



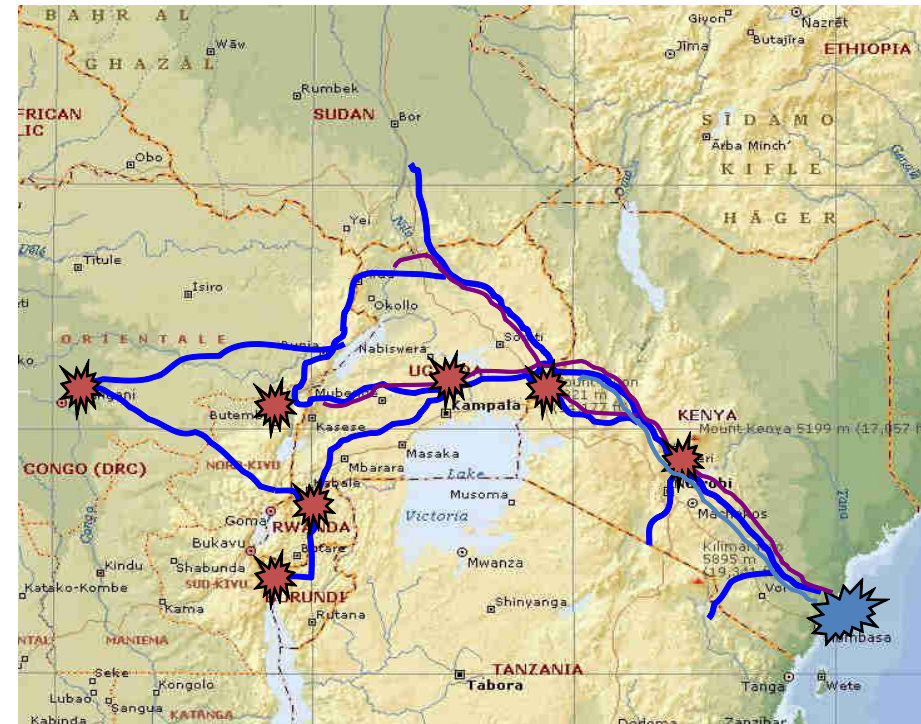
**Trade Facilitation and Transportation  
– Removing barriers to trade  
Northern Corridor integration Projects**

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:

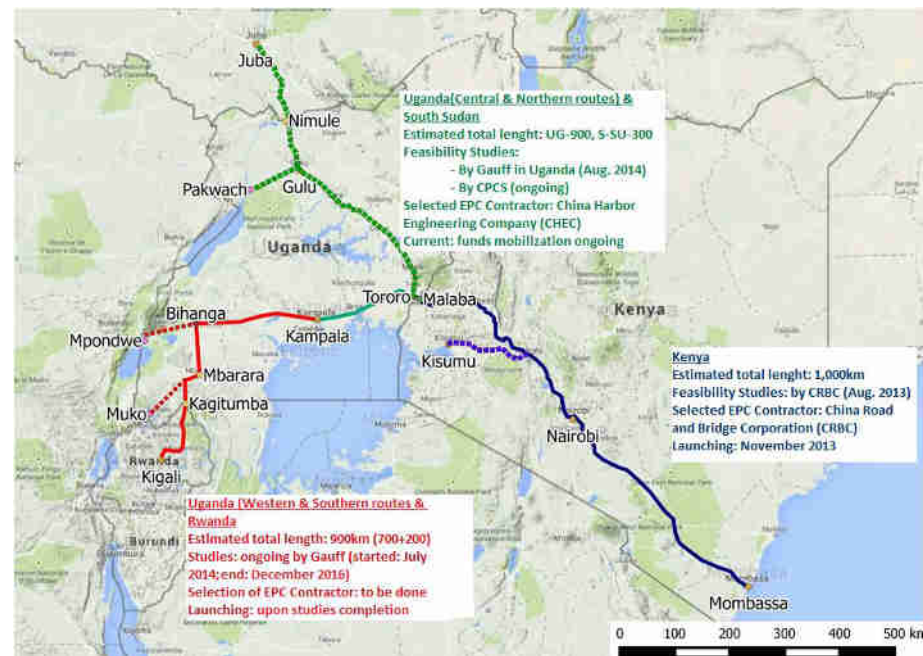
- ▶ **National ID cards as travel documents:** Introduced in 2013, citizens of Kenya, Uganda and Rwanda can visit the other countries using national ID cards – and without paying visa fees
- ▶ **Single Tourist Visa:** Kenya, Uganda and Rwanda also introduced a single-entry tourist visa valid for all 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

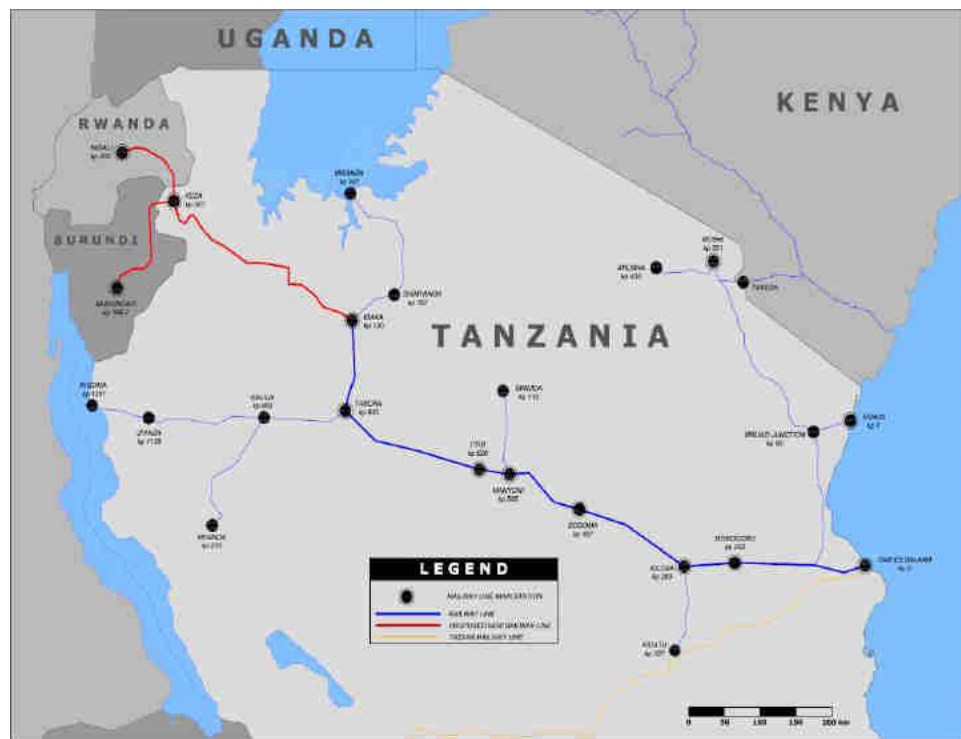
- ▶ It's a 1,915 km with an estimated cost of USD 14 billion.
- ▶ **Mombasa-Nairobi Section:** the construction progress at 80%;
- ▶ **Nairobi-Naivasha Section:** financing secured;
- ▶ **Nairobi-Malaba/Kisumu Section:** the Feasibility Study completed and process ongoing for financing mobilization.
- ▶ **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.

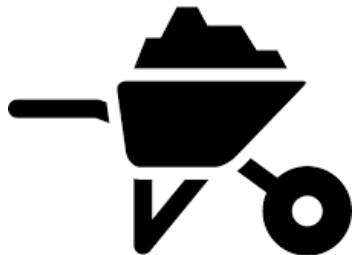


## **These initiatives anchored in high level political ownership and accountability have registered a number of benefits...**

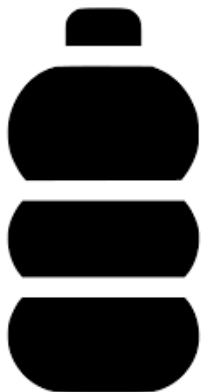
- ▶ The use of IDs to travel in the region (Rwanda, Kenya and Uganda) started in January 2014.
- ▶ Work permit fees for citizens of the three countries have been removed (Rwanda, Kenya and Uganda).
- ▶ Single Tourist visa – for easy travel across the region
- ▶ Partner States have signed agreement on 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

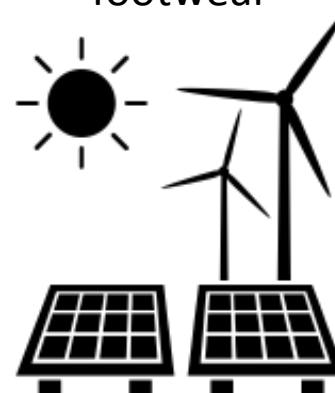
- Opportunities exist in the near economy – Regional market

- 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

