practices in support of the Nation's foreign trade.

2. The specific objectives of the committee are as follows:

   a) To provide a national forum for the facilitation of formalities, procedures and documentation used in international transport and trade (*facilitation objectives*);

   b) To propose, for government approval, draft transport and trade-related regulations and practices (*regulatory objectives*); and

   c) To make policy recommendations on future trade- and transport-related investments (*development policy objectives*);

   d) To increase awareness of the methods and benefits of transport and trade facilitation (*training objectives*).

3. These four specific objectives will lead to the following activities:

   (a) *Facilitation Objectives:*

   (i) To ensure the proper coordination in the field of facilitation in international trade and transport;

   (ii) To keep under review the procedures required in international trade, including multimodal transport, with a view to their simplification and harmonization;

   (iii) To collect and distribute information on international trade and transport formalities, procedures, documentation, and related matters;

   (iv) To pursue the simplification and alignment of trade and transport documentation on the basis of the United Nations Layout Key, including documents designed for use in computer and other automated systems; and

   (v) To promote the adoption of the standard trade and transport technology and international codes for trade and transport information (EDI communications).

   (b) *Regulatory Objectives:*

   (i) To review, comment, amend, and propose for government approval new draft documents on liability, civil responsibility, banking and intermodal transport regulations (including container transport) with a view to update current regulations and practices embodied in the Commercial Code and other legal texts;

(ii) To follow up on the final approval of proposed regulations and practices with the various institutions concerned and through institutional and executive channels; and

(iii) To examine the convenience for the country to adhere to international conventions which can facilitate international trade and transport, including the *United Nations Convention on the Carriage of Goods by Sea,* the *International Multimodal Transport of Goods Convention,* the *Kyoto Convention,* the *1972 Customs Convention on Containers,* and the *Convention on Temporary Admission of Containers.*

(c) *Development Policy Objectives*

(i) To review the policy content of intermodal transport investments (such as potential Inland Container Depots) and to facilitate, as appropriate, the introduction and development of transport and trade technologies/ investments (such as EDI technology); and

(ii) To address, as a national consulting body, questions related to the institutional development of intermodal regional and international transport (such as the international coverage of national companies; public responsibility and management of facilities; joint ventures; etc).

(d) *Training Objectives*

(i) To organize and implement campaigns to publicize the benefits and requirements of simplified documents and procedures, aimed at policy-makers and senior decision-makers in government organizations, parastatal bodies and transport operators, and Customs and other regulatory bodies;

(ii) To organize and present a series of seminars and workshops for policy-makers and senior decision-makers, and for middle and junior managers in transport operations, to make them aware of international trade and transport principles, practices and implications; and

(iii) To organize, as a follow-up to the awareness campaigns, short visits by technical experts to advise on how to improve trade transactions, to streamline transport logistic operations, and to maximize the benefits derived from facilitation.

B. Composition and Authority

4. The National Committee would bring together authorized representatives of all parties concerned with international trade and transport issues in the country:

- Transport authorities
- Government agencies (customs/ Ministries of Finance, Planning, Central Bank etc)
- Banking institutions;
- Insurance companies;

- Transport users (shippers, consignees, importers, exporters, freight forwarders, etc); chamber of commerce
- International transport operators (shipping companies, airlines, MTOs and their agents)
- Port authorities and transport terminal operators (including ICD operators)
- Inland transport operators (road, rail, inland waterways)

5. A lead organization for the National Committee should be identified by the Government (e.g. the Central Planning Unit), in consultation with the concerned ministries. It might be convenient to give this responsibility to the Ministry of Transport/ Communications or the Ministry of Trade, which can also provide secretariat services to the committee, or to the Ministry of Finance as responsible for Customs. The committee will designate a Chairman, preferably the Minister, the Secretary General, the Permanent Secretary of the designated ministry.

6. The Committee will set up a Permanent Commission to follow up its decisions. An appointed Technical Secretary will assist both the Committee and the Permanent Commission in their deliberations and work. The Secretary will have full time responsibility for the daily running of the Committee and the Permanent Commission and will prepare the agenda for meetings of the two organs.

7. The authority of the committee is part of the authority of the respective participating institutions.

C. Scope of the Committee Recommendations

8. The committee is a consulting body. It will have authority to prepare recommendations and advise on domestic and foreign policy matters related to the development of trade and transport. Its recommendations will be made in the form of proposals to the institutions concerned and to the executive branch of the Government.

9. The chairman of the committee will, at the request of the Committee, submit the committee's proposals to the appropriate authority.

D. Work Programme

10. The Committee will prepare and implement its work programme aimed*, inter alia*, at:

    (a) The implementation of harmonized national trade and transport regulations, and the organization of trade facilitation and multimodal training activities;

    (b) The development of policies and solutions to trade facilitation and multimodal transport problems, in particular regarding daily problems of port operations, inland transport as well as Customs-related issues; and

    (c) The national promotion of the development of EDI systems (EDI).

11. The Committee will meet regularly (e.g. two or three times per year) or at the request of its Chairman or any of its members.

12. The minister of the designated ministry will chair the Committee meetings. The representative of the Chamber of Commerce could act as executive secretary and will be assisted by the NTTFC's Technical Secretary.

E. Sub-regional Coordination

13. From each of the National Committees, two or three members, including the Chairmen and the Technical Secretaries, will constitute the Sub-Regional Trade and Transport Facilitation Committee, which will meet every six months. The basic terms of reference for this Sub-Regional Committee are:

    - To monitor regional progress in the field of transport and trade and to coordinate regional awareness campaigns;
    - To identify common inhibitions (technical, institutional or commercial);
    - To identify common solutions/ regional action required to solve existing problems;
    - To set region-wide standards for documentation, tariff structures, EDI, etc.

14. *The Sub-Regional Committee will have an important role to play*. Some activities, such as standard setting, necessarily have to follow a top-down approach, while the very nature of facilitation measures and multimodal transport requires that cross-border coordination take place. In fact, the need for coordination will not be confined to the trading partners and third countries, since the introduction of facilitation measures and multimodal transport by one country and not by its neighbours may create problems with respect to transit trade from, to, or through such countries.

15. The important steering role of the Sub-Regional Committee could be substantially strengthened by assigning *ad hoc* expert services at its disposal.

9 TRAINING AND CAPACITY BUILDING

9.1 INTRODUCTION

Training and capacity building is important for trade and transport facilitation for a number of reasons. First and foremost, trade and transport facilitation agencies and other stakeholders need to have a good understanding of the concept of "trade and transport facilitation" from an international, regional and national context. Secondly, there are various conventions and agreements that are relevant to trade facilitation (such as the WTO Trade Facilitation Agreement, Revised Kyoto Convention of the WCO, the TIR Convention and the Istanbul Convention) that Member States need to accede to or ratify. Finally, training and capacity building is necessary for effective implementation of the trade and transport instruments that have been developed.

Section 9.2 is a presentation of the training and capacity building needs identified during the inception mission, specifically in relation to the COMESA-CD, the RCTG, the UCR and transport facilitation instruments (COMESA Carrier License, Transit Plates and Roadworthiness Checks). It also presents training and capacity building gaps related to the Northern Corridor Stakeholders Consultative Forum and the National Trade and Transport Facilitation Committees. This paves way to coverage of the key findings, conclusions and recommendations (Section 9.3) and finally the strategies and action plan for implementation of the proposals.

According to Article 8e (2) of the *Northern Corridor Transit Agreement* (2007) one of the functions of the Permanent Secretariat is to "provide technical and analytical support to the Authority's organs in the form of strategy formulation, project identification, analysis of national standards and practices, collection and storage of data and statistics, and if any other task and study that may be assigned to it by the appropriate organs of the Authority in technical, economic, institutional and legal matters." It is therefore recommended that the NCTTCA Secretariat take leadership in training policy development for issues within its mandate (Section 9.3) and establish a monitoring and evaluation mechanism for relevant international and regional trade and transport facilitation instruments as elaborated in Section 10.2.7.

9.2 STATUS QUO ANALYSIS

9.2.1 COMESA –CD

During the preliminary interviews, it became apparent that there was a lack of knowledge regarding the COMESA CD, how it was to be used and how it fitted with the wider facilitation instruments. It would appear that no specific training has been delivered with regard to the COMESA CD although some respondents stated they had received some sensitisation training from COMESA but were unable to provide specific dates or the names of the trainers.

We were informed by the COMESA Secretariat that a revised version of the COMESA CD that takes into account the data elements required for the ASYCUDA+ + system is being prepared. However, a number of customs administrations in the Northern Corridor (such as Uganda, Rwanda and Democratic Republic of Congo) have either adopted ASYCUDA World in full or there are in the process of doing so (see Chapter 6).

The COMESA Secretariat has prepared a COMESA CD Completion Guide. The Guide explains in detail the information to be declared in each box of the COMESA-CD – whether the declaration is being done manually, by typewriter, or within a Customs Management System like ASYCUDA. It also indicates which fields (boxes) are mandatory, optional, or conditional (i.e. which requires completion in certain circumstances). Given that no Member State actually uses the COMESA-CD without customization to its own environment (dictated in part by the needs of each country in terms of information requirements and the CMS in use), we do not envisage that a country would require training on completion of the COMESA-CD. Rather, there exist manuals on completion of the SGD in the Simba system (Kenya) and ASYCUDA (all the other Northern Corridor Member States except South Sudan), which has applied to UNCTAD for support.[50]

9.2.2 Regional Customs Transit Guarantee

The COMESA Secretariat appreciates the challenges that have bedevilled implementation of the RCTG. From a training perspective and with specific reference to the Northern Corridor, the challenges and responses by the Secretariat may be summarized per Table 9-1 (COMESA 2013c).

Table 9-1: RCTG Training and Capacity Building Challenges and Secretariat Response

No.	Challenge	Secretariat Response
1	Non-accession to the RCBG Agreement by key Member States (like the Democratic Republic of Congo	› *Secretariat mission to the Democratic Republic of Congo to meet with relevant officials*
2	Sorting out strategic and operational issues related to the implementation of the RCTG e.g. SCT in the EAC, interfacing of national ICT systems with RCTG-MIS, transfer of C & F agents and customs officers, slow up-take by C & F agents in Uganda, delays in acquittal of bonds due to late submission by agents in Rwanda	› *Consultative meetings with Customs, C & F Agents, and National Sureties (Burundi[51], Kenya[52], Rwanda[53] and Uganda[54])* › *Integration of systems (Simba and ASYCUDA)* › *Planned training for new customs officials and agents* › *Standard training module*

[50] See for example, Uganda Revenue Authority (2005) *ASYCUDA ++ Trade Manual.*
[51] Mission to Burundi: March 2013 (met with National Surety, Primary Sureties, OBR, and C & F agents)
[52] Mission to Kenya: August 2013
[53] Mission to Rwanda: Aug. 2013 (held meetings with Customs, ADR and SONARWA, which led to conversion of local bonds into regional bonds). Secretariat organised workshop (Nov. 2012).
[54] Mission to Uganda: July 2013

No.	Challenge	Secretariat Response
3	Perception of the RCTG as "public-sector driven" and not engaging enough with the private sector	› *3-year contract with Indigo Procurement & Logistics Ltd (EU funding) to focus on getting more C & F agents getting into the scheme, sensitization and training of stakeholders (in-house).*
4	Failure to incorporate RCTG into Customs business at the sub-regional and national level	› *Sensitization on RCTG done by Indigo at meeting on SCT* › *Focal points in the revenue authorities*
5	Communication gap between Secretariat and Indigo (including delay of training on RCTG-MIS)	› *Provided the training to Indigo* › *Organised sensitization workshop for stakeholders together with KRA* › *Agreed on a work plan that includes training and sensitization activities*
6	Funding challenges for RCTG Work Programme	› *Funding obtained from the EU under the Regional Integration Support Programme (RISP II)*
7	Design of the RCTG-MIS and other ICT issues	› *Form redesigned and new version RCTG-MIS introduced*
8	Perception that RCTG is for "big" companies	› *Small companies (e.g. Sharis Freighters) executed bonds*

From Table 9-1 above, it would appear that there is a lot of work going on as far as training and capacity building of relevant agencies for implementation of the RCTG is concerned.

However, these efforts do not translate to impact on the ground for a number of reasons:

- Due to insufficient human resource capacity at the COMESA Secretariat, the training and sensitization sessions are few, targeted at a few officials and staff in relevant organizations and are far between;
- There is no standardised RCTG training manual which customs and other trainers can use for their scheduled and *ad hoc* training programmes;
- While there is clear leadership at the regional level (COMESA Secretariat), there is no structured management of the RCTG scheme at the national level;

- No Train-the-Trainer programmes have been organized in collaboration with responsible training/ technical personnel at the EAC/ TTCA with clear plans for roll-out including use of an appropriate and documented communication strategy;
- The COMESA Secretariat is engaging with EAC Partner States/ Contracting Parties to the NCTTA without engaging with the EAC Secretariat and the TTCA for coordinated implementation (including requirements for amendment of customs legislation), training and sensitization;[55]
- There is no clear differentiation of roles in terms of strategic/ policy direction by the COMESA Secretariat and responsibility for implementation of training and sensitization activities at the national level; [56]
- The business value proposition of the RCTG including its long term sustainability has not been adequately sold to relevant stakeholders;[57] and
- Outsourcing of RCTG Management to M/s Indigo Procurement and Logistics Limited may have compounded the problem as customs administrations, insurance companies and C & F agents do not see their role in training and sensitization as distinct from that of Indigo.

9.2.3 Transport Facilitation Instruments

Similar to the other trade facilitation instruments covered in this study, there appears to be a general lack of knowledge among stakeholders regarding the use of the Carrier Licensing scheme and how it fits with the wider COMESA trade facilitation instruments.

This does not mean that there are no training and capacity building initiatives in place. For example, a joint United Nations Economic Commission for Africa/ Africa Trade Policy Centre (UNECA/ATPC) and Central Corridor Transit Transport Facilitation Agency (CCTTFA) workshop held in Dar es Salaam in April 2010 on *Trade and Transport Facilitation and the Promotion of Intra-African Trade in the Eastern and Southern Africa Sub-Regions* (UNECA 2010) highlighted a number of training and capacity building-related challenges and proposed solutions.

Some of the challenges that were identified generally are low levels of implementation of protocols; lack of knowledge platforms to facilitate dissemination and exchange of information among key stakeholders resulting in limited stakeholder awareness; simplification of trade and transport documentation by creating network to transfer electronic documents, determining respective functions of government organizations and harmonizing their activities; limited or lack of regional enforcement mechanism; and the need to reduce the gap between regional policy-making and national implementation. The identified solutions to these challenges included focus on institutional strengthening and training; sharing of best

[55] During the Inception Mission, M/s Indigo Procurement & Logistics Limited indicated that they had not held any meeting with the NCTTCA, and were not aware of the NCTTA's role in the implementation of the RCTG. All COMESA reports reviewed for this report mentioned ongoing implementation activities at the Northern Corridor, but do not mention the NCTTCA.
[56] This confusion of roles was especially evident in Burundi and the Democratic Republic of Congo.
[57] See Mwarania et al. (2008) for the RCTG Business Plan – it is unclear if this was considered by the COMESA Secretariat and what was the result of that consideration although some aspects of the plan (e.g. outsourcing of certain activities) have been implemented.

practices among the Corridors, RECs, and Member States; and effective coordination of institutional policies.

In regard to the Carrier Licence and Transit Plates, COMESA (2010b) listed challenges to implementation as lack of awareness from both the transporters and government ministries responsible for issuing the licence, lack of knowledge on the advantages of the CL, and the fact that some member countries do not allow transporters to possess both the local and international carrier licences. Sensitization and training on the COMESA CL and related road transit instruments (including transit plates, harmonized road user charges, harmonized vehicle axle load weights and vehicle dimensions) is therefore important. Sensitization could also include the need to align domestic laws and regulations to the harmonized COMESA CL, and related instruments and initiatives.

The target group could be all the stakeholders including representatives from private sector organizations and public sector officials in the transport sector.

The training could focus on:

- Importance of implementation of the transit transport facilitation through use of the CL;
- Harmonized vehicle inspection for ensuring road worthiness;
- Harmonized driver training; and
- Harmonized procedures for issuing transit carrier licences.

9.2.4 Unique Consignment Reference number

Since January 2006, the WCO has carried out a number of diagnostic missions for implementation of the SAFE Framework of Standards across many countries in the world including the East and Central African region. By June 2008, missions had been conducted in Burundi (March 2007), Kenya (January 2007), Rwanda (June 2006), Uganda (January 2007) and Democratic Republic of Congo (January 2007).

The result of these missions was a diagnostic report, which is followed by a strategic planning workshop where an Action Plan for implementation of the recommendations is developed. For this reason it is important for any training and capacity building activities to be implemented in collaboration with the WCO since the UCR is a WCO instrument.

Initial work will need to be in the nature of advocacy and sensitization. With the launch of electronic Single Window Systems in Kenya and Rwanda, and with planned implementation in Uganda,[58] training on the UCR would need to be part of the training required for purposes of implementation of the Single Window systems otherwise it will not be useful to provide training on UCR independent of its application within the region.

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[58] "Royal Danish Embassy, Uganda and TradeMark East Africa (TMEA) Uganda have signed an agreement for USD 5million to support Uganda in achieving a Single Electronic Window for increased competitiveness in regional trade" from https://www.linkedin.com/home?trk=nav_responsive_tab_home (18/09/2014).

9.2.5 Training and Capacity Building Issues related to the National Trade & Transport Facilitation Committees and the Northern Corridor Stakeholder's Forum

The UNECE Trade Facilitation Implementation Guide[59] notes that the UN Regional Commissions, UNCTAD and the World Bank have supported National Trade & Transport Facilitation Committees in more than 30 countries. As we have seen in Chapter 8 of this report, NTTFC's act as consultative inter-institutional bodies to promote trade and transport facilitation in those countries. In addition to facilitation, regulatory and development policy objectives, these bodies have training objectives as seen in Box 9-1.

Box 9-1: Training Objectives of National Trade & Transport Facilitation Committees (from UNECE Recommendations 4, 2000 Annex 1)

(a) To organize and implement campaigns to publicize the benefits and requirements of simplified documents and procedures, aimed at policy-makers and senior decision-makers in government organizations, parastatal bodies and transport operators, and Customs and other regulatory bodies;

(b) To organize and present a series of seminars and workshops for policy-makers and senior decision-makers, and for middle and junior managers in transport operations, to make them aware of international trade and transport principles, practices and implications; and

(c) To organize, as a follow-up to the awareness campaigns, short visits by technical experts to advise on how to improve trade transactions, to streamline transport logistic operations, and to maximize the benefits derived from facilitation.

For NTTFC's to be able to implement the training objectives as indicated in Box 9-1, the committee members themselves would require training on the various trade facilitation instruments and international best practice on the same. Under the *WTO Trade Facilitation Agreement* (2013), the National Committee on Trade Facilitation established under Article 13.2 has the responsibility for (a) domestic coordination of the various agencies responsible for trade facilitation and (b) coordinating implementation of the Trade Facilitation Agreement. In most cases, implementation of trade and transport facilitation measures is a national responsibility, although the fact that legislation on some measures is regional requires regional coordination of implementation as well. This is the rationale for the proposal for a regional trade and transport facilitation committee comprising of representatives from the National Trade & Transport Facilitation Committees.

[59] http://tfig.unece.org/contents/trade-facilitation-bodies.htm (page accessed 17th September 2014)

9.3 Conclusions and Recommendations

Table 9-2: Key Findings, Conclusions and Recommendations

Key Finding	**Conclusion**	**Recommendation/ Remarks**
There are significant training and capacity building constraints for implementation of the trade facilitation instruments under study. In most cases, users (e.g. customs, clearing and forwarding agents) could not make a link between national practice and the provisions in regional treaties and protocols.	There is a pressing need for raising awareness about these instruments not just by regional institutions, but also through developing strategies for incorporating relevant national institutions in the preparation and delivery of customised materials for scheduled and ad hoc training at the national and regional level.	R.9.1: Identify and assess regional/ national institutions capacity for preparation and delivery of materials that will serve to instruct as appropriate. R.9.2: Working with these institutions, develop a strategy of cascade training to ensure all those who require training receive it. R.9.3: organize and implement campaigns, as appropriate, to publicize the benefits and requirements of simplified documents and procedures aimed at policy-makers and senior decision-makers in government organizations, parastatal bodies and transport operators, and Customs and other regulatory bodies R.9.4: organize and present a series of seminars and workshops for policy-makers and senior decision-makers, and for middle and junior managers in transport operations, to make them aware of international trade and transport principles, practices and implications (cascade training)
There is no clear mandate for training delivery regarding trade facilitation instruments at either a regional or national level. Whilst	It is important to clearly establish the mandate of regional vis-à-vis national institutions to ensure efficient and effective delivery of	R.9.5: Clearly define ownership and training mandates regarding trade facilitation instruments: (a) COMESA and TTCA to provide leadership in training policy development (with the assistance of the Secretariat

KEY FINDING	CONCLUSION	RECOMMENDATION/ REMARKS
certain organisations have been given certain responsibilities, they have not been sufficiently resourced, nor has a strategy been designed, to ensure delivery to those in need (an example of this is Indigo Kenya and RCTG).	training and capacity building interventions	and the NCSCF) (b) Member States to deliver training at the national level using identified institutions and structures (with the coordination of the NTTFCs)
Difficulties have been experienced regarding sustainable funding to create impact at the regional and national level (an issue related to commitment at the national level) for implementation of training. In addition, there is a lack of an institutional framework for delivery of training and capacity building within the Northern Corridor.	There needs to be a coordinated programme of integrated training that ensures NC members received the training, familiarization and appropriate support regarding trade facilitation instruments. This framework/ strategy should be directly linked with regional and national initiatives.	R.9.6: Organize, as a follow-up to the awareness campaigns, short visits by technical experts to advise on how to improve trade transactions, to streamline transport logistic operations, and to maximize the benefits derived from facilitation.

9.4 Strategies and Action Plan

Separate training objectives for each of the trade facilitation instruments are outlined after this high level, over-arching strategies and action plan.

9.4.1 Strategic Plan

Vision (Goal)	Objectives	Strategies	Actions	Performance Measures / Targets
Coordinated training to ensure timely and relevant information to all users of the trade facilitation instruments	9.1: Integrate with regional/ national training capacity for preparation and/or delivery of materials that will serve to instruct as appropriate.	9.1.1 Wherever possible integrate with existing national/ regional training programmes for maximum benefit and reduced costs	9.1.1.1 Identify and assess regional/ national institutions' capacity and willingness for preparation and delivery of materials that will serve to instruct as appropriate.	M: Existing national/ regional institutions assume responsibility for training T: 100%
			9.1.1.2 Clearly define ownership and training mandates regarding trade facilitation instruments.	
			9.1.1.3 Training needs analysis (audience and material) to identify gaps and explore solutions	M: Training analysis completed; audience and subject material needs identified (see tables below) T: 100%
	9.2: NC users aware of benefits and requirements of simplified documents and procedures	9.2.1 Public/ trade awareness campaign to highlight and instruct regarding the benefits and requirements of	9.2.1.1 organize and implement such a campaign, as appropriate, to publicise trade facilitation instruments	M: Campaign designed and implemented; greater levels of awareness expressed/compliance increase noted T: 100%

VISION (GOAL)	OBJECTIVES	STRATEGIES	ACTIONS	PERFORMANCE MEASURES / TARGETS
		simplified documents and procedures	9.2.1.2 Website provides clear, simple guidance re documents and procedures	M: Website material updated T: 100% M: Feedback received supports helpfulness of site T: 100%
			9.2.1.3 Organise, as a follow-up to the awareness campaigns, short visits by technical experts to advise on how to improve trade transactions, to streamline transport logistic operations, and to maximize the benefits derived from facilitation.	M: Technical advisers identified and functional T: 100%
		9.2.2 Exploration of Funding options	9.2.2.1 Engage with other training providers to explore funding options	M: Options for additional (if needed) funding identified T: 100%
	9.3: All policy-makers and senior decision-makers, as well as middle and junior managers in transport operations, aware of international trade and transport principles, practices and implications	9.3.1 Promotion of knowledge relating to trade instruments at strategic/ policy levels as well as the operational	9.3.1.1 The presentation of a series of seminars and workshops	M: Materials and audience identified T: 100% M: Workshops conducted T: 100%

9.4.2 Action Plan

PRIORITY	ACTION	RESPONSIBLE	% COMPLETE	DUE DATE
High	9.1.1.1 Identify and assess regional/ national institutions' capacity and willingness for preparation and delivery of materials that will serve to instruct as appropriate.	TTCA/National/ Regional training institutions	0	Start date + 6 months
High	9.1.1.2 Clearly define ownership and training mandates regarding trade facilitation instruments.	TTCA/National/ Regional training institutions	0	Start date + 3 months
High	9.1.1.3 Training needs analysis (audience and material) to identify gaps and explore solutions	TCCA/Training providers	0	Start date + 6 months
Normal	9.2.1.1 organize and implement such a campaign, as appropriate, to publicise trade facilitation instruments	TTCA/ governments/ donors/Training providers	0	Start date + 6 months
Normal	9.2.1.2 Website provides clear, simple guidance re documents and procedures	TCCA	0	Start date + ongoing
Normal	9.2.1.3 Organise, as a follow-up to the awareness campaigns, short visits by technical experts to advise on how to improve trade transactions, to streamline transport logistic operations, and to maximize the benefits derived from facilitation.	TTCA/ NTTFCs	0	Start date + ongoing
Normal	9.2.2.1 Engage with other training providers to explore funding options	TTCA/ governments/ donors/Training providers	0	Start date + 12 months
High	9.3.1.1 The presentation of a series of seminars and workshops	TTCA/Training providers	10	Start date + 12 months

Subject 1:	COMESA CD
Aim:	To sensitise users of a common customs document to the benefits and completion of such a form
Target audience:	Customs staff; clearing and forwarding agents; transporters
Objectives:	i. Understand the background and concept of the COMESA CD ii. Gain a comprehensive understanding of how to complete the document iii. Gain an understanding of the definitions used in transit documentation iv. Understand how the document is used throughout the corridor v. Appreciate the different roles and responsibilities of the different agencies and organisations involved vi. Appreciate the benefits of the single document vii. Know where to seek further guidance/ assistance
Key topics:	▪ How a Single Administrative Document (SAD) works ▪ Completing the document – box by box ▪ Roles and responsibilities of different actors (Customs, Trade etc) ▪ Requirements of such a process (legal, IT etc) ▪ Where to go for assistance (websites, help lines, etc) ▪ Benefits of a common document: time and cost savings; facilitation of cross border movements ▪ Familiarisation with completion requirements
Methodology:	Lecture/ Handouts: Completion Guide
References:	REVIEW OF LEGAL AND INSTITUTIONAL INSTRUMENTS TO FACILITATE INTRA-REGIONAL TRANSPORT AND TRADE WITHIN SUB-SAHARAN AFRICA ANNEX VI-17 CUSTOMS DOCUMENT A COMPLETION GUIDE (COMESA)

<table>
<tr><th>Subject 2:</th><th>RCTG</th></tr>
<tr><td>Aim:</td><td>To facilitate the transit of goods through NC countries through use of a guarantee scheme</td></tr>
<tr><td>Target audience:</td><td>Customs; trade; insurance companies; clearing and forwarding agents</td></tr>
<tr><td>Objectives:</td><td>i. To familiarise appropriate organisations with the operational requirements of the RCTG scheme
ii. To ensure a complete understanding of the documentation employed
iii. To raise awareness of legal responsibilities of the scheme
iv. To educate regarding the physical (vehicle/ container/ seals) requirements of the scheme
v. To underline the benefits of this scheme for businesses, national economies and the transport industry
vi. To explain where further assistance can be obtained</td></tr>
<tr><td>Key Topics:</td><td>▪ Introductions - hopes and expectations
▪ Domestics
▪ Context: General overview, background, benefits and terminology
▪ Legislation: National legislation, Article 5 of Annex V of the COMESA Treaty, Article 4 of the RCBG Agreement
▪ End to end process explanation from Office of Commencement to Port of Exit
▪ Documentation: What it looks like, how it should be completed, which pages go where – Application for the Customs Transit Guarantee/ Bond; Certificate of Guarantee; COMESA Carnet;
▪ Operational management of the scheme
▪ IT systems
▪ Customs processes/ procedures
▪ Approved Carrier’s licence requirements
▪ Transport requirements of goods under seal (vehicle/ container)
▪ Driver obligations
▪ Sealing – member state seal recognition
▪ Routing
▪ Fees, fines and national legislation
▪ Irregularities and non-compliance including: under-declaration, false declaration, concealment of goods, misclassification</td></tr>
</table>

Subject 2:	RCTG
	▪ Claims handling ▪ Acquittal management ▪ Maintenance of accounts ▪ Payment of incidental expenses – including loading, offloading, penalties and inspection fees ▪ Sensitisation re uses of RCTG as a tool for business and economic development ▪ Where to go for assistance (websites, help lines, FAQs. etc)
Methodology:	➢ Group exercises & discussion/input - Group and tutor feedback/ - Preparation templates - If possible – on the job IT Training or view IT systems in live usage - Using real life situations or case studies to apply a step by step approach to understanding processes ➢ Handouts: - Sample documentation - RCTG-MIS procedure guidelines from operational manual - Vehicle/ container requirements - Sample customs seals - Authorised routes - Useful contacts
References:	National legislation RCTG Scheme Operations Manual Article 5 of Annex V of the COMESA Treaty Article 4 of the RCTG Agreement www.rctg-mis.comesa.int * COMESA has nominated INDIGO as their training provider for matters relating to RCTG. It would be advisable to enter into partnership with INDIGO to ensure a standardised training package.

Subject 3:	Unique Consignment Reference (UCR)
Aim:	To establish an information and documentation link between the supplier and the customer in international trade transaction and provide an audit trail for customs administrations and other regulatory agencies.
Target audience:	Customs, import/ export agents, traders, carriers
Objectives:	i. To familiarise appropriate organisations with the operational requirements of the UCR process ii. To ensure a complete understanding of the documentation and IT employed iii. To raise awareness of legal responsibilities of the initiatives iv. To educate regarding organisational roles and responsibilities v. To underline the benefits of this scheme for information share, tracking, and the elimination of repetitive data submission vi. To explain where further assistance can be obtained
Key Topics:	• Overview and aims: promotion of safe and secure borders • Benefits of UCR system: Contributes to rapid release; improves logistics chain management; eliminates redundant and repetitive data submission; reduces the amount of data required to be presented at time of release; provides an additional aid in general cargo reception, handling and servicing at ports; allows commercial and official contacts/enquiries at any point in the logistical chain; reduces compliance costs • Process mechanism: how it works – end to end process flow. • Organisational obligations • IT systems – requirements and usage • The creation of UCR numbers – what they mean, country codes • Documentation: SAD forms
Methodology:	➢ Practical demonstration ➢ Handouts: - Understanding UCR numbers - Country codes - Process diagram

Subject 3:	Unique Consignment Reference (UCR)
References:	WCO Unique Consignment Reference (UCR) World Customs Organisation June 2004 (user's manual) Since the UCR is a WCO instrument, it is important for any training and capacity building activities to be implemented in collaboration with the WCO

Subject 4:	Carrier License/ Carrier Plates
Aim:	Promotion of greater movement of goods, persons and services in the Preferential Trade Area through the harmonisation of legislation, regulations, standardised documentation and procedures plus the adoption of similar speed limits and safety regulations.
Target audience	Licensing authorities; customs administrations; transport carriers/ operators; drivers; accredited technical inspection centres; traffic police, cargo owners, cargo (shippers) and truckers membership associations
Objectives	i. To familiarise appropriate organisations with the operational requirements of the Carrier License scheme and the particulers of Carrier Plates ii. To explain the TIR system iii. To raise awareness of legal responsibilities of the scheme and the regulations in force iv. To educate regarding the physical requirements of the scheme v. To underline the benefits of this scheme for businesses, national economies and the transport industry vi. To explain where further assistance can be obtained
Key topics:	**Carrier License:** • Aims and benefits of Carrier License • Details of Protocol on Transport and Communications, and the Protocol on Transit Trade and Transport Facilities of the Preferential Trade Area Treaty (PTA, 1981) • Technical regulations for approval of transit carriers in COMESA

Subject 4:	Carrier License/ Carrier Plates
	• Application for approval certificate • Formalities and documentation requirements for the vehicles and cargo • Requirements for the insurance of goods and vehicles • Regulations governing speed limits on urban roads and highways • Regulations governing minimum safety for transport of dangerous substances • Regulations regarding special transport requiring escort • Regulations concerning dimensions, technical requirements, gross weight and load per axle of vehicles • Road worthiness requirements • Road transit charges • Approval by national Customs Authorities • Guarantee by a surety • Bond payments • Licensing by competent Authorities • Conditions of issuance of licenses • Non compliance **Carrier Plates:** • Details of The Protocol on Transit Trade and Transit Facilities (PTA, 1991) • Technical particulars for the COMESA transit plates • Benefits of use
Methodology:	➢ Presentations ➢ Handouts: - Sample documentation - Sample Carrier Plate - Transporter requirements - Useful contacts
References:	The Protocol on Transit Trade and Transit Facilities (PTA, 1991) Procedures for approval of road vehicles training seminar Konstantin Glukhenkiy UNECE TIR Secretariat 2007

Subject 5:	TIR Scheme
Aim:	To explain the workings, usage and benefits of this globally recognised system that offers an administratively simple, less bureaucratic and both cost and time advantageous procedure to carry goods across customs territories.
Target audience:	Customs staff; clearing and forwarding agents; transporters; AEOs
Objectives:	i. Understand the background to the transit regime ii. Develop a basic understanding of the TIR Convention iii. Provide an understanding of the five principles behind TIR transit system iv. Develop an understanding of the authorisation process of traders to use TIR v. Gain an understanding of TIR Carnets and there contents vi. Understand the validity of TIR Carnet vii. Gain an understanding of the definitions used in transit documentation viii. Develop an understanding of the best practice in the field of transit application ix. Understand the transit formalities at office of departure x. Understand the minimum internationally agreed standards of Customs seals/fasteners for transit purposes xi. Outline the status of foreign Customs seals
Key Topics:	• Overview of the TIR Transit System • TIR Convention • The five principles behind TIR transit system • The authorisation process of traders to use TIR • Understanding of TIR Carnets and their contents • Understand the validity of TIR Carnet • Definitions used in transit documentation • Best practice in the field of transit application • National legislation • Formalities at office of departure • Minimum internationally agreed standards of Customs seals/fasteners

Subject 5:	TIR Scheme
	for transit purposes
Methodology	➢ Trainer input ➢ Case studies ➢ Practical examples ➢ Handouts: - List of contracting and operational countries - TIR CARNET PARTIES - Completion of Volet Sections - Checking Transits
References:	www.iru.org

10 CONCLUSIONS AND RECOMMENDATIONS

Following are general and broad conclusions and recommendations that build on the findings and conclusions from previous chapters. In addition there is a selection of proposed projects and estimated budgets based on the strategies and actions previously proposed which illustrate the way forward in moving from the strategies and actions under each instrument towards project plans.

10.1 GENERAL CONCLUSIONS AND RECOMMENDATIONS

1. **By virtue of Articles 27b, 35, 37b, 56 and 57 of the Northern Corridor Transit and Transport Agreement (2007) all the Northern Corridor Member States are bound to implement COMESA trade facilitation instruments. Furthermore, some of the national legislation of the Member States (e.g. customs laws) to a great extent reflects commitment to implementation of international trade facilitation standards. This includes the Republic of South Sudan whose new Customs Act incorporates the principles of GATT Valuation although the country is not yet a WTO Member. It is recommended that:**

   (a) NCTTCA Secretariat emphasize commitment to the Agreement and relevant international standards in meetings of the organs of the Authority namely the Public-Private Partnerships committee, the Specialized Committees, the Executive Committee of Permanent Secretaries, and the Council of Ministers as a step towards developing and maintaining high standards of trade and transport facilitation along the Northern Corridor.

   (b) NCTTCA Secretariat leverage existing Strategic Partnership Agreements with the EAC and COMESA to ensure the two Regional Economic Communities incorporate and/or involve the Secretariat in missions to Northern Corridor Member States for training, sensitization and generation of political will for implementation of regional requirements.

2. **Some Northern Corridor Member States have not ratified Agreements that support relevant trade and transport facilitation instruments e.g. the Democratic Republic of Congo has not ratified the COMESA Regional Customs Bond Agreement. It is recommended that:**

   a) NCTTCA and COMESA continue high-level engagements with the Democratic Republic of Congo for ratification of the Agreement.

   b) Cooperating Development Partners and other Member States, with the support of the NCTTCA Secretariat, provide relevant technical assistance, training and capacity building towards implementation of regional trade and transport facilitation instruments and international standards to the Republic of South Sudan.

3. **Recent developments in regional integration such as the EAC Single Customs Territory and the COMESA-EAC-SADC Free Trade Area and the conclusion of**

the WTO Bali Agreement on Trade Facilitation (2013) have raised the political profile of trade facilitation to unprecedented levels.

It is recommended that:

a) TTCA makes deliberate efforts to link their programs and interventions to these developments using the EAC and COMESA Strategic Partnership Agreements, and continue cooperating with other international organizations active in the area of trade facilitation such as AfDB, TradeMark East Africa, UNCTAD, UNECE and World Bank.

4. **Article 7 of the Northern Corridor Transit & Transport Agreement (2007) establishes the Public Private Partnership Committee composed of "public and private sector persons and organizations dealing with matters of interstate and transit along the corridor". This committee is expected to make its views and recommendations to the Secretariat for onward transmission to the Executive Committee of Permanent Secretaries and the Council of Ministers. Currently, the Northern Corridor Stakeholders' Consultative Forum performs functions that are akin to those specified to be performed by the Public-Private Partnership Committee. It is recommended that:**

a) The Northern Corridor Stakeholders' Consultative Forum formally transforms itself into the Public-Private Partnership Committee in line with the provisions of the NCTTA.

b) The current composition and structure of the Forum be reviewed so as to transform it into the Public-Private Partnership Committee envisaged by the NCTTA, with links to National Trade & Transport Facilitation Committees and Joint Border Committees.

5. **The Northern Corridor Transit & Transport Agreement (2007) makes no provision for National Trade & Transport Facilitation Committees to link with the regional Public Private Partnership Committee of Article 7. It is recommended that:**

a) Member States adopt common policy guidelines for establishment of National Trade & Transport Committees;

b) Given that there are no structures specifically called "National Trade & Transport Facilitation Committee" in any of the Member States, with existing structures variously being called "National Monitoring Committee for Elimination of Non-Tariff Barriers" or "National Committee on Trade Facilitation", Member States notify the Secretariat of the structure, membership and Terms of Reference of the committee responsible for trade and transport facilitation in each Member State.

6. **The legal framework for the use of the COMESA-CD, Carrier Licence, Transit Plates and harmonization of road user charges exists at the regional level, but this has not been uniformly implemented at the national level although commitments there are made by Contracting Parties at the regional level (through ratification of and accession to various agreements and protocols) are binding on the Contracting Parties. The EAC has passed the Vehicle Load**

Control Act 2013, which is aligned, to COMESA requirements. It is recommended that:

a) Member States amend their laws and procedures to make them compliant to the requirements of the regional framework.

7. **There are significant training and capacity building constraints for implementation of the trade facilitation instruments under study. In most cases, users (e.g. customs, clearing and forwarding agents) could not make a link between national practice and the provisions in regional treaties and protocols. It is recommended that:**

    a) TTCA Secretariat use the web site to provide relevant information on the various trade and transport facilitation instruments e.g. background information including legislation, meeting reports, progress in implementation, and outlines of training materials.

    b) Training of Trainers programme on the various instruments be conducted at the national and regional level and the content incorporated into existing training programmes for the public sector (e.g. Customs) and the private sector (e.g. the East African Community Freight Forwarding Certificate).

8. **The region has made a lot of investments in ICT for trade facilitation. The investments include the RCTG-MIS, RADDEx, national Customs Management Systems and electronic Single Windows. Only the Republic of Southern Sudan lacks a Customs Management System. It is recommended that Member States take advantage of these investments and:**

    a) Enhance connectivity and collaboration in the exchange of information and data;

    b) Adopt the Unique Consignment Reference number at the regional level.

10.2 PROPOSED PROJECTS BASED ON STRATEGIES AND ACTIONS

10.2.1 Project 1: Integration of the RCTG Business Practices into existing Customs Management Systems

This addresses the need for incorporation of electronic RCTG management into the day-to-day operations of customs through integrating the RCTG-MIS with existing bond management of the CMS.

References:

Objective 6.1:	*Seamless national electronic communication between customs, inspectorate services and other trade agencies and stakeholders.*
Strategy 6.1.2:	*Integrate RCTG-MIS with CMS.*
Action 6.1.2.1:	*Work with ASYCUDA/SIMBA (or incoming KRA system) ICT teams to integrate bond module logic with RCTG-MIS, so that interface to the RCTG-MIS is within CMS.*

Estimated project time: 12 months

Estimated resources: 1 Project Manager

1 Customs ICT developer from each participating RA

1 COMESA ICT developer familiar with RCTG-MIS

4 workshops

This integration will be accomplished through a series of short workshops comprising all resources, during which time members will focus on problem solving, work planning and work load delegation. Each member will be allotted appropriate time by the participating RA management to complete the assigned workload before regrouping.

This integration will allow bond management through a single interface and access to regional bond cancellation. More information: Chapter 6, Section 6.5: *RCTG.*

Approximate budget: USD 120,000

10.2.2 Project 2: Implementation of a Centralized Methodology for Data Exchange that Leverages on Existing SCT Initiatives, eSWS and CMS Capabilities

References:

Objective 6.2: *Seamless data exchange along the Northern Corridor.*

Strategy 6.2.1: *Develop Centralized Platform to serve SCT and neighbours.*

Action 6.2.1.1: *Delegate a support staff of RA ICT staff currently engaged in SCT support.*

Action 6.2.1.2: *Build on bilateral exchange to create Central Platform.*

Action 6.2.1.3: *Integrate central exchange directly into CMS interface.*

Estimated project time: 24 months.

Estimated resources: 1 Project Manager

1 full time customs ICT developer/support from each participating Revenue Authority

Implementation of a Centralized Methodology for international information exchange among customs and trade stakeholders will make a huge step forward for the region. Access to source code from Customs Management systems as well as preceding information exchange platforms (such as RADDEx) places the region in a unique position to leverage a single interface to a comprehensive centralized platform resulting in a regional platform for customs and trade management and facilitation. More information: Chapter 6, Section 6.7 *Key Recommendation: moving from bilateral exchange to centralized exchange.*

Approximate budget: $400,000

10.2.3 Project 3: Training and Capacity Building on Trade and Transport Facilitation

The project addresses training and capacity building constraints for implementation of the trade facilitation instruments. It also addresses the need to create awareness on the COMESA trade and facilitation instruments. This will include 2 pilot trainings undertaken in the region. Thereafter, 1) Training per country per country per year for whole project period will be undertaken. Each course will comprise about 20 participants, representing all the stakeholders.

References:

Objective 9.2:	*NC users aware of benefits and requirements of simplified documents and procedures.*
Objective 9.3:	*All policy-makers and senior decision-makers, as well as middle and junior managers in transport operations, aware of international trade and transport principles, practices and implications.*
Strategy 9.2.1:	*Public/ trade awareness campaign to highlight and instruct regarding the benefits and requirements of simplified documents and procedures*
Strategy 9.3.1:	*Promotion of knowledge relating to trade instruments at strategic/ policy levels as well as the operational.*
Action 9.2.1.1:	*Organize and implement such a campaign, as appropriate, to publicise trade facilitation instruments.*
Action 9.3.1.1:	*The presentation of a series of seminars and workshops.*

Estimated project time:	4 years
Estimated human resource:	1 Project Manager
	1 Customs expert
	1 ICT expert
	1 Transport facilitation expert

The project will contribute to enhanced knowledge, skills and abilities of participating individuals and organizations on issues related to trade and transport facilitation (**Recommendations 10.1.7**: *Training of Trainers programme on the various instruments be conducted at the national and regional level and the content incorporated into existing training programmes for the public sector e.g. Customs and the private sector e.g. the East African Community Freight Forwarding Certificate*).

Approximate Cost: USD 2 million

10.2.4 Project 4: Support To Governments To Enhance/Implement Roadworthiness Testing

This will include training of agencies involved in roadworthiness testing. In addition technical support in terms of equipment required to ensure the roadworthiness will be provided.

References:

Objective 5.4: *Reduced accidents along the Northern Corridor through implementation of harmonized technical vehicle roadworthiness inspection in all NCTTA contracting states being undertaken.*

Strategy 5.4.1: *Promote adoption and implementation of mandatory vehicle roadworthiness testing in all the NCTTA contracting party states.*

Action 5.4.1.1: *Create awareness on need for implementation of harmonized vehicle technical control and best practice.*

Action 5.4.1.2: *Facilitate vehicle testing capacity building including: providing technical capacity for development of the necessary legislation, testing facilities and training of testers.*

Estimated resources: 1 Project Manager

1 Vehicle technical control expert

The project will contribute to enhanced and effective implementation of COMESA transit transport facilitation instruments along the Northern Corridor by all the NCTTA contracting party countries. It will also contribute to reduce accidents along the Northern Corridor (Recommendation 5.4.1.1: *Implementation of harmonized vehicle technical controls and best practice, capacity building on vehicle testing*)

Approximate budget: USD 18 Million.

10.2.5 Project 5: Technical Assistance To The Republic Of South Sudan In Development Of Carrier License Legislation

This project will address the need to ensure all the countries Party to the NCTTA have and implement a at the national level transport legislation which conforms to COMESA trade and transit facilitation requirements.

References:

Objective 5.1: *Ease cross border vehicle transit through the adoption of a single and harmonized transit COMESA carrier license along the NC.*

Strategy 5.1.1: *Promote mandatory use of harmonized transit carrier license.*

Action 5.1.1.5: *Promote review or development of harmonized transit CL legislations at the national level.*

Estimated human resources: 1 Project Manager

1 Legal expert

1 Transport/ trade facilitation expert

Approximate budget: **USD 200, 000.**

The project will contribute to enhanced effective implementation of COMESA Carrier License as a key regional instrument of trade facilitation and transit transport facilitation along the northern Corridor (Recommendation 5.4.2.A *Carrier Licensing* and 10.1.1: *Cooperating Development Partners and other Member States, with the support of the NCTTCA Secretariat, provide relevant technical assistance, training and capacity building towards implementation of regional trade and transport facilitation instruments and international standards to the Republic of South Sudan*)

10.2.6 Project 6: Implementation Of A Monitoring And Evaluation Mechanism

This project will aim at establishing and strengthening the management of the Regional Project Steering Committee for Implementation of Trade & Transport Facilitation Instruments.

Specific activities of this project include: missions to member states, and an annual reports in form of implementation score card of the instruments. All the COMESA trade and transport facilitation instruments including the CD, RCTG, CL, TPs, harmonized transit charges and UCR will be monitored.

References:

Objective 5.6:	*Monitored use of uniform (harmonized) COMESA trade and transit facilitation instruments on the NC.*
Strategy 5.6.1:	*Assess the use of COMESA trade and transit facilitation instruments.*
Action 5.6.1.1:	*Develop indicators of use of the COMESA trade and transit facilitation instruments along the NC.*
Action 5.6.1.2:	*Carry out an evaluation of use of COMESA trade and transit facilitation instruments including transit transport instruments on yearly basis.*

Estimated project time: 4 years

Estimated human resources: 1 Project Manager

2 trade facilitation experts

Approximate budget: USD 200,000

Contribution of the project

The project will contribute to enhanced and effective implementation of COMESA transit transport facilitation instruments along the Northern Corridor (Recommendation 5.4.2: *COMESA Carrier Licence, Transit Plates, Harmonized Transit Charges, Criteria for Determining Road Worthiness).*

10.2.7 Project 7: Institutionalization Of The Northern Corridor Stakeholders Consultative Forum

This project will address the issue of formation of NTTFCs, their coordination with other national mechanisms and establish linkage of the NTTFCs with the regional Public Private Partnership Committeefor trade and transport facilitation. The project will also address the issue of Committees meeting expenses and provide trade and transport facilitation training (run back-to-back with official meetings to cut down on costs) as a way of building the committees' capacity on these matters.

References:

Objective 8.1:	NTTFCs established in each member state to address issues relating to NC business.
Objectivie 8.4:	Clearly articulated, agreed and adopted Common Policy Guidelines for Formation of Joint Border Committees along the NC. Effective lines of communication and coordination established.
Objective 8.5:	Increased Trade facilitation through improved information flow and effective problem solving.
Strategy 8.4.1:	Relationship between NTTFCs and Joint Border Committees and other national PPP forums clearly defined thereby creating time and money savings through non-duplication of effort and harmonisation of process. Trade facilitation effected through improved PPP coordination and communication.
Strategy 8.5.1:	Development of PPP to balance core public service objectives and private sector aims and concerns.
Action 8.5.1.1:	Enhance knowledge share and capacity building through shadowing programmes and SH presentations
Action 8.4.1.1:	Agree, adopt and enact Policy Guidelines for JBCs along NC.
Action 8.4.1.2:	Establish and publicise clear lines of communication and designated person/ organisation for coordination.

Estimated project time:	4 years
Estimated resources:	1 Project Manager
	1 trade facilitation expert
Approximate budget:	USD 200,000

Contribution of the Project

The project will contribute to enhance linkage between the National Trade & Transport Facilitation Committees with the regional Public Private Partnership Committee (Recommendation 10.1.5: *Common Policy Guidelines on Establishment and Functions of National Trade & Transport Facilitation Committees, Notification by Member States to the Secretariat of the Structure and Composition of such bodies*).

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12APPENDIX 1: TERMS OF REFERENCE

TERMS OF REFERENCE FOR THE NORTHERN CORRIDOR TRADE AND TRANSPORT FACILITATION STUDY ON IMPROVING THE USE OF COMESA FACILITATION INSTRUMENTS AND STRENGTHENING NORTHERN CORRIDOR STAKEHOLDERS FORUM/COMMITTEES

Table Of Abbreviations And Acronyms

AfDB:	African Development Bank
COMESA:	Common Market for Eastern and Southern Africa
CD-COM:	Customs Document COMESA
EAC:	East African Community
NCTA:	Northern Corridor Transit Agreement
NCTTCA:	Northern Corridor Transit Transport Agreement
NTTFCs:	National Trade and Transport Facilitation Committees
NCTLF:	Northern Corridor Trade Facilitation and Logistics Chain Stakeholders Forum
PTA:	Preferential Trade Area
RCTD:	Road Customs Transit Document
RCTG:	Regional Customs Transit Guarantee

I. BACKGROUND

A. Introduction

1. The Northern Corridor Transit Transport Coordination Authority (NCTTCA) has received a Grant in different currencies from the African Development Bank Group towards the cost of financing some regional activities on the Northern Corridor under the East Africa Trade and Transport Facilitation Project. These activities include the Northern Corridor Trade and Transport Facilitation study.

2. The transport corridor linking the Kenyan seaport of Mombasa, on the Indian Ocean coast, with Uganda, Rwanda, Burundi, the Democratic Republic of Congo. It links also South Sudan, Northern Tanzania and Ethiopia. It is the busiest corridor in East and Central Africa handling in the region of 20 million tons (2011) of import/export cargo of the countries mentioned above of which about 5.6 Million was transit traffic. The corridor also handles a substantial volume of intra-regional trade, estimated to be over 4 million tons per annum.

3. The Northern Corridor is a multi-modal transport corridor, combining surface modes of transportation, which include road, rail, waterways and pipeline. The corridor route network extends from Mombasa and links major urban centres, which include, Nairobi, Kampala, Kigali, Bujumbura, Goma, Bukavu, Beni, Bunia and Kisangani. The Corridor also links Mombasa to Northern Tanzania, South Sudan and Ethiopia

4. In 1985 four countries, namely Kenya, Uganda, Rwanda and Burundi, which rely primarily on the Northern Corridor route and the port of Mombasa, signed in Bujumbura, Burundi, the Northern Corridor Transit Agreement (NCTA). Later in 1987, the Democratic Republic of Congo acceded to the Agreement thereby becoming the fifth contracting State. In 2007 a reviewed Agreement was signed in Nairobi by the Ministers in charge of Transports and is in the process of ratification by Member States.

5. In line with the provisions of the NCTA, the Transit Transport Coordination Authority (TTCA) of the Northern Corridor was established in 1986, following the ratification of the Agreement. The NCTTCA comprises the following organs: the Council of Ministers (Authority), the Executive Board and the Secretariat, which is headquartered in Mombasa, Kenya. Furthermore a number of specialized Committees have been put in place to prepare reports and make appropriate recommendations to be submitted to the Executive Board.

6. The NCTA has been reviewed and member States have inter alia committed themselves to the following:
   - To establish and manage transport and communications systems that are viable, reliable and efficient. Private enterprises shall be eligible to operate and manage such systems.
   - To cooperate in facilitating Trade and Transport along the Corridor in the full implementation of COMESA and EAC facilitation instruments.

7. Furthermore, the countries of the Northern Corridor have agreed to transform the corridor into an economic development corridor. The development corridor concept recognizes the interdependence of various sectors of the economy and seeks to create synergies between the development of transport infrastructure and the development of other sectors of the economy, such as agriculture expansion, mining, industrial development, tourism and others. Under this framework, the Northern Corridor countries would like to see transport infrastructure playing an important role in the socio –economic development of the region.

B. Rationale for the study

8. The Northern Corridor has pursued the objective of establishing and applying a common road customs transit document vigorously. Member states adopted a common road customs transit document (RCTD) under the Northern Corridor Transit Agreement. However, in order to promote regional-wide trade, COMESA subsequently developed and adopted the COMESA road customs transit document – the CD-COM.

9. The CD –COM was conceived as a regional document. When completed at customs office of departure the document should be accepted by customs office en route and destination. Customs offices en route receive a copy of the COMESA CD, making it unnecessary for a new document to be completed at every national border post. The COMESA CD was also to be complemented by a CD-COM Manual prescribing regional customs transit export, import and warehousing procedures.

10. Unfortunately, the implementation of the COMESA CD fell short of the anticipated goal. While the COMESA CD was widely adopted, it served only as a national customs document, subject to national customs procedures, as well as, unilateral modifications of both format and data elements.

11. The Transit declarations made by an originating customs office are validated by the next Customs office of transit or destination country and, therefore, entry reference numbers vary all along the transit process. For better monitoring and sharing in real time of the information provided through those different transit declarations, the World Customs Organisation adopted the concept of Unique Consignment Reference (UCR) to address the need for Customs Organizations to facilitate international trade while at the same time strengthening effective audit based controls.

12. The Northern Corridor States intend to achieve the following benefits through the use of the Unique Consignment Reference number (UCR) :
    - To have a transaction identifier that will be understood by all organizations involved in processing the trade transaction such Importer/exporter, shipping agents/transporters, declarants, customs, cargo storage handlers and standards agencies.
    - To be in possession of a tool that enables collaboration of data exchange between organizations operating in trade within the country and outside the country.

- To avail a system of generating a tool that enables various information systems of a customs service and its trading partners to work together in the most effective way possible. If properly applied it permits the information from the goods declaration to be joined with that from the manifest at the earliest stage in the customs process.
- To facilitate documents tracking by customs, importers/exporters, clearing agents etc by giving them a single search key to track the status of all their electronic documents relating to the consignment. Furthermore, matching of the various supporting documents for a given consignment will be greatly facilitated.
- Obtain a system that will facilitate trade and ensure the integrity of revenue mobilization; furthermore it promotes safe and secure borders by providing enhanced access to information at time of release.
- Elimination of redundant and repetitive data submitted by the carrier and importer.
- Enabling risk assessment and processing of the declaration prior to the arrival of the goods.

13. Although the COMESA Regional Customs Transit Guarantee Scheme (RCTG) was adopted in 1990, its implementation was postponed pending the identification of a suitable management system.

14. Now that the Insurance Companies that have successfully managed the COMESA Third Party Motor Insurance Scheme (yellow card) have agreed to manage the RCTG and the pilot tests along the Northern Corridor have proved successful, COMESA has launched the RCTG in the Northern Corridor in 2009.

15. The choice of COMESA to undertake pilot tests and launching of the RCTG along the Northern Corridor brings with it valuable opportunities. The successful implementation of the RCTG will reduce the amount money spent on customs bond thereby reducing overall transit costs to the benefit of shippers and national economics.

16. The COMESA Carrier License Scheme has been generally accepted by member States of the Northern Corridor but implementation has been patchy.

17. The Conner stone of the scheme is that a vehicle licensed in one Member State would not be subject to national licenses in other countries. In other words, a COMESA license issued in one State would be accepted in all other States. Vehicles licensed under COMESA would carry transit plates and would receive all guarantees and facilities of transit.

18. These advantages notwithstanding, the COMESA License Scheme is not fully operational along the Northern Corridor. Lack of model legislation to put the scheme into operation, and poor follow-up by COMESA may provide some of the reasons why the scheme is not in force.

19. An added complication now is that the adoption of the East African Community Customs Regulations in 2007 following the enactment of the East African Community Customs

Management Act, 2004 has compelled the East African Community member States to adopt community regulations.

20. This new development places the Democratic Republic of Congo (DRC) transport operators, at a particular disadvantage because their vehicles are not registered under the East African management Regulations, as the latter is not a member.

21. The COMESA Carrier License scheme requires the observarance of road traffic laws and regulations, including axle load limits. It obliges the operator to obtain a COMESA axle load certificate prior to commencement of transit operations. It also envisages the establishment of competent licensing authorities. The proposed model legislation must embrace all these elements. Moreover, the implementation of the COMESA Licensing scheme must be underpinned by a strong training component.

22. COMESA Transit Plates were part and parcel of the COMESA Carrier License Scheme. But as the COMESA Carrier License Scheme never took off in the Northern Corridor, and so were the COMESA Transit Plates. Yet, the idea of a Laissez Passer that underlie the Transit Plates remains valid.

23. Some transit vehicles in East Africa bear the sign "Transit Goods" However, these private initiatives should not be confused with COMESA Transit plates which may only be issued by the competent licensing authority using an agreed format under the COMESA Licensing Scheme. As the COMESA Carrier license scheme is not operational in the Northern corridor, so is the COMESA Transit Plate Scheme. The COMESA Transit Plate Scheme will be put into operation as a supplement to the COMESA Carrier License Scheme.

24. The COMESA Harmonized Road Transit charges are not applied in the Northern corridor. Countries apply charges based on domestic legislation.

25. The NCTTCA has been in a process of institutionalizing the Northern Corridor Trade Facilitation and Logistics Chain Stakeholders Forum (NCTLF) and subsequent formation/strengthening the National Trade and Transport Facilitation Committees (NTTFCs) in the Member States. The Northern corridor Trade and Facilitation Logistics Chain Stakeholders Forum is perceived as an Apex Public –Private Partnership Body at regional level, composed of governments institutions in customs, trade and transport in partnership with private economic operators in the logistics and trade chain. The NTTFCs are constituted at national level of similar partnership to feed into the Apex body (NCTLF)

26. The Northern Corridor Stakeholders Forum has provided the institutional mechanism to facilitate private sector participation in the deliberation and decision-making processes of the Northern Corridor. However because the Forum lacked resources of its own, meetings depended on sponsorship of public sector bodies, such as the Kenya Revenue Authority or Kenya Ports Authority.

27. The private sector has been unease about the dominant position of the public sector but it has equally been unease about committing its resources unless it saw concrete benefits from the Forum, in terms of its ability to influence change, hence the statement in which the Forum is public sector driven and weak.

28. To untangle this chicken-and-egg puzzle, the study should come up with concrete proposals for self-sustaining mechanisms for financial support to enable the Forum to establish an appropriate public and private sector equilibrium.

29. It is believed that when the Forum accomplishes concrete results in the three or four years, the private sector will be motivated to provide resources for its activities, thereby ensuring its sustainability

30. The establishment of National Trade and Transport Facilitation Committees (NTTFCs) in a number of Northern Corridor Member States has been done in response to the perceived need for public and private sector cooperation and collaboration on all the matters related to transit issues and problems. However, the ability of NTTFCs to prepare and implement their national programmes has been undermined by the lack of adequate resources. Lack of resources has also been an obstacle to the establishment of NTTFCs in other Member States.

31. While the Northern Corridor institutional arrangements at headquarters grew in strength, coordination and collaboration at the grassroots (national level) remained weak. It is for this reasons that the Executive Board of the Northern Corridor recommended the establishment or strengthening of NTTFCs. However the NTTFCs as of now require financial support to implement their activities and programmes. It is believed that once NTTFCs come of age and begin to deliver concrete outputs, their members, notably, the private sector will be willing to make contributions that will secure their long-term sustainability. Accordingly, the study should recommend a strategy for providing seed money to jump-start NTTFCs and see them through the nascent period of three years.

32. With basic infrastructure in place in many parts of East Africa, the role played by trade and transport facilitation in reducing transit times and contributing to the strengthening of supply and consumption chains and cutting down on overall transit costs has come to be recognized. The introduction of one-stop border post operations at the Uganda/Kenya border at Malaba in 2007 for example, has reduced the time trucks take to cross the border. The performance of the one-stop border post is expected to improve further when the construction of the physical infrastructure designed to support its activities is completed and will be further improved once other facilities are put in place on the border posts along the Corridor. Furthermore, the effective implementation of regional instruments such as COMESA CD and other regional instruments is going to enhance tremendously the smooth movement of transport along the Corridor.

C. Organization and Management of the Study

Implementing Organ

33. The study will be undertaken under the auspices of the NCTTCA Secretariat, which is the implementing and coordinating organ.

Coordination and Management of the Study

34. In addition to the Secretariat, the Consultant has to liaise very closely with ministries responsible for the development and maintenance of transportation infrastructure in the respective countries.

II. OBJECTIVES OF THE ASSIGNMENT

A. Overall Objective

35. The study will be undertaken by a team of key and non key experts engaged by NC TTCA Secretariat through a firm, over 9 months .All consultants will be engaged through Quality and Cost Based Selection (QCBS) in accordance with the African Development Bank's Rules on the Use of Consultants, (8 May2008, as amended from time to time).

36. The overall objectives of the study are to come up with a comprehensive strategy and action plan for effective implementation of the COMESA and EAC facilitation instruments along the Northern Corridor, the Unique Consignment Reference and strengthening the stakeholder's committees/forum both at national and regional level.

B. Specific Objectives

37. The study should highlight specific measures and priorities to effect implementation following trade and transport facilitation instruments and strengthening the stakeholder's committees/forum both at national and regional level.

B.1. **Component 1: Improvement of the use of the Trade and Transport facilitation Instruments. This Component include the following sub components**:

- COMESA CD – Review and Alignment of Customs and Transit Procedures along the Northern corridor with the CD – COM Manual to be developed;
- COMESA Regional Customs Transit Guarantee Scheme (RCTG);
- COMESA Carrier License; COMESA Transit Plates; COMESA harmonized road transit charges
- Unique Consignment Reference (UCR)

B.2. **Component 2: Strengthening of Trade Facilitation Committees/Stakeholders Forum:**

- Establishment / Strengthening of National Trade and Transit Facilitation Committees (NTTFCS);
- Strengthening of the Northern Corridor Stakeholders Consultative Forum

III. SCOPE OF SERVICES; TASKS (COMPONENTS) AND EXPECTED DELIVERABLES

i. Tasks/Components

a. COMPONENT 1

- **COMESA CD – REVIEW AND ALIGNMENT OF CUSTOMS AND TRANSIT PROCEDURES ALONG THE NORTHERN CORRIDOR WITH THE CD – COM MANUAL TO BE DEVELOPED;**

38. The Consultant shall carry out the following tasks:

- To develop strategy and action plan that ensure the effective use of COMESA Customs Document (CD-COM) as a regional document, hence eliminating the following difficulties:
  - Today, the COMESA - CD does not operate as a regional document; in addition Countries have used it as a national document;
  - Some countries have added additional data elements to the original CD; Others have modified the format to accommodate national requirements;
  - The East African community has issued a version of the CD, as document C.17A – single Administrative Document - ASYCUDA, and C.17B, single Administrative document - SIMBA; and
  - In addition, the CD – COM does not take enough into account the requirements of computerization and,

The Consultant will therefore focus on the following:

a. To review customs transit, export, import and warehousing including temporary import and export along the Northern Corridor;

b. To prepare a synthesis report of such procedures;

c. To prepare a CD-COM Manual of transit, export, import and warehousing along the Northern Corridor;

d. To propose, after consultation with customs Administrations of member States, COMESA and EAC, a revised CD-COM manual containing requisite data elements and format;

e. To undertake an audit of training needs in member states;

f. To prepare training modules designated to effectively implement the CD-COM;

g. To propose appropriate IT applications and enhancements of existing ones such as SIMBA, ASYCUDA, RADDEX etc…

- **COMESA REGIONAL CUSTOMS BOND GUARANTEE SCHEME**

39. The Consultant shall carry out the following tasks:

    i. To come up with proposals that enhance the use of the COMESA Regional Customs Bond Guarantee Scheme as a customs transit regime designed to facilitate the movement of goods under customs seal in the COMESA region and to provide the required security and guarantee to the transit countries.

    The following tasks are required:

    To undertake an audit of the difficulties incurred while implementing the pilot project along the Northern Corridor;

    a. To explore with COMESA how to undertake further pilot run. This implies that the re-launching of the RCTG is preceded by adequate preparations and assure the full participation and engagement of all the stakeholders (governments, Customs, C&F, insurance, Banks), and;

    b. To develop strategies and action plan to ensuring that modalities for monitoring the RCTG implementation, including the prospects for adjustment and upgrade of the IT system are considered at the launching of the pilot project;

    c. To assess training needs and prepare training modules designated to effectively implement the RCTG and;

    d. To develop Monitoring and follow-up mechanism for the implementation of the RCTG in order to alert COMESA of actual or anticipated problems that may hamper the effective implantation of the RCTG;

- **COMESA CARRIER LICENSE AND COMESA TRANSIT PLATES**

40. The Consultant shall carry out the following tasks:

    ii. To come up with measures enhancing the effective implementation of the COMESA Carrier License and COMESA Transit Plates with its origin from the PTA Treaty as one of the key regional instruments of trade facilitation. One of the key areas to look at is to bring this instrument in domestic legislation so that once issued by a competent authority in one Member State, it would be accepted in other States. The study shall also come up with recommendations on the implementation of the TRIPARTITE harmonized transit charges.

    The following tasks are required:

    a. To review carrier license regulations and practices along the Northern Corridor and propose uniform procedures with respect to:

        - Technical parameters for vehicles or containers that would satisfy conditions for international transport;
        - Vehicle Road worthiness;
        - Testing facilities and equipment requirements and
        - Institutional support services.

b. Prepare model legislation that would bring the scheme into force once adopted by the COMESA policy organs;

c. Assess training needs and prepare training modules designed to implement the scheme;

d. Preparation of appropriate recommendations which will provide the legal framework and establish appropriate institutional mechanisms for implementation of COMESA/TRIPARTITE harmonized Transit charges;

e. Formal adoption of scheme by the NCTTCA; and

f. Training to ensure uniform application of the scheme.

- **THE USE OF THE UCR IN THE NORTHERN CORRIDOR**

41. The Consultant shall carry out the following tasks:

iii. To come up with a strategy and measures for implementation of the use of the UCR in the Northern Corridor in order to eliminate the shortcomings in data exchange arising from;

- Each organization utilizing its own reference scheme to identify the same transaction
- Reliance on the reference number given by the preceding agency before the next agency can commence processing a transaction for clearance of a consignment.
- Breaks in audit trails due to changes in reference numbers for the same consignment along the supply chain.

The consultant will therefore focus on;

a. Review the process of assigning reference numbers in the Northern Corridor for goods involved in international trade/movement.

b. Develop the UCR to be used in the Northern Corridor

c. Develop a strategy for implementing the UCR in the Northern Corridor and propose the necessary amendments to the legislation

d. Develop a manual for implementing the proposed UCR

e. Assess the training needs and prepare training modules designed to implement the UCR.

b. COMPONENT 2

- **ESTABLISHMENT/STRENGTHENING OF NATIONAL TRADE AND TRANSIT FACILITATION COMMITTEES (NTTFCS);**

42. The Consultant shall carry out the following tasks:

iv. To come up with a strategy and action plan that stimulates effective operationalization of the Northern Corridor national trade and facilitation committees. The involvement of the stakeholders not only ensures thoughtful responses to the issues and problems at hand but also ensure that the decisions arrived at enjoys broad support for their implementation. The following are the tasks required:

a. To develop technical tools for the NTTFCS, including modules for preparation of work programmes and budgets.

b. To prepare model statutes of NTTFCs. The model to be used in the establishment of new NTTFCs and guidance in the revision of existing NTTFCs, as appropriate.

c. To develop strategy with the objective of mobilizing sustainable resources to enable NTTFCs to implement their work programmes and;

d. To assess training needs and prepare training modules for the NTTFCS

- **STRENGTHENING OF THE NORTHERN CORRIDOR STAKEHOLDERS CONSULTATIVE FORUM**

43. The Consultant shall carry out the following tasks:

v. To come up with a strategy and action plan that provides the NCTLF the institutional mechanism to enabling private sector participation in the deliberative and decision-making processes of the Northern Corridor.

The following are the tasks required:

a. To review the stakeholders statutes with the objective of institutionalizing the Forum as an autonomous body;
b. To come up with a framework membership for NCTLF for effective trade facilitation and logistics chain
c. To develop strategy with the objective of mobilizing sustainable resources to enable the Forum to implements its work programme, and;
d. To assess training needs and prepare training modules.

ii. Methodology

44. The Consultant is required to develop a methodology detailing main stages of the study. These should include, but not limited, to the preparatory phase, diagnostic/inventory phase, phase of development of the study. The Consultant is also required to develop the way they intend to ensure that the stakeholders own the study and the implementation of the conclusions of the study. The Consultant should also include the required resources (human, equipment etc.) to be used for the study.

45. For the study to be as comprehensive as possible, it is a requirement to take into account existing studies within regional organizations such as COMESA; EAC; SADC, especially adopted instruments by the TRIPARTITE as well as documentation existing at the NCTTCA.

46. The Consultant shall develop a training programme and meetings/ workshops for the stakeholders of the Northern Corridor.

47. The consultant will be required to present the inception and the draft final report to stakeholders' workshop, comprising approximately fifty participants for each workshop both from Public and Private sectors. Participation expenses (per diem and air ticket) for the participants from member States will be catered for by the sponsor and shall be indicated in the proposal. The estimated cost of the workshops is approximately US dollars one hundred thousand. The amount of these workshops shall appear as such in the Consultant's financial estimates. In order to monitor the progress made in undertaking the study, the consultant will be required to present a progress report to a experts team composed by the NCTTCA staff.

iii. Expected Deliverables (Hard Copies and Electronic)

48. The following deliverables are required from the consultant:

<u>CD-COM</u>

a. A technical report produced. The report reviewing customs transit, export, and import and warehousing procedures along the Northern Corridor and proposing specific changes to align those procedures to the CD-COM Manual;
b. A draft CD-Manual prescribing transit, export, import and warehousing procedures for application in the Northern Corridor.
c. Recommendations of appropriate IT applications or enhancements
d. Preparation of Training modules;

<u>RCTG</u>

a. A technical report produced. The report reviewing operationalization and enforcement of the RCTG along the Northern Corridor as well as modalities for monitoring and follow-up of the implementation of the RCTG adopted.

b. Preparation of Training modules;

COMESA Carrier Licence; COMESA Transit Plates; COMESA harmonized road transit charges

a. A report produced. The report shall contain a review of the Carrier license with proposals/recommendations in order to bring this instrument in domestic legislation so that once issued by a competent authority in one Member State, it would be accepted in other States.

The report shall contain the following elements, interalia:

- Proposed technical parameters for vehicle or containers that would satisfy customs conditions for international transport of goods;
- Criteria for determining vehicle road worthiness:
- Testing facilities and equipment, and;
- Model legislation to bring the scheme into force, Training modules to implement the scheme.

UNIQUE CONSIGNMENT REFERENCE (UCR)

a. A technical report produced among other issues reviewing the compatibility with the proposed UCR of the IT business systems used by the key stakeholders involved in the handling and clearance of goods in the Northern Corridor. The report should also give the necessary changes to the legislation to implement the UCR.
b. Manual for implementing the UCR
c. Training modules for the UCR implementation.

NTTFCs

a. A report containing proposals/recommendations for establishing/enhancing the NTTFCs including strategies for mobilization of finances.
b. Formulation of NTTFCs statutes
c. Work plans and budgets

STAKEHOLDERS FORUM

a. A report containing proposals/recommendations for strengthening the Stakeholders Forum including strategies for mobilization of finances
b. A report Model statutes produced with the objective of institutionalizing the stakeholders forum
c. Enhanced work programmes, budgets

IV. TEAM COMPOSITION AND QUALIFICATION REQUIREMENTS FOR THE KEY EXPERTS

Key Professional Staff and Qualification

49. The estimated input in terms of man-power is Thirty One (31) man/months and should include the following key professional staff:

(i) Customs Expert, Team Leader

(ii) Trade Facilitation Specialist

(iii) Institutional Development Specialist

(iv) ICT Expert

Key experts being evaluated at the technical evaluation level.

Other support staff may include but not limited to:

(i) Legal Expert
(ii) Transport Economist
(iii) Logistics Expert
(iv) Insurance Expert.

- **Component 1**

50. **The required Man – Months, Expertise is as follows**:

1. **Key experts required undertaking this assignment**:

Customs Expert:	7 Months
IT Expert:	6 months
Trade Facilitation Specialist:	6 Months
Institutional Development Specialist:	2 Months

2. **Qualification of key personnel**

Customs Expert

- **Qualification and skills:** A relevant Master's degree in Economics, International Trade or Development Studies or University Degree in economics, law, business administration and management, public administration.
- **General professional Experience**: At least 10 years of relevant experience of dealing with customs, regional integration and trade related issues in Southern and East African countries. Minimum 8 years working experience particularly in Customs, (Reform, Training, Manual Creation, Business Process Reengineering (BPO), Harmonizing Customs Regimes), Single Window Environment - Institutional Development, Joint Border Crossing Procedures.
- **Specific professional experience**: Intimate knowledge of customs, trade impediments and other trade facilitation issues affecting the southern and eastern Africa countries; well conversant with the regional integration agenda in the region, particularly the regional trading agreements and factors affecting the flow of traded goods across border crossings with practical experience in Customs Modernization Programs. Experience within the EAC region will be an added advantage. Providing Customs and other functional assistance/support to NPT (National Project Team) in the prototyping, testing, piloting, rollout, functional administration and maintenance of the Customs documentation and instruments. Coordinating the functional

implementation of NCS ASYCUDA e-Documents with other governmental agencies'/organizations' activities/initiatives

Trade Facilitation Specialist

- **Qualification and skills**: Master's Degree in Finance or Economics, Law, Business or a related field required;
- **General professional Experience**: At least 10 years profound knowledge and experience on trade facilitation issues, in particular on trade and transport logistic development, clearing and forwarding, trade infrastructure development, customs law and procedures, security issues, and business mobility. Capacity to analyzing the existing national Customs related legislation, Customs regulations and Customs procedures from the viewpoint of the ASYCUDA implementation; advising on development of a multi-media TTCA 'customs information platform' which enables trade operators and the public in all TTCA countries, and externally, to access comprehensive, accurate and up-to-date information about customs law, regulations, procedures and forms in each TTCA country.
- **Specific professional experience**: Well conversant with the regional integration agenda in the region, particularly the regional trading agreements and factors affecting the flow of traded goods across border crossings with practical experience in Customs Modernization Programs, Joint Border Crossing Procedures, Supply Chain Security, Transportation & Regional Transit Issues, Capacity Building for Trade facilitation and Trade Associations, Business process analysis for simplified trade procedures and documents, Simplification and automation of trade documents for migration to paperless trade, Development of aligned sets of national and regional trade documents, Single Window implementation, Regional harmonization of data requirements. Experience within the EAC region will be an added advantage

IT Expert

- **Qualification and skills**: A Master's degree in Information Technology, Computer Science or related field with postgraduate professional qualifications in IT.
- **General professional Experience**: At least 8 years experience in customs systems with practical experience in Customs Modernization Programs. Minimum 5 years of experience working in development and/or implementation of IT systems in a customs administration in International/regional organizations, Experience in projects in the customs sector involving implementing and/or testing of software modules, particularly related to implementing the Common Customs Tariff / TARIC; Experience in projects involving quality assurance in relation to IT systems in the customs area, a minimum of five years of progressively responsible experience in dealing with the automation of Customs procedures, organizing and delivering Customs awareness sessions and Customs/functional training courses within governmental organizations or related field.

- **Specific professional experience:** Experience in the development and implementation of the interconnectivity of customs systems in order to enhance exchange of information, compilation, analysis and dissemination of customs data, experience in coordinating and assisting with Data Exchange Agreements in liaison with the Compliance and Enforcement Office of Customs IT Regulations under the EAC Customs Management Act. Experience in developing in-house capability to coordinate studies and research on Customs IT in EAC region in general and in TTCA region in particular, working with the Customs Agencies and IT suppliers to develop and manage a centralized customs data bank, working with the Customs Agencies and IT suppliers to coordinate, develop and implement Customs IT training programs, working with the IT system suppliers to coordinate the development of a harmonized computerized risk-based customs system to include an audit capability, coordinating the design and implementation of EAC Customs IT programs and developing programs for dissemination and sensitization of stakeholders on customs IT systems

- **Component 2**

51. The required Man – Months, Expertise is as follows:

1. Key experts required to undertake this assignment:

Institutional development Specialist:	6 Months
Trade facilitation Specialist :	2 Months
IT Expert:	1Months
Customs Expert:	1 Month

2. Qualification of key personnel

Institutional Development specialist

- **Qualification and skills**: Master's degree in economics or public/business administration or related field; Excellent analytical competence and interview skills; Active listening skills and strong report writing skills;
- **General professional Experience**: Minimum of 10 years of relevant professional experience; proven experience in participative planning and strategy development processes, preferably in the public/private sector in the developing country context.
- **Specific professional experience**: Proven knowledge and experience of institutional capacity assessment, change management, strategic planning and institutional capacity; building; Proven knowledge and understanding of Organizational Development issues is essential. Proven experience working in East African Institutions, preferably in trade and transport related environments;

Trade Facilitation Specialist

- **Qualification and skills**: Master's Degree in Finance or Economics, Law, Business or a related field required;

- **General professional Experience**: At least 10 years profound knowledge and experience on trade facilitation issues, in particular on trade and transport logistic development, clearing and forwarding, trade infrastructure development, customs law and procedures, security issues, and business mobility. Capacity to analyzing the existing national Customs related legislation, Customs regulations and Customs procedures from the viewpoint of the ASYCUDA implementation; advising on development of a multi-media TTCA 'customs information platform' which enables trade operators and the public in all TTCA countries, and externally, to access comprehensive, accurate and up-to-date information about customs law, regulations, procedures and forms in each TTCA country.
- **Specific professional experience**: Well conversant with the regional integration agenda in the region, particularly the regional trading agreements and factors affecting the flow of traded goods across border crossings with practical experience in Customs Modernization Programs, Joint Border Crossing Procedures, Supply Chain Security, Transportation & Regional Transit Issues, Capacity Building for Trade facilitation and Trade Associations, Business process analysis for simplified trade procedures and documents, Simplification and automation of trade documents for migration to paperless trade, Development of aligned sets of national and regional trade documents, Single Window implementation, Regional harmonization of data requirements. Experience within the EAC region will be an added advantage

V. REPORTING REQUIREMENTS AND TIME SCHEDULE FOR DELIVERABLES

- **Duration of Engagement**

52. The Consultant shall commence provision of services within 30 calendar days of the effective date of the contract. The effective date shall be the date of signature of consultancy contract agreement and completed within Eight (8) months from the date of the commencement of services.

53. The following tentative time schedule shall be observed in carrying out the study:

Date of the signature of the contract (Effective date)	D
Date of commencement	D + One (1) month
Inception Report	D + Two (2) months
Organization of workshop	D+Three (3) Months
Interim Report	D+Five (5) months
Draft Final Report	D+Seven (7) months
Organization of workshop	D+ Eight (8) months
Final Report	D+ Nine (9) months

- **Reporting Requirements**

54. The Consultant shall prepare and submit the following reports. All reports shall be submitted in equal numbers in English and French languages prepared on metric size paper: A4

(i) **Inception Report**: This report submitted in twenty (20) hard copies and twelve (12) soft copies on CD ROM's in PDF format shall give a brief description of staff deployment, methodology employed in undertaking the assignment, programmes of works of all major activities, summary of initial findings, problems, and details of works to be executed and such comments deemed necessary. The consultant will be required to present this report to stakeholders' workshop ninety (90) days after the effective date. The workshop will comprise approximately fifty participants.

(ii) **Interim Report**: These reports in eight (8) hard copies and four (4) soft copies on CD ROM's in PDF format shall be submitted by the Consultant three months after the submission of the Inception Report and shall detail all work performed during the reporting period, problems encountered and proposed solutions thereof.

(iii) **Draft Final Reports**: These reports in thirty (30) hard copies and twelve (20) soft copies on CD ROM's in PDF format at the end of the 6th month of commencement date shall summarize the outputs in terms of findings, analyses' results, and recommendations, and shall contain all supporting materials. The consultant will be required to present this report to stakeholders' workshop, comprising approximately fifty participants.

(iv) **Final Reports**: These reports in sixty (60) hard copies offset colour printing and thermal binding and twenty (30) soft copies on CD ROM's are in a format acceptable to the NCTTCA at the end of the assignment. The reports shall be in a fully publishable format.

VI. CLIENT'S INPUT AND COUNTERPART PERSONNEL

55. The NCTTCA Secretariat in collaboration with Member States of the Northern Corridor, will put to the disposal of the Consultant any existing documentation and/or reports pertaining to the modes of transportation, likely to facilitate the smooth accomplishment of the mission. The NCTTCA shall also facilitate the organization of the workshop(s).

56. The Member States Authorities will endeavour to intervene whenever possible in order to facilitate the gathering of information as well as the access into technical and administrative offices concerned in view to supporting the Consultant in his work.

57. The client will avail one office room for the consultant at the NCTTCA Secretariat. No counterpart personnel is expected from the client

APPENDIX 2: LIST OF PERSONS MET

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