TRADE MARK EAST AFRICA

Growing Prosperity Through Trade

IMPACT STORY COMPENDIUM

TradeMark East Africa Impact Stories

VOLUME 1

2011 - 2013

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Foreword

June 2014

All of us at Trade and Markets East Africa (TradeMark East Africa or TMEA) are delighted to publish this first Impact Story Compendium, which highlights case studies of our work from 2011 to 2014. We decided to put together the Compendium due to popular demand and a need to consolidate impact stories in one place. We plan to regularly publish successive volumes, especially as our new Evaluation Plan highlights impact assessments of our work across East Africa from 2014-2017.

These are grassroots stories that showcase how TMEA and our partners are making a difference and impacting on the lives of East Africans by growing prosperity through trade. It highlights specific examples of successes achieved with partners across East Africa and South Sudan. It includes a broad sweep of work from cutting red tape and costs associated with trade, developing infrastructure to support trade, supporting regional integration to growing revenues in Burundi which has resulted in healthcare for more than 40,000 people annually. These stories are a real reflection of the results-driven approach that TMEA and its partners employ across our $590 million portfolio since its inception.

All of TMEA's work is based on the key principle of partnership – in turning good ideas into increased trade – and working with like-minded partners in the private sector, governments and the East African Community. This collection of stories also highlights the collaborative nature of our work in achieving real results, and that together we can make a significant difference to the lives of millions across East Africa.

We hope these stories inspire you as an individual or organisation in contributing towards greater prosperity for all East Africans. We are proud of the results achieved with you our partners, and we look forward to generating more results over the coming years. My thanks go to my incredibly talented and dedicated teams across TMEA in achieving such a lot with our partners.

As always, we welcome your feedback and contributions on this compendium. Please share with us any as yet untold stories of progress in our partnerships across East Africa.

Happy Reading!

Frank Matsaert
Chief Executive Officer (CEO)

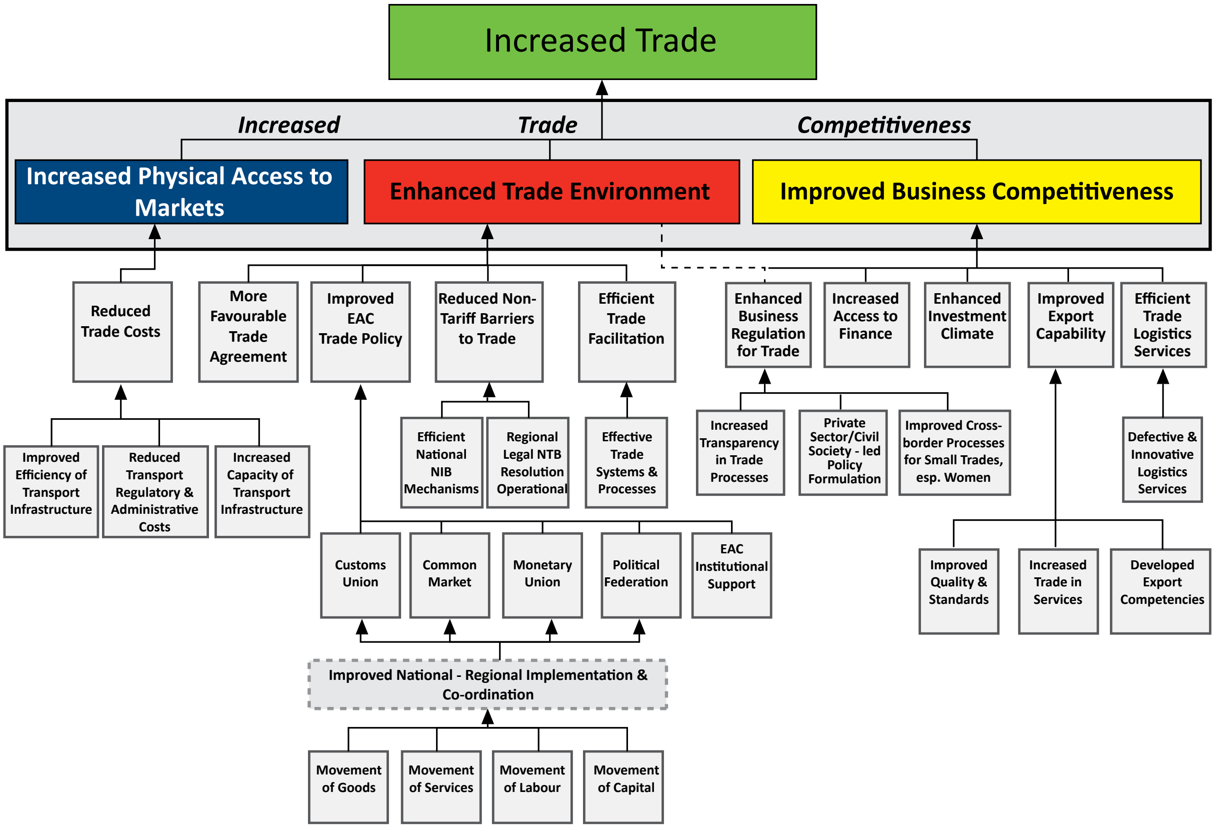
Theory of Change Overview

TMEA's work is underpinned by a series of interrelated propositions that guide what TMEA does or its' partners does. These propositions are underpinned by knowledge, assumptions, beliefs and hunches about how and why particular actions are expected to trigger particular changes. Propositions do not predict change. These propositions are called *'theories of change'*. At TMEA, the theory of change is synonymous with strategy.

There are several layers to TMEA's theory of change. The logic or theories can be viewed as a hierarchy where the inter-relationships between the different theories link up and across the areas that TMEA works.

At the higher end of the theory of change, it is proposed that three necessary key 'trade competitiveness' elements contribute to increasing trade. These elements are: *increased physical access to markets; enhanced trade environment; and improved business competitiveness*.

Increased trade is believed to contribute to increased economic growth and subsequently reduce poverty.



The logic is outlined in Box 1.

Box 1: Simplified if-then logic between increased trade and poverty reduction

If East African Community partner states and South Sudan are more competitive then trade will increase

If it is easier for East African Community partner states and South Sudan to increase trade then this will contribute to increasing economic growth

If East African Community partner states and South Sudan increase economic growth then this will contribute to reducing poverty in the region

Increased Physical Access to Markets

Increasing market access is the largest area of TMEA's portfolio, with approximately 45% of TMEA's budget allocated to this area of work. Virtually all TMEA activities in this area are designed to increase market access by **reducing the time to transport goods along key corridors and therefore impacting on cost of trade.**

Theodore Murenzi's truck undergoing service in Kigali.
Photo Credit - TradeMark East Africa

BARRIERS TO RWANDAN TRADE TUMBLE –

THEO KEEPS ON TRUCKING

KIGALI, Rwanda – Theodore Murenzi's truck ground to a halt in Rwanda. So did the business it was supposed to be doing, hauling stone and earth to feed the appetite for construction that is changing the face of East Africa.

It needed brake linings, oil and fuel filters and new clutch plates to get back on the highway and earning money. All the parts were readily available, in a warehouse in the Ugandan capital, Kampala, a couple of hundred miles away.

A few years ago that might have meant being off the road and out of action for days, even weeks, locating the parts, ordering them, paying for them, getting them cleared at two customs posts and delivered to his yard in Kigali, the Rwandan capital.

But in December 2012, thanks to a systematic campaign by Rwanda to overturn the Non-Tariff Barriers (NTBs) to trade with its East African Community (EAC) Partner States, the whole process took less than 24 hours.

"I ordered them in Kampala, paid for them by Western Union, filled out a simplified declaration form, went up to the border at Katuna, paid my V.A.T. and had a cup of tea with the police there while my stuff was loaded onto another truck. The truck was back in business the next day."

A few years ago that might have meant being off the road and out of action for days, even weeks, locating the parts, ordering them, paying for them, getting them cleared at two customs posts and delivered to his yard in Kigali, the Rwandan capital.

Theodore speaks not just for his own business. He is head of the Long Distance Truck Drivers Association of Rwanda, which has 4,700 members and plies the two main corridors on which landlocked Rwanda, Burundi and Uganda depend for exports through Kenya and Tanzania's ports of Mombasa and Dar es Salaam.

The key to the ease of the operation was a simple piece of paper created to avoid small cross-border transactions getting choked in the paperwork of major cross-border commerce.

It was developed as part of a campaign, supported by TradeMark East Africa (TMEA), to help East African countries stop talking about NTBs and actually start removing them.

"We used to go to EAC meetings and the same list of NTBs across the region kept coming up again and again," explains Kaliza Karuretwa, Director-General of Trade and Investment in the Rwandan Ministry of Trade and Industry. "Nothing actually happened. Nothing changed."

"So we decided not to wait for this to happen but to make it happen. We made bilateral agreements with Uganda and Tanzania to get things changed, and in so doing, I think we became the first country among the Partner States to actually start turning NTBs over."

TMEA helped revamp the National Monitoring Committee for the elimination of NTBs. A website was established to register complaints online and an advocacy strategy was adopted.

"We managed to get 38 NTBs dismantled since 2008 and eight domestic NTBs last year," says Vincent Safari, the NMC coordinator. "That leaves 36 still, but some are easier to remove than others. We are making terrific progress."

Under the bilateral agreements the threshold for clearing goods at Rwanda's borders was raised from US$ 1,500 to between $3,000 and $4,600, depending on the border crossing. This was the procedure that put Murenzi's truck back on the road so quickly.

The working hours of customs and other officials at the main crossings were increased from 12 to 16 hours a day, largely eliminating the need for truckers to sleep in their cabs at night.

As well, the main clearing office will soon become a 24-hour operation.

East Africa's borders are shop windows for small traders on either side and another NTB that was removed was the need for a complex certificate of origin. This was simplified altogether by raising the threshold for the need for such a document to the equivalent of $2,000, allowing food sellers and small traders to do business without bureaucracy.

Truck drivers take such well-oiled formalities for granted in the European Economic Community (EEC), which has decades of a head start on the rest of the world in fine-tuning the bureaucracy of economic integration and smooth trade.

"It used to take 48 pieces of paper to move a truckload of paint from the Netherlands to Spain," Deanne de Vries, of Agility Logistics told a recent Economist Unit EAC summit in Kigali. "Now, thanks to EU integration, it takes one."

The EAC still has a long way to go to rival such ease of doing business, she said. But Rwanda is proud that it has made a big start and may even be showing other EAC Partner States how to go about it: bilateral agreements founded on solid evidence, then action.

"We know that other EA Partner States are already looking at what we have done, and wondering how they can do the same. I think we have shown the way."

Kaliza Karuretwa, Director-General of Trade and Investment, Rwanda Ministry of Trade and Industry.

Offloading cargo at the Dar port.
Photo Credit - TradeMark East Africa

BOOMING TANZANIA EYES MAJOR SHAKEUP OF TRANSPORT POTENTIAL TO CASH IN ON EA GROWTH

DAR ES SALAAM, Tanzania – has embarked on a major shake of its ports, railway and road networks to handle surging cargo traffic caused by its own economic boom and similar expansions in neighbouring countries.

"We've set specific, timeline targets for every sector, port, road, rail – the lot. And if these targets are not met, then heads will roll, including mine, and I am rather keen to keep it where it is," Tanzanian Transport Minister, Harrirson Mwakyembe said.

The Programme, called Big Results Now, marks a determination by the government and its development partners to modernise its infrastructure to cope with current and projected demand as East African economies grow at rates that would make the United States envious.

Tanzania is growing by around eight percent a year and similar rates are being enjoyed by all its East African Community (EAC) partners, driving demand for construction and consumer materials from Dar es Salaam to the shores of Lake Kivu.

In contrast to previous plans, the Minister said that targets set by the National Key Result Area (NKRA) of the plan would be regularly scrutinized because "periodic measurement of performance is of critical importance, as is adherence to targets."

Dwell time for port cargo is to be reduced from 14 days to 5 days with an improved layout to handle additional goods and better flow to replace physical and bureaucratic log jams and raise container output by 118% from 678,000 units to 1.475 million by 2015.

This will not be a grandiose five-year-plan to gather dust and be replaced by another. "An efficient transport sector is essential for the sustainable development of any country, so ability to keep track of level performance cannot be over-emphasised," he said.

The plan, built with assistance from donors, including TradeMark East Africa, aims to capitalize on Tanzania's geographical position as a natural gateway for Central and Eastern Africa. Dar es Salaam port already has a 14% share of the imports and exports of neighbouring states such as Zambia, Democratic Republic of Congo, Rwanda and Burundi.

"This is am ambitious but far from unrealistic plan if the goodwill for change and modernization can maintain its momentum," said Mark Povey of TMEA Tanzania. "East Africa's transport costs are amongst the highest in the world and these plans could bring them down to the benefit of the government, operators and consumers."

The plan openly acknowledges that its ports, roads and rail networks are not performing to potential, especially at the lifeline Dar es Salaam port.

Some examples:
- Idle and waiting time accounts for 76% of time spent by cargo at Dar port.
- One third of road travel time is caused by unnecessary or duplicated road blocks, checks and bureaucracies known as Non-Tariff Barriers (NTBs) to trade.
- Central rail freight has fallen from 11.5 million tons in 2002 to 0.2 million in 2011.

Tanzania hosts the lifeline central corridor route to Central Africa as well as routes southwards towards Zambia and Malawi. But it is dogged by complaints of time and money-wasting delays which put the average time of a truck journey from Dar es Salaam to Tanzania's border crossing at four days."

TMEA has also partnered with the Central Corridor Transit Transport Facilitation Agency (CCTTFA) and the Tanzania Chamber of Commerce, Industry and Agriculture (TCCIA) to identify, monitor and help remove choke points caused by NTBs such as ungazetted police road checks and time-consuming duplication of revenue and other checks.

A vital key to improved overall performance is improvement to Dar es Salaam port, which currently handles around 12 million tons a year but is projected to have a throughput of 18 million in 2015 by improving efficiency, strengthening administration and bringing in new equipment and infrastructure.

Dwell time for port cargo is to be reduced from 14 days to 5 days with an improved layout to handle additional goods and better flow to replace physical and bureaucratic log jams and raise container output by 118% from 678,000 units to 1.475 million by 2015.

“The key to the port plan is to make use of the existing potential rather than build a new port or start all over again,” said TMEA port expert Anthony Hughes.

“Decongestion in the port, and on the roads, holds the key.”

Trucks navigating a section of the central corridor.
Photo Credit - TradeMark East Africa

TANZANIA LAUNCHES BROAD ATTACK ON ROAD CARGO TRAFFIC DELAYS

DAR ES SALAAM, Tanzania – Tanzania's government and freight industry is mounting a multi-pronged attack on an army of barriers slowing cargo traffic on its lifeline central corridor highway to boost regional growth and development through smoother trade.

"There is no doubt that provision of improved transport infrastructure and services are a process which is critical for ongoing growth and development, "the Executive Secretary of the Central Corridor Transit Transport Facilitation Agency (CCTTFA), Rukia Shamte said.

She spoke at the launch of the Central Corridor Transport Observatory, an I.T. based system aimed at identifying the innumerable procedural and physical roadblocks that slow traffic within Tanzania and to neighbouring countries, raising the eventual cost to consumers.

The Observatory is one of several initiatives backed by TradeMark East Africa (TMEA) to accelerate and increase trade within the East African Community (EAC) and beyond to grow prosperity for its 140 million citizens by lowering costs and improving access.

"I sat in a truck myself to do research. I spent 26 hours at the Gatuna border at Uganda just because their Customs computer system was down," said Emmanuel Rutagengwa, the CCTTFA Transport Economist. "And then I spent another 10 hours at the Kenyan border waiting for email customs clearance from Nairobi. Talk about time-wasting."

"We're helping set up modern computerised systems and databases to amass all the evidence needed to help the government and private sector overturn Non-Tariff Barriers (NTBs) to trade and cut the cost of imports, which can be as much as 45 percent in landlocked countries," said Scott Allen, Deputy CEO of TMEA.

The initiatives track transport delays and hold ups so that they can be logged and followed in real time and then forwarded to the relevant government department or private sector agency for solution.

"If 45 percent of anything, even the cost of a lollipop for a child in Kigali, is due to transport costs, anything that cuts them, especially time and money-consuming delays on the road, will help improve things for everyone," said Omar Kizango, Chief Operations Officer of the Tanzanian Truck Owners Association. (TATOA).

The Observatory works by gathering data from the ports, warehouses, roads authorities, chambers of commerce, customs clearing agencies and road transport associations using GPS and SMS technology to identify hold-ups to use in evidence to lobby in all EAC partner states for their removal.

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Another allied initiative is the award-winning SMS and Online NTBs Reporting and Monitoring System pioneered by the Tanzania Chamber of Commerce, Industry and Agriculture (TCCIA). It won second prize for innovation in a competition organised by the World Chambers of Commerce Federation and is seen in the industry as a trail-blazing weapon against NTBs.

In the small room where the TMEA-supplied equipment sits, Mwenze Kabinda sits at his laptop registering the progress of a Tanzanian freight driver on his way from Rwanda to the port of Mombasa in Kenya.

A simple click on the truckers' icon tells you where the truck is stopped, what sort of delay it is – administrative, legal, standards legislation or whatever – and records it in a database which is connected to all government departments for action. There is a monthly meeting between all stakeholders to review what has been done, and what needs to be done.

"We get anything between one and 10 SMS messages a day," says Elibariki Shammy, the NTB coordinator at the project. "We've identified at least 50 NTBs that are being reviewed by everyone hooked up to the system."

The most serious NTBs the system has identified are the police, customs, weighbridges, immigration, discrimination against products, rules of origin, standards, infrastructure and phyto (health) concerns, he says.

"Before we launched this, there was no proper way or person to report to. You had to write a letter or an email. Now it's in our system and of the 50 cases reported to us over the past year, 20 have been successfully resolved."

Police roadblocks along the Kampala - Nairobi - Mombasa highway.
Photo Credit - TradeMark East Africa

JOINING THE ELITE AUTHORISED CLUB TO SPEED THE GOODS TO UGANDA

KAMPALA, Uganda – Truckers yearn for it. Some are even prepared to break the rules to get it. But in Uganda actually obeying the rules and signing up for a computerised system has put truckers where they and their cargo want to be - in the fast lane.

"Although many business people in Uganda still believe that money is made by cutting corners and doing the wrong thing, you can now make good money by doing the right thing, which is more sustainable," says Jennifer Mwijukye, founder and MD of Unifreight, a cargo handling company.

She is talking about the pilot launch in Uganda of the Authorised Economic Operators (AEO) scheme, which gives approved companies preferential treatment to sail through the Ugandan border all the way to the importers' premises without being stopped anywhere for Customs checks.

The programme, fully funded by Trademark East Africa (TMEA), allows authorized companies like Jennifer's to operate smoothly by clearing merchandise electronically and calculating taxes due, which can be paid at the click of a mouse.

"I can tell you today that I am saving at least $300 per container in processing costs, to say nothing of the handling time which has drastically reduced," she says. Clearing at least two containers a week, she now saves $31,200 a year (78 million Uganda shillings).

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Time is money, not just for freight companies but also for East Africa's 140 million consumers who have to help cover the cost of one of the most expensive transport systems in the world. Transport costs around 40% of the retail price of goods.

Unlike other importers, Unifreight cargo is not subject to examination at all by Customs. Jennifer also manages her bonded warehouses without the presence of any customs officer. So her goods breeze through borders and the airport to her warehouses, directly saving her millions and precious time.

Dicksons Kateshumbwa, the Uganda Revenue Authority's (URA's) assistant commissioner for Customs Audit, explains that the speed at which, foreign trade is growing has called for innovations to handle the increasing volumes not only in Uganda and East Africa but the whole world.

"Malaba border post on the Uganda - Kenya border now handles at least 300 containers a day up from 32 containers 20 years ago," "The more business operators we give AEO classification, the faster the goods get cleared."

He explains that security concerns worldwide have also made it imperative that cargo moving between countries is safe, which has made it necessary for countries to come together under the World Customs Organization to streamline the AEO accreditation processes.

The whole East African Community is taking the scheme forward as a bloc to secure reciprocal recognition protocols for the AEOs with different countries of the world.

The AEO programme hopes to increase the number of Ugandan companies on the scheme from eight to 20 over the next 18 months. The 20 companies will be saving some $624,000 (1.5 billion Uganda shillings) per year.

This is essentially the cost and time importers incur for waiting at border posts, loading and offloading costs, handling charges by clearing and forwarding agents, allowances for truck drivers, to mention but a few.

Uganda is far ahead of the other four East African Community countries in this regard with Trademark already having set up headquarters capacity in the Customs department to train and enable customs staff to handle this innovation.

Kateshumbwa says that for a company to get AEO status it must be involved in international trade, have a compliance history of at least three years, have minimum capacity to use URA's (digital) systems and have a healthy financial status.

The owners of another pioneer company in the scheme, Nice House of Plastics, are enthusiastic. Betty Kiguli is the procurement coordinator of this family business which makes plastic goods, car batteries, imports a lot of raw materials and exports many finished products to the region.

"Because URA recognizes our long history of tax compliance and strong internal controls we are allowed to clear our goods without the services of clearing agents and manage our warehouses without customs deploying control," she says.

"The amount of time and money we now save is just unbelievable, all this because we embrace transparency, maintain internal controls and our books of account are update and available for inspection."

Traders at the busy Busia border.
Photo Credit - TradeMark East Africa

THE BUSIA BORDER CAN BE A CONTENTIOUS PLACE

BUSIA, Uganda –It's a Friday afternoon at Busia border between Uganda and Kenya. Ugandan immigration staffs are busy clearing travellers when a tall young man marches to the counter and demands an entry stamp in his South Sudanese passport.

THE BUSIA BORDER CAN BE A CONTENTIOUS PLACE

The immigration officer has a number of queries before he can clear him, and the impatient young man starts getting angry and belligerent. Kenya has cleared his exit and he doesn't see why the Ugandans should waste his time.

The immigration officers enlist the help of police to overpower the young man and escort him back to the Kenyan side. Ugandan and Kenyan officers examine the case, and compare notes and finally give him clearance to travel to Kampala.

The Ugandan officer in charge of immigration, Margaret Obong, regrets the amount of time lost on such individual cases when immigration officers of both countries walk across to compare notes and meet with their counterparts.

This time-consuming exercise will be dramatically reduced when a One Stop Border Post (OSBP) becomes operational. This innovation is going up in many parts of East Africa to speed human and goods traffic, save time and money, and allows the private sector to generate more money and less paperwork.

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With funding from Britain's development arm DFID, the Dutch, Danish development agency (DANIDA), Sweden development agency (SIDA) and Belgium, TradeMark East Africa has helped institute a complete reconfiguration of the border processes including physical construction of the new border stations.

The new Busia border post will integrate the Ugandan and Kenyan operations at a cost of about $7million and will see the construction of modern joint facilities, training of staff in modern procedures and the installation of an integrated IT system that will connect the various agencies at the border. Building is expected to start this year and will last some 18 months.

Margaret's office registers a minimum of 1,000 entries and about an equal number of exits everyday in the low season. But on busy days, such as when schools are opening or closing, the numbers go to 1,500 in either direction.

Usually, three quarters of the people crossing at Busia are Kenyans. The remainder is other East Africans, Ugandans and citizens of other countries. Margaret anticipates a dramatic increase in the efficiency and speed at which her team does their work with the establishment of the OSBP, and other benefits.

"Today we apply different applications of similar laws in the East African countries," she says. "Our neighbours will learn a lot from the way we handle East African travelers and immigrants in Uganda, and we shall also definitely learn from them.

Next door in her Customs counterpart's office, I find a Ugandan woman called Zamu Ahmed shedding tears. She has been given a bill of UGX 1.2 million in domestic taxes for a consignment of baking powder bought on the Kenyan side.

She is taking it to Lira in northern Uganda to sell but has run to the office of the top Uganda Revenue Authority supervisor to appeal her case. Zamu's argument is: "They say goods made from Kenya are zero rated; now why am I paying tax? And at UGX 1.2 million, I am losing all my capital, not just profit."

The supervisor, Alex Rubanga, patiently explains to her the nature and accuracy of the taxes. Zamu is not persuaded and says she can only pay half. But Alex cannot bend the law. Zamu demands that she be allowed to return the good to Kenya and recover her money since she will operate at a loss if she pays Ksh1.2m.

At that moment, Alex's cell-phone rings and it is his counterpart from KRA with an urgent matter. The Kenyan has stopped a container said to contain iron ore. Although its papers are in order and cleared by Uganda to exit, he is curious why a lone container of iron ore should get exported to another country, especially as Uganda is not known for iron ore mining. Alex has to rush to Kenya side.

His colleague sees Zamu out of the office and says it is just one of those minor but common incidents which cost officers a lot of time. "Sometimes angry women traders strip before our eyes, but we are not intimidated."

The point of all the modernization is speedier clearance of goods so it is no surprise that clearing agents are excited about the change. They say the volume of paperwork at present is overwhelming, even though it has been reduced to an average of two pages today from five a few years ago.

Most of them still wonder why a truck weighed at Busia in Kenya suddenly "becomes heavier" when it crosses into Uganda. This is because of two different systems of weighing the vehicles – gross truck weight and axle load.

When the OSBP becomes operational, such confusion will be eliminated because there will be only one weighbridge, and one system of weighing.

Enhanced Trade Environment

Approximately, 38% of TMEA's budget is the area of Enhanced Trade Environment with the most being aligned to improving regional and national coordination through developing the capacities of the EAC organs and institutions and Ministries of EAC in each Partner State.

Traders at the Bujumbura local market.
Photo Credit - TradeMark East Africa

BURUNDI – A NATION TAKES STEADY STEPS TOWARDS A BETTER FUTURE

KOBERO, Burundi – Burundi, one of the world's poorest states, has been ranked one of the world's top 10 economic reformers in a World Bank survey that honours its drive to modernise trade and infrastructure.

The award, in the bank's yearly Ease of Doing Business report, acknowledges Burundi's efforts to attract foreign investment by unravelling age-old procedures that snarled commerce in paperwork, queues and wasted time.

"We are delighted to be among the top reformers in the world, having moved up 13 places this year on top of having moved up eight places last year," said the country's Second Vice President, Gervais Rufyikiri.

The index, topped by Singapore for the seventh successive year, measures how countries perform on a range of indicators from the time it takes to get a building permit to how long it takes to get across borders.

Time, especially in the East African region is money, and Burundi's modernisation efforts have been helped by targeted expertise from TradeMark East Africa (TMEA), a donor-funded organisation helping the region to grow prosperity through smoother and increased trade.

"These new and excellent installations on our border with Tanzania herald a better future: Burundi's national prosperity at the heart of the East African region," the second Vice President said.

Modernity gleams through the rain at Kobero, a four-hour drive from Bujumbura and Burundi's lifeline border crossing into Tanzania and the distant port of Dar es Salaam. Or, a two-day drive for the 80-odd trucks that pass here every day from Dar es Salaam.

Here, in the middle of a fairly typical African frontier crossing – tiny kiosks, a foreign exchange dealer, and truckers' cheap hotels – is a large white prefabricated building through which Burundi's present and future must pass.

It's the first step towards creating a One Stop Border Post (OSBP) for the truckers and other traffic – not to mention the 80% of Burundi's imports that shudder through the frontier on trucks and trailers.

Here, Burundian and Tanzanian officials will sit side-by-side processing the paperwork in a computerised drive for modernity that the World Bank award acknowledges. Instead of being checked twice, drivers will only have to go through formalities in their country of destination.

"It will be so good to all be working in the same building for the same goals of transparency and prosperity," said Burundian customs official Jean-Marie Bashingwa.

"These new and excellent installations on our border with Tanzania herald a better future: Burundi's national prosperity at the heart of the East African region," the second Vice President said.

Kobero is expected to be fully operational by the year's end and a sister post across the Tanzanian border at Kabanga to be in use next year. Similar posts are going up in Rwanda and Uganda to accelerate commerce along the key routes from Mombasa port, in Kenya and Dar es Salaam.

Rufyikiri paid tribute to the role played by the Office Burundais de Recettes (OBR), a streamlined tax-gathering organisation set up with TMEA to help to increase government revenue for its own development.

Since its inception in 2009, OBR has made dramatic progress every year in raising tax revenue and expects to have doubled tax income by the end of 2012, as well as helping to strip away paperwork for business start-ups.

Kieran Holmes, the Commissioner-General of OBR, says tax efficiency will help Burundi argue for budget support for larger social projects when it meets its donors in Geneva this year.

"Burundi wants to demonstrate that it is doing a great job in getting its house in order," he said. "It's creating the kind of atmosphere that attracts foreign investors, and that's the way that the future prosperity of the country lies."

Dr. Iriwacu with a patient at the Ruziba Health Centre, funded through OBR taxes.
Photo Credit - TradeMark East Africa

TAX REVOLUTION IN BURUNDI – AND IT'S POPULAR

RUZIBA, Burundi – Villagers in Ruziba say the old government Health Centre was "precarious." Photographs of it suggest stronger adjectives, such as ramshackle, tumbledown or dilapidated.

The new Health Centre is far from precarious. It is smart, solid and a source of local pride. And it was built on the foundations of a revolution sweeping Burundi – tax payments.

"It was built with our tax returns," says Dr Bellejoie Louise Iriwacu. "I am very, very proud of it."

The Rubiza Health centre, and dozens like it, was funded by a streamlined tax-gathering system adopted by the government to maximize revenue in an economy that sits near the bottom of the world's least-developed.

When she qualified as a doctor a year ago and got hired by the government, one of her first acts was to go to the Office Burundais de Recettes (OBR) – the country's tax-collection authority – to register to pay tax on her modest salary.

"As Burundians, we have to pay tax. It's our duty. If someone just gives you something for nothing that is meaningless. But if you help pay for something, and then you are part of it. You are a part owner."

OBR was created in 2009 with assistance from the British government's DFID aid wing and then through an organization called TradeMark East Africa (TMEA), which is helping East African Community (EAC) states modernize and integrate their economic infrastructure.

The EAC groups Kenya, Tanzania, Uganda, Rwanda and Burundi and is home to 160 million people. Some young workers might have baulked at making a system to deduct tax from their salary a priority as they began a new life and a new careers.

Not Dr. Iriwacu. "Not paying taxes means no money to make the country live, to help it expand, to help it breathe," she says, taking ten minutes off from treating a steady stream of patients at the centre.

As Burundians, we have to pay tax. It's our duty. If someone just gives you something for nothing that is meaningless. But if you help pay for something, and then you are part of it. You are a part owner."

As a taxpayer the young doctor is part owner of a centre a half-hour drive from the capital, Bujumbura, that looks after hundreds of people every week and offers services from maternity care to vaccinations.

Not that Burundians didn't pay tax in the past. Some did, some didn't, but the tax collection system was so riddled with loopholes that the government's lifeblood funding was – "precarious," - the word used by Eugene Mujambere, Director of Infrastructure and Equipment at the Ministry of Health.

"OBR has given us the means and now we are putting that tax money to work. We've built around 40 Health Centres with government revenue from taxation".

The headquarters of the revolution is a modest three-storey building in central Bujumbura where dozens of staff in smart blue uniforms sit behind the computers that have thrown the tax net over the country.

"Tax revenue has doubled since OBR was set up," says Kieran Holmes, the OBR Commissioner General. "We currently have a delegation here from Togo right now looking at how we did it. We're the first francophone country to set up a system like this, and other countries in West Africa envy us."

In the past the tax payment was something of a lottery with individuals and businesses striking private and corrupt deals with the customs authorities and tax offices.

"We swept it all away and put it all under one roof. We brought everything together, linked it all with I.T. and cut out the corruption," says Holmes.

"Along the way we have created a level playing field for businesses, so that investors are interested in coming in now. They know that all enterprises pay tax and that no -one has an unfair advantage. It's created a much more attractive business environment".

In the past year Burundi has also been named one of the top 10 reforming countries in the world by Ease of Doing Business organization. Once an individual or business is in the OBR system, he, she or it becomes a reliable source of revenue on which the government can make its plans to climb out of the league of Least Developed Countries. It is currently 185th out of 187 in that survey.

"The whole point of this exercise is that the government is empowered because it now has additional revenue to finance its plans," says Holmes.

The government does have plans too. They are, donors say, neither grandiose nor over- ambitious. All are based on the certainty that there will be cash in the government kitty to pay for them.

One is a hydroelectric dam at Mpanda that will cost around $40 million. "We need power to transform this country. We need education and health services too, and you can't have either without power," says Pierre Barampanze, advisor at the Ministry of Energy. Another is a major hospital at Karuzi, which will eliminate the need for Burundians to travel to Kenya or further afield if they need complex medical interventions or specialist treatment.

The hospital will cost in the order of 21 billion Burundian francs and be built entirely from tax revenue. Construction started in August 2011 and is supposed to end in February 2013. It will have 150 beds offering 13 services for Karuzi province and the surrounding areas.

"What has happened here is really quite remarkable," says Gabriel Toyi, head of cabinet in the office of the second Vice-President.

"There was so much fraud and cheating going on in the tax areas, as much in customs duties as in tax returns, but now revenue has gone up by nearly 40% in a year," he says.

"We are modernising. Everyone can see it. Everyone has a stake in it. But it is the tax money that is helping us live."

Traders and investors registering their businesses at the API One Stop Shop Centre in Bujumbura.
Photo Credit - TradeMark East Africa

WORLD-CLASS REFORMER BURUNDI SLIMS DOWN PAPERWORK FOR BUSINESS

BUJUMBURA, Burundi – It used to be six or seven trips, eight days traipsing around town and a lot of shoe leather in the clammy lakeside capital of Burundi to complete the paperwork needed to register for a building permit.

Now it's one trip, six flights up in a Finance Ministry building by elevator and a mere 24 hours or less. That's because of a One-Stop Shop approach Burundi has adopted, an innovation that has made the country of nine million people one of the top 10 economic reformers in the world, according to the World Bank.

The World Bank's International Finance Corporation (IFC) paid tribute to Burundi's zeal in its annual Doing Business in East Africa report, which made the country the only African state to figure in the league of the world's top 10 economic reformers.

"Burundi is among the top 10 improvers for the second consecutive year, with four regulatory reforms in starting a business, in dealing with construction permits, registering property and trading across borders," said the IFC report.

Only four steps are required to register a business, half the number needed on average by the rest of sub-Saharan Africa.

"Burundi is among the top 10 improvers for the second consecutive year, with four regulatory reforms in starting a business, in dealing with construction permits, registering property and trading across borders," said the IFC report.

They include submitting all documents, obtaining a registration certificate and registering the company.

It also includes making a company seal needed by some banks to issue loans. Although the Government is now proposing to abolish this step, combining the first two so as to remain with only two steps.

"The One-Stop Shops are important for Burundi's economy and economic future because they show that with joint action from government agencies, real improvements in service delivery can be made," said Kieran Holmes, Commissioner General of OBR (Burundi Revenue Authority).

"This creates an enabling environment for business. For example, it is now possible to register a business in Burundi in less than one hour and this is a huge advance on what used to take days previously."

The IFC report, supported by TradeMark East Africa, shows that in Burundi it used to take about eight days to begin a business, compared to an average of 34 days for the rest of the countries in sub-Saharan Africa.

That compares to 32 days for Kenya, 58 for the Democratic Republic of the Congo, 26 for Tanzania and three for Rwanda.

"Burundi is a very small country," says the World Bank's Burundi Country Manager, Rachid Radji. "It can only develop when it connects internationally, starting with the East African Community, which is a quite sizeable market".

"Beyond that, it can benefit by joining other bilateral trade arrangements. But for the time being, the emphasis has first of all been on laying the foundation (for growth and investment), taking on regional and then more broadly international opportunities.

The reforms are not just nice-to-have innovations that look good in the country's online shop windows.

EAC countries are vying for foreign investment, and the better the business climate, the more attractive a country can be.

This is all the more necessary because the EAC as a whole ranks, on average, 117th in the world' 185 economies for the ease of doing business at the very moment when East Africa's economies are surging and investors are looking for places to channel funds because of economic slowdown in traditional recipient states.

As a whole, EAC economies have implemented 74 business regulatory reforms over the past eight years to make it easier to register property or start a business and the time to register property has fallen from 140 days in 2005 to 56 in 2012.

But if all the EAC countries adopted the best practice in the region across all areas of regulation covered, the EAC would rank 26th in the league of world reformers, equal to the United Arab Emirates, the report said.

“The report’s findings can be used to identify and improve the business environment in the EAC along with enabling the expansion of the private sector, the main driver of growth and job creation,” said the IFC’s Manager, Investment Climate Africa, David Bridgman.

Horticulture farmers packing their produce for sell.
Photo Credit - TradeMark East Africa

EAST AFRICAN FARMERS GO BACK TO SCHOOL TO LEARN HOW TO GROW CASH

MWEA, Kenya – It's the end of term school prize-giving day and the atmosphere is expectant and excited. One by one the pupils' names are announced. They walk out in their best clothes to get their certificates, a handshake and a warm round of applause.

It's a typical scene. Except that these pupils are mostly middle-aged farmers, both men and women, whose livelihoods depend on them putting lessons learned into practice and growing crops according to the standards of the Good Agricultural Practice Code (GAP).

"Smallholder farmers hold the solution to hunger and poverty in rural areas," says Napthaly Kariuki of the Horticultural Produce Marketing Association of Kenya (HPMAK). "To get accepted in international markets, both the European Union (EU) and East African, you need to grow according to the best practice, and that means GAP.

There are about 250 certificates awaiting distribution on the desk set up by the Fresh Produce Exporters Association of Kenya (FPEAK), which is spearheading the campaign to help farmers across the East African Community (EAC) grow food for tables in EU states and in neighbouring countries.

"Growing fresh produce employs about one million people in Kenya, and it's one of the top three export earners. Smallholders account for about 70 percent of the flagship products Kenya exports – French beans, Snow peas and Snap peas – so teaching farmers to get with the GAP programme is absolutely vital," says FPEAK's Francis Wario.

"I am so happy today. I have learned things that will help me make my shamba (smallholding) grow better produce to sell for me and my family. This is like getting a prize at school," said Grace Wambui, who grows beans and tomatoes nearby.

"Growing fresh produce employs about one million people in Kenya, and it's one of the top three export earners. Smallholders account for about 70 percent of the flagship products Kenya exports – French beans, Snow peas and Snap peas – so teaching farmers to get with the GAP programme is absolutely vital," says FPEAK's Francis Wario.

The GAP standards are international norms of how to grow good crops for today's markets – everything from hand washing before harvesting to what pesticides, fertilizers and other inputs are acceptable – and in general that means the fewer the better.

Wario is the lead teacher in a programme funded by TradeMark East Africa (TMEA) which is part of a bigger TMEA drive to help EAC states approximate and harmonise the standards of their products to be fit to fight in the 21st century global market.

Part of the programme is to train local technical experts to monitor and follow how the GAP standards are being implemented by farmers, and to advise and guide where necessary. They receive special awards for their studies.

So far FPEAK has trained about 2,000 small-scale farmers in Kenya and is now carrying its pilot programme to the other EAC members to ensure adherence to the strict rules about pesticide residues and other production norms on which the EU insists.

"If we trained everyone who wants to come to our classes, there would be classes of about 5,000, but we cannot cope with that sort of number. But we can reach smaller numbers. So for every one farmer, you can calculate that our programme reaches another ten, because they cooperate and work together to maximize yields and exports," Wario said.

Kenyan producers of delicate French beans learned the lesson the hard way in January 2013 when Kenya's fresh produce was listed as 'high risk' by the EU, which takes 80 percent of Kenyan produce, for having unacceptable levels of pesticide residue.

Under an EU directive, all subsequent consignments were put on alert for interception and inspection.

“Once you get one alert, the inspections increase, and the market narrows,” said Wario.

So widespread use of the GAP standards is vital to ensuring smooth and continued access to the EU markets.

“Everybody has to be in the GAP system or nobody will sell to the EU market,” Wario added. “Those who don’t understand the standards will mess it up for everybody.”

Rejection of a consignment by the EU has a knock-on effect at the level of exporters, who become reluctant to enter contracts with farmers unless they are certain that the GAP standards are being applied.

“To export these days food safety is absolutely the key. So if a farmer comes to us and he or she has a certificate saying they have learned the GAP standards, I can promise you with 100 percent certainty that an exporter will enter a contract with you, and you will sell,” says Boniface Eepa of the East African Growers Association, a leading exporter of fresh produce from the region.

Official launch of Rwanda's Electronic National Single Window expected to reduce clearance times of cargo by 40% or one full day.
Photo Credit - TradeMark East Africa

RWANDA OPENS WIDE AN ELECTRONIC WINDOW FOR TRADE

KIGALI, Rwanda – Rwanda is blazing a trail for the rest of East Africa to follow by launching sub-Saharan Africa's first one-stop electronic trade clearance system, a computerised scheme that saves time, shoe leather and money.

"This is a groundbreaking scheme to cut the red tape snarling trade and I am confident it will pave the way for similar systems in EAC countries as well as making Rwanda an even cheaper place to do business," Ben Kagarama, Commissioner General of the Rwanda Revenue Authority said at the launch August 3rd, 2012.

Called the Rwanda Electronic Single Window (RESW), the system gathers under one electronic roof all the agencies needed to clear, approve and charge duty on imports and transit goods transparently, quickly and efficiently.

"It's one of our most important areas of support – an I.T. solution to improve the administration of the whole process of clearing goods and bring Kigali one day closer to Mombasa." said Mark Priestley, Rwanda Country Director of TradeMark East Africa, which helped deliver the system.

Now the process has been streamlined and computerised and can cut the amount of time it takes to clear a cargo by 40% or one full day – a huge advance and a direct saving for business of around US$8-17 million a year.

"It has huge implications and offers great possibilities for other countries in the EAC, several of whom are adopting the same system."

In the past, the landlocked country of Rwanda cleared goods using hard copy documents that were physically moved from office to office and across a variety of organisations – the Rwanda Revenue Authority (RRA), the Rwanda Bureau of Standards, the Health Ministry, the Airlines and the Rwanda Development Board (RDB).

Now the process has been streamlined and computerised and can cut the amount of time it takes to clear a cargo by 40% or one full day – a huge advance and a direct saving for business of around US$8-17 million a year.

No longer does Philip Shapiro, a clearing agent, have to traipse from office to office to fill out a bewildering array of documents on behalf of his employer, Gorilla Clearing and Forwarding, the impatient client or the weary truck driver who has brought the goods by road from the distant Kenyan port of Mombasa.

"The whole process involved so many people, so many forms for us, going from office to office..." he says. First a consignment had to be registered at the border, then taken to the inland container terminal at Magerwa for inspection, then the Rwanda Bureau of Standards had to decide whether to inspect the cargo, sample it and test it or get the Health Ministry involved.

If all those steps went off without a hitch, there was still the process of paying customs duty to RRA or getting an exemption from the Rwanda Development Board.

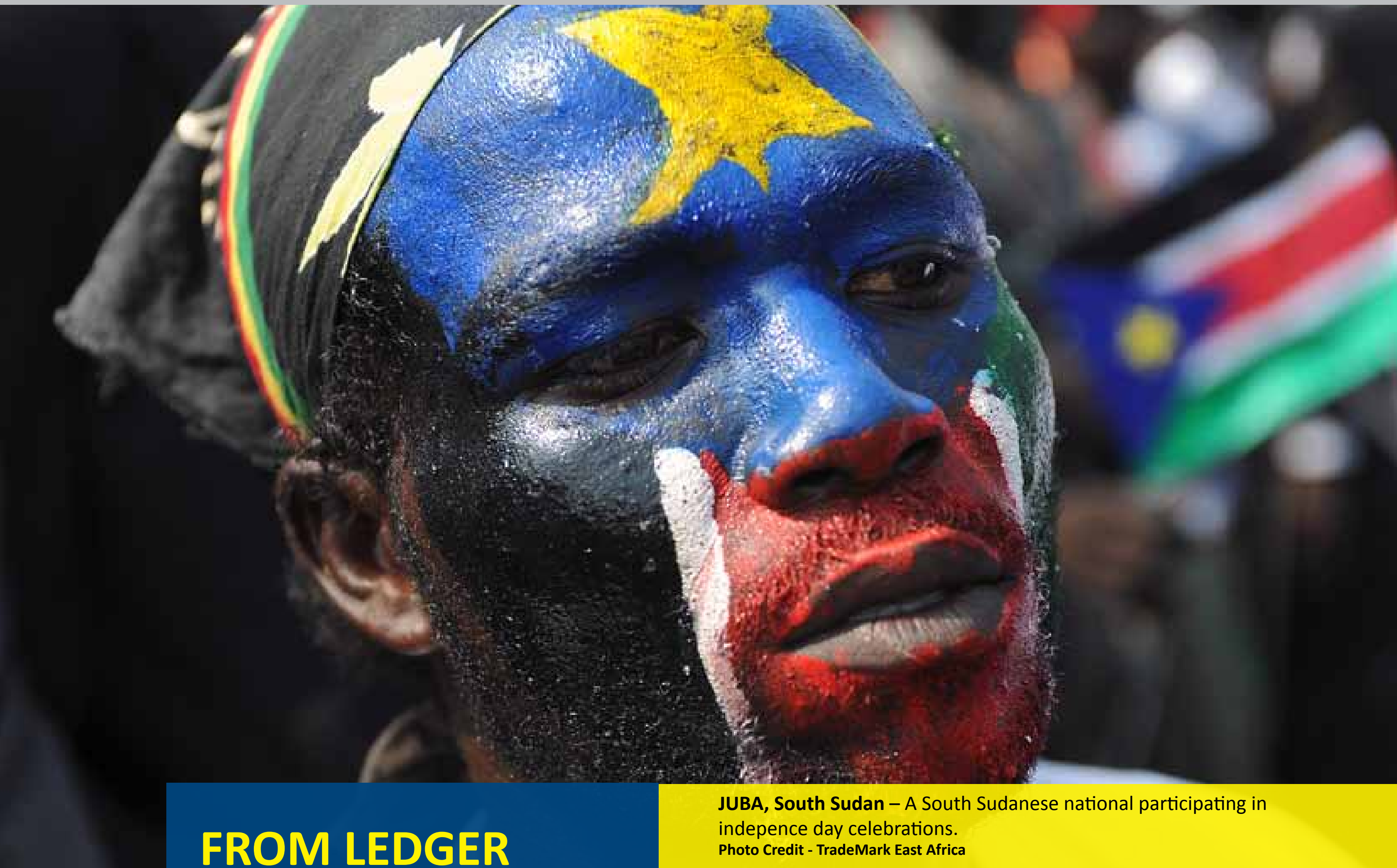
"This involved physically recording three documents for approval before getting final approval! It meant a lot of time," said Joseph Mpunga of the RDB. And the client still had to pay duty or get an exemption at the end of all that.

Now, with the RESW, almost all of the formalities can be completed on a computer screen. Clearing and forwarding agents have been given a three-day intensive training to familiarise themselves with the process.

"You just keep clicking (with a computer mouse) until the form is validated," says Josephine Nyebaza, a clearing agent for Intra-Cargo Ltd. "It works from anywhere. You can do all the work sitting at your desk," she says with a smile, as a red line on her screen turns blue, signifying that another part of the process has been ticked off.

"Just imagine the fact that you are sitting in your office waiting for everything to happen. You don't even have to move!"

"Embracing the Electronic Single Window is the biggest achievement in the country's move to strongly reduce non-tariff barriers that hinder investment; I believe that online clearance of goods will positively increase the country's global competitiveness," Minister of Finance and Economic Planning John Rwangombwa told the August 3 launch.



JUBA, South Sudan – A South Sudanese national participating in indepence day celebrations.
Photo Credit - TradeMark East Africa

FROM LEDGER TO LAN – SOUTH SUDAN BUILDS ON CUSTOMS' CASH

JUBA, South Sudan – It used to be six or seven trips, eight days traipsing around town and a lot of shoe leather in the clammy lakeside capital of Burundi to complete the paperwork needed to register for a building permit.

South Sudan is barely one year old. But this new state is laying the foundations on which to build a future with a streamlined customs collection system that has increased revenue by more than 1,000 percent in the past six months.

"This money will help us build the nation," says Lt. Col. Emmanuel Goya Simon at the steamy Nimule Border with Uganda, the lifeblood entry point for nearly all of South Sudan's import- dependent economy.

"The revenue will help us in security, health and education. It will help the nation grow and breathe," says Simon, second-in-command of Customs at Nimule. "We are already well on the way."

Outside huge trucks carrying everything from chewing gum to electric kettles and sugar, park to begin the laborious process of registering with half a dozen authorities, declaring their contents, being inspected and paying duty.

"The consequence of these steps has been to increase revenue figures for the past six months by an average of 1,100 % year-on-year," he said, in a speech in which he asked formally for WCO membership.

"It's a muddle. All the work is manual now, but not for much longer," says Eugene Torero, the representative in South Sudan of TradeMark East Africa (TMEA), a donor-funded organisation helping the East African community modernise trade and sow the seeds of new prosperity.

Across the East African community TMEA is helping countries accelerate away from ways of doing business and trade that have barely changed in the decades since the independence wave unfurled in the 1960s – paperwork, and lots of it.

At Nimule, for example, TMEA is in the process of computerising form filling so that truckers will be able to sit at a laptop out of the sun, fill in one form on a screen, and slash the formalities. One keystroke will replace hours of paperwork.

A rationalisation of the number of South Sudan's ministries involved in customs collection has already started. It now comes under the single umbrella of the customs department, with in the Bureau of Standards and Commerce Ministry.

"There's been some improvements even in the last month," said Kenyan truck driver Frank Wafula. "I'd say the paperwork time has been cut by half since I last drove up here from Mombasa."

Lt. Col Francis Mayiik Monyror points proudly at the white plastic ducts snaking up every office wall at the Customs HQ in Nimule. These will house the wires that will establish a Local Area Network (LAN) and relegate most paper work to history.

"This is how we do it now," he says, pointing to a metre-wide official Ledger where every form, transaction and stage of the customs clearing process is registered longhand by clerks. Around the offices, ledger sheets and records rolled and tied with elastic bands bearing handwritten dates on the outside gather dust in piles.

"And this is how we will do it in the future." Francis beams at the space on the wall where the computer server will go, linking South Sudan to the 21st century and the prospect of joining the East African Community some time in the future.

As in other East African states, TradeMark East Africa has helped at the most basic levels. Officers have been trained and familiarised with their duties and the processes; the organisation used money from the UK's development arm DFID to bring in Crown Agent consultants to join the dots of modernisation together.

Nearly all of South Sudan's revenue used to come from oil but that has been the subject of conflict and contention with Khartoum since the South voted for independence in 2011 and joined the Community of Nations in July that year.

“No state can exist without money to live on,” says Maj. Gen (Rtd) Fredrick Lokule, Director General of South Sudan’s Customs Service in his Juba office.

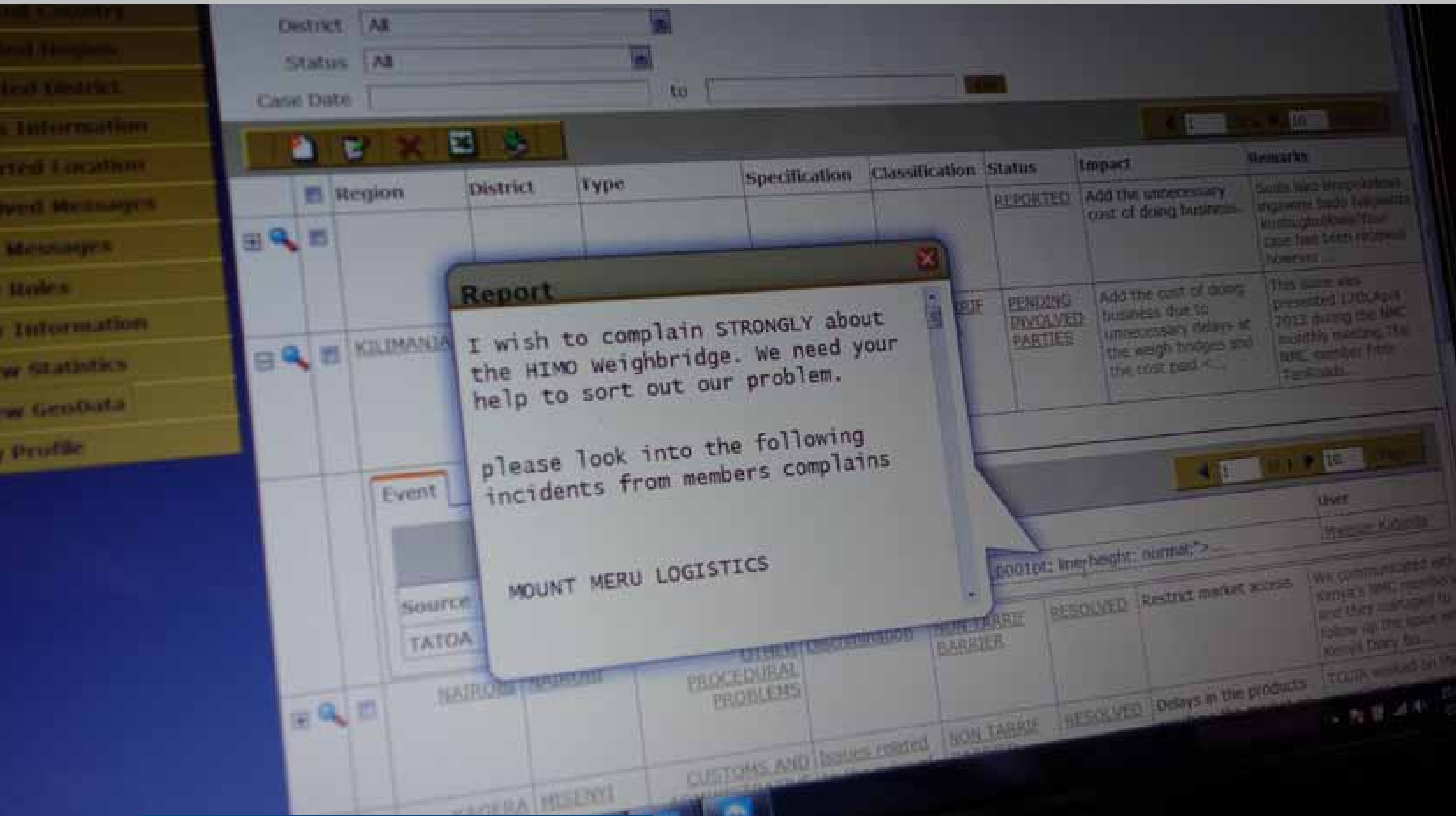
“When we became independent, we scrapped all the old laws and brought in new ones and then had to train everyone and put them into practice.”

“Customs employees 547 people, and we needed to modernise everything. Automation is the key, and with help from our friends, it is on the way.”

It was with pride that the Director General could go to the World Customs Organisation Brussels HQ in June to announce that the foundations had been laid.

“The consequence of these steps has been to increase revenue figures for the past six months by an average of 1,100 % year-on-year,” he said, in a speech in which he asked formally for WCO membership.

“Whilst the size of the increases are probably unsustainable, there is a great deal of optimism within the Customs Service and the country as a whole that non-oil revenues will continue to grow substantially as we begin to modernise our whole approach to dealing with trade.”



TCCIAs NTB SMS monitoring system capturing a complaint from a logistics firm.
Photo Credit - TradeMark East Africa

WORLD CHAMBERS HONOUR TANZANIAN SCHEME TO TOPPLE BARRIERS TO FREE TRADE

DAR ES SALAAM, Tanzania – World Chambers of Commerce have honoured a Tanzanian-designed scheme to use cell phones to identify and help overturn barriers to free trade across East Africa.

The scheme won second prize in the World Chambers of Commerce competition for the best project amongst a field of other groundbreaking innovations from Britain, China, the Slovak Republic and Turkey.

The short messaging system (SMS) online non-tariff barrier (NTB) reporting and monitoring mechanism was developed by the Tanzania Chamber of Commerce, Industry and Agriculture (TCCIA) to get the business community not just to grumble about NTBs but to log them, report them and get them referred to those with the power to overturn them.

"Already within East Africa other countries are expressing interest in the system. To get that international recognition for a project designed and driven by the private sector is great," said Pauline Elago, Country Manager of TradeMark East Africa, which backed the scheme.

It is the first of its kind in East Africa and is a beacon in the battle against NTBs, regulatory or official hurdles which slow free commerce and add to the cost of transporting goods to the region, which already has the highest transport costs in the world.

To date, the system has received about 2,770 SMSs from the users/business community and has sent out about 2,370 SMSs to respond to the reported complaints. About 40 complaints have been listed as NTBs out of which 21 have been eliminated and others are at different levels of elimination.

"It is a great pleasure to see that the in-house innovation can stretch its wings to the international community. The recognition that the NTBs SMS and online reporting and monitoring system has received is evidence that what we do, as a private sector, in creating favorable business environment adds value to the lives of people; not only because the world can see it but most importantly, that we contribute towards improving people's welfare by making it easier to report and for authorities to monitor and eliminate all barriers hindering trade flow", said Executive Director, TCCIA, Dan Machemba.

NTBs are any hurdle to trade outside of customs and taxes and East Africa has hundreds of them from duplicated weighbridges to 'flying' or ungazetted police roadblocks to bureaucratic restrictions that cost time and money.

The award was announced during the World Chambers Congress held in Doha, Qatar in April 2013. To see other finalists visit: http://www.iccwbo.org/training-and-events/competitions- and-awards/world-chamber-competition/2013-world-chambers-competition-finalists/

The scheme has been supported by TMEA, a multi-donor-funded development agency seeking to streamline EAC trade to cut the cost of doing business and sow prosperity through strong economic integration.

The East Africa Community is one of the fastest growing Regional Economic Communities in the world today, yet the cost of trading across borders and transport costs specifically continue to be among the highest.

Experts estimate that transport accounts for 40 percent of the cost of goods in East Africa – anything from plasma TVs to water pumps – once they reach the retailer's counter or factory floor.

To date, the system has received about 2,770 SMSs from the users/business community and has sent out about 2,370 SMSs to respond to the reported complaints. About 40 complaints have been listed as NTBs out of which 21 have been eliminated and others are at different levels of elimination.

TCCIA acts as the private sector focal point on NTBs and gathers evidence so that it can lobby for their elimination. The system is also a source of information for policy makers who are directly responsible for some of those very NTBs.

KAMPALA, Uganda – A group of clearing and forwarding graduants in Uganda.
Photo Credit - TradeMark East Africa

NEW BREED OF FREIGHT PROFESSIONALS SPUR EAC TRADE

An innovative training program for clearing agents is growing a new breed of professionals to spur trade and prosperity in East Africa.

"Where you see trade grow you see prosperity take root. By training the key people in the freight forwarding business, we are helping move goods quicker, save time and money and help the region develop" said Silas Kanamugire of TradeMark East Africa (TMEA).

Run by the East Africa regional freight forwarding governing body (FEAFFA), the program is quickly churning out a fresh generation of professionally trained freight forwarders to quickly expand the ever-growing potential for trade within the East African region.

With TMEA's support, FEAFFA aims to transform the job of freight clearing and forwarding into a recognized profession and to standardize and regulate this key position to streamline the process of doing business in the five-nation block.

"With more than 40% of business costs accruing to transport and logistics, there is increasing appreciation of the importance of the sector in international trade. I am pleased this program will raise professional standards in the industry with the aim of increasing trade and prosperity in the region,"said the Federation's Regional Executive Officer, John Mathenge.

"My clients are now satisfied with the fast clearance of their goods. We are now not seen as unreliable or barriers to the trade process, but rather partners who can help grow the prosperity of this region", Said Xavery Komba, CEO of Victorius Tanzania Ltd, one of the trained agents.

"With more than 40% of business costs accruing to transport and logistics, there is increasing appreciation of the importance of the sector in international trade.

I am pleased this program will raise professional standards in the industry with the aim of increasing trade and prosperity in the region,"said the Federation's Regional Executive Officer, John Mathenge.

Up until recently, it was believed that many freight forwarding agents were involved in unethical practices in collusion with officials to avoid duties and taxes and divert transit cargo into local economies causing governments to lose revenues.

Mr. Ntaganda Evarist, Acting Director, Rwanda Revenue Authority Training Department explained, "Lack of capacity of most clearing agents, coupled with unclear procedures resulted in enormous problems to taxpayers such as corruption temptations and delays in clearance of goods thus affecting taxpayer's profit margins."

Trade in East Africa is increasing. Volumes of cargo destined for Rwanda, Burundi and Uganda have increased over the past eight years since the EAC Customs Union was signed in 2005. With faster clearing by the agents, it is estimated that the cargo will increase by eight trucks per day by June 2013.

The efficient flow of international trade relies on a range of skilled service providers working together effectively, including shipping lines, port terminal operators, customs officials, operators of off-dock container yards, land transport agents, and clearing and forwarding agents.

"The program has enabled the customs agent to improve on the declarations they submit to Kenya Revenue Authority which has enhanced the tax compliance levels. This has also reduced the number of offenses committed by the customs agents enabling them to improve on the time taken for the cargo to be cleared through Customs thus facilitating trade in the region," said Mr. Shehe Mzungu, a trainer working with Kenya Revenue Authority at the Kenya School of Revenue Administration (KESRA).

The reform of international trade logistics in the region, and in particular the quality of services offered by the various market actors will yield important economic gains throughout the region.

“This curriculum and the training has come at a very opportune time, as a commitment to the reforms, the Revenue Authorities have decided to upgrade the customs system,” said Customs Commissioner, Uganda Revenue Authority, Richard Kamajugo.

“Our aim is to reduce the time and cost involved in movement of goods across East Africa by raising the professional standards of clearing and forwarding agents since they are the ones mandated to clear cargo by the EAC Customs Management Act,” concluded Mr. Kanamugire.

Array of cooking oil brands at a local supermarket in Nairobi.
Photo Credit - TradeMark East Africa

EAST AFRICA SET TO ADOPT THE HARMONISED EDIBLE OIL STANDARD!

ARUSHA, Tanzania – Fried fish. Fried beef and chicken. Fried bananas. Oils and fats are as much part of East African life as blue skies and rain showers.

But until recently, what you bought in Uganda to prepare your matoke with and what you used in Tanzania to fry your fish might have looked the same from the label but have been of vastly differing qualities.

And none of East Africa's 140 million citizens might have been the wiser.

But not for much longer.

The East African Community (EAC) Secretariat, with support from TradeMark East Africa (TMEA), met in the Burundian capital, Bujumbura, in March, for a regional technical committee meeting on oil seeds, edible oils and fats sector held to harmonise standards of this key ingredient of the daily diet.

"Harmonisation of standards for all sorts of things is one of the building blocks on which to build a strong, integrated East African Community," said José Maciel, Director of Trade Facilitation (Non-Transport), at TMEA.

Similar initiatives in 2012, with the support of TradeMark East Africa, have resulted in the regional harmonisation of approximately US$ 150 million worth of products from the list of most traded goods in the East African region. Those included steel (building & construction), nutrition, surface active agents (chemical), alcoholic and non-alcoholic (food & agriculture) and cosmetics and cosmetic products (chemical).

"It's one of the reasons that the European Economic Community has become the power house that it is. You need to agree on basic standards for goods to create a level playing field on which traders and consumers will both benefit."

The edible fats and oils sector is a part of the larger food and beverage industry that commands a US$ 2 billion East African regional market value and, like the regional economy itself, is fast growing.

There is strong demand for oils and fats but not enough regional production to meet it, so imports of blends are commonplace but need to be standardised to be traded freely.

Frontier Market Intelligence, a specialized African market intelligence company, estimates that Kenya, which currently ranks number 15 worldwide for the export of edible oils and fats, produces only one third of its total domestic demand estimated at 380,000 metric tons.

Uganda, according to The Monitor newspaper, reports a similar trend for edible oils: national demand of over 120,000 tonnes, while domestic production was estimated at 40,000 tonnes.

In this regard, the East African Standards Committee together with the East African Business Council (EABC) prioritised the standards under this sector for development, harmonisation or review.

Peter Mutua, Principal Standards Officer at the Kenya Bureau of Standards (KEBS) and Secretary to the EAC Edible Fats and Oils Technical Committee, said harmonisation of these standards will help address regional Non-Tariff Barriers (NTBs) affecting the sector.

NTBs are defined as "quantitative restrictions and specific limitations that act as obstacles to trade".

They appear as rules, regulations and laws that have a negative impact on trade. Some countries, for instance, say milk can only be imported in cardboard cartons while others specify bottles. The milk may be the same, but the different containers make it much more expensive being sold across borders.

"The adoption of regional edible fats and oils standards will also assist international market access for EAC-based edible oil refineries as the EAC standards are based to a large extent on the Codex Alimentarius Standards, which are the international food standards recognized by the World Trade Organisation (WTO)", Mutua said.

"Standards harmonisation is a win-win situation also for EAC consumers as they will also benefit from imports from other countries/regions whose product specifications are also based on Codex Alimentarius Standards".

The agreement, which has to be adopted by EAC governments, will promote free trade and give consumers a wider choice over a range of edible oils and products including peanut butter, sunflower, groundnut and soya bean oil.

Participants in this meeting included technical officers from the national bureaus of standards, private sector representatives and regulators of the food industry.

As Secretary to the Committee, Mutua emphasised the Committee's commitment to ensure completion of technical work on the preparation of the draft standards for adoption and approval by the next meeting of the EAC Standards Management Committee (SMC), scheduled for June/July 2013.

After their technical harmonisation, the standards will be subjected to public review, after which they will be presented to the EAC Standards Committee and finally to the EAC Council of Ministers. Adoption of these important standards is expected to take place by July 2013.

Regional harmonisation initiatives are also an opportunity for East African Partner States to work together and deepen regional integration.

Similar initiatives in 2012, with the support of TradeMark East Africa, have resulted in the regional harmonisation of approximately US$ 150 million worth of products from the list of most traded goods in the East African region. Those included steel (building & construction), nutrition, surface active agents (chemical), alcoholic and non-alcoholic (food & agriculture) and cosmetics and cosmetic products (chemical).

TMEA is committed to supporting the efforts by the EAC Secretariat and Partner States to facilitate the harmonization of product standards commonly traded in the region.

Improved Business Competitiveness

Approximately 17% of TMEA's budget supports improved business competitiveness as a key building block for increased trade competitiveness, improved trade, and ***poverty reduction***. TMEA seeks to improve business competitiveness in East Africa through enhancing business regulations for trade, improving export capability and developing efficient trade logistics services.

A radio broadcast takes place at the AFJO offices in Bujumbura.
Photo Credit - TradeMark East Africa

BURUNDI'S WOMEN TRADERS HIT BY EAC PROPAGANDA – AND LIKE IT

BUJUMBURA, Burundi – They sneak across the border back to Burundi, putting one foot quietly in front of the other on unmarked forest trails and secret tracks. The enemy is authority. The goal is tax evasion. And the reason is ignorance.

These are the women traders of Burundi who risk the wrath of the law to escape paying taxes on the food and small goods they carry in their nylon baskets from Uganda or Rwanda to sell to ready customers in border villages and further afield.

It is much the same story across much the East African Community (EAC) – women traders running needless risks because of rumour and misinformation about punitive border taxes, expensive permits and baffling bureaucracy.

"Women traders are the ones who face, every day, the problems of not knowing what their rights are in today's EAC," said Burundi's minister for East African Community Affairs Hafsa Mossi. "Most of them haven't a clue about their rights or their obligations."

With support from TradeMark East Africa (TMEA) that situation is changing. Partnering with NGOs, the government and the media, the borderline informal sector is learning that much of what they feared held no threat, and that clarity on tax obligations and paperwork can make their lives, and their profits much better.

"Some countries insist on a Yellow Fever vaccination certificate but you can get round that with a bribe of 1,000 BF (about $0.75). But the certificate itself only costs 3,500 BF (about $2.40). So if you are bribing an official three times a week, you might just as well get the vaccination and the certificate. They didn't know that," Ahintungiye explained.

"Women traders are at the front line in disputes with the authorities at the borders," said Floride Ahintungiye, Programme Director of the International NGO Search for Common Ground (SFCG).

"With help from TMEA our staff went to the borders and asked the key questions: we asked the authorities how they viewed small-scale traders, and how they viewed the authorities. We charted their perceptions and prejudices.

"Then we brought them together and started to dispel some of the myths they both held about each other. One woman trader said she never greeted officials because she was scared of them. Many said that they would rather bribe an official than pay any tax."

SFCG, radio broadcasts and government-backed information meetings have helped clear the air not just on how taxes can actually cost less than bribes, but on what documents are needed and how to get them.

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As Burundi modernizes its small economy, there are huge gaps in knowledge not just between Arusha, where the EAC Secretariat is based and Bujumbura, but also between Bujumbura and the far-flung 117 communities or districts.

In March 2011, the Burundi Women's Journalists Association (AFJO) put together a radio programme with TMEA support that explained tax registration, registering companies and tax requirements. These are all steps designed to make business more competitive in today's EAC.

As a result, five women traders turned up at the AFJO office in Bujumbura, got more information and guidance, and promptly registered their businesses.

The programme has been so successful that its voicemail is saturated with enquiries within 24 hours of its transmission.

"I didn't know women were so advanced in doing business. They know a lot and they do a lot. Another thing I learned from the programme was how to start a business in a way that if I decided to do so, nobody could give me false information. I'd know exactly where to go," said Alexis Havyarimana of AFJO.

Her plaudit was backed up by official statistics showing that 20 small-scale women traders registered their businesses with the API Investment agency within a month of the programme being broadcast.

"Our programme is called Trading for Peace," said Ahintungiye of Search for Common Ground. "It's about conflict resolution between small-scale traders, women mostly, and border police, immigration and customs officials they come into contact with.

"By bringing the two sides together we can work out what is true and what is false and transform the situation from one of conflict to harmony. This has to be done. Women play key roles, not just on the borders, but all over Africa. Less conflict about trade can only be a good thing for all."

Nicholas Hitimana, head of Ikirezi stands next to his farm which produces Patchouli Oils for export.
Photo Credit - TradeMark East Africa

RWANDA SETS STANDARDS TO RAISE EXPORTS AND PROSPERITY

KIGALI, Rwanda – It looks like a secret still making illegal alcohol. It's tucked away in a hidden fold of Rwanda's rolling hills, a long and bumpy 150km from the Rwanda capital, Kigali.

A brush fire bubbles under a vat. A bewildering network of pipes channel the steam to holding vessels, where mysterious liquid condenses. The raw materials of dried leaves is stacked around the site, awaiting immersion and transformation.

But the smell that comes off this apparatus isn't the chemistry of grain meeting yeast and sugar to ferment liquor. It's a pleasant perfume and could be the sweet smell of success for its owners, and for the Rwanda government's drive to export high quality products.

Ikirezi, a manufacturer of essential oils such as geranium and patchouli, operates the plant. And it could be one of the companies to benefit from Rwanda's determination to set high standards that will be accepted on local and international markets.

"We want to be a model of high standards," says Rwanda Bureau of Standards (RBS) Director-General Mark Cyubahiro Bagabe. "We want to help the East African Community improve the quality of their products to access international markets."

"Rwanda had in the past to get its coffee, a vital export, certified in Uganda or somewhere else. Ikirezi gets its oils tested for purity in America. We want the testing done here for a variety of goods so that the RBS stamp is synonymous with high quality," says Bagabe.

"Rwanda wants to be the Switzerland of Africa," explains TMEA Country Director Mark Priestley. "To do that, you need to compete on quality, not volume, and to do that you need trust, and testing goods and applying standards is all about trust."

The government has adopted measures for a market-oriented economy supported by increases in industrial and agricultural productivity, value addition and export promotion. Rwanda's economy has been growing at annual average of 7% for the past five years.

But one of the major challenges is a growing trade deficit and the limited number of competitive companies that can meet regional and international standards for export.

Under a programme funded by TradeMark East Africa (TMEA), Rwanda's Bureau of Standards (RBS) is upgrading the way it tests and certifies products in a government campaign to export high-quality goods to the East African Community (EAC), Europe and America.

TMEA has funded the purchase of the latest hi-tech equipment that will check the purity of Rwanda's key coffee exports for myco-toxins and essential oils for their purity. It has also twinned RBS with the British Standards Institute (BSI) to strengthen quality infrastructure and facilitate Rwanda businesses to export through mentoring and training.

The programme wraps training, a communications programme aimed at the private sector to win its buy-in, as well as the gleaming new machines in the RBS Kigali labs into an approach, to cut the time it takes to test Rwanda's products from 60 when testing is sub-contracted to 6 days when done at RBS, and to make Kigali a regional hub for other countries to get their goods certified.

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It already is. Inyange bottled water appears at the seat of every conference participant and appears from government officials' desks as a welcoming drink everywhere you go in Rwanda.

"But Inyange sells really well in Uganda, because Ugandans trust the RBS seal on it more than they do rival brands," says Priestley.

Nicholas Hitimana, head of Ikirezi, says certification of his Lemon Grass or Patchouli oils is currently done at Rutgers University in America and takes up to a month.

"But it could be done in Kigali in a day, giving us the scope to expand a lot."

Ikirezi already has several natural advantages – the crops have the highest return per hectare in Rwanda and the climate means smallholders can grow the leaves year-round, unlike its main rival, South Africa, which can produce only two crops per year.

Ikirezi mixes social responsibility with the search for profit, buying the leaves to help orphans and widows of the 1994 genocide. In 2010, the company generated 350kg of organic geranium oil at a price of $185/kg and 400kg of organic Lemon Grass oil at $30/kg.

Agriculture accounts for around 40% of Rwanda's Gross Domestic Product, hence the government's focus on standards as a lever towards more exports.

RBS and TMEA have brought in experts from the Hazard Analysis and Critical Control Point (HACCP) system to help Rwandan exporters get their products accepted internationally.

The idea was to bring together 24 Small and Medium food producers to explain the system's application and benefits and help Rwanda export more food products.

It could help export to distant markets, but is of equal if not more value in the integration of the EAC economies, where goods are often rejected for failing to meet standards, raising criticism that far from integrating, member states are highly protectionist.

"It could be the start of something big with Rwanda showing the way," says Priestley. "Countries getting their products rejected at the border for failing to meet standards is one of the biggest Non-Tariff Barriers to trade in the EAC today. This programme is all about getting EAC members to recognise and accept each other's imports and standards."

Women traders involved in cross border trade at the Mutukula/ Mutukula border on the Uganda/Tanzania border.
Photo Credit - TradeMark East Africa

EAST AFRICA'S WOMEN BORDER TRADERS FIND THEIR CHAMPIONS

MUTUKULA, Uganda – They are as much a feature of Africa's borders as immigration officials, barbed wire and bureaucracy. They are the service stations of Africa's highways and the pit stops of commerce from Cape Town to Cairo.

They gravitate to the frontiers where trucks stop, truckers break and travelers take on food and water for their journeys. Their shop fronts are brimming baskets and their cash registers are pockets and purses.

They are the women traders who make a living by selling wares at Africa's myriad borders and TradeMark East Africa (TMEA) is helping them to get organized, to know their rights and to reap the fruits of East African (EA) integration.

"As cross border traders we carry the ignition key to transform our communities," said Hadijja Sserwanga, a champion of the rights of Uganda's border traders, regional Chairperson of the East African Women Cross Borders Traders Association (EAWCBTA).

She describes herself as a politician, activist, teacher and community development worker fighting to overturn the sexual harassment, exploitation and marginalization by the (largely male) people who run and operate EA borders.

"They are women, and therefore vulnerable to sexual exploitation, bullying and physical violence. This would never happen to men. Our women traders are vital cogs in the EA commercial wheel, and that's why we are helping them."

She's been a border trader herself since 1987, operating on the Uganda-Tanzania frontier at Mutukula, and has seen and experienced the problems women traders run into by not knowing their rights under EA integration or being bamboozled into paying unnecessary fines, taxes and bribes because they don't know better.

"I have a lot of passion for women's empowerment and being a cross border trader. I feel we can transform ourselves from being small scale cross border traders to well-established formal traders if we work as a group."

Informal, largely unorganized and unrecognized they might be, but the influence of women border traders on East African commerce is huge. Some studies suggest they are responsible for up to 60% of all intra-East African trade.

A key study on Women in Informal Cross-Border Trade (WICBT) revealed that only 49% of 378 women interviewed at five border posts possessed some post-primary level education even though traders need literacy and numeracy skills to deal with trade procedures and legal requirements.

Many resort to using illegal or "panya" (literally – rat) routes across borders to sell their wares, often unnecessarily. But they know no better and new rules on EA integration and common taxes in the embryonic customs union have yet to trickle down to them.

"East African integration has to be about benefitting the lives of its 140 million citizens, so it is entirely appropriate that TMEA back this initiative to help a key community in the daily business of the region," said Lisa Karanja, Director of TMEA's Private Sector/Civil Society Organisation initiative.

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The WICBT survey revealed generally low awareness (25%) about the customs union and what benefits accrue to women traders, so many use the panya routes or informal means to get goods across borders, further exposing themselves to exploitation, and going broke.

And it's not just those who can read and write who get the help. Emphasis is placed on those who can't and need the most guidance.

”I have learnt that even illiterate women can trade beyond their borders and that business is not just for the literate people,” said Nena Ene Lolosho, a small trader at Namanga on the Tanzania/Kenya border who sells milk, cereals, vegetables, fruits and beadwork.

TMEA is investing about $250,000 in a programme partnership with the East Africa initiative for the Advancement of Women (EASSI) to increase access to information, incubate WICBT associations and to lobby institutions for a better trading environment for a key cog in the region’s commercial wheel.

It’s a route that worked for Sserwanga, who spoke about harassment and exploitation in an interview which appeared in Uganda’s daily monitor and which was read by senior police and other officials in her home area of Mutukula.

Suddenly she found herself in discussion with local police chiefs, the District Chief Commander and the Officer in Charge, Criminal Investigation Department, of the Rakia district, a Ms. Nakabooza.

“Now she’s attending traders’ meetings to hear first-hand of the problems we face,” said Sserwanga. “It’s a small beginning, but a very significant one that needs to be followed across the region.”

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www.government.nl/ministries/bz/about-the-ministry

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