Growing Prosperity through Trade

Trade & Development Forum

Kampala, 28th February 2018
High Business Costs in 2010

Cost to Import & Export a Container

<table>
<thead>
<tr>
<th>Country</th>
<th>Import Cost</th>
<th>Export Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rwanda</td>
<td>5,000 USD</td>
<td>3,000 USD</td>
</tr>
<tr>
<td>Burundi</td>
<td>4,500 USD</td>
<td>3,000 USD</td>
</tr>
<tr>
<td>Uganda</td>
<td>4,000 USD</td>
<td>3,000 USD</td>
</tr>
<tr>
<td>Kenya</td>
<td>2,500 USD</td>
<td>1,500 USD</td>
</tr>
<tr>
<td>South Africa</td>
<td>2,000 USD</td>
<td>1,000 USD</td>
</tr>
<tr>
<td>Tanzania</td>
<td>1,500 USD</td>
<td>800 USD</td>
</tr>
<tr>
<td>China</td>
<td>1,000 USD</td>
<td>500 USD</td>
</tr>
<tr>
<td>Singapore</td>
<td>500 USD</td>
<td>300 USD</td>
</tr>
</tbody>
</table>

Cost of importing a container
Cost of exporting a container
Transport Cost Components

Costs for an average Bujumbura bound container

- **Mombasa Port/Mombasa CFS Channel**: 54%
- **Nairobi**: 50%
- **Kampala**: 46%
- **Kigali**: 46%
- **Bujumbura**: 47%

- **Bribes**: 1%, 2%, 2%, 2%, 2%
- **Distance-Based Costs**: 47%, 33%, 49%, 26%, 23%
- **Fixed Costs**: 46%, 50%, 23%, 47%, 26%
- **Time Based Costs**: 54%, 50%, 46%, 46%, 47%

**Source**: Corridor Diagnostic Study

Reducing delays has a big impact on costs.
Infrastructure & productivity deficits
Border Congestion
Strategy 1 (2010-2017): Target Results

- **25% +** intra regional exports compared with total exports from EA
- **10% +** Value of Exports from the EAC region
- **15% -** Average time to transport Container from Msa/ Dar Ports to RW/ BUR
- **30% -** Reduced time to cross select borders
Time to Import and Export (Days)

- Uganda:
  - 2010 (Time to Import): 12.17 days
  - 2018 (Time to Import): 34 days
  - 2010 (Time to Export): 37 days

- Tanzania:
  - 2010 (Time to Import): 8 days
  - 2018 (Time to Import): 26.75 days
  - 2010 (Time to Export): 31 days

- Rwanda:
  - 2010 (Time to Import): 5.58 days
  - 2018 (Time to Import): 5.79 days
  - 2010 (Time to Export): 38 days

- Kenya:
  - 2010 (Time to Import): 10 days
  - 2018 (Time to Import): 25 days
  - 2010 (Time to Export): 27 days

- Burundi:
  - 2010 (Time to Import): 7.46 days
  - 2018 (Time to Import): 13.92 days
  - 2010 (Time to Export): 47 days

Outcome Dashboard

Reduction in average time to import or export a container from Mombasa or Dar es Salaam to Burundi or Rwanda: 15% (Target as at end of June 2017)

Reduction in time (in at least one direction) to cross the border at selected locations: 30% (Target as at end of June 2017)

Overall average time savings for all trucks: 70%

15% Targeted time reduction by June 2017

16.5% Time reduction as at June 2017

Increase in intra-regional exports when compared to total exports in the region: 25% (Target as at end of June 2017)

Increase in the total value of exports from the EAC region: 10% (Target as at end of June 2017)

$2.4B Actual value of intra-EAC exports by Dec 2016 (EAC Trade and Investment Report 2016)

$3.7B Value of intra-EAC exports by June 2017 (TMEA estimates)

$12.4B Actual value of exports from the EAC by Dec 2016 (EAC Trade and Investment Report 2016)

$14.6B Value of exports from the EAC by June 2017 (TMEA estimates)
Transport Cost Reductions

Transport Cost per Route ($)

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

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Increase in Port Efficiency

Mombasa Port

-51% import time (from 11.2 days in 2010 to 5.5 days in Nov 2017) and -53% in export time (to 7.3 days in Nov 2017 from 15.4 days in 2010).

Catalysed $250m in berth upgrades from lenders (EIB & AFD).

Dar es Salaam Port

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

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

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

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

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

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

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

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

Source: TMEA Time and Traffic Surveys
Catalytic Trade Infrastructure

Port Reitz Road, Mombasa

Key congested road (6.4kms) to new container terminal at Mombasa Port to be completed in a record **15 months** (100% complete)

Ntungamo Road, Uganda

Regional link road (37kms) from Kampala to Kigali via Mirama Hills/Kagitumba OSBP almost complete in **36 months** (100% complete)

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ICT to facilitate trade - Customs

Rwanda Revenue Authority

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

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

Uganda Revenue Authority

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

ICT Building Blocks for Trade

Tanzania Food and Drug Authority

Kenya Tea Directorate

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<th>Average processing time for Key trade documents</th>
<th>Average Cost</th>
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<td>2014 5.6 days 2016 2 hours</td>
<td>2014 $80 2016 $30</td>
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Source: Formative Evaluation of the Single Window for Trade Projects Phase 1, 2016

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Reducing business costs

Reduction of NTBs

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

Trade Standards

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

Burundi Revenue Authority (OBR)  South Sudan Customs Service

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

Reduction in clearance times for humanitarian cargo from 4 days to 1 day at Nimule border. Non oil customs revenue grew $9.5 million (2011) to $96 million (June 2016)
iShamba – Over 350k farmers reached. **50% greater yield** by potato farmers. **5% increase** in farm gate prices for maize and potato.


Nice House of Plastics – Reduction in transit time (from Mombasa to bonded warehouse in Kampala) from an average 17 days (2014) to 4 days (2016). Savings of over $250k.
Who’s benefited? Joyce & George

Joyce Laker – Sesame Farmer, Northern Uganda

• Before intervention: Sold sesame at UGX2,000/kg due to poor quality and extracted only 250 litres of sesame oil per annum
• Intervention: Created Sesame standards, awareness and training, established cooperatives for 3,000 women sesame farmers
• After intervention: increased production from 520 litres to 2,600 litres of sesame oil per year; annual income increased from UGX 10million to UGX 52million, created 165 jobs for women at the farm.

George Kirabira-Maize Farmer, 280Kms from Kampala

• Before Intervention: Price UGX 300/kg due to poor quality, post-harvest losses of up to 39,000 kilograms per annum.
• Intervention: trained over 18,000 farmers on maize standards.
• After Intervention: Price increased from UGX 300/ kg to UGX 1300/Kg; maize acreage increased from 5 to 8 acres ; supported additional 4 children going to school, increased farm laborers from 5 to 15 workers; upgraded transportation of maize from a bicycle to a motorcycle , more 300 farmers trained on best practices.
Lessons Learnt

- **National implementation** of regional policies works, **independence** & **non-political technical** inputs highly valued

- **Partnership** focus - working **systemically** with a range of relevant partners key to scale of impact

- Trade facilitation (‘**software**’) combined with infrastructure (‘**hardware**’) key in driving impact & catalysing investment

- **Needs time & capability** - nurtured strong East African technical knowledge focusing on trade and political understanding

- **Importance of good governance** – respected Board & bottom-up national input. **UK key investor** & Council Chair, close links with HMG
Asanateni Sana

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