NORTHERN CORRIDOR TIME RELEASE STUDY 2016

Abridged Version

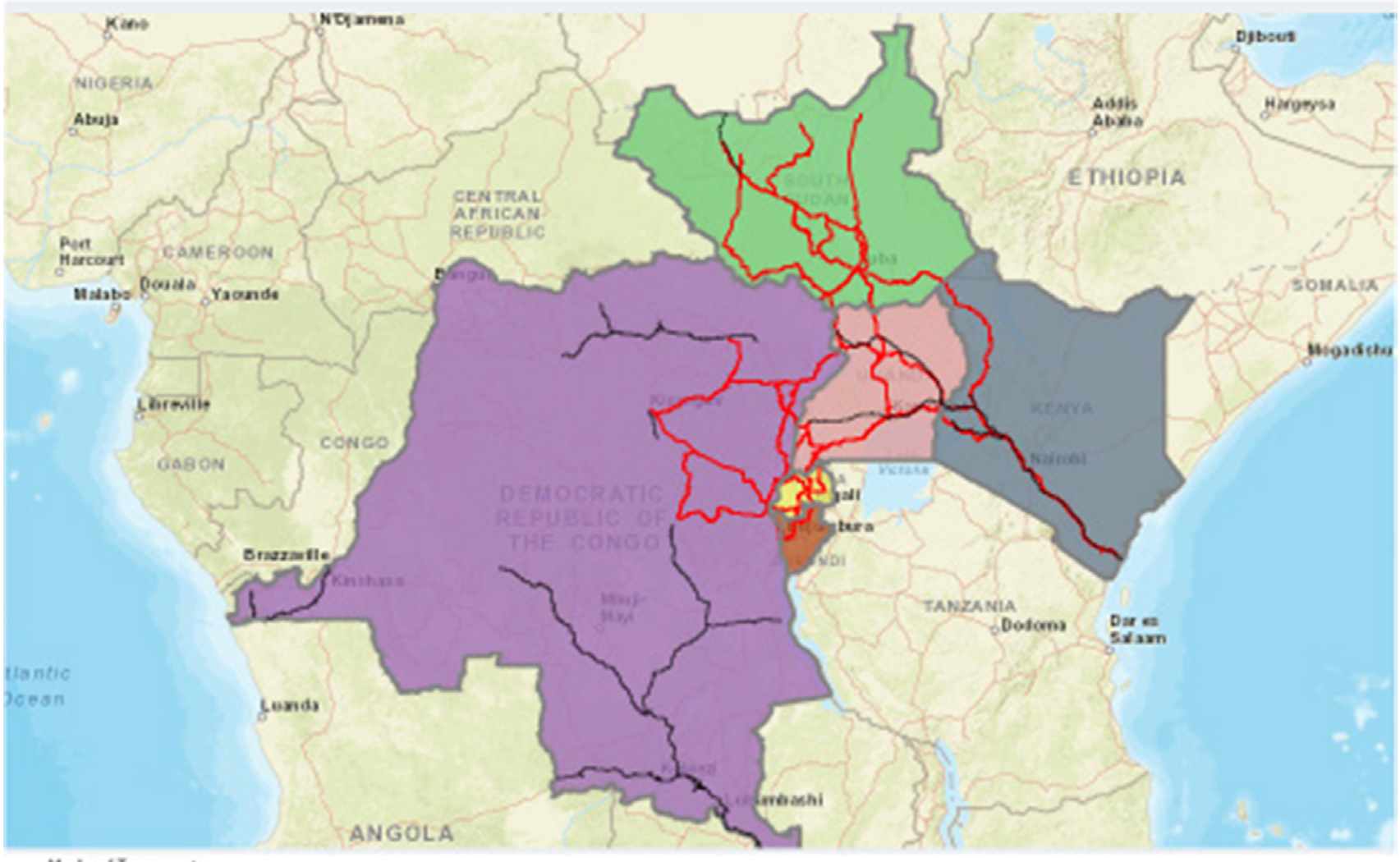
Highlights the findings of the Northern Corridor Time Release Study conducted by NCTTCA in 2016.

For details, please refer to the main NC-TRS 2016 report on our website *www.ttcanc.org.*

Northern Corridor
Transit and Transport
Co-ordination Authority

TRS
TIME RELEASE STUDY

NORTHERN CORRIDOR MEMBER STATES



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ABBREVIATIONS

ASYCUDA	Automated System for Customs Data
CFS	Container Freight Station
COMESA	Common Market for Eastern & Southern Africa
DPC	Document Processing Centre
DGDA	Direction Générale Des Douanes Et Accises
DRC	Democratic Republic of Congo
EAC	East African Community
ECTS	Electronic Cargo Tracking System
IACC	International Anti-Corruption Conference
ICD	Inland Container Depot
KAFFA	Kenya Agriculture, Fisheries and Food Authority
KGH	KGH Border Services
KEBS	Kenya Bureau of Standards
KPA	Kenya Ports Authority
KEPHIS	Kenya Plant Health Inspection Service
KPHS	Kenya Port Health Services
KRA	Kenya Revenue Authority
MCT	Mombasa Container Terminal
NCIP	Northern Corridor Integration Projects
NCTTA	Northern Corridor Transit and Transport Agreement
NC	Northern Corridor
NC-TRS	Northern Corridor Time Release Study
NCTOP	Northern Corridor Transport Observatory Portal
NCTTCA	Northern Corridor Transit and Transport Co-ordination Authority
NKE	Non Key Experts

OBR	Office Burundais des Recettes
OGA	Other Government Agency
OSC	One Stop Centre
RRA	Rwanda Revenue Authority
RVR	Rift Valley Railways
SADC	Southern African Development Community
SCT	Single Customs Territory
TFA	Trade Facilitation (Bali) Agreement
THEA	Trade Hub East Africa
TRS	Time Release Study
UN	United Nations
URA	Uganda Revenue Authority
WB	World Bank
WCO	World Customs Organisation
WCO TRS	World Customs Organisation Time Release Study
WEF	World Economic Forum
WTO	World Trade Organisation

FOREWORD

I am pleased to present to you the abridged report of the Northern Corridor Time Release Study (NC-TRS) which is a product of implementation of one of the directives by the Heads of States during their 10thNCIP Summit held in Kampala in June 2015.

Since 2013, the Heads of States of the NCIP Member States have made several initiatives to improve trade and transport along the Northern Corridor, notably among which, the implementation of the Single Customs Territory (SCT). During the 10th NCIP Summit, the Heads of States directed the Revenue Authorities enjoined by the NCTTCA Secretariat to undertake a Time Release Study to evaluate the impact of implementation of the SCT and other initiatives spearheaded by them.

The NCTTCA contracted KGH Border Services to carry out a Time Release Study based on the WCO Model for the Northern Corridor. In collaboration with the Northern Corridor public and private sector stakeholders, the Study which was a complex exercise and the first of its kind covering more than two countries ever carried out based on the WCO Model, was successfully completed.

This abridged version of the NC-TRS report gives a summary of the business processes analysis and provides a statistically valid outcome of the movement of cargoes along the Northern Corridor. The report assesses the impact of the trade facilitation initiatives spearheaded by the Heads of States and provides a clear understanding of which processes and practices need to change within the Revenue Authorities and other stakeholders involved in the handling and clearance of goods along the Northern Corridor.

The NC-TRS report also identifies infrastructure based constraints and other bottlenecks in the Northern Corridor international trade supply chain, and constraints affecting customs release of goods. Furthermore, the report identifies opportunities for trade facilitation improvements and it establishes a baseline for future trade facilitation measurements.

The Region can reap maximum benefits from the efforts of this study if each stakeholder plays his part appropriately in the implementation of the recommendations of this report. The stakeholders are encouraged to make reference to the main report on our website which details the findings of the study. We hope that the report will give our stakeholders a basis for making informed decisions towards the improvement of trade and transport in our Region.

Fred TUMWEBAZE

Ag. Executive Secretary

PART I. INTRODUCTION

I. Background

1. The Northern Corridor is East and Central Africa's main trade transit route carrying more than 26 million tonnes of cargo each year. Transit of this cargo involves the annual processing of approximately 500,000 Customs declarations for goods entering and leaving the Northern Corridor through the Port of Mombasa.

2. Previous studies have highlighted challenges that are still prevalent along the Northern Corridor. As early as 2005, border procedures, weighbridges and general infrastructure were identified as bottlenecks in the movement of goods to and from the Port of Mombasa along the Northern Corridor.

3. Since 2013, the Northern Corridor Heads of State have engaged in championing a series of trade facilitation initiatives and projects, amongst which is the implementation of the Single Customs Territory across all Member States, including those that are not EAC Members, such as DRC. The Single Customs Territory (SCT) is designed to create the conditions for freer and faster movement of goods along the Northern Corridor and in particular for exports and imports moving to and from the Port of Mombasa.

4. The creation of the SCT, a single customs declaration and other initiatives are important steps in the more efficient movement of goods along the Northern Corridor and the positive effects are already being felt with almost all countries having improved their standing in the World Bank Doing Business Report's Trading Across Border rankings since 2013.

5. These initiatives are, however, on their own not a sufficient basis for a re-engineering of many of the border control and administrative processes that cause delays along the Northern Corridor.

6. The different stages of Customs modernisation in each country makes process changes and improvements challenging without a thorough understanding of the processes that are in place from landing of goods in the Port of Mombasa to their release for Home Use in the country of destination.

7. In addition, the SCT, which all Northern Corridor Member States, including non-EAC member such as DRC seek to implement, is at different stages of development and is interpreted differently in different countries.

8. The Northern Corridor Transit and Transport Coordination Authority (NCTTCA), the body charged with implementing the Northern Corridor Transit Agreement through its Secretariat operates a Northern Corridor Transport Observatory that has been able to identify many of these bottlenecks, including delays caused by Customs or other border procedures.

9. Following the directive of the 10th Northern Corridor Integration Project (NCIP) Summit, held in Kampala on 13th June 2015, the NCTTCA Secretariat and the Revenue Authorities of the Member States embarked on an ambitious project of executing the largest and most complex Time Release Study ever undertaken using the WCO's Time Release Study methodology.

II. Objective of the NC-TRS

10. The purpose of the NC-TRS was to monitor the impact of the implementation of the Single Customs Territory and to identify actions that can be taken collectively and by individual Member States to reduce the cost of doing business and increase the speed of the movement of imports and exports along the Northern Corridor.

11. Generally the NC-TRS was also to:

- Identify bottlenecks in the Northern Corridor international supply chain and/or constraints affecting Customs release;
- Provide a statistically valid analysis of the movement of cargoes along the Northern Corridor;
- Obtain clear understanding required of which processes and practices need to change and within which Revenue Authorities
- Assess newly introduced and modified techniques, procedures, technologies and infrastructure, or administrative changes;
- Identify infrastructure-based trade constraints;
- Establish baseline trade facilitation performance measurement;
- Identify opportunities for trade facilitation improvements; and,
- Establish the Northern Corridor approximate comparative position as a benchmark tool.

III. Scope of the Study

12. The scope of the NC-TRS covered:

- Customs areas namely; the Port of Mombasa, the key border stations along the Northern corridor, key major inland customs clearance stations, weighbridges, CFS's, ICD's, railway terminals and the key transport sections.
- Public and private sector business processes relating to the handling and clearance of internationally traded goods.
- Qualitative and quantitative aspects relating to the handling and clearance of goods along the Northern Corridor.
- Clearance under the EAC Single Customs Territory framework and under the traditional national customs clearance regimes.
- Clearance of goods for Home Use, Transit, Exports and Warehousing regimes.
- The different modes of transportation of goods along the Northern Corridor with focus on road and railway transport.

IV. Methodology

13. The operation of the NC-TRS involved three keyphases which included:

- Preparation for the Study – this included business process mapping of more than thirty-eight (38) separate border crossings, weighbridges, roads and other facilities on the Northern Corridor.
- Collection and Recording of the Data (Execution) – the attachment of questionnaires for Customs declarations for the purposes of gathering data.
- Analysis of Data and Conclusions (Analysis) – utilising the WCO's TRS analysis tool.

14. The above phases also encompassed; literature review; Stakeholders validation workshop for the Business Process Maps and Questionnaire used in the data collection, training of enumerators and Stakeholders validation workshops for the NC-TRS draft final reports.

15. The core of the NC-TRS was the distribution of a questionnaire for imports through the Port of Mombasa and exports leaving the Northern Corridor Member States through the Port of Mombasa. This questionnaire was completed by customs officials, representatives of other Government Agencies and, in parts, by truck drivers at different stations and stopping points along the Northern Corridor.

16. There were three key considerations in the design of the NC-TRS:

- It was important that there was sufficient volume of traffic through the selected border crossings to be able to capture a representative sample within the time frame to provide a realistic data set;
- There was a requirement to include as many border crossings in the study as possible; and,
- There was a requirement to ensure that all the border crossings and relevant weighbridges and routes were mapped in business process maps.

17. Given the continued modernisation of national Customs regimes along the Northern Corridor, there is also a considerable amount of computer data that was also to be incorporated into the TRS.

18. Expert input into, and verification of, the business process maps and the questionnaire was provided by all the Northern Corridor national Customs agencies at a workshop help in Nairobi on April 26, 2016. The final stage in the Preparation and Design phase was the training of enumerators who would assist customs officials to complete the data required in the questionnaire.

19. The NC-TRS data collection phase commenced on Monday 23 May 2016 and closed on 18 June 2016. Import questionnaires were attached to import declarations at the Port of Mombasa over a five-day period commencing on 23 May and concluding on 27 May (this was extended to 2 June as a result of outages in the KPA computer systems). Export questionnaires were attached at various Customs stations along the Northern Corridor over the same five day period. The movement of import and export questionnaires was monitored by enumerators stationed at border crossings along the Northern Corridor.

20. This report makes use of the World Customs Organisation's Time Release Study methodology and a number of other recognised best practices to identify what process changes and enhancements are required based on a statistical analysis of the movement of cargoes and the detailed mapping of border and other procedures.

21. Trade facilitation is of prime importance to the Member economies of the Northern Corridor and this report provides the basis for trade facilitation enhancements that can create wealth and opportunities for the Northern Corridor Member economies.

PART II. HIGHLIGHTS OF THE NC-TRS FINDINGS AND ANALYSIS

A. Performance of the Single Customs Territory (SCT)

22. One of the objectives of the NC-TRS was to evaluate the performance of the SCT. The Study examined how goods are cleared under the SCT and the impact of the SCT on the clearance times for goods along the Northern corridor.

i. Effect of the SCT on the Port Dwell Time:

23. The Mombasa Port Dwell Time is measured from the time goods are offloaded from the importing vessel to the time the goods exit the Mombasa Port gate for delivery in transit or for Home Use.

24. Comparison of Port Dwell Time for goods cleared at the Port under the three clearance regimes i.e. Home Use, Transit and those cleared under the SCT framework is shown in the table below.

Regime	OVERALL			HOME USE			SCT			TRANSIT		
% of goods	Days	Hrs	Mins	Days	Hrs	Mins	Days	Hrs	Mins	Days	Hrs	Mins
25%	4	14	37	3	2	2	0	9	38	4	19	21
50%	6	19	2	3	15	18	0	13	32	6	23	38
75%	10	0	31	6	22	1	9	3	26	10	12	51
Average	7	18	51	4	13	20	4	10	15	8	4	40

- At least 50% of the cargoes cleared under the SCT regime arrive at the Port Exit Gate within 13.5 hours of being offloaded from the vessels as compared to over 72 hours (3 days) and 144 hours (6 days) respectively for Home Use and Transit cargo.

- Over the same period as the NC-TRS study, the NCTTCA Transport Observatory had the total average Port Dwell Time for all cargoes of 60.63 hours (2.5 days).

- The benefits of SCT are seen not only at a more macro level, but also at the individual process levels as shown below.

ii. Effect of SCT on time taken from allocation of Officer to creation of DPC pass

Regime	OVERALL			HOME USE			SCT			TRANSIT		
% of Decs	Days	Hrs	Mins	Days	Hrs	Mins	Days	Hrs	Mins	Days	Hrs	Mins
25%	1	1	50	2	2	0	1	0	37	1	1	18
50%	1	7	26	4	0	52	2	3	10	1	5	39
75%	2	5	24	2	11	43	3	5	44	2	1	6
Average	2	9	47	5	16	25	2	3	10	1	20	56

- At the Document Processing Center (DPC) when it comes to the creation of a DPC pass, SCT goods are processed faster than the average time recorded for all cargo and the time is also lower as compared to the other clearance regimes.

iii. Effect of SCT on clearance at the OSC: Time taken from receipt of Customs Entry by Verification Officer to creation of a Customs Release Order

Regime	OVERALL			HOME USE			SCT			TRANSIT		
% of Decs	Days	Hrs	Mins	Days	Hrs	Mins	Days	Hrs	Mins	Days	Hrs	Mins
25%	0	2	18	0	1	11	0	3	48	0	2	25
50%	0	4	11	0	2	2	0	5	46	0	4	11
75%	0	6	30	0	6	47	0	6	30	0	6	30
Average	0	9	10	0	10	27	0	5	21	0	5	21

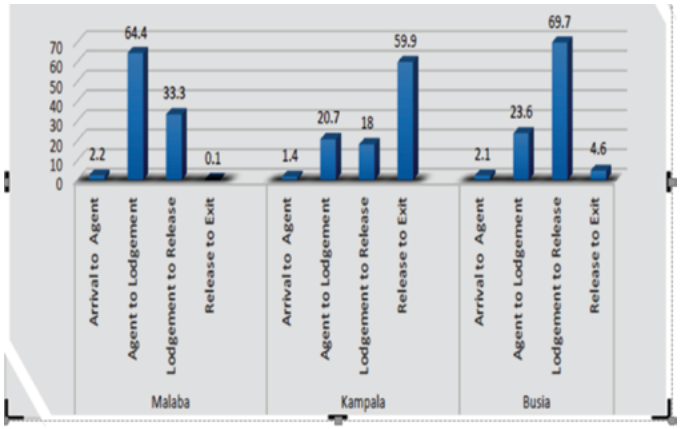
- At the One Stop Center (OSC) the time taken for the verification officer to release the goods cleared under the SCT framework is less than that for goods cleared under the other regimes.

iv. Effect of SCT on Border Crossing Time: (Malaba – Kenya/Uganda Border)

Regime	OVERALL			HOME USE			SCT			TRANSIT		
% of Decs	Days	Hrs	Mins	Days	Hrs	Mins	Days	Hrs	Mins	Days	Hrs	Mins
25%	0	4	33	0	22	30	0	1	34	0	3	13
50%	0	22	46	1	10	10	0	1	46	0	15	33
75%	1	7	52	3	6	58	0	3	13	1	4	5
Average	2	5	52	5	7	31	0	7	31	0	19	45

- The impact of the introduction of the SCT can be seen with the total time taken at the Kenya/Uganda Malaba border crossing which is substantially less than that for goods being processed under the other regimes. The average crossing time for goods cleared under SCT regime was 7 hrs 31 mins while for goods cleared under Transit and Home Use Regimes was 19 hrs 45 mins and 5 days 7 hrs 31 mins respectively.
- *From the Uganda National TRS -2015 Report, it was noted that, "At Malaba border Customs Station, the agent takes 64.4% of the total clearance time to lodge a customs declaration after receipt of the preceding documents from the trader/ driver. Average total time from arrival of truck at the border to exit from the border was 1 day 10 hrs 19min." This clearly indicates that there are benefits for traders that can utilise the SCT and clear goods prior to their arrival at the border.*

Clearance Time Share – SCT (Percentage of total time)



Source: Uganda TRS-2015

v. Effect of the SCT at Inland Stations (MAGERWA – Kigali)

- The impact of the SCT can also be seen in the lower dwell times for trucks at inland stations. The table below shows the dwell time for a truck at MAGERWA Kigali (Rwanda) measured from the time the truck arrives at the ICD to the time the truck departs. Since the introduction of the EAC SCT, an increasing number of agents and transporters are paying duties and taxes before the goods leave their station of origin in the Community and are able to transport goods direct to their premises (destination) in Rwanda rather than pass through MAGERWA. This reduction in traffic has an impact on lower dwell times for traffic that calls at MAGERWA.

Time taken to offload a truck at MAGERWA ICD

Period	April 2015-March 2016		
	Days	Hrs	Mins
April 2015	0	7	12
May 2015	0	5	38
June 2015	0	4	31
July 2015	0	1	31
August 2015	0	1	32
September 2015	0	0	52
October 2015	0	0	37
November 2015	0	1	52
December 2015	0	4	57
January 2016	0	1	15
February 2016	0	0	31
March 2016	0	1	20

Source: NCTO-May 2016

Observed Challenges in the implementation of the SCT

25. Despite having a framework for the SCT, there are variations in the SCT implementation procedures across the EAC Partner States and some Northern Corridor Member States are not Members of the EAC. There are also variations in regulatory frameworks.

26. Countries are at different levels of roll out of the SCT cargo clearance framework. Variations in levels of roll out acts as a barrier to common processes that can be applied across all Member States.

27. The Member States are at different levels of customs modernization (such as different levels of computerisation in the management of customs processes).

28. There is still extensive reliance on manual documentation despite automation.

International best practices:

29. Based on international best practices there are a number of areas that the Member States need to examine in greater detail in order for common procedures to be established and implemented seamlessly. These include:

- ***Establish a legislative basis in each Member State for the operation of the SCT.*** As a guide, the WCO Implementation Guidelines for the WTO Trade Facilitation Agreement can be used as the basis for establishing those elements that should be present in national legislation. Appendix 12.7 of the main report contains a range of other issues to consider in relation to the legislative framework in order to implement the SCT consistently across all Member States, including best practices.

- ***Address the issue of a fully functioning transit system.*** This will include legislative issues referred to above, but may also include the implementation of current international agreements. Appendix 12.7 outlines the international agreements that support a functioning transit system, including the TIR Convention.

- ***Support the Implementation of a common transit system for the Northern Corridor:*** Rather than simply relying on consistent legislation, consideration should be given to the development of a transit manual such as that which exists in the European Union that outlines the roles and responsibilities for each participant in the transit system.

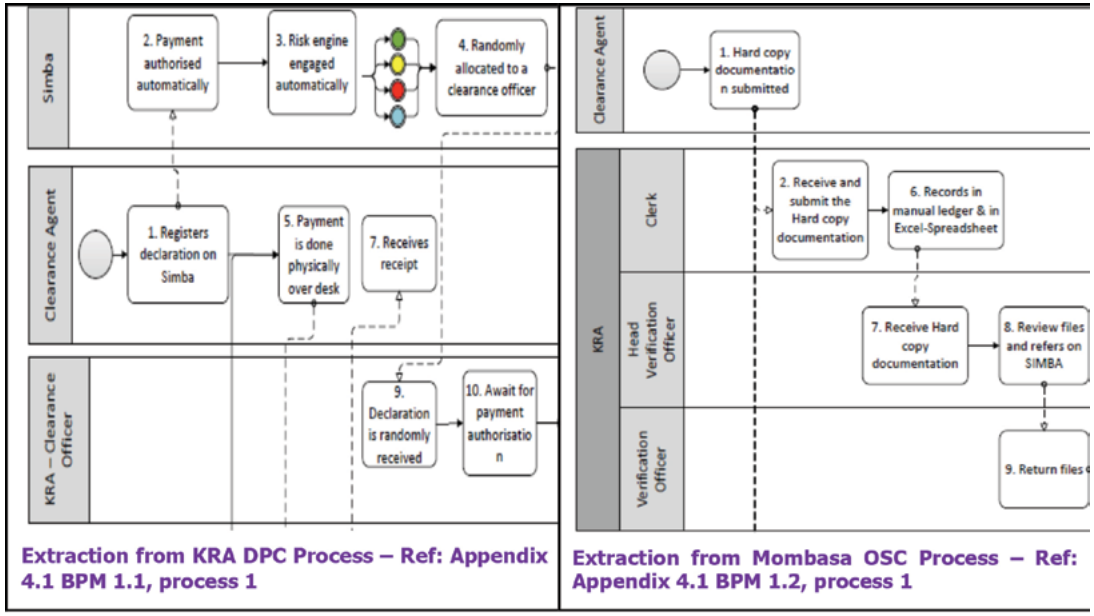
Recommended Action:

30. Establish a project sponsored by the Northern Corridor Member States to establish a common set of SCT procedures that can be applied across all the Northern Corridor Member States. The NCTTCA Secretariat should coordinate this action in collaboration with the EAC Secretariat.

31. There is continued introduction and upgrading of computer systems used by national Customs agencies which is a key driver for future changes and enhancements to the SCT. Notably during the course of this Study, the Government of the DRC upgraded the ASYCUDA system that it uses. Kenya also recently upgraded its IT systems while Uganda and Burundi migrated to AsycudaWorld notwithstanding that Kenya and Rwanda implemented the e-SWS.

32. The greater use of increasingly sophisticated computer software in the customs clearance process has the capacity to increase speed and efficiency as well as assist in the fight against corruption. Most of the jurisdictions within the Northern Corridor now rely to a greater or lesser extent on different specialised Customs software to lead or assist in the clearance process.

B. Automation and use of Automated Systems/Processes

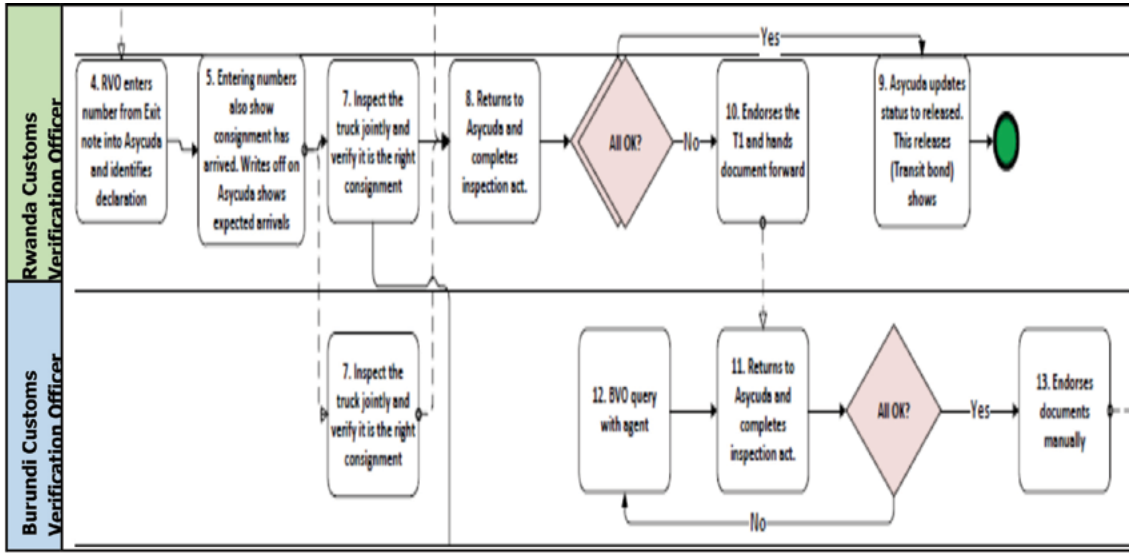


- Above figure shows one example of duplication, it is the requirement on landing imports in Mombasa to register on the Customs SIMBA automated systems at the DPC (BPM 1.1 Process 1) and also present the same information on paper at the OSC (BPM1.2 Process 1) following which the electronic and paper documents are then jointly reviewed.

33. While the use of these computer systems has led to a decrease in the documentary clearance time, i.e. time taken to process electronic documents, there is still an over reliance on original paper documents and the use of official stamps meaning that governments are not getting the full value from their investments in computer software.

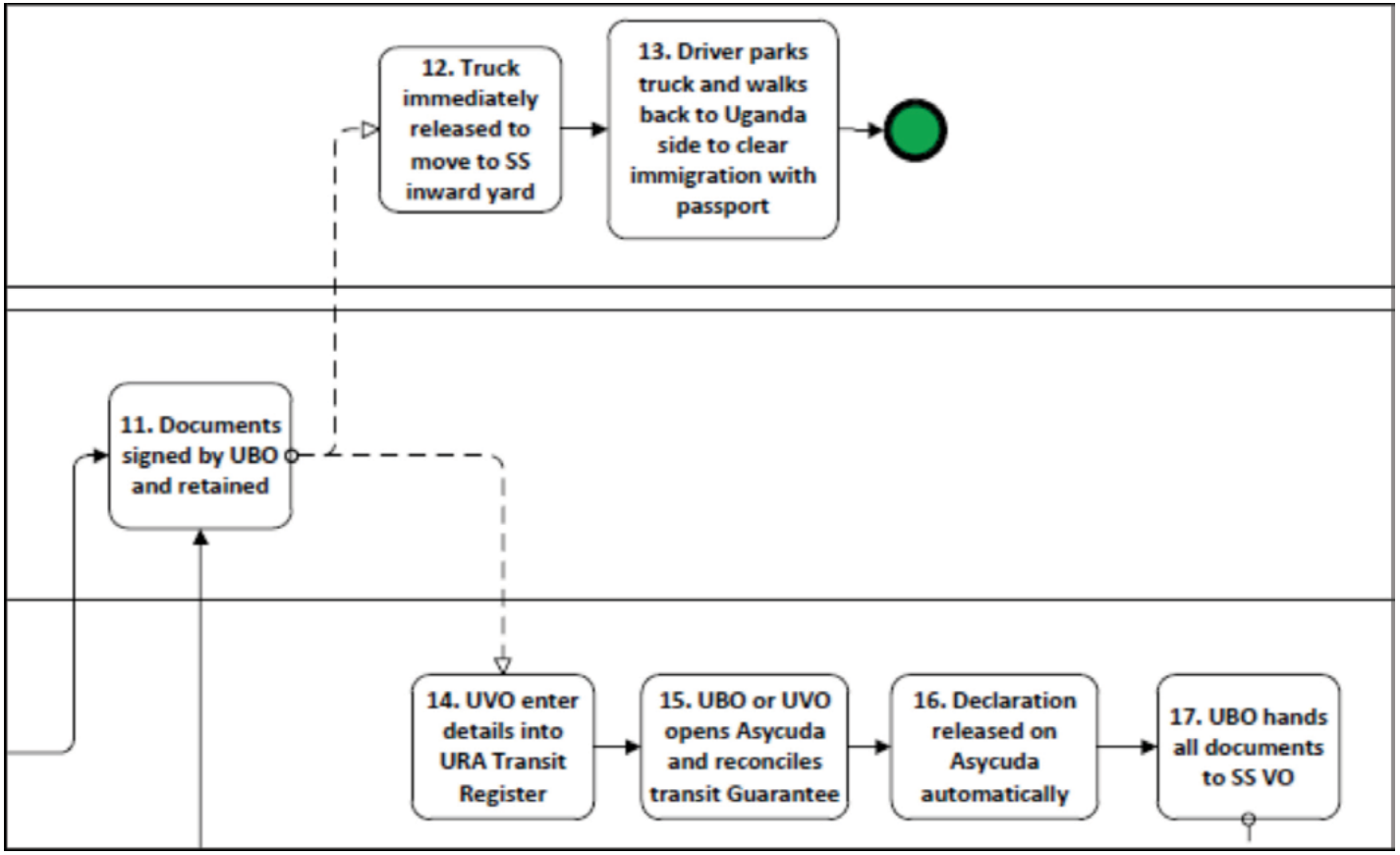
34. Use of electronic and at the same time paper-based processes creates duplication in processes and unnecessary delays; agents, drivers and others involved in the process wait while original documents are examined and stamped. This way of document handling also increases the opportunities for corrupt conduct.

Nemba/Gasenyi OSBP Procedures, Extracted from NC-TRS BPM 1.15



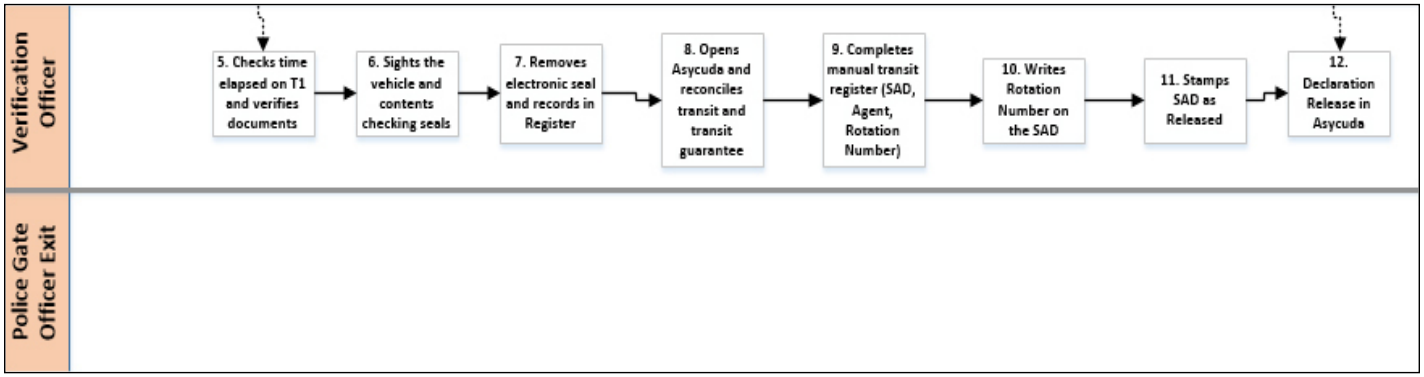
- At the Gasenyi/Nemba OSBP, the Verification Officers manually endorse paper documents that can be authorised in the ASYCUDA system ***(see process 9 to 13).***

Elegu/Nimule Border Station – Elegu Process, Extracted from NC-TRS, BPM 1.12



- At Elegu paper documents are presented and signed whilst the same information is reconciled on ASYCUDA *(see NC-TRS BPM 1.12 processes 11-17 above).*

Mpondwe/Kasindi Border – Mpondwe Process, Extracted from NC-TRS, BPM 1.23



- Uganda Customs at Mpondwe performs manual processes that are also executed in ASYCUDA *(see NC-TRS BPM 1.23 processes 13 - 21)*

35. The table below demonstrates the impact of the reliance on paper documents highlighted by the NC-TRS in the operations of the OSC at the Port of Mombasa.

Time taken from creation of DPC pass and submission of paper documents

PERECENTAGE OF DECS	SUBMISSION		
	DAYS	HRS	MINS
25%	0	10	34
50%	1	7	31
75%	2	6	48
AVERAGE	**1**	**8**	**41**

- For 75% of the declarations, it takes over two days from the creation of the DPC pass to the submission of paper documents at the OSC by the agent. By removing entirely the need for paper documents, this time can be reduced to no more than a few hours.

- Vehicles are particularly impacted by the excessive use of paper documentation. Currently, there is still much documentation required for the control of the movement of vehicles along the Northern Corridor. This not only creates unnecessary delays in the processing of vehicles carrying goods in transit, but also leaves open the opportunity for corrupt conduct by officials.

- Compounding this inability to gain the time-release benefit from new and upgraded computer systems, SCT members countries lack a common computer-based transit system that is supported by interconnected computer systems.

- The use of manual processes in the event of unplanned outages slows down clearance and places an unnecessary burden on officers to 'back-fill- information on systems and opens up opportunities for integrity breaches.

36. International Best Practices in Perspective

- Transporters would clearly benefits from having a system, similar to the TIR Carnet system in the EU that would allow a clearer risk management-based approach to managing vehicles across the entire Northern Corridor.

- As noted above, a fully functioning IT infrastructure is critical for a modern Customs environment. This environment should support the electronic submission and processing of declarations, the requirements for transit under the SCT and an ability as part of the SCT, for NC Customs administrations and OGAs to communicate with each other.

- There are a number of tools available to support both the legal framework for, and the operational implementation of interconnected IT infrastructure that can support the SCT, including the WCO's Recommendation of the Customs Co-operation Council concerning the use of WCO Data Model. The EU's New Computerised Transit System offers a model that the NC can aim for in its transit IT infrastructure. There already exists IT systems that can operate on existing Customs IT platforms including e-TIR that will support a fully-functioning SCT.

- In order to be able to implement a transit system, all NC Member States must be fully computerised. There is no need or requirement for all Northern Corridor Member States to have the same computer system in order for the Single Customs Territory to function effectively. However, the ability of the different national software systems to speak to each other for the purposes of transit would simplify and speed up the transit process by reducing the requirement for the number of controls that currently take place.

- Another issue to be addressed in the operation of computer systems is ensuring that when unplanned outages inevitably occur, electronic processing can still take place and that there is not a requirement to rely on manual processes.

- To manage the ongoing issues of power shortages, adequate generator capacity must also be installed at border crossings.

Recommended Actions:

37. Establish a project within the NC to create a joint transit system to

- **Ensure that national computer systems are upgraded to include facilitation of a joint transit system;**
- **Create system links to OGAs and private sector to expedite clearances.**

38. Establish a TIR Carnet-style system for the Northern Corridor. This system would eliminate controls at intermediate transit points along the Northern Corridor.

39. Ensure that national electronic and computerised clearance and Customs management systems have adequate redundancies to deal with unplanned outages.

C. Use of Risk Management

40. The establishment of risk management systems has been an important step in moving away from customs transaction based control approach to one of compliance. All NC Member States have invested in modern IT and customs management systems which can support a modern approach to risk management. The challenge is to ensure that these systems are fully utilized for the maximum benefit of traders and Customs administrations.

41. Whereas appropriate risk management is critical for all modern Customs administrations. Currently only Kenya is a Party to the WTO Trade Facilitation Agreement, observed that DRC, Kenya, Rwanda and Uganda are party to the Revised Kyoto Convention (RKC) but neither South Sudan nor Burundi are Contracting Parties to the RKC, both these international agreements stress the importance and provide international legal basis for risk management, including international cooperation on risk management.

42. The planned enhancements to risk management throughout the Northern Corridor is a key element in making trade faster and more efficient for compliant traders. While there are still further system enhancements required to ensure that risk management becomes fully functional, the initiative taken by governments and revenue agencies to implement risk management processes and systems is a critical step in creating a more compliant trading culture and faster movement of goods travelling under the SCT regime.

43. Currently, the risk management systems in place are not generally being utilized sufficiently to reduce risk and facilitate trade ***(see BPM 1.1 process 3-21; BPM 1.7 process 5-20; BPM 1.9 process 8-15; BPM 1.19 process 3-5; BPM 1.20 processes 12-26).***

- They are too focused on the nature of the goods, their value and origin as markers of potential risk. If a compliance management approach is to be adopted, the focus must be on improving the compliance performance of traders, agents, transporters and others involved in the trading environment.
- There is a tendency to use risk management systems as a measure or system for targeting goods and shipments for control rather than as a measure of compliance of a trader. Risk management should be a way of managing the compliance of participants in the trading system and of identifying non-compliance and risky participants.
- Closely associated with the misuse of risk management systems is the fact that the risk management systems are often overridden manually. This means that Customs officers do perform unnecessary controls on goods in transit within the SCT.
- In addition, currently some of the risk management processes require 100% controls, this is both unnecessary and against the principles of good risk management. It also significantly increases the risks of corrupt behavior and the cost of trade.

44. All these factors are most clearly highlighted in the clearance times for goods based on the channel that they are allocated as shown in the tables below.

Time taken by KRA and Kenya OGAs to release goods based on risk allocation

RISK LANE	GREEN			YELLOW			RED		
% of Decs	Days	Hrs	Mins	Days	Hrs	Mins	Days	Hrs	Mins
25%	5	1	41	3	11	46	3	15	18
50%	6	11	22	5	19	40	7	8	36
75%	9	9	19	9	9	18	8	0	10
Average	**7**	**30**	**50**	**6**	**11**	**17**	**7**	**9**	**37**

Time taken for imports at Malaba border crossing from Kenya to Uganda based on risk allocation channel by Uganda

RISK LANE	GREEN			YELLOW			BLUE			RED		
% of Decs	Days	Hrs	Mins	Days	Hrs	Mins	Days	Hrs	Mins	Days	Hrs	Mins
25%	0	22	46	0	5	35	1	0	50	0	5	50
50%	1	7	39	0	10	15	1	12	7	1	4	50
75%	2	17	4	3	6	58	1	23	25	3	22	53
Average	**2**	**2**	**53**	**4**	**23**	**27**	**1**	**12**	**7**	**5**	**18**	**23**

- In effect, there is no benefit at all for traders from being allocated to the green channel. It takes just as long if not longer for green channel goods to be cleared as it does for goods channeled red, yellow or blue.
- Additionally, because there is a lack of trust in the current risk management processes, the very high levels of control on even green channeled goods brings to question the quality of the inspections carried out.

45. International Best Practice in Perspective

- There are a number of tools that are available to Customs administrations to assist with the implementation of risk management systems and processes. These include the WCO's Customs Risk Management Compendium and Customs Guidelines on Integrated Supply Chain Management. Appendix 12.7 outlines in detail both the purpose, benefits and frameworks for implementation of risk management based systems and the movement to risk based controls and away from a focus on 100% controls to 'intervention by exception'
- In addition, and potentially most importantly of all, creating a compliant trading culture necessarily requires engaging with the trading community to ensure that they change the culture and approach within their own businesses.

Recommended Actions

46. Develop risk management processes and procedures further within each jurisdiction to:

- **Educate traders and other private stakeholders to develop a culture of compliance;**
- **Utilize risk management information;**
- **Reduce the independent authority of enforcement staff and increase reliance on risk management processes and procedures.**

47. Conduct a feasibility study geared towards the establishment of a NC-wide AEO programme.

D. One Stop Border Posts (OSBP's)

48. The NC Member States have already moved to create a number of One Stop Border Posts where Customs and OGAs from bordering countries are co-located so as to facilitate the faster clearance of goods across borders ***(see BPMs 1.11, 1.12, 1.13, 1.14, 1.21, 2.8, 2.9, 2.12 and 2.13 in the main report)***.The challenge now is for all NC Member States to expand the number of these One Stop Border Posts.

49. Within the NC context, it is clear that amongst landlocked countries, heavily reliant on transit, one-stop facilities such as those at the Rwanda/Burundi border, Rwanda/Uganda border and those at the Kenya/Uganda border, amongst others, offer clear benefits to traders.

- While One Stop Border Posts have allowed some initial improvements to be made to the time taken at the borders involved, however, they do not meet the requirement for declarations to be submitted only once electronically (all require paper copies as well) and for the importer/exporter to deal with one person.
- It is clear from the site visits that unnecessary time is taken in goods moving from one transit border post to another where under the auspices of the SCT effectively identical processes will take place. A simpler transfer between administrations would be possible where there is co-location of the two national border posts.

50. International Best Practice Perspective:

- In terms of international frameworks, the Revised Kyoto Convention addresses the benefits of and provides a basis for international cooperation between national Customs agencies to facilitate the faster and more efficient passage of goods through borders.
- In order for these One Stop Border Posts to be implemented, the underpinnings of appropriate legal authorities in legislation (See Appendix 12.7 of the main report) and connected IT infrastructure (See Appendix 12.7 on international best practices) must also be addressed.

- Another measure that can be considered as part of the One Stop Border Posts is a special express lane for goods in transit, thus allowing them to avoid the queues that form for goods that require fresh declaration and clearance at that border posts.

Recommended Actions

51. Examine the establishment of additional One Stop Border Posts, particular attention should also be put to management of the shared resources at the OSBP's and funding of operations of the OSBP's by the adjoining States sharing the border stations.

52. Consider as part of the One Stop Border Posts, the establishment of a special express lane for goods in transit, to avoid the queues that are formed by goods which require fresh declarations and clearances at the border posts.

E. ASYCUDA/SYDONIA – Burundi, DRC, Rwanda, Uganda

53. This finding applies equally to all countries using the ASYCUDA/SYDONIA clearance system. The basic system was designed before the TFA was agreed and, although a number of upgrades have been rolled out and are available in Burundi, DRC, Rwanda and Uganda, two areas need to be examined to assist in speeding up the clearance process.

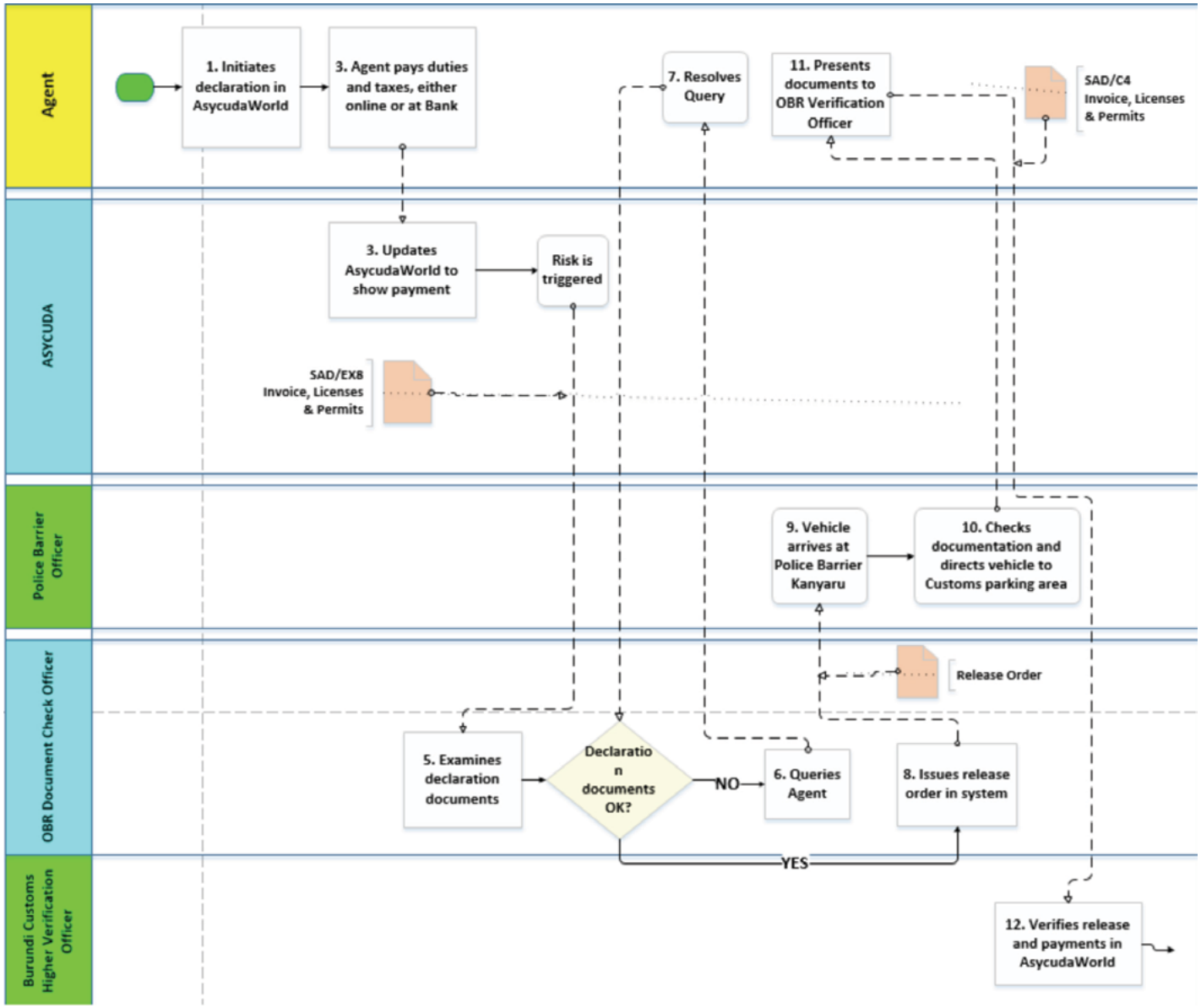
54. Firstly, the system currently requires payments to be made and registered on the system before the risk engine is triggered (BPMs1.7, 1.19, 1.20 and 1.24). Which means that:

- Declarations cannot be allocated to documentary scrutiny before payment is registered.
- Depending on the efficiency of the payment system, this can lead to delays in the process and a situation where declarations which could be checked up to the point before release is issued on the system must wait longer than necessary.
- Staff cannot use the night shift or quiet times on the system to validate documents but are required to await the registration of the payment.

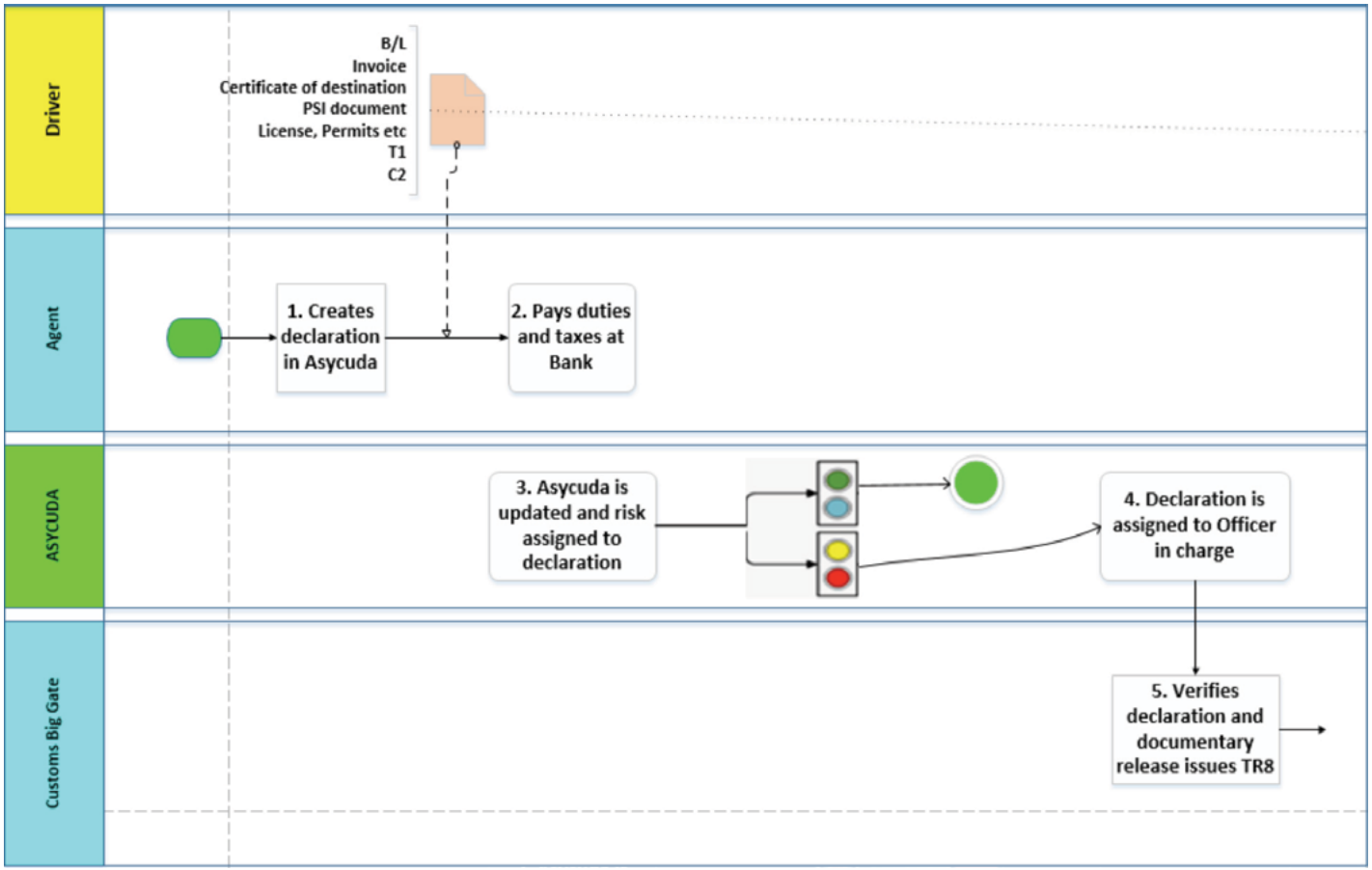
55. Currently the ASYCUDA/SYDONIA system allocates the declaration to the documentary scrutiny officers on a workload basis. In practice, this means that:

- System estimates how many declarations an individual can process in a day and allocates declarations to Officers on that basis.
- In clearance centers where there are a number of officers, declarations are not cleared in the order of receipt. For example, it is possible the entry received 50th to be cleared before one which was received 2nd due to the way the system allocates entries to an individual. This can be disadvantageous to importers/exporters and can cause a lag in clearance and negatively impact on the mean clearance times.

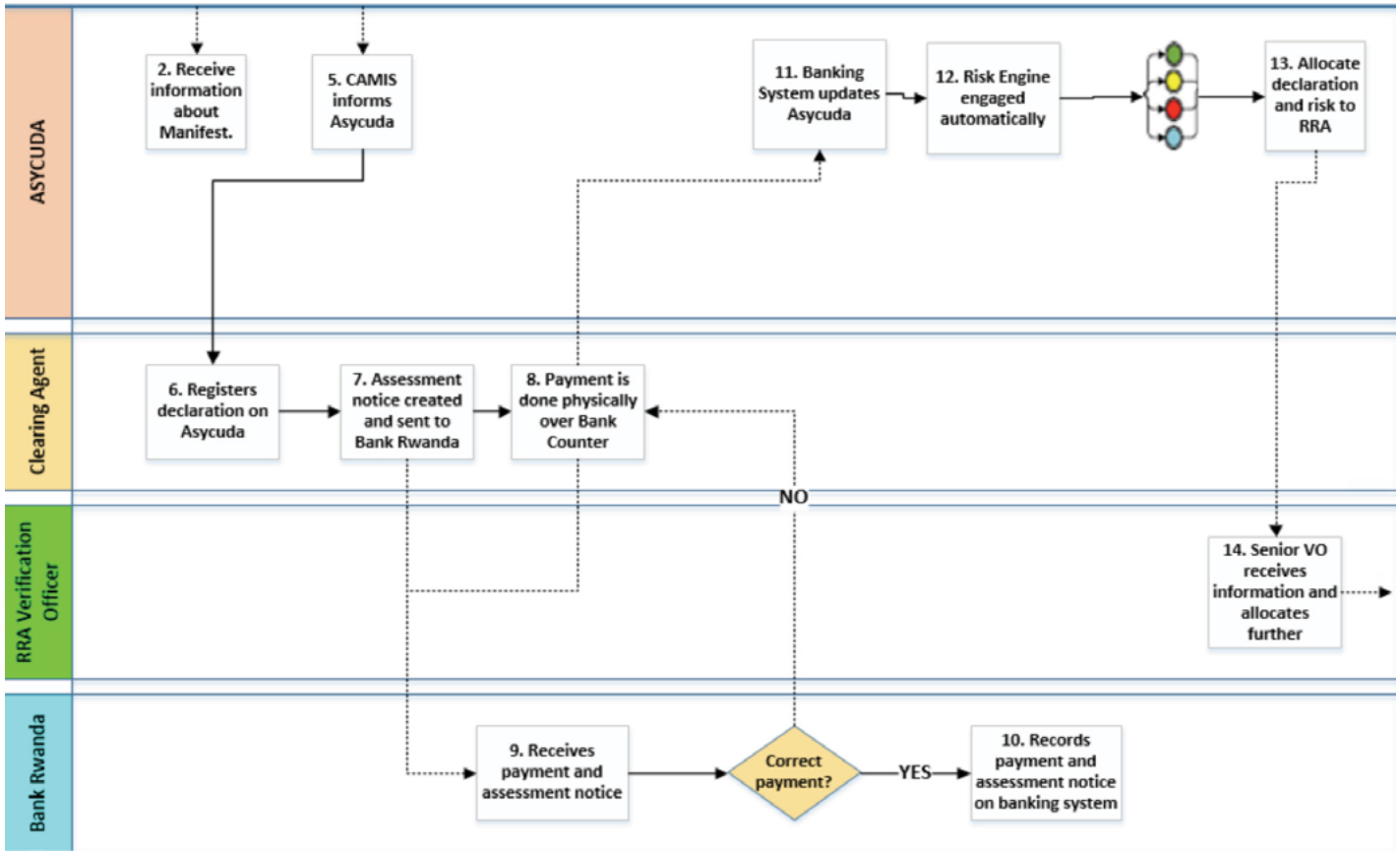
Burundi payment, risk and verification process. Source: NC-TRS BPM 2.15



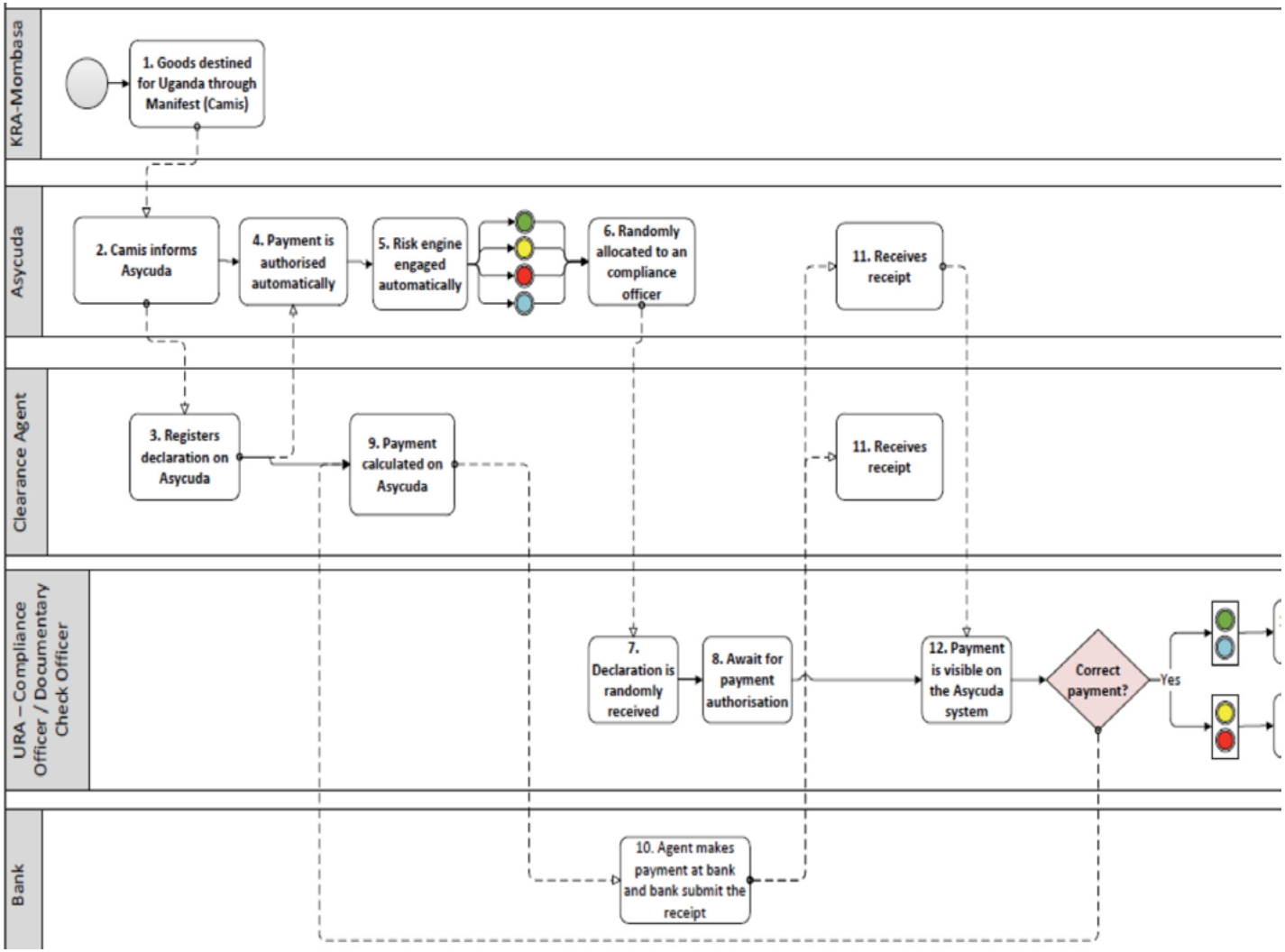
DRC payment, risk and verification process. Source: NC-TRS BPM 1.19



Payment, risk, verification process Rwanda OSF extracted from NC-TRS BPM 1.20



Payment, risk and verification process Uganda CBC. Source: NC-TRS BPM 1.7



Time taken for payment and documentary release – Malaba/Busia

Period: August - September 2015	Bank Payment and Release		
	Days	Hrs	Mins
Agent Document pick up to Bank process start (Agent)	0	12	41
Bank Process Start to Bank Process End (Agent)	0	1	26
Bank Process End to Lodgement (Agent)	0	14	34
Lodgement to Release (URA)	0	7	30

Malaba CBC

Period: August - September 2015	Bank Payment and Release (Busia)		
	Days	Hrs	Mins
Agent Document pick up to Bank process start (Agent)	0	19	11
Bank Process Start to Bank Process End (Agent)	0	1	3
Bank Process End to Lodgement (Agent)	0	14	34
Lodgement to Release (URA)	1	8	8

Busia CBC

Source: Uganda National TRS – 2015

- While it is clear that private sector participants, and agents in particular, have a role in delays in the payment process, there remains an opportunity for revenue agencies to speed up the processes within their control. This is clearly seen in the Uganda National TRS (2015), where the Table above on the right shows that the documentary control processes that start once payment is confirmed take considerably longer – nearly one day longer - than the other processes combined.

56. Best Practice perspective

- In order to overcome this issue, payment systems can be upgraded to operate in real time, or the ASYCUDA system can be utilized to allocate the risk profile.

- The ASYCUDA/SYDONIA system can be adapted to allow the declarations to be allocated sequentially to each officer. This means that each officer will complete documentary clearance for the first declaration they are allocated and then request the next declaration in the queue, similar with the case for handling customers in queues of banking halls.

Recommended Action

57. Revenues Authorities should either update payment systems to operate in real time or adopt the ASYCUDA system to allocate risk.

58. The ASYCUDA/SYDONIA be updated to allow sequential allocation of declarations to officers.

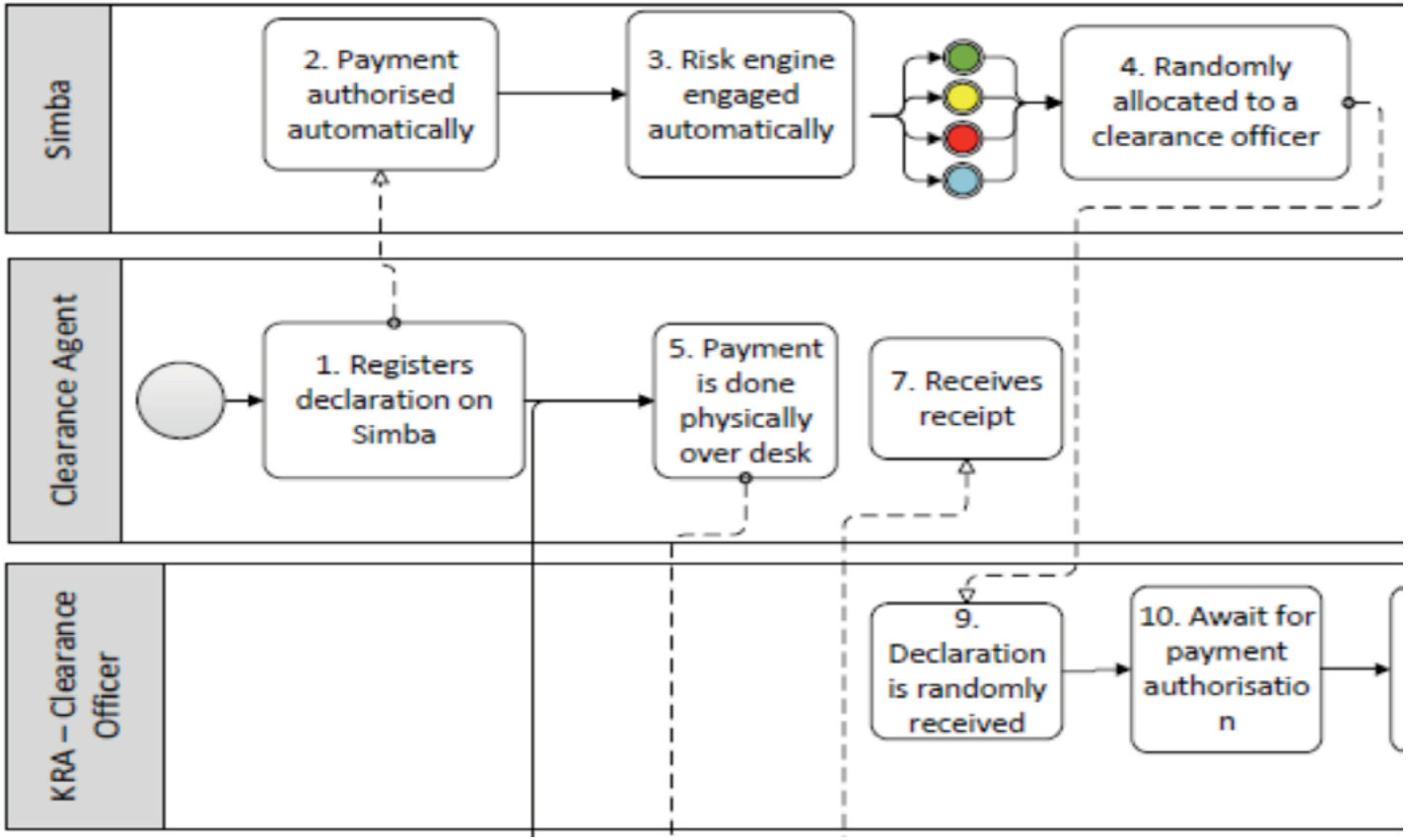
59. Notwithstanding the above recommendations, it should be put in mind that most payments and payment processes have a legislative perspective, an IT perspective as well as a trader consultation perspective and prior to any changes it would be important to review the legal and IT impacts as well as consult the traders.

F. SIMBA System – Kenya

60. The allocation of declarations to documentary inspectors is currently automated. Currently this allocation segregates the declarations into four categories:

- Imports
- Exports
- Transit
- Warehousing

DPC documentary scrutiny allocation of declarations, Extract from NC-TRS PBM 1.1

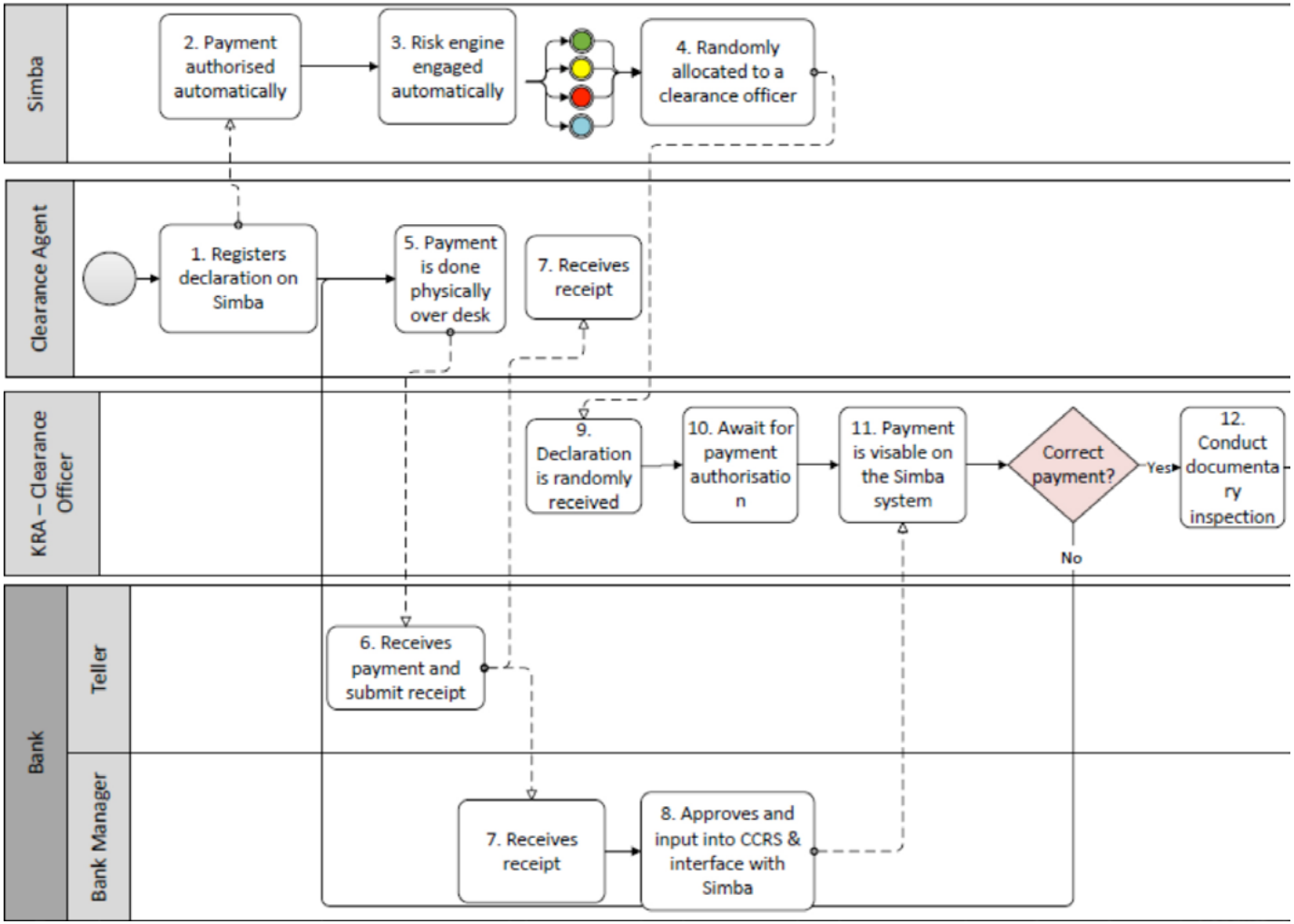


61. The documentary inspectors can operate in only one category at a time, and it is at their discretion as to when they move to another category. The effect of this is that declarations are not cleared sequentially based on time of receipt and that some consignments of even the lowest risk can take longer to clear than others even if its declaration was lodged earlier.

62. A further factor effecting when the declaration is examined is the requirement that the payment of duties and taxies are received and shown in the KRA account before documentary scrutiny can commence. Currently the importer/ agent can make payment though a number of Kenyan banks and obtain a paper receipt for the payment. It is the responsibility of the banks to enter the payment electronically and to update the KRA account and the SIMBA System.

63. It is a two-stage process in which the cashier passes a copy of the payment slip to a manager within the bank who enters the payment onto the system (BPM 1.1 processes 5-12; BP: 1.2 processes 4 and 9). This can lead to considerable delays between the information appearing on SIMBA and the commencement of the documentary scrutiny process. At worst, this process is open to manipulation to attract overnight interest within the banking system.

Payment, risk and verification process KRA DPC extracted from NC-TRS BPM 1.1



Time taken from declaration registration on SIMBA to registration of payment

PERECENTAGE OF DECS	SUBMISSION		
	DAYS	HRS	MINS
25%	0	15	57
50%	1	4	7
75%	1	16	17

- It takes up to 1.5 days for the payment procedures to be completed.
- This is an inbuilt delay within the system which is a great frustration for the importers and agents.

64. Best Practice Perspective

- Most payments and payment processes have a legislative perspective, an IT perspective as well as a trader consultation perspective which need to be considered.
- Changes in processing procedures will need to be examined in detail to ensure that any regulatory or legislative impacts or barriers are identified early, particularly in regards to the timing of payments. The importance of coordinated legislative approaches is examined in Appendix 12.7 of the main report.

Recommended Action

65. KRA should consider adapting the SIMBA system to enable:

- **Documentary scrutiny to commence before payment has been confirmed (the consignment can then be released as soon as payment is confirmed);**
- **Allocating declarations on a purely sequential basis regardless of category; or**
- **Allocating specific staff to specific categories on a shift-by-shift basis.**

66. The current payment system should be reviewed and replaced with a real time payment system.

G. One Stop Centers (OSC's)

MOMBASA PORT OSC

67. The One Stop Centre at the Port of Mombasa was created so that all agents are able to deal with all border agencies involved in imports/exports in one place. The OSC also allows for joint examinations (BPM 1.2 processes 12-16). In addition, there is an agreement to use the SAD documentation as the basis for clearance by all agencies.

68. The scenario above enhances the operation of the OSC, however, further refinements should be considered, including:

- Co-locating agencies in one office to eliminate the need for agents to visit individual offices for each border agency in order to obtain the official stamps and signatures necessary for release and to co-ordinate any common inspections;
- Making the process electronic to avoid the need to print documents for official stamps, initially this could be based on providing limited direct access to the SIMBA system for all agencies. The current paper-based system requires considerable time and effort and, from a management point of view, the use of paper and stamps rather than computerised systems is open to manipulation by both officials and traders.
- Adopting a collaborative border management approach where inspections are carried out by one inspector (based on which agency has the greatest interest in the consignment) on behalf of all agencies.

OSC time taken from creation of DPC pass to submission of paper documents by agent

PERECENTAGE OF DECS	SUBMISSION		
	DAYS	HRS	MINS
25%	0	10	34
50%	1	7	31
75%	2	6	48
Average	1	8	41

69. The benefits of, for example, moving to a fully electronic process for documentation can be seen in the current time taken between the creation of a DPC pass and submission of paper documents by an agent. This time could be substantially reduced with a fully electronic process.

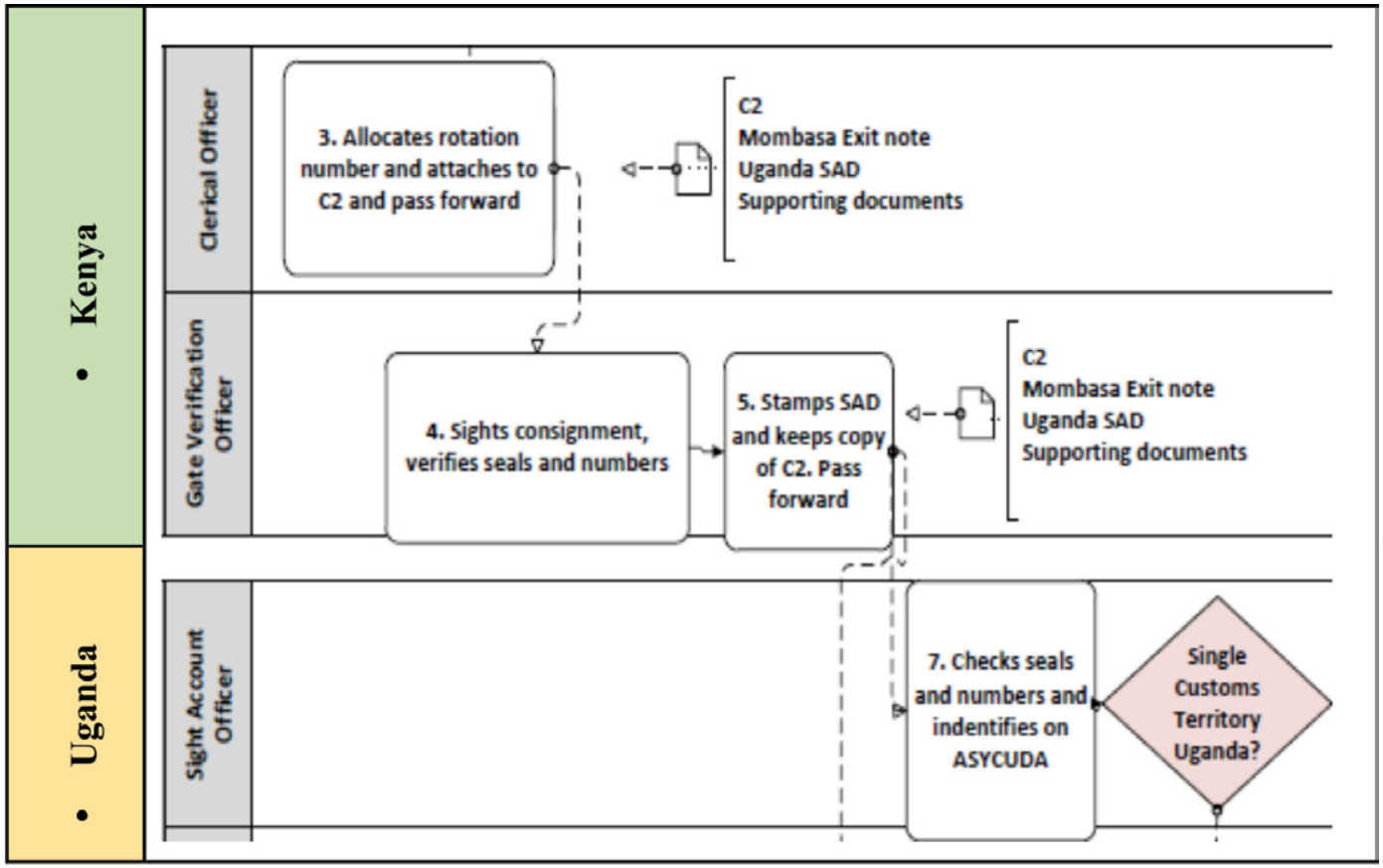
70. Addressing these issues of Coordinated Border Management, and in particular differing levels of access are examined in Appendix 12.7.

MALABA OSC (OSBP)

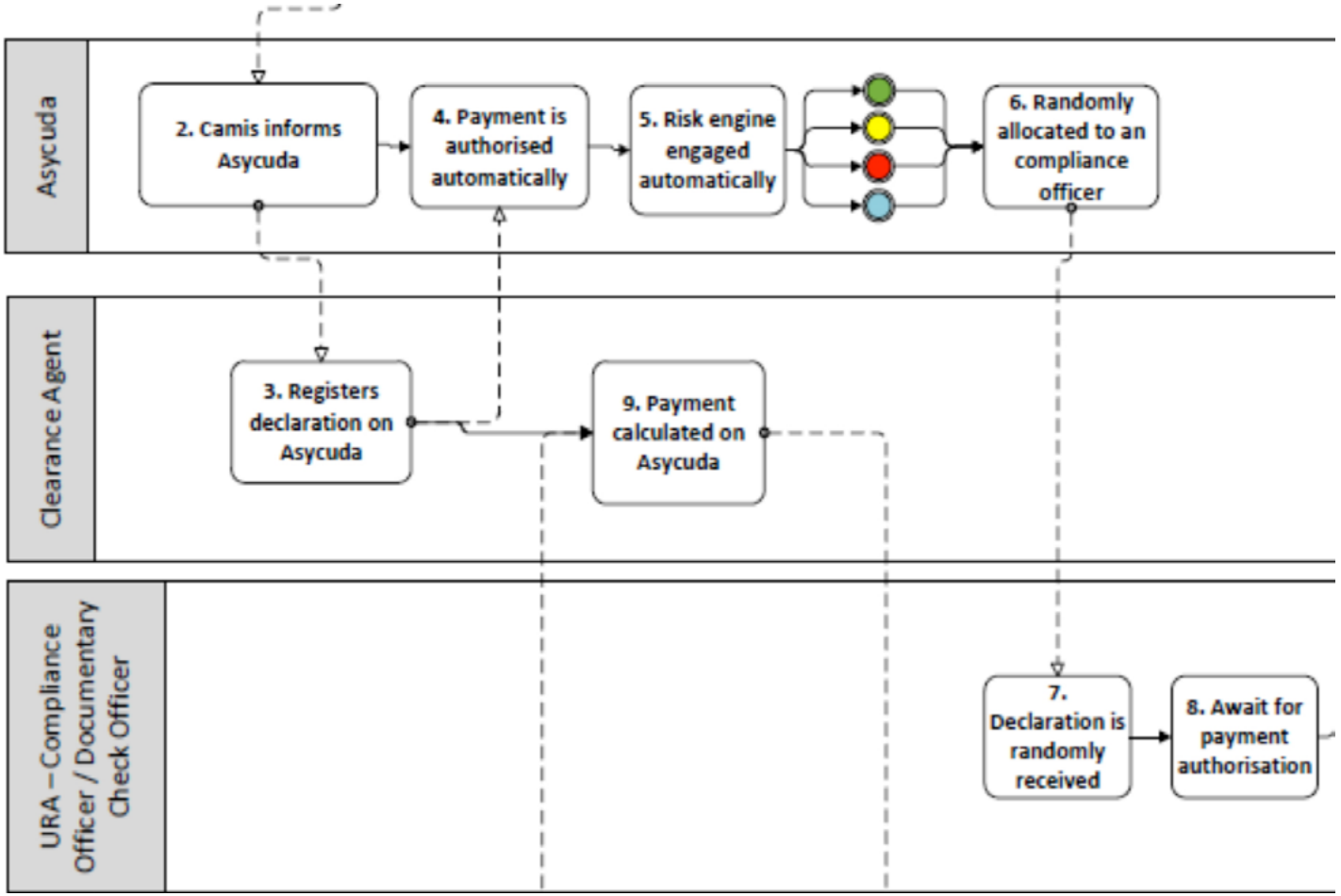
71. Malaba is one of the key One Stop Centres (OSBP) along the Northern Corridor and one of two border crossings along the Kenya/Uganda border through which most transit traffic passes.

72. Currently there are a large number of 'sightings' of containers during the process that is supposed to be under a Kenya/Uganda One Stop Centre (See below BPM 1.9 processes 3-7 and processes 7-29: BPMs 2.8 and 2.9). Both KRA and URA need to agree to a 'single sighting' that covers both agencies. In addition, the other government border control agencies should be engaged to facilitate single sightings that can suit the needs of multiple agencies. In the longer term, sightings should be driven by risk management needs only, once the trading stakeholders have become more compliant and Customs operations staff more mature in their approach to risk management.

Double sighting at Malaba OSBP, Process extracted from NC-TRS BPM 1.9



Allocation of declarations for documentary scrutiny Uganda CBC: Source BPM 1.7



Average time from lodgement of declaration to issue of Release Order – Malaba, Uganda

PERECENTAGE OF DECS	HOME USE			TRANSIT		
	Days	Hrs	Mins	Days	Hrs	Mins
25%	0	5	11	0	1	57
50%	1	8	14	0	3	24
75%	3	0	14	0	9	3
Average	**7**	**23**	**52**	**1**	**8**	**33**

73. Although the OSC (OSBP) is intended to be 24/7, the staff coverage differs between the Kenyan and Ugandan authorities. This restricts the movement of traffic during the night shift. An early agreement on common staffing requirements is required to enable more movement, particularly at night when the roads are less trafficked.

74. This difference is probably best seen when looking at the treatment of exports where substantial time differences exist between the handling of goods in Uganda and Kenya. It is less clear, however, in the treatment of imports.

75. There was no evidence during the mapping that the electronic scanning information is actually being used as a control.

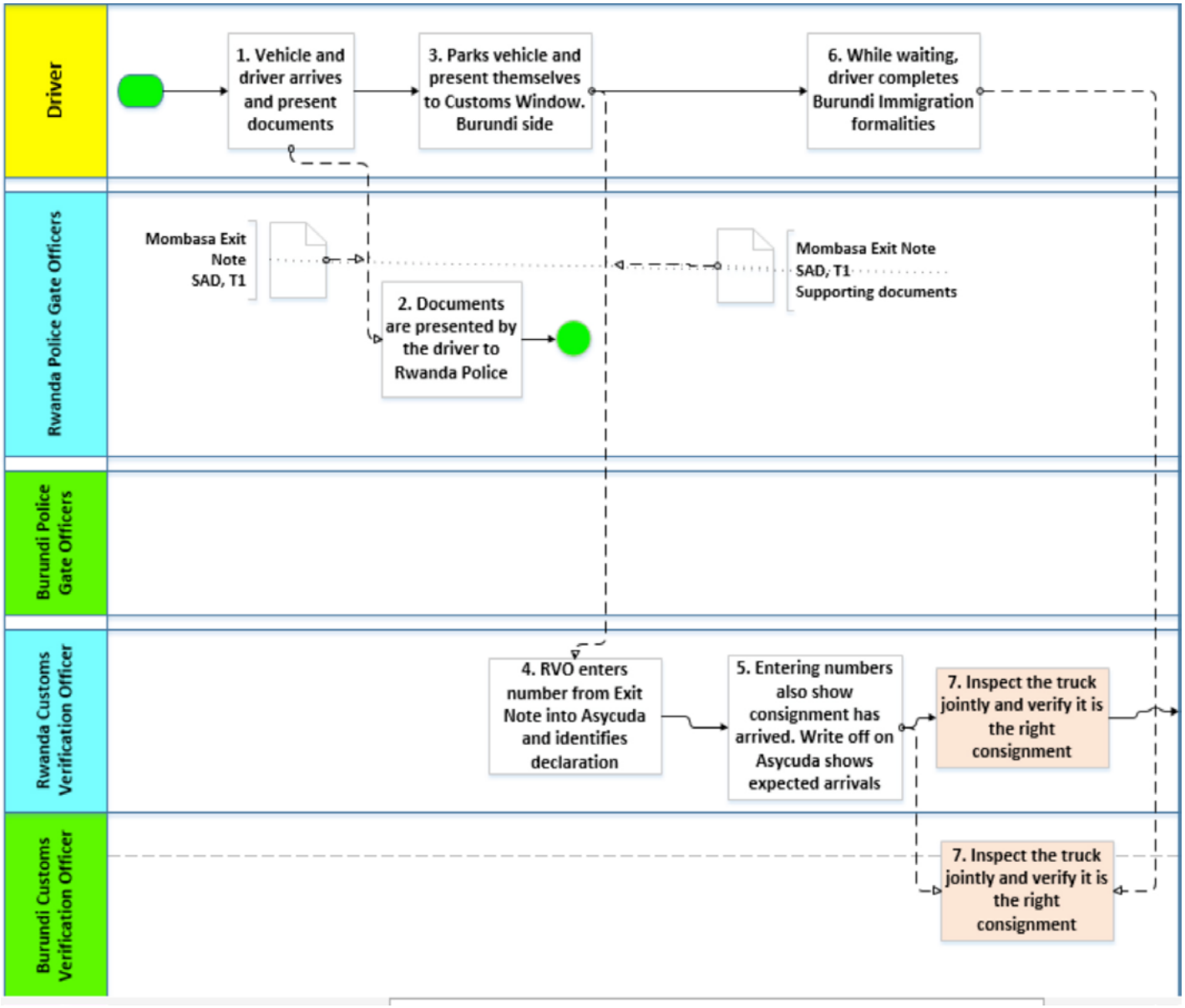
76. Currently there is no direct communication between the SIMBA and ASYCUDA systems. A system has been established whereby the URA staff note the rotation numbers and then give them to the KRA staff at the end of each day to load into the SIMBA system. The computer data on release/ times on the system is therefore inaccurate. Adopting a common transit system would remove this problem. Issues of a common transit system and the interconnectedness of systems are addressed in Appendix 12.7.

77. Any issues on connectivity will likely need to be addressed in the Legislative Acts governing both agencies and these requirements should be addressed early in any review (See Appendix 12.7).

NEMBA/GASENYI OSC (OSBP)

78. Allowing for the fact that Nemba/Gasenyi border station has limited traffic, the one stop arrangement at Nemba/ Gasenyi comes closest to meeting the internationally recognised procedures as outlined in the Revised Kyoto Convention Transitional Standard 3.5 (See BPMs 1.15, 1.16, 2.14 and 2.15).

Combined sighting of cargo at Nemba/Gasenyi OSBP. Source NC-TRS BPM 1.15



79. Given the practical benefits of the One Stop Centre Approach, efforts should be made by RRA and OBR to extend the arrangements to the Akanyaru / Kanyaru Haut - Rwanda/Burundi border and other borders in the Region as soon as practicable.

Recommended Actions:

80. Continue to upgrade operations at the OSC through:

- **Fully electronic document handling**
- **Adoption of collaborative border management systems/approaches; where inspections are carried out by one inspector (based on which agency has the greatest interest in the consignment) on behalf of all agencies.**
- **Co-location of border management agencies in a single office**

81. Develop a joint KRA/URA project to facilitate a move to 'single sightings' which includes all OGAs.

82. Continue to reform border processes and procedures

83. Update and enhance risk management processes and procedures, sighting/verification of goods should be driven by risk management needs only.

H. Cargo Verification Process at Mombasa Port

84. Currently, KRA/KPA makes very little use of SIMBA as part of its verification processes and relies largely on manual handling which requires additional systems and staff (BPM 1.2 processes 1-16). As an initial approach this is understandable, but apart from the additional costs and risks involved, it allows the basic procedures to be overridden and gives too much discretion to individual officers, particularly the HVO.

85. This use of manual handling for the allocation to verification officers creates unnecessary delays in processing.

OSC time taken from creation of DPC pass to allocation to Verification Officer

PERECENTAGE OF DECS	ALLOCATION		
	Days	Hrs	Mins
25%	1	19	53
50%	2	21	233
75%	3	20	37

Recommended Actions

86. As part of its ongoing process and systems upgrading, KRA and KPA should consider:

i. Greater utilisation of computer infrastructure both from a risk management perspective and the perspective of electronic processing and IT (See Appendix 12.7 of main report) will enhance operations.

- **Inspections should be allocated to verification officers electronically on a sequential basis with the HVO moving to a management and monitoring role only;**
- **Limit or withdraw the ability of inspection staff to override or ignore the risk assessment provided by the electronic risk management system;**
- **Provide portable electronic tablets to enable inspection staff to have portable access to SIMBA and reporting documentation.**

ii. Have any IT issues and portable IT infrastructure supported by appropriate legislation.

I. Container Freight Stations (CFS's), Embakasi ICD and RVR operations

87. RVR are still in the process of developing new systems and processes for the more efficient movement of goods. The decision to move block trains to various destinations is welcomed and should allow controls to be applied more easily.

88. Both KPA and KRA currently consider the train manifests produced by RVR to be unreliable and do not use them. Instead they have set up their own systems for manifest management (BPM 1.6 processes 10-16). This leads to delay, duplication and additional administrative resource.

Time taken from unloading of imports at Mombasa Port to delivery of goods to Mombasa Container Terminal (MCT), Consulbase CFS and Embakasi ICD

% of Goods	MCT			Consulbase			Embakasi		
	Days	Hrs	Mins	Days	Hrs	Mins	Days	Hrs	Mins
25%				4	4	30	1	20	29
50%				5	15	30	5	3	31
75%				6	22	22	9	9	18
Average	**1**	**15**	**40**	**5**	**9**	**12**	**6**	**11**	**17**

- The delays can easily be seen in a comparison of the times taken for goods to move to MCT-CFS, Consulbase CFS or Embakasi ICD.

89. Best Practice Perspective

- A border management approach with an integration not only with public sector border management agencies, but also critical private sector stakeholders is a key element of the Coordinated Border Management approach given life by the Revised Kyoto Protocol and supported through the WCO (See Appendix 12.7 of main report).

Recommended Action:

90. KPA, KRA, and RVR work together to have a computerized integration of the rail manifest within the KWATOS and MMS/SIMBA systems.

Delay after Customs Release

Delay after Customs Release is the time taken for the goods to exit the Port after they have been released by Customs. After Customs release, the trader or his agent are expected to remove their cargo from the Port but as seen from the tables below from the NC-TRS and NCTO reports it takes a while before the goods are evacuated.

Time taken to evacuate cargo from the Port, CFS/ICD after Customs Release

After Customs has issued a Release Order, the trader or his agent pays the Port, CFS/ICD handling charges and enlists transporters to pick his cargo from the Port.

% of goods	Port Clearance			CFS/ICD		
	Days	Hrs	Mins	Days	Hrs	Mins
25%	1	14	37	1	14	37
50%	4	17	46	1	18	12
75%	5	23	12	1	21	48
Average	4	8	41	1	18	12

Period	Days	Hrs	Mins
May 2015	1	23	2
June 2015	1	21	7
April 2016	1	18	0
Average	1	21	3

Table above Left: Time taken before goods exit the Port or CFS/ICD after Customs Release – ***Source: Left NC-TRS, Right NCTO***

Table above Right: Time taken before goods exit the Port after Customs Release – ***Source NCTO***

- As any extended delay adds time to transit, the data above highlights the importance of engaging with KPA, agents and transporters to identify the reasons for delays at the Port and seeking to address those issues so that goods can leave the Port faster.
- The issue of engagement with private sector stakeholders on expeditious submission and handling of documents was also raised in the Uganda National Time Release Study (2015), where the report stated, "There is need for Customs to engage its stakeholders to chart a way forward on how to resolve the problem of the long time taken to lodge entries

after arrival of a truck/plane, submission of documents needed for clearance of cargo, timely picking of documents from customs officers and exit of goods after the release from CBCs."

Recommended Action:

The Revenue Authorities and the Port Authority should engage with the private sector stakeholders to find a way of reducing the delay in evacuation of cargo after its release by Customs

J. General Focus on specific Northern Corridor Member States

- **BURUNDI**

91. As a landlocked country, Burundi is dependent on the ports of other countries for sea-based trade with the countries outside Africa. For international trade outside Africa, Burundi primarily uses the Central Corridor and the port at Dar es Salam and, as such, has very low levels of trade through the Port of Mombasa. That said, utilising the potential benefits of the SCT will be an important part of facilitating trade and promoting economic growth in the future.

92. In its efforts to promote trade, Burundi has made efforts to strengthen the performance of its customs administration. These efforts have been recognised in the Logistics Performance Index, where Burundi ranks highest of all Northern Corridor Member States in terms of Customs performance and ahead of the average performance for other countries in Sub-Saharan Africa.

- **Clearance of Burundi destined goods under the SCT Framework at Mombasa**

93. The SCT can only work effectively for imports when goods destined for countries beyond Kenya are effectively cleared at the Port of Mombasa and allowed to travel under the SCT transit regime to the country of destination prior to their release for Home Use.

94. The concept of a transit system is based on the open and free movement of goods that have been controlled in some form.

95. Burundi have recently agreed to deploy a staff of OBR at Mombasa port, but have not yet commenced work at Mombasa.

96. For Burundi, clearing of goods at arrival in Mombasa will allow them to move under the SCT transit regime. Even in the absence of the full implementation of the SCT recommendations contained in this and other reports, the speed of movement of goods and their final release for Home Use in Burundi can be faster with some form of early pre-clearance.

97. Once a common transit system comes into operation, the need to station staff in Mombasa will be lessened.

Recommended Actions:

98. Execute the plan to station staff for pre-clearance at the Port of Mombasa to reduce the number of transit declarations until such time as a common transit system comes into effect.

99. Given the importance of moving to fully electronic processing, the use of a computer-based approach is recommended in the clearance of goods.

- **DEMOCRATIC REPUBLIC OF CONGO**

100. Given the geographical issues and constraints under which the DRC operates, access to intercontinental trade routes through the Northern Corridor is important for the economic development of the eastern regions of DRC.

101. Given the distance and the relative levels of trade, little intercontinental trade from the eastern parts of the DRC uses the Port of Mombasa when compared to some other NC member countries. As with many of its neighbouring economies, the DRC will benefit economically from improvements in the Northern Corridor SCT regime.

102. Goods imported into and exported from the DRC via the Port of Mombasa currently move under national customs transit regime rather than under the SCT regime.

103. The recent upgrading of the ASYCUDA system in use by DGDA underlines the need to continue to seek to modernise customs operations in the DRC. While the current system is being implemented, processes and procedures are undergoing change and many interventions are still paper based.

104. The international benchmarks that are available, such as the Trading Across Borders report and the WEF's Global Enabling Trade, show that the DRC would benefit economically from efforts to upgrade and modernise Customs processes and procedures.

- **Clearance of DRC destined goods at the Port of Mombasa**

105. As with some of its neighbouring NC Member States, the DRC stands to benefit most from the SCT regime by clearing imported goods early or at the Port of Mombasa. The free and open movement of goods along the NC under the SCT is the foundation of the transit system envisaged by the creators of the Northern Corridor.

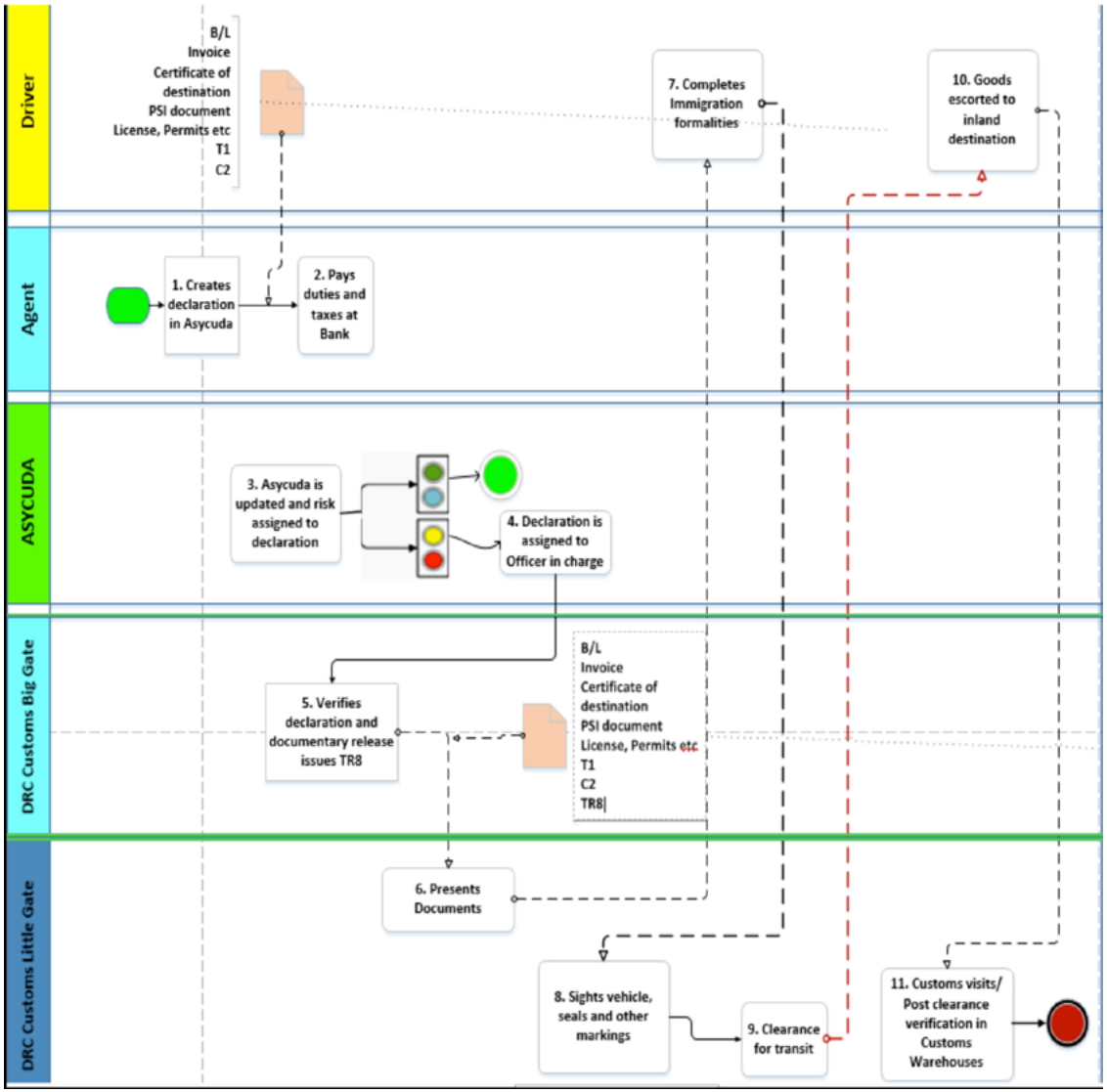
106. Clearing goods at or prior to arrival at the Port of Mombasa by DGDA would then allow the cleared goods to move under the SCT transit regime along the Northern Corridor more efficiently and allow them to arrive and be

released for Home Use faster. These time and cost efficiencies can be achieved even without the full implementation of the recommendations contained in this and other reports. Clearly the full implementation of the recommendations contained in this report will, however, have a significant impact on time and cost to traders and the DGDA.

- **Clearance of DRC destined goods at Border Stations**

107. Currently, goods are not cleared at the DRC borders, but rather pass through the border with immigration checks and onto an inland clearing station. This slows down the clearance and release process (See BPMs 1.17 and 2.16).

Border processes Goma and Kasindi extracted from the NC-TRS BPM 1.19

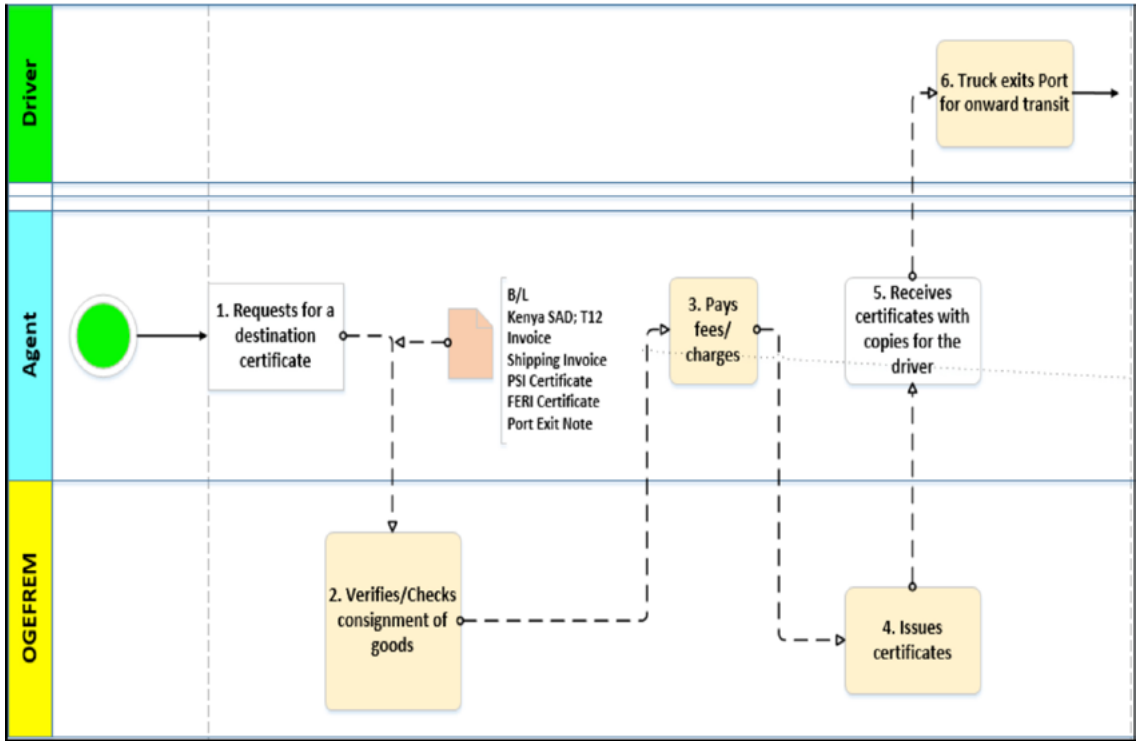


108. Moving the DGDA processes to the border together with those of OGAs involved in imports would mean a speeding up of the process of clearing goods.

- **Control of Certificate of Destination**

109. Currently, the OGEFREM based in Mombasa issues a certificate of destination for goods that will be released in the DRC (See BPM 1.18 process 1 and BPM 1.17 process 5). These certificates are issued based on the consignment as manifested and not by Customs declaration or vehicle. Without this certificate, goods cannot be released from the Port.

Issue of DRC Certificate of Destination OGEFREM extracted from NC-TRS BPM 1.18



110. Currently, there seems not to be a process in place to allow for the receipt of the certificate in the DRC to be communicated to Mombasa as confirmation that the goods have arrived.

111. The fact that there is no cross checking between issue and receipt of these certificates increases the risk for diversion of goods.

- **Utilisation of AsycudaWorld and AsycudaWorld risk management systems**

112. The ASYCUDA World system recently implemented by the DGDA is a significant investment by the government. By automating the processes of risk management, these systems significantly reduce the risks of integrity breaches by largely removing the discretion given to individual officers in terms of selecting which consignments should be controlled (see BPM 1.17 process 3).

113. The benefits of enhanced risk management are highlighted in the sections above on Risk Management.

114. In addition, fully utilising the risk management functions in ASYCUDA World ensures that the government of the DRC receives a return on its investment.

Recommended Actions:

115. Adopt a system of pre-clearance or station staff at Port of Mombasa to reduce the number of transit declarations.

116. Establish procedures for clearance of goods at the border together with OGAs.

117. Establish a process to confirm receipt of certificates of destination with OGEFREM in Mombasa.

118. Fully implement ASYCUDA World risk management process and minimise the discretion for individual inspectors to control consignments.

RWANDA

119. Relative to Burundi, Rwanda utilises the Port of Mombasa and the NC to a greater extent for its international trade.

120. In building its Customs regime, Rwanda has focused on creating a modern and relevant regime for the import and export of goods. This trade facilitation approach has helped support the growth of Rwanda's economy in recent years.

121. Based on different international benchmarks, Rwanda performs at or above the average for other Sub-Saharan economies and is a mid-level performer when compared to the other Northern Corridor economies using the same benchmarks.

122. As a landlocked country, Rwanda is reliant on Ports in other countries, including the Port of Mombasa, for trade outside Africa. Trade facilitation measures such as the SCT and other initiatives within the Northern Corridor are a critical element in Rwanda's continued economic development.

- **Clearance of goods under the SCT framework**

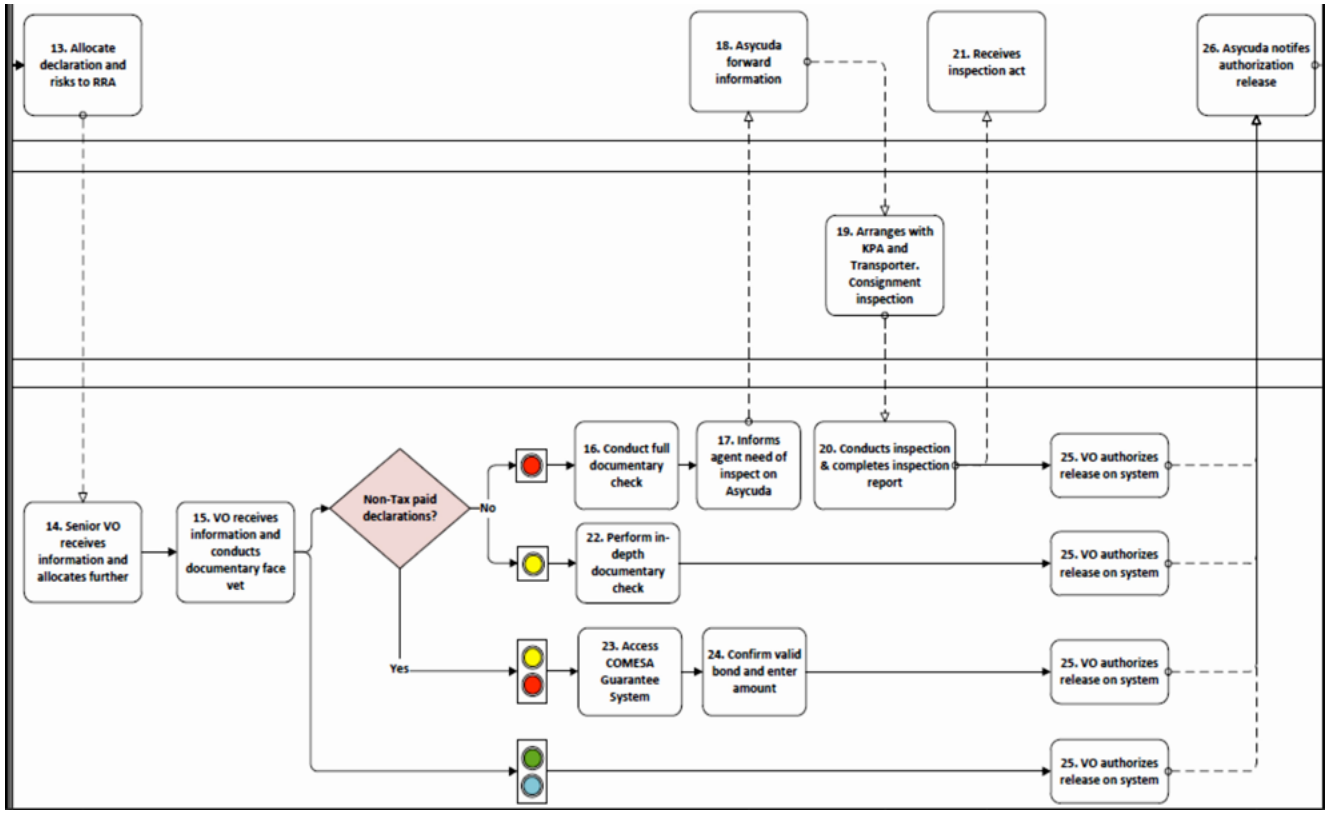
123. Rwanda has staff based at the port of Mombasa and is operating using SCT procedures for all her imports. These staff has both documentary clearance and inspection responsibilities and the exit note they issue is recognised for transit by the other EAC Customs Administrations.

124. Furthermore, the exit note from Mombasa is also recognised at the Rwanda border posts and allows goods to be released quickly for Home Use on arrival.

125. There are considerable time saving benefits for the trade from this approach, however, traders also believe that this approach brings with it additional costs for agents and shippers in both Mombasa and in Rwanda.

126. The approach also is very expensive for RRA. As stated in the main body of the report, the introduction of a common transit system would allow other less expensive approaches to be adopted.

Rwanda OSF Procedures extracted from NC-TRS BPM 1.20



127. At the present time, there can still be delays in the release of goods into free circulation in Rwanda caused by the needs of other Government agencies e.g. Standards, Agriculture etc. While these agencies have agreed that the goods can move to trader's premises for the purposes of inspection, there are still complaints from traders that these inspections can cause long delays whilst they wait for the agencies to visit.

128. At a technical level, clearance release cannot be written off on the ASYCUDA system until these inspections have taken place, which has the effect of distorting the release statistics. There are plans for these agencies to also base staff at Mombasa.

129. Over the long term, consideration should be given to reviewing the need to advance base staff in Mombasa if there is a common transit system. Until that time, and recognising there are issues to overcome for this to occur, consideration should be given to the RRA staff currently based at Mombasa taking responsibility for conducting inspections on behalf of all relevant agencies.

Recommended Actions:

130. Consider giving the RRA staff currently based at Mombasa responsibility for conducting inspections on behalf of all OGA's.

131. Consider the need to base staff in Mombasa once there is a common transit system which is automated.

SOUTH SUDAN

132. South Sudan is the newest member of the Northern Corridor. As a relatively new jurisdiction with low levels of trade outside of Africa, it faces a number of challenges in its Customs modernisation process.

133. To be able to fully participate in the SCT, it is important that South Sudan moves to modernise its Customs administration, including implementing the recommendations contained in this report.

134. Its membership of the Northern Corridor provides the government of South Sudan with the opportunity to benchmark against and learn from other Northern Corridor member countries, many of who are amongst the strongest performers in the region in terms of Customs administration performance.

135. During the course of the NC-TRS an apparent picture of low volumes of import from Mombasa Port to South Sudan was cast. This is believed to be a temporary situation resulting from the security situation at the time.

136. South Sudan has, however, now based a staff at the OSC at Mombasa who looks after 'strategic imports' to South Sudan.

- **Use of automation**

137. One of the key themes in this report is the creation of efficiencies through use of information technology systems and interconnectedness through the use of those systems.

138. The South Sudan Customs currently works on the basis of manual processes, including the physical escort of

imported goods from the border to Juba, sometimes referred to as 'manual transit'. This required the deployment of a considerable number of staff purely for the administration of the systems, maintaining manual records and reports.

139. In order to be able to participate in the SCT, the South Sudan government should move to implement a computer information technology system for the lodging and processing of customs declarations. This system should also aim to connect with any systems used by other government border control agencies.

140. Without this computerisation, South Sudan cannot fully participate in the SCT as it is unable to process declarations to and from South Sudan and connect simply with the process used by Customs agencies in those countries through which South Sudan imports and exports must transit.

141. In addition to cost savings for the trade computerisation would free up a number of administrative staff to be deployed on control duties. Priority in computerisation should be given to a basic import export declaration system with a second phase introducing a payment system. Appendix 12.7 of the main report outlines the key frameworks and tools that are available to assist in the development of electronic processing and other controls as well as facilitating inter-connectivity.

- **Customs Release of goods**

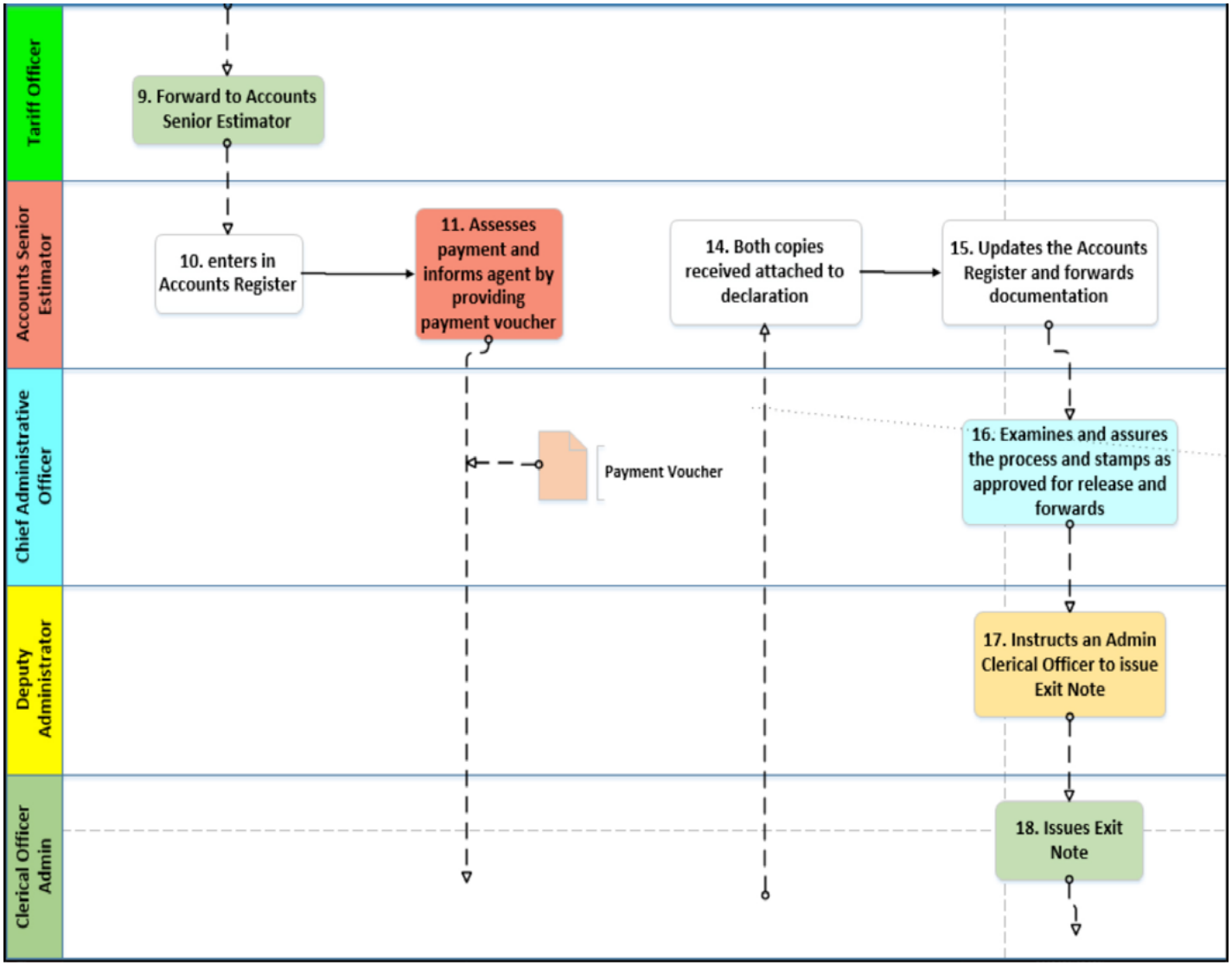
142. Currently release of all goods for home use or escort requires the signature of the Head Administrator, which is a very senior level (BPM 1.13 process 16). In the short term, consideration should be given to delegating this authority to the Tariff Officer or their immediate manager.

Recommended Action

143. Expedite implementation of a computerised system for the processing and lodging of customs declarations with priority to implementing a basic import declaration system.

144. Delegate the authorisation of Customs release of goods to Tariff Officer or their immediate manager.

Release process South Sudan extracted from NC-TRS BPM 1.13



K. Handling of Wet Cargo

145. The Study was supposed to look at the handling of petroleum fuels, oils and lubricants. Due to some limitations mentioned in the main report, it was not possible to fully include road-based transport of fuel and oil in the questionnaire process during the five-day distribution period.

146. Given the high duties on fuels and the relatively high prices they command, they present considerable risk to revenue authorities and the commercial operators and specialised controls are required. The commercial risks to operators has resulted in a high level of commercial record keeping and compliance by oil terminal operators.

147. As part of the Business Process Mapping, the processes at an oil handling depot were mapped (see business process map for petroleum).

148. Along the Northern Corridor, transport and the consequent controls is by road, rail and pipeline. The basic documentary control of these goods is similar to the controls on all goods, requiring standard declarations for Home Use, Warehousing and Transit.

149. The control of fuel and oils imported through the port is the responsibility of a specialist team, the Regional Petroleum Monitoring Team (RPMT). In addition to the normal DPC and Manifest Management staff based in Nairobi, the process requires RPMT staff, Report Officers, Surveyors and Depot Gate Officers. This is a high level of skilled staffing and all staff must understand the complex measurement and management techniques that need to be applied.

150. In addition to being overstretched by the number of procedures they must manage, staff have proved difficult to recruit and retain.

151. In the short term, the current system of frequent rotation of Customs and Revenue staff should be reconsidered and Customs and Revenue Service control staff should be allowed to remain longer at a posting. To avoid issues of breaches of integrity, management controls should be strengthened. In the medium to long term, the introduction of audit based controls to replace the manual controls should be considered, as this is a case where, although the revenue risk is high, the compliance levels are also high and can easily be monitored.

Recommended Actions:

152. Extend the rotation period of control staff and strengthen internal management controls

153. Introduce audit based controls to replace manual controls.

L. Empty Container Returns and Handling

154. The movement of empty containers is controlled mainly by traders, agents and private logistics companies (see BPM 3.1, 3.2 and 3.3).

155. In the course of this study, a review of industry standards in relation to the handling of empty containers and the commercial controls was carried out and mapped from a logistics service operator relating to obtaining, moving and using empty containers.

156. There is minimal interference by Government agencies in the repatriation of empty containers, either in control of movement in the repatriation or in other forms of control.

157. What became clear in the course of the mapping and site visits is the controls applied by commercial operators are mainly manual and involve email and would benefit from computerisation.

Recommended Actions:

158. As part of efforts to work with traders to strengthen compliance, encourage the movement to computer-based management and controls.

M. Weighbridges and Infrastructure Development

159. As an additional element, the operation of weighbridges along the Northern Corridor was examined to identify the contribution of weighbridges to delays along the Corridor and which processes can be improved in order to speed up the goods along the corridor and reduce 'transport friction'.

160. This process utilised the WCO TRS methodology even though it is not strictly designed for this purpose.

Weighbridges surveyed during the NC-TRS

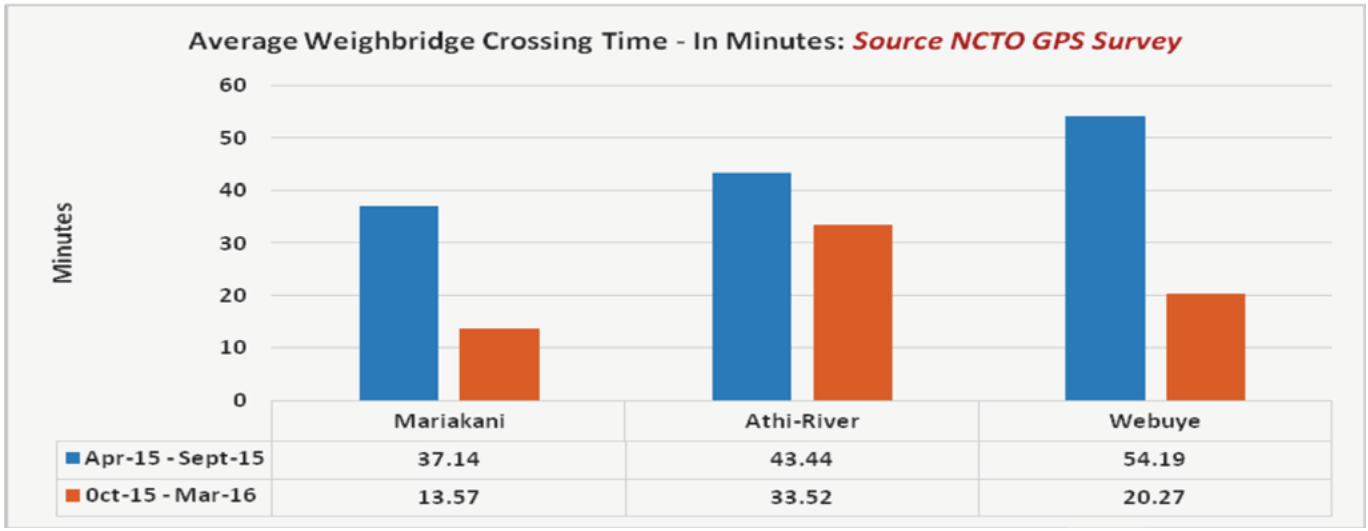
WEIGHBRIDGE	COUNTRY
Mariakani	Kenya
Gilgil	Kenya
Athi River	Kenya
Busitema	Uganda
Mbarara	Uganda
Magamaga	Uganda

161. Weighbridges are often operated or regulated by Roads Agencies with the purpose of ensuring that commercial vehicles travel at safe weights, both for the physical safety of heavy vehicles and other road users and to manage wear to roads.

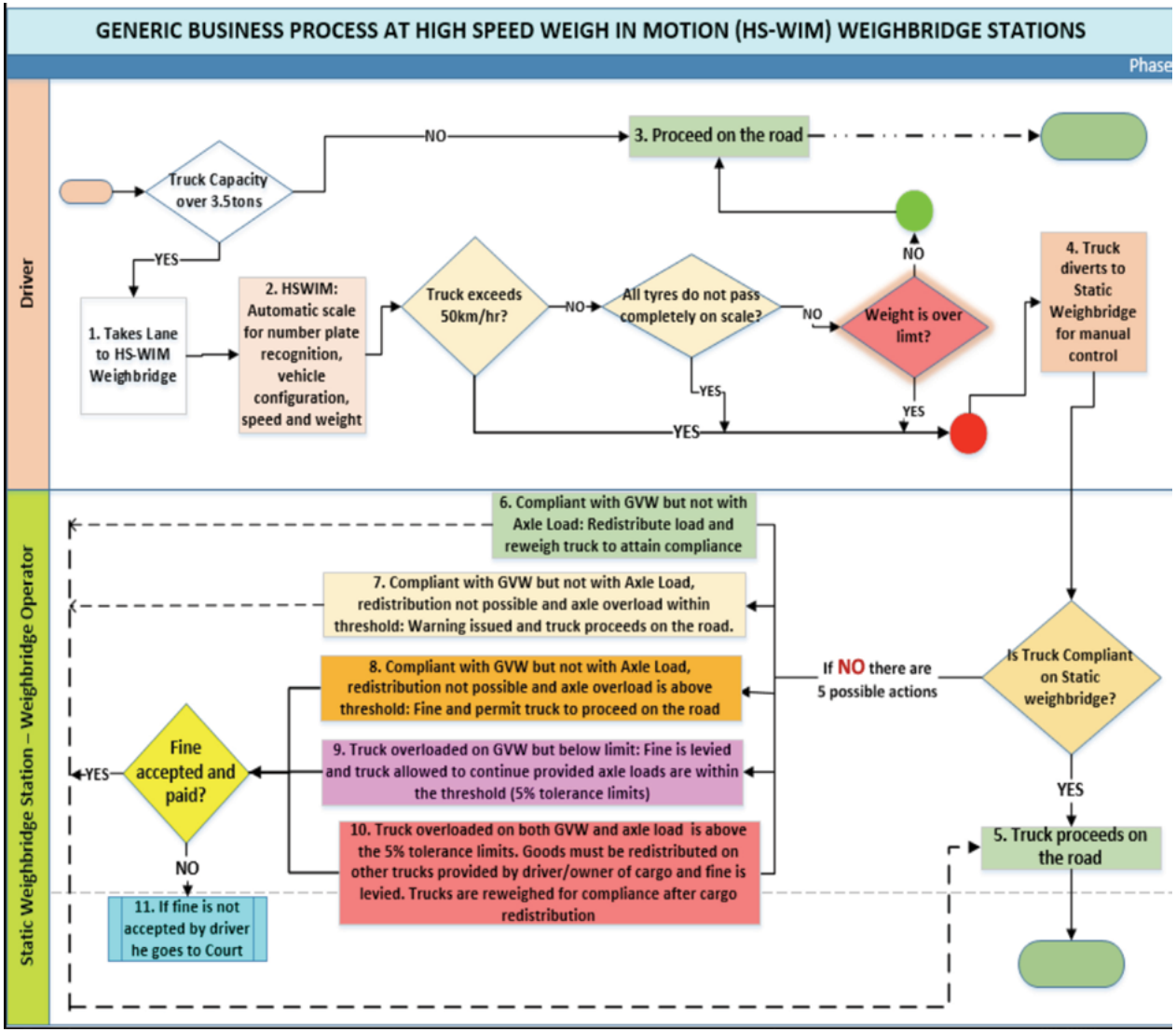
162. Issues of overloading have been handled in different ways. At an East Africa level, standardised truck loading weights were established in 2013. In Kenya in October 2014, for example, a range of stakeholders including the Kenya Transporters Association, Kenya Long Distance Truck Drivers Union, a range of Government agencies including KRA and Kenya National Police Service, together with the NCTTCA agreed a Self-Regulatory Charter on Vehicle Load Control which is being implemented.

Time for transiting weighbridges. Source EAC Pilot TRS – 2012

Period	June - July 2012		
	Days	Hrs	Mins
Total time Mariakani weighbridge	0	0	47
Total time Gilgil weighbridge	0	0	34
Total time Athi River weighbridge	0	0	46
Average	0	0	41



163. Generally speaking, the use of non-automatic weighbridges will inevitably create delays due to the requirement for vehicles to stop and be weighed. Given the fact that once weighed and compliant, vehicles are compliant for the remainder of the journey to weighbridges in Uganda or the fact that they are never compliant and so the weighbridges are not fulfilling the required role, the use of traditional stop-and-weigh weighbridges should be reviewed (see BPMs 4.1, 4.3, 4.4, 4.5).



164. Using the High Speed Weigh In Motion (HS-WIM) the driver does not stop at the weighbridge station if he is compliant with the vehicle load limits. The HS-WIM takes the particulars of the vehicle and its weight both axle and gross vehicle weight automatically. All this information is captured by the HS-WIM weighbridge when a vehicle is moving at speed of about 50km/hr. For compliant vehicles there is no physical interaction between the driver and the operators at the weighbridge, in addition to minimizing delays, it also minimizes corruption arising from physical contact between drivers and weighbridge operators.

165. Weighbridges remain a necessary control at the moment, as the compliance rate of the trucks is still at an unacceptable rate. This should improve naturally, but only if management ensures that the controls are applied and that the penalties are sufficiently deterrent.

166. It is recommended that the governments of Uganda and Kenya investigate the transition to automatic weigh-bridges only and that any Governments reviewing the need for weighbridges consider use of HS-WIM automatic weighbridges only.

Recommended Actions:

167. All NC governments should transit to High Speed Weigh in Motion and automated weighbridge operations.

168. Governments should review penalties for overloading so that they are appropriate and persistent offenders dealt with by means other than only fines.

N. Road Infrastructure Development

169. Road transport remains the most important means of linking the member countries of the Northern Corridor to the Port of Mombasa.

170. It was observed that the NCTTCA has undertaken extensive surveys and made a number of recommendations on a number of key routes in the Northern Corridor. One of the issues faced within the Northern Corridor is the need to implement plans that are made to upgrade road and other transport infrastructure.

171. Mapping of some road sections not already covered in other reports by the NCTTCA was done. However, it should be noted that the WCO TRS methodology clearly cannot be used in this circumstance.

172. A recurring theme in all the international reports is best summarised in the Africa Infrastructure Diagnostic Report conducted by Nathan Associates Inc. which stated, "The slow speeds [in East Africa] have less to do with infrastructure, which is of reasonable quality, than with the administrative barriers, border and customs clearances that prolong transit times and escalate costs."

173. This underlies the fact that most of the immediate trade and economic benefits of investments in the Northern Corridor will be through reforms of Customs processes and procedures.

174. The following road sections were mapped during the Study:

- **Mombasa – Kampala (through Malaba)**

175. The roads in Kenya are generally of good condition. The main arterial route from Mombasa to Kampala is fully paved and provides single lane traffic at a minimum along the route (see BPMs 5.1-5.3). However, the routes are heavily trafficked which means that there is a tendency for one incident to cause serious delays in traffic.

176. The current construction of a dual carriageway out of the Port of Mombasa will significantly improve the flow of traffic around the port and onto the main arterial route.

177. However, issues arise along this route primarily as a result of the use of speed humps that severely impacts on the speed at which fully loaded transport vehicles can travel. The frequency of these humps, particularly in built up areas or semi-built areas also has the additional impact of increasing vehicle emissions as trucks slow down and speed up. It is not clear that benefits of reduced speed are outweighed by the transport, environmental and amenity costs that all of these speed humps impose.

Travel time by car during consultants' road survey. Source NC-TRS BPM 5.1 – 5.5

Road Map Mombasa – Nairobi: Source NC-TRS 2016					
Location	Kms	Time (h. mins)	Road condition	Traffic humps	Check point
Mombasa Port Exit	0	0.00			
Mazeras	16	0.24		3	
Mariakani	36	0.53		7	Weighbridge
Samburu	58	1.23		3	
Taru	73	1.56		30	
Malikubwa	83	2.18		11	
Maungu	123	3.00		4	Lorry Park
Voi	153	3.34		1	
Mtito Andei	249	4.56		2	Rest Stop
Maikuu	281	5.41		2	
Nguumo	298	5.56		8	Police
Makindu	312	6.14		4	
Kiboko	326	6.26		3	
Masimba	342	6.42		5	
Emali	358	7.01		4	
Machakos	435	8.26		5	
Nairobi	466	9.10			
Total number of speed humps				92	
Key	Good		Fair		Bad

Road Map Nairobi – Gilgil: Source NC-TRS 2016					
Location	Kms	Time (h. mins)	Road condition	Traffic humps	Check point
Nairobi	0	0.00			
Nairobi start bypass road	13	0.21			
Nairobi start New road 4 lane	18	0.37			
End 4 lane road	53	1.15			
Maai Mahiu	74	1.43		2	Weighbridge Rest stop
Longonot	89	1.58		3	
Naivasha	108	2.13		9	
Gilgil	128			5	Weighbridge
Gilgil town	151	3.02			
Total number of speed humps				19	
Key	Good		Fair		Bad

Road Map Gilgil – Jinja via Malaba: Source NC-TRS 2016						
Location	Kms	Time (h. mins)	Road condition	Traffic humps	Check point	Notes
Gilgil	0	0			Police	
Nakubreeze	20	0.26		2		
Enter Nakuru	24	0.31		9		
Exit Nakuru	34	0.44			Police	Heavy traffic and traffic jams inside Nakuru
Salga	57	1.13		39	2 Police checkpoints	
Sigowet	114	2.09		17	Police	
Entry Eldoret	183	3.3		30		
Exit Eldoret	189	3.56		8		Heavy traffic and traffic jams in Eldoret
Jua Kali	203	4.15		20		
Musembe	229	4.5		18		
Dina Junction	254	5.2			Weighbridge	
Kanduyi	278	5.44		10		
Enter Malaba Border	310	6.28				Before border 5km of roadwork with very bad road
Exit Malaba Border	313	8.06				Procedures at the border took 1.38 hours mostly on the Ugandan side. Insurance for private car biggest obstacle
Kwapa	329	8.22		7		In Uganda there not as many humps yet as in Kenya but they are very small humps in each village first 2 then 4 then 2 again. Annoying but doesn't reduce speed as much as the big humps
Busitema	352	8.43		10	Weighbridge	Slow speed weigh in motion
Busesa	398	9.17		7		
Jinja	459	10.28		25		
Total number of speed humps				177		
Key	Good		Fair		Bad	

Travel time from Mombasa Port exit gate to Malaba Border Station, Source NC-TRS 2016

% of Decs	ROAD TIME		
	Days	Hrs	Mins
25%	2	3	18
50%	2	21	34
75%	4	6	50
Average	3	15	11

Travel time from Malaba to Mombasa Port entry gate, Source NC-TRS 2016

% of Decs			
	Days	Hrs	Mins
25%	2	18	6
50%	4	20	13
75%	5	6	37
Average	4	7	14

- The TRS data shows that for imports it takes approximately 3.5 days from the Mombasa Port exit gate to reach Malaba and that for exports to travel from Malaba to the arrival gate No. 10 at Mombasa Port, takes nearly 4.5 days. It is difficult to account for the additional day, but the movement of traffic into and out of Mombasa may account for the difference.

- These times are broadly consistent with those for the movement of traffic from Mombasa to Malaba on the Northern Corridor Transport Observatory below where weekly performance varied between 51 hours (2.1 days) and 86 hours (3.5 days).

Transit Time Mombasa to Malaba (May/June 2016): Source NCTO

PERIOD	23 May to 18 June 2016		
	Days	Hrs	Mins
Average	2	21	21

- **Jinja - Kampala**

Road Map Jinja - Kampala: Source NC-TRS 2016						
Location	Kms	Time (h. mins)	Road condition	Traffic humps	Check point	Notes
Jinja	0	0		2	Police	Security check
Najjembe	24	0.31				
Enter Mukono	56	1.05		1		
Exit Mukono	60	1.2				Heavy traffic jam
Kampala	76	2.26			Police	Heavy traffic jam
Total number of speed humps						
Key		Good		Fair		Bad

- **Kampala –Nimule**

178. While roads in Uganda are generally of a high standard (with over 75% of the roads estimated to be paved) road conditions is variable when heading north along the designated Northern Corridor transit route to South Sudan.

Road Map Kampala – Nimule: Source NC-TRS 2016						
Location	Kms	Time (h. mins)	Road condition	Traffic humps	Check point	Notes
Kampala	0	0				
Bombo	33	0.46			Police	Security check
Wobulenzi	39					
Luwero	53	1.12				
Luwero	56				Weighbridge	
Migyera	140	2.00			Police	Rest stop
Kafu	172	2.41				
Kigumba	209	3.04			Police	Security check
Kiryandongo	212	3.26				Single lane – Road works ongoing
Bweyale	231	3.35				
Karuma	274	3.52				
Gulu	341	5.49		10		
Parabong	369	6.24		17	Police	Security check
Pabo	379	6.34		14		
Pawel	391	6.48		8		
Atiak	410	7.01		6		
Bibia	437	7.24		8	Police	Not paved but solid. Ongoing road works
Elegu	447	7.35				
Nimule	450					
Total number of speed humps				63		
Key		Good		Fair		Bad

- **Kampala – Mpondwe**

179. With the road being fully paved and in good condition, the main challenges presented along the Kampala - Mpondwe routes are, in addition to weighbridges addressed earlier in this report, the excessive use of speed humps along the route.

180. While these speed humps serve an important purpose of reducing the speed of vehicles, particularly around built-up areas, they also bring additional costs (see BPM 5.4.; table below) the worry is, more speed humps are constructed each passing day.

Road Map Kampala – Mpondwe via Fort Portal: Source NC-TRS 2016					
Location	Kms	Time (h. mins)	Road condition	Traffic humps	Check point
Kampala	0	0			
Muduuma	46	1.07		32	
Mityana	88	1.28		22	
Mubende	149	1.32		16	Weighbridge
Kyenjojo	247	2.54		32	
Rugombe	266	3.15		33	Police
Fort Portal	295	3.50		10	
Rubona	317	4.16		16	
Kibiito	329	4.28		19	
Hima	352	4.55		11	
Kasese	374	5.27		22	
Kikorongo	397	5.48		8	
Bwera	427	6.24		14	
Mpondwe	434	6.35		10	
Total number of speed humps				245	
Key	Good		Fair		Bad

181. The costs of these speed humps are felt in several ways, which include.

- Additional time it takes to move goods as a result of drivers being forced to slow down and speed up.
- Damage to vehicles as the speed humps are often built too high.
- Environmental and amenity cost with the constant slowing down and speeding up resulting in higher than necessary vehicle emissions (mainly diesel fumes) and excessive noise.

- **Gatuna – Kigali – Rubavu/Nemba**

182. The consultants during the mapping process travelled on the roads between Gatuna and Kigali, Kigali and Nemba and Kigali and Rubavu. These were well maintained roads fit for purpose. There were no discretionary checkpoints and traffic-calming measures were only applied in urban areas. This infrastructure greatly assists in the free movement of goods and enables RRA to strictly enforce the transit time requirements.

Speed Hump warning in Rwanda

Transit time between the Northern Corridor transit sections in Rwand

Period	Oct 2015 - Mar 2016		
	Days	Hrs	Mins
Average travel time Gatuna-Akanyaru Haut	0	16	26
Average travel time Katuna-Rusizi	1	15	44
Average travel time Gatuna-Bugarama	1	11	2
Average travel time Gatuna-Nemba	0	12	46
Average travel time Gatuna-Rubavu	1	2	45
Average travel time Gatuna-Gikondo	1	2	9

Source: NCTO

Recommended Actions:

183. Initiate a project to determine which speed humps can be removed to allow faster travel and reduced vehicle emissions.

184. Pursue alternative enforcement of speed calming measures other than emphasizing speed humps.

185. NC Governments should continue to pave and upgrade the Northern Corridor road infrastructure as well as carry out routine maintenance.

Kanyaru Haut – Kayanza –Bujumbura – Gatumba

186. The main Northern Corridor route runs from Kanyaru Haut to Bujumbura through Kayanza and connects with DRC through Gatumba border station. The Northern Corridor artery route through Nemba/Gasenyi connects with the main route at Kayanza.

Transit time between key Northern Corridor transit sections in Burundi

Period	Oct 2015 - Mar 2016		
	Days	Hrs	Mins
Average travel time Kanyaru Haut-Bujumbura	1	7	56
Average travel time Kanyaru Haut-Gatumba	0	21	42
Average travel time Kanyaru Haut-Kayanza	0	7	40

Source: NCTO

- The table above from the Northern Corridor Transport Observatory report shows the average transit time for a vehicle travelling between key Burundi borders Northern Corridor transit sections. Travel times for the route between Kanyaru Haut and Bujumbura - a distance of 118 kilometres on Burundi's main arterial No1 National Road - are largely consistent across the months surveyed (with a range of 28.54 hours to 35.11 hours) and the slow travel times are likely accounted for by the steep terrain and road conditions resulting from damage by rain and overloaded vehicles.

O. Railway Infrastructure Development

187. Currently the Northern Corridor railway line servicing the Port of Mombasa and providing linkage inland is managed by the Rift Valley Railway (RVR). The RVR services a number of locations in Kenya and Uganda, sufficiently far west as to bring it close to the border with the DRC.

188. Historically, a combination of poor reliability and uncompetitive pricing has meant that railways have been underutilised. As the African Development Bank has pointed out, existing rail routes are lightly used which acts as a hindrance to regional integration and that there is a need for investment so that rail networks can compete more effectively with road systems.

189. The RVR has undertaken a process of upgrading and system improvements in recent years that has improved the operational effectiveness. This includes maintenance of key sections of the railway network and acquisition of rolling stock. The development of the Standard Gauge Railway by the Government of Kenya is ongoing. A new SGR track between Mombasa and Nairobi is nearing completion. The SGR will increase the market share of cargo transported by Railway along the Northern Corridor.

A completed section of the SGR track between Mombasa and Nairobi

190. As part of the ongoing upgrading, RVR plans to offer block destinations trains. This allows faster and less expensive transport to Uganda as it avoids the need to couple and uncouple trucks or load and unload containers for shipments going to particular locations on the RVR network.