



REPORT

EVALUATION OF THE STATUS AND IMPACT OF IMPLEMENTATION OF THE SINGLE CUSTOMS TERRITORY REGIME OF CLEARANCE OF GOODS ALONG THE NORTHERN CORRIDOR

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Evaluation of the Status and Impact of Implementation of the Single Customs Territory Regime of Clearance of Goods along the Northern Corridor

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Acronyms and Abbreviations

AEO	Authorized Economic Operator
ASYCUDA	Automated Systems for Customs Data
AW	ASYCUDA World
CCAs	Customs Cooperation Agreements
CET	Common External Tariff
CFA	Clearing and Forwarding Agency
CMAA	Customs Mutual Assistance Agreement
CMC	Corridor Management Committee
CMS	Customs Management System
COMESA	Common Market for Eastern and Southern Africa
DGDA	General Directorate of Customs and Excise (Direction Générale des Douanes et Accises)
DPC	Document Processing Centre
DRC	Democratic Republic of Congo
EAC	East African Community
EACCMA	East African Community Custom Management Act
ECTS	Electronic Cargo Tracking System
ESWS	Electronic Single Window System
ICC	International Chamber of Commerce's
ICDs	Inland Container Depots
iCSM	Integrated Customs Management Systems
Kenya TradeNet	Kenya National Electronic Single Window System
KIIs	Key Informant Interviews
KPC	Kenya Pipeline Company
KRA	Kenya Revenue Authority
KTA	Kenya Transport Association (),
KWATOS	Kilindini Waterfront Automated Terminal Operation System
MoU	Memorandum of Understanding
NCIMP	Northern Corridor Infrastructure Master Plan
NCIP	Northern Corridor Integration Projects
NCTTCA	Northern Corridor Transit and Transport Coordination Authority
NeSW	National Electronic Single Window System
NTBs	Non-Tariff Barriers
OBR	Burundi Revenue Authority (Office Burundais des Recettes)
OSBPs	One Stop Border Posts
PIDA	Programme for Infrastructure development in Africa
PIN	Personal Identification Number
RAs	Revenue Authorities
RCTG	Regional Customs Transit Guarantee
RECTS	Regional Electronic Cargo Tracking System

RESW	Rwanda Electronic Single Window
RRA	Rwanda Revenue Authority
RTB	Regional Transit Bond
SAP	Systems Applications and Products
SCD	Single Customs Document
SCT	Single Customs Territory
SIMBA	Single Window System for Imports and Exports
SMART	Safety, Mobility, Automated, and Real- time Traffic Management
SSNSW	South Sudan National Single Window
SSRA	South Sudan Revenue Authority
TANCIS	Tanzania Customs Integrated System
TBP	Tanzania Business Portal
TeSWS	Tanzania Electronic Single Window System
TIN	Taxpayer Identification Number
TMS	Transit Management System
TOR	Terms of Reference
TRA	Tanzania Revenue Authority
UCMS	Uganda Customs Management System
UESW	Uganda Electronic Single Window System
UNCTAD	United Nations Conference on Trade and Development
URA	Uganda Revenue Authority
VLMA	Vehicle Load Management Agreements
WCO	World Customs Organization
WTO	World Trade Organization

Executive Summary

a) Introduction

This report provides the status and impact on implementation of Single Customs Territory (SCT) in the Northern Corridor region. This analysis focuses on establishing the current status of development and ongoing initiatives, infrastructure status and challenges, transit instruments, institutional needs assessment, prevailing policy environment and the impact of implementing the SCT in determining its effectiveness and identifying areas for improvement in the Northern Corridor region. The report was developed through a review of secondary information/literature, consultation meetings and key informant interviews in the Northern Corridor Member States. This study was conducted by a Consultant contracted by NCTTCA between January and August 2023.

b) Overview

The Northern Corridor has faced various challenges such as inefficiencies at borders, high trade and transport costs, and cargo clearance delays. In response, the Northern Corridor Integration Projects (NCIP) was established in 2013, including the creation of a Single Customs Territory (SCT). This project aims to improve trade and investment in the region and positively impact the economies of the countries involved. A SCT is a regional agreement between countries to harmonize their customs procedures, policies, and regulations, with the aim of facilitating the movement of goods across borders. In the Northern Corridor (NC), the SCT was operationalized in 2014 between Burundi, Kenya, Uganda, Rwanda, and South Sudan. However, SCT is not yet fully operational in South Sudan and DRC (which joined the EAC region in 2022, as it takes time for all the necessary arrangements and systems to be put in place). These two Member States were still in the process of meeting the criteria and preparing for the implementation of the SCT.

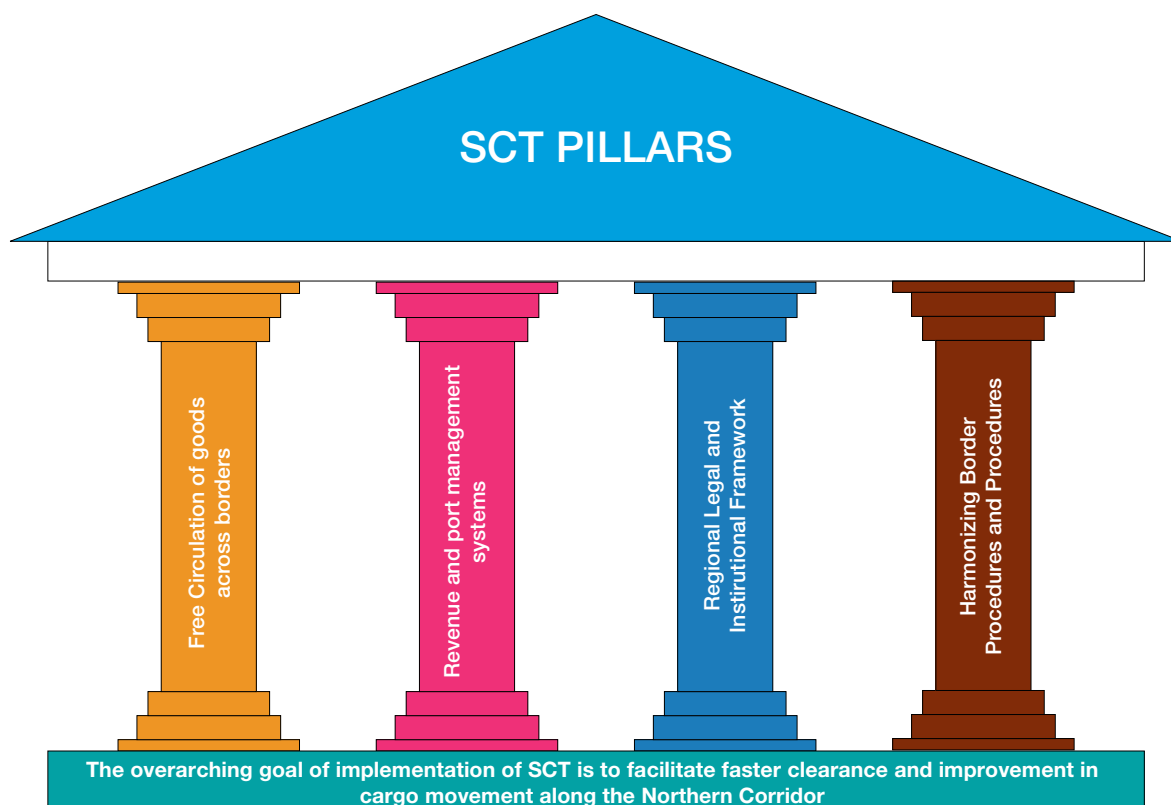
The SCT has had a significant impact on the trade between these countries by reducing the time and costs involved in clearing goods at borders. The harmonization of customs procedures has also helped to reduce time and improve revenue collection for governments. With the implementation of the SCT, it is now possible for traders to submit a single customs declaration that covers all the countries in the Northern Corridor, eliminating the need for multiple declarations and payments.

The SCT is premised on four pillars including free circulation of goods across borders, revenue and port management systems, legal and institutional framework and harmonization of systems and procedures. The scope of free movement of goods within the NC region includes the handling of imported products within the region, the transfer of goods, the export of goods from Member States to markets beyond the NC, port and border procedures, and measures to promote trade. Generally, there has been notable advancement in the adoption of SCT procedures for imports by the NC Member States. As at 2023, Burundi, Kenya, Rwanda and Uganda had already implemented SCT for the import modules, but not yet by South Sudan and DRC.

On the other hand, the procedures for exports in the SCT were lagging those for imports, with certain Member States yet to adopt the Single Administrative Customs Document (SAD). The incomplete implementation of export procedures in some Member States results in trade barriers and delays. Although the Direct Exports module has been fully implemented by Burundi, Kenya, Rwanda, Tanzania, and Uganda, the Indirect Export module is still pending, with South Sudan and DRC yet to adopt it. These factors have a significant impact on cross-border trade in the region and need to be addressed promptly to improve the overall efficiency of the SCT.

Intra-regional trade module within the Northern Corridor Member States of Burundi, Kenya, Rwanda, and Uganda has been fully implemented, but not yet in South Sudan and DRC. The development of the Transit module has been completed and is ready for piloting. Currently, the Transit module is undergoing testing in Uganda. The successful implementation of these modules will enhance cross-

border trade in the region, streamline the transit process, and reduce transit time and costs for traders. Therefore, further efforts are needed to ensure a successful rollout of these modules in all Member States of the region.

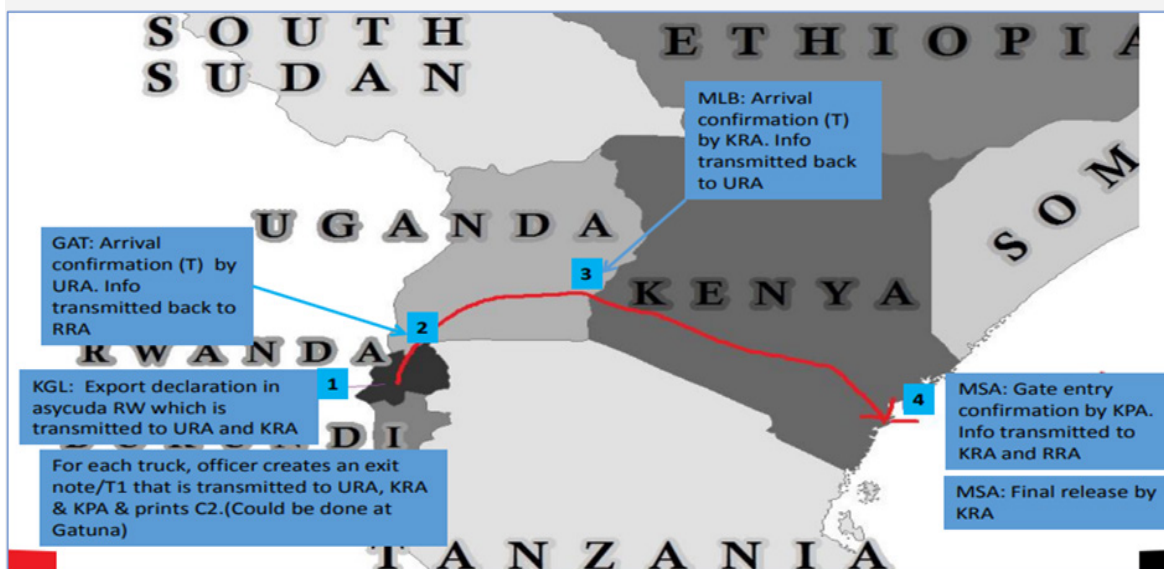


c) The extent to which the SCT procedures are implemented

The EAC Partner States have adopted a cargo clearance model where taxes and levies are assessed and collected at the time goods are still at the first point of entry. Duties are assessed and paid at the destination Partner State, while the goods remain at the first point of entry. The implementation of the SCT aims to expedite cargo clearance and enhance the flow of goods along the Northern and Central Corridors. The Customs Administrations in the destination countries are responsible for assessing and collecting taxes and levies. The legal framework governing the SCT is primarily based on the Protocol on the Establishment of the East African Community Customs Union signed in 2004. On

the other hand, the SCT Manual operationalizes the provisions of the Protocol. The SCT Procedure Manual provides specific guidance on how to implement the SCT within the context of this protocol.

Box 1: Example of Rwanda SCT



Exports to China Through the port of Mombasa

While the implementation of the SCT has been successful in some areas, the extent of implementation varies among the NC Member States. Burundi, Kenya, Rwanda, and Uganda have been implementing the SCT, while DRC and South Sudan are still working towards adopting and operationalizing the regime. Overall, the SCT has the potential to significantly boost intra-regional trade and economic growth, but its success will depend on the commitment and cooperation by all Member States in its implementation.

Status on Export Procedures

SCT Procedure	Burundi	DRC	Kenya	Rwanda	South Sudan	Uganda
Exports through Land Borders	Pending automation in order to be able to manage the RCTG bond	Not yet integrated SCT	Pending automation in order to be able to manage the RCTG bond	Fully automated through a Centralized Platform	Not yet integrated SCT	Fully automated through a Centralized Platform
Direct Maritime Exports	Pending automation in order to be able to manage the RCTG bond	Not yet integrated SCT	Pending automation in order to be able to manage the RCTG bond	Fully automated through a Centralized Platform	Not yet integrated SCT	Fully automated through a Centralized Platform

SCT Procedure	Burundi	DRC	Kenya	Rwanda	South Sudan	Uganda
Indirect Maritime Exports	Automation not yet finalized pending customization in KRA ICMS as the last export declaration must be done in the last country of export.	Not integrated in the SCT	Automation not yet finalized pending customization in KRA ICMS as the last export declaration must be done in the last country of export.	Automation not yet finalized pending customization in KRA ICMS as the last export declaration must be done in the last country of export.	Not integrated in the SCT	Automation not yet finalized pending customization in KRA ICMS as the last export declaration must be done in the last country of export.
Indirect Maritime Tea Exports	Not yet automated	Not integrated in the SCT	Not yet automated	Not yet automated	Not integrated in the SCT	Not yet automated
Multi-Modal Exports via Sea	Waiting the e Enhancement of systems to facilitate transmission of notifications of change of means of conveyance to support all SCT Regimes	Not integrated in the SCT	Waiting the e Enhancement of systems to facilitate transmission of notifications of change of means of conveyance to support all SCT Regimes	Waiting the e Enhancement of systems to facilitate transmission of notifications of change of means of conveyance to support all SCT Regimes	Not integrated in the SCT	Waiting the e Enhancement of systems to facilitate transmission of notifications of change of means of conveyance to support all SCT Regimes
Temporary Exports (and Re-Importation)	Still pending as it requires RAs to undertake enhancement of systems so that re-importation declarations can consume both the sea manifest and preceding (temporary exportation) document.	Not integrated in the SCT	Still pending as it requires RAs to undertake enhancement of systems so that re-importation declarations can consume both the sea manifest and preceding (temporary exportation) document.	Still pending as it requires RAs to undertake enhancement of systems so that re-importation declarations can consume both the sea manifest and preceding (temporary exportation) document.	Not integrated in the SCT	Still pending as it requires RAs to undertake enhancement of systems so that re-importation declarations can consume both the sea manifest and preceding (temporary exportation) document.

Status on Imports Procedures

Import processes cover clearance of goods brought into any NC Member State from a non-NC Country. There are six regimes under imports namely: Sea Manifest Processes; Maritime Imports for Home Consumption; Railage of Maritime Imports Through Bill of Lading; Imports Destined for Warehousing in Destination Partner State; Temporary Importation; and Imports through Land Borders.

The Sea Manifest Processes have been fully rolled out by the Kenya Revenue Authority (KRA), and the manifests are automatically transmitted to the Kenya Ports Authority (KPA) and all Partner States, with the exception of South Sudan, which has no Customs system, and the DRC, which recently joined the East African Community (EAC). Additionally, Maritime Imports for Home Consumption, Railage of Maritime Imports Through Bill of Lading, Imports Destined for Warehousing in Destination Partner State, and Imports through Land Borders have all been fully rolled out by all Partner States except South Sudan and DRC. However, the Temporary Importation process has not yet been finalized, since it requires a review of the Temporary Transfers process in the SCT Procedure Manual.

Status on Transit Procedures

The development and testing phases for Transit Outwards, Transit Inwards, and Inland Transits have been completed, and all transits are now awaiting to commence processing under the SCT procedures. The necessary procedures for each type of transit have been fully developed and tested, and all that remains is the commencement of the processing stage. Transit Outwards refers to goods being transported from one EAC Partner State to another through a third-party country, while Transit Inwards refers to goods entering an EAC Partner State from a third-party country for further transportation to another Partner State. Inland Transits refer to goods being transported via land borders between EAC Partner States. Once processing commences, these transit procedures will be streamlined and standardized across all EAC Partner States.

Status on Intra Region Transfers

The movement of goods traded among the EAC Partner States, whether or not duty has been paid, is known as the Intra-EAC transfer of goods¹. This includes locally produced goods, duty-paid goods, re-exports, and temporary transfers, which refer to the temporary admissions of goods. The NC Member States have made significant progress towards the automation of their customs systems in the implementation of the Single Customs Territory (SCT) procedure on Intra regional transfers. For instance, Direct Transfers, Temporary Transfers, Temporary Transfer of Packaging/Containers, and Ex-Warehouse Transfers have all been fully automated by all Revenue Authorities, except for the DRC and South Sudan, who have not yet fully integrated SCT or finalized the automation of their customs systems. The Temporary Transfer of Motor-Vehicles/personal vehicles (C32) has been completed, while the Transfer under Drawback is pending the finalization of enhancements to support it, which must be done by all Revenue Authorities. Overall, the Member States are making significant strides towards streamlining and standardizing their customs procedures.

d) Customs business systems in respective Member States and their interconnectivity

The management of customs business systems in the Northern Corridor Member States is primarily overseen by their respective Revenue Authorities. These systems are linked to one another to enable the implementation of a Single Customs Territory, which in turn facilitates the smooth flow of goods across borders, reduces customs-related bottlenecks, and enhances trade efficiency. Several customs business systems, including the Integrated Customs Management System for Kenya, and

¹ The term “transfer” is used to distinguish the cross-border movement of goods traded among the EAC Partner States from that of non-EAC countries, and to create clarity in the language used to describe these movements

Burundi, Rwanda, and Uganda use the Automated System for Customs Data World to streamline customs clearance processes. In addition, Kenya, Rwanda and Uganda have integrated regional electronic cargo tracking system

By interconnecting these systems, the EAC aims to enhance the efficiency and effectiveness of customs operations, reduce delays at borders, and promote trade integration among Member States. The success of interconnectivity in customs systems depends on reliable infrastructure, including internet connectivity and power supply, which may vary among partner states. Some have better infrastructure, while others face challenges that hinder the operation and interconnectivity of customs systems. Customs network failures are frequent, with power outages being a common cause. Despite a centralized platform/system, customs data transmission is not instantaneous due to the application of different technologies among Revenue Authorities.

e) Rate of implementation of transit facilitation instruments

Instrument	Burundi	DRC	Kenya	Rwanda	South Sudan	Uganda
EAC Single Customs Territory						
COMESA RCTG Carnet:						
Electronic Cargo Tracking System*						
Transit Guarantee Insurance						
Port Community Systems*						
Harmonized Transit Procedures						
Simplified Trade Regime						
Single Window System***						
Authorized Economic Operator Program						
Weighbridges						
OSBPs***						
Legend						
	Partial implementation					
	No implementation					
	Implemented fully					

* In South Sudan the Electronic Cargo Tracking System commenced on 24 April 2023

**This includes the seaport and inland ports

***An upgrade of the customs management system in the Democratic Republic of Congo is nearing completion and anticipated to enhance customs management.

**** Please refer to the table 5.1 in the report

f) SCT Infrastructure

The SCT Infrastructure provides for the interconnectivity of customs business systems across Member States, allowing for seamless movement of goods across borders and reducing customs-related delays. It covers various aspects of customs procedures, including the movement of goods by sea, rail, and land, as well as temporary and ex-warehouse transfers. The infrastructure has been implemented by all EAC Partner States except for South Sudan and DRC which are yet to integrate the SCT or finalize the automation of its customs system.

The SCT Infrastructure has significantly improved trade efficiency and contributed to the growth of intra-regional trade within the EAC.

g) Legal and Institutional framework

The World Trade Organization (WTO) has provided guidelines on the establishment and management of single customs territories to facilitate cross-border trade. According to the WTO, SCTs should ensure consistency and uniformity in customs procedures, reduce trade barriers, and improve customs efficiency. The guidelines recommend that SCTs should have a common legal framework and administration, centralized risk management, and shared information technology infrastructure. Additionally, the WTO emphasizes the importance of involving all relevant stakeholders, including governments, customs officials, and private sector actors, in the design and implementation of SCTs to ensure their success. By adhering to these guidelines, countries can create an enabling environment for cross-border trade and enhance economic growth and development in their respective regions.

The legal framework consists of the Treaty for the establishment of the EAC, the Protocol on the establishment of the EAC Customs Union, and the EAC laws enacted by the East African Legislative Assembly (EALA), regulations and directives of the Council, relevant principles of the international law and applicable decisions made by the Court. NC Member Countries have also signed several agreements related to the implementation of the SCT, including the Protocol on the Establishment of the EAC SCT, which outlines the principles and procedures for the implementation of the SCT. At the national level, Customs is administered under the Revenue Authorities through national legislations. It is worth noting that, DRC just became a member of the EAC in 2022 therefore, the implementation of the SCT in the DRC is expected to be part of this integration process.

In terms of the SCT institutional structure, there are both regional policy organs and national institutions involved. The Council holds responsibility for policy-making regarding Customs, while the Directorate of Customs manages policy development. The Customs Administrations within the Partner States handle the day-to-day Customs operations. In addition, various sub committees were formulated to assess and resolve issues related to the clearance of goods. They include: Technical Working group of Business Analysts and ICT teams; Legal and Capacity building teams; Enforcement; and Committee on Customs composed by Coordinators, Commissioner of Customs and Commissioner generals. At the regional level the Directorate of Customs is responsible for initiating the customs and related trade policy while at the national level Customs Administrations are responsible for revenue collection and accountability, enforcement of the EACCMA and human resources.

h) Impact assessment of implementation of Single Customs Territory

Significant progress has been made in improving the movement of goods across borders through the adoption of SCT and other trade facilitation initiatives. For instance, SCT has also led to the establishment of a One Stop Border Post (OSBP) at key border crossings, which has further facilitated trade by streamlining clearance procedures. The OSBP brings together customs officials from both sides of the border, reducing duplication of processes and time spent on inspections. This has not only reduced the time and cost of doing business but has also enhanced security by reducing the opportunities for illegal activities such as smuggling

The value of exports increased from US\$ 16,251 billion in 2010 before implementation to US\$ 25,873 billion in 2014 just few months after implementation. This also led to an increase in imports from US\$ 25,382 billion to US\$ 42,270 billion respectively. Similarly, the throughput at the Port of Mombasa has shown a remarkable increase of 11% from 22.31 million tons in 2013 to 24.88 million tons in 2014. Throughput has been increasing significantly over the years to 33.88 million tons in 2022.

In terms of reduction in cost and time, the cost per kilometre of transporting a 20-foot container from Mombasa along the Northern Corridor declined by 47%, 10%, 12%, 26% and 24% to Nairobi, Kampala, Kigali, Goma and Juba respectively between 2016 and 2021. The average document

processing center (DPC) time has shown a significant improvement from an average of 3.6 hours in 2012 to only 1 hour in 2021. This is a positive development, as it indicates an improvement in efficiency and speed in the processing of trade documents.

Transit time and cost of transporting freight has decreased which could be due to various factors such as improved business environment, efficient port, and better road conditions. However, there are still some cross-border logistics bottlenecks that affect transportation costs, particularly in moving goods from Mombasa to Bujumbura, Goma and Juba. The duration required for border compliance in exporting has decreased from an average of 72.96 hours in 2015 to approximately 62.5 hours in 2020. Along with this, the expenses and duration associated with the clearance of documents and borders have also reduced as anticipated.

Similarly, border and document clearance time for importers and exporters has significantly decreased. For instance, the average time taken for export clearance has decreased from 37 days to 10 days since SCT implementation and from 55 days to 15 days for import clearance. An improvement in the time taken to clear imports leads to an increase in the inflow of imports. Holding all other factors constant, a 1% decrease in the time required to clear imported products leads to an average increase in import flows of 0.88%. This indicates that even small improvements in import clearance times can have a significant impact on the volume of imports.

i) Challenges

The study identified the following key challenges across the major themes of the study:

- (i) **SCT procedures:** DRC and South Sudan are lagging behind in implementation. Kenya, Uganda, Rwanda and Burundi have fairly progressed in implementation though there are gaps in harmonization, interstate collaboration, stakeholder awareness and buy-in as well as implementation monitoring mechanisms.
- (ii) **Customs business systems gaps:** The Revenue Authorities and Ports have automated systems but the major gap is inadequate harmonization, integration and interconnectivity of the systems.
- (iii) **Transit instruments challenges:** While some progress has been registered with transit facilitation initiatives, there is a gap in a single transit bond, electronic tracking systems, and limited appreciation of the transit instruments by stakeholders (e.g. importers/exporters).
- (iv) **Policy, legal and regulatory Challenges:** There are differences in legal frameworks among the partner states. The legal frameworks that govern customs operations are not similar in all the Member States, making it difficult to harmonize the systems. There is also lack of harmonization of domestic laws and regulations across the EAC region. The implementation of the SCT requires the free movement of goods and people across the EAC Partner States. However, different Partner States have different visa requirements and processes, which can be a significant barrier to the free movement of people. Mutual recognition doesn't work as specified in the EAC SCT Procedure Manual, especially on clearing agencies. Currently, only Kenyan clearing agencies have been granted access rights to clear goods in Uganda and Rwanda Customs systems. To address this challenge, there should be mutual recognition of clearing agencies across all Partner States to facilitate efficient clearance of goods.
- (v) **Corridor infrastructures gaps:** The NC is characterized by inadequate/poor infrastructure, including road networks, railways, inland ports and border facilities.
- (vi) **Institutional capacity challenges:** Many of the border control agencies (e.g. Customs, Immigration, Standards, etc.) lack enough manpower at the border stations/ports to expeditiously handle the clearance of cargo and persons. The available personnel also lack

enough training/skills to adequately handle their roles while some also lack integrity and transparency in handling their duties. In addition, the institutions also lack the tools and logistical facilitation for executing their mandate. transparency in customs procedures

j) Recommendations

The key recommendations to address the challenges above include the following: -

- 1. SCT procedures:** There is need for South Sudan and the DRC to hasten their efforts towards catching up with the other Member States in implementing the SCT, strengthen collaboration among EAC member states to ensure consistent implementation, and to enhance stakeholder (clearing agents, importers, exporters, etc.) through awareness and education campaigns.
- 2. Customs business systems:** There is need to prioritize the harmonization, automation and interconnectivity/integration of custom systems across the region.
- 3. Transit instruments:** There should be investment in technology, such as electronic cargo tracking systems, and the use of a single regional transit bond/security should be adopted across the entire NC, in addition to training and capacity building programs to importers, exporters, and other stakeholders to enhance their understanding of the transit facilitation instruments and their effective utilization.
- 4. Policy, legal and regulatory aspects:** There is also need to introduce provisions for expanding the SCT to other sectors, such as services and investments, harmonizing standards, axle load limits, regulations and protocols, implementation of road side stations guidelines and regulations, and Transport policies. It is advisable to create an enabling policy support for the PPP Model, especially to promote investment in infrastructures and business support systems for the SCT.
- 5. Corridor infrastructures:** There is need for investment in infrastructure, particularly in improving road networks, railways, inland ports and border facilities, which are critical for the movement of goods; expansion of the port of Mombasa; enhance ICT infrastructure (including improving internet/ digital networks) to facilitate the clearance of goods and improve efficiency in the implementation of the SCT procedures; opening of more border posts (especially OSBPs) should be encouraged; and removal of non-tariff barriers along transport routes, such as weighbridges and roadblocks, to reduce delays and costs for importers and exporters.
- 6. Institutional capacity and needs:** The capacity of the Revenue Authorities (and other border control agencies) in the Member States needs to be improved, especially in terms of adequate staff numbers, staff skilling /training and logistical facilitation to enable them to perform their duties.

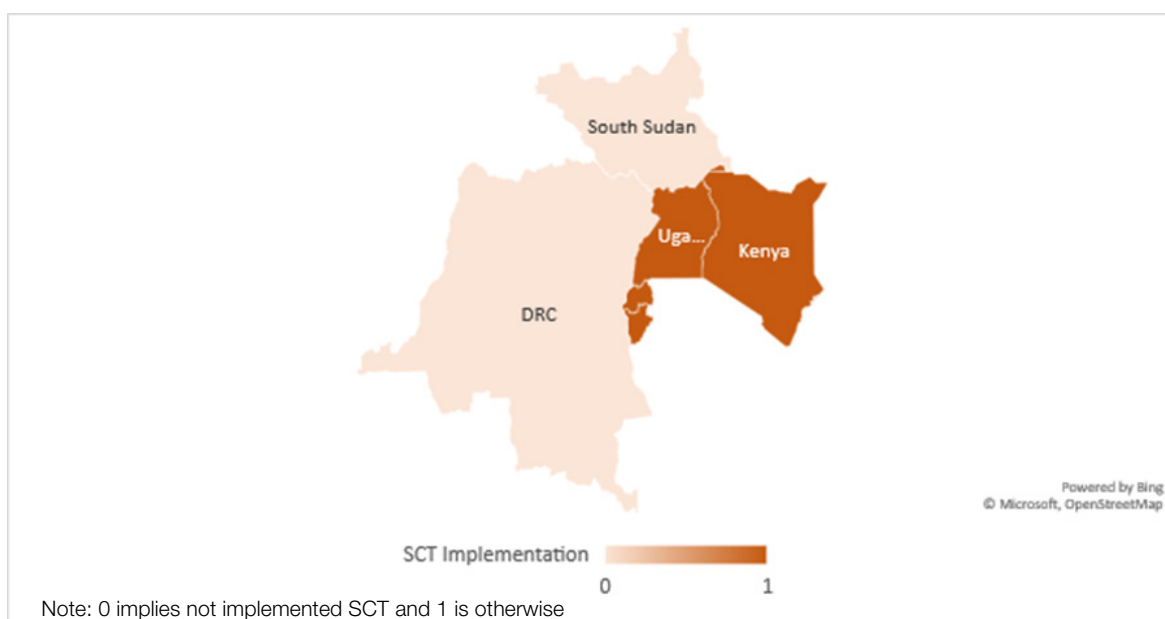
1. Study Context and Methodology

1.1 Introduction

This study was commissioned by the Northern Corridor Transit and Transport Coordination Authority (NCTTCA) to provide an evaluation of the status and impact of implementation of the Single Customs Territory (SCT) regime of clearance of goods along the Northern Corridor region. The Northern Corridor is a transport route that links the landlocked countries of Burundi, Democratic Republic of Congo (DRC), Rwanda, South Sudan and Uganda to the Kenyan seaport of Mombasa. This transport corridor is vital to the economies of these countries as it provides a crucial gateway for imports and exports. However, historically, the corridor has faced various challenges, including inefficiencies at the border points, high transportation costs, and delays in cargo clearance. These challenges have hindered the growth of trade and investment in the region, leading to a negative impact on the economies of the countries involved.

In response to these challenges, the Member States of the Northern Corridor established the Northern Corridor Integration Projects (NCIP)² in 2013. One of the flagship projects under the NCIP was the creation of a Single Customs Territory (SCT). A SCT is a trade arrangement where two or more countries agree to merge their customs jurisdictions and operate as a single entity at the port of entry. The SCT is a Customs Union arrangement that streamlines customs procedures, enabling the seamless movement of goods across borders within the Northern Corridor region. Under the SCT, all customs procedures, including inspections, documentation, and revenue collection, are carried out at the point of entry into the SCT, making the process more efficient and reducing the time and costs of doing business. This approach eliminates the need for goods to be cleared at each country's border, which previously led to delays, duplication of paperwork, and increased costs. The figure 1:1 below illustrates the relative progress of implementation of SCT by the respective Member States of the NC

Figure 1.1: Implementation of SCT in the NC Members States

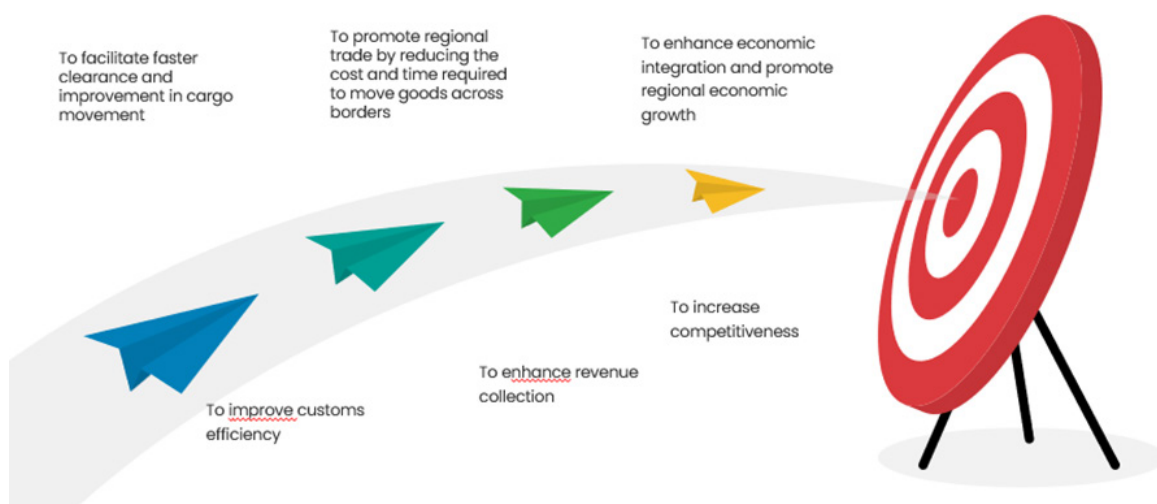


2 See NCIP on here: [Communique of the 10th NCIP Summit.pdf \(eac.int\)](#)

The SCT aims to reduce the time and cost of doing business in the region, stimulate cross-border trade and investment, and improve the business environment for firms operating in the Northern Corridor. The figure 1.2 below presents a summary of the objectives of the SCT.

Figure 1.2: Objectives of SCT

Data Source: EAC 2014



Since its inception, the SCT has achieved significant milestones, including the harmonization of customs procedures, the establishment of a common external tariff, and the integration of customs IT systems. These efforts have yielded positive results, with the SCT facilitating increased trade and investment and driving economic growth in the region. Therefore, evaluating the status and impact of a Single Customs Territory is crucial in determining its effectiveness in achieving its objectives.

However, despite these achievements, there are still challenges facing the SCT. These include non-tariff barriers, weak institutional capacity, and infrastructure deficiencies. As such, there is a need to evaluate the status and impact of the SCT comprehensively. This consultancy assignment aimed to provide a rigorous assessment of the SCT and its effectiveness in promoting trade and investment in the Northern Corridor region. The findings of this evaluation will provide valuable insights for policymakers and stakeholders and inform future policy decisions aimed at enhancing the benefits of the SCT for the region's economies and people.

1.2 Overview of SCT

The achievement of the Customs Union, which entails the elimination of tariffs and other restrictive regulations as well as the reduction of internal border customs controls for goods moving between Partner States, leading to the eventual free circulation of goods, can be visualized as the ultimate goal of the Single Customs Territory. Based on article 5(2) of the East African Community (EAC) Treaty, Partner States shall establish a Customs Union, a Common Market, a Monetary Union, and ultimately a Political Federation to promote their economic, social, cultural, and political development and integration for their mutual benefit (EAC 2014).

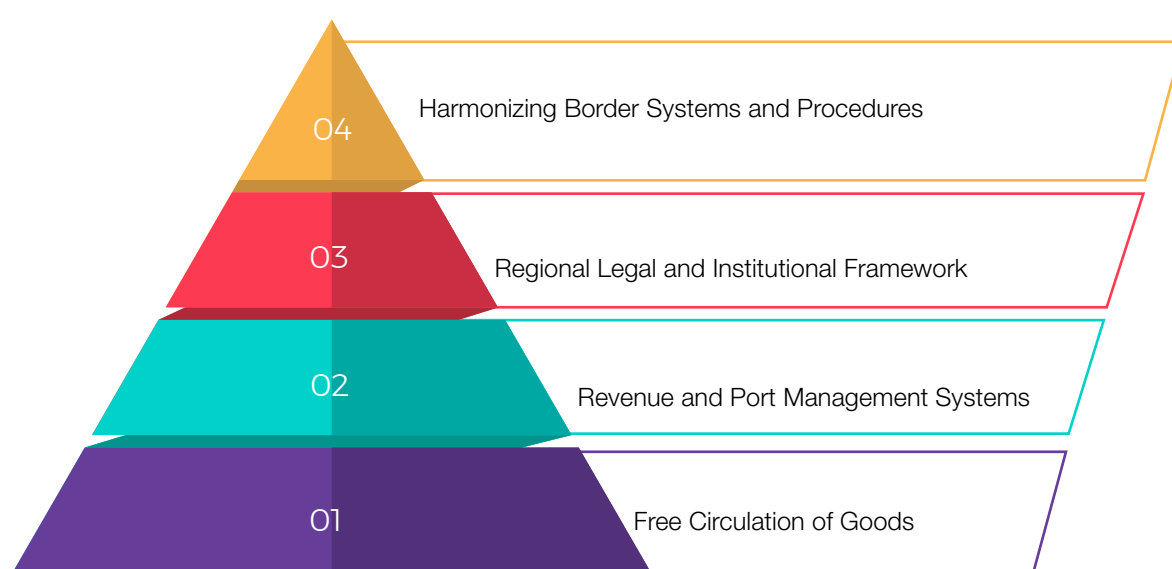
In addition, the Northern Corridor Transit and Transport Agreement (NCTTA) outlines the legal, administrative, and institutional arrangements for the SCT, including the procedures for customs clearance and transit, the establishment of a common external tariff, the harmonization of customs procedures, and the integration of customs IT systems (NCTTA Protocol No. 3 Article 10 (b); Article

14: and Protocol 4, Article 9(a)). The provisions of the Agreement relating to the SCT reflect the commitment of the signatory countries to deepen regional integration and promote cross-border trade and investment in the Northern Corridor region. In a bid to facilitate regional trade, EAC Member States agreed to implement the Single Customs Territory by applying the provisions of Protocol 3 related to Customs control and Protocol 4 related to the documents to be used in the Northern Corridor Transit Agreement, and to international documents and standards relevant to transit trade and interstate transport within the Northern Corridor Member States (NCTTA, 2007).

SCT is premised on the following four pillars: (i) free circulation of goods across borders; (ii) revenue and port management systems; (iii) regional legal and institutional framework and (iv) harmonizing border systems and procedures to enhance efficiency in the clearance of goods and transportation of cargo (EAC 2014). In February 2014, the implementation of the SCT regime of clearance of goods begun along the Northern Corridor. The agreement removed multiple weighbridges, police and customs checks along the Mombasa-Kampala-Kigali route and introduced computerized clearance and electronic tracking and other innovations that have removed many of the Non-Tariff Barriers (NTBs) previously experienced on the Northern Corridor. *The figure 1.3 below demonstrates the pillars of the SCT*

Figure 1.3: SCT pillars

Data Source: EAC

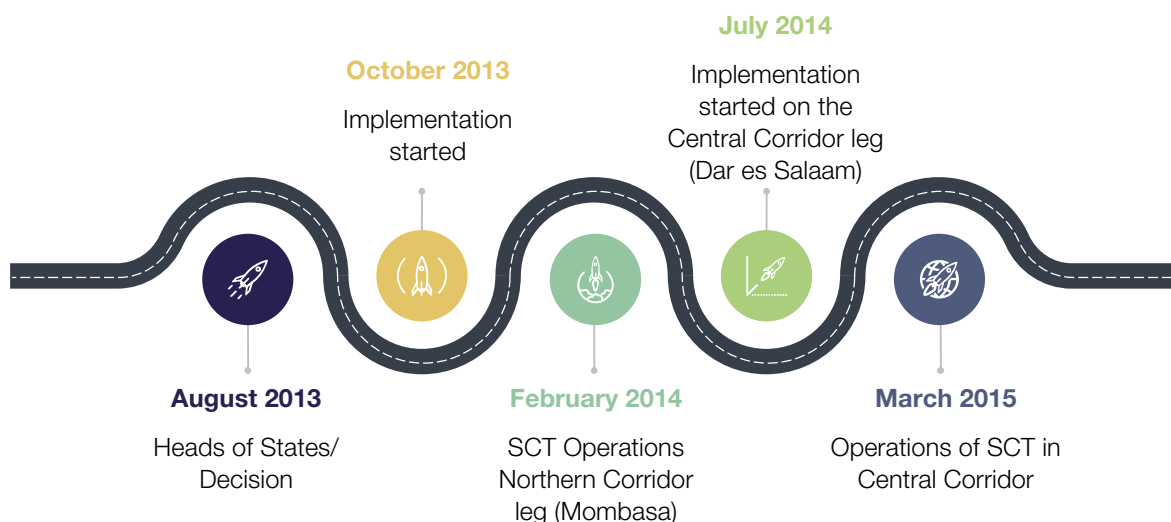


The adoption of the SCT framework is based on the destination model principle where goods are cleared upon arrival at the first point of entry and released from the same first point of entry. Assessment and collection of taxes is completed in the destination Member State prior to removal of goods from the first port of entry into the Region or from the Intra loading points. This principle leverages on the use of ICT system for exchange of data among the Partner States. The SCT encompasses all customs regimes including (i) transit, (ii) export, (iii) intra-regional transfers and (iv) imports. Moreover, customs officers from destination countries of the Northern Corridor are stationed at the ports of the first point of entry (e.g Mombasa).

Currently, intra Region trade cargo moving within the Northern Corridor Member States is cleared under the SCT procedures. The SCT is aimed at improving the trade environment and creates competitiveness of the goods traded in the region through removal of internal border controls and documentation; minimization of costly processes that delay movement of goods; and institutionalizing

a regional mechanism for the administration of customs operations by merging hitherto customs territories of the Partner States. By simplifying and harmonizing customs procedures, the initiative has reduced the time and cost of doing business, improved regional supply chain logistics, and increased competitiveness. *The figure 1:4 below shows key milestones during the early stages of the SCT between 2013 and 2015*

Figure 1.4: Progress timeline in the implementation of the SCT in EAC



1.3 Objective and Interpretation of Terms of Reference

1.3.1 Objectives

The main objective of this evaluation was to provide an assessment of the effectiveness of the Single Customs Territory in achieving its aims, as well as its impact on the participating countries.

The specific objectives and detailed terms of reference include:

- The extent to which the EAC Single Customs Territory procedures are implemented by respective Member States, both for imports and exports, products and regimes covered.
- Customs business systems in respective Member States and their interconnectivity for the purpose of implementation of Single Customs Territory.
- Rate of implementation of transit facilitation instruments, such as the regional transit bond, the electronic cargo tracking systems.
- Legal and regulatory challenges to the implementation of the SCT in the Northern Corridor and recommendations to address them.
- Infrastructure-related challenges and way forward for addressing the same.
- Status of institutional capacity and needs assessment.
- Impact assessment of implementation of Single Customs Territory along transit routes in the Northern Corridor region which should include time, cost and documentation in doing business.

1.3.2 Terms of Reference

To gain a clear understanding of the study's objectives, scope, and deliverables, a review and interpretation of the terms of references (TORs) is provided in table 1.1 below.

Table 1.1: Interpretation of the TORs

TOR#	Interpretation of Terms of Reference (TOR)
TOR (a): The extent to which the EAC Single Customs Territory procedures are implemented by respective Member States, both for imports and exports, products and regimes covered.	This involved analyzing the implementation status of Single Customs Territory (SCT) since its inception in October 2013 in the Northern Corridor Member States. The analysis assessed the extent to which Northern Corridor Member States have aligned Single Customs Territory in their national laws; as well as the extent of implementation on the pre-conditions for implementing the destination model under the SCT. The analysis also involved assessment of the extent to which Member States have established institutions required in the implementation of Single Customs Territory.
TOR (b): Customs business systems in respective Member States and their interconnectivity for the purpose of implementation of Single Customs Territory.	This TOR entailed analysis of customs business systems such as customs management systems, electronic Single Windows, Authorized Economic Operator schemes, Non-Tariff Barriers in the Northern Corridor Member States and their linkages as well as compliance. It also explored the extent of interconnectivity of Customs systems to facilitate seamless flow of information between customs stations. The EAC Single Customs Territory is premised on the following pillars: Free circulation of goods; Revenue management systems; Port management systems; and Regional legal and institutional framework. The scope of free circulation of goods with regard to the EAC covers treatment of imported goods in the EAC, intra-EAC transfer of goods, export of goods from Partner States to markets outside the EAC, Port and Border Operations and trade facilitation.
TOR (c): Rate of implementation of transit facilitation instruments, such as the regional transit bond, the electronic cargo tracking systems.	The TOR entailed assessment of the implementation of transit facilitation instruments in each of the Northern Corridor Partner States that are aimed at ensuring successful functioning of the Single Customs Territory (e.g: Electronic Cargo Tracking System). The study reviewed the status, progress and challenges in implementation of these instruments by each member country. The study also assessed the extent to which each Northern Corridor Member state has developed capacities of both public and private players to implement transit facilitation instruments.
TOR (d): Legal and regulatory challenges to the implementation of the SCT in the Northern Corridor and recommendations to address them.	The TOR involved: Identifying legal and regulatory frameworks that facilitate and impact on the implementation of Single Customs Territory in each of the Northern Corridor Member states and the EAC region; Reviewing these legal and regulatory frameworks; and assessing the status of implementation on the legislative frameworks identified. This also included; identifying gaps and challenges and proposing recommendations to address them.

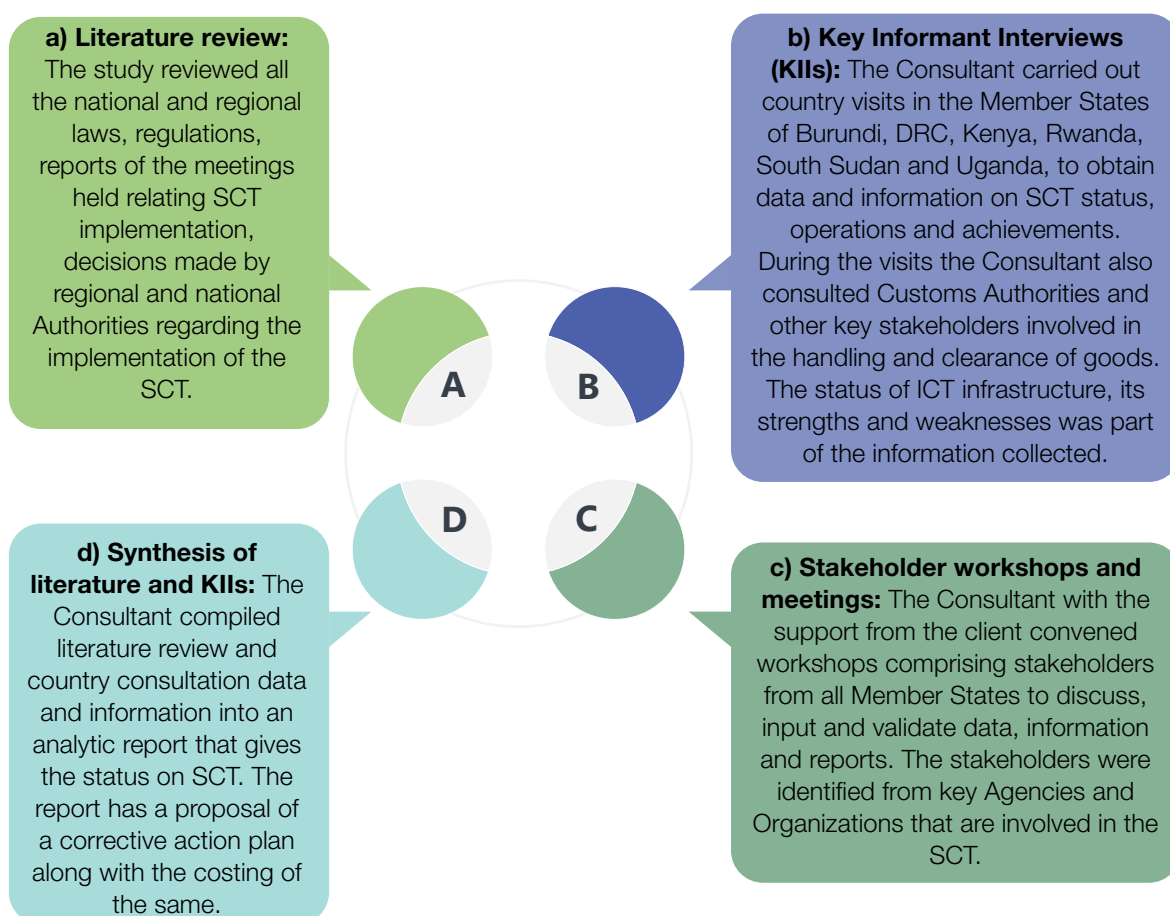
TOR#	Interpretation of Terms of Reference (TOR)
TOR (e): Infrastructure-related challenges and way forward for addressing the same.	The TOR entailed evaluating the progress in development of infrastructure that is aimed at enhancement of free movement of all factors of production as declared under the Common Market and Monetary Union Protocols. This also included compilation of a systematic assessment of the magnitude of the current infrastructure, deficit and challenges encountered by each Member States. The study report proposes interventions in addressing the identified deficits and challenges for each country.
TOR (f): Status of institutional capacity and needs assessment.	The TOR involved identifying institutions that are responsible for implementation of different aspects of Single Customs Territory in the respective countries for example Revenue Authorities, Port Authorities; (Kenya Ports Authority, Clearing and Forwarding Agencies, Border Authorities and other Agencies involved in the clearance of cargo just to mention but a few. The study also analyzed the technical, human resource and financial capacities of these institutions. Further, the TOR entailed evaluation of the existing coordination framework of these institutions within the Member States and in the region. Challenges facing institutions in implementing their mandate as well as their capacity gaps were analyzed.
TOR (g): Impact assessment of implementation of Single Customs Territory along transit routes in the Northern Corridor region which should include time, cost and documentation in doing business.	The TOR involved analysis and documentation of gains in trade facilitation Northern Corridor Member States since the implementation of Single Customs Territory. This included reduced transit and clearance time; reduced costs, increased cargo volumes and revenue collection, reduced risks on the transit of goods, ease of doing business and enhanced application of Information Technology and data collection at the regional level among others.

1.4 Scope of the assignment

The assignment involved the assessment and documentation of the status of SCT in all the Northern Corridor Member States, which are: Burundi, DRC, Rwanda, Kenya, South Sudan and Uganda. The evaluation conducted comprehensive assessment of the legal and institutional frameworks that govern the SCT, as well as the administrative and operational structures that have been established to facilitate its implementation in the Partner States of EAC. This involved a review of relevant policies, laws, regulations, and guidelines, as well as an examination of the roles and responsibilities of the various institutions and agencies involved in SCT implementation. In addition, the evaluation carried out an analysis of the data and information systems used to track and monitor trade flows and transit times, as well as an assessment of the capacity of relevant institutions to effectively manage and oversee the SCT. Overall, the evaluation provides valuable insights into the status and impact of the SCT in East Africa, in each of the six Member States of the Northern Corridor identifying key strengths and areas for improvement that can help to guide future policy and programmatic decisions.

1.5 Methodology

The methodology involved a mix of primary and secondary data sources, including document reviews, stakeholder interviews, focus group discussions and surveys. In addition, data triangulation was used to validate the findings from different sources and ensure that they are robust and reliable. The methodology also considered the specific context and circumstances of the SCT in each of the Northern Corridor Member States arising from implementation by variable geometry, including country variations, policy frameworks, and institutional arrangements. The following general approach was applied:



Guided by the terms of references, the report adopted the following analytical framework as presented in table 1.2 below. The areas of interest for the study were grouped into seven categories applicable to each component of the study and are clustered according to the theme of the study. The thematic categories presented in the analytical framework are as follows:

Table 1.2: Analytical framework

S/NO	RECOMMENDED ANALYTICAL QUESTIONS	SOURCE OF INFORMATION
1	The extent to which the EAC Single Customs Territory procedures are implemented	
1.1	What is the implementation status of Single Customs Territory for Northern Corridor Member States	Literature review; policies, laws and regulations; documentations; progress reports; and Key Informant Interviews (KIIs)
1.2	What is the extent of aligning SCT into national laws	Literature review; policies, laws and regulations; documentations; progress reports; and KIIs
1.3	How can we describe the extent of interconnectivity of customs systems	Literature review; policies, laws and regulations; documentations; progress reports; and KIIs
1.4	What is the extent of implementation on the Pre conditions for implementing destination model	Literature review; policies, laws and regulations; documentations; progress reports; and KIIs

S/NO	RECOMMENDED ANALYTICAL QUESTIONS	SOURCE OF INFORMATION
1.5	What are the institutions objectives, mandate and scope of activities established towards implementation of Single Customs Territory	Literature review; policies, laws and regulations; documentations; progress reports; and KIIs
1.6	What are the compliance levels in terms of SCT procedures	Literature review; policies, laws and regulations; documentations; progress reports; and KIIs
2	Customs business systems in respective Member States and their interconnectivity for the purpose of implementation of Single Customs Territory	
2.1	What are the key elements in the customs business systems	Literature review and case studies
2.2	What is the compliance level for the customs business systems	Literature review and case studies
2.3	Are the customs business systems based on a formal legal or policy framework.	Literature review and case studies
2.4	What is the interconnectivity of the customs systems in implementation of SCT	Literature review and case studies
2.5	What are the corridor objectives, mandate and scope of activities	Literature review and case studies
3.	Rate of implementation of transit facilitation instruments	
3.1	What are the transit facilitation instruments applied in each Member States	Literature review and KIIs
3.2	What is the status and progress of implementation of the transit facilitation instruments	Literature review and KIIs
3.3	What are the strengths and weaknesses in implementation of these instruments	Literature review and KIIs
3.4	What are the capacities of both public and private players to implement transit facilitation instruments	Literature review and KIIs
4	Legal and regulatory challenges to the implementation of the SCT in the Northern Corridor	
4.1	What are the existing legal and regulatory frameworks, its aim and provision that facilitate and impact on the implementation of Single Customs Territory	Institutional Analysis and Development (IAD) framework by Ostrom to review the existing policy framework
4.2	What is the status of implementation of the legal framework	KIIs; Situational analysis; and literature review
4.3	What are the gaps and challenges in the existing legal and regulatory frameworks	KIIs and literature review
4.4	What are the proposed steps to be applied to address the gaps and challenges identified	Synthesis of the above components (4.1-4.3)
5.	Infrastructure-related challenges	
5.1	What are the current infrastructure for implementation of SCT	Literature review and KIIs
5.2	What are the infrastructural related challenges in the implementation of SCT	Comprehensive analysis of literature and KIIs
5.3	What are the recommended approaches to the challenges identified	Synthesis of the above components

S/NO	RECOMMENDED ANALYTICAL QUESTIONS	SOURCE OF INFORMATION
6.	Status of institutional capacity and needs assessment	
	How can we describe the various models of corridor's institutional framework and management schemes.	KIs for each of the Northern Corridor Member States and document reviews
6.1	What are the institutions responsible for implementation of different aspects of SCT and their roles explicitly.	KIs for each of the Northern Corridor Member States and document reviews
6.2	What are the existing technical, human resource and financial capacities for the Member States regarding SCT.	KIs for each of the Northern Corridor Member States and document reviews
6.3	What is the existing coordination framework of these institutions.	KIs for each of the Northern Corridor Member States and document reviews
6.4	What are the challenges facing these institutions in implementing their mandate	KIs for each of the Northern Corridor Member States
6.5	What capacities (technical, human and financial) do we need to operate and enhance the various aspects of SCT	KIs for each of the Northern Corridor Member States and document reviews
6.5	What contribution do we require from our stakeholders if we are to maintain and develop these capacities?	KIs for each of the Northern Corridor Member States and document reviews
6.6	What are the capacity gaps	Synthesis of the above sub components (6.1 to 6.5) under this TOR
6.7	What are the Strengths, Weaknesses, Opportunities and Threats (SWOT) alongside the envisaged challenges	SWOT analysis
7.	Impact assessment of implementation of Single Customs Territory	
7.1	What are the gains of implementing SCT on transport facilitation	Randomized approach
7.2	What is the impact of implementing SCT on a set of trade and transport facilitation outcomes	Causal effect approach of the difference the intervention makes to outcomes

2. Situational Analysis on Implementation of the SCT Procedures

2.1 Introduction

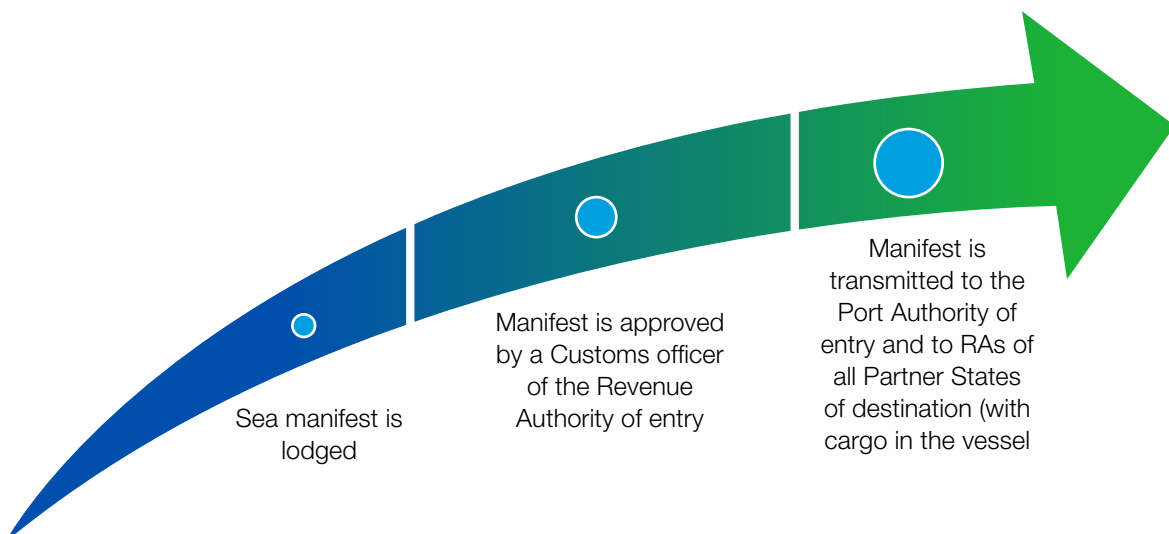
The implementation of the SCT commenced in 2014 in the Northern Corridor, as outlined in the EAC Procedure Manual. The SCT aims to lower the cost of cargo clearance by streamlining the clearance procedures and eliminating the need for redundant processes and documentation. It is designed to assist Customs and key public and private sector stakeholders involved in cargo clearance. The manual can be used as an operational reference guide, and a tool for training and awareness creation. It is reviewed from time to time to reflect changing circumstances at regional and international level, and to ensure continuous improvement of processes.

The Member States adopted a model where Customs documentation is done in one country and shared electronically with other Member States. For imports and intra-trade, the documentation is done in the country of destination whereas for exports, it is done in the Partner State of export, and in the Partner State of first entry for transiting goods. This study delved into the situational analysis of the SCT for each of the Northern Corridor Partner States, examining its impact on trade facilitation, compliance level among Member States, policy and regulatory framework, revenue collection, and overall economic development.

2.2 The extent to which the SCT procedures are implemented

The Northern Corridor Member States have adopted a destination model of clearance of imports under the SCT arrangement. This model involves the assessment and collection of tax revenues while goods are still at the first point of entry, enabling free circulation of goods within the single EAC market, while accommodating exports from one Partner State to another. This approach ensures that Customs administrations in destination States retain control over the assessment of taxes, promoting regional integration characterized by minimal internal border controls and more efficient institutional mechanisms for clearing goods out of Customs control. While progress has been made by EAC Member States on the implementation of SCT since its inception in 2014, there are still some challenges to full implementation.

Imports: The SCT procedures for imports involve the assessment and collection of taxes at the time imported goods are still at the first point of entry, after which the goods are free to move within the Northern Corridor (NC). In this regard, the destination State Customs administration retains control over the assessment of taxes. The NC Member States have made significant progress in implementing the SCT procedures for imports, with all Member States (except South Sudan and DRC) implementing the SCT for most goods. Imports module: is already done and fully implemented by the Member States of Burundi, Kenya, Rwanda, Tanzania, and Uganda (but not yet implemented in South Sudan and DRC)

Figure 2.1: Sea Manifest Processes

Exports: The SCT procedures for exports involve the issuance of a Single Customs Document (SCD) by the Customs administration of the originating state. The SCD accompanies the goods throughout their journey within the EAC, with Customs officials in each member state verifying the contents of the SCD and the goods being transported. The SCT procedures for exports are not as advanced as those for imports, with some Member States yet to implement the SCD. Additionally, some Member States have not fully implemented the export procedures, leading to delays and non-tariff barriers to trade. For instance, the Direct Exports module is already done and fully implemented by the Member States of Burundi, Kenya, Rwanda, Tanzania and Uganda (but not yet in South Sudan and DRC); the Indirect Export module is still pending.

The declarations by Revenue Authorities in respective Member States, are transmitted to SCT Centralized Platform. Traders and businesses involved in cross-border trade register with the centralized platform. They provide the necessary information and documentation to obtain a unique identification number. When a trader wants to move goods across borders, they submit a single Customs declaration through the centralized platform. The declaration includes details about the goods, their value, origin, and other relevant information. The centralized platform applies risk management techniques to assess the compliance and risk levels associated with the goods and traders. This helps Customs authorities to prioritize their resources and focus on high-risk consignments. Customs authorities electronically verify the supporting documents submitted with the customs declaration to ensure compliance with relevant trade regulations. The centralized platform calculates the applicable Customs duties, taxes, and fees based on the information provided in the customs declaration. It considers tariff schedules, preferential trade agreements, and other relevant factors. Traders make a single payment for Customs duties and fees at the first point of entry into the EAC region hence reducing the need for multiple payments at each border. Customs authorities may conduct inspections or examinations of the goods based on risk assessment outcomes. The centralized platform facilitates communication between Customs officials and traders to ensure smooth clearance processes. The centralized platform allows customs authorities to monitor the movement of goods in real-time. They can track the status of consignments, identify bottlenecks, and address any issues that may arise during the Customs clearance process. *The figure 2.2 below illustrates the process of exports from Kenya to Burundi under the SCT.*

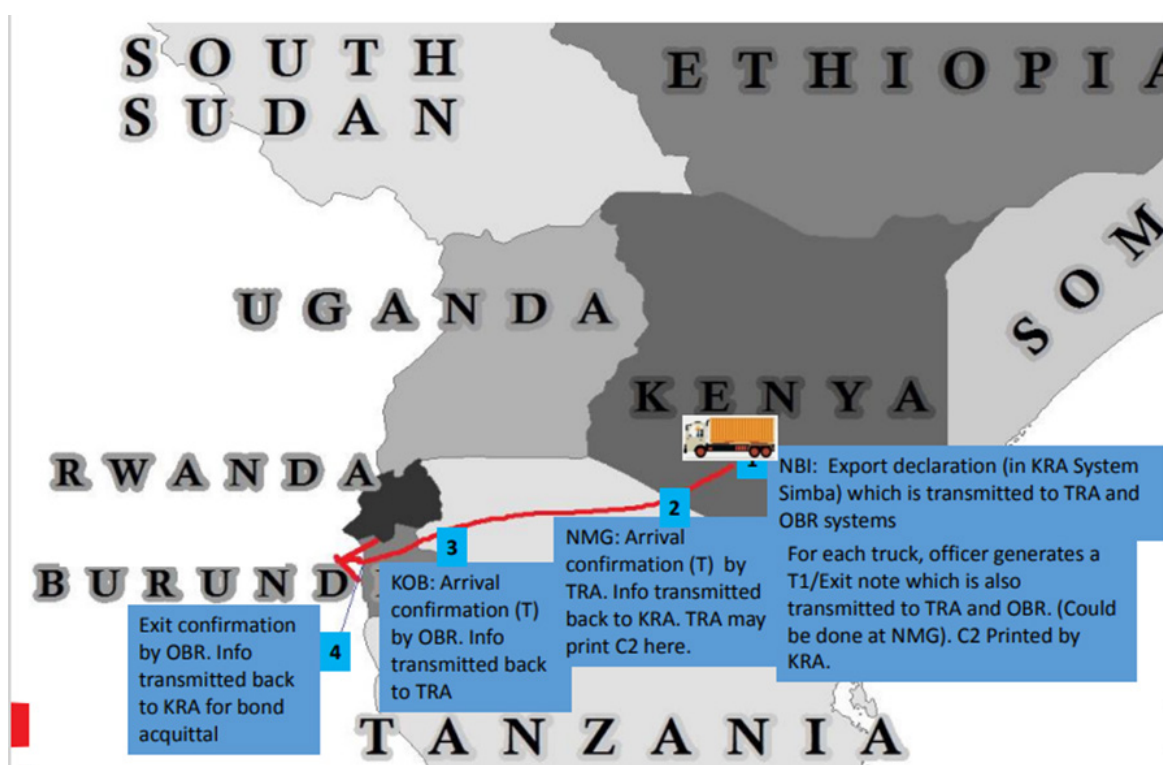
Figure 2.2: Kenya Exports to Burundi

Figure 2.3 below shows the declarations of Exports via Land for the period January to October 2022. From the figure. The figure shows that between January and October 2022, the RRA(Rwanda) transmitted 2,284 declarations for exports, while URA (Uganda) transmitted 2,237 declarations and KRA (Kenya) transmitted 1,795 declarations during the same period. OBR (Burundi) did not transmit any declarations for exports via land under the review period.

Figure 2.3: Exports via Land Declarations in Jan to Oct 2022

Source: Meeting of SCT Technical Working Groups and National Coordinators (October 2022)



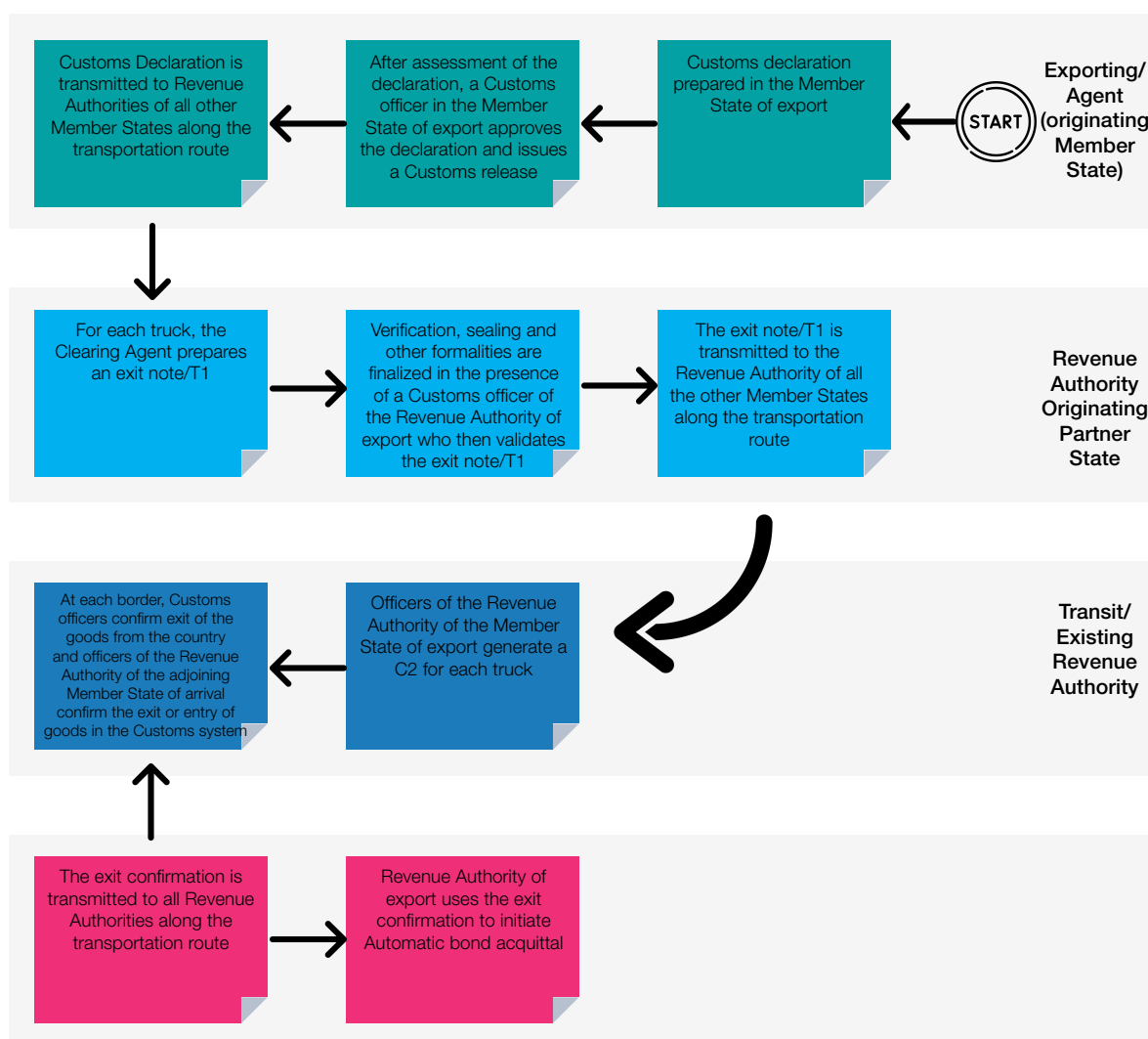
Note: Declarations for exports in Kenya do not contain the COMESA RCTG Bond information; therefore the exports cannot be cleared under SCT. This was attributed to the integration challenges between iCMS and COMESA Integrated Customs Declaration System (IDES).

Generally, the EAC Member States have made significant progress in implementing the SCT procedures for imports. The SCT procedures for exports are not as advanced as those for imports, and some Member States have yet to fully implement the procedures, leading to delays and non-tariff barriers to trade. DRC and South Sudan are yet to implement the SCT procedures for imports and exports, citing challenges related to infrastructure and limited institutional and human resource capacities to effectively implement the SCT procedures, including those related to excise tax assessment and collection.

The SCT process flows for exports are presented in the figure 2.4 below.

Figure 2.4: Exports through land Borders

Data source: EAC SCT Manual



Uganda and Rwanda have fully automated exports through Land Borders through a Centralized Platform (EAC)) whereas Kenya and Burundi are yet to finalize the automation which requires the customization of Customs system in order to be able to manage the bond guarantee (RCTG bond) issued by COMESA. DRC and South Sudan have not yet integrated SCT. DRC is yet to integrate her systems with those of other Revenue Authorities (KRA, URA, RRA, OBR and TRA) for purpose of implementing SCT, while South Sudan is yet to have Customs Systems.

Direct maritime exports are referred to as exports that exit EAC through one of the sea ports in exactly the same form, packaging and container as they left the Partner State of export. The process is as presented in Table 2.1 below.

Table 2.1: Direct maritime exports SCT clearance process

Data source: EAC SCT Manual



STEPS	Procedures
Step 1	A CFA in the Partner State of export prepares the Customs declaration for exports. An approved form of security will be attached to the declaration to cover the goods from the Partner State of export to exit point;
Step 2	After assessment of the declaration, a Customs officer in the Partner State of export issues a Customs release/approves the declaration;
Step 3	The Customs declaration is transmitted to Revenue Authority of all the other Partner States along the transportation route;
Step 4	For each truck, the CFA prepares an exit note/T1;
Step 5	Verification, sealing and other formalities are finalized in the presence of a Customs officer of the Revenue Authority of export who then validates the exit note/T1;
Step 6	The exit note/T1 is transmitted to the Revenue Authorities of all the other Partner States along the transportation route. It is also transmitted to the Port Authority of exit to allow commencement of preparations for port gate entry;
Step 7	Officers of the Revenue Authority of the Partner State of export generate a C2 for each truck;
Step 8	At each border, Customs officers confirm exit of the goods from the country and officers of the Revenue Authority of the adjoining Partner State (Partner State of arrival) confirm the arrival/entry of goods in the Customs system;
Step 9	The arrival notification is transmitted to the Revenue Authority of all the other Partner States along the transportation route;
Step 10	On arrival at the Port of exit, the Port Authority officers issue a gate entry confirmation in the Port Authority system;
Step 11	The gate entry notification/confirmation is transmitted to the Revenue Authority of all the other Partner States along the transportation route;
Step 12	The Revenue Authority of the Partner State of exit conducts all final Customs processes that may be required for the goods (e.g., scanning and other verification);
Step 13	Once all Customs processes have been finalized the Revenue Authority of the Partner State of exit issues a final release;
Step 14	The release is transmitted to the Port Authority of exit;
Step 15	The cargo is loaded to the vessel; Port Officers record the relevant loading details as the cargo is loaded;
Step 16	On departure of the vessel, the officers confirm departure in the port authority system;
Step 17	Port Authority of exit transmits the vessel loading and departure notification to the Revenue Authorities of the Partner States of export and exit and others along the corridor;
Step 18	The Revenue Authority of Partner State of export uses the vessel loading and departure notification to initiate automatic bond acquittal.

Products and Regimes Covered: The SCT procedures cover mostly goods traded within the EAC, including agricultural products, manufactured goods, and petroleum products. Additionally, some regimes, such as the excise tax regime, are not fully integrated into the SCT procedures. The excise tax regime refers to the taxes levied on specific goods such as alcohol, tobacco, and fuel. These taxes are often used by governments to raise revenue and discourage consumption of harmful products. However, in most EAC Member States, the excise tax regime is not fully integrated into the SCT procedures. This means that the assessment and collection of excise taxes are still done at the national level, rather than at the point of entry, which can lead to delays and inefficiencies in the movement of goods. In order to fully implement the SCT procedures, it is important for the excise tax regime to be integrated into the procedures. This would require the harmonization of excise tax laws and regulations across the EAC Member States and the establishment of a mechanism for the assessment and collection of excise taxes at the time imported goods are still at the first point of entry.

The integration of the excise tax regime into the SCT procedures varies among the EAC Member States. While some Member States have made progress in integrating the excise tax regime into the SCT procedures, others are still in the process of doing so. For example, Kenya has fully integrated excise taxes into the SCT procedures. Excise tax is collected at the point of entry and is included in the electronic cargo tracking system. This has led to a reduction in the time and costs associated with the movement of goods across borders. On the other hand, Tanzania is still in the process of integrating the excise tax regime into the SCT procedures. While excise tax is levied on goods at the first point of entry, there are still challenges in the implementation of the procedures. It is therefore recommended that Member States should foster collaboration among relevant authorities to harmonize excise tax policies across their jurisdictions. The scope of engagement on harmonization should include aligning definitions, tax rates, exemptions, and other relevant aspects. Automation of excise tax collection should also be on the agenda. In addition, there is need to establish a regional forum or platform where tax authorities can share best practices, exchange information, and coordinate efforts to harmonize excise tax policies.

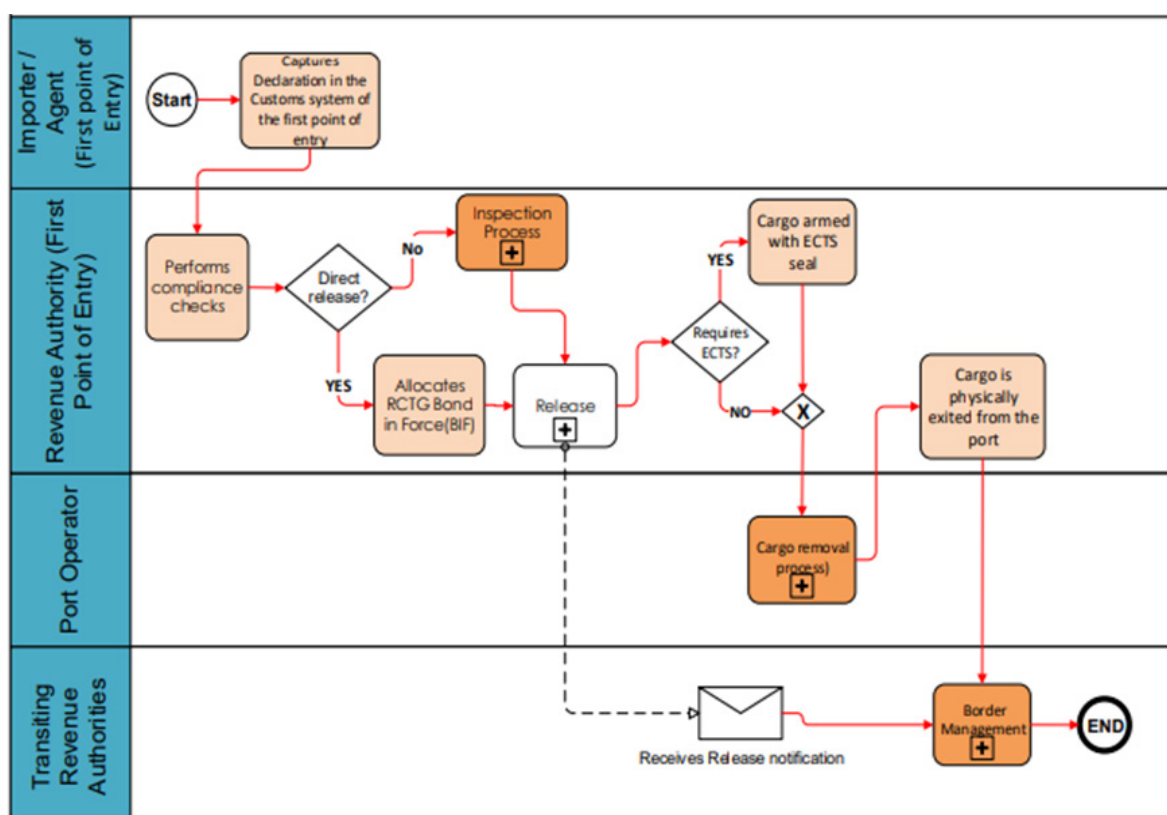
Intra-region Transfers (intra-regional trade): This is already done and fully implemented by the Northern Corridor Member States of Burundi, Kenya, Rwanda and Uganda but not yet implemented in South Sudan and DRC.

On Transit module, the system development has been completed and is now ready for piloting. The transit module is currently being piloted in Uganda.

EAC is coordinating the implementation of the SCT in all Partner States through a well-established implementation structure which includes the following officials: Technicians, Liaison Officers, Coordinators, Customs Commissioners and Commissioner Generals. EAC developed harmonized border regulations and has enhanced inter-agency cooperation. In addition, EAC organize capacity building workshops on ICT and for behavior changes.

Figure 2.5: Clearance of Maritime through transits (outward – arriving through an inland border)

Data source: EAC SCT Manual



2.2.1 Guiding Principles

The Single Customs Territory of the East African Community operates under the following key guiding principles:

- (i) Mutual recognition of Customs officers, licensed Customs agents and accredited Authorized Economic Operators (AEOs). Under this principle, licensed Customs agents in any Member State are recognized in all other Member States; Customs Officers in one Member State will recognize interventions of officers in other Partner States and any trader accredited under the regional AEO programme is accorded applicable privileges in all other Member States.
- (ii) Single clearance document. Under this principle, Customs clearance documents are lodged once in any of the Member States and the data is shared electronically with other Member States.
- (iii) Collaborative approach to Customs clearance and trade facilitation. Under this principle, a common communication framework during the clearance process is established to facilitate and guide close collaboration among involved agencies.

According to the Key Informant Interviews (KIIs) conducted in the Member States to assess the implementation status of guiding principles, there were reported difficulties in the clearance of goods. For example, Clearing Agents from Uganda and Rwanda faced restrictions in accessing and clearing goods in the Kenyan Revenue Authority (KRA) system, whereas Kenyan Clearing Agents were granted access rights in the Uganda Revenue Authority (URA) and Rwanda Revenue Authority (RRA) customs systems.

However, it is worth noting that KRA works with other customs administrations within the EAC to harmonize customs procedures and documentation to support the SCT. This has reduced the time and cost associated with clearance procedures, promoting trade facilitation within the EAC Customs Union. Systems have also been integrated across the Partner States. South Sudan customs is not automated while DRC had not yet joined EAC SCT working groups. There is a common communication framework during the clearance process to facilitate and guide close collaboration among the different agencies. This has been implemented successfully where many sub committees have been created with representatives from all Member States. Those sub committees meet regularly to check and resolve issues related to the clearance of goods. The following committees have been created:

- 1) Technical Working group on Business Analysts and ICT teams
- 2) Technical Working group on Legal and Capacity building teams
- 3) Technical Working group on Enforcement
- 4) Committee on Customs composed of Coordinators, Commissioner of Customs and Commissioner Generals
- 5) Meeting at Ministerial level

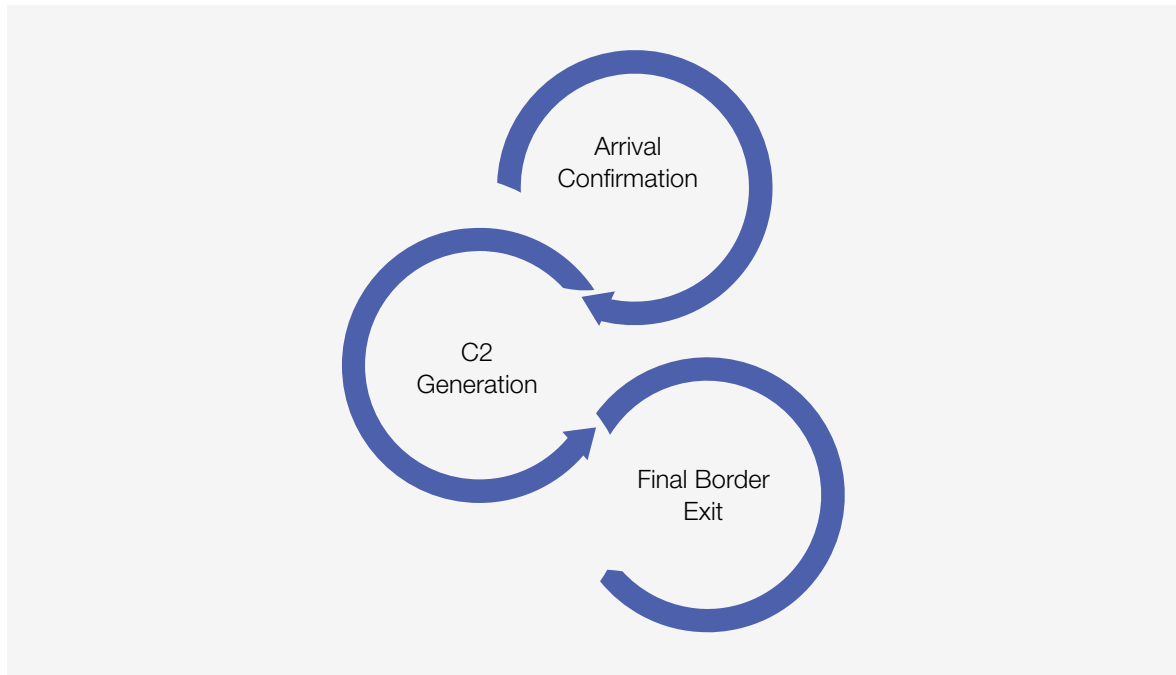
In addition, to the above committees, every Revenue Authority has a Liaison Officer. The collaboration between officials is done regularly using some information channels like emails or WhatsApp groups. To facilitate trade within the SCT, certain prerequisite documents are required. While the specific documents can vary depending on the nature of the goods and the specific requirements of the relevant authorities, table 2.2 presents some common prerequisite documents for the SCT.

Table 2.2: Prerequisite documents

Document	Prepared by
Export Entry	Exporting EAC partner State
Exit Note / T1	Exporting EAC partner State
RCTG Bond	Exporting EAC partner State
RECTS Seal	Exporting EAC partner State
Border Exit Confirmation	Exporting EAC partner State

As presented in figure 2.6 below, the first step is the arrival confirmation, where the arrival of goods at the designated entry point is acknowledged. Upon arrival, the Customs authorities verify the arrival of the goods, conduct necessary inspections if required, and confirm their entry into the territory.

Once the arrival is confirmed, the next step is the generation of the C2 document. The C2 is defined as a Cargo Manifest which contains summarized information about the cargo on board of a truck or wagon. It serves as a key document for Customs clearance and is generated electronically in the customs system. After the C2 document is generated, the final step in the SCT process is the border exit. This involves the submission of the necessary documentation, including the C2 document, to the Customs authorities for review and approval. The customs officers verify the accuracy and completeness of the documentation, conduct any required inspections or assessments, and grant the authorization for the goods to exit the border and proceed to their intended destination. A sample of the C2 is presented under Annex 2(b) while figure 2.6 below shows a summary of the process between arrival of cargo and exiting the border.

Figure 2.6: KRA process

2.2.2 Common procedure

SCT procedure Manual defines all procedures which should be followed by any stakeholder involved in clearance under SCT regime. The following common procedures are provided by EAC Secretariat to guide clearance of goods from the port to destination: Port clearance; Border Processes; Transshipment; and Regional AEO treatment.

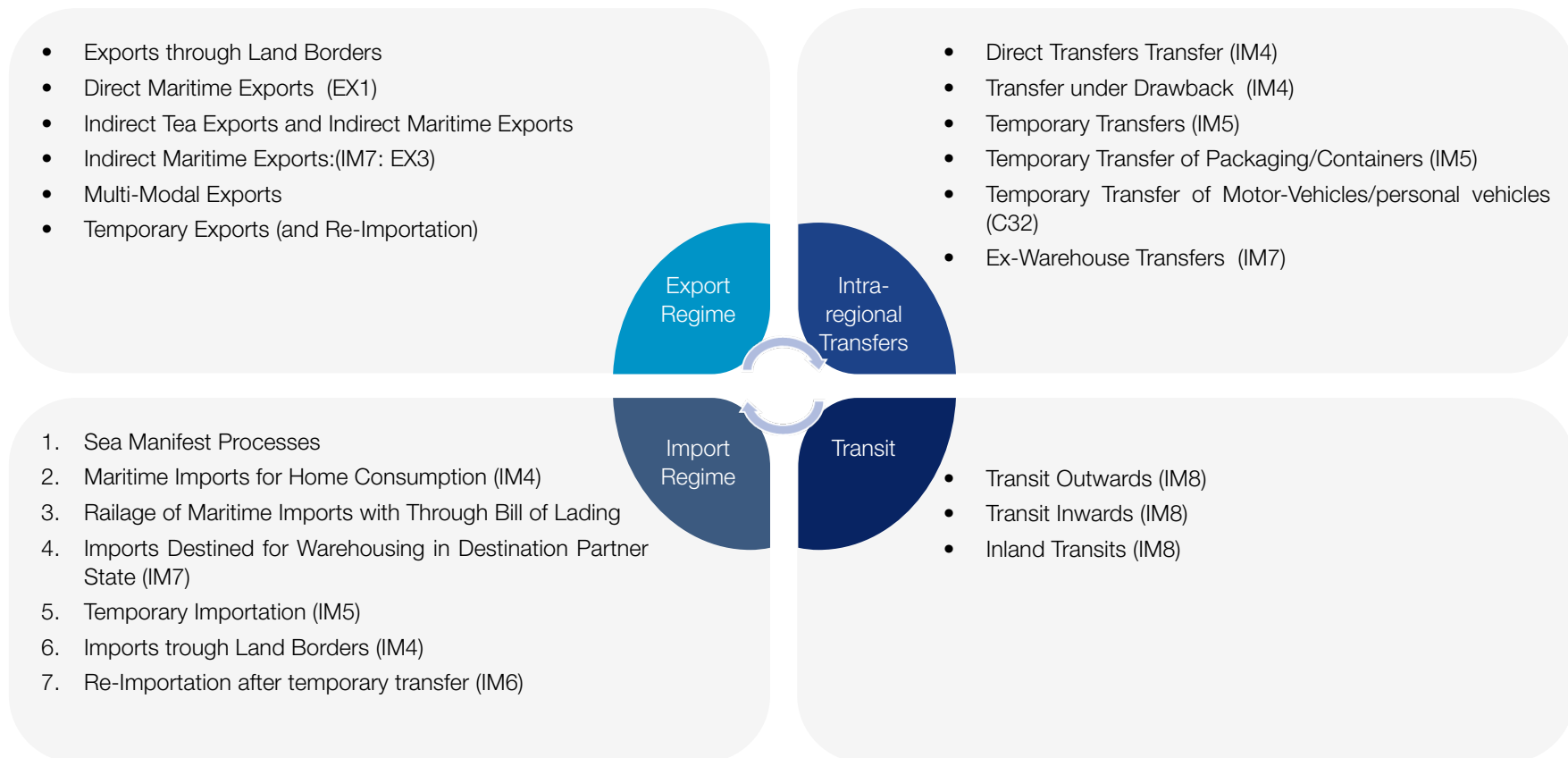
Table 2.3: Status on implementation of common procedures*Data Source: EAC (2022) SCT procedures and Manual and KII (2023)*

Common procedure	Description	Status
Port clearance	This describes what must be done at the port of entry (KPA for Northern Corridor). Kenya Ports Authority has developed measures to streamline port operations and end congestion in the ports. Only authorized transporters and trucks are allowed into the ports, and have to obtain the authorization in advance. Clearing agents do not need to physically go to the Port since all processing is done online.	Under SCT, this has been simplified further by integrating Customs and Port Authority systems (iCMS and KWATOS). Applications to collect or deliver cargo are done online. Important requirements are: • A customs declaration shared with Revenue Authorities • Release Order/Selectivity message shared with KPA • An exit note/T1s must have been received from the Customs administration of import or export; • A pre-advice is obtained via online application in the port system and have to reflect the exit note/T1 reference number;
Border processes (cross border validation)	In order to facilitate the clearance of goods, people, and vehicles at borders within the East African Community (EAC), the EAC has established an Integrated Border Management framework that utilizes One Stop Border Posts (OSBPs). OSBPs allow goods, people, and vehicles to undergo necessary controls at only one side of the border, in compliance with regional and national laws, before entering or exiting an adjoining Partner State. This approach simplifies and expedites border clearance processes, and promotes trade and regional integration within the EAC. To improve the efficiency of border clearance processes and facilitate trade within the EAC, the EAC Partner States have enacted the EAC One Stop Border Posts Act, 2016, and the EAC One Stop Border Posts Regulations, 2017. These laws are supported by the OSBP Procedure Manual, which provides guidance and procedures for OSBP operations to relevant stakeholders. By ensuring a consistent interpretation and application of the laws and procedures, the EAC aims at streamlining border operations and enhancing trade within the region.	Many OSBPs have been constructed between Partner States in the Northern Corridor in order to comply with EAC Procedure Manual and facilitate the movement of goods and people according to SCT. <i>(See Annex 1 on each OSBP status)</i>. For instance, at Gatuna OSBP the team noted that SCT regime operates under the following 5 parts: - Home use declaration: after confirmation, Exit Note issued; - Transfers: Transit document (T1) issued. - Transits: Declaration Document done (IM8 + T1) and sealed - Cross border trade regime: Simplified or not simplified declaration done - Passengers: simplified declaration done. However, some of them are not functioning properly like the one at Ruhwa border between Burundi and Rwanda. There was also pointed out the issue of unharmonized working hours at the border between the United Republic of Tanzania and Burundi where Tanzanian Customs office closes one hour before Burundi Office. Working hours at borders need to be harmonized at KOBORO/KABANGA OSBP and eventually work towards operating the border 24/7

Common procedure	Description	Status
Transshipment	This refers to the change in means of transportation or container before goods reach their final destination. Transshipment can occur due to accidents, breakdowns or planned changes in transport means. In the event of accidents or breakdowns, the necessary procedures are carried out by Customs officers who report to the nearest Customs office and capture the report in the Customs system, triggering a transshipment notification to the relevant authorities. Transshipment for multi-modal transportation involves goods being transported by road to an inland depot before being loaded onto a wagon for rail transportation, with no charges incurred.	Transshipment is smoothly done under SCT procedures. This requires payment of USD 10 or equivalent to the Customs at the destination office and attaching the receipt to the request. Upon approval a reference number is given to allow the transshipment to be effective. The only issue observed is the delays that occur when the systems are down.
Regional AEO treatment	The EAC Partner States have established a program for mutual recognition of compliant traders, which grants certain benefits to those recognized in all Partner States. Procedures have been agreed upon for accrediting traders to the program, outlining the benefits to be accorded to them, and creating a common framework for managing the Regional Authorized Economic Operator (AEO) program. To facilitate the identification of AEO consignments during cargo clearance, an accredited AEO is assigned a unique identifier that is shared among all Partner States and linked to the trader's TIN/PIN in each country's Customs systems. When a clearance Customs declaration is created, the AEO ID is transmitted to other Partner States under the SCT arrangement, allowing for identification of the consignment at key points such as borders and ports. These measures aim at improving the efficiency of cargo clearance processes and promoting regional integration within the EAC	1. The automation of AEO accreditation was developed at EAC secretariat level 2. Transmission of AEO Identifier details in Customs declaration and exit notes/T1s shared under SCT was done. 3. All Revenue authorities must customize the customs systems for marking the AEO consignments with the Regional AEO Logo in user interfaces and print out of Customs declaration and C2. 4. Engagements to allow the Ports to receive AEO IDs via the customs release and exit note messages. EAC Secretariat, Port Authorities, Revenue Authorities are concerned by this action

The SCT Process manual covers 21 Processes of clearance of goods under the Single Customs Territory. It covers imports into EAC, exports from EAC and transits through EAC from and/or to neighbouring Countries and the intraregional transfer regime (see figure 2.3 below).

Figure 2.7: The SCT Regimes applied in Northern Corridor Member States.



The table 2.4 below reflects the status of implementation of each process described in EAC-SCT Procedure Manual in detail.

Table 2.4: Status of each process at document level

Regime	Description (SCT Procedure Manual)	Status implementation
EXPORTS: Clearance of goods sold or sent to a Country outside EAC from any EAC Partner State		
1. Exports through Land Borders	Covers the clearance of goods from EAC Partner State to the country out of EAC through Land Borders	Fully automated by some Member States (Uganda and Rwanda) through Centralized Platform (EAC). Kenya has not yet finalized the automation which requires the customization of Customs system in order to be able to manage the bond guarantee (RCTG bond) issued by COMESA. This was attributed to the integration challenges between ICMS and COMESA Integrated Customs Declaration System (IDES) DRC and South Sudan have not yet integrated SCT.
2. Direct Maritime Exports	Exports that exit EAC from one of the sea ports in exactly the same form, packaging and container as they left the Partner State of export.	Fully automated by some Member States (Uganda and Rwanda) through Centralized Platform (EAC)) and others like Kenya have not yet finalized the automation which requires the customization of Customs system in order to be able to manage the bond guarantee (RCTG bond) issued by COMESA. DRC and South Sudan have not yet integrated SCT.
3. Indirect Maritime Exports	Exports that exit EAC through one of the sea ports, but have changed either the form, packaging or container in the Partner State of exit. For example, consolidation of goods from different containers	The automation not yet finalized as it requires a measure change/customization in KRA ICMS as the last export declaration must be done in the last country of export.
4. Indirect Maritime Tea Exports	In this process, tea passes through a tea transit warehouse, undergoes an auction in the Partner State of exit and is re-exported blended or un-blended	Not yet automated due to its complexity. This is to be implemented in phases as it requires measure changes/customization in the last exporting country system (Especially KRA – ICMS)
5. Multi-Modal Exports via Sea	Covers exports that are transported by road to an inland depot where they are loaded into a wagon and transported by rail to a sea port to exit EAC	Not yet automated due to its complexity. Waiting the enhancement of systems to facilitate transmission of notifications of change of means of conveyance to support all SCT Regimes

Regime	Description (SCT Procedure Manual)	Status implementation
6. Temporary Exports (and Re-Importation)	The process covers a Customs procedure under which goods which are in free circulation in any of the EAC Partner States may temporarily leave the community for manufacturing, processing or repair abroad, and re-imported with total or partial exemption from import duties and taxes.	The automation is pending as it requires all Revenues Authorities to undertake enhancement of their systems so that re-importation declarations can consume both the sea manifest and preceding (temporary exportation) document.
INTRA-REGION TRANSFERS: <i>Clearance of goods transferred between EAC Partner States</i>		
7. Direct Transfers	A Customs declaration is prepared in the destination Partner State. All steps of clearance of goods from assessment to Exit notes/T1s are done in the country of destination and the information of each document is transmitted to the RA of the transferring Partner State and RAs of all the other Partner States along the transportation route; Officers of the RA of the transferring Partner State generate a C2 for each truck after they have witnessed the final processes on the cargo, such as sealing;	Fully automated by all Revenue Authorities except DRC and South Soudan who have not yet fully integrated SCT nor finalized the automation of customs systems.
8. Transfer under Drawback	This is transfer of duty paid goods from one Partner State to another, where duties and other taxes have already been paid in the Partner State of Transfer and refund of the duties and taxes paid will be requested after evidence of the transfer. For the duty paid goods, the person intending to transfer the goods shall first apply to the Commissioner of Customs in the Partner State where the duties were paid. It is only after approval of the application that the declaration process in the destination Partner State shall commence.	Pending the finalization of Enhancements to support Transfers under drawback which must be done by all revenue authorities. Transfers under Drawback still to be automated.

Regime	Description (SCT Procedure Manual)	Status implementation
9. Temporary Transfers	This procedure covers duty paid goods which are transferred from one Partner State to another for temporary use, and are then returned to the original Partner State, re-transferred to another Partner State or re-exported to a non-EAC country. <i>This is a two-stage process involving temporary transfer and re-transfer (or re-exportation).</i>	Not yet implemented by all Member States. DRC and South Sudan have not yet fully integrated SCT nor finalized the automation of custom systems.
10. Temporary Transfer of Packaging/ Containers	This covers the process of handling transfer of objects used for holding or transporting goods, e.g., gas cylinders, crates for soda or beer. The container/packaging is cleared differently from the consumable goods. The process has three declarations; temporary transfer, re-transfer and transfer for local consumption.	Fully automated by all Revenue Authorities except DRC and South Sudan who have not yet fully integrated SCT nor finalized the automation of customs system.
11. Temporary Transfer of Motor-Vehicles/personal vehicles (C32)	This procedure covers temporary transfer of motor-vehicles within EAC. It is a two-stage process involving temporally transfer and re-transfer.	Completed; however, not yet implemented at regional level but individual partner states have bilateral arrangements for handling temporary movement of motor vehicles.
12. Ex-Warehouse Transfers	This procedure covers goods bought from warehouse in EAC Partner State to another EAC Partner State	Completed
IMPORTS: Clearance of goods brought into any EAC Partner State from a non-EAC country.		
13. Sea Manifest Processes	The process covers the management of Sea manifest, how it is lodged, approved by a Customs officer of the RA of entry and then it (manifest) is transmitted to the Port Authority of entry and to RAs of all Partner States of destination (with cargo in the vessel) for goods clearance.	Fully Rolled out by KRA and manifests are automatically transmitted to KPA and all Partner States except South Sudan (no Customs system) and DRC (recently joined EAC)
14. Maritime Imports for Home Consumption	Importation from out of EAC Partner States through Ports	Fully Rollout by all Partner States except South Sudan (no Customs system) and DRC (recently joined EAC)

Regime	Description (SCT Procedure Manual)	Status implementation
15. Railage of Maritime Imports with Through Bill of Lading	This covers maritime imports where goods are transported by rail to an inland depot where clearance takes place before being transported to destination by road.	Fully Rolled out by all Partner States except South Sudan (no Customs system) and DRC (recently joined EAC)
16. Imports Destined for Warehousing in Destination Partner State	This covers Customs procedures for clearance of goods that enter into EAC from a non-EAC country, and whose final destination is a Customs warehouse	Fully Rolled out by all Partner States except South Sudan (no Customs system) and DRC (recently joined EAC)
17. Temporary Importation	This process covers a Customs procedure under which certain goods are brought into the EAC temporarily for a permitted purpose, conditionally relieved from the payment of import duties and taxes; and must be intended for re-exportation within the permitted period. <i>This is a two-stage process involving temporally importation and re-exportation.</i>	Not yet finalized as it requires the Review of the Temporary Transfers process in the SCT Procedure Manual. All Revenue Authorities, EAC Secretariat are concerned
18. Imports through Land Borders	This covers a Customs procedure for clearance of goods that enter into EAC through a land border of one EAC Partner State, and whose final destination is another EAC Partner State.	Fully Rolled out by all Partner States except South Sudan (no Customs system) and DRC (recently joined EAC)
TRANSITS: Clearance of goods imported from a non-EAC country to another non EAC country, passing through the territory of one or more EAC Partner States.		
19. Transit Outwards	Transit outwards are transit goods that exit the EAC through one of the sea ports	Development and Tests finalized and waiting to Commence processing of all transits under SCT procedures
20. Transit Inwards	Transit inwards are transit goods that enter the EAC through one of the sea ports. Pre-Requisite: Sea manifest lodged by shipping line or agent and approved by the Revenue Authority	Development and Tests finalized and waiting to Commence processing of all transits under SCT procedures.
21. Inland Transits	Inland transits are transit goods that enter and exit the EAC through a land border.	Development and Tests finalized and waiting to Commence processing of all transits via land borders under SCT procedures

Regime	Description (SCT Procedure Manual)	Status implementation
OTHERS		
AEO Identifier	Transmission of AEO Identifier details in Customs declaration and exit notes/T1s shared under SCT was done. All Revenue authorities must customize the customs systems for Marking the AEO consignments with the Regional AEO Logo in user interfaces and print ours of Customs declaration and C2. Engagements to allow the Ports to receive AEO IDs via the customs release and exit note messages. EAC Secretariat, Port Authorities, Revenue Authorities are concerned by this action	
Trans-shipments	Not yet finalized as it is waiting the enhancement of systems to facilitate transmission of notifications of change of means of conveyance to support all SCT Regimes.	
SCT supporting tools (RCTG, RECTS)	DRC and South Sudan are yet to implement. Kenya, Rwanda and Uganda are fully implementing the RECTS In the case of Burundi, the implementation of RECTS is still in progress. The government has been actively engaged in discussions and negotiations with the other EAC Partner States to align their systems and procedures with RECTS requirements. This involves establishing the necessary legal and regulatory frameworks, technical infrastructure, and operational protocols to ensure seamless integration. It is crucial for Burundi to prioritize the implementation of RECTS to fully benefit from the advantages it offers.	

2.2.3 Harmonization of customs procedures

The Northern Corridor Member States have harmonized their Customs regimes and Customs procedures for different SCT processes that have already been implemented under SCT. However, the following Customs codes are yet to be harmonized.

Table 2.5; Customs Regimes to be harmonized

Source: Meeting of SCT Technical Working Groups and National Coordinators (October 2022).

Regime	Burundi	Kenya	Rwanda	Uganda
Imports Destined for Warehousing in Destination Member States (Both maritime and through land borders).	OBR uses code SW7 in their system to handle transits and warehousing, but transmits it as IM7 to Member States.	KRA uses Regime code IM7. Harmonized.	RRA uses Regime code IM7. Harmonized.	URA uses regime code WT8 and transmits the declarations with that code to other Member States. This is because the system can only attach a movement bond to transit declaration. When cargo enters the warehouse, the entry is automatically converted to warehousing entry (IM7).
Exports	Harmonized with other Member States	Harmonized with other Member States	Harmonized with other Member States	URA uses regime code ST8 since the system can only attach a guarantee (movement bond) on a transit declaration (regime code 8) and exports that pass through other Member States require a movement bond (RCTG). The declarations transmitted to other Member States have code ST8.
Intra-Region Transfers destined for Warehouse in the destination Member States	OBR uses regime code SW7 in the system, but transmits it as IM7 to other Member States	Harmonized with UNCTAD codes. KRA uses regime code IM7	RRA uses regime code WH7 in the system, but transmits it as IM7 to other Member States	URA uses regime code WT8 and transmits the declarations with that code to other Member States. This is because the system can only attach a movement bond to transit declaration. When cargo enters the warehouse, the entry is automatically converted to warehousing entry (IM7).
Ex-Warehouse Transfers	Harmonized with other Member States	Harmonized with other Member States	Harmonized with other Member States	URA uses regime code WT8 and transmits the entries with the same code

Note: South Sudan and the DRC are still lagging behind though initiatives are underway to ensure they also come on board.

It is therefore recommended to undertake efforts to align and standardize the Customs regime codes under SCT across all Member States for the purpose of smoother exchange of cargo data.

2.3 Compliance levels in terms of SCT procedures

The compliance levels in terms of the SCT procedures in the EAC vary among the Member Countries, and the implementation of the SCT has been a gradual process. Some Countries have made significant progress in implementing the SCT features, while others still face challenges. Based on the review, of the Member States, Kenya, Rwanda, Uganda and Tanzania were the most compliant Countries in terms of implementing the SCT procedures. The EAC has been providing training and technical assistance to customs officials and traders to improve their understanding of the SCT procedures and requirements. The EAC has established a monitoring and evaluation system to track compliance levels and identify areas for improvement.

The compliance levels are indicated using categories such as “High,” “Medium,” and “Low,” reflecting the respective levels of adherence to the SCT procedures in each area for each Member State as provided for in table 2.6 below

Table 2.6: Rating compliance levels in implementing SCT procedures.

Procedures	Compliance Levels					
	Burundi	DRC	Kenya	Rwanda	South Sudan	Uganda
Customs Declarations	Medium	Low	High	High	Low	Medium
Documentation	Low	Low	High	High	Low	Medium
Risk Assessment	Medium	Low	Medium	Medium	Low	Medium
Payment Processing	Medium	Low	High	High	Low	Medium
Cargo Inspection	Medium	Low	High	High	Low	Medium
Data exchange	Medium	Low	High	High	Low	Medium
Reporting and Analysis	Medium	Low	High	Medium	Low	Medium

Overall, the emerging comparative compliance picture by country is that Kenya and Rwanda exhibit comparatively “high” compliance levels across most of the procedures while Uganda and Burundi show “medium” compliance levels on average. The DRC and South Sudan on average exhibit “low” levels of compliance.

Kenya has invested heavily in infrastructure, such as roads and border posts, and has implemented electronic customs systems, which have helped to reduce the time and cost of trade. Through implementation of the SCT regulations framework, compliance of SCT procedures is adhered to. Pre-arrival processing allows importers/exporters to submit all required documentation and pay all relevant fees through the Electronic Single Window System prior to the arrival of the consignment. Post-clearance audit is used to verify the accuracy and completeness of customs declarations, and to detect and deter non-compliance with SCT procedures. Electronic cargo tracking is used to monitor and track cargo movement from the port of entry to the final destination, which enhances security and helps to prevent diversion and non-compliance. In addition, the government has been conducting capacity building for customs officers, traders, and other stakeholders involved in cross-border trade, to enhance understanding of SCT procedures and promote compliance.

Rwanda has also made significant progress in implementing the SCT procedures, and has invested in modernizing its customs systems, including the implementation of a single customs declaration form and electronic payment systems. Other measures to ensure compliance with the SCT procedures include the use of electronic systems for customs clearance and the establishment of a regional monitoring and evaluation framework. In addition, the country has put in place measures to enhance transparency and accountability in the customs process, such as the establishment of a risk management system and the use of automated clearance systems. Furthermore, Rwanda has made significant investments in infrastructure, such as the construction of the One Stop Border Posts (OSBPs), to facilitate the movement of goods across the border. The OSBPs have helped to reduce the time and cost of transporting goods, which has led to increased trade flows. However, non-compliance with implementation of EAC/COMESA protocol on Simplified Trade Regime (STR) for small cross border traders at Gatuna border especially the threshold value is still a challenge. Rwanda applies a threshold of RwF 500,000 (about USD 450) instead of the recommended USD 2,000.

Burundi has been implementing the SCT regime along the Central Corridor, but has been experiencing challenges in that regard for cargo from Mombasa Port that transits through Taveta/Holili border due to lack of inter-connectivity with TANCIS at that border. The Country is also yet to implement the Electronic Cargo Tracking System.

South Sudan face challenges in implementing the SCT regime due to inadequate infrastructure and limited institutional capacity. These challenges have resulted in delays and increased costs of trade. Burundi, is implementing the Authorized Economic Operators program which covers both importers and some of the customs agencies, based on pre-established eligibility criteria. The DRC has just joined the EAC and hence, she is still at infant stage of implementing the SCT.

2.4 Data Transmission

a) Manifest from Revenue Authorities:

Manifests generated and approved by KRA in the iCMS system are not transmitted in time to the Partner State of destination. Findings from the study indicate that this could be attributed to technical glitches including lack of full integration of the systems, system failures, connectivity problems and software challenges. This technical problem has a negative impact to the client (Owner of goods) which most of time leads to increase of port charges and other loss related to the cargo which is delivered to the owner with delays. When the data are not transmitted to the system, revenue officer of destination of goods must capture/create the manifest in their system which can lead to some errors or mistakes. This calls for KRA to improve the customs system in such way that all manifests are transmitted in time to the Partner State of destination of goods.

b) Declaration to Revenue Authorities:

In some cases, declarations, Exit Notes or T1s generated by Revenue Authorities are not mapped in the Customs systems of other Partner States. This technical issue has impact on the generation of C2 (Transit Movement Document), thus the cargo cannot move from the port. All Revenue Authorities should work hand in hand to handle this technical issue and implement appropriate measures when this type of issue occurs.

c) Release Order to KPA:

Release Order from Revenue Authorities are sometimes not transmitted to KPA or transmitted with missing key information. This has impact on Pick-Up Order from the port. KPA has been implementing a fallback method where Revenue Authority Officers have been granted access to KPA system in order to be able to capture or amend the information sent by their RAs system and be able to generate pickup Order. However, it has been observed that some Revenue Authorities use this as a permanent solution instead of finalizing integration between their systems and KPA. This therefore calls for all Member States to fast-track full integration of their systems with KPA. Revenue Authorities should be encouraged and supported to prioritize the completion of the system integration process. The

Revenue Authorities should work in collaboration with the KPA to set clear timelines and milestones for the integration of their respective systems. This will provide a structured framework to monitor progress and ensure timely completion of the integration process.

d) Exit Note/T1:

The Exit Note or T1 is a document which allows the owner of goods to collect goods from the port. It shows details on quantity and means of transport. Failure or delay in data transmission related to the exit note/T1, the Revenue Authority of departure will not be able to produce the movement document (C2). Therefore, the cargo can't exit the gate of the port. T1 document, provide proof that goods are under Customs control during transit and ensure the proper payment of Customs duties and taxes at the destination. The study established that sometimes there are cases of delays of the T1 which undermines the objectives of the SCT. The findings indicate that the major cause of T1 delays include: Inaccurate or incomplete information provided by the importer/exporter or their representatives. Technological issues, such as system failures, connectivity problems, or software glitches, can disrupt the T1 document issuance process. Dependence on manual data entry or outdated IT infrastructure can also contribute to delays. By addressing these issues and implementing appropriate measures, Customs authorities can work towards reducing delays in T1 document issuance, facilitating smooth transit operations, and promoting efficient international trade.

e) C2 document (Movement document between borders):

This is a movement document which allows the driver to move cargo from the port/or customs office to the border of Partner state where the cargo will be passing through. This document is produced and handed to the driver every time he crosses the border and it must be validated at the destination border. Failure or delay of generation of this document will have impact on the movement of the cargo. Misuse of this document has a big impact on the movement as it shows the departure office and destination office. Any change of the route is not accepted by the new destination as the officer of destination will not be able to validate the document as it is not the exit point indicated in the system.

2.5 Overview of the Challenges Identified by Stakeholders

The implementation of SCT procedures in Partner States has faced several challenges. One of the main challenges has been the lack of harmonization of domestic laws and regulations across the EAC region. Each Partner State has its own laws and regulations governing customs systems and procedures, which has made it difficult to establish a uniform system for the SCT. This has resulted in delays in the implementation of the SCT and has made it challenging for businesses operating in the region to navigate the complex customs systems and procedures.

Table 2.7 below provides an overview of the broad scope of the challenges identified by Member States during the consultative forums in April 2023.

Table 2.7: Challenges and proposed recommendations*Data Source: KIIs (2023)*

Member State	Identified challenges	Proposed solutions
Burundi	✧ Non-harmonization of working hours; ✧ Inadequate road network, lack of rail and inadequate air transport infrastructure to facilitate intraregional trade. ✧ Insufficient human resource capacity	✧ Conduct regional/bilateral dialogue/ agreement or framework that aim to harmonize joint border working hours and cooperation between the relevant government bodies. Regular communication and coordination should be maintained to monitor the implementation and effectiveness of the harmonized working hours. ✧ Public-private partnerships can be explored to mobilize additional funding and expertise for infrastructure development. ✧ Implement comprehensive capacity building programs to enhance the skills and knowledge of individuals involved in trade-related sectors. This can include training programs, workshops, and seminars on topics such as customs procedures, logistics management, trade facilitation, and international regulations.
DRC	✧ DRC is yet to implement the SCT since the country just joined as a Partner State of EAC. This calls for harmonizing the legal and regulatory framework to align with EAC.	✧ Harmonizing trade policies, regulations, and procedures. ✧ Integration of DRC (Attend the Technical Working groups) ✧ The DRC should be encouraged and supported to fast track their full integration into the EAC and more especially towards the full implementation of the SCT
Kenya	✧ Existence of Non-tariff barriers such as import and export licenses, quotas, and technical barriers to trade, weighbridges, roadblocks and lack of transparency can limit market access and increase the cost of trade. ✧ System downtime	✧ Engagement with relevant government agencies to advocate for the removal of non-tariff barriers to reduce delays and costs for importers and exporters. ✧ To address the issue of system downtime, it is crucial to prioritize and invest in robust IT infrastructure and system maintenance practices. Implement redundant systems and backup mechanisms to ensure continuity of operations even in the event of system failures or downtime.
Rwanda	✧ Mutual recognition of customs clearing agents as per SCT arrangement is not fully implemented by KRA while KRA agencies can clear goods from RRA customs system. ✧ Unharmonized procedure for licensing of clearing agents in the region. ✧ Frequent customs network failures, sometimes caused by power outages. Claims of system being down frequently, especially on Fridays	✧ Member States should consider to implement fully the principle of mutual recognition of Customs agents as per SCT arrangement. Most urgent is the need to engage Kenya on addressing this issue, especially at the first Port of entry (Mombasa) ✧ Procedure for licensing the clearing agents in the Northern Corridor region should be harmonized including the differences in the license validity period. Renewal of license every year with unchanged requirements should be reviewed for longer validity period for example 3 years. ✧ Member States should identify and address once for all the real causes of recurring customs network failures. It is recommended to implement redundant systems and backup mechanisms to ensure continuity of operations even in the event of system failures or downtime. This can include redundant servers, backup power supplies, data replication, and regular data backups. Establishing fail over mechanisms and disaster recovery plans will help minimize disruptions and enable quick recovery in case of system downtime.

Member State	Identified challenges	Proposed solutions
South Sudan	✧ Inadequate infrastructure, including roads, rail, and ports, can cause delays and increase transit times and cost of trade. ✧ Inadequate technology, including digital divide cause delays and increase the cost of trade. ✧ Weak institutional capacity, including inadequate training and lack of resources, which limit the ability of customs officials to effectively implement the SCT. ✧ Limited awareness of the benefits of the SCT and the procedures involved ✧ Mutual recognition of standards not implemented fully hence causing unnecessary delays of cargo trucks at the border	✧ Development of transportation infrastructure, including roads, rail, and ports, to improve transit times and reduce the cost of trade. This can be through increased government funding, public-private partnerships, and collaboration with international financial institutions. ✧ Invest in digital infrastructure and technologies to improve the efficiency and speed of trade procedures. By prioritizing technology infrastructure, digital skills development, and supportive policies, South Sudan can bridge the digital divide and leverage technology to streamline trade operations. ✧ Establish a comprehensive capacity-building program for customs officials that includes training initiatives, knowledge sharing platforms, and resource allocation to enhance their skills and competencies in SCT implementation. ✧ It is recommended to conduct an extensive awareness campaign targeted at key stakeholders, including businesses, trade associations, government agencies, and the general public. The campaign should focus on highlighting the advantages and opportunities offered by the SCT, as well as providing clear and accessible information about the procedures and requirements for participating in the SCT. ✧ it is recommended to prioritize the full adoption and enforcement of mutual recognition agreements among Member States. This would require regular consultations, information sharing, and capacity building initiatives among member states to ensure a comprehensive understanding of the agreed-upon standards.
Uganda	✧ Delays of processing of entries by customs authorities and shipments end up over staying at the Port ✧ Delays in allowing or giving rights clearing agents to access the system for another Customs Authorities in Partner States ✧ Network Failure to transmit the Data hence causing a lot of delays ✧ Delay in full implementation of the SCT by all EAC Partner States. ✧ Multiple weighbridges hence transit delays ✧ Multiple scanning e.g Mombasa and border station hence cargo clearance delays	✧ Member States should consider to implement fully the principle of mutual recognition of Customs agents as per SCT arrangement. In addition to the implementation of pre-arrival processing procedures to allow customs authorities to assess and clear shipments before their arrival at the port. ✧ Develop a standardized application process for clearing agents seeking access rights to another Customs Authority's system. This process should include clear guidelines, requirements, and documentation needed for verification and approval. ✧ Improve the Network infrastructure within Partner States ✧ Training/ sensitization of all stake holders ✧ Establish a dedicated implementation monitoring and oversight body that will provide a centralized platform for tracking and facilitating the implementation of the SCT by all EAC Partner States. This body should consist of representatives from each Partner State and relevant stakeholders involved in the SCT implementation process. ✧ It is recommended to fully implement the NC Head of States Directive of weighing only at entry and exit for transit cargo. ✧ Enhance online process and bring on board all regulatory Authorities as well as Reduce scanning process delays

2.5.1 Cross Cutting challenges for all Member States

The harmonization of customs procedures and sharing of Taxpayer Identification Numbers (TINs) and Personal Identification Numbers (PINs) for intraregional trade can help resolve several issues that have been hindering the effective implementation of the SCT in Partner States. Firstly, the missing trader problem can be resolved by including the TIN/PIN of the consignor in intraregional trade declarations, which will provide accurate statistics on intra-regional trade. Secondly, without the TIN/PIN, refund of domestic taxes like Value Added Tax (VAT) becomes problematic. Thirdly, sharing TIN/PIN will help Partner States improve their compilation of national trade statistics.

Other challenges that can be addressed through harmonization of customs procedures and regime codes include the change of route indicated on C2, poor management of electronic seals, and usage of scanners at the time of exit. Additionally, the fallback method (normally employed due to failure of timely relay of electronic declarations) should be applied on time and not as a permanent solution. The verification area dedicated to Tanzanian goods at Mombasa also needs adequate resources, such as manpower and forklifts, to facilitate efficient clearance of goods. Furthermore, the cost of using electronic seals should be harmonized across all Partner States to ensure uniformity and avoid discrepancies. Overall, harmonization of customs procedures and sharing of TIN/PIN will facilitate the efficient and effective implementation of the EAC SCT in Partner States.

There is still a challenge of discrepancy where the declared port of exit of goods differs from the port of exit stated on the C2 form, which creates potential challenges during the customs clearance process. It is essential to address this issue promptly to ensure proper customs compliance and avoid any potential delays or penalties. The report therefore recommends training and awareness to all stakeholders involved in SCT clearance on process flow of clearance. In addition, there is need for rerouting/migration of all messages to the EAC centralized platform.

The permanent practice of fallback, specifically in the context of customs procedures, can pose significant dangers, particularly in relation to smuggling and the diversion of goods whereby goods can be offloaded before reaching destination. Some key dangers associated with the permanent reliance on fallback methods include: loopholes that can be exploited by smugglers to illegally transport goods across borders without proper documentation or scrutiny. Fallback methods often lack the robust security features and checks implemented in formal customs systems. This can compromise border security by allowing unauthorized or illicit goods to enter or exit a country without adequate inspection. To mitigate these dangers, it is crucial for Customs administrations to prioritize the integration of their systems, establish secure and reliable electronic data interchange, and implement measures to prevent the permanent reliance on fallback methods. This includes investing in infrastructure, capacity building, and strengthening cooperation among customs authorities to ensure seamless and secure cross-border trade while effectively combating smuggling and illicit activities.

The other issue that still persists is the shortage of seals and the use of seals from multiple vendors. Seals play a crucial role in securing cargo containers during transportation. A shortage of seals can compromise cargo security. The report recommends harmonization of the e-seals management and automation of seals management.

3. Customs Business Systems on Northern Corridor Member States

3.1 Introduction

Customs business systems play a vital role in facilitating trade and ensuring efficient customs operations. These systems include electronic customs platforms, such as Electronic Single Window, National Single Window, and Customs Management System (CMS), which enable the electronic submission of trade-related documents, facilitate customs clearance, and support revenue collection. The interconnectivity of these customs business systems is essential for the implementation of the SCT, as it enables the seamless flow of information and trade data among the EAC Partner States.

It enables customs officials in each Member State to access and share critical trade-related information, including customs clearance documents and cargo tracking data. This interconnectivity allows customs officials to track goods as they move across borders, reducing the risk of smuggling and enhancing revenue collection.

Moreover, the interconnectivity of customs business systems allows for the integration of customs processes, reducing duplication of effort and promoting a standardized approach to customs administration. This integration enables customs officials to process cargo clearance procedures in a more efficient and streamlined manner, reducing the time and cost associated with trade. Overall, the interconnectivity of customs business systems in Northern Corridor Member States is crucial to the implementation of the Single Customs Territory and the facilitation of cross-border trade.

When analyzing the customs business systems in Northern Corridor Member States and their interconnectivity for the implementation of a Single Customs Territory, several components need to be considered. These components include:

- a) **Legal and regulatory framework:** The legal and regulatory framework governing customs operations and trade in each member state should be analyzed to ensure compliance and harmonization with regional customs policies and standards.
- b) **IT infrastructure and interoperability:** The availability, quality, and interoperability of IT infrastructure supporting customs operations, including hardware, software, and telecommunications, should be analyzed to ensure that they meet the requirements for implementing a Single Customs Territory.
- c) **Customs procedures and processes:** The customs procedures and processes, including clearance procedures, tariff classification, and valuation, should be analyzed to ensure standardization and simplification across the Member States.
- d) **Human resources and capacity building:** The availability and capacity of customs officials and other stakeholders, including training and technical support, should be analyzed to ensure effective implementation of the Single Customs Territory.
- e) **Risk management:** The risk management practices and tools used by customs officials, including cargo inspection, risk profiling, and data analysis, should be analyzed to ensure effective management of risks associated with cross-border trade.
- f) **Trade facilitation measures:** The trade facilitation measures, including customs automation, single window systems, and paperless trade, should be analyzed to ensure efficient and transparent customs operations.

- g) **Monitoring and evaluation:** The monitoring and evaluation framework, including performance indicators and data collection and analysis both at national and regional levels, should be analyzed to ensure the effectiveness of the Single Customs Territory and identify areas for improvement.

3.2 Key elements in the customs business system

The customs business system is a complex and multifaceted process that involves various key elements. The key elements of customs business systems are designed to facilitate cross-border trade among Member States, enhance revenue collection, and promote compliance with customs laws and regulations. The EAC has established a customs union that seeks to facilitate trade by harmonizing customs procedures, removing trade barriers, enhance regional integration, and promoting the free movement of goods, services, and people. Some of the essential elements of the customs business system in EAC partner states include:

- a) **Common External Tariff (CET):** The EAC has a common external tariff, which is a uniform tariff structure applied on goods imported from non-EAC Countries. The CET is designed to protect local industries and promote intra-regional trade. Currently, the CET has a 4-band structure with 0% for raw materials; 10% for semi-processed goods that are to be used as input goods for further processing and 25% for processed products as well as a list of sensitive products offering extreme rates of protection of 35% or above for selected products
- b) **Trade Information Portal:** The EAC partner states have established a Trade Information Portal³ to provide traders with relevant information on trade regulations, procedures, and requirements. It facilitates trade by reducing the information asymmetry between traders and customs officials thus enhancing transparency and predictability in the trade environment.
- c) **Customs Procedures:** The customs procedures in EAC partner states have been harmonized to promote trade facilitation. The customs procedures include clearance of goods, transit of goods, and customs valuation.
- d) **Electronic Single Window System:** The EAC partner states have adopted an Electronic Single Window System (ESWS) to streamline customs procedures and reduce clearance time for goods. The ESWS allows traders to submit all the required customs and trade-related documents electronically through a single platform to different government agencies, including customs, for clearance. This system reduces the time and cost associated with customs clearance procedures.
- e) **Risk Management System:** The EAC partner states have implemented a risk management system to identify and manage high-risk consignments. This system is used to identify and assess the risks associated with cross-border trade, including smuggling, illicit trade activities and trade fraud. It enables customs officials to focus their resources on high-risk cargo, reducing the time and cost of cargo clearance procedures.
- f) **Mutual Recognition Agreements:** The EAC partner states have signed Mutual Recognition Agreements to recognize each other's standards and conformity assessment procedures as well as customs officers and clearing and forwarding agent. This helps to promote trade and reduce technical barriers to trade.
- g) **Authorized Economic Operator Program:** The EAC partner states have implemented an AEO Program to provide benefits to traders who comply with customs regulations and procedures. The AEO program helps to enhance trade facilitation and reduce transaction costs for compliant traders.

3 See EAC Regional Trade Information Portal (eacmarkup.org)

3.3 Existing Customs Business Systems in Member States

Customs business systems in Northern Corridor Member States are mainly operated by the respective Revenue Authorities. The customs business systems in these Member States are interconnected to enable the implementation of the Single Customs Territory. This interconnectivity allows for the seamless movement of goods across borders, reduces customs-related delays, and enhances trade efficiency. The Member States have implemented several customs business systems, such as the iCMS, ASYCUDA and the Electronic Cargo Tracking System (ECTS) among others, which facilitate customs clearance processes and cargo tracking.

The customs business systems in EAC Partner States vary in terms of electronic platforms and levels of integration with customs management systems. However, EAC Partner States have, to a different extent, implemented Electronic Customs Systems to facilitate trade and enhance customs operations.

The existing Customs systems in the EAC Member States have been interconnected for the purpose of the implementation of the SCT initiatives. Tanzania uses the Tanzania Customs Integrated System, dubbed TANSIS, while Kenya has the Integrated Customs Management System, called ICMS, and Burundi, Rwanda, and Uganda use the Automated System for Customs Data World. By interconnecting these systems, the EAC partner States aim to enhance the efficiency and effectiveness of customs operations, reduce delays at borders, and promote trade integration among Member States.

In addition, the Ports of Mombasa and Dar es Salaam have been interconnected with the respective Customs systems. Kenya's port system uses the Kilindini Waterfront Automated Terminal Operating System (KWATOS), while Tanzania's port uses the Tanzania Electronic Single Window System (TeSWS) or Tanzania Business Portal (TBP), which is also referred to as the Tanzania Customs Single Window System. Both port systems have been interconnected with the respective Customs systems - KWATOS with iCMS and TeSWS with Tanzania Customs Integrated System, TANCIS - to facilitate smooth movement of goods across borders. Additionally, EAC has established a Regional Electronic Cargo Tracking System to enhance the security of cargo and promote trade facilitation. These efforts to improve port systems and customs operations are crucial in promoting trade and economic integration in the East African region.

The Systems Applications and Products (SAP) Oil and Gas system is an integrated software system used by the Kenya Pipeline Company (KPC) to manage and monitor the oil and gas supply chain from importation to final destination. The system is instrumental in facilitating cargo clearance and managing the storage and distribution of petroleum products. The system is also designed to meet industry-specific requirements and comply with regulatory standards for the oil and gas sector.

Member States have several customs business systems in place that support the implementation of the SCT within the East African Community, aimed at facilitating trade and improving efficiency in customs clearance procedures as detailed below:

- a) **Burundi:** Burundi's customs system is known as the Automated System for Customs Data (ASYCUDA – World). The system has been implemented since 2008 and is used for the management of customs operations, including clearance of goods, payment of duties and taxes, and statistical analysis. The ASYCUDA system is linked with other systems including the Electronic Payment system, Port Management Systems among others. The integration of ASYCUDA with other systems is aimed at enhancing the efficiency, accuracy, and transparency of customs processes, as well as promoting seamless information exchange among different stakeholders involved in trade facilitation.
- b) **Kenya:** Kenya has implemented the Kenya National Electronic Single Window System (Kenya TradeNet)⁴, which facilitates the submission, processing, and approval of trade-related documents. The system is integrated with the KRA integrated Customs Management System, which is used for the management of customs operations, including clearance of goods, payment of duties and taxes, and risk management. In addition to the Kenya TradeNet and

4 see Single Window System – KenTrade

KRA Customs Management System, Kenya has also implemented the Regional Electronic Cargo Tracking System (RECTS), which monitors the movement of cargo across the EAC region. Furthermore, Kenya has implemented an AEO program, which is aimed at enhancing compliance with customs regulations and facilitating trade through the provision of customs benefits to certified AEOs.

- c) **Rwanda:** Rwanda has implemented the Rwanda Electronic Single Window (RESW) system, which enables the electronic submission and processing of trade-related documents. The RESW system is integrated with the RRA Customs Management System, which is used for the management of customs operations, including clearance of goods, payment of duties and taxes, and risk management.
- d) **South Sudan:** South Sudan was in the process of implementing a Customs Management System to modernize and streamline its customs operations, which is used for the management of customs operations, including clearance of goods, payment of duties and taxes, and risk management. South Sudan has been implementing RECTs since 24th of April 2023.
- e) **Uganda:** Uganda has implemented the Uganda Electronic Single Window System (UESW) and the Uganda Customs Management System (UCMS). The UESW system facilitates the electronic submission, processing, and approval of trade-related documents, while the UCMS system is used for the management of customs operations, including clearance of goods, payment of duties and taxes, and risk management. In addition to the UESW and UCMS systems, Uganda has also implemented the RECTS, which monitors the movement of cargo across the NC region.

The electronic customs systems used by NC Member States vary in their level of sophistication and functionality. Some Countries, such as Kenya and Tanzania, have multiple electronic systems in place that cater for different aspects of customs and trade facilitation. Other Countries, such as Burundi and South Sudan, have a single electronic system that serves as the main platform for customs operations and trade facilitation. Despite these differences, all the electronic customs systems in NC Member States aim to streamline trade processes, reduce costs and delays, and enhance customs administration and enforcement.

It's worth noting that each country's system has its unique features and functionalities that are tailored to their specific needs and requirements. For instance, some systems may have additional features for managing bonded warehouses, while others may have modules for handling transit and trans-shipment procedures. Additionally, some systems may be more integrated with other government agencies, such as those responsible for standards and quality control.

Table 3.1: Mapping of business systems in NC Member States

Custom system/ Country	Electronic Single Window System	Customs Management System	Regional Electronic Cargo Tracking System	Remarks
Burundi	Electronic single window.	ASYCUDA World	None	-
DRC	-	ASYCUDA World	RECTS	The RECTS seals end at the DRC border posts.
Kenya	National Electronic Single Window System	iCMS	RECTS	iCMS in Kenya is still under development.
Rwanda	e-SW	ASYCUDA World	RECTS	-

Custom system/ Country	Electronic Single Window System	Customs Management System	Regional Electronic Cargo Tracking System	Remarks
South Sudan	None	No	RECTS	The implementation of the RECTS in South Sudan started on 24 April 2023.
Uganda	Uganda Electronic Single Window System	ASYCUDA World	RECTS	-

3.4 Comparison of customs business systems among EAC Partner States

One similarity is that all Partner States have implemented some form of electronic customs system to improve trade facilitation and enhance customs operations. Additionally, Kenya, Rwanda and Uganda have fully implemented the EAC Single Customs Territory (SCT), which is designed to facilitate the seamless movement of goods across the region. To compare the customs business systems among EAC Partner States, it is important to note the following:

1. Variations in features and functionalities of each electronic customs system.
2. Level of automation and integration with other government agencies. Some systems may be more integrated with standards and quality control agencies, while others may be more focused on customs operations.
3. Effectiveness in facilitating trade and reducing transaction costs. It is important to look at indicators such as trade volumes, clearance times, and compliance rates. By comparing the impact of each system on trade and transaction costs, it becomes easier to understand their overall effectiveness.
4. Challenges faced in implementing and maintaining electronic customs systems. Each Partner State has faced different challenges in implementing and maintaining their electronic customs systems. These challenges may include technical challenges such as limited infrastructure and inadequate human resources, capacity constraints, and institutional barriers such as resistance to change. By understanding the challenges faced by each Partner State, it becomes easier to appreciate the efforts required to implement and maintain electronic customs systems.
5. Extent of harmonization of customs business systems. It is important to assess the extent to which each Partner State have implemented these harmonized procedures and systems. For example, the EAC has established the RECTS to enhance trade facilitation and promote compliance with customs regulations. By evaluating the extent of harmonization of customs business systems, it becomes easier to assess the progress towards achieving the goals of the EAC Single Customs Territory.

There are also differences in the customs business systems among the Partner States. Despite these differences, all Partner States have made efforts to harmonize their customs procedures and systems to facilitate trade within the region. The EAC has also established the Regional Electronic Cargo Tracking System (RECTS) to enhance trade facilitation and promote compliance with customs regulations.

Table 3.2: Key features of business systems in NC Members states

Country	Custom system	Objective
Burundi	ASYCUDA World	Customs clearance and data management
Kenya	iCMS	Provides a single point for submission and processing of trade-related documents
Rwanda	ASYCUDA World	streamlines the import and export processes
South Sudan	Relatively basic electronic customs system	-
Uganda	ASYCUDA World	provides a single platform for submission of trade documents and payments
DRC	ASYCUDA World	Customs clearance and data management

3.5 Interconnectivity of Customs Business Systems

Interconnectivity among customs business systems is essential for the implementation of the SCT. It helps to facilitate information exchange, promote transparency and predictability, reduce transaction costs, and enhance regional integration. Therefore, it is essential for the Partner States to work towards harmonizing and integrating their customs procedures and systems to achieve the goals of the SCT and promote trade within the EAC.

Existing interconnectivity arrangements among EAC Partner States are crucial for the implementation of the SCT. There are both bilateral and multilateral arrangements in place to facilitate interconnectivity among the customs business systems of the Partner States. For instance, Tanzania and Kenya have a bilateral agreement on mutual recognition of customs procedures, which allows for the sharing of information between the two Countries' customs administrations. The regional arrangement for SCT pertains to all EAC Partner States, including Tanzania and Kenya. It involves the harmonization and integration of customs procedures and processes across the entire East African region. On the other hand, the bilateral agreement specifically focuses on two countries, allowing for mutual recognition of customs procedures between these two countries. Basically, the bilateral arrangements are constructed within the wider scope of, and help to reinforce, the regional frameworks. This agreement has helped to reduce the time and costs associated with cross-border trade between Tanzania and Kenya. The most significant multilateral arrangement among the EAC Partner States is the EAC Customs Union. The Customs Union facilitates the free movement of goods within the region, and it has helped to reduce trade barriers, increase intra-regional trade, and promote economic growth.

For example, TRA system is connected with Asycuda World-Burundi, Asycuda World-Rwanda Revenue Authority, iCMS-Kenya Revenue Authority, and Asycuda World-Uganda Revenue Authority. Additionally, Electronic Single Window and Trade Portals have been made available to simplify Import & Export procedures in EAC states in a complementary way. ASYCUDA World in Uganda (interconnected with TANCIS in Tanzania, ICMS in Kenya & ASYCUDA World in Burundi & Rwanda); Electronic Cargo Tracking System integrates the customs management systems of partner states, allowing for seamless sharing of information on the movement of goods across borders. Customs systems have been fully interfaced with the Regional Cargo Tracking system and RCTG, resulting in huge benefits in controlling fuel diversions (dumping). The Member States have implemented SCT to varying degrees but from time to time tend to introduce import bans on certain commodities to protect their markets for example Uganda's milk and eggs face hurdles in Kenya. Furthermore, as a new entrant, DR Congo will require a lot of time to harmonize its customs systems to EAC partners.

Interconnectivity among customs business systems in the EAC Partner States brings about a range of benefits that contribute to the integration and harmonization of the customs union. These benefits include improved efficiency, reduced costs, and enhanced security, which ultimately translate to increased trade volumes and improved competitiveness for the region in the global market.

The interconnectivity of customs systems has been introduced to enable the seamless flow of information between customs stations and payment systems. This marks a step towards achieving a Customs Union by removing restrictive regulations and minimizing internal border controls on goods moving between the Partner States, ultimately leading to the free circulation of goods. The implementation of this framework has also facilitated the harmonization of standards for goods moving through the territory. To further improve the efficiency of the Single Customs Territory, a single window system has been developed to facilitate the exchange of information between cargo clearance agencies. At regional level, the Customs systems of NC Member States, are interconnected through the EAC single customs territory. This system is used for the processing of customs transactions such as declarations, payments, and cargo clearances, and it enables seamless flow of information between customs stations and payment systems in the EAC Partner States.

In addition, the SCT is designed to be interoperable with other systems such as the Automated System for Customs Data (ASYCUDA World) system, which is used by some of the EAC Partner States namely Burundi, Rwanda and Uganda to manage customs procedures. The SCT is also interoperable with the Kenya, Rwanda and Uganda Regional Electronic Cargo Tracking System (RECTS). Similarly, South Sudan is planning to implement the RECTS from 24 April 2023. The RECTS system enables customs officials in each country to monitor the movement of goods from the point of origin to the final destination, which helps to reduce delays and minimize the risk of cargo diversion or theft.

3.6 Status of Integration by Country

The Member States of Kenya, Rwanda and Uganda have implemented the Regional Electronic Cargo Tracking System (RECTS) that enables tracking the movement of goods within the EAC Customs Union, from the point of entry to the final destination. Additionally, Implementation of the Regional Customs Transit Guarantee (RCTG) system for the management of customs transit guarantees within the EAC Customs Union. It also facilitates the issuance and management of customs transit guarantees, reducing the cost and time associated with cross-border movement of goods. Table 3.3 shows status of integration in the NC Member States

Table 3.3: Integration between Revenues Authorities and Kenya Port Authority

Data Source: EAC (2022) SCT procedures and Manual and KILs (2023).

Country	Status	Observation/Comment
South Sudan	No Integration	Customs System under Development
DRC	No Integration	DRC team has not yet started to attend SCT working groups
Burundi	Full Integration	Data are transmitted from OBR system (AW) to other Revenue Authorities (RA). Integration also exists between Revenue and Port Authorities.
Rwanda	Full Integration	Data are transmitted from RRA system (AW) to other RAs. Integration also exists between Revenue and Port Authorities.
Uganda	Full Integration	Data are transmitted from URA system (AW) to other RAs. Integration also exists between Revenue and Port Authorities.
Kenya	Full Integration	Data are transmitted from KRA system to other RAs. Integration also exists between Revenue and Port Authorities.
Tanzania	Full Integration	Data are transmitted from TRA system to other RAs. Integration also exists between Revenue and Port Authorities.

One of the key achievements of the SCT has been the establishment of a SCT information sharing platform, which allows customs officials in different NC Member States to access and share information on the movement of goods across the region. This has helped to reduce duplication of processes and inspections, as well as enabling real-time tracking of goods and reducing transit times. Table 3.4 presents the status of SCT integration in the Member States.

Table 3.4: Integration of customs systems under SCT (Intra-trade)

Data Source: EAC (2022) SCT procedures and Manual and KIIs (2023)

Country	Status	Observation/Comment
South Sudan	No Integration	Customs System under Development
DRC	No Integration	DRC team has not yet started to attend SCT working groups
Burundi	Full Integration	Test conducted successfully but not yet on production
Rwanda	Full Integration	Data are transmitted from RRA system (AW) to other RAs. Integration also exists between Revenue and Port Authorities.
Uganda	Full Integration	Data are transmitted from RRA system(AW) to other RAs.
Kenya	Full Integration	Data are transmitted from URA system(AW) to other RAs.
Tanzania	Full Integration	Data are transmitted from KRA system (iCMS) to other RAs.
	Full Integration	Data are transmitted from TRA system (TANCIS) to other RAs.

3.7 Challenges to Interconnectivity

The interconnectivity of customs business systems among EAC Partner States faces various challenges that impede the smooth flow of goods and services within the region. Based on key informant interviews in Member States, the following were identified as key challenges.

a) Differences in domestic legal frameworks.

One of the significant challenges is the differences in legal frameworks among the partner states. The legal frameworks that govern customs operations are not similar in all the Member States, making it difficult to harmonize the systems. While some Countries may have specific regulations in place to govern the sharing of data across borders, others may not. This creates inconsistencies and uncertainties that impede the smooth exchange of information between customs authorities in different Countries.

Tanzania's Customs Act allows for more discretion in customs operations, while Uganda's Customs Act is more prescriptive which creates challenges in aligning the systems. The EAC Customs Union Protocol provides a legal framework for customs operations in the region, but some Countries may have different interpretations of the provisions or may not have implemented the agreed-upon measures. As a result, customs procedures and requirements vary across Countries, leading to delays and inefficiencies at the borders.

b) Differences in technical standards.

The different customs systems in the NC Member States have been developed based on different technical standards, such as different data formats, communication protocols, or security features which may not be compatible with each other. This incompatibility creates challenges when attempting to interconnect the systems. For example, some systems may use different data formats or communication protocols, which can make it difficult to exchange information seamlessly. This results into in delays and errors that compromises the effectiveness of the single customs territory.

c) Infrastructure

Interconnectivity also requires adequate infrastructure, such as reliable internet connectivity and power supply, to support the exchange of data. Some Countries may have better infrastructure than others, which can result in disparities in the speed and reliability of data exchange. Others have inadequate infrastructure, such as reliable internet connectivity and power supply, which makes it difficult to operate and interconnect the customs systems.

Frequent customs network failures, sometimes caused by power outages and lack of a standby generator. Claims of frequent system down time are sometimes suspected to be a manipulation / loophole to enable solicitation of bribes by customs officers as this is frequently observed on Fridays⁵.

On the customs system integration, currently there is an issue of non-instant transmission of customs data among Revenue Authorities probably due to the application of different technologies used despite the presence of having a centralized platform/system.

d) Insufficient human capacity and resources.

Insufficient human capacity and resources to operate and maintain the customs systems are also identified as a significant challenge in the interconnectivity of customs business systems among NC Member States. Some of the Member States lack sufficient human resources with the required technical skills and knowledge to operate and maintain the customs systems, making it difficult to interconnect the systems.

3.8 Proposed recommendations

Efforts to address the challenges of interconnectivity among customs business systems in the NC Member States have been ongoing. One such effort is the development of harmonized legal frameworks and technical standards.

The harmonization of legal frameworks is aimed at aligning the different laws and regulations governing customs operations in the Member States to facilitate cross-border trade. The EAC Common External Tariff was developed to harmonize tariffs on imported goods from non-EAC Countries. In addition, Countries employ the use of electronic Data Interchange (EDI) to facilitate the exchange of customs data electronically between Customs authorities, importers, and exporters. Use of electronic payment systems to enable importers and exporters to pay customs duties and fees electronically is also encouraged.

Development of harmonized technical standards seeks to standardize the customs procedures and practices in the partner states. This includes the development of a common language for customs procedures and documentation, as well as the adoption of common technical specifications for customs management systems.

Integration of all the different systems within the region to make automatic reconciliation of all the data captured in the systems.

The use of data analytics to help to identify patterns and trends in trade flows and help to improve customs efficiency and reduce the risk of fraud and smuggling.

Automation of data collection and processing as well as interfacing of customs systems with other systems will be crucial.

It is recommended for NC Member States to consider adopting the use of a Single Centralized Platform to eliminate issues of system failures. The data exchange between customs Revenue systems which based on a bilateral agreement is being faced out starting by intra-regional trade. All Revenue Authorities have been advised to start channeling all SCT messages to EAC Centralized platform in order to address the issue of data transmission failure.

5 This was captured under challenges reported by stakeholders in Rwanda, Section 2.8, Table 2.7

There is need to have a permanent IT staff to support SCT operations at Gatuna OSBPs that operate 24 hours/7days schedule. Member States should Invest in the development of robust and reliable ICT infrastructure to support the interconnectivity of customs business systems as well as prioritizing capacity building for customs officials to enhance their skills and knowledge in the use of customs business systems.

Furthermore, EAC Partner States should work together to establish collaborative partnerships with international organizations and development partners to support the implementation of the Single Customs Territory. These partnerships can provide technical assistance, funding, and other resources to support the interconnectivity of customs business systems in the region.

4. Transit Facilitation Instruments

4.1 Introduction

Transit facilitation instruments are policies, tools, and systems put in place to ease the movement of goods across borders. These instruments are critical in promoting regional integration and improving economic growth. The success of these instruments depends on their rate of implementation and compliance. The EAC Member States have implemented various transit facilitation instruments to achieve this objective. Transit facilitation ensure elimination of barriers to movement of goods on transport corridors, thereby reducing the time and cost of moving goods with and between members states. Efficient trade facilitation may enhance the trade competitiveness of individual countries in the region. Some of the key transit facilitation instruments are:

- i. Electronic Cargo Tracking System
- ii. COMESA RCTG Carnet:
- iii. Transit Guarantee Insurance:
- iv. Port Community Systems
- v. Harmonized Transit Procedures
- vi. Simplified Trade Regime
- vii. Authorized Economic Operator Program:
- viii. Customs Cooperation Agreements

4.2 Existing Transit Facilitation Instruments in the Northern Corridor Member States

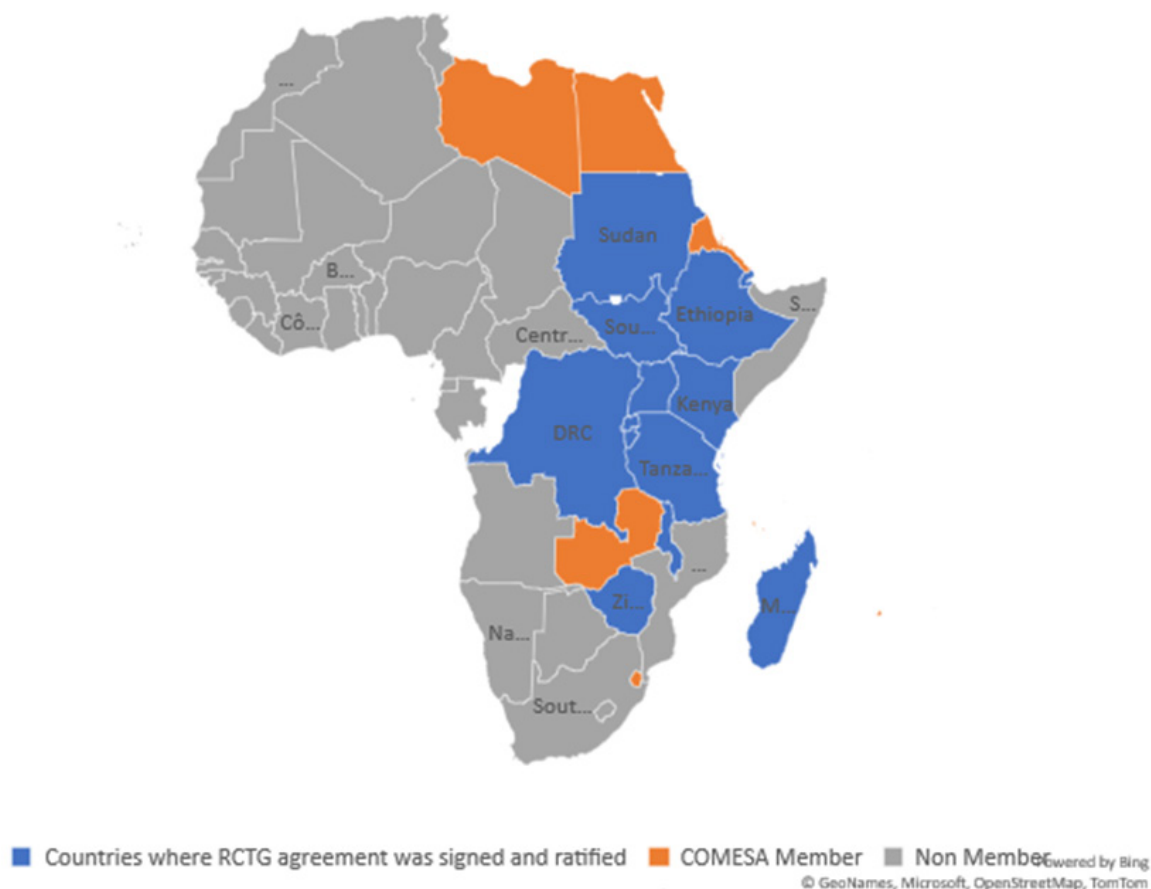
The EAC Member States have implemented several transit facilitation instruments. Some examples of transit facilitation instruments include:

4.2.1 COMESA RCTG Carnet

The RCTG is a key element of the COMESA Protocol on Transit Trade and Transit Facilitation, which is Annex I of the COMESA Treaty. This protocol requires all member states to implement customs and transit measures to eliminate obstacles to trade and transportation in the region. In essence, the RCTG is an instrument designed to facilitate and streamline trade and transportation in the COMESA region by removing barriers and simplifying the customs and transit procedures. RCTG Agreement was ratified by thirteen member and non-member states of COMESA, including Burundi, Djibouti, DRC, Ethiopia, Madagascar, Malawi, Kenya, Rwanda, Sudan, Tanzania, Uganda, and Zimbabwe. The development of operational procedures and institutional arrangements began in 2002, and implementation of the scheme commenced in 2012. The implementation process was ongoing, and Member States were working towards achieving full implementation of the instrument. South Sudan is yet to implement this instrument. It is worth noting that the implementation of the COMESA RCTG Carnet is a gradual process that requires coordination among member states and stakeholders.

The map below shows the countries which have ratified the COMESA RCTG agreement so far

Figure 4.1: COMESA RCTG Agreement Member and non-Member States



4.2.2 Electronic Cargo Tracking System

One of the most successful transit facilitation instruments has been the ECTS. ECTS is a technology-based tool that allows customs officials to monitor the movement of goods in transit using electronic devices. The system tracks the movement of goods from the point of entry to the final destination, ensuring that they are not diverted or tampered with.

The ECTS has been implemented in several Northern Corridor Member States, including Kenya, Uganda and Rwanda with positive results. However, the implementation of the ECTS has not been without challenges. In some cases, the system has experienced technical glitches. In South Sudan, the implementation of the ECTS started on 24 April 2023. Burundi and DRC are yet to implement this instrument.

4.2.3 Transit Guarantee Insurance:

This trade facilitation instrument is an insurance coverage provided to transporters to guarantee payment of taxes and other charges related to the transit of goods across borders. Transit Guarantee Insurance helps to reduce the financial risks associated with cross-border trade and promote regional integration.

The implementation of Transit Guarantee Insurance requires coordination among member states and stakeholders to ensure consistency and efficiency.

4.2.4 Port Community Systems

Port Community Systems are electronic platforms that enable the sharing of information and data among stakeholders in the maritime supply chain, including shipping lines, customs authorities, and port operators. Port Community Systems have the potential to significantly reduce the time and cost of clearing goods at ports and improve the efficiency of the maritime supply chain.

4.2.5 Harmonized Transit Procedures

The Harmonized Transit Procedures (HTP) are a set of agreed-upon procedures for the movement of goods in transit across multiple countries, intended to reduce the administrative burden on traders. The HTP were adopted in 2013 and have been implemented gradually across the region since then. The HTP cover various aspects of transit, including documentation requirements, customs procedures, and the use of electronic cargo tracking systems.

4.2.6 Simplified Trade Regime

The Simplified Trade Regime (STR) is a trade facilitation instrument adopted by the EAC member states to enhance trade by simplifying and streamlining customs procedures for small-scale cross-border traders. The STR allows traders to make use of simplified customs procedures and a simplified trade documentation system. The aim is to encourage informal traders, who are a significant component of cross-border trade (especially vulnerable groups like women, youth and people with disabilities), to trade legally and benefit from formalized trade. The implementation of the STR is at varying rates among EAC countries. Rwanda has fully implemented the STR, Kenya and Uganda are at an advanced stage of implementation, while Burundi is yet to commence implementation. The EAC Secretariat continues to sensitize member states on the benefits of the STR and provide technical support to facilitate its implementation. The STR has been instrumental in boosting cross-border trade, particularly for small-scale traders, and has helped to reduce the time and costs of cross-border trade in the region.

4.2.7 Authorized Economic Operator (AEO) Program:

This program grants certified traders access to simplified customs procedures and other benefits in order to promote compliance and security. The AEO program is a trade facilitation instrument implemented by EAC Member States to enhance supply chain security and improve trade compliance. The AEO program recognizes businesses that meet certain security and compliance standards as low-risk traders, providing them with a range of benefits, such as simplified customs procedures, reduced inspection times, and priority processing. The program also aims to enhance cooperation between customs administrations and the private sector to promote a culture of compliance and trust. While the AEO program has been implemented in Kenya, Rwanda, Uganda and Tanzania Member States, its uptake has been slow, with few businesses being accredited as authorized economic operators. This is partly due to the rigorous requirements for accreditation and limited awareness of the program among the business community. However, the benefits of the AEO program for businesses and customs administrations are significant, and efforts are being made to promote its wider adoption in the region.

4.2.8 Customs Cooperation Agreements (CCAs)

CCAs are agreements between customs authorities of different countries aimed at facilitating cross-border trade by enhancing coordination and cooperation among customs administrations. The EAC Member States have signed several CCAs, including the Customs Mutual Assistance Agreement (CMAA), the Tripartite Agreement, and the Mutual Recognition Agreement. The CCAs promote information sharing, risk management, and joint enforcement activities, which help to enhance the efficiency of cross-border customs clearance processes. The implementation of CCAs in the EAC region has been mixed. Some member states have made significant progress in implementing these

agreements, while others have experienced challenges in their implementation. For instance, the CMAA has been implemented by all the EAC member states, and it has contributed to the reduction of smuggling and other illicit trade activities in the region. However, the implementation of the Mutual Recognition Agreement has been slow, mainly due to differences in the customs procedures and regulations among the member states. Nevertheless, the EAC is committed to enhancing the implementation of CCAs, and efforts are underway to harmonize customs procedures and regulations among the member states to facilitate the smooth implementation of these agreements.

4.2.9 Corridor Management Committees:

A corridor management committee (CMC) is a platform for public-private dialogue and coordination for the development and management of transport corridors. The CMC brings together representatives from government agencies, transport and logistics service providers, traders, and development partners to jointly identify and address challenges in the transport corridors, facilitate cross-border trade and transit, and ensure the smooth flow of goods and people. Member States have established the CMCs and are operational in the Northern Corridor. The rate of implementation in the corridor is well-established and active that has contributed to significant improvements in trade and transit facilitation.

4.3 Continental Initiatives

Within the framework of the Programme for Infrastructure development in Africa (PIDA) continent, the AUC is promoting an initiative to turn all the major corridors in smart corridors. The word “SMART” stands for “Safety, Mobility, Automated, and Real-time Traffic Management”. A SMART corridor is an efficient and integrated modal or multimodal transport system that relies on innovative technologies to improve trade and transport facilitation between two or more countries facilitated by the latest trade facilitation tools and conducive policies. A SMART corridor includes innovative cross-border Intelligent Transport Systems (ITS) and Information Communication Technologies (ICT) aimed at facilitating trade through simplification of transport administrative processes and providing real-time information to the key corridor stakeholders to monitor cargo clearance and movement.

SMART corridors are characterized by four critical features that contribute to the seamless movement of goods and people along the route. First, the corridor should have a reliable monitoring system that provides real-time information on traffic movements to stakeholders. This information helps them manage trade and transport facilitation processes efficiently. Second, the corridor should adopt paperless trade and transport administrative clearing procedures and logistics processes to reduce bureaucracy and minimize delays. Third, a Corridor Performance Monitoring System should be in place to track performance and identify areas for improvement. Finally, smart corridors should reduce corruption in the transportation and clearance of cargo, minimize transport costs, and transit times. These four attributes work together to create a more efficient and effective transportation corridor.

Therefore, attaining a smart corridor requires implementation of both national and cross-border Intelligent Transport Systems/ICT systems. The essential corridor-wide systems are defined herein below:

- (i) Coordinated Border Management Information System (CBIS) is an electronic platform setup at land borders/OSBP to facilitate trade through communication, cooperation and coordination of land border processes undertaken jointly by the private sector and all land border government agencies. CBIS facilitates and monitors the documents clearance process as well as the actual movement of cargo/trucks through the border;
- (ii) Coordinated Port Management Information System (CPIS) is an electronic platform that integrates the information flow and monitoring of trade/logistics related documents/information and functions for Private Sector, Port Master, Port Terminal and all Border Control Agencies at a Sea Port. CPIS monitors the documents clearance process as well as the actual movement of cargo/trucks through the port;

- (iii) Corridor Performance Monitoring System (CPMS) is an electronic platform that systematically collects and processes data mainly from the Real-time Monitoring and Tracking System (RMTS) for cargo and vehicle movements on various aspects of corridor performance;
- (iv) National Electronic Cargo Tracking System (ECTS) is an ICT/ITS platform at country level that allows relevant authorities to monitor on real-time basis movement of trucks simultaneously moving on defined routes from a central control room, and to report any predetermined events criteria violations when they occur with the exact position and status. It is also used to determine transit times of trucks/cargo over country sections of the corridors;
- (v) Corridor or Regional Electronic Cargo Tracking System (RECTS) is a mechanism of enabling ECTS at country level to track on real time basis movement of trucks simultaneously travelling on predetermined routes along a Corridor across a number of Customs jurisdictions without replacing the electronic seal used to arm and activate the cargo for electronic tracking at the Port of Entry to the destination country and vice versa.
- (vi) Real-time Monitoring and Tracking System of cargo and vehicle movements comprises the CPIS/CBIS and the national ECTSs/Corridor ECTS. It provides real-time information and status of cargo and vehicle movements and status of cargo clearance along the corridor.

It is therefore an imperative that the revised SCT caters for the transformation of the corridor into a smart corridor, by making provisions which will enable the member States to cooperate and collaborate in the implementation of the above systems.

4.4 Types of Transit

Customs transit refers to the process by which goods are transported under customs supervision from one customs jurisdiction to another without the payment of duties or taxes. This procedure encompasses inbound transit, outbound transit, and through transit. The following are some of the types of customs transit:

1. External transit: This type of transit is used when goods are transported from a country outside the customs territory of the transit country to a country outside the customs territory of the transit country.
2. Internal transit: This type of transit is used when goods are transported within the customs territory of a country, from one customs office to another.
3. Inward transit: This type of transit is used when goods are transported from a country outside the customs territory of the transit country to a customs office within the customs territory of the transit country.
4. Outward transit: This type of transit is used when goods are transported from a customs office within the customs territory of the transit country to a country outside the customs territory of the transit country.
5. Through transit: This type of transit is used when goods are transported from one country to another through the customs territory of a transit country, without undergoing any processing or alteration.

4.5 Monitoring and reporting on the implementation of transit facilitation instruments

Monitoring and reporting on the implementation of transit facilitation instruments is crucial for ensuring their effectiveness and identifying areas for improvement. The EAC Secretariat and Member States regularly monitor and evaluate the implementation of various transit facilitation instruments, such as the SCT and other instruments like the Single Window System, Simplified Trade Regime, Authorized Economic Operator Program, and Inland Container Depots among others.

To ensure effective monitoring and reporting, the EAC Secretariat has established a monitoring and evaluation system that involves regular monitoring visits to the border points and other transit facilities. During these visits, the monitoring teams assess the level of compliance with the established transit facilitation instruments and identify any gaps that need to be addressed. The monitoring teams also collect data on transit time, clearance time, and the level of compliance with the established transit procedures.

The EAC Secretariat also compiles and publishes periodic reports on the implementation of transit facilitation instruments in the region. These reports provide insights on the progress made in the implementation of various transit facilitation instruments and identify areas that require further attention. The reports also serve as a tool for benchmarking and comparing the performance of different transit corridors and border posts.

Additionally, the Northern Corridor Transit and Transport Coordination Authority (NCTTCA), a regional intergovernmental organization, monitors and reports on the implementation of transit facilitation instruments in all the six Member States of the Northern Corridor. NCTTCA conducts joint border inspections to assess the efficiency of transit processes and identify bottlenecks. The organization also produces quarterly reports on transit performance, which include information on transit times, cargo clearance, and compliance with transit regulations.

Burundi has implemented the National Monitoring Committee for Trade Facilitation, since 2016 to coordinate and monitor the implementation of the World Trade Organization's Trade Facilitation Agreement. The committee includes representatives from relevant government agencies, private sector organizations, and civil society. The government regularly reports on the performance of these instruments through the National Trade Observatory.

In Kenya, the implementation of transit facilitation instruments is monitored and reported by KRA. Other stakeholders such as the private sector, civil society organizations, and development partners also monitor and report on the implementation of transit facilitation instruments in Kenya. Development partners such as the World Bank and the United Nations Conference on Trade and Development (UNCTAD) provide technical assistance and conduct research on transit facilitation in Kenya. Kenya uses transit monitoring approach in tracking systems in place which are activated before the truck leaves the depot; through development of performance indicators that are used to track the implementation of transit facilitation instruments. Monitoring is done through feedback from stakeholders such as transporters, importers, and exporters, use of electronic systems to track transit movements, and regular monitoring and evaluation of the transit facilitation process. Progress reports are developed and submitted to relevant authorities including the World Trade Organization and the World Customs Organization. In addition, the country has established a National Monitoring Committee composed of representatives from relevant state and non-state actors.

Rwanda has been monitoring and reporting on the implementation of transit facilitation instruments through the Rwanda Electronic Single Window for Trade. It serves as a platform for tracking and reporting on the implementation of various transit facilitation instruments such as the TIR Carnet, the Electronic Cargo Tracking System, and the Simplified Trade Regime. RESW-T allows for the tracking of cargo movement from the port of entry to the final destination, and provides real-time information on the status of cargo clearance processes. The system generates reports on the performance of transit facilitation instruments, and provides insights for improving trade and transport processes. Through RESW-T, Rwanda has been able to improve the efficiency of its transit processes, reduce transit time and costs, and enhance its competitiveness as a regional trade hub.

South Sudan, being a landlocked country, heavily relies on the efficient operation of transit facilitation instruments to facilitate trade and transit of goods across its borders. The government has put in place various measures to monitor and report on the implementation of these instruments. One such measure is the establishment of a National Monitoring Committee on Transit Transport which is responsible for monitoring the implementation of transit facilitation instruments, identifying challenges, and proposing solutions. The committee is composed of representatives from the government, private sector, and development partners.

Uganda has established a National Monitoring Committee to oversee the implementation of the various transit facilitation instruments. The URA also conducts regular monitoring and evaluation of the implementation of transit facilitation instruments to identify areas for improvement and ensure compliance with established procedures. In addition, Uganda has established a National Trade Facilitation Committee to coordinate the implementation of trade facilitation measures, including transit facilitation instruments, at the national level. The committee comprises representatives from government agencies, private sector organizations, and development partners. The committee conducts regular meetings to review progress and challenges in the implementation of transit facilitation instruments and develop strategies to address them.

4.6 Challenges and recommendations

Despite the efforts made, challenges still exist in the implementation of transit facilitation instruments in Member States. Some of these challenges include inadequate infrastructure, limited institutional capacity, security concerns, lack of harmonization of transit procedures among partner states and data transmission concerns from one system to another.

Another challenge is the issue of non-tariff barriers such as roadblocks, checkpoints, and weighbridges which result in delays and increased cost of doing business. Inadequate coordination among the various agencies involved in transit facilitation is also a challenge. The lack of a centralized platform to share information among these agencies, as well as poor communication channels, leads to delays in the processing of cargo and results in unnecessary costs.

Furthermore, the lack of capacity building and training for some personnel involved in transit facilitation, particularly in the use of modern technologies and tools, is another challenge. This hinders the effective implementation of transit facilitation instruments such as electronic cargo tracking systems and single windows.

Inadequate financial resources and limited budgetary allocations towards the implementation of transit facilitation instruments also pose a challenge. Without sufficient funding, it becomes difficult to invest in the necessary infrastructure, equipment, and personnel needed to effectively implement these instruments.

Areas that require improvement in the transit facilitation instruments are the following (among others)

- i. Infrastructure improvement and expansion: To enhance infrastructure within the NC region and support the smooth functioning of the SCT, it is recommended to invest in transportation networks, modernize border crossings, develop logistics hubs, deploy trade facilitation technologies, and collaborate with Development Partners. Strengthening infrastructure with advanced customs systems, establishing strategically located logistics hubs, adopting modern trade facilitation technologies, and engaging in partnerships with international organizations and Private Sector entities will contribute to improved efficiency, reduced transit times, and enhanced trade facilitation within the NC region.
- ii. Improve on Information technology by enhancing IT connectivity and interoperability between different systems. At times, there are delays and errors in the processing of cargo at the border post.
- iii. Elimination of non-tariff barriers where there are still instances of bribery and other non-tariff barriers at border crossings, which increases the time and cost of trade.
- iv. Capacity building for customs officers and other stakeholders to ensure that all stakeholders understand and comply with transit facilitation instruments.
- v. Harmonization of the customs procedures and documentation within the EAC is a crucial recommendation to facilitate trade and streamline cross-border operations. By aligning customs processes across Member States, it becomes easier for businesses to navigate trade requirements and reduces bureaucratic hurdles. Harmonization efforts can involve standardizing customs forms, documentation, and data requirements, as well as adopting common procedures for customs clearance, valuation, and risk assessment.

- vi. The implementation of SMART (Safe, Modern, Affordable, Reliable, and Time-bound) Corridors and under transit procedures is a valuable recommendation to enhance trade facilitation within the region. By establishing dedicated lanes for transit cargo and implementing automated systems for customs clearance, inspections, and documentation, transit times can be significantly reduced. Additionally, under transit procedures, goods can move seamlessly across borders without undergoing extensive customs procedures at each transit point. This recommendation not only expedites the movement of goods but also reduces costs, enhances supply chain reliability, and encourages businesses to take advantage of the EAC's transit routes.

5. Infrastructure for SCT in all Member States

5.1 Introduction

The implementation of a Single Customs Territory in the Northern Corridor requires significant investment in infrastructure, both physical and digital, and the development of human resource capacity to facilitate the seamless movement of goods across the region. The Northern Corridor Infrastructure Master Plan (NCIMP⁶) seeks to improve transport infrastructure, including roads, railways, and ports, to facilitate the movement of goods across the region. This is a critical component of the SCT implementation as efficient and reliable transport infrastructure is essential for the success of the Customs union. The NCIMP also aims to improve energy and ICT infrastructure to support the region's economic growth, which are essential elements for the success of the SCT.

Some of the key infrastructure enabling implementation of the SCT are: Electronic Customs Management System which enables online exchange of information and data between customs offices and other stakeholders. The physical infrastructure which includes transport infrastructure, such as Maritime Port of Mombasa, Borders & One Stop Border Points (OSBPs), road network, weighbridges, railways, Oil Pipeline, Inland Waterways and Inland Container Depots (ICDs), to facilitate the movement of goods within the region is another infrastructure enabler.

Soft infrastructure includes a reliable and secure internet network, such as fibre optic cables, to facilitate the exchange of information and data between customs offices and other stakeholders. Northern Corridor Member States have also established data centres to provide a secure platform for the storage, processing, and sharing of customs data. Customs Enforcement Technologies such as cargo scanners to facilitate the inspection and clearance of goods are also critical element of the soft infrastructures. NC Member States have invested in the acquisition and deployment of customs enforcement technologies to enhance border security and facilitate trade. However, the capacity of these facilities and systems is limited, characterized by insufficient staff, outdated technology and/or inadequate training. This affects customs efficiency, leading to delays and increased costs for traders. Additionally, the implementation of the SCT regime requires reliable energy and ICT connectivity to support economic growth, but the existing infrastructure in the region is still limited, with inadequate capacity and coverage. This affects the competitiveness of businesses in the region and hinders trade and economic integration.

Figure 5.1 below highlights existing transportation infrastructures in the Northern Corridor Region (roads, railways, pipelines, border posts, weighbridges, Inland Container Terminals and Ports).

6 The Northern Corridor Infrastructure Master Plan is a regional infrastructure development program aimed at improving transport, energy, and ICT connectivity, to facilitate the movement of goods and people across the Northern Corridor region.

5.2 Existing Infrastructure and status in NC Member States

5.2.1 Border Infrastructure:

The development of border infrastructure is essential to the implementation of an SCT in Northern Corridor Member States. This includes the construction of modern border posts, the installation of cargo scanners, and the development of one-stop border posts (OSBPs).

One Stop Border Posts are a key component of trade and transit facilitation in the EAC region. OSBPs entail improvements to physical infrastructure at border posts to improve the efficiency of border clearance procedures, as well as faster border clearance through handling both the exit and entry procedures side by side, on one side of the joint border.

Efficient and effective border posts are essential to facilitating trade and transportation by reducing the time and cost of doing business and improving the flow of goods across borders. The EAC member states have implemented various measures to improve border post operations, including the use of technology, harmonization of procedures, and capacity building for border post officials. The following table highlights the status of OSBPs in the Northern Corridor region.

Table 5.1: Status of OSBPs and other major joint borders in the Northern and Central Corridor Region

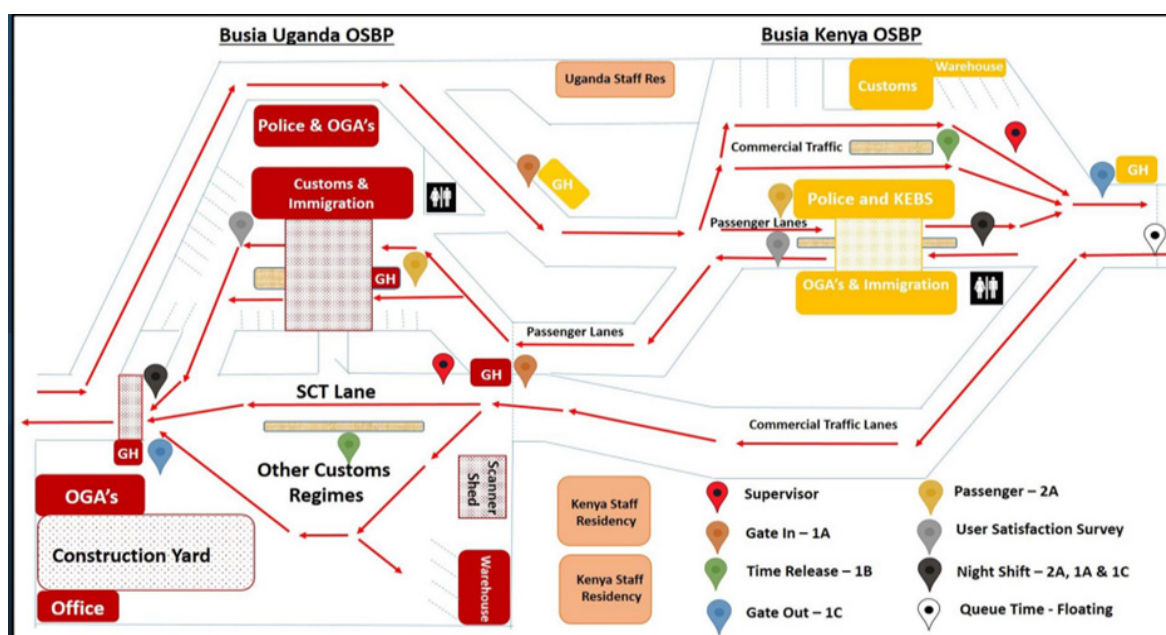
Data Source: Transport Observatory Portal (TOP), NCTTCA Secretariat, Mombasa

Border Names	Countries	Status	Corridors
Border Names	Countries	Status	Corridors
1. Taveta/Holili	Kenya/ Tanzania	Operational OSBP	Central & Northern Corridors
2. Isebania/Sirare	Kenya/ Tanzania	Operational but not as an OSBP	Central & Northern Corridors
3. Namanga/Namanga	Kenya/ Tanzania	Operational OSBP	Central & Northern Corridors
4. Lungalunga/Horohoro	Kenya/ Tanzania	Operational OSBP	Central & Northern Corridors
5. Busia/Busia	Kenya/Uganda	Operational OSBP	Northern Corridor
6. Malaba/Malaba	Kenya/Uganda	Operational OSBP	Northern Corridor
7. Mutukula/Mutukula	Uganda/Tanzania	Operational OSBP	Central Corridor
8. Elegu/Nimule	Uganda/South Sudan	Not operating as OSBP since Customs officers are still stationed in their respective sides of the border.	Northern Corridor
9. Mirama Hills/ Kagitumba	Uganda/Rwanda	Operational OSBP	Northern Corridor
10. Katuna/Gatuna	Uganda/Rwanda	Operational OSBP	Northern Corridor
11. Nemba/Gasenyei	Rwanda/Burundi	Operational OSBP	Northern Corridor
12. Akanyaru Haut/ Kanyaru Haut	Rwanda/Burundi	Operational OSBP	Northern Corridor
13. Ruhwa/Ruhwa	Rwanda/Burundi	Closed on one side and no collaborative approach.	Northern Corridor
14. Mugina/Manyovu	Burundi/Tanzania		Central Corridor
15. Kobero/Kabanga	Burundi/Tanzania	Operational OSBP	Central Corridor
16. Rusumo/Rusumo	Rwanda/Tanzania	Operational OSBP	Central Corridor

Border Names	Countries	Status	Corridors
11.Mpondwe/Kasindi	Uganda/DRC	Juxtaposed construction. completed in December 2022	Northern Corridor
12.Goli/Mahagi	Uganda/DRC	Construction in progress and soon to be completed	Northern Corridor
13.Rubavu/Goma	Rwanda/DRC	Operational OSBP; however reduced working hours	Northern Corridor
14.Rusizi I/Ruzizi I	Rwanda/DRC	Juxtaposed Detail design of the project was completed and fund mobilization of construction works is ongoing.	Northern Corridor
15.Rusizi II/Ruzizi II	Rwanda/DRC	Construction is ongoing and expected to be completed in 2024.	Northern Corridor
16.Gatumba/Kavimvira	Burundi/DRC	Activities yet to commence	Northern Corridor
17.Nadapal/Lokichogio	Kenya/South Sudan	Activities yet to commence.	Northern Corridor

OSBPs are critical in reducing the time and cost of cross-border trade by allowing for the simultaneous clearance of goods by both importing and exporting countries. An OSBP is a “one stop” form of border crossing point jointly managed by adjoining Member States, where multiple border agencies cooperate and collaborate with each other, and effectively coordinate their activities to maximize their operational efficiency. The OSBP arrangement brings together all the government agencies performing border crossing controls procedures under one roof – doing away with need for motorized traffic and persons to undergo clearance twice at both sides of the border. This arrangement expedites movement, release and clearance of goods and persons across borders, by streamlining border procedures, automation of the border processes and simplification of trade documents.

Extensive development of One Stop Border Posts in the Northern Corridor region has significantly improved the efficiency of transport in the region. Figure 5.2 below highlights features of the OBSP constructed at Busia / Busia border between Uganda and Kenya.

Figure 5.2: Busia- Busia Kenya/Uganda OSBP

The study established that preferential treatment is generally granted to cargo within the SCT compared to non-SCT cargo at the OSBPs. However, it is important to note that the specific preferential treatment and extent typically depends on the agreements, protocols, and customs procedures established among the Member States, both collectively and/or bilaterally.

5.2.2 Road Infrastructure

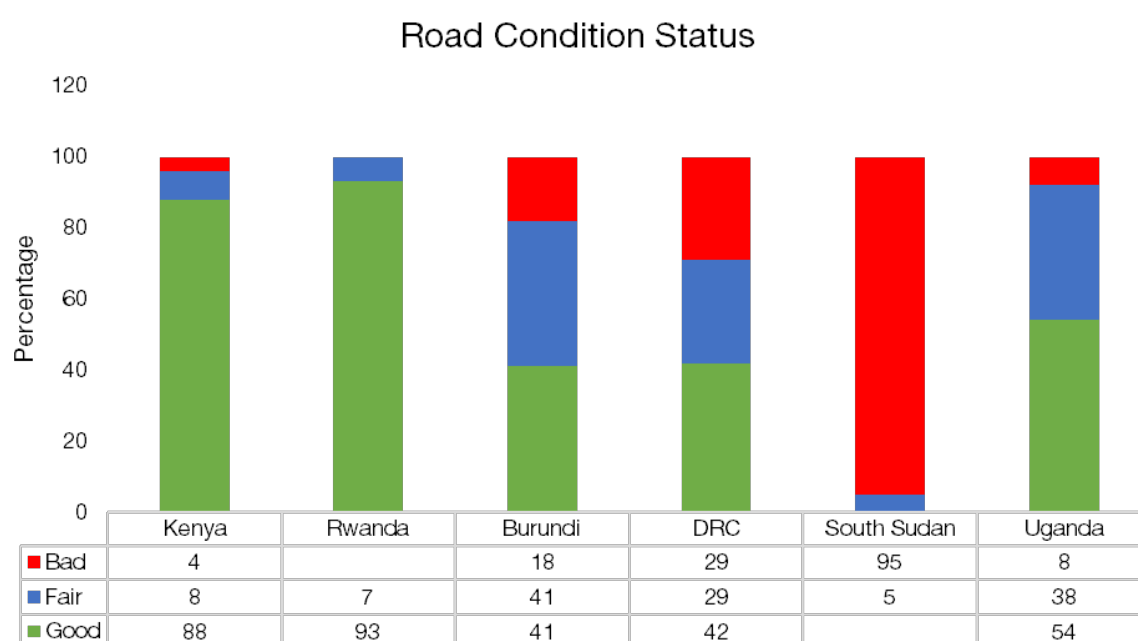
The development of road infrastructure is critical in the implementation of an SCT in the Northern Corridor region. This includes the construction of new roads, upgrading of existing roads, and the development of cross-border road networks. Good road infrastructure is essential in reducing transit times and the cost of transporting goods across the region. The Northern Corridor Road networks cover approximately 12,707 Km in length distributed as follows: 567 Km in Burundi; 4,162 Km in DRC; 1,328.6 Km in Kenya, 1,039.4 Km in Rwanda; 3,543 Km in South Sudan and 2,072 Km in Uganda. The picture below shows a section of the NC with wet transit cargo



The road conditions along the Northern Corridor varies depending on the section of the route. An average of 41 percent of total road length in the Northern Corridor is in good condition; 21 percent was in fair condition and 38 percent was in bad status; with South Sudan contributing (67%) the highest percentage on the poor status. The ongoing road rehabilitation and upgrading projects are expected to bring more improvements in the next years.

Going per Member States, road sections in good and fair conditions are 82% in Burundi; 71% in DRC; 96% in Kenya, 100 %, in Rwanda, 5% in South Sudan and 92% in Uganda as highlighted under figure 5.3 below.

Figure 5.3: Status of Road Condition in NC Member States by December 2022



5.2.3 Weighbridges

Weighbridges are large scales used to weigh trucks and other vehicles transporting goods to ensure they comply with legal weight limits. Weighbridges help prevent overloading and ensure that vehicles transporting goods are operating safely and efficiently. They are usually located at strategic points along major transportation routes, such as near border posts, seaports, and inland container depots.

Weighbridges play an important role in ensuring the safety of road transport along the Northern Corridor by ensuring that trucks are not overloaded beyond the safe limits. To ensure that trucks can run unhindered on the corridor, legislation on vehicle dimension standards and axle loads must be harmonized. The gross vehicle mass (GVM) and axle loads should be defined in the simplest possible terms in order to obtain compliance by operators to protect the infrastructure and life. Northern Corridor Member States are implementing the standardized approach to weighbridge operation and management under the EAC Vehicle Load Control Act, 2013. It is important for transport operators to comply with weight limits and ensure that their vehicles are properly loaded in order to avoid delays and penalties at weighbridges.

Kenya and Uganda have led the way in terms of investment and installation of weighbridges, with Kenya⁷ installing High-Speed Weigh-in-Motion (HSWIM) technology and virtual weighbridges along key routes. Uganda has fixed Slow Speed Weigh in Motion weighbridges compared to high-speed

7 Kenya has none static and ten virtual weighbridges. 4 weighbridges are High Speed Weigh in Motion (HSWIM). They include Mariakani, Athi-River, Gilgil and Webuye

way motion/digital weighing scales. This undermines effective implementation of SCT. Rwanda has no weighbridge in operation at the moment. However Two (2) are under Construction/installation between Kagitumba-Kayonza and Rusumo-Kayonza road sections. Rwanda has planned to install two high speed weigh in motion weighbridges. Similarly, Burundi and South Sudan have no weighbridges.

5.2.4 Railway

The Northern Corridor Railway network comprises of the Metre Gauge Railway and the Standard Gauge Railway (SGR). The total length of the meter gauge rail (MGR) network is 8,206 Km in Northern Corridor, out of which Kenya accounts for 1,787 Km; Uganda comprises of 1,221 Km, DRC accounts for 5,033 Km and South Sudan 165 Km. The total length of the standard gauge rail is 472 Km from Mombasa to Nairobi designed with a capacity to carry 22 million tonnes a year of cargo or a projected 40 percent of Mombasa Port throughput by December 2035. The SGR line is 89 Km from Nairobi to Naivasha. Rwanda has no railway network presently, which means most of the trade is conducted by road. The SGR mainline from Mombasa to Kampala is planned to join the line from Kigali-Kampala on the Northern Corridor whereas, on the Central Corridor Isaka- Kigali will be mainline. Kigali-Rubavu branch line will link Rwanda to DRC. The plan to extend a branch line from Isaka in Tanzania to Kigali is well in advance.

Table 5.2: Railway network in NC Member States

Route	Railway Network	Kilometres
Mombasa – Nairobi	SGR	472
Nairobi - Naivasha	SGR	89
Mombasa – Malaba	MGR	1,083
Longonot - Malaba	MGR	465
Nakuru - Kisumu	MGR	217
Malaba - Kampala	MGR	240

5.2.5 Inland Container Depots

Inland Container Depots (ICDs) are designated customs areas where cargo is consolidated, de-consolidated, and temporarily stored before being cleared through customs. ICDs are an important trade facilitation instrument in the EAC region as they help to decongest busy ports and border points by providing an alternative location for cargo clearance. In addition, ICDs can also help reduce transport costs by allowing for the consolidation of cargo for inland destinations.

In terms of implementation, the Northern Corridor member states have made progress in establishing ICDs. For example, Kenya has several ICDs located in strategic locations such as Nairobi, Mombasa, and Naivasha. Uganda has ICDs in Kampala and Jinja, while Rwanda has ICDs located in Kigali. However, there is still room for improvement in terms of the capacity and efficiency of these ICDs. Some of the challenges that need to be addressed include inadequate infrastructure, limited technology adoption, and inefficient customs procedures. Therefore, there is a need for continuous investment in the development of ICDs to ensure that they can effectively facilitate trade and support regional integration efforts.

5.2.6 ICT Infrastructure

The successful implementation of the SCT requires robust Information and Communications Technology (ICT) infrastructure, including hardware and software systems, to facilitate the sharing of customs-related data. The development of robust ICT infrastructure is essential in the implementation of SCT in the region. This includes:

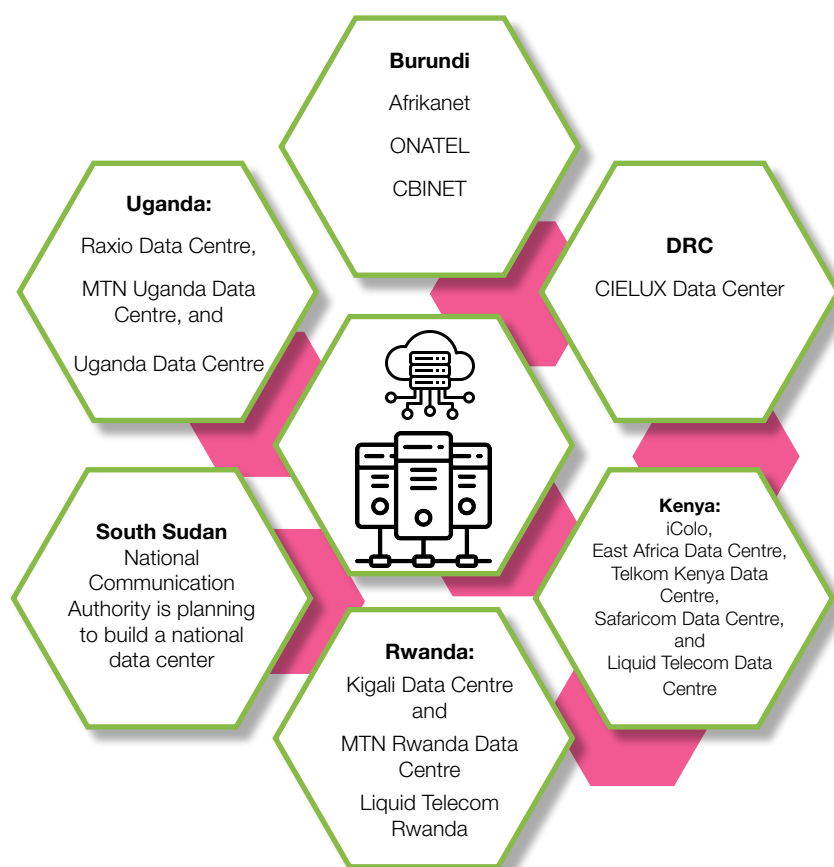
i. Customs Management System

A robust Customs Management System (CMS) is critical to the implementation of an SCT in the Northern Corridor Member States. The CMS allows for the automation of customs procedures, which reduces the time and cost associated with the movement of goods across borders. The system should be able to track and monitor the movement of goods, process payments, and issue customs declarations and clearance certificates. Examples include, the development of electronic cargo tracking systems, the establishment of e-payment systems, and the development of a regional trade portal. These systems allow for the seamless exchange of information between customs authorities, traders, and transporters, which reduces the time and cost of cross-border trade.

ii. Data Center and Data Recovery sites (Status by Partner States)

Data centers are facilities that host and manage ICT equipment, including servers, storage devices, and networking equipment. They are critical for ensuring the availability and accessibility of Customs data and supporting customs operations. Data recovery sites, on the other hand, are backup facilities that provide redundancy and disaster recovery capabilities in case of system failures or disasters. One of the key elements of the SCT is the connectivity between customs offices and data centers in NC member states, which is critical for the success of the initiative.

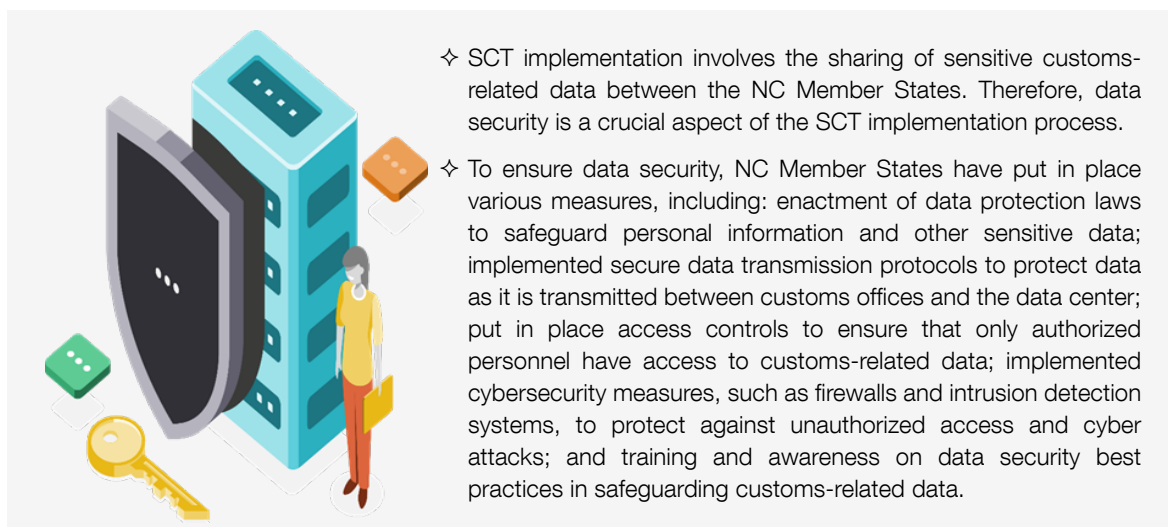
The implementation of the SCT requires efficient and reliable data centers and data recovery sites to support the customs operations in the region. Data centers and recovery sites play a crucial role in the implementation of the SCT by providing the necessary IT infrastructure to support customs operations such as the processing of customs declarations, the management of cargo movement, and the exchange of trade data among Northern Corridor Member States. These services include colocation, cloud services, connectivity, and disaster recovery and business continuity services. By leveraging on these services, businesses operating in the Northern Corridor Member States region can more easily comply with customs regulations and improve the efficiency of their supply chain operations, ultimately supporting the goals of the SCT. Figure 5:4 below highlights existing data centers in the Northern Corridor member States.

Figure 5.4: Data Centers in NC Member States

However, some of these data centers have limited capacity and may not be adequate for hosting and managing customs data for the entire Northern Corridor region. Additionally, others may not meet the required security standards for customs data, which may pose risks to data confidentiality and integrity. There are concerns around data privacy and security in the region, which can affect the willingness of businesses to use data centers and data recovery sites. There is also a need for standardization of data center and data recovery site operations and management practices to ensure consistency and interoperability across different facilities. Another challenge is the high cost of energy in the region.

Having redundancy of service providers is indeed crucial for ensuring business continuity in data centers during the implementation of the SCT. To ensure effective redundancy of service providers, it is important to establish Service Level Agreements (SLAs) that clearly define the expectations, responsibilities, and performance metrics of each provider. Regular monitoring and evaluation of the providers' performance, reliability, and compliance with SLAs should be conducted to maintain the desired level of service quality. Ultimately, the redundancy of service providers in data centers for SCT implementation contributes to the overall resilience, reliability, and continuity of customs operations, safeguarding against potential disruptions and ensuring smooth trade facilitation.

SCT is supported by interconnected customs systems of all the revenue authorities and port authorities, this has enabled real time exchange of information. Because of system interconnections, traders are now able to clear port charges online. There is no need to travel to Mombasa. Figure 5:5 below highlights initiatives on data security in the Northern Corridor Member States.

Figure 5.5: NC initiatives on data security

Addressing these challenges requires significant investments in ICT infrastructure and energy generation in the region, which also requires collaboration and partnership between governments, businesses, and development partners. In addition, there is a need for capacity building and skills development in the region to support the development and operation of data centers and data recovery sites. This includes training on ICT infrastructure management, cybersecurity, and disaster recovery and business continuity planning. Finally, there is a need for a clear regulatory framework to govern the operation of data centers and data recovery sites in the region. This includes regulations around data privacy and security, ICT infrastructure management, and disaster recovery and business continuity planning. Having a clear regulatory framework will provide businesses with confidence and certainty when it comes to setting up and operating data centers and data recovery sites in the region, and will also help to ensure consistency and interoperability across different facilities.

5.3 Infrastructure challenges

The implementation of the SCT in the NC region faces several infrastructure-related challenges that need to be addressed for seamless trade facilitation. The SCT aims to simplify customs procedures and reduce the time and costs associated with clearing goods at border points. However, many of the border points in the EAC region lack the necessary infrastructure to support the SCT, including adequate storage facilities, inspection equipment, and ICT systems. This has led to delays in the clearance of goods and increased the costs associated with cross-border trade. Other challenges include inadequate transport infrastructure, weak customs infrastructure, and poor energy and ICT connectivity among others. The state of the existing road and rail infrastructure in the region is inadequate, with poor road networks, limited rail capacity, and outdated technology. This affects the movement of goods within the region, leading to delays, congestion, and increased costs. The following table, summarizes challenges per Member State and recommendations.

Table 5.3: Challenges and recommendations

Country	Challenges	Recommended next steps
Burundi	✧ Limited ICT infrastructure which can hinder the sharing of customs data between customs offices and the data center.	✧ To invest in and upgrade the ICT infrastructure. This can be achieved by allocating sufficient resources for the development and implementation of robust ICT systems, networks, and connectivity solutions. The investment should focus on expanding internet connectivity, improving hardware and software capabilities, and establishing secure and reliable data transmission channels.
	✧ Inadequate infrastructure	✧ Provision of road infrastructure by improving the quality of roads and bridges, constructing new roads, repairing and maintaining existing ones, and expanding key road networks including roadside stations along the transport corridors.
	✧ Inadequate storage facilities for goods, which can lead to congestion at border posts and delays in customs clearance	✧ Invest in the expansion and improvement of storage infrastructure at border posts through partnerships. This can be achieved through public-private partnerships or government-led initiatives. Provision of adequate parking spaces at the border post
DRC	✧ DRC is yet to implement the SCT, however in readiness towards implementation, there is need to invest in infrastructure	✧ Concerning DRC, next steps include convening a meeting to agree on the Road Map as far as SCT regime is concerned and investing in adequate and reliable infrastructure
Kenya	✧ Frequent system downtimes (when the system goes down for 72hr, it's allowed to go back to manual system).	✧ Prioritize investments in robust IT infrastructure and system upgrades. By enhancing the reliability, scalability, and stability of the system, the occurrence of prolonged down-times can be significantly reduced.
		✧ Complete integration of pattern state systems i.e., Uganda system not linked to iCMS
Rwanda	✧ Limited network infrastructure	✧ Improve network infrastructures and contract a strong network Provider;
	✧ Inadequate multimodal transport linkage	✧ For efficient implementation of SCT and to maximize its benefits, there is need to adopt and embrace a multimodal transport system across the NC Partner States
South Sudan	✧ Lack of an appropriate operational Customs system.	✧ Develop and implement a modern and robust Customs automation system that can effectively handle the complexities of trade procedures, data management, and regulatory compliance.
	✧ Lack of an appropriate physical infrastructure, including border checkpoint facilities; etc.	✧ Collaboration with other stakeholders to support the development of infrastructure. In addition, develop border crossing point facilities with comprehensive ICT Infrastructural facilities.
	✧ Lack of joint corridor management institutions	✧ Establishment of a Joint Corridor Management Institution (JCM) is recommended to address the issue of the lack of such institutions.

Country	Challenges	Recommended next steps
Uganda	✧ Challenge of Network connection	✧ Improve the Network infrastructure
	✧ Inadequate infrastructure	✧ Invest in infrastructure
	✧ Slow scanning process of cargo trucks (taking between 20-30 minutes per truck by both KRA and URA staff).	✧ Reduce scanning process

6. Policy, Legal and Institutional Framework

The development and implementation of the Single Customs Territory in the Northern Corridor Member States is anchored in various global, regional and national policies, agreements, and laws that enable establishment and administration of a single customs union while ensuring freedom of transit and non-discrimination. The ultimate objective is to minimize of internal border controls and elimination of trade restrictions between member states leading in free circulation of goods in the Customs Territory.

6.1 Global Policies on Single Customs Territories

a) World Trade Organization's (WTO) Trade Facilitation Agreement:

This agreement which entered into force in 2017, provides the overarching global policy framework for trade and sets out a range of measures that countries can take to streamline customs procedures, reduce bureaucracy, and enhance transparency and predictability in trade-related processes. The WTO agreements provide for the elimination of tariffs and other trade barriers between member countries. The WTO Trade Facilitation Agreement (TFA) was adopted to ensure a common platform for the implementation and widespread use of trade facilitation measures at the global level. Trade Facilitation Agreement represents one of the most significant means of decreasing trade costs across Africa. The TFA contains provisions for expediting the movement, release, and clearance of goods, including goods in transit.

WTO Commitments⁸: The Trade Facilitation Agreement (TFA) is unique because it allows developing countries to lower customs tariffs and other trade barriers, and to open and keep open services markets. They set procedures for settling disputes. They prescribe special treatment for developing countries. Each of the NC member states has made commitments to WTO in regard to trade facilitation. To benefit from this flexibility, a WTO member must provide a series of notifications to WTO about laws in force and measures adopted, and through regular reports by the Secretariat on countries' trade policies.

The NC Member States are at various stages of implementing their commitments as shown in the table below. Sudan has no registered commitments.

8 For detailed information on member country commitments see :WTO | Services - Schedules of commitments and lists of Article II exemptions

Implementation of WTO commitments⁹

Table 6.1: Rate of Implementation of Commitments by Northern Corridor Member States

Country	Date / Year	Rate of Implementation of commitments		
		Category A	Category B	Category C
Kenya	1st January 1995	7.60%	23.90%	68.50%
Uganda	2nd January 1995	8.40%	27.30%	64.30%
Rwanda	22nd May 1996	26.90%	65.10%	8%
DRC	1st January 1997	42%	39.90%	18.10%
Burundi	23rd July 1995	35.30%	29%	35.70%
South Sudan	N/a	N/a	N/a	N/a

Notes:

CATEGORY A = developing Members will implement the measure by 22/02/2017 and Least developing countries by 22/02/2018

CATEGORY B = Members will need additional time to implement the measure

CATEGORY C = Members will need additional time and capacity building support to implement the measure

b) Revised Kyoto Convention:

This Convention which is administered by the World Customs Organization (WCO), also provides a framework for modernizing and harmonizing customs procedures, with a focus on simplifying and standardizing customs clearance processes and enhancing cooperation between customs authorities. The Kyoto Convention was adopted by WCO in June 1999 and entered into force 2006. The WCO revised and updated the Kyoto Convention to ensure it meets the current demands of international trade. The revised Kyoto Convention promotes trade facilitation and effective controls through its legal provisions that detail the application of simple yet efficient procedures. The Revised Convention also contains new and obligatory rules for its application which all Contracting Parties must accept without reservation.

Figure 6.1: Guiding principles - Kyoto Convention

The guiding principles of the Kyoto convention are:	Commitment of Customs administrations to transparency and predictability of Customs actions.
	Minimum necessary Customs control to ensure compliance with regulations.
	Coordinated interventions with other border agencies.
	Partnership approach between Customs with Trade
	Simplified procedures for authorized persons.
	Standardization and simplification of the goods declaration and supporting documents.
	Maximum use of information technology.
	N/a Use of risk management and audit based controls / use of pre-arrival information

9 <https://tfadatabase.org/en/implementation/progress-by-member>

Kenya, Uganda, and Rwanda have acceded to the Revised Kyoto convention. However, Burundi, and South Sudan are yet to accede to the convention. Uganda and Rwanda have registered reservations¹⁰ on some of the WTO practices under chapters 2 and 1 respectively. DRC¹¹ deposited the Instrument of Ratification on 25th June 2022.

Other important policy frameworks that promote a single customs system include the United Nations Conference on Trade and Development's (UNCTAD) Guidelines. UNCTAD is a UN Agency that promotes trade, investment, and development. The agency has developed guidelines on transit transport and trade facilitation, which provide guidance on the implementation of the SCT and other measures to promote trade facilitation including the International Road Transport Union (IRU) Standards that promotes road transport. The IRU organization has developed standards and guidelines for the facilitation of international road transport, including the movement of goods across borders

6.2 Regional Policy and legislation environment

There are regional agreements that promote the adoption of a single customs system among EAC participating countries including:

Table 6.2: Major Regional Agreements that promote the adoption of the SCT regime

Policy	Description
✧ East African Community Customs Management Act (2004):	This act provides for the implementation of the common external tariff (CET) and other customs procedures within the EAC region. It outlines the procedures for customs clearance, the rules of origin, and the harmonization of customs procedures within the region. It also provides for the establishment of a legal framework for the implementation of the SCT. Burundi, Kenya, Rwanda and Uganda have ratified this Act. The East African Community Customs Management Regulations provide for the procedures for the administration of customs, including valuation, classification, and clearance of goods. The Single Customs Territory Manual 2022 also provides the harmonized procedures under the SCT.
✧ The Northern Corridor Transit and Transport Agreement (NCTTA):	This is an agreement between the Northern Corridor Member States aimed at facilitating the movement of goods and people within the region. The NCTTA Protocol 3 related to Customs control and Protocol 4 related to the documents provides for the establishment of a SINGLE CUSTOMS TERRITORY and the harmonization of customs procedures and documentation.
✧ East African Community Customs Union Protocol (2005):	This protocol provides the legal framework for the single customs territory. It outlines the principles of the customs union, including the free movement of goods within the EAC partner states, establishes the common external tariffs for goods imported from outside the EAC, and the elimination of non-tariff barriers to trade.
✧ EAC Common Market Protocol (2010):	This protocol provides for the free movement of goods, services, and labor within the EAC Partner States. It promotes the elimination of trade barriers and the harmonization of policies and regulations to facilitate cross-border trade.

10 See ug-200207-subs-notice.pdf (wcoomd.org)

11 https://www.wcoomd.org/en/topics/facilitation/instrument-and_tools/conventions/pf_revised_kyoto_conv/instruments.aspx

Policy	Description
✧ EAC Regional Customs Transit Guarantee Scheme:	This scheme provides for the issuance of a regional customs transit guarantee, which enables traders to move goods across the EAC Partner States without having to pay import duties and taxes at each border point. It also provides for the security of goods in transit and ensures compliance with customs regulations
✧ The AU SPS Policy Framework	Lays out a roadmap to maximize the efficiency and effectiveness of SPS systems on the continent to enhance, protect human health and facilitate intra-African agricultural and food trade. SPS laws and regulations within AU Member States must be updated and meet the WTO SPS Agreement commitments and be based on international standards that ensure the safe trade of agricultural products with minimal trade distortion
✧ EAC Simplified Trade Regime:	This regime provides for simplified customs procedures for small-scale traders and enterprises, with the aim of promoting cross-border trade and reducing the cost of doing business within the region

6.3 National policy framework:

The NC Member State have their own laws and regulations that provide for the implementation of the SCT within their borders. These frameworks are drawn from the global and regional frameworks that generally govern international trade and have specific provisions that touch on SCT.

The Table 6.3 below presents the policy, legal and regulatory framework for SCT implementation in each of the NC States.

Table 6.3: Key elements of the policy, legal and regulatory framework for SCT implementation

Country	Key policy, legal and regulatory elements
Burundi	✧ Implementation of the SCT is governed by a range of national laws and regulations that provide for the administration of customs and trade procedures. ✧ These include: The Burundi Revenue Authority Act establishes the Burundi Revenue Authority (OBR) as the Agency responsible for the administration of customs and other tax laws in Burundi. OBR is responsible for implementing the SCT in Burundi and ensuring compliance with customs laws and regulations. Burundi Standards Agency Act establishes the Burundi Standards Agency (BBN) as the national standards body in Burundi. BBN is responsible for ensuring that goods imported into Burundi meet the required standards and regulations. ✧ The laws aim to promote trade facilitation, protect domestic industries, and ensure compliance with international trade regulations. ✧ In addition to the EAC, Burundi is also a member of the Economic Community of Central African States (ECCAS), the Economic Community of the Great Lakes Countries (ECGLC) and the Common Market for Eastern and Southern Africa (COMESA), of which it implements the trade component. ✧ Within the EAC, Burundi has been negotiating an Economic Partnership Agreement (EPA).

Country	Key policy, legal and regulatory elements
DRC	✧ Implementation of the SCT is governed by a range of national laws and regulations that provide for the administration of customs and trade procedures. ✧ The laws aim to promote trade facilitation and ensure compliance with international trade regulations. ✧ The Customs Code provides for the administration of customs, including valuation, classification, and clearance of goods. It also provides for the implementation of the COMESA customs union within the DRC. The Foreign Trade Code provides for the regulation of foreign trade, including the import and export of goods. It also provides for the application of trade remedies, such as anti-dumping duties and safeguards. The Standards and Quality Control Law provides for the establishment of a national standards body in the DRC, which is responsible for ensuring that goods imported into the country meet the required standards and regulations. The Tax Code provides for the administration of tax laws in the DRC, including customs duties and value-added tax (VAT) on imported goods. ✧ DRC's accession to the EAC necessitates the harmonization of the objectives, policies, and regulations for the EAC.
Kenya	✧ Implementation of the SCT is governed by a range of national laws and regulations ✧ Kenya is a signatory of the WTO Trade Facilitation Agreement (TFA), Revised Kyoto convention, the Treaty for the establishment of the EAC, and the Protocol on the establishment of the EAC Customs Union. ✧ Under the Kenyan constitutions, all the treaties form part of Kenya law and guide the implementation of provisions that relate to the SCT. ✧ The Kenya revenue authority ACT established the Kenya Revenue Authority and is charged with the responsibility of collecting revenue and management of Customs Offices and procedures. Customs and Excise act provides for the management and administration of the customs, for the assessment, charge and collection of customs and excise duties Kenya Standards and Conformity Assessment Act: This act establishes the Kenya Bureau of Standards (KEBS) as the national standards body in Kenya. KEBS is responsible for ensuring that goods imported into Kenya meet the required standards and regulations
Rwanda	✧ Implementation of the SCT is governed by a range of national laws and regulations ✧ Rwanda is signatory to the WTO Trade Facilitation Agreement (TFA) and Revised Kyoto convention. Rwanda ratified the Treaty for the establishment of the EAC, the Protocol on the establishment of the EAC Customs Union, and the EAC laws relating to the establishment of the custom union. ✧ The Revenue Authority Act establishes the Rwanda Revenue Authority (RRA) as the agency responsible for the administration of customs and other tax laws in Rwanda. RRA is responsible for implementing the SCT in Rwanda and ensuring compliance with customs laws and regulations. ✧ The Standards Board establishes the Rwanda Standards Board (RBS) as the national standards body in Rwanda. RBS is responsible for ensuring that goods imported into Rwanda meet the required standards and regulations.

Country	Key policy, legal and regulatory elements
South Sudan	✦ South Sudan had not fully implemented the SCT and was still in the process of harmonizing its customs procedures with those of the other Partner States. ✦ In August 2020, the EAC Secretariat announced that South Sudan had ratified the EAC SCT Protocol, which is a key step towards full implementation of the SCT. The protocol aims to streamline customs procedures and reduce trade barriers between EAC Member States, including South Sudan. ✦ In February 2021, the South Sudan government and the EAC Secretariat signed a Memorandum of Understanding (MoU) to establish a framework for the implementation of the SCT. The MoU outlines the roles and responsibilities of both parties and sets out a timeline for the implementation of the SCT in South Sudan. ✦ South Sudan has been working to align its customs laws and regulations with those of the EAC. The country has also established a Customs and Trade Facilitation Committee to oversee the implementation of the SCT and other trade-related initiatives. ✦ Institutional reforms and restructuring of Government Ministries in South Sudan have affected progress with ongoing projects like customs systems and other infrastructures. For instance, the Ministry of Transport, Roads and Bridges is separated into three Ministries. Customs is under the purview of National Revenue Authority.
Uganda	✦ Implementation of the SCT is governed by a range of national laws and regulations ✦ The country has ratified both the WTO Trade Facilitation Agreement (TFA) and Revised Kyoto convention. ✦ Uganda ratified the Treaty for the establishment of the EAC, the Protocol on the establishment of the EAC Customs Union, and the EAC laws enacted by the East African Legislative Assembly (EALA). ✦ At the national level, Customs is administered under the Revenue Authorities through national legislations. The Uganda Revenue Authority Act: This act establishes the Uganda Revenue Authority (URA) as the agency responsible for the administration of customs and other tax laws in Uganda. ✦ URA is responsible for implementing the SCT in Uganda and ensuring compliance with customs laws and regulations and administers the SCT procedure manual. The Manual is a policy and process document of the Customs Department and focused on Uganda's imports, transfers, exports and through transits cleared under SCT. The Uganda National Bureau of Standards Act establishes the Uganda National Bureau of Standards (UNBS) as the national standards body in Uganda. UNBS is responsible for ensuring that goods imported into Uganda meet the required standards and regulations.

6.4 Legal and regulatory challenges and gaps to SCT implementation.

The implementation of the Single Customs Territory (SCT) in the Northern Corridor Member States is governed by a complex set of laws and regulations that have evolved over time. However, there are still some gaps in the legal framework that governs the SCT implementation. Here are some of the gaps:

- i. **Lack of uniformity in national laws:** One of the main challenges has been the lack of harmonization of domestic laws and regulations across the EAC region. Each member state has its own national laws and regulations that govern customs administration and trade. These laws are not always harmonized, and this can create challenges in implementing the

SCT. For example, there may be differences in the procedures for clearance of goods, which can cause delays and increase transaction costs. For instance, the required documentation, inspection processes, and clearance procedures differ in each country.

- ii. **Inconsistent interpretation and application of laws:** Even when the laws are harmonized, there may be inconsistencies in their interpretation and application. This can create confusion and lead to disputes between the member states.
- iii. **Inadequate enforcement mechanisms and gaps:** While the laws provide for penalties for non-compliance, the enforcement mechanisms are often inadequate. This can lead to a lack of compliance and undermine the effectiveness of the SCT. Domestic laws should not be allowed as long as they are in contradiction with the EACCMA, and instead, all customs procedures should be in accordance with the EAC Customs Management Act. Furthermore, the treatment of go-downs is not written in the Customs Management Acts, which makes it difficult to establish a uniform system for the SCT. The Customs Management Act should be regularly reviewed to accommodate all laws and regulations of the SCT clearance.
- iv. **Limited stakeholder engagement:** There is a need for greater stakeholder engagement in the development and implementation of the SCT. This includes engagement with the private sector, civil society organizations, and other stakeholders. The lack of stakeholder engagement can lead to a lack of ownership and support for the SCT, which can undermine its effectiveness.
- v. **Limited free movement of goods and people:** The implementation of the SCT requires the free movement of goods and people across the Member States. However, different Member States have different visa requirements and processes, which can be a significant barrier to the free movement of people. This can result in delays and increased costs for traders and other business people. Visa fees and associated costs can be a significant barrier to the free movement of people in the EAC. This is the case for DRC and South Sudan which still charge VISA fees as opposed to the other Member States of the Northern Corridor.
- vi. **Unharmonized road tolls laws and payment processes:** In some Northern Corridor Member States (e.g Kenya and Uganda), vehicle road tolls are charges per kilometer traveled and in some others such as Rwanda and Burundi a flat fee is paid per truck. This can increase the cost and time required for cross-border trade if the payment processes are not harmonized and simplified. The process for paying these tolls can be complex and time-consuming, with delays in payment due to the requirement to queue at the bank and present the payment slip to customs. Addressing this challenge will require a coordinated effort to harmonize tolls and streamline payment processes across all Member States. This could involve exploring alternative efficient and transparent mechanisms for toll payment and collection such as paying before goods leave the port.
- vii. **Lack of harmonization in licensing requirements for clearing and forwarding agents:** While some Revenue Authorities require licensing annually, others require it after every two to three years. The EAC should harmonize licensing requirements and ensure that a common timeline is followed across all Partner States, as specified in the EAC Customs Management Act.
- viii. **Implementation of the principle of mutual recognition:** This principle doesn't work as specified in the EAC SCT Procedure Manual, especially on clearing agencies. Currently, only Kenyan clearing agencies have been granted access rights to clear goods in Uganda and Rwanda Customs systems. To address this challenge, there should be mutual recognition of clearing agencies across all Partner States to allow for healthy competition and facilitate efficient clearance of goods.

Overall, there is a need to address these gaps in the legal framework that governs the implementation of the EAC SCT in the Northern Corridor Member States. This will require harmonization of national laws, more consistent interpretation and application of laws, and the development of effective mechanisms for dispute resolution and enforcement.

7. Impact Assessment of Implementation of SCT

7.1 Introduction

The SCT is a mechanism aimed at improving trade within the NC region. The goal of implementing the SCT framework is to streamline the transportation of goods and reduce expenses and time. This is achieved through the harmonization and simplification of customs processes, documentation, and automation of customs systems. Since its launch in 2014, the SCT framework has contributed to the promotion of trade among the NC Member States of Burundi, DRC, Kenya, Rwanda, South Sudan and Uganda.

According to the OECD (2018), simplifying and automating customs processes, including the removal of complex procedures and the harmonization and simplification of customs documents, can lead to a significant reduction in trade costs, by up to 10-18 percent. This can also result in an increase in trade flows across borders, promoting economic growth and development.

Through the harmonization and simplification of customs documents, the elimination of time-consuming customs procedures, and the automation of customs systems, the SCT's implementation aims to promote trade flows between the NC Member States. As a result, the study employs the use of descriptive statistics and the difference in techniques to estimate the impact of implementing the SCT in the clearance of goods along the northern corridor for the period 2010-2021.

In addition, an augmented gravity model is employed to evaluate how implementation of the SCT affects imports and exports from the Member States in the Northern Corridor in order to ascertain whether the SCT actually facilitates trade. The analysis took into account trade statistics such as the value of exports and imports, GDP and included a SCT dummy. The dummy captures the effect of implementing SCT with 0 and 1 for pre and post SCT periods.

Furthermore, the analysis also considered SCT variables that capture quantitative aspects such as border and document compliance time and costs, international Logistics Performance Index (LPI) aspects like customs efficiency, logistics and timeliness which measure how efficiently and easily goods may be transported from the country's port of entry.

The study utilized secondary data from various sources for the period preceding the implementation of SCT 2010 to 2013 as well as the period from 2014 to 2020 following the implementation of SCT.

Trade statistics were obtained from the World Development Indicators from the World Bank database, the World Bank Doing Business Database for data relating to costs and time incurred for trading across borders, the World Bank Logistics Performance Indicators (LPI) Database, Kenya Ports Authority, Northern Corridor Transport Observatory Portal as well as reviewing the World Bank Doing Business Regional Report for East African Community 2019.

7.2 Results and Findings

This section summarizes the results obtained based on the objectives of implementing SCT. The study sought to reveal the extent to which implementing the SCT impacts trade flows along the Northern corridor members. In addition to implementing several measures to simplify and streamline the customs clearance process in the region, it was anticipated that the time and costs at the border's crossings, as well as document compliance would be greatly reduced.

7.2.1 Descriptive data

7.2.1.1 Trade Facilitation

The region has achieved notable progress since the SCT was implemented in 2014 with the Northern corridor members' merchandise exports and imports steadily rising.

Table 7.1 below shows how the value of exports increased from US\$ 16,251 billion in 2010 before implementation to US\$ 25,873 billion in 2014 (59.2% growth) just few months after implementation. This also led to an increase in imports from US\$ 25,382 billion to US\$ 42,270 billion (66.5% growth) respectively.

The sustained increase from 2010 to 2014 occurred when the NC Member States entered into a Customs Union under the EAC and at a time when these countries registered positive GDP growth rates. However, total imports declined after 2020, partly attributed to lower global commodity prices and the slowdown in global growth affected by the COVID 19 pandemic, which affected global trade and investment.

Table 7.1: Merchandise Exports and Imports by the Member Countries within the NC in USD

Data source: Authors calculations with World Bank Data

*Note * implies missing data*

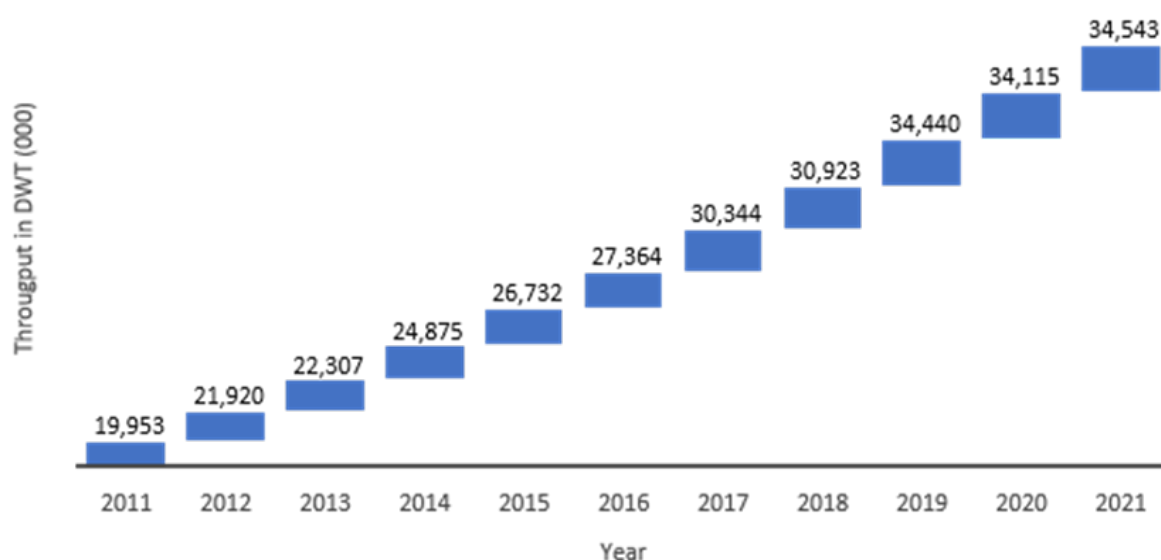
Country	Merchandise Exports (000)		Merchandise Imports (000)		Total Imports (000)	
	2010	2014	2010	2014	2018	2020
Burundi	101,236,293	131,793,726	438,394,337	655,137,799	676,112,757	*
Rwanda	297,275,256	723,090,596	1,083,973,488	1,991,659,975	2,284,143,923	3,057,789,069
Uganda	2,163,974,070	2,724,773,132	4,375,690,952	5,099,616,713	6,098,135,116	7,098,121,798
Kenya	5,210,877,279	6,218,926,449	11,442,207,431	16,929,142,272	16,286,209,291	14,390,081,784
S. Sudan	*	3,753,630,581	*	4,888,833,805	2,053,100,000	1,918,080,000
DRC	8,477,900,000	12,321,200,000	8,042,500,000	12,706,297,173	14,972,692,991	11,865,260,000
Total	16,251,262,900	25,873,414,486	25,382,766,210	42,270,687,741	42,370,394,078	38,329,332,652

Another primary benefit inferred to implementation of the Single Customs Territory framework is the significant increase in trade, which has resulted in increased port throughput in DWT¹². According to data from the Kenya Ports Authority, the total throughput of the Port of Mombasa increased from 26.7 million tons in 2015 to 34.5 million tons in 2021, representing a growth of 29%. This is a significant achievement, indicating an improvement in port efficiency and capacity. The increase in throughput is a positive sign for the economic growth of the region and demonstrates the port's ability to handle a growing volume of cargo.

The growth in throughput is largely attributed to various initiatives under the SCT such as investment in port infrastructure, improved technology and automation, streamlined customs procedures, and enhanced collaboration among stakeholders. This improvement in throughput is crucial for the competitiveness of the region as a whole, as it enhances the trade links and facilitates the movement of goods to and from the port.

Figure 7.1: Cargo Throughput at the seaport of Mombasa in DWT

Data source: KPA various years



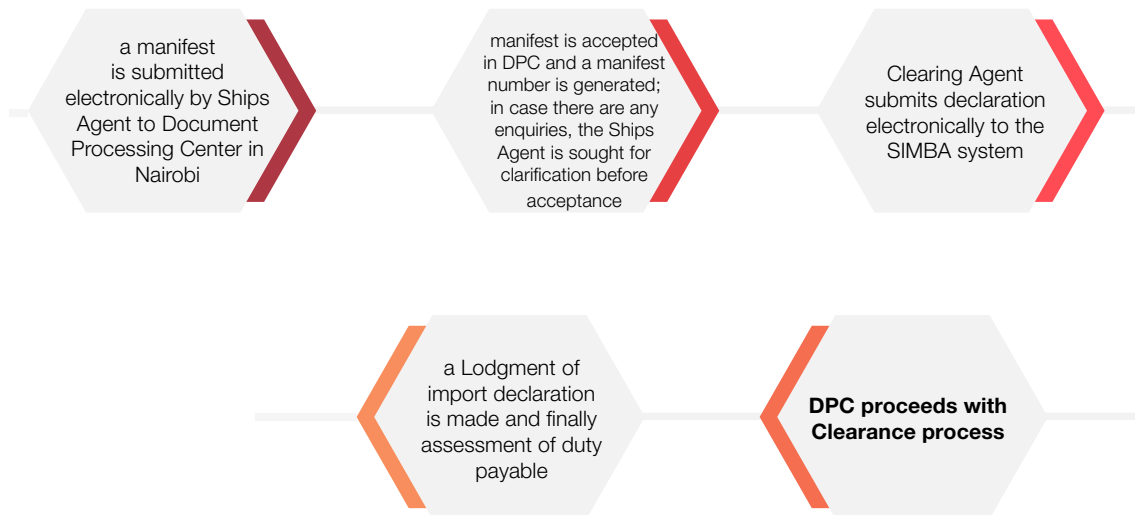
7.2.1.2 Customs clearance process and time

Prior to the SCT establishment, inconvenience was the norm for goods clearance which included approximately five customs entries, two or three customs agents' fees, two or three goods-in-transit guarantee bonds, and repeated customs procedures in Kenya, Uganda and Rwanda. However, SCT implementation led to harmonization of these processes. Customs clearance process was measured by the indicator on time for customs clearance at the Document Processing Centre (DPC) at the port of Mombasa. This refers to the time taken by Customs to pass an entry lodged by a clearing agent. This time bears a proportion to the total port dwell time.

¹² Deadweight Tonnage (DWT) is the maximum weight of cargo that a ship can carry without exceeding its design limitations or compromising its safety

The time taken at the document processing center involves the following processes:

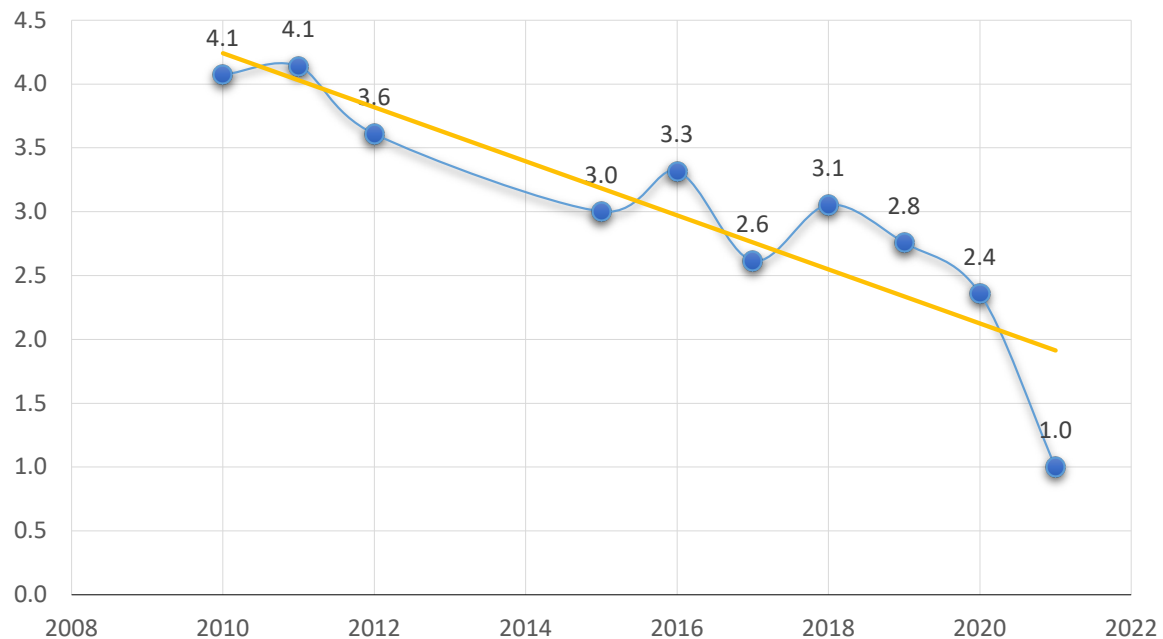
Figure 7.2: Document processing center process



The Mombasa Port and Northern Corridor Community Charter aims to be real-time/instant for this target. The performance of this target from 2010 to 2021, is illustrated below in Figure 7.3 Indicators show positive performance in DPC from an average of 3.6 hours in 2012 to 1 hour in 2021.

The reduction in DPC time can be attributed to various innovations under the SCT such as the use of digital technology, automation of processes, and streamlined procedures. This improvement has a favorable impact on the time and cost associated with border clearance, which is crucial for the competitiveness of the region and the country as a whole (Also, clearance at destination reduces the number of entries in DPCs, thus reduces times, hence DPCs have reduced entries to process)

A faster and more efficient DPC time also improves the overall business climate and can attract more investment and trade opportunities to the region.

Figure 7.3: Average Hours taken at the Document Processing Centre (DPC)*Source: KRA data various years*

A further look at figure (7.4) below shows that the transit time between Mombasa and Busia as well as from Mombasa to Malaba reduced between 2014 and 2015 after the SCT was put in place.

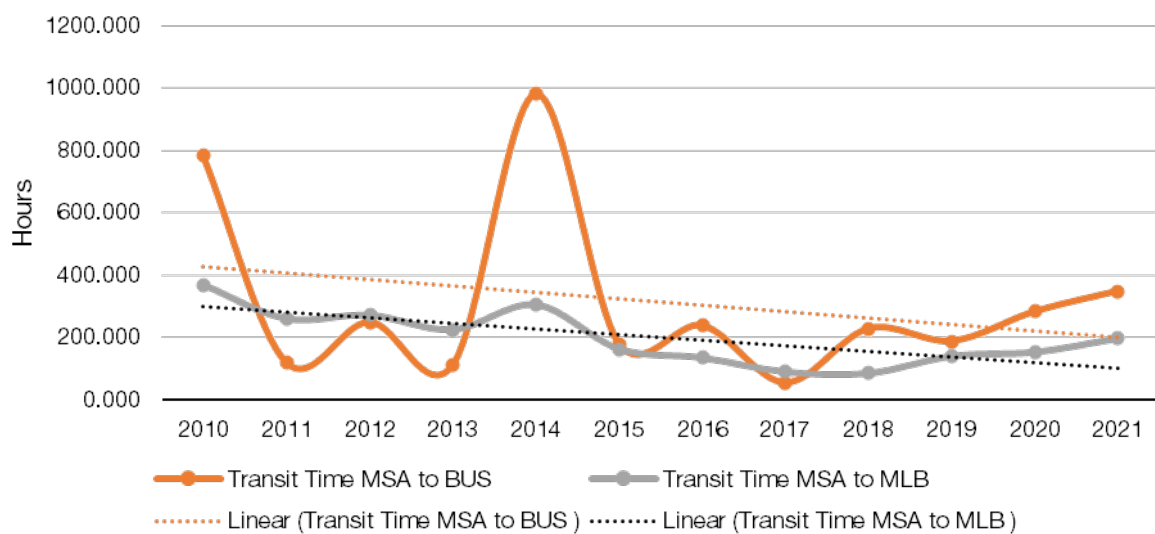
Figure 7.4: Transit and Cargo Dwell Time at the Port of Mombasa 2010-2021*Source: Authors own Calculations Based on Kenya Ports Authority Data.*

Figure 7.5 below provides transit times from the port of Mombasa to Kampala/Uganda, Kigali/Rwanda, Elegu-Nimule border/Uganda -South Sudan and Mpondwe/Uganda from 2018 to 2021. The route from the port of Mombasa to Kampala/Uganda covers a distance of 1,169 Km, to Kigali/Rwanda 1,682 Km, to Nimule/South Sudan 1,430 Km, and to Kasindi in DRC covers 1,611 Km. Transit time varied on different routes depending on distance to destination, status of the road, and other non-tariff barriers encountered.

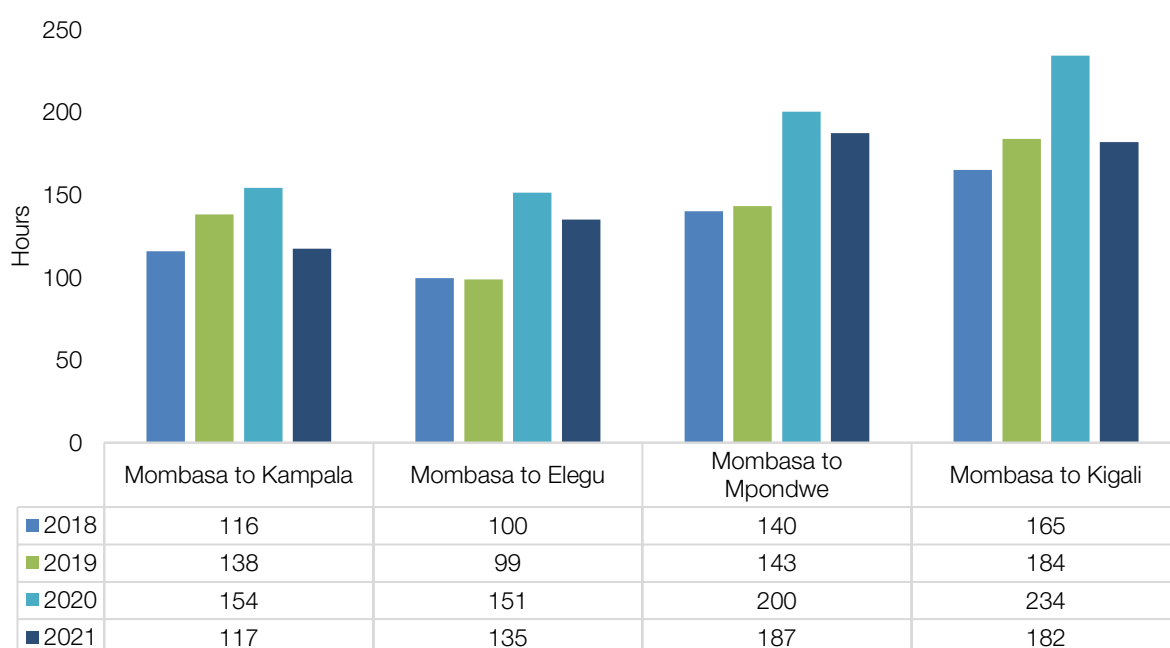
The fact that Mombasa to Kigali was the slower route, averaging 8.6 kilometers per hour, as opposed to Mombasa to Elegu, which averaged 10.6 kilometers per hour in 2021, suggests that there are obstacles preventing the transit of freight along this route. Occasionally, the process for disarming the RECTS gadgets after arrival of trucks, takes longer and this might contribute to an increase in transit time. Further, the year 2021 witnessed a slight improvement in transit time attributable to the ease of disruptions caused by the restrictions introduced in response to COVID -19 pandemic containment measures.

Other factors contributing to reduction in transit time include; implementing a single regional bond system which simplifies and expedites the customs clearance process by allowing goods to move seamlessly across borders without the need for multiple bonds in each member state. This reduces administrative burdens and speeds up transit times. Also adopting a standardized and harmonized Single Administrative Document, which includes all necessary customs information, reduces paperwork and facilitates faster clearance of goods at border crossings. It streamlines the documentation process and ensures consistency across member states.

On the other hand, several adverse factors continue to impede transit times including: poor quality of roads, excessive road stops, checkpoints, and inspections along transportation routes lead to delays and disruptions in transit. Limited adoption and implementation of trade facilitation programs, such as Authorized Economic Operator schemes or pre-clearance processes, at border points hinder the smooth movement of goods. Addressing these adverse factors and enhancing the positive factors that facilitate trade will contribute to reducing transit times and improving the efficiency of regional trade within the East African Community and beyond.

Figure 7.5: Transit time from the port of Mombasa to various destinations

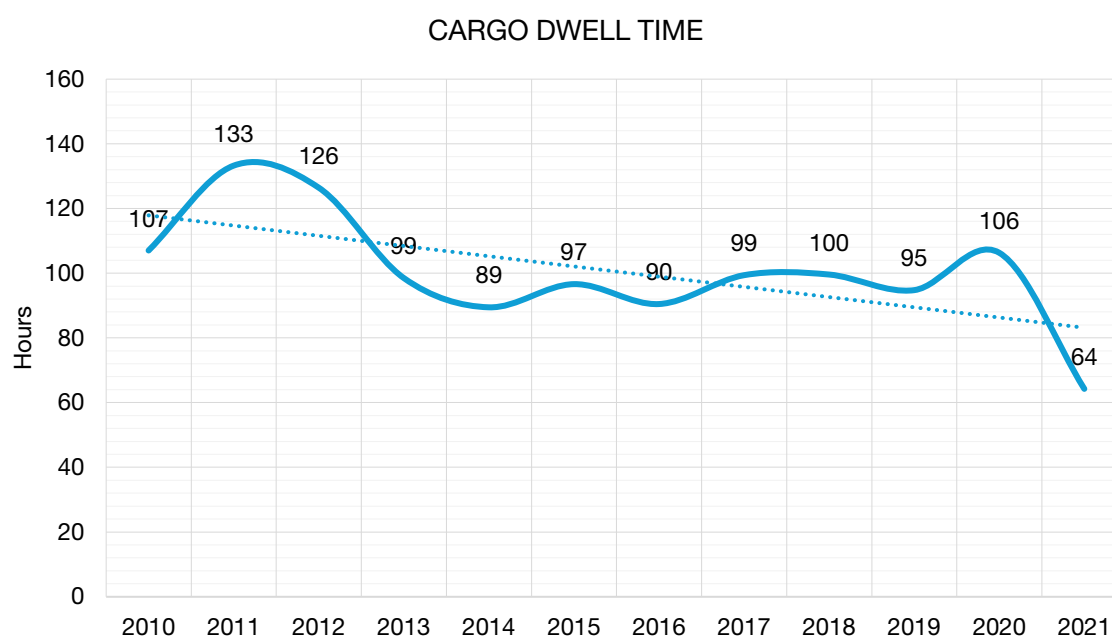
Source: RECTs and ASYCUDA data various years



The Cargo Dwell Time¹³ indicator also highlights under figure 7.6 below a significant improvement after the implementation of the SCT regime at the Port of Mombasa. For instance, the cargo dwell time at the Port of Mombasa has reduced from an average of 5.6 days in December 2020 to 4.6 days in January 2021.

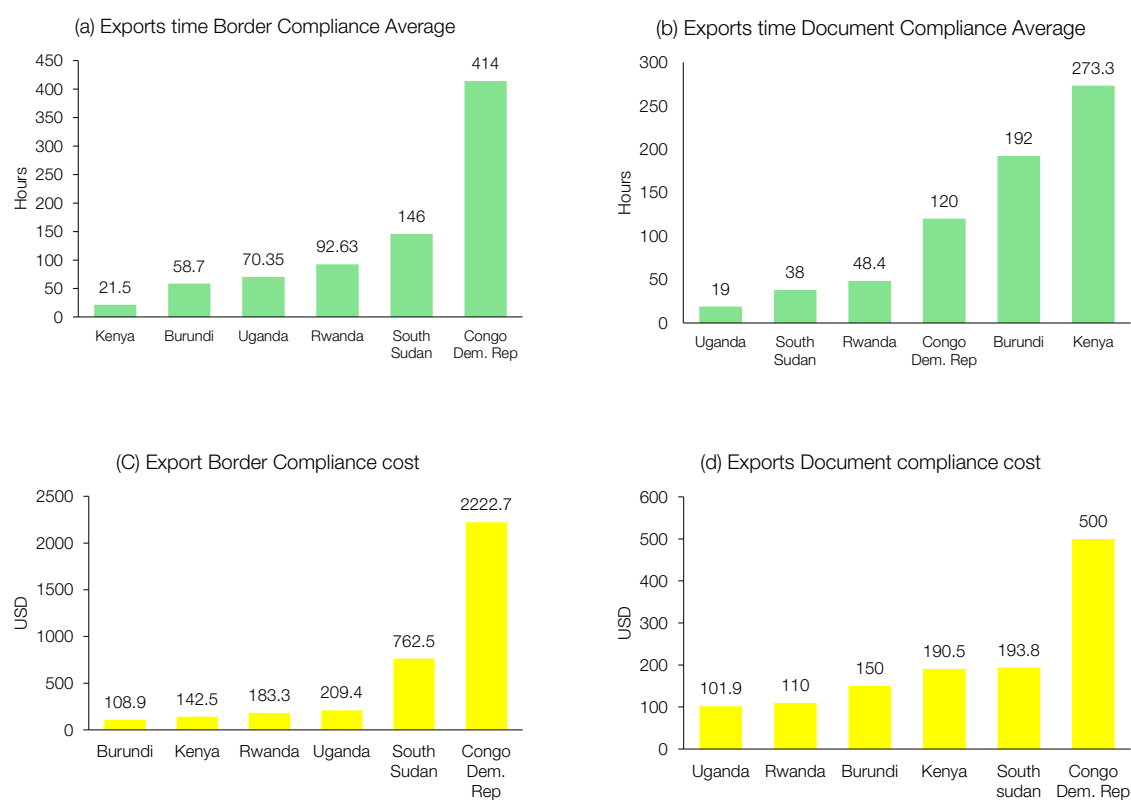
Figure 7.6: Cargo Dwell Time at the Port of Mombasa 2010-2021

Source: Authors own Calculations Based on Kenya Ports Authority Data.



According to the World Bank Doing Business Regional Report for East African Community 2019, the EAC border compliance time to export fell from 72.96 hours in 2015 to an average of 62.5 hours in 2020 representing a time saving improvement of 14.4%. In addition, the time and costs associated with border and document clearance have decreased as expected. Nevertheless, there are differences in the time and costs incurred in cross-border trade among the Northern corridor members as shown in figure (7.7). For exports border time, Kenya and Burundi enjoy the least time while South Sudan and DRC are the worst off. On the exports document time, Uganda and South Sudan enjoy the least time while Burundi and Kenya endure the longest time. For the issue of border & document costs, Burundi, Kenya, Rwanda and Uganda enjoy fairly low costs while South Sudan and the DRC exhibit the highest costs.

13 Dwell time refers to the total time spent by cargo at the port from when the cargo was discharged from the vessel until port exit after all permits and clearances have been obtained (average number of days the container stays in a yard). This includes the time it takes to complete all the necessary regulatory and customs procedures, such as inspection, documentation, payment of duties and taxes, and any other formalities required by the relevant government agencies.

Figure 7.7: Border and Document Compliance Time and Costs 2014-2020*Source: Authors' calculations based on World Bank Data Doing Business database*

7.2.1.3 Cost of doing business

As far as gains from trade are concerned, reduced transport costs usually enhance export opportunities, strengthen competition and widen productive factor markets. The cost is determined by various conditions related to location, infrastructure, administrative barriers, energy, and how the freight is carried from one point to another. Generally, the total transport cost (road trip cost profile) is contributed by number of costs/charges at various nodes, including Vessel Voyage Charges, Port Charges, Road Transport Charges, as well as indirect costs.

Table 7.2 presents the average transport tariff per km for moving a container from the port of Mombasa to main destinations in the Northern Corridor Member States from 2016 to 2021. During the evaluation period, Mombasa's transport freight rates decreased, indicating an improvement in the cost of doing business. For instance, the cost per kilometre of transporting a 20-foot container from Mombasa along the Northern Corridor declined by 47%, 10%, 12%, 26% and 24% to Nairobi, Kampala, Kigali, Goma and Juba respectively between 2016 and 2021. This is one of the gains from the implementation of the SCT, including an improvement in the business climate, increased port efficiency, and improved road conditions, all of which have a favorable impact on costs. Perhaps as a result of the parallel competition from Standard Gauge Railway (SGR) freight cargo, import prices to Nairobi were lower. The analysis also reveals that moving goods from Mombasa to Goma and Bujumbura was expensive, indicating that persistent cross-border logistics bottlenecks continue to affect how much it costs to move goods to various destinations across the Northern Corridor. In addition, the identified indirect expenditures comprise, among other things, COVID-19 exam and road user fees among others. The study recommends harmonization of road user fees across SCT implementing Member States.

Table 7.2: Average Transport Rates (USD) to various destinations from Mombasa Port*Source: Transporters Association NCTOP*

From	To	Distance (KM)	Tariff Per Container/Km in USD			
			2016	2018	2020	2021
Mombasa	Nairobi	481	1.78	1.62	1.77	0.95
Mombasa	Kampala	1,169	1.86	1.79	1.88	1.67
Mombasa	Kigali	1,682	2.16	2.23	2.08	1.9
Mombasa	Bujumbura	1,957	2.55	3.07	3.07	
Mombasa	Goma	1,840	3.33	3.13	3.53	2.45
Mombasa	Juba	1,662	2.86	3.01	2.29	2.17

The key elements influencing the cost and time variables is the differences between the states in the status of implementing the SCT as well as the location along the Northern Corridor from the port of entry/exit. The higher the status of SCT implementation, the lower the cost and time, and vice versa. In the same vein, the nearer to the port of entry/exit, the lower the cost and time, and the reverse is true.

Comparing the two periods before and after the SCT's implementation, the average time it takes for both border and document clearance for both importers and exporters has significantly reduced.

Table (7.3) below reveals that the time it takes for exports to be cleared has reduced to 10 days on average down from 37 days before implementation (73% improvement). For imports, the reduction on average has been from 55 days to 15 days (72.7% improvement). In South Sudan biggest progress can be observed in the time it takes for imports to be cleared which has reduced from 130 days to 22 days on average (83% improvement).

Table 7.3: Trading across borders time before and after implementation of SCT*Source: Authors' calculations based on World Bank Data, Doing Business database*

Member States	Before SCT Time in Days (2010-2013)		After SCT Time in Days (2014-2021)	
	Exporting	Importing	Exporting	Importing
Burundi	35.50	51.50	7.45	13.93
Rwanda	30.50	31.33	5.44	6.40
Uganda	31.67	31.67	4.95	11.48
Kenya	26.17	25.17	1.69	10.60
South Sudan	55.00	130.00	14.08	22.46
DRC	44.00	63.00	28.64	28.25
Average	37.14	55.44	10.37	15.52

In general, the costs of documentation and border compliance have also reduced in comparison to the aggregated amounts before implementation of the SCT regime of clearance in the Northern Corridor Member States. For instance, Uganda's costs have decreased charging US\$ 446.7 for border compliance and US\$ 295.6 for documentation compliance for import clearance and US\$ 209.4 for border compliance and US\$ 101.90 for document compliance for export clearance as shown in table (7.4) below.

Table 7.4: Trading across borders cost before and after implementation of SCT (in USD)*Source: Authors' calculations based on World Bank Data, Doing Business database*

Member States	Before SCT (2010-2013)		After SCT (2014-2020)			
	Total Cost in USD		Border Compliance		Document Compliance	
	Exports	Imports	Exports	Imports	Exports	Imports
Burundi	4,170.40	6,676.23	108.90	443.60	150.00	1,025.00
DRC	4,286.08	5,178.70	2,222.70	3,039.00	500.00	765.00
Kenya	2,751.00	2,916.28	142.50	832.50	190.50	115.00
Rwanda	2,650.18	4,046.45	183.30	324.03	110.00	121.10
South Sudan	5,633.40	9,804.30	762.50	781.30	193.80	350.00
Uganda	4,378.85	4,624.00	209.40	446.70	101.90	295.60
Average	3,978.32	5,540.99	604.88	977.86	207.70	445.28

Table (7.5) below shows the World Bank's Logistics Performance Index (LPI) aggregated for the years 2010 to 2018, which shows the relative ease and efficiency with which products can be carried from the point of entry into the country. The SCT's implementation seeks to modernize customs and streamline operations in order to shorten time to trade and facilitate border clearance. The data shows that for the overall LPI score, Uganda (2.81) and Kenya (2.80) have the highest while the DRC (2.31) and Burundi (2.19) have the lowest.

Burundi's customs efficiency score (1.99) is the lowest while Uganda's (2.81) is the highest. Kenya's performance score in timeliness is quite high at (3.28) when compared to the members' average score of (2.96), which can be ascribed to enhanced border and document clearance.

Table 7.5: Logistics Performance Index aggregate for (2010-2018)*Source: Authors' calculations based on World Bank Logistics Performance Index data*

Country	Overall LPI		Infrastructure	International shipments	Logistics	Tracking & tracing	Timeliness
	score	Customs			quality & competence		
Kenya	2.80	2.42	2.49	2.91	2.67	2.95	3.28
Uganda	2.81	2.81	2.43	2.89	2.67	2.63	3.37
Rwanda	2.61	2.38	2.24	2.87	2.45	2.62	2.97
Burundi	2.19	1.99	2.00	2.20	2.18	2.21	2.51
DRC	2.31	2.21	2.04	2.24	2.35	2.35	2.65
Average	2.54	2.36	2.24	2.62	2.47	2.55	2.96

The primary objective of implementing the SCT was to enhance customs operations by harmonizing and linking customs systems within the region. This was intended to facilitate the exchange of information between customs authorities and to leverage information and communication technology to expedite cargo clearance for traders.

Despite these intentions, the NC region has not fully achieved this goal, as Member States have only upgraded their national customs clearance software without regional harmonization. ASYCUDA World is used by Rwanda, Uganda, DRC and Burundi, while Kenya employs the Integrated Customs Management System (iCMS). Consequently, different computer systems are utilized for customs clearance by each country, creating a fragmented information flow that leads to potential delays in cargo clearance and additional expenses for traders.

In addition, only Uganda, Kenya, and Rwanda have implemented a collaborative, real-time electronic tracking system for monitoring cargo movement along the Northern Corridor. This system has contributed to shorter transit times¹⁴, minimized cargo theft, and increased revenues. However, Burundi, DRC and South Sudan (where the system has just started on 24 April 2023) have not yet extended the electronic cargo tracking system to the Northern Corridor. The absence of a compatible interface in the electronic cargo systems across the NC region has resulted in cargo delays and increased the risk of cargo theft or diversion during transit. These challenges have negatively affected the implementation of the SCT.

7.2.2 Empirical Results

Table (7.6) below presents the estimation results of the impact of implementing the SCT on the exports from the countries along the Northern corridor. The results reveal that the time it took to clear goods for export decreased significantly by 77.7 percent after the implementation of the SCT as shown in table 7.6 below. This implies that the time taken for export clearance has decreased by a significant amount after the implementation of the SCT. This is likely due to the streamlining and harmonization of customs procedures and processes across multiple countries, which has resulted in a faster and more efficient clearance process for goods being exported along the Northern corridor. Similarly, results further shows that reducing border and document compliance costs incurred to export goods positively impacts export flows. A 1 percent decrease in border and document compliance costs increases exports flows on average by 0.025 percent and 0.069 percent respectively.

Table 7.6: Impact of SCT on Exports

Source: Authors Estimation

Ln Exports	Coefficient	Standard Error	p-value	Significance level
Time to Export Pre SCT	.023	.124	.853	
Time to Export Post SCT	-.777	.252	.003	***
Cost to Export Pre SCT	0	.002	.829	
Cost to Export Border~c	.025	.005	0	***
Cost to Export Docume~m	.069	.029	.022	**
Logistics quality co~e	.308	3.584	.932	
Timeliness	-.046	2.389	.985	
Constant	16.229	1.224	0	***
R-squared	.65			

*** $p < .01$, ** $p < .05$, * $p < .1$

14 Transit time refers to the period it takes for goods to be transported from one location to another. Specifically, transit time is the time between the departure of goods from the point of origin and their arrival at the destination. Transit time can be affected by a variety of factors, such as the mode of transportation used (e.g., air, sea, road, or rail), the distance between the origin and destination, the type and quantity of goods being transported, the efficiency of logistics and transportation providers, and the complexity of regulatory and customs procedures.

The estimated effects of the SCT's implementation on imports into the nations along the Northern Corridor are shown below in Table (7.7).

The results suggest that the time to export decreased significantly by 81 percent after the implementation of SCT, from 2.6 percent as presented in table 7.7 below suggesting that the clearance time is faster than pre-SCT. This indicates that the SCT has been successful in reducing the time it takes to clear goods for export along the Northern corridor. Similarly, the time it took to import goods decreased significantly by 87.5 percent after the implementation of SCT from 2.8 percent. This could be due to a number of factors, such as simplified customs procedures, improved infrastructure, and better coordination among customs authorities in different countries. Overall, the comparison suggests that the implementation of SCT has led to a significant reduction in the time it takes to import goods, which could have positive impacts on trade and economic growth in the region.

The other impact is on cost. After the implementation of the SCT, the cost of imports reduced significantly as it eliminated duplication of processes, documentation, and inspections at different checkpoints, which translated to lower transaction costs. This reduction in export costs has had a positive impact on trade in the region by increasing the competitiveness of EAC exports in the global market and boosting intra-regional trade flows.

Table 7.7: Impact of SCT on Imports

Source: Authors Estimation

Ln Imports	Coefficient	Standard Error.	p-value	Significance level
Time to Export Pre SCT	.026	.125	.834	
Time to Export Post SCT	-.81	.252	.002	***
Time to Import Pre SCT	.028	.069	.689	
Time to Import Post SCT	-.875	.201	0	***
Cost to Import Pre SCT	0	.002	.975	
Cost to import Border~c	-.028	.006	0	***
Cost to import Docume~m	-.004	.003	.152	
Customs Efficiency	-.273	3.024	.928	
Logistics quality co~e	.343	3.624	.925	
Timeliness	-.005	2.416	.999	
Constant	16.311	1.198	0	***
R-squared	.66			

*** $p < .01$, ** $p < .05$, * $p < .1$

7.2.3 Impact of SCT by responses from Member States field surveys

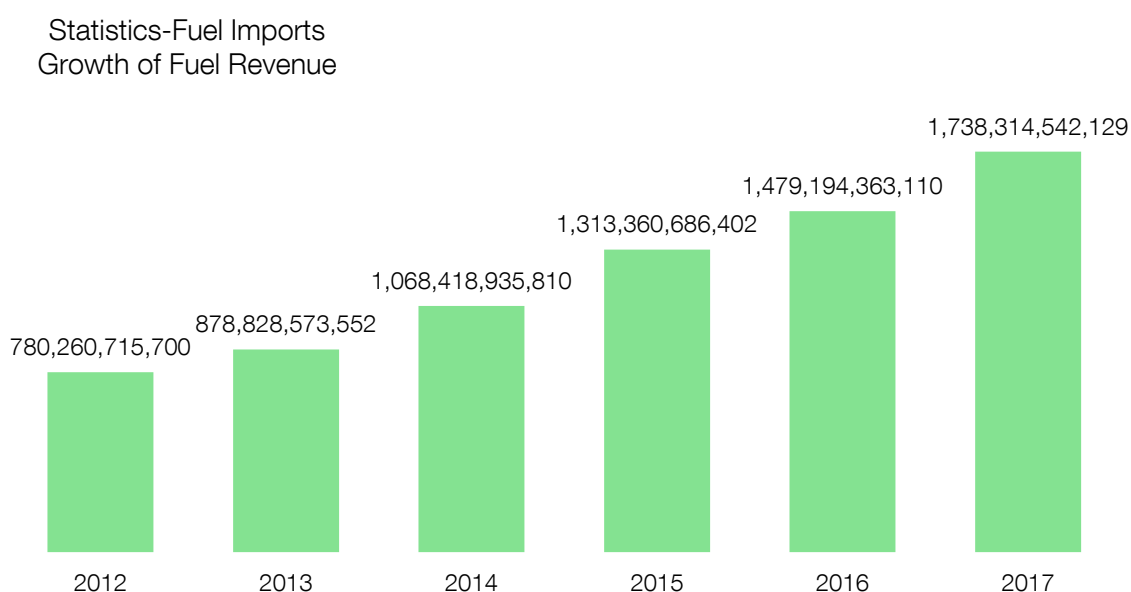
The field visits to the six Northern Corridor Member States also yielded interesting responses on how the implementation of the SCT has impacted business in the region. A select collection of the most common "voices" from key stakeholders across the NC include the following:

- So far the SCT is a very big achievement in the EAC region. The destination model is working very well, Management systems are being or have been enhanced, single declaration document as well as the collaborative approach are a reality, procedures have been simplified, restrictions among are being progressively removed, Staff from Member States have been deployed (EAC – Customs & Trade);
- There is now streamlined border clearance procedures through collaboration with other stakeholders in the Northern Corridor member states (KPC);

- c) The investment in modern technology, such as GPS tracking and automated leak detection systems, has enhanced safety and security along the pipeline reducing the risk of accidents and environmental damage (KPC);
- d) The implementation of the Regional Electronic Cargo Tracking System (RECTS) and the harmonization of customs procedures and documentation have reduced the time and cost associated with cross-border trade, resulting in improved efficiency and reduced transit time (KRA – SCT Nairobi);
- e) Increased revenue collection through the use of the Regional Customs Transit Guarantee (RCTG) system and the harmonization of customs procedures and documentation have enhanced revenue collection for KRA and other customs administrations in the EAC, by reducing the risk of diversion or theft of goods and ensuring that customs duties and taxes are collected at the point of entry (KRA – SCT Nairobi);
- f) Increase on revenue collection as the number of trips increased due to simplified procedures (i.e., for our station, previously before SCT the station collected 3billions per Month, currently collection is 8-9Billions per Month -TRA- Namanga OSBP);
- g) The initiatives implemented by KRA have enhanced trade facilitation within the EAC Customs Union, by reducing the time and cost associated with cross-border trade and promoting the timely clearance of goods at the border. This has resulted in increased trade volumes and enhanced economic integration within the region. (KRA – SCT Nairobi);
- h) There is enhanced data collection due to low risk of diversion of goods on transit (KRA – SCT Nairobi);
- i) Creation of a mechanism for prevention of smuggling at a regional level has reduced risks associated with non-compliance on the transit of goods (TRA- Namanga OSBP);
- j) SCT system has effectively reduced multiple of documentation and time hence efficiency (UFFA – UG);
- k) Minimal smuggling of goods at regional level and improved relationship by the private sector players (KRA – SCT Nairobi);
- l) Reduction on the number of smuggling cases compared to previous systems (i.e., SCT procedure require goods to be removed from the transferring partner states upon payment of all duties & taxes - TRA- Namanga OSBP);
- m) Turnover/more transactions can be done by importer and transporters today (Mombasa meeting);
- n) The cost of transport was reduced as the premium of bond guaranteed (Insurance Guarantee) has been reduced by insurance companies (Mombasa meeting);
- o) SCT is playing a big role in trade facilitation among EAC Member states: it reduced customs procedures time, it reduced paperwork, it reduced services cost (RWAFFA);
- p) Reduced clearance time (i.e., previously before SCT, clearance time at the Northern corridor took 18-21days, but after SCT implementation clearance reduced to 4-6days - TRA- Namanga OSBP);
- q) Increase on truck Turn round and some reduction of operation costs. Overall, the SCT has improved on process and time of goods in transit (UFFA – Uganda);
- r) The impact and progress overall is positive in terms of trade facilitation (transit time and cost savings) but a lot still remains to be done especially with DRC entry to EAC (USC – Shippers Uganda);

- s) No doubt that SCT has over the years gone a long way to harmonize customs procedures in the EAC and enhanced trade facilitation, however more work needs to be done to streamline a few remaining bottlenecks to ultimately achieve seamless integration (USC – Shippers Uganda);
- t) As a result of newly introduced SCT procedures, fuel imports to Uganda tremendously increased since then, the graph below indicates a relative slow growth in 2012/13 then the fast leaps of growth in 2014 to 2017 (Uganda – URA Customs).

Figure 7.8: Growth of Fuel Imports in USD (2012-2017)



In general, the emerging picture from the wide spectrum of responses above shows that the various stakeholders (private and public) have a positive view of the impact of the SCT on trade. This is especially the more so in Kenya, Uganda, Rwanda and Burundi where the SCT has been implemented to a reasonable extent. However, the impact is yet to be felt in South Sudan and the DRC where implementation of the SCT is still in its infancy.

The implementation of the Single Customs Territory (SCT) in the Northern Corridor has had several impacts positive as shown by the findings. Based on the study results presented, the following recommendations can be made:

8. Conclusion and Recommendations

8.1 Conclusions

This report has presented the major findings on the major themes of the study on the implementation of the SCT by the Northern Corridor Member States. The main themes included the SCT procedures, customs business systems, transit instruments, corridor infrastructures, institutional issues and the policy/legal aspects of the SCT. This Chapter presents a recap of the key emerging issues, key challenges and the recommendations on the way forward.

A Single Customs Territory (SCT) is a regional agreement between countries to harmonize their customs procedures, policies, and regulations, with the aim of facilitating the movement of goods across borders. In the Northern Corridor, the SCT was established in 2014 between Kenya, Uganda, Rwanda, and South Sudan. The Northern Corridor is a major transport route connecting the landlocked countries of Uganda, Rwanda, South Sudan, and parts of the Democratic Republic of Congo to the Kenyan port of Mombasa. The SCT has had a significant impact on the trade between these countries by reducing the time and costs involved in clearing goods at borders.

The harmonization of customs procedures has also helped improve revenue collection for governments. With the implementation of the SCT, it is now possible for traders to submit a single customs declaration that covers all the countries in the Northern Corridor, eliminating the need for multiple declarations and payments.

The SCT has also led to the establishment of a One Stop Border Post (OSBP) at key border crossings, which has further facilitated trade by streamlining clearance procedures. The OSBP brings together customs officials from both sides of the border, reducing duplication of processes and time spent on inspections. This has not only reduced the time and cost of doing business but has also enhanced security by reducing the opportunities for illegal activities such as smuggling.

The adoption of a common custom system has created a seamless process for traders moving goods across the region, reducing the time and cost of doing business. The integration of technology and automation has also enhanced the efficiency of custom procedures, resulting in a reduction of clearance time and related costs. The standardization of custom procedures has created a level playing field for all traders, regardless of their country of origin. While challenges remain, such as the need for continued investment in infrastructure and capacity building, the implementation of the Single Customs Territory has shown promising results in fostering regional integration and economic growth.

The implementation of the Single Customs Territory in the Northern Corridor has been a significant step towards improving trade facilitation and regional integration. It has reduced the time and costs involved in clearing goods at borders, and enhance revenue collection for governments. This has been made possible through the interconnection of Partner States Customs systems, improved information sharing, and the replacement of multiple entries and documents with a single declaration. Customs processes have been developed and implemented for customs regimes. All intra-trade and imports to the region are cleared under SCT, and customs systems have been upgraded to facilitate clearance of cargo for intra-trade, imports, and exports regimes. Some products have been selected for piloting the exports regime.

Notwithstanding, the SCT implementation has not been without challenges. One of the major challenges has been the lack of infrastructure and resources to support the harmonization of customs procedures. For instance, some border posts lack the necessary technology and equipment for efficient clearance of goods.

8.2 Recommendations

The structure of this report has employed a thematic format under which each theme of the study has been addressed comprehensively and presented separately, including the key findings and recommendations. Therefore, this section on recommendations only presents a summary recap of the key recommendations per theme. The major ones include the following:

(i) SCT procedures implementation:

While Kenya, Uganda, Rwanda and Burundi have progressed in implementation of the SCT procedures, there is need for South Sudan and the DRC to hasten their efforts towards catching up with the other Member States. There is also need to strengthen collaboration among EAC member states to ensure consistent implementation of the SCT procedures across the region. Enhance stakeholder engagement with the clearing agents, importers, exporters, and Customs brokers in the implementation process to ensure buy-in and adoption of the new procedures. Awareness and education campaigns should be conducted to increase awareness and understanding of the SCT procedures among stakeholders. It is also prudent to establish and enhance performance monitoring mechanisms to monitor the implementation of the SCT procedures and ensure compliance with the agreed standards.

(ii) Customs business systems:

There is need to prioritize the harmonization and inter-connectivity of custom systems across the region. This includes the continued adoption of digital technology and automation, which can further enhance the efficiency and speed of custom procedures, reducing the time and cost of doing business. There is also need to explore the use of Electronic Data Interchange (EDI) to facilitate the exchange of customs data electronically between Customs authorities, importers, and exporters. Use of electronic payment systems to enable importers and exporters to pay customs duties and fees electronically should also be encouraged. There should be integration of all the different systems within the region to make automatic reconciliation of all the data captured in the systems, and also interfacing of customs systems with other systems i.e., port authority systems. There should be more use of data analytics to help to identify patterns and trends in trade flows and help to improve customs efficiency and reduce the risk of fraud and smuggling.

(iii) Transit instruments:

The use of a single regional transit bond/security should be adopted across the entire NC. There is also need for provision of more training and capacity building programs to importers, exporters, and other stakeholders to enhance their understanding of the transit facilitation instruments and their effective utilization. Continuous monitoring and evaluation on the performance of the transit facilitation instruments is critical to identify areas that require improvement and make necessary adjustments. There should be investment in technology, such as electronic cargo tracking systems.

(iv) Policy, legal and regulatory aspects:

There is also need to introduce provisions for expanding the SCT to other sectors, such as services and investments, to further promote regional integration and economic growth and also holding periodic meetings at Head of States level. It is also necessary to harmonize standards, axle load limits, regulations and protocols. It is necessary to review the Kenya Traffic Act as well as other States' where deemed necessary, to align with the EAC partner states as well as the development and implementation of road side stations guidelines and regulations, and Transport policies. It is advisable to create an enabling policy support for PPP Model, especially to promote investment in infrastructures and business support systems for the SCT. There is also need for harmonization of roads & bridges design standards, standardization of axle load limits, vehicle weights and dimensions.

(v) Corridor infrastructure:

There is need for investment in infrastructure and capacity building, particularly in improving road networks, railways, inland ports and border facilities, which are critical for the movement of goods. There is need for infrastructure improvement including the expansion of the port of Mombasa and the construction of new roads and railways particularly in the northern and northeastern regions. It is also necessary to enhance ICT infrastructure (including improving internet/ digital networks) to facilitate the clearance of goods and improve efficiency in the implementation of the SCT procedures. States should collaborate with other stakeholders, including private sector (PPPs) to support the development of infrastructure. Opening of more border posts (especially OSBPs) should be encouraged. Engagement with relevant government agencies to advocate for the removal of non-tariff barriers along transport routes, such as weighbridges and roadblocks, to reduce delays and costs for importers and exporters. Ensure adequate funding and coordinated development for the SCT infrastructure projects by working with Development Partners to ensure that the projects are implemented in a timely and effective manner. In addition, the Member States should explore and gazette extra routes for transportation of cargo as the traditional border posts are being overstretched.

(vi) Institutional capacity and needs:

The capacity of the Revenue Authorities in the Member States needs to be improved, especially in terms of adequate staff numbers, staff skilling /training and logistical facilitation to enable them to perform their duties. Develop capacity-building programs to enhance the skills and knowledge of customs officials, border agencies, and other stakeholders to manage the SCT procedures effectively. There should be building of strong institutional capacity by posting staff (all border control agencies) to the border posts to handle various processes and invest in training, human resources, and technology. Capacity building is of utmost urgency for success of the SCT programme, especially in the Countries (DRC and South Sudan) that have not commenced its implementation.

(vii) Impact of implementing SCT:

Overall, SCT in the Northern Corridor has been a significant step towards improving trade facilitation and regional integration. It has reduced the time and costs involved in clearing goods at borders, and has helped to eliminate corruption and enhance revenue collection for governments. It is therefore recommended on expanding the SCT to other sectors, such as services and investments, to further promote regional integration and economic growth and also holding periodic meetings at Head of States level.

It is also recommended to streamline import clearance processes. Since an increase in import flows results from a reduction in the time needed to clear imports, it is essential to streamline import clearance processes. This can be achieved by simplifying documentation requirements, reducing clearance times, and improving communication among relevant stakeholders. In addition, waiver of visa and other charges and fees of equivalent effects is paramount for facilitation of traffic and trade along the Northern Corridor.

As a way forward towards consolidating the gains registered from the impact of the SCT across the Northern Corridor, it will be instructive to urgently address the challenges identified across all the themes of the study through implementation of the above respective recommendations.

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Annexes

Annex 1a: Key Informant Interview Guide for Revenue Authorities / Ports / Cargo Handlers

EVALUATION OF THE STATUS AND IMPACT OF THE IMPLEMENTATION OF THE SINGLE CUSTOMS TERRITORY REGIME OF CLEARANCE OF GOODS ALONG THE NORTHERN CORRIDOR.

To be completed by the interviewer

Organization Name	Date (dd/mm/yy)	Interview No. (reserved for Consultant).

1. Introduction

TB Consultancy Firm Ltd has been hired by the Northern Corridor Secretariat to carry out a Study for evaluating the Status and assessing the impact of the implementation of the Single Customs Territory regime of Clearance of Goods along the Northern Corridor. In so doing, TB Consultancy Firm Ltd would like you to contribute to this exercise by filling in the present questionnaire. The information provided by the interviewee shall be handled with utmost confidentiality.

Thank You.

1. What is your current position? (WRITE THE RESPONSE BELOW)

2. What is your current place of work or institution? (WRITE THE RESPONSE BELOW)

3. Category of Organization that you represent: (READ THE RESPONSES BELOW AND CHECK ALL THAT APPLY)

☐
☐
☐
☐

1. Government Ministry
2. Regulatory public agency
3. Private sector Organization
4. Other (SPECIFY):

2. Key Information

4. Briefly describe the role of your Agency as relates to implementation of EAC single customs territory.

5. What are the existing legal and regulatory frameworks, in your country that support you in the implementation of single customs territory? (Probe for any gaps in the policy and legal framework; ask for reference links and /or copies of these documents)

6. What capacity have you put in place on the implementation of single customs territory? (Probe for:

- a. Funding
- b. Staffing
- c. Institutional arrangement
- d. Monitoring

7. How do you collaborate with other Agencies in the Northern Corridor member states to ensure harmonized implementation of the EAC Single Customs Territory procedures? Probe for

- a. Through regular meetings and consultations
- b. By sharing best practices and experiences
- c. Through joint trainings and capacity building programs
- d. By developing common guidelines and procedures
- e. Other (please specify): _____

8. What initiatives has your Agency put implemented in supporting the SCT?

9. In your view, what is the impact of these initiatives on SCT

10. Does your organization have customs business systems or any other systems in place that support implementation of single customs territory?

- Yes
- No

11. If yes above, please describe the system/s

12. What other systems does your Customs systems connect to with other member states' Customs systems?

13. What are the key infrastructure challenges that need to be addressed to support EAC single customs territory?

14. How have you prepared your port to comply with the EAC Single Customs Territory procedures?

- a. By investing in necessary infrastructure and technology
- b. By providing training and capacity building programs to staff
- c. By partnering with stakeholders to ensure their compliance
- d. Other (please specify): _____

15. How do you ensure compliance with the EAC Single Customs Territory procedures by importers and exporters across all ports of entry/exit within your member state?

- a. Through regular inspections and audits
- b. By educating stakeholders on the procedures
- c. By providing support and guidance to stakeholders
- d. Through penalties and sanctions for non-compliance
- e. Limited stakeholder involvement (such as the private sector and civil society in the implementation of the procedures)
- f. Other (please specify): _____

16. Are there any areas that require improvement in the transit facilitation instruments adopted by your country? (Select all that apply)

- a. Simplification of procedures
- b. Harmonization of procedures across the region
- c. Strengthening of enforcement mechanisms
- d. Improvement of infrastructure
- e. Other (Please specify): _____

17. What is your country's approach to monitoring and reporting on the implementation of transit facilitation instruments? (Select all that apply)

- a. Regular audits
- b. Monitoring of key performance indicators
- c. Submission of progress reports to relevant authorities
- d. Use of electronic systems to track transit movements
- e. Other (Please specify): _____

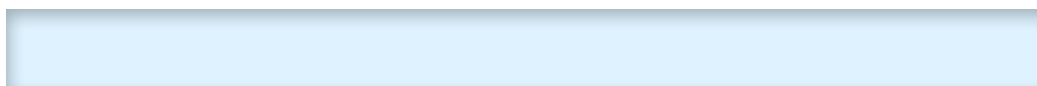
18. How will technology be leveraged to improve Customs processes and facilitate the implementation of a Single Customs Territory? (Probe for:)

- a) Automation of data collection and processing
- b) Establishment of a single window system
- c) Use of electronic payment systems
- d) Other (please specify)

19. What challenges have you encountered in the implementation of the EAC Single Customs Territory procedures? (Probe for:)

- a. Inadequate infrastructure
- b. Insufficient human resource capacity
- c. Inadequate technology
- d. Resistance to change from stakeholders.
- e. Other (please specify): _____

20. How have you addressed any challenges that you have encountered in the implementation of the EAC Single Customs Territory procedures? (Probe for:)
- a. Through investments in necessary infrastructure and technology
 - b. Through capacity building programs for staff
 - c. Through stakeholder engagement and partnership
 - d. Other (please specify): _____



N.B: If in responding to questions in this paper the space provided comes to be inadequate, please feel free to annex a piece of paper for the purpose of supplementing the space provided.

Thank you for your cooperation.

FOR TB CONSTANCY FIRM LTD

Annex 1b: Key Informant Interview Guide for Private Sector

EVALUATION OF THE STATUS AND IMPACT OF THE IMPLEMENTATION OF THE SINGLE CUSTOMS TERRITORY REGIME OF CLEARANCE OF GOODS ALONG THE NORTHERN CORRIDOR.

To be completed by the interviewer

Organization Name	Date (dd/mm/yy)	Interview No. (reserved for Consultant).

A. Introduction

TB Consultancy Firm Ltd has been hired by the Northern Corridor Secretariat to carry out a Study for evaluating the Status and assessing the impact of the implementation of the Single Customs Territory regime of Clearance of Goods along the Northern Corridor. In so doing, TB Consultancy Firm Ltd would like you to contribute to this exercise by filling in the present questionnaire. The information provided by the interviewee shall be handled with utmost confidentiality.

Thank You.

1. What is your current position? (WRITE THE RESPONSE BELOW)

2. What is your current place of work or institution? (WRITE THE RESPONSE BELOW)

3. Category of Organization that you represent: (READ THE RESPONSES BELOW AND CHECK ALL THAT APPLY)

☐
☐
☐
☐

1. Government Ministry
 2. Regulatory public agency
 3. Private sector Organization
 4. Other (SPECIFY):

B. Key Information

1. Are you aware of the EAC Single Customs Territory procedures?

- Yes
- No

If yes comment on their effectiveness

2. How would you describe the level of implementation of the EAC Single Customs Territory procedures in your respective countries?

- a. Poorly implemented
- b. Somewhat implemented
- c. Moderately implemented
- d. Well implemented
- e. Fully implemented

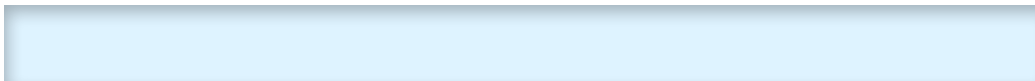
3. Which initiatives are you aware of member states are implementing in support of the EAC Single Customs Territory procedures?

4. What in your view, challenges facing EAC Single Customs Territory implementation

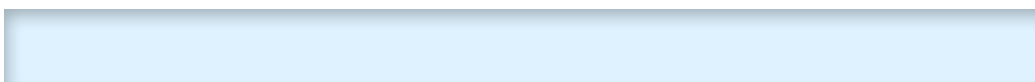
5. What are the key infrastructure challenges that need to be addressed to support EAC single customs territory?

6. In your view, what are the proposed recommendations to address the identified challenges?

7. How can the private sector and other stakeholders be involved in addressing infrastructure-related challenges and supporting the implementation of SCT?
- a. Public-private partnerships
 - b. Private sector investment in infrastructure
 - c. Private sector involvement in project planning and development
 - d. Other (please specify)



8. What is your assessment of the impact of the EAC Single Customs Territory procedures on trade within the EAC region?



N.B: If in responding to questions in this paper the space provided comes to be inadequate, please feel free to annex a piece of paper for the [purpose of supplementing the space provided.

Thank you for your cooperation.

TB CONSTANCY FIRM LTD

Annex 1c: Key Informant Interview Guide for Government Agencies and Ministries

EVALUATION OF THE STATUS AND IMPACT OF THE IMPLEMENTATION OF THE SINGLE CUSTOMS TERRITORY REGIME OF CLEARANCE OF GOODS ALONG THE NORTHERN CORRIDOR.

GOVERNMENT AGENCIES/MINISTRIES

Organization Name	Date (dd/mm/yy)	To be completed by the interviewer Interview No. (reserved for Consultant).

A. Introduction

TB Consultancy Firm Ltd has been hired by the Northern Corridor Secretariat to carry out a Study for evaluating the Status and assessing the impact of the implementation of the Single Customs Territory regime of Clearance of Goods along the Northern Corridor. In so doing, TB Consultancy Firm Ltd would like you to contribute to this exercise by filling in the present questionnaire. The information provided by the interviewee shall be handled with utmost confidentiality.

Thank You.

1. What is your place of work or institution?

2. What is your position in the institution?

3. Category of Organization:

☐
☐
☐
☐

1. Ministry / Government
2. Regulatory agency
3. Private sector Organization
4. Other (SPECIFY):

B. Key Information

1. Briefly describe the role of your organization in implementing the EAC single Customs territory.

2. What are the legal and regulatory frameworks in your country that support the implementation of the EAC Single Customs Territory?

3. What do you think may be the impediments, if any, that may be hindering the implementation of the EAC SCT?

- a) Inconsistent implementation of SCT regulations by member states
- b) Lack of harmonization of national laws and regulations among Partner States
- c) Inadequate legal and regulatory capacity at national and regional levels
- d) Lack of political will
- e) Other (please specify)

(Please share for reference links or soft copies of any documentation thereto related)

4. What capacity has your institution put in place for the implementation of the EAC Single Customs Territory in terms of:

- a) Funding
- b) Staffing
- c) Institutional arrangement
- d) Monitoring

5. What are the specific areas that require technical assistance and support to improve the institutional capacity for the successful implementation of the SCT?

- e) Legal and regulatory frameworks
- f) Information technology infrastructure
- g) Customs procedures and processes
- h) Cross-border logistics and transportation
- i) Other (please specify)

6. What are the plans and strategies for enhancing the institutional capacity and ensuring effective implementation of SCT in the country and the Northern Corridor region as a whole?

- a) Increased investment in infrastructure and technology
- b) Enhanced regional cooperation and coordination
- c) Expanded capacity-building programs and initiatives
- d) Other (please specify)

7. What measures has your institution put in place to ensure that the EAC Single Customs Territory procedures are being adhered to by all stakeholders? Regular inspections and audits

- a) Providing support and guidance to stakeholders
- b) Charging penalties and sanctions for non-compliance
- c) Educating stakeholders on the procedures
- d) Other (please specify): _____

8. What are the key infrastructure challenges that need to be addressed to support EAC single customs territory?

9. How will stakeholders such as importers, exporters, and Customs brokers be informed and trained about the changes resulting from the implementation of a Single Customs Territory? (Probe for:)

- a) Workshops and seminars
- b) Online resources and training materials
- c) Direct communication and outreach
- d) Other (please specify)

10. What are the main challenges that your institution has encountered in implementing the EAC Single Customs Territory procedures?

- a) Inadequate infrastructure:
- b) Limited human resource capacity (Insufficient training and capacity building of customs officials and other stakeholders involved in the implementation of the procedures)
- c) Inadequate investment (Lack of financial resources to support the implementation of the procedures, including the necessary equipment and technology)
- d) Inconsistent interpretation and application of the procedures:
- e) Corruption and lack of transparency
- f) Non-tariff barriers (Non-tariff barriers such as product standards, licensing requirements, and customs clearance procedures)
- g) Others (Specify)

11. What recommendations would you make to improve the implementation of the EAC Single Customs Territory procedures in the country and within the region as a whole? (Probe for:)

- a) Increase investments in necessary infrastructure and technology
- b) Strengthen capacity building programs for staff and stakeholders
- c) Increase stakeholder engagement and partnership
- d) Develop more effective penalties and sanctions for non-compliance
- e) Other (please specify): _____

12. To your knowledge, what measures have been put in place to ensure that EAC single customs territory is implemented in all the member states?

13. In your view, what has been the response by the private sector and non-state actors to the EAC single customs territory initiative.
- a) In your view, what has been the impact of the implementation of the SCT on trade and transport facilitation? Reduction in transit time and cost of goods
 - b) Increased efficiency in the clearance of goods at border points
 - c) Reduced barriers to trade among Northern Corridor Member States
 - d) Harmonization of customs procedures and documentation
 - e) Enhanced revenue collection for Member States
 - f) Improved trade facilitation and cross-border cooperation
 - g) Increased regional competitiveness.
 - h) Creation of jobs and economic growth
 - i) Other (please specify) _____

14. What measures can be taken to improve coordination of infrastructure development initiatives across Northern Corridor Member States?
- a) Improved communication and information sharing
 - b) Harmonization of standards and regulations
 - c) Joint financing and procurement of infrastructure projects
 - d) Establishment of a central coordinating body for infrastructure development initiatives
 - e) Other (please specify) _____

15. How can PPP be leveraged to address infrastructure-related challenges in the Northern Corridor?
- a) Private sector financing of infrastructure projects
 - b) Public sector guarantees to attract private sector financing
 - c) Private sector involvement in the planning and implementation of infrastructure projects
 - d) Joint public-private financing of infrastructure projects
 - e) Other (please specify) _____

N.B: If in responding to questions in this paper the space provided comes to be inadequate, please feel free to annex a piece of paper for the [purpose of supplementing the space provided.

Thank you for your cooperation.

TB CONSTANCY FIRM LTD

Annex 2: SCT Documents

a) Exit Note

Ministry of Finance
Customs Headquarters

Exit Note

Custom office of Mombasa Port

General Information

Exit Note Nbr 2023/X/1704 Issued On 17/03/2023 14:45 By joseph.mugisha

Transit Shed / MOMBASA PORT

Declarant: BN METRO Ltd
GIKONDO
GATUNA
RUSUMO

Identification of the Transporter

Registration	Nationality	Driver	AEO Unique Identifier
KDB 295W/ZD 5938	Kenya	RUMBA	

Goods identification

Declaration : :2023 CLINKER01

C 253 04/03/2023

Assessment : L 1050 06/03/2023

Item Nbr : 1

Line Nbr 1

Container :

Seal :

Number & Type Of Packages

Marks & Number

Gross Mass Supp. Units

1 Bulk, liquid

OPC CLINKER IN BULK
37,000 MT

30000 30000

Commodity Code
25231000

Goods description
- Cement clinkers

Net Weight
30001.5511416

b) C2 sample

EAST AFRICAN COMMUNITY

2023RWKESCTC5344

C2-icms

CUSTOMS

REGULATIONS 11(1).12(2).20(1).88 & 110

CARGO MANIFEST

REPORT OUTWARD OF VEHICLE

Rotation No.	23KESX000650014	Port of Loading	NAIROBI EXPORTS	Country	Kenya
Date of Departure	11/05/2023 11:33:25	Nationality of Registration	Kenya		
Vehicle	KCE795P	Port of Destination		Country	Kenya
Net Registered Tonnage		Number Of Crew		Name of Master	xxxx
Exporter Name	DANCO CAPITAL LIMITED P O BOX 46206-00100NAIROBI-KENYA	Exporter PIN/TIN	SMALL EXPORTER		
Agent's Name	GORILLA LOGISTICS LTDGikondo - MagerwaKigali - Rwanda7010 KIGALI	Agent's PIN/TIN	101546745		

I declare that the outward manifest 1 page(s) contains a true account of all goods shipped and that the particulars of the vessel/Aircraft/Vehicle and correct to the best of my knowledge and belief.

Date of Departure: 11/05/2023 11:33:25
Signed and declared this on 11/05/2023 11:33:25

Exit Note No.: 2023KESCTX5845
In my presence: David Wekesa Wanjala
1 Of 1

PROPER OFFICER

Seq.	Bill of Lading/Airwar	Marks and Nos	Number of Packages	Description of goods	Measurement and/or Weight	Consignee	Destination	For Customs use
1	999999999-AFBIN-12345675		289	Parcel	1329.4	REAL CONTRACTORS Ltd4374KIGALI CITY, GASABO, KACYIRU	Rwanda	
2	999999999-AFBIN-12345675		1	Parcel	1	REAL CONTRACTORS Ltd4374KIGALI CITY, GASABO, KACYIRU	Rwanda	
3	999999999-AFBIN-12345675		1	Parcel	1	REAL CONTRACTORS Ltd4374KIGALI CITY, GASABO, KACYIRU	Rwanda	
4	999999999-AFBIN-12345675		1	Parcel	1.3	REAL CONTRACTORS Ltd4374KIGALI CITY, GASABO, KACYIRU	Rwanda	
5	999999999-AFBIN-12345675		1	Parcel	1.9	REAL CONTRACTORS Ltd4374KIGALI CITY, GASABO, KACYIRU	Rwanda	
6	999999999-AFBIN-12345675		1	Parcel	4.2	REAL CONTRACTORS Ltd4374KIGALI CITY, GASABO, KACYIRU	Rwanda	
7	999999999-AFBIN-12345675		1	Parcel	7.1	REAL CONTRACTORS Ltd4374KIGALI CITY, GASABO, KACYIRU	Rwanda	

PROPER OFFICER

Seq.	Bill of Lading/Airwar	Marks and Nos	Number of Packages	Description of goods	Measurement and/or Weight	Consignee	Destination	For Customs use
7	999999999-AFBIN-12345675		1	Parcel	7.1	KACYIRU	Rwanda	
8	999999999-AFBIN-12345675		1	Parcel	9.9	REAL CONTRACTORS Ltd4374KIGALI CITY, GASABO, KACYIRU	Rwanda	
9	999999999-AFBIN-12345675		1	Package	9.6	REAL CONTRACTORS Ltd4374KIGALI CITY, GASABO, KACYIRU	Rwanda	

Rotation No.	23KESX000650014	Port of Loading	NAIROBI EXPORTS	Country	Kenya
Date of Departure	11/05/2023 11:33:25	Nationality of Registration	Kenya		
Vehicle	KCE795P	Port of Destination		Country	Kenya
Net Registered Tonnage		Number Of Crew		Name of Master	xxxx
Exporter Name	DANCO CAPITAL LIMITED P O BOX 46206-00100NAIROBI-KENYA	Exporter PIN/TIN	SMALL EXPORTER		
Agent's Name	GORILLA LOGISTICS LTDGikondo - MagerwaKigali - Rwanda7010 KIGALI	Agent's PIN/TIN	101546745		

I declare that the outward manifest 2 page(s) contains a true account of all goods shipped and that the particulars of the vessel/Aircraft/Vehicle and correct to the best of my knowledge and belief.

Date of Departure: 11/05/2023 11:33:25
Signed and declared this on 11/05/2023 11:33:25

Exit Note No.: 2023KESCTX5845
In my presence: David Wekesa Wanjala
2 Of 2

Annex 3: Stakeholders Consultation Plan in Members States

PLAN FOR DATA COLLECTION EXERCISE IN MEMBER STATES

Evaluation of the status & impact of the implementation of the SCT regime

02 April 2023 - 08 April 2023

Team 1: Kenya, South Sudan, Burundi and DRC

Date	Time	Institution/Organization	Venue
02 April 2023: Flight Kigali - Mombasa.			
03/04/2023 Mombasa, Kenya	09:00-10:30	KPA Mombasa	KPA
EMILE	11:00 -13:00	KMA Mombasa	KMA
	14:00-17:00	KRA-URA-RRA-OBR-DGDA-SSRA -TRA, KTA, KIFWA (including getting update on transit through Taveta/Holili).	NCTTCA
03 April 2023 : Flight Mombasa - Nairobi.			
04/04/2023 Nairobi, Kenya	09:00-11:00	KRA Nairobi	KRA
	11:30-13:00	MTIHUD Nairobi	Ministry
	14:00-15:30	KPC, Nairobi	KPC
	16:00-17:30	E.A.Shippers' Council, Nairobi	EASC
04 April 2023 : Flight Nairobi - Juba			
05/04/2023 Juba, South Sudan	09:00-10:30	Min. Transport	Ministry
	11:00 -12:30	Min. Trade	Ministry
	14:00-15:30	SSNRA	SSNRA
	16:00-17:30	SS Freight and Forwarders Association	SSFFA
06 April 2023 : Flight Juba - Bujumbura			
07/04/2023 Bujumbura, Burundi.	09:00-10:30	Min. Comm, Transport, Industrie & Tourisme	Ministry
	11:00 -12:30	ABADT, ATIB	Chambre de C.
	14:00-15:30	OBR Consider visiting COTECHNA, owners of the tracking solution.	OBR
	16:00-17:30	Port de Bujumbura	Global Port Services
08 April 2023 : Flight Bujumbura - Kinshasa			

Team 1 (cont'd): DRC

Date	Time	Organization	Venue
02 April 2023 : Flight Kigali - Arusha			
03/04/2023 Arusha, Tanzania	09:00-12:00	EAC	EAC Arusha
	13:00 -17:00	Namanga Border Post (immigration, Police, TRA). Get status on tracking of goods to Burundi, Rwanda, DRC beyond Namanga OSBP	Namanga
04 April 2023: Flight Arusha - Kampala			
05/04/2023 Kampala, Uganda	09:00-10:30	MoWT	MoWT
	11:00 -12:30	URA	URA
	14:00-15:30	Uganda Shippers Council	USC
	16:00-17:30	PSF (UFFA, UNTA)	PSF Uganda
06 April 2023: Flight Kampala - Kigali			
07/04/2023 Kigali, Rwanda	09:00-10:30	MININFRA	Mininfra
	11:00 -12:30	Min.Trade	Min. Trade
	14:00-15:30	RRA / Customs	RRA/ Customs
	16:00-17:30	DP World Rwanda	DPW
08/04/2023 Kigali, Rwanda	08:30-12:30	Gatuna Border: Immigration, Police, RRA.	Gatuna border
	14:30 - 16:00	PSF (Transporters + RWAFFA)	PSF Rwanda
End			

Annex 4: List of Stakeholders met in Members States

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Annex 5: List of Participants, Validation Workshop, Panari Hotel, Nairobi/Kenya, 19 June 2023

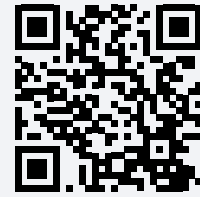
Evaluation of the Status & Impact of Implementation of the SCT regime of clearance of goods along the Northern Corridor

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