



TRADE  
MARK  
EAST AFRICA

# Opening doors to trade opportunities





### Vision

A united East Africa with flourishing trade, strong investment and less poverty.

### Mission

To promote rapid advances in East Africa’s integration, trade and global competitiveness for all East Africans.

### Values

We are driven by a set of shared values that drive the way we work with our partners and communities:

**Partnership Professionalism**

We listen to our partners and staff, and are flexible in our response to their needs. We work enthusiastically to deliver excellence in everything we do.

**Integrity Innovation**

We are transparent, honest and ethical in the way we work. We constantly strive for new solutions to achieve the best possible outcome.

**Respect Results-driven**

We value our partners and staff and appreciate their diversity. We focus on high impact and cost effective results to improve the lives of East Africans.

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## About TradeMark East Africa

In 2010, TradeMark East Africa (TMEA) launched a multi-faceted five-year programme to assist the East African Community (EAC) Secretariat and partner states to respond to the challenges of becoming a fully integrated region.

TMEA is a non-profit organisation that supports the EAC Secretariat, national governments, the private sector and civil society to enhance regional trade and markets. With backing from investors, the ultimate objective is to boost trade, increase employment and reduce poverty thereby benefitting all East Africans.

**15% reduction in average time to import or export a container from Mombasa or Dar es Salaam to Burundi or Rwanda**

**30% reduction in the time it takes for a transport truck to cross selected borders**

### Expected Results by 2016

**5% increase in the total value of exports from the EAC region**

**25% increase in intra-regional exports compared with total exports in the region**

## Governance at TradeMark East Africa

TradeMark East Africa's main decision-making body is the Programme Investment Committee (PIC). The PIC consists of representatives of each of TMEA's investors, three independent members representing the private sector in East Africa and the Secretary General of the EAC.

The PIC meets quarterly to set the strategic direction of TMEA and monitors progress towards TMEA's objectives. The CEO of TMEA is accountable to the PIC and seeks guidance on emerging issues.

Below the PIC, in each of the EAC partner states, a National Oversight Committee (NOC) has been established. Each NOC consists of representatives of government, business, civil society, and TMEA's investors. It is chaired by the Permanent Secretary of the ministry responsible for the EAC. NOCs agree, review and monitor the TMEA programme for each particular country.

KPMG has been appointed as TMEA's custodian. The custodian's role is to manage fiduciary risk by providing internal audit services, reviewing programme risk, undertaking fiduciary risk assessments, and ensuring that all aspects of TMEA's governance are effective.

## Value for money

Value for money at TradeMark East Africa means maximising the impact of every dollar that is spent to promote East Africa's integration, trade and global competitiveness.

TMEA aims for economy, efficiency and effectiveness throughout the programme, whether it is in the interventions, design and implementation of projects, or in the monitoring and evaluation process.

However, measuring the impact and value for money that TMEA has is difficult. Nevertheless the organisation has developed innovative ways to demonstrate the impact of its support for East African integration.

To be fully accountable to stakeholders, future annual reports will include key indicators of success, showing how TMEA is performing in those areas.

However, progress after one year is encouraging with many projects already on the path to a successful conclusion.

## Board of Directors

TradeMark East Africa is a company limited by guarantee and registered in Kenya. Under an agreement first established by the UK Department for International Development (DFID), members of the Board of Directors are nominated by KPMG (TMEA’s custodian).

- » **Charles Appleton** Partner, KPMG
- » **Anis Pringle** Partner, KPMG
- » **David Leahy** Partner, KPMG
- » **Corin Mitchell** Director, KPMG International Development Assistance Services (IDAS)

For legal reasons, TMEA in Rwanda has been established as a separate company limited by guarantee. The members of the Board of Directors for Rwanda are:

- » **Charles Appleton** Partner, KPMG
- » **John Ndunyu** Partner, KPMG Rwanda



“ The era of East African integration is here. The time is right and there is a real momentum from states, institutions, the private sector and civil society.

TradeMark East Africa is the catalyst. In a short space of time, TMEA has built up a functioning institution with a strategy, business plan, appropriate systems, a highly motivated senior management team, and up to 70 co-workers in seven offices within the region. In addition, an ambitious programme has been approved and various projects begun.

TMEA’s goal is to facilitate regional trade by reducing transport costs and allowing the free flow of goods and services over borders. This will have a major impact on the economy, on employment and on poverty alleviation within the region. The ultimate beneficiaries will be the citizens of East Africa.

As custodians of TMEA, KPMG’s primary role is to ensure that the programme is aligned to the organisation’s objectives and that fiduciary risks are mitigated. The key focus now is implementation. The groundwork is there, partnerships are in place and as things progress, especially on the infrastructure side, the success of the programme will be demonstrated to our investors.

*Charles Appleton, Chairperson, TMEA Board of Directors and Partner KPMG East Africa*



## Programme Investment Committee

“ In 2010, after signing the Common Market Protocol, East Africa became the region in Africa most advanced towards creating a common market.

Agreeing on such an in depth integration was a huge step in the right direction for East Africa. Making sure that it is actually implemented and works in practice, when it contains myriad regulations at both regional and country level, is an even bigger task.

TradeMark East Africa is ideally situated to help the EAC and its partner states to do this because it works in parallel with regional organisations, national governments, the private sector and civil society.

After one year of operations, TMEA is already in a position to show numerous results of which they can be proud. While 2011 mainly saw the build-up and consolidation of the organisation, the task for 2012 will be to move its activities and programmes forward.

In 2012, TMEA will also consolidate its partnerships with the EAC partner states and the Secretariat. They are the owners of the programmes and activities, while TMEA is the facilitator. But all, including the business community and civil society, work towards the common goal of regional integration in East Africa.

Studies have shown that if goods, labour and capital can travel freely across borders, economic growth, wealth and employment will be created. Although free movement across borders in East Africa will take some years, TMEA is now in a good position to contribute towards making this happen.

*Ole Thonke, Chairperson, Programme Investment Committee*





## Chief Executive Officer

“ 2011 was a remarkable year for TradeMark East Africa because, in our first year of operation we achieved a great deal, driven by strong regional and national partnerships.

From a starting point in late 2010, we set up procedures and operating policies, hired over 80 people and opened seven offices in the region. In addition, we made good progress towards achieving our goals. Examples include starting work on six 'one-stop border posts', setting up a system to remove customs bonds (with a potential to save the region about a billion dollars) and initiating six 'single window' sites where cross border documents can be processed at a single location. TMEA also supported the Tripartite Conference on Infrastructure Development, and ratcheted up work on non-tariff barriers. Our biggest headline result was undoubtedly in Burundi where we helped to establish a single revenue authority that has resulted in a 37% increase in Burundi's national revenues. Support to the private sector and civil society was given through 31 grants and the creation of regional dialogue platforms on key issues affecting trade.

The challenge this year is to keep pace with our partners' needs, but we have already proved that we can scale-up quickly and efficiently. The macro-environment will also present challenges, including economic factors such as slower growth and rising

inflation, political issues involving an imminent election in Kenya, and social concerns such as the on-going conflicts in the Great Lakes region. This year we intend to scale-up even more, deepening our partnerships with the EAC and other partners. We will move on with our programme in South Sudan, increase the volume of our work in Tanzania, pilot our innovative trade-related IT programmes and leverage more investment in infrastructure, particularly on the railways and in the ports. We will do all this while ensuring quality and cohesion in our work, focusing on results and value for money.

The TMEA team are a wonderful group of professionals and I thank them for their enthusiasm and dedication over the last year. I am privileged to work with them. Similarly, thanks go to our investors and key partners. Our successes are also theirs. Combined, we have the opportunity to make a big impact with our programme that will eventually make a huge difference to the people of East Africa.

**Frank Matsaert, Chief Executive Officer,**  
*TradeMark East Africa*

TradeMark East Africa supports East African integration through close partnerships with the EAC Secretariat, national governments, the private sector and civil society. TMEA is partner-driven and results-focused, offering flexible instruments such as financial aid and technical assistance.



## East African Ministries

*TradeMark East Africa focuses on interventions with EAC ministries in each member state to improve their leadership and coordination of regional integration.*



As East Africa moves towards total integration, TradeMark East Africa is facilitating the process for partner states through various initiatives. One of these is the Office Burundais des Recettes (OBR) a public revenue

collection institution in Burundi, established in 2010 and aiming to reduce poverty and improve trade through enhanced public revenue collection.

It is a successful institution and contains many lessons for the development of other institutions in Burundi.

First, OBR has mobilised domestic revenues to an extent not seen before in Burundi. For example, looking at the 2012 year-to-date figures, we are confidently expecting some BIF600 billion this year, against a revenue target of BIF550 billion. If that

is achieved OBR will have doubled State revenues in its first three years of life—a tremendous achievement. The additional State revenues provide resources for better education, health and security services and for improving our hard infrastructure such as roads, hospitals, schools, and our soft infrastructure such as laws and internet access.

OBR also benefits Burundi by providing an open, professional and transparent mechanism for dealing with taxpayers, which in turn, encourages more investment and job creation. It is, in addition, actively involved in improving Burundi's position in the World Bank's Doing Business Index and is modernising its procedures to offer a better service delivery to taxpayers and facilitate tax compliance. As a result, we confidently expect Burundi's standing in the World Bank Doing Business Index to improve, thus making our country more attractive for investment.

With regards to regional integration, assistance from OBR has allowed Burundi to establish new one-stop border posts (OSBPs) with our immediate neighbours. Once the OSBPs are operational, delays at borders will be significantly reduced, thus benefitting businesses and easing trade within the EAC. OBR also assists regional integration by advising on tax harmonisation issues, interacting at all levels with regional revenue authorities and other institutions in the EAC, and rolling out new computer systems and procedures designed to ease cross-border regional trade while protecting its revenues.

*Pierre Nkurunziza, President of Burundi*

## East African Community Secretariat

*TradeMark East Africa supports regular high-level dialogue with the EAC, partner states and development partners on the regional trade and integration agenda through stakeholder forums and the Arusha roundtable meeting series.*

In 2011, TradeMark East Africa and the EAC established a Tripartite Coordination Unit to manage the EAC negotiation positions under the Tripartite Free Trade Area arrangement between the EAC, COMESA and SADC. TMEA provided three long-term technical advisors to enable the EAC's involvement in the Tripartite process. In addition, TMEA facilitated the successful Tripartite plus IGAD Infrastructure Investment Conference in September 2011, which showcased to investors US\$8 billion of key infrastructure projects. Three long-term technical advisors were also provided to the Customs Directorate to assist work on the consolidation of the EAC Customs Union (a key EAC priority), one-stop border posts, customs' information technology and capacity strengthening at customs units. The assistance included a curriculum and materials for EAC customs training.

TMEA, in partnership with the World Bank, supported the development of an EAC Common Market scorecard as well as harmonising, streamlining and simplifying tax policy and procedures. Under the EAC Capacity Development Action Plan, aimed at strengthening their financial management and procurement systems, TMEA also gave support. Several systems are now automated and a large number of

TMEA-funded technical advisors are mentoring and training as part of their support.

Finally, in addition to support given to the implementation of EAC monitoring and evaluation systems, TMEA, in partnership with the International Organisation for Migration (IOM) recruited a principal migration officer at the EAC Secretariat to assist in the development of a framework that will oversee the implementation of the migration management aspects of the Common Market Protocol.

At the signing of the MOU between TradeMark East Africa and the EAC, Dr Richard Sezibera, Secretary General of the EAC, said: **"I am confident that the region is now on the right track towards developing favourable environments that can sustain impressive economic development, that includes moving from a solely agriculture/primary producing economy to include an industrial based economy. ...I must acknowledge the support that TMEA has accorded the East African Community Secretariat, organs, institutions, national governments, and business and civil society organisations in the region."**

## Private Sector

*TradeMark East Africa works with the private sector supporting research and advocacy that will facilitate the ease of doing business in East Africa.*



Regional integration brings many advantages to the private sector, such as economies of scale, specialisation and easier access to products. In addition, regional integration means a harmonisation of policies, especially regarding trade facilitation.

For example, skills within the East Africa region can be transferred from one country to another if free movement is allowed, and institutions like the central banks can work together, all of which make it much easier for the private sector to take advantage of opportunities and make investment decisions.

Regional integration also brings competition between businesses so that the most competitive, that is the cheapest and the most efficient, survive. This means that even against the external market, businesses are becoming more competitive. In addition, as the region integrates, companies are creating links and synergies with each other, including with small and medium enterprises. The Kenyan horticultural sector is a good example, consisting of 80% outgrowers and 20% exporters. The exporter is forced to make sure the outgrowers are meeting the quality standards and technical regulations that the international market requires so that the market can be maintained and the whole industry will benefit.

Nevertheless, despite an assumption that integration means each country is at a level where they can compete with each

other, there are issues to be addressed. Rwanda and Burundi will tell you that 40% of production costs are transport related and 90% of that is external. Therefore, they expect Kenya or Tanzania to improve transport facilities before they can compete on equal terms.

TradeMark East Africa supports the East African Business Council (EABC) by helping us to become a better advocate on key issues for the private sector. Our integration process is state-driven and it can only be responsive to the business community in so far as the business community articulates its priorities. TMEA has improved our capacity for evidence based advocacy and institutional efficiency to articulate processes within EABC.

TMEA has also helped EABC in terms of having a unified approach. For example, one of its aims is to reduce the cost of doing business across the region by making transport cheaper and more efficient; everyone is speaking with the same voice on this.

The added value that TMEA has is that it works with stakeholders right from the beginning, whether they are the business community or the policy makers, identifying key challenges that affect them, and then working out solutions together. TMEA then takes it one step further by working with its partners to deliver the solutions. I have yet to see another project that involves stakeholders in identifying issues and needs, then working with us to implement solutions.

Monitoring and evaluation is another way in which TMEA supports the private sector. It is one thing to give money and agree on expected results. It is another to go further and monitor the extent to which the money is achieving the goals set. And beyond that, how are these outcomes contributing to our overall objectives? This has strongly influenced EABC, not just at our project review but also our strategic plan, so that we stress return on investment.

**Agatha Nderitu, Executive Director, East African Business Council**

## Civil Society

*TradeMark East Africa supports civil society through grants and the creation of regional dialogue platforms on key issues affecting trade and growth.*



For over a decade the Society for International Development (SID) has been exploring the economic, political and social forces that shape the East African region.

economic and social transformation in the region. By working to make trade across national borders easy and secure, TMEA links people and places, and in the process, adds a tremendous amount of value.

The other important role of TMEA, and to which SID is contributing, is broadening the conversation about East Africa's integration between groups and people who may not otherwise interact with each other. There are many expectations at different levels within and between countries of what regional integration should look like and what its outcomes should be.

These opportunities to dialogue across countries, sectors and generations increase the density and quality of both the conversation and the network, making the whole thing stronger. We want to deepen this dialogue and through it the people's agency on how they shape their lives through the process of regional integration.

We have an excellent relationship with TMEA. We share ideas, develop concepts into concrete activities and cooperate in our engagement with other partners. And then, TMEA allows us the autonomy and flexibility to get on with our work. It is a very fruitful relationship.

**Aidan Eyakuze, Director, Society for International Development**

Since 1999, the renewed process of regional integration has been a prominent driver of change. Last year TradeMark East Africa accepted our proposal to publish a series of State of East Africa reports, with the primary objective of supporting the ambition of making the EAC a truly 'people-centred' process. These reports are designed to encourage an informed and inclusive conversation about regional integration by providing information, new insight, forward-oriented thinking and a tool for engagement between people and their governments.

The State of East Africa Report 2012 was launched in April, 2012 by the Secretary General of the EAC. We expect to produce one annually for the next three years. SID sees TMEA's role as a connector of ideas, institutions and opportunities for positive





## TMEA in 2011

1. Sindiso Ngwenya, Secretary General of the Common Market for East and Southern Africa, (COMESA) delivers a speech at the Tripartite Infrastructure Investment Conference.
2. TMEA CEO Frank Matsaert, signs an MOU with the government of Uganda represented by Hon. Eriya Kategaya, Deputy Prime Minister and Minister for East African Community Affairs, Uganda.
3. Soren Pind, former Danish Minister for Development Cooperation, Kenyan Prime Minister Hon. Raila Odinga and the UK Minister for International Development Stephen O'Brien at the TMEA launch in February 2011.

4. EABC's Chairperson Ms. Consolata Ndayishimiye receives a grant for US\$860,000 from TMEA's CEO, Frank Matsaert. The grant is to improve private sector participation in regional integration.
5. TMEA CEO Frank Matsaert, exchanges MOU documents with the Secretary General of the EAC, Amb. Richard Sezibera.

## Projects – the core of TMEA work

TradeMark East Africa projects are designed to support its main objectives of reducing transport costs across East Africa, with a corresponding reduction in the time it takes to cross borders, together with increasing intra-regional and international exports. In the process TMEA provides support to the EA Secretariat, assists individual partner states and supports the private sector and civil society organisations in the region.

Projects may be implemented in one country, in several countries or across the region. They range in value from a few thousand dollars, such as a six month grant to a civil society organisation, to millions of dollars, as in the construction and operation of one-stop border posts.

Priority areas for 2012 include further support to the EAC Secretariat, to Tanzania as a partner state, to the Southern Sudan programme, to IT facilities and to Tripartite negotiations.

15% reduction in average time to import or export a container from Mombasa or Dar es Salaam to Burundi or Rwanda

30% reduction in the time it takes for a transport truck to cross selected borders

## Expected Results by 2016

5% increase in the total value of exports from the EAC region

25% increase in intra-regional exports compared with total exports in the region



## Improving port infrastructure in Dar es Salaam

Dar es Salaam port is a key link in the transport supply chain in East Africa and handles over nine million tons of cargo per year. In the container trade alone, growth has been over 12% per annum since 2000. Despite this, the cost of shipping to Tanzania is 25% higher than rates to competing ports in Southern Africa, due to port inefficiencies caused by inadequate investment in infrastructure. Congestion and delays further inflate the price of imports and undermine global and regional export competitiveness. Inefficiency and delays also increase inventory cost for high value commodities, deterring private investment, while excessive import dwell time and slow clearing and forwarding procedures escalate the capital investment needed to develop new port capacity.

TradeMark East Africa has committed US\$21.3 million to the Tanzania Port Authority (TPA) to improve port efficiency. Specifically, TMEA will assist the TPA to design and implement strategies for the changing nature of trade and help it devise investment plans to become an operational landlord authority. TMEA will also assist the port to modernise its ship-to-shore handling processes and improve land use planning, port layouts, intermodal access and port-to-city connectivity. TMEA's programme aims to catalyse other development and funding partners into supporting the sizeable infrastructure investments that the TPA requires for future trade growth.

To date, TMEA has updated the Port Master Plan volume forecasts, completed a labour based assessment, conducted a marine services audit and prepared a marine services training programme. TMEA has also signed an agreement with the TPA and the Development Bank of Southern Africa (DBSA) to fund two feasibility studies for deepening and strengthening berths and modernising cargo handling facilities. Through an initial contribution of US\$300,000, TMEA has leveraged US\$750,000 of DBSA grants to fund feasibility work on berths.

### Expected results

- » Increased revenues in the general cargo terminal.
- » Significantly decreased container import dwell time.
- » An improvement in ship work rates and turn-around times.

## Eliminating non-tariff barriers

Non-tariff barriers (NTBs) are obstacles like police roadblocks and weighbridges, where lorry drivers carrying goods between borders are delayed through cumbersome or unnecessary clearance procedures. While judicious use of these barriers is acceptable, lorry drivers are frequently asked for bribes, making NTBs a major deterrent to trade and development. Currently, the EAC has no enforcement mechanism to remove NTBs. However, in mid January, Rwanda and Uganda started discussions to eliminate NTBs that hinder trade between both nations. Rwanda is also scheduled to start bilateral NTB negotiations with Tanzania and Kenya.

TradeMark East Africa is supporting the EAC Secretariat and partner states through national and regional initiatives that include strengthening institutions, providing technical capacity and improving the legal and regulatory framework. This combined approach ensures an effective and efficient regional dispute resolution mechanism, with the possibility of sanctions for partner states that are unwilling to eliminate NTBs, or which cannot prevent new ones being created.

### Expected results

- » Lower cost of transporting goods across the region, leading to lower prices paid for imported goods.
- » Quicker transit times on imports and exports.
- » An improved business environment.

## Regional information centres facilitate cross border trade

In July 2010 the Common Market Protocol was ratified by the EAC Heads of State, forming one common territory where there is free movement of goods, labour, services and capital, with the rights of establishment and residence anywhere in East Africa. Yet increased trade is delayed due to different trade policies adopted by member countries at border posts. This has led to calls to educate and inform traders and officials, including immigration and border control staff.

TradeMark East Africa is supporting the establishment of regional integration centres (RICs) at selected border points, to serve as information and communication hubs on regional integration. For example, Namanga (between Kenya and Tanzania), a key border point in the link between transit corridors, is a chosen location for a RIC. The RICs will provide tailor-made information on cross border trade, customs procedures and other documentation and will act as a link between stakeholders, such as the business community and government agencies, at border crossings.

The centres will also interface with local communities, especially small traders, on matters of integration and cross border market access, and share information on the benefits of the EAC. In addition, the centres will feed ministry headquarters and other relevant departments with information and issues for necessary action.

### Expected results

- » Smoother and increased trade between EAC partner states.
- » Increased all round knowledge regarding the Common Market Protocol and Customs Union, and other integration processes.
- » Buy-in and support for East African integration from stakeholders.

## One-stop border posts for faster and cheaper trade

High transport costs in the East Africa region are affecting its international trade competitiveness. The time taken to cross borders, particularly for vehicles bound for landlocked countries, together with infrastructure delays, makes the situation worse.

TradeMark East Africa aims to reduce costs and time by combining the activities of both countries' border organisations at either a single common location or at a single location in each direction, without compromising public safety, revenue collection or the legal process.

TMEA will do this by mapping the border crossing process from start to finish, conducting infrastructure audits and needs assessments and calculating how border crossings can be cheaper and quicker using information technology.

One-stop border posts are being established in Kenya, Rwanda, Uganda, Tanzania and Burundi.

### Expected results

- » 30% reduction in clearance times for passengers and transit goods at border crossings.
- » An increase in the use of risk management techniques.
- » Better transparency and accountability at cross-border operations.

## Identifying barriers to trade through transport observatories

The northern and central corridors are primary transport networks linking the ports of Mombasa and Dar es Salaam to the landlocked countries of Uganda, Rwanda and Burundi

TradeMark East Africa supports the corridor authorities to establish transport observatories (TOs) where collected data is analysed to map the various bottlenecks and identify the non-tariff barriers, with the aim of reducing transport-related costs.

The delays identified by the TOs are analysed by cause, location, date and time, and parameters, such as direction of travel, nationality of vehicles and types of cargo, are defined. This information is disseminated to partner states of the EAC to inform policy and decision-making that will reduce transport-related costs.

### Expected results

- » Policy makers and the business community will improve their knowledge of corridor performance.
- » Potential shorter transport times at less cost.

## Releasing capital for business growth

When goods transit through countries towards their final destination, the revenue authority in each state applies national controls and procedures. These typically involve a load inspection at each border together with guarantees, bonds or cash deposits, to cover the estimated duty during the transit period. A transit bond is backed by bank or insurance guarantees and only refunded at the destination. It is paid for upfront by the trader or transporter, tying up much operating capital and causing extra expense and delays in regional trade.

TradeMark East Africa has designed an alternative to transit bonds known as the Automated System for Secure Transit (ASSET), a concept that proposes that duties are paid at the port of entry, serving as the guarantee for transit countries during the transit period. TMEA has developed a prototype management information system and secured buy-in from Tanzania and Burundi stakeholders. Several reputable banks are also interested in introducing ASSET to their banking systems.

ASSET will be piloted along the central corridor, between Tanzania and Burundi, and between Tanzania and Rwanda. TMEA is also conducting an economic impact assessment to examine the potential effect that ASSET would have on import/export processes and the business environment, particularly for revenue authorities.

### Expected results

- » Unlocked operating capital for faster business growth.
- » Faster clearance of transit goods at border points.
- » Better transparency and accountability in transit operations.

## Single windows reduce paperwork and save time

The Single Window Information For Trade (SWIFT) is a concept that allows cross-border traders to access, apply for and submit regulatory documents, such as customs declarations, certificates of origin and applications for import/export permits, at a single location.

SWIFT was devised to replace the current time consuming and costly practice of visiting many government agencies to get the necessary information.

TradeMark East Africa is working with smaller government agencies and the private sector to upgrade internal systems and set up information portals at a single location. This will enable easier access to information, while facilitating the application for the required licences.

These systems and databases are being implemented in partnership with freight forwarders, shippers, phytosanitary agencies and Bureaux of Standards in Tanzania, Kenya, Uganda and Rwanda. Once completed, the SWIFT databases and systems will be linked in a regional and national chain.

### Expected results

- » Increased efficiency through time and cost savings for traders.
- » Easier access to standardised documents and other information at a single entry point.
- » Increased compliance rates and reduced inaccurate documentation.

## Facilitating trade through IT systems

Modernisation initiatives have led to greater use of IT to speed up the processing of customs documents. However, efficiency gains have not been maximised because of weaknesses in current IT systems. It is still common to find brokers and business people hanging around customs offices waiting for information about documents lodged with customs. Delays associated with system limitations and breakdowns, lack of interconnectivity and reliance on manual processes still remain, resulting in consignments being delayed for up to 10 days (2008 World Customs Organization time release study). These delays translate into increased costs, including the indirect costs of holding stock, clearing fees, truck and container delay charges and allowances for drivers.

With support from TMEA, an internationally recognised web based IT system (ASYCUDA World), will be installed at all major customs stations in Uganda. In 2011, user requirements for all the relevant stakeholders were identified to allow the system to be configured to meet their demands. Software and hardware requirements have been established, a review of business processes commenced and a contract signed with UNCTAD (United Nations Conference On Trade and Development) for delivery of the project. Pilots begin in 2012.

### Expected results

- » 50% reduction in customs processing time.
- » 24 hour availability for online submission of customs documents from any part of the world.
- » Improved exchange of information among revenue authorities in the region.

## Investing in infrastructure for economic growth

In September 2011, four regional economic communities in the Eastern and Southern Africa region, notably COMESA (Common Market for Eastern and Southern Africa), EAC, SADC (Southern African Development Community) and IGAD (Intergovernmental Authority for Development), attended the Tripartite Infrastructure Investment Conference in Nairobi. At the conference the regional economic communities (RECs) committed to an extensive development programme encompassing transport, power and trade facilitation projects along the major trade corridors in the Horn of Africa and East Africa. Representatives of the RECs stressed the commitment of member and partner states to simplifying cross-border trade, reducing transport costs and delays and promoting public and private sector investment in infrastructure.

TradeMark East Africa, together with TradeMark Southern Africa, supported the Tripartite Infrastructure Investment Conference (TIIC) through financial and technical assistance.

The TIIC focused on priority projects along the Northern, Central, Lamu and Djibouti Corridors, including ports, railways and electricity interconnectors, representing US\$6 billion of investment opportunities in the short term, of which about US\$2.5 billion is expected to come from the private sector. Development partners also announced US\$8.7 billion of commitments to upgrade regional road, rail and port infrastructure and support trade facilitation measures.

The TIIC also initiated the Tripartite and IGAD Corridor Programme (TICP), an ongoing programme to make the region more competitive by reducing the costs of transport, trade and energy, in turn creating growth and employment and reducing poverty. TMEA is the EAC's implementing partner for the TICP.

## Top accounting prize for Rwanda's Ministry of Trade and Industry

**In October 2011, Rwanda's Ministry of Trade and Industry won the International Public Sector Accounting Standards (IPSAS) Recognition Award in the 2010/2011 Financial Reporting Awards (FiRe), run by the Institute of Certified Public Accountants of Kenya (in conjunction with the Capital Markets Authority of Kenya). The financial statements and reports that were submitted underwent rigorous evaluation by high calibre panelists selected from diverse stakeholders within the financial reporting chain.**

TradeMark East Africa is proud to say that it has been guiding the ministry to this success since 2009 by training staff and building capacity at the ministry. The team employed by TMEA provided practical solutions and advice to improve the efficiency of the ministry's financial management processes, as well as strengthen financial analysis and decision support.

The TMEA training culminated in improved financial reports with adequate and clear disclosures, together with better audit reports and management letters. These achievements, alongside the IPSAS award, underline the success of TMEA's support to the ministry in ensuring sustainable solutions to financial management challenges.

## Developing good accounting procedures in the EAC Secretariat

**A fiduciary risk assessment carried out in August 2008 assessed the EAC Secretariat public financial management and accountability systems against international good practices and benchmarks. The report identified the need to review and upgrade the systems to include Rwanda and Burundi. In addition, the progress of the regional integration process necessitated a systems upgrade.**

To strengthen EAC systems and processes and to enable it to get additional financial assistance, TradeMark East Africa provided technical support to the organisation in areas of procurement, planning, internal audit and financial systems.

### Results

- » An internal audit plan is in place, with the Internal Audit Manual prepared, approved by the Secretary General and implemented.
- » Financial systems and budgetary procedures have been revised.
- » New payroll software has been introduced, facilitating an improvement in internal controls, and a planning manual is under development.

## Empowering women through the private sector

A key principle for successful regional integration is private sector involvement, implicit in a well functioning market that benefits the people of the region, including women.

The EAC Treaty acknowledges the role of women in socio-economic development and business, recognising their importance as a vital economic link between agriculture, industry and trade. There is also widespread recognition of women's critical socio-economic role as providers for the family, carers of children and as educators. Within the EAC context, women are particularly significant in informal cross-border trade. However the covert nature of this trade means that many women are susceptible to harassment. In addition women have limited knowledge of formal trade procedures and protocols and of utilising credit, and are generally not organised at an official level. Women can only benefit from integration and customs union if they can trade legally and peacefully and are supported through policy advocacy, trade, information and knowledge, and business skills development.

Through its Private Sector and Civil Society Programme, TMEA is partnering with the Eastern African Sub-Regional Support Initiative for the Advancement of Women (EASSI) to address key challenges for women informal cross-border traders. The project provides trade information that takes literacy and language barriers into account, examines effects such as exposure to further taxation and generally addresses entry points to improve women's trading opportunities.

### Expected results

- » Gender-sensitive policies for women traders to reap equal benefits from improved trade logistics.
- » Women's reference desks and women's associations to be established at major border crossings.
- » Advocacy on the recognition and national implementation of the Gender Protocol.



# Smoothing the way to economic integration in South Sudan



TradeMark East Africa in South Sudan supports the government and the private sector in developing institutional frameworks that facilitate trade and regional economic integration. These include:

- » Creating a modern and efficient customs service.
- » Establishing a progressive Bureau of Standards aligned with South Sudan's trading neighbours.
- » Reducing long delays and high costs to traders at main border crossings.
- » Removing the proliferation of non-tariff barriers on the main transport corridors.
- » Encouraging business to engage in a productive dialogue with government that will result in reforms to make trade more competitive.

Key Government of South Sudan beneficiaries and implementing agencies under the programme include the South Sudan Customs Service, South Sudan Bureau of Standards, the Ministry of Foreign Affairs, the Ministry of Finance and Economic Planning, the Ministry of Commerce, Industry and Investment, and the Chamber of Commerce.

## Investors

TradeMark East Africa highly appreciates the significant amounts of money committed by investors and greatly values their active participation and interest in TMEA activities.

The hallmark of TMEA's relations with its investors is constructive challenge and full accountability, resulting in TMEA being more effective and achieving good value for money in the use of its resources.



## Report of the Independent Auditors on the Summary Financial Statements to the Members of TradeMark East Africa

The accompanying summary, which comprises the statement of financial position as at 31 December 2011 and the Income Statement are derived from the audited financial statements of TradeMark East Africa for the year ended 31 December 2011. We expressed an unmodified audit opinion on those financial statements in our report dated 10 May 2012. Those financial statements, and the summary financial statements, do not reflect the effects of events that occurred subsequent to the date of our report on those financial statements.

The summary financial statements do not contain all the disclosures required by the International Financial Reporting Standards. Reading the summary financial statements, therefore, is not a substitute for reading the audited financial statements of TradeMark East Africa.

### Directors' Responsibility for the Summary Financial Statements

The Company's directors are responsible for the preparation of the summary of the audited financial statements.

### Auditors' Responsibility

Our responsibility is to express an opinion on the summary financial statements based on our procedures, which were conducted in accordance with International Standards on Auditing (ISA) 810, "Engagement to report on Summary Financial Statements."

### Opinion

In our opinion, the summary financial statements derived from the audited financial statements of TradeMark East Africa for the year ended 31 December 2011 are consistent, in all material respects, with those financial statements.

Nairobi



### TRADE MARK EAST AFRICA INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2011

	2011	2010
	US\$'000	US\$'000
<b>INCOME</b>		
Grant income	31,562	41,818
Interest on bank balances	158	15
<b>Total income</b>	<b>31,720</b>	<b>41,833</b>
<b>EXPENDITURE</b>		
Personnel costs	7,988	2,236
Consultancy costs	8,774	2,174
Professional services	1,824	412
Conferences and workshops	2,001	35
Grants to partners	10,800	418
Office supplies	1,184	85
Project asset purchases	3,640	1,382
General expenses	1,336	474
Travel expenses	2,031	224
Depreciation	406	148
Amortisation	56	51
Exchange (gains)/losses	(153)	220
<b>Total expenditure</b>	<b>39,887</b>	<b>7,859</b>
(Deficit)/Unexpended funds	(8,167)	33,974

TRADE MARK EAST AFRICA  
STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2011

	2011	2010
	US\$'000	US\$'000
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
Property and equipment	1,313	503
Intangible asset	60	103
	<b>1,373</b>	<b>606</b>
<b>CURRENT ASSETS</b>		
Bank and cash balances	26,617	34,777
Accounts receivable	260	278
	<b>26,877</b>	<b>35,055</b>
<b>TOTAL ASSETS</b>	<b>28,250</b>	<b>35,661</b>
<b>FUND BALANCES AND LIABILITIES</b>		
<b>FUND BALANCES</b>		
Unexpended funds	25,807	33,974
<b>LIABILITIES</b>		
Accounts payable and accruals	2,443	1,687
<b>TOTAL FUND BALANCES AND LIABILITIES</b>	<b>28,250</b>	<b>35,661</b>

The above financial statements are extracts from the records of TradeMark East Africa. They were approved by the Board of Directors on 9 May 2012.

**TradeMark East Africa**

TradeMark East Africa (TMEA) is a non profit organisation funded by a range of development agencies to promote regional trade and economic integration in East Africa by working closely with East African Community (EAC) institutions, national governments, and business and civil society organisations. TMEA seeks to support East African integration by unlocking economic potential through:

- » A reduction in transport and related costs along the key corridors in East Africa
- » Supporting EAC institutions to develop a comprehensive framework for regional integration
- » Supporting partner states to substantially increase the implementation of a comprehensive framework for regional integration
- » Engaging private sector and civil society to positively influence regional integration policies and practices for growth in trade.

TMEA has its headquarters in Nairobi with branches in Arusha, Bujumbura, Dar es Salaam, Kampala, Kigali and Juba.

To find out more please visit the TMEA website at [www.trademarkea.com](http://www.trademarkea.com).





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