



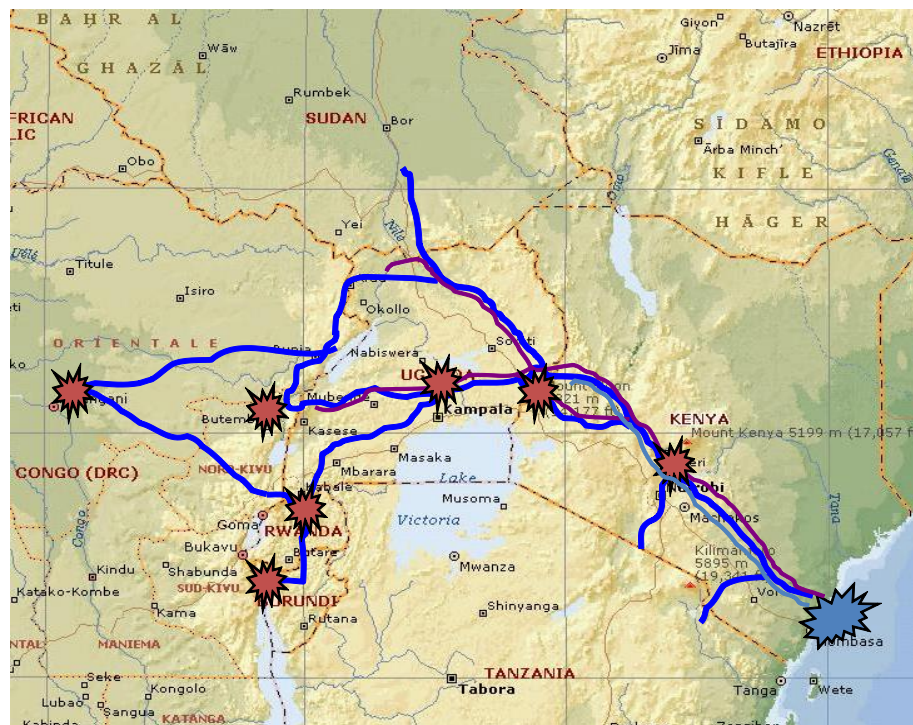
Trade Facilitation and Transportation – Removing barriers to trade Northern Corridor integration Projects

14 December 2016



Background

- The Northern Corridor Integration Projects is an initiative started in June 2013 under the Patronage of three Heads of State: Kenya, Rwanda and Uganda.
- Later on, South Sudan and Ethiopia joined. Burundi, DRC and Tanzania still Observers.
- The initiative set out a regional partnership to overcome physical and administrative barriers to trade
- Early focus was on infrastructure projects: SGR, Energy, Oil pipelines, and trade facilitation measures incl single customs territory, Free movement of labour, goods and services
- Additional projects include peace & Security, airspace management, commodities exchange and human capacity development



The Northern Corridor connects the Port of Mombasa in Kenya with Kampala, Kigali, Bujumbura, Juba and cities in the Eastern DRC.



NCIP Single Customs Territory (SCT) has contributed greatly to Trade facilitation...

Objectives of the SCT

- Seamless flow of Goods to enhance intra EAC trade
- Lowering clearance costs of goods within the EAC region
- Shifting from physical controls to electronic clearance processes
- Coordination between Agencies responsible for clearance of goods
- Enhanced compliance through a regional wide mechanism



NCIP Single Customs Territory (SCT) has contributed greatly to Trade facilitation...

- Goods entering the region now only have to be declared once at the port of entry – no need for three separate declarations to reach Kigali
 - The time it takes for goods to reach Kigali has declined from 21 days in 2014 to **just over 6 days** in September 2016, while costs have reduced 20%
- The SCT has many subcomponents
 - Construction and operation of **One-Stop Border Posts**
 - Launch of the **Electronic Single Window**
 - Ability to use **Electronic cargo tracking**
 - Introduction of a **Regional Single Bond**
 - Procurement of **High-Speed Weigh-in-Motion Bridges** at key border crossings
- This requires **high level of information sharing and cooperation** between customs agencies and revenue authorities, which has been a focus throughout



NCIP has other complementary Trade Facilitation Initiatives, including:

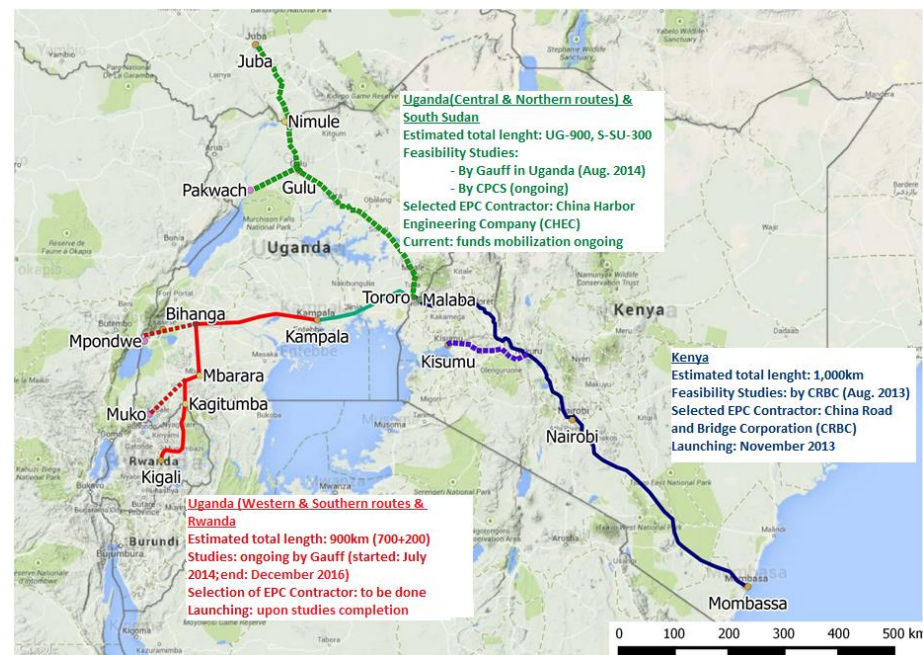
- ▶ **National ID cards as travel documents:** Introduced in 2013, citizens of Kenya, Uganda and Rwanda can visit the other countries using national ID cards – and without paying visa fees
- ▶ **Single Tourist Visa:** Kenya, Uganda and Rwanda also introduced a single-entry tourist visa valid for all three countries
- ▶ This is part of wider efforts to promote **free trade in services and the free movement of people** within Northern Corridor countries



Other key NCIP projects aim to ease connectivity in the region – The standard gauge Railway

Mombasa – Kampala- Juba- Kigali SGR

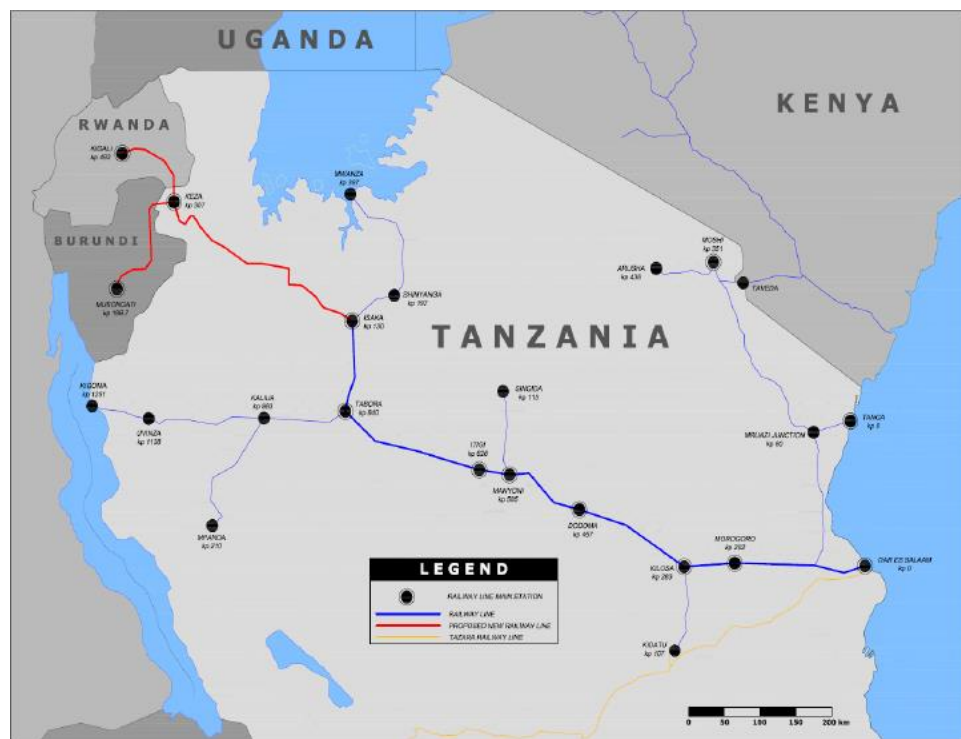
- ▶ It's a 1,915 km with an estimated cost of USD 14 billion.
- ▶ **Mombasa-Nairobi Section:** the construction progress at 80%;
- ▶ **Nairobi-Naivasha Section:** financing secured;
- ▶ **Nairobi-Malaba/Kisumu Section:** the Feasibility Study completed and process ongoing for financing mobilization.
- ▶ **Malaba-Kampala Section** - EPC contract signed to facilitate securing funding
- ▶ **Kampala-Kigali Section:** Preliminary engineering design studies ongoing.





Other key NCIP projects aim to ease connectivity in the region – The standard gauge Railway

- ▶ **Dar – Es – salaam to Kigali**
- ▶ Standard Gauge Lines with 1,672km total length: Dar - Isaka line (970km): Isaka-Kigali/Keza-Musongati (702km):
- ▶ Total cost for this project is estimated at **USD 5.2 billion**
- ▶ The Transaction Advisory services are ongoing.
- ▶ Financing, Design, Construction, Operation and Maintenance under a PPP Model under discussion.





Other key NCIP projects that aim to ease connectivity in the region

- ▶ Formation of a Northern Corridor Airspace Block and negotiations around 5th freedom rights to regional carriers
- ▶ Mobile connectivity, including mobile money, has increased with the **One Network Area**, which led to a 400% increase in regional calls within months
- ▶ Cross-border **power transmission lines** to facilitate regional supply and power trade
- ▶ Refined products oil pipeline still in the pipeline



These initiatives anchored in high level political ownership and accountability have registered a number of benefits...

- ▶ SCT has reduced port clearance and transit time from:
 - Mombasa port – Kampala 4 from 18 days
 - Nairobi – Kampala 2 from 5 days
 - Mombasa – Kigali takes 6 days from 22
- ▶ Customs declarations as well as customs security bonds have reduced from 3 to 1. This was translated into the reduction of cost of transport along the Northern Corridor.
- ▶ OSBP have reduced border clearance time from 2 hours to 30 minutes
- ▶ Transport from Mombasa – Kigali reduced from USD 7,000 to 5,000 on a 40 feet container.
- ▶ Transport from Mombasa – Kigali reduced from USD 5,200 to 4,200 on a 20 feet container.

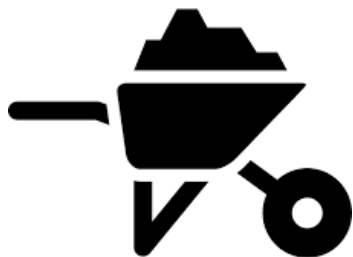


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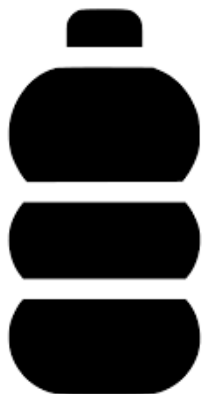
- ▶ The use of IDs to travel in the region (Rwanda, Kenya and Uganda) started in January 2014.
- ▶ Work permit fees for citizens of the three countries have been removed (Rwanda, Kenya and Uganda).
- ▶ Single Tourist visa – for easy travel across the region
- ▶ Partner States have signed agreement on total liberalization of labour, starting with categories of Managers, professionals, technicians, crafts and related trade workers.
- ▶ An agreement on total liberalization of services was also signed.
- ▶ Barriers to trade/ NTBs are discussed regularly and are removed.
- ▶ Region becoming competitive and attractive



What opportunities does increased connectivity and trade facilitation bring for regional value chains? Any winners in sight?



Construction materials



Cooking oil

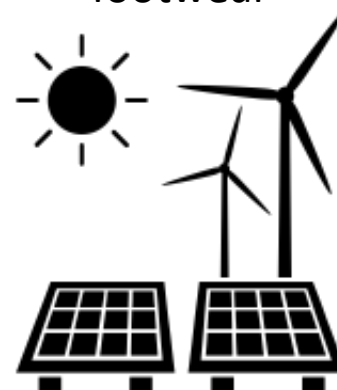
- Opportunities exist in the near economy – Regional market

- We could make conservative but strategic bets on agro processing and light manufacturing value chains

- As we move into high tech industries supported by R & D



Garments, leather and footwear



Renewable energy devices



THANK YOU

