



Report

Building a Single Customs Territory

A toolkit

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November 2023

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How to cite: Calabrese, L., te Velde, D. W., Mendez-Parra, M., Ayele, Y., Rombo, K. (2023) Building one-stop border posts. ODI Report. London: ODI. (<https://odi.org/en/publications/building-a-single-customs-territory-a-toolkit>)

Acknowledgements

This toolkit was prepared by Linda Calabrese, Dirk Willem te Velde, Max Mendez-Parra and Yohannes Ayele from ODI and Kevin Rombo from TradeMark Africa (TMA).

The authors would like to thank TMA staff and especially Catherine Nanzigu for comments on an earlier draft. The authors would also like to thank Flavia Busingye (East African Community) for her comments and feedback.

The authors would also like to thank officials from the East African Community, the Uganda Revenue Authority, the Kenyan Revenue Authority and the Tanzanian Revenue Authority and from other institutions that preferred not to be named.

This toolkit has been funded as part of the ODI–TMA partnership. All views provided are those of the authors and not the responsibility of ODI or TMA.

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Acronyms

AEO	Authorised Economic Operators
ASYCUDA	Automated System for Customs Data
COMESA	Common Market for Eastern and Southern Africa
DM	destination model
DRC	Democratic Republic of Congo
EAC	East African Community
ECTS	electronic cargo tracking system
EU	European Union
iCMS	Integrated Customs Management System
ICT	information and communication technology
IT	information technology
KPA	Kenya Port Authority
KRA	Kenya Revenue Authority
OBR	Office Burundais de Recette (Burundi Revenue Authority)
OGA	other government agency
RADDEx	Revenue Authorities Digital Data Exchange
RCTG	Regional Customs Transit Guarantee
REC	regional economic community
RRA	Rwanda Revenue Authority
SACU	Southern African Customs Union
SCT	Single Customs Territory
TANCIS	Tanzania Customs Information Systems
TIR	Transports Internationaux Routiers
TMA	TradeMark Africa
TRA	Tanzania Revenue Authority
TWG	technical working group
URA	Uganda Revenue Authority

Executive summary

The East African integration process has achieved considerable success in the past decades, and the East African Community (EAC) has been identified as one of the most integrated regional economic communities in Africa (African Union, 2020).

To operationalise the EAC Customs Union, in 2012 the Partner States decided to set up a Single Customs Territory (SCT). An SCT reduces internal border controls on the circulation of goods, and can lead to reduced costs and time of trade and of doing business, faster and better trade operations, improved revenue management, reduced smuggling and improved collection of data on trade and smuggling.

Setting up the systems to implement the SCT required complex and extensive work, which was carried out by governments but also by development partners, including TradeMark Africa (TMA). It is useful to understand how the SCT model came about in the EAC and to draw lessons for others who wish to undertake similar steps elsewhere.

This toolkit thus aims to provide a set of key considerations that should be taken into account when setting up an SCT. Describing the experience of TMA in the East African region, it unpacks the complexities to navigate when supporting such interventions. The report provides the following lessons:

- Lesson 1: Put in place a legal framework.
- Lesson 2: Decide on and set up a revenue collection system.
- Lesson 3: Implement a bonds system.
- Lesson 4: Consider appropriate systems to facilitate border crossing.
- Lesson 5: Develop and future-proof information technology systems.
- Lesson 6: Consider whether to establish a structure to take and implement technical decisions
- Lesson 7: Develop appropriate soft skills.
- Lesson 8: Understand the objectives of all participants.
- Lesson 9: Consider how to effectively manage stakeholders.

- Lesson 10: Bring the private sector on board from the early stages.
- Lesson 11: Consider the system's long-term sustainability.

1 Introduction

The East African integration process has achieved considerable success in the past decades, and the East African Community (EAC) has been identified as one of the most integrated regional economic communities in Africa (African Union, 2020). In terms of economic integration, the EAC forms a customs union and is journeying towards a common market.

To operationalise the Customs Union, in 2012 the EAC decided to set up a Single Customs Territory (SCT). An SCT reduces internal border controls on the circulation of goods within the customs union and is therefore a necessary step towards the full realisation of the union. The SCT aims to solve the challenges posed by a customs union, namely:

- application of different customs laws and instruments and different customs valuation systems
- complex clearance and duplication of customs procedures
- use of different security bonds
- conflicts among different customs laws and enforcement mechanisms
- presence of non-tariff barriers to trade and
- congestion at borders and slower transit of goods.

A fully operational SCT leads to reduced costs and time of trade and of doing business, faster and better trade operations, improved revenue management, reduced smuggling, and improved collection of data on trade and smuggling.

The EAC SCT among Burundi, Kenya, Rwanda, Tanzania and Uganda creates a common system of clearance for goods moving in and out of the EAC. It establishes rules on when and how to clear goods going in and out of the region or in transit, where to pay customs duties and how to deal with goods destined for warehouses.

Setting up these systems required complex and extensive work, which was carried out by governments but also by development partners, including TradeMark Africa (TMA) but also the World Bank, the German Agency for International Cooperation and so on. Given the importance of this work, it is useful to understand how the SCT

model came about in the EAC and to draw out lessons for others who wish to undertake similar steps elsewhere.

This toolkit thus aims to provide a set of key considerations that should be taken into account when setting up an SCT. Describing the experience of TMA in the East African region, it unpacks the complexities to navigate when supporting such interventions. In particular, it documents the main challenges facing TMA and its partners, considering that this may be useful to those who want to follow TMA's steps.

This report is structured as follows. Section 2 presents the background of the SCT. Section 3 discusses the practical challenges one might face when implementing an SCT, such as in the creation of appropriate legal frameworks, trade facilitation mechanisms and information technology (IT) systems. Section 4 documents stakeholder engagement and Section 5 discusses how the SCT can be made sustainable in the long term. Section 6 concludes the report.

2 Historical background to the SCT

2.1 The EAC Common Market and the SCT

The ratification of the treaty establishing the EAC in the year 2000 provided optimism for the region in areas of trade and economic cooperation. The EAC has a combined gross domestic product of \$305 billion and a market of 284 million people. Integration has the potential to support local and regional value chains, industrialisation and, ultimately, job creation and improved incomes and living standards for residents (EAC, nd). The EAC has grown from the initial three founding states to its current seven members (Burundi, Kenya, Rwanda, South Sudan, Tanzania and Uganda, with the latest being the Democratic Republic of Congo, DRC, which joined in 2022).

The Protocol on the Establishment of the EAC Customs Union was concluded and signed on 2 March 2004 and implementation commenced in January 2005. The Partner States agreed that the establishment of the Customs Union should be progressive in the course of a transition period of five years from the coming into force of the Protocol. Implementation of the Customs Union was to be progressive, therefore, with the milestones achieved going towards the attainment of the goal of a fully-fledged customs union.

These milestones included:

- elimination of internal tariffs for goods traded among Partner States that qualify under the Rules of Origin
- implementation of a Common External Tariff and
- enactment and implementation of the Customs Management Act and supporting regulations.

In 2012, as the transition period for the Customs Union implementation was coming to an end, the Summit of Heads of States in principle adopted the destination model (DM), whereby goods are verified and released at the first point of entry after assessment and payment of taxes have occurred in the destination country. Furthermore, a High-Level Task Force was established to develop a framework outlining key preconditions for implementing the DM under an SCT. The aim of the SCT was defined as improving the trade environment and creating competitiveness for goods traded in

the region through the removal of internal border controls and documentation; minimisation of costly processes that delay the movement of goods; and institutionalising a regional mechanism for the administration of customs operations by merging the hitherto customs territories of the Partner States.

The framework for implementation of the SCT under the DM was approved by the EAC Council of Ministers in November 2013, and the Summit of Heads of State decided that the SCT should be operationalised with effect from 1 January 2014. According to this decision, the EAC Directorate of Customs and Trade jointly with the Customs Administrations of Partner States embarked on a process to put in place the requisite interventions and operational instruments for implementation of the framework on the SCT in January 2014.

2.2 Need for the SCT

East Africa in the early 2000s faced numerous challenges, including poor infrastructure and a weak policy and regulatory environment, which hampered trade through cumbersome and complicated customs procedures that increased the time and cost of trade, thereby hindering the movement of goods along corridors and stifling trade.

For instance, in 2011, the average transit time between Mombasa and Malaba in Kenya was 232 hours (Northern Corridor Transport Observatory). Multiple electronic cargo tracking systems (ECTS) led to delays at border crossings as tracking gears had to be disarmed/armed when the trucks crossed borders, instead of cargo being tracked to destination using one electronic seal. Further, multiple non-tariff barriers along the trade corridors in the region, including weighbridges, police roadblocks and incidences of rent-seeking, increased the cost of transporting goods. The cost of transporting one container from Mombasa to Kigali along the Northern Corridor was set at \$4,650 in 2012 (Northern Corridor Transport Observatory).

It is against the backdrop of these challenges faced within the trading bloc that the SCT was initiated.

The SCT is critical to the consolidation of the Customs Union, as a necessary step in the implementation of the EAC Common Market. Specifically, the SCT objectives include:

- reducing the cost of doing business
- enhanced application of cross-border information and communication technology (ICT) systems for data exchange and quality data collection at the regional level
- improved coordination among public sector agencies and
- enhanced compliance with regional trade policy measures, standards and instruments.

2.3 SCT conceptualisation and implementation

SCT implementation commenced in January 2014. The period between January and June 2014 was dedicated to the development of the necessary implementation tools and systems, with the SCT planned to be fully operational from July 2014. The systems to support the DM of the SCT were piloted within the Northern Corridor, and this provided feedback on areas for improvement and other aspects that were needed to make the SCT work as envisioned. The following activities are the key inputs into the implementation of the SCT, as directed by the Summit of Heads of State:

- application of seamless ICTs among customs authorities
- development and adoption of a single regional bond
- completion of time-release studies to establish performance benchmarks and
- sensitisation/awareness campaigns and implementation of change management processes.

The remainder of this study discusses how the SCT was put in place in practice, considering both the technical and the political aspects and providing insights and lessons along the way.

3 Setting up the SCT: practical challenges and solutions to address them

Implementing the SCT meant addressing several practical challenges: how to ensure that goods could circulate freely in the region while avoiding smuggling? How to regulate the actions of customs officials bound to different authorities? This section discusses these challenges and how they were addressed in the context of setting up the SCT.

3.1 A legal framework for the SCT

Implementing an SCT requires coordination among several countries and different legal systems. This raises the need for a supranational legal framework that can be implemented in all countries. In the EAC, this function is fulfilled by the EAC legal framework, which includes the Customs Union Protocol, the Customs Management Act, the One-Stop Border Post Act and the Common External Tariff and related regulations. Through these laws and regulations, EAC countries can regulate matters that go beyond their national laws and manage bilateral and multilateral trade relationships.

Lesson 1: Put in place a legal framework

Countries wishing to establish an SCT will need to set up a legal framework to address supranational issues. This is easier for countries that are part of a regional economic community (REC), as these already have a forum in place to discuss legal issues.

3.2 Clearance of goods and revenue collection

Once the EAC Customs Union first, and the Common Market later, were in place, countries faced the question of how to make trade faster and smoother within the region. One of the main issues was how to clear goods at the port of entry, and also how to ensure that importers received revenues. For example, if Uganda imported goods through the port of Mombasa, how could import duties arrive at the Uganda Revenue Authority (URA)? No URA official was stationed at the port of Mombasa to collect the taxes. If Kenyan officials were to clear the cargo to travel up to the Kenya–Uganda border for URA to collect the revenues, the cargo might be smuggled *en route* and sold

in Kenya without import duties being paid to the Kenya Revenue Authority (KRA).

One potential solution was that developed by the Southern African Customs Union (SACU). SACU has set up a revenue-sharing arrangement, with revenues collected at the port of entry. However, this is possible in SACU because of the Common Monetary Area in place among Southern African states: the South African rand is legal tender in all SACU countries. As in the EAC all countries have different currencies, another solution had to be found. Moreover, the SACU has a revenue-sharing mechanism with a positive bias towards the smaller members, which receive more revenue than South Africa when considered in relation to their economic size. A similar agreement was not possible in the EAC.

A decision was therefore taken to set up the DM of the SCT, as Box 1 describes. Under this model, officers of the revenue authority of each EAC country are stationed at the borders of the Community and can process custom taxes and clear goods that are destined for their country. Cargo is therefore checked at the point of entry and possibly also at the border for verification. This is regulated through the EAC Customs legislation, discussed above, which regulates imports and exports of goods.

Box 1 Examples of the application of the DM of the EAC SCT

Kenya's exports to DRC

- 1 In Kenya, the Kenya Revenue Authority (KRA) prepares an export declaration and transmits it to the Tanzania Revenue Authority (TRA) and the Burundi Revenue Authority (Office Burundais de Recette, OBR). For each truck, the officers also generate an exit note to be transmitted to TRA and OBR.
- 2 At the Kenya–Tanzania border, TRA confirms the arrival of the cargo to KRA.
- 3 At the Tanzania–Burundi border, OBR confirms the arrival of the cargo to TRA.
- 4 At the Burundi–DRC border, OBR confirms exit to KRA for bond acquittal.

Rwanda's exports to China through the port of Mombasa

- 1 For a shipment of goods from Rwanda to China to transit through the port of Mombasa, the Rwanda Revenue Authority (RRA) prepares an export declaration and transmits it to the Uganda Revenue Authority (URA) and the Kenya Revenue Authority (KRA). For each truck, customs authorities create an exit note transmitted to URA and KRA and the Kenya Port Authority (KPA).
- 2 When the truck reaches the Rwanda–Uganda border, URA confirms its arrival to RRA.

- 3 When the truck reaches the Uganda–Kenya border, KRA confirms its arrival at URA.
- 4 At the port of Mombasa, KPA confirms the truck’s entry to KRA and RRA. KRA releases the cargo.

Tanzania’s export to Europe via Nairobi Airport

- 1 For a shipment of goods from Tanzania to Europe to transit through Jomo Kenyatta International Airport in Nairobi, the Tanzania Revenue Authority (TRA) prepares relevant documents and transmits them to the Kenya Revenue Authority (KRA).
- 2 When the truck reaches the Tanzania–Kenya border, KRA confirms its arrival to TRA.
- 3 When the truck reaches the airport, KRA confirms exits and transmits the information to TRA.

Source: Tabitha (2019)

Another reason to have customs officials from different countries stationed at borders is that different countries have different regulatory requirements and standards for imports. For instance, different countries may have different rules and regulations about the imports of used cars, and customs officials may not be able to handle regulations on used cars from five different countries at the same time. Moreover, there has been little progress on mutual recognition of inspections by customs authorities, and therefore a customs official from one country is not authorised to inspect cargo bound for another country. Therefore, officials from customs authorities and other government agencies are stationed at the point of entry for checks.

Lesson 2: Set up a revenue collection system

Countries wishing to establish an SCT need to consider how revenue can be collected and shared. A revenue-sharing mechanism such as the one implemented by SACU is a viable option. The EU model, whereby all revenue collected is used collectively, is an alternative. Another option is the ‘destination model’ implemented by the EAC.

3.3 Transit of goods

Once goods enter the SCT, they need to be able to circulate freely. This requires a transit regime operationalised through a regional bond system. A bond is a contract between importers, customs authorities and a surety company that ensures that all duties and taxes will be paid for the goods that are being imported.

In the EAC, goods move under a single regional guarantee bond from entry to destination. As most countries in the EAC (except Tanzania) are also part of the Common Market for Eastern and Southern Africa (COMESA), a decision was taken to utilise the already existing COMESA Regional Customs Transit Guarantee

(RCTG) scheme, rather than creating a new one, especially as the RCTG had taken a decade to be established.

The RCTG covers goods in the whole EAC region from entry to destination. At the national level, it is administered by national sureties: insurance companies responsible for obtaining and securing COMESA carnets, payment and reimbursement of claims, and monitoring of RCTG performance at the national level.

Lesson 3: Establish or implement a bond systems

Countries wishing goods to circulate freely need to consider the form of a regional bond system – either by setting one up or by utilising an existing one.

A viable option for other countries in Africa could be to use the same COMESA system, or the TIR (Transports Internationaux Routiers), an international transit system applied widely in Europe and Asia (but not so common in Africa).

In addition to the RCTG, the EAC Partner States wanted to ensure that cargo could be tracked adequately. In particular, they wanted to make trade faster by eliminating multiple verifications at borders and avoid delays in cancelling and refunding bonds. Therefore, they implemented the Electronic Cargo Tracking System (ECTS).

The ECTS is a web-based solution used to provide real-time monitoring of transit cargo across the region. Under the ECTS, the cargo is sealed on entry and the seal is armed online before the cargo leaves the port. The seal contains details about the container and truck registration details and is removed only when the cargo reaches its destination. The system triggers an alarm whenever the cargo diverts from the designated route, when it makes an unusually long stopover or when someone attempts to open the container. The alarm informs customs officials and the police in the participating countries.

Transit in the EAC is split between two main corridors. Countries along the Northern Corridor (Kenya, Uganda, Rwanda) have implemented a single ECTS, whereas the Central Corridor has a separate system, used by Tanzania. TMA supported the development of the ECTS in EAC Partner States by providing financial resources to fund technology companies to establish these.

Another trade facilitation measure implemented by EAC countries is the Authorised Economic Operators (AEO) framework, a World Customs Organization initiative. This framework allows companies to apply for AEO Status, which, once achieved, ensures they are handled as low-risk companies that can be trusted by customs. Cargo transported by AEOs is subject to fewer controls compared with that transported by non-AEO companies. The status also allows companies to waive ECTS and bond requirements where applicable and gives them priority for clearance upon entry and exit.

Lesson 4: Consider appropriate systems to facilitate border crossing

The EAC has put in place several measures to make transit and border crossing easier and smoother. The ECTS and the AEO programme are solutions the EAC Partner States have chosen but they are by no means the only ways to achieve this. The EU, for instance, implements risk-based customs management, which combines risk analysis to identify key risks and potential cargo to inspect with the use of AEOs.

The chosen method depends on the technical capacity of the countries implementing the system, but also on the willingness of participating countries to delegate some of their customs authorities to other countries.

3.4 Building IT systems

To facilitate trade and to ensure faster and smoother customs operations, it was necessary to reduce paper-based transactions as much as possible and to ensure that the customs systems of the five EAC countries could seamlessly exchange information.

Before the SCT, Partner States in the EAC were not only operating different customs systems but also either introducing new ones or adding sub-systems. For instance, Kenya was in the process of launching an Integrated Customs Management System (iCMS) to replace its Simba system. Tanzania had just launched Tanzania Customs Information Systems (TANCIS) and Uganda had upgraded to ASYCUDA World of the Automated System for Customs Data.

Critical to the operationalisation of the SCT is therefore the interconnectivity of these systems, which in the EAC is guaranteed by the regulations of the Customs Union. Attempts had previously been made to achieve such connectivity through the development of RADDEX (Revenue Authorities Digital Data Exchange) 2.0 as a gateway for a regional integrated system. Whereas RADDEX 2.0 has been able to support the transmission of data in the region, it has faced several challenges, which have led to a call for a review of its functionality and also its relevance in an environment where revenue authorities now use web-based systems. It may, however, form a basis for developing and implementing a robust regional customs management platform hosting several regional applications.

Implementation of the SCT thus required immediate configuration of systems on a bilateral basis to enable real-time mapping of manifest information and transmission of notifications between the destination and first points of entry. Interagency connectivity, particularly for customs and port authorities, is imperative and requires giving access rights to various players, such as customs officers, port officials and clearing agents. Risk mitigation in this area is also important to ensure the prevention of fraudulent manipulations.

These are interventions best led from a regional level to ensure uniform application within the EAC.

The ICT system under the SCT includes:

- building applications to develop the capability for interconnectivity of the customs systems for real-time data exchange between customs administrations and port authorities
- interfacing the ECTS across the region, to gradually provide a real-time guarantee mechanism in place of the bond system on the movement of most cargo across the region
- developing a legal and operational framework for a single regional bond scheme that will replace multiple national bond systems – until free circulation is attained
- finalising a centralised database on risk management and valuation information to facilitate the development of regional customs enforcement systems and regional AEO operations
- developing a business case and technical specifications for medium-/long-term centralised ICT solutions/platforms to ensure efficiency and real-time exchange of information and
- enhancing the capacity of the Directorate of Customs through the engagement of ICT experts to manage, review, monitor and sustainably maintain the cross-border ICT customs systems that facilitate SCT implementation.

TMA supported the development of these systems, for instance providing financial resources to develop the ECTS. For the ICT system, open-source knowledge was used, to avoid paying licences where possible.

One major question related to IT systems, as well as to the ECTS, is about data storage and its security. These systems produce large quantities of trade and financial data, some of which may be sensitive and needs to be stored securely. In the EAC, Partner States decided to store the data separately in each country, therefore implementing a decentralised model (but using a centralised tool).

Lesson 5: Develop and future-proof IT systems

Customs require appropriate IT systems to ensure information is shared quickly and effectively among all customs authorities interested. There are also important decisions about data location.

Countries wishing to build an SCT should consider how to ensure effective communication at present and also try to anticipate upcoming issues. For instance, when setting up IT systems for customs, their ability to connect to other systems should be considered. Moreover, questions about data location and security should be explored among participating countries. Finally, countries

should assess whether open-source systems are a viable solution to reduce the cost of their systems.

3.5 Cross-cutting issues

Setting up the SCT entailed a complex set of issues that requires both technical and political capacity. The next section deals with the political capacity, whereas here we highlight the challenges posed by the technical issues.

As shown above, decisions had to be taken about revenue sharing, bonds and IT systems. These decisions entailed discussions among many actors, often bringing together these complex processes in parallel. These decisions also had to be implemented to ensure the successful rolling out of the SCT.

To this end, the EAC set up an institutional framework to implement the SCT. Technical working groups were set up on those that were deemed the key sectors for implementation and roll out of SCT, namely capacity building, ICT, Legal and Business processes and compliance and enforcement.

Lesson 6: Consider whether to establish a structure to take and implement technical decisions

Programmes to support capacity development are particularly important when dealing with countries that present high variance in skill sets. In the EAC, TMA supported several capacity-building programmes to bring all government officers to the level required to implement the SCT.

One of the main challenges in implementing the SCT was the high variance in skills presented by the government officials in the EAC Partner States. Some countries, institutions and individuals had better skill sets that allowed them to adapt to the changes required by the implementation of the SCT.

A large part of TMA's contribution was to build skills and contribute to knowledge-sharing. Capacity-building programmes, including secondment, were aimed at government officers to ensure that all countries could implement the programmes in place.

Lesson 7: Do not forget the soft skills

Programmes to support capacity development are particularly important when dealing with countries that present high variance in skill sets. In the EAC, TMA supported several capacity-building programmes to bring all government officers to the level required to implement the SCT.

4 Stakeholder engagement

One of the main challenges in building an SCT relates to the coordination of many different stakeholders. This is true among the different countries, as well as among the various constituencies within countries. This section explores how these challenges have been addressed in the EAC.

4.1 Engaging EAC countries

Each country in the EAC has its own political and economic reasons for and interests in joining the Community. These lead countries to behave differently in the framework of the REC. For instance, not all countries were equally enthusiastic about setting up the SCT at first. Initially, the main drive came from Kenya and Uganda, whose busy commercial transactions were suffering because of the slow border crossings. Both countries had an interest in promoting faster trade, and, therefore, together with Rwanda, they created what was dubbed a 'coalition of the willing,' interested in fast-tracking economic integration, while Burundi and Tanzania took a more cautious approach. This changed with time, and the latter two also joined the SCT.

In any case, the EAC economic integration process through the SCT received a boost because some countries were willing to kickstart operations. This also gave room to other countries to consider their objectives before committing to joining the SCT.

Domestic setup affects key decisions on the way the SCT works. For instance, if countries want to ensure that trade is as efficient as possible, even at the cost of foregoing some customs revenues, they will agree on forms of revenue-sharing that minimise time spent at the border. On the contrary, in the EAC, as all Partner States rely heavily on customs for domestic revenue generation, the DM discussed in the previous section makes more sense, as this allows countries to retain control over their revenue streams.

Lesson 8: Understand the objectives of participating countries

Engaging the most enthusiastic stakeholders first is easier in terms of organisation, and it is likely to make others want to come on board.

Understanding what stakeholders want to get out of the process helps in taking key decisions on the way the SCT is set up.

4.2 Managing in-country stakeholders

In the EAC countries, a variety of stakeholders influenced the development of the SCT. Government (and, within it, different government agencies), but also the private sector and civil society, can all play a role in shaping an SCT.

In the EAC, to implement the SCT, and more in general to pursue regional integration, high-level political support was needed. This meant that endorsement for the regional integration process needed to come from presidential offices, and not from ministries. Presidential mandates across EAC partner countries were key to securing the implementation of the SCT.

Another aspect to consider within countries is how to coordinate the various stakeholders. Revenue authorities play a key role in the SCT but they need to coordinate with other agencies. To this end, the Committee on Customs established five technical working groups (TWGs) in January 2014, working on:

- 1 Business processes and legal amendments: The TWG developed a business process manual covering clearance procedures for cargo from Dar es Salaam or Mombasa ports; warehousing; transit; export; and goods transferred within the Community.
- 2 ICT systems, interfaces and solutions: The TWG has made good progress and already finalised Phase 1 of the required IT solutions to ensure connectivity among the IT systems of the revenue authorities. This covers manifest; imports from outside the EAC; intraregional trade; and warehousing procedures. Enhancement of the interconnectivity of the customs systems in the region is ongoing. The customs administrations in the Community apply different systems – that is, iCMS (Kenya), ASYCUDA (Burundi, Rwanda, Uganda) and TANCIS (Tanzania). The ICT interventions have been piloted on the Northern Corridor, starting with a limited number of goods but eventually moving to all qualifying goods.
- 3 Sensitisation and change management interventions: Capacity-building and change management activities, including the development of sensitisation materials (brochures, frequently asked questions, induction courses, roll-up banner messages, capacity-building and SCT training materials) have been developed. Sensitisation of stakeholders has been undertaken (and more needs to be done), and about 25 customs officials have been trained on SCT procedures.
- 4 Compliance and enforcement requirements: The TWG has identified aspects of existing laws that must be changed to accommodate the SCT, particularly with regard to cross-border ICT (acceptance of electronic documents and sharing of information), regional bonds (in light of payment of import duties in advance of transit movements) and the cross-border transfer of

goods, among others. A draft agreement to operationalise the SCT as an interim measure has been developed pending any amendments to the EAC Customs Management Act. In addition, a draft framework to address compliance management, policy formulation, and business and operational risks associated with the implementation of the SCT has been developed.

- 5 Inter-agency interfaces: The TWG has focused its efforts on inland border procedures and the process of incorporating critical players, mainly other government agencies (OGAs). The roles of OGAs in SCT implementation have been delineated. The participation of such OGAs (e.g. internal security agencies) in the implementation of the SCT is a critical success factor. The OGAs have mandates under national laws, which, if not aligned or harmonised, could greatly hinder the implementation of the EAC.

These TWGs meet regularly to discuss any issues that arise at the bilateral and multilateral levels. As such, these act as mechanisms for coordination among government stakeholders and with the private sector. They also undertake monitoring of policy implementation and the progress of the SCT.

Lesson 9: Consider how to effectively manage in-country stakeholders

In the EAC, in-country stakeholders are managed through a combination of high-level political buy-in for the SCT and the use of working groups to discuss bilateral and multilateral issues.

4.3 Bringing the private sector on board

A key beneficiary of, and participant to, the EAC SCT is the private sector. The SCT involved the private sector since the beginning, from design to implementations, through consultations and dialogue. This is important because the private sector is the beneficiary of the customs union, and it can provide critical feedback on its functioning. The private sector (in particular transporters, clearing and forwarding agents) was also allowed access to the systems of all partner states.

Moreover, the private sector is also critical to implement the SCT. For instance, private companies obtain the AEO certificate and contribute to improving trade facilitation in the region. For this reason, the EAC brought in private sector players since the beginning to ensure adequate design and implementation of its interventions.

Lesson 10: Bring the private sector on board from the early stages

Consider involving the private sector in the design of the SCT, through dialogue and consultation, but also as a key implementer of trade facilitation measures.

5 Operations and sustainability

The SCT was put in place through collaboration between EAC governments and development partners, particularly support from TMA. A vast operation like the SCT is and will always be a work in progress, as many features can be improved upon over time. However, once the main systems are in place and have become sustainable, development partners can withdraw and hand them over to the participating states.

In the SCT, the sustainability of operations was kept in mind when building systems. For instance, the ECTS is fully owned by EAC Partner States, and most technology used is open-source. Moreover, extensive knowledge transfer and capacity-building were carried out when the SCT was set up so that governments could take full control of the operations.

However, development partners still support some aspects of the SCT, such as the infrastructure components and the information-sharing mechanisms. As these are a work in progress, it will take time before these are completely handed over.

Lesson 11: Consider long-term sustainability when making decisions

When taking key decisions on systems and processes, sustainability should be kept in mind. Development partners and funders should consider whether the technologies and systems in place can be handed over to governments without requiring extensive external intervention and financial support over the years.

6 Conclusions

The East African integration process has achieved considerable results in terms of economic integration, thanks to the initiative of Partner States and development partners. The SCT is one area where much progress has been made, in particular with regard to ensuring faster and smoother trade flows.

The SCT has required EAC Partner States and development partners to work not only on a series of technical challenges (how to collect and share revenues? How to ensure interfacing and communication of ICT systems?) but also on political challenges, related to bringing many different stakeholders to the same level and speed.

This study has discussed how this has been achieved in the EAC and draws lessons for expanding similar initiatives to other areas of Africa and the globe. It is hoped that these lessons can inform others who will undertake similar work in the future.

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