



E-ISSN: 2664-603X

P-ISSN: 2664-6021

IJPSG 2023; 5(1): 328-336

[www.journalofpoliticalscience.com](http://www.journalofpoliticalscience.com)

Received: 01-01-2022

Accepted: 08-02-2023

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## Innovative solutions to border management challenges for trade facilitation in the east African community

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**DOI:** <https://doi.org/10.33545/26646021.2023.v5.i1e.238>

### Abstract

Integrated Border Management (IBM) constitute an innovative solution to trade facilitation challenges in the East African Community (EAC). Through a content analysis, this paper presents and investigation into the state of the art for cross-border trade facilitation by means of integrated border management systems in the EAC. Procedures for clearing goods at border posts are addressed vis-à-vis the introduction of automated systems for document checking and clearing. Evidence suggests that trade facilitation can be understood within the narrow context of integrated border management and IBM systems and trade facilitation can be better understood from an IBM's perspective. The use of ICT systems such as the Electronic Single Window (E-SW) software, X-ray, gamma imaging, infrared sensors, heat sensing cameras, Unmanned Aerial Vehicles (UAV), biometric data such as facial recognition, fingerprints and iris scanning, Electronic Cargo System and the use of Truck Scanning Machines are eloquent examples of innovative solutions that resulted in trade facilitation impact. Thus, integrated border management systems have the potential to greatly improve border and customs processes thus contributing to trade facilitation in the region. However, the presence of different agencies with multiple lines of accountability and different organizational cultures calls for enhanced coordination and cooperation at different levels in the cross-border supply chain.

**Keywords:** Trade facilitation, integrated border management, East African Community single window, one-stop-border post

### Introduction

In recent years countries have realized, perhaps more than ever, the importance of trade to achieving sustainable economic growth. Accordingly, they have lowered tariffs, established regimes to encourage foreign investment, and pursued opportunities for greater regional integration. Yet progress in trade facilitation is still slow in many countries-and progress is hampered by high costs and administrative difficulties at the border. Outdated and overly bureaucratic border clearance processes imposed by customs and other agencies are now seen as posing greater barriers to trade than tariffs do. Cumbersome systems and procedures and poor infrastructure both increase transaction costs and lengthen delays to the clearance of imports, exports, and transit goods. (McLinden 2011: 1) <sup>[37]</sup>.

The East African Community (EAC) is committed to pursuing integrated border management (IBM) between partner states as it attempts to put in place a fully-fledged customs union. The East African Community introduced a customs union in 2005 with Kenya, Tanzania and Uganda. Burundi and Rwanda acceded to it in 2007, (Kafeero, 2010:1) <sup>[30]</sup>. The customs union protocol of EAC provides for "trade facilitation" as its prime objective which it defines as "the co-ordination and rationalization of trade procedures and documents relating to the movement of goods from their place of origin to their destination" (EAC, 2004). Ideally, EAC would operate as a fully-fledged customs union without internal borders. However, most experts, and EAC itself, agree that this solution will not occur in the near term (USAID, 2012) <sup>[52]</sup>.

According to research conducted by USAID (2012) <sup>[52]</sup>, the primary challenges for moving cargo across EAC are inadequate infrastructure, operational inefficiency at the borders, and government policies and regulations. These factors are further compounded by human resource and cultural issues that have resulted in poor coordination, antagonistic relationships, and corruption. Through a survey of border stakeholders, respondents indicated that over 58 per cent of what causes delays at border crossings is due to issues

involving local inter-agency collaboration. At some border posts, up to ten agencies operate, each carrying out inspections, and levying its own charges without any coordination. The process is very bureaucratic, which results in prolonged delays and increases the cost of doing business. Moreover, the public and the private sector also exist in a virtual state of conflict and mistrust, which is further compounded by a failure by clearing and forwarding agents to understand or comply with existing trade laws and regulations. Thus, trade facilitation in EAC is still confronted with the difficulty of how to achieve the goal of open but controlled and secure borders. As Marenin (2006: 11) <sup>[36]</sup> pointed out “borders must be both open and closed, be both gates and walls”. These opposite functions point to the multi-functionality and complexity of border management.

Moving goods across the border from one country to another is often stated as involving cumbersome clearance and forwarding procedures and delays at the border making international trade unnecessarily difficult, time consuming and costly. To remedy that situation, trade facilitation mechanisms are envisaged aiming at achieving simplification, harmonisation, modernisation and standardisation of international trade procedures (Grainger, 2006) <sup>[23]</sup>. Business costs may arise as a direct result of collecting information and submitting declarations or as an indirect consequence of border checks in the form of delays and associated time penalties, foregone business opportunities and reduced competitiveness (Grainger 2003; EUROPRO 2004) <sup>[22, 4]</sup>.

The lack of communication and coordination between border agencies might prevent different agencies from being able to link the vital information necessary to make informed decisions about potential threats that in turn leads to inefficient delivery of government services. Any coordinated risk management system must recognize that different border agencies address risks in different ways and that coordination is the key, (Aniszewski, 2009:7) <sup>[3]</sup>. He further states that increased facilitation and security concerns in relation to goods and passenger flows at the same time with resource constraints demand a more efficient and improved method of managing international borders. It has become clear that Border Control Authorities at the frontier can no longer afford the luxury of working independently from each other. There is ever increasing expectation from trade and citizens to deal with Government as a single entity rather than dealing with a plethora of individual departments/institutions, (idem 8).

## Background

The proliferation of international mechanisms for trade facilitation in the last ten to twenty years testify to the fact that trade is very important to economic development of nations. Many studies have been conducted by researchers affiliated to international organisations such as the WTO, the World Bank, UN agencies (UNECE, UNECA, UNCTAD, UNCEFACT), WCO, OECD, IMF etc.; and other independent researchers and academics; a lot of effort and money have been invested into finding new ways of achieving trade facilitation to the extent of attracting a substantial amount of donor funding in what was dubbed “aid for trade” (Helble *et al.* 2009) <sup>[26]</sup>. The era of globalisation and deeper integration and cooperation among countries has boosted cross-border trade volume across the

globe. The East African community countries are not different in this regard. The EAC has committed to initiating one-stop border posts within the community with the prime objective to halve the time spent at borders.

However, the complexity of border management processes and the expensive nature of policy reforms, human, material and technological resources required to have a fully operational IBM system across the EAC makes the progress towards the ideal situation of international trade in that region slow. Barka (2012:12) <sup>[6]</sup> reports that to stimulate intra-regional trade, regional initiatives in Africa have traditionally focused on “hard” infrastructure development projects such as the construction/rehabilitation of roads, railroads, ports, power and ICT networks. Nevertheless, from an economic development perspective, what is equally important is the extent to which the flow of goods and movement of persons along those routes is facilitated. This research, undertaken against that backdrop, postulates that IBM although not a panacea, is the future hope and has the potential to achieve trade facilitation in the EAC. The EAC needs to operate a fully functional Integrated Border Management system for its customs union and common market protocols to be fully implemented. Nevertheless, a comprehensive study is required to determine to what extent IBM introduction in EAC has affected trade and which aspects of IBM do facilitate trade in EAC, the level of integration of border management in EAC and challenges that hamstring full operationalisation of an IBM system in the East African Community.

This study is only limited to aspects of IBM that are potentially likely to lead to trade facilitation within the EAC. The EAC has seven internal land borders among its partner states: Kenya-Tanzania, Kenya-Uganda, Tanzania-Uganda, Tanzania-Rwanda, Tanzania-Burundi, Uganda-Rwanda, Rwanda-Burundi. On those seven borders there are more than twenty-one border posts operating with immigration/emigration offices, customs services and other border control agencies (the table below identifies the 21 border posts details). Among the 21 border posts, 15 have been earmarked by the EAC to become one-stop-border posts (OSBP) functioning with an IBM system. Nine of the fifteen are already functioning as, or in the process of becoming, OSBPs.

## Material and Methods

This study is based on the literature review on the topic and uses textual analysis to explore the published works related to the topic at hand. Integrated border management proved to be a relatively new phenomenon and hence the literature on it rather scarce, and especially so in the context of the East African Community. On the contrary, trade facilitation is widely researched and a topic of great interest to researchers in economics, business management and international relations, policy makers, governments and international organisations all alike. The paper aims at addressing issues of lack of cooperation and coordination among multiple government agencies at the borders in the EAC. It also seeks to explore the possibilities of innovative solutions that are being implemented in the framework of EAC integration effort that solve the classic problems inherent in cross-border trade. The author is interested in analysing discrepancies in policies and practices and investigates possible innovative solutions that can be proposed.

### The Case for Trade Facilitation

Raihan and Ferdous (2016:29) <sup>[44]</sup> identified the following definitions of trade facilitation as given by various organisations:

- **World Trade Organization (WTO):** The simplification and harmonization of international trade procedures, where trade procedures are the activities, practices, and formalities involved in collecting, presenting, communicating, and processing data and other information required for the movement of goods in international trade.
- **World Customs Organization (WCO):** The avoidance of unnecessary trade restrictiveness. This can be achieved by applying modern techniques and technologies, while improving the quality of controls in an internationally harmonized manner.
- **Organisation for Economic Co-operation and Development (OECD):** The simplification and standardization of procedures and associated information flows required to move goods internationally from seller to buyer and to pass payments in the other direction.

However, trade facilitation practitioners have recently adopted a broader perspective on the supply chain, focusing not only on trade procedures but also on import and export supply chains and the physical movement of goods. Hence, Mustra (2011) <sup>[39]</sup> proposes a more comprehensive definition of trade facilitation as “identifying and addressing bottlenecks that are imposed by weaknesses in trade related logistics and regulatory regimes and that prevent the timely, cost effective movement of goods.” This wider definition implies that trade facilitation concerns logistics, transport facilitation, and trade related infrastructure, with the simplification and rationalization of regulatory and commercial procedures and the elimination of unnecessary red tape.

The term “trade facilitation” first appeared in the political economic discourse in the 1960s. Nevertheless, its purpose and practice existed long since the beginning of trade activities. Vasco de Gama’s exploratory expeditions in the 15<sup>th</sup> century were aimed at trade facilitation by reducing the distance (Staples 1998). The origin of trade facilitation can be traced back to the paper business in Sweden. In the 1950s in the aftermath of the WW II, freight forwarders and agents handling Swedish wood, paper and pulp exports encountered constant difficulties in achieving a timely supply of a great variety of bills of lading. They managed to produce and secure some useful acceptance of a simplified standard bill with all essential data in pre-set position on the page, (Kommerskollegium 2008: 26-28) <sup>[33]</sup>.

This subsequently led to Swedish customs authorities appreciating the benefits of reducing the required information content to the minimum. They alerted their management to the potential importance of the simplification principle and one of their senior staff was

delegated to bring the concept to the attention of the trade division of the UNECE in Geneva in 1961 (Kommerskollegium 2008) <sup>[33]</sup>. From that time trade facilitation has evolved to take many new forms and attract a great deal of attention.

Trade facilitation dimensions have changed over time as substantive improvements were brought in one area after another. The concept of trade facilitation evolved from a rather general concept which included all measures and activities (including transportation, methods of payment, warehousing, taxation clearing etc.) aimed at making the conduct of commercial activities easier to a rather succinct idea of simplification, harmonisation and standardisation of border and customs procedures involved in moving goods from basically one country to another. Trade facilitation, in its wide sense, focuses on the improvement of trade transactions environment. This includes the removal of non-tariff barriers, the improvement of infrastructure and facilities, the transparency of regulatory environments and the harmonisation of standards and related laws and regulations (OECD, 2005:2; UNECE, 2002; Wilson *et al.*, 2003:369; World Bank, 2005:9) <sup>[40, 51, 54, 55]</sup>.

After a lot had been done in improving transport, tariffs became the focus of trade facilitation. They were reduced considerably and then non-tariff barriers to trade became the focus, Sengupta (2006) <sup>[46]</sup>. Currently, border issues such as the effectiveness of clearance procedures, the use of ICT and the increasing need for cooperation among border operators have taken centre stage in forums of discussion on trade facilitation.

Besides, the need to pay attention to trade facilitation has acquired new importance thanks to the realisation by the governments and traders that, in many instances and countries, moving goods across borders is still characterised by complex procedures and processes. Within the framework of WTO negotiations, trade facilitation (TF) is defined as “the simplification and harmonisation of international trade procedures, covering activities, practices and formalities involved in collecting presenting, communicating and processing data required for the movement of goods in international trade” (OECD, 2005) <sup>[40]</sup>.

### Trade Facilitation Indicators

According to Orliac (2012), there are more than twelve indicators of trade facilitation testifying to the importance of trade facilitation, as well as to its complexity. They include the World Bank Group’s “Doing Business” (DB) indicators, particularly those related to trading across borders; the World Bank’s Logistics Performance Index (LPI); the Organisation for Economic Co-operation and Development’s (OECD) Trade Facilitation Indicators (TFIs); and the World Economic Forum’s Enabling Trade Index (ETI). In this study we are solely interested in those indicators related to cross-border trade.

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**Table 1:** OECD trade facilitation index

Advance Ruling	Prior statements by the administration to requesting traders concerning the classification, origin, valuation method, etc., applied to specific goods at the time of importation; the rules and process applied to such statements
Appeal procedures	The possibility and modalities to appeal administrative decisions by border agencies.
Cooperation-External	Cooperation with neighbouring and third countries.
Cooperation-Internal	Cooperation between various border agencies of the country, control delegation to customs authorities.
Fees and Charges	Disciplines on the fees and charges imposed on imports and exports.
Formalities-Automation	Electronic exchange of data, automated border procedures; use of risk management
Formalities-Procedures	Streamlining of border controls: single submission points for all required documentation (single windows); post-clearance audits; authorised economic operators
Governance and impartiality	Customs structures and functions; accountability; ethics policy
Information availability	Publication of trade information, including on internet; enquiry points
Involvement of the trade community	Consultations with traders

**Source:** OECD 2015 Trade facilitation Indicators: An Overview of Available Tools

### Current Trade Facilitation Initiatives in EAC

Costs associated with transport and logistics affect trade. They can be pecuniary (e.g. customs fees or transit permits) or relate to the time spent loading, unloading and transporting cargo across borders. The time and resources spent on completing the required paperwork, procuring permits and licences and paying administrative fees all add to the total trade cost. For landlocked countries, these costs may be two or even three times as high. Higher cross-border administrative pecuniary and time costs can render any tariff reduction or elimination of NTBs ineffective. Poor hard infrastructure (transport and communication) and poor soft infrastructure (institutions and regulations) are also major determinants of the high costs and low levels of trade in Africa (Limao and Venables, 2001) <sup>[35]</sup>.

### Elimination of NTBs

Trade facilitation can be understood in the context of elimination of Non-Tariff Barriers of trade. NTBs are restrictions that make importing or exporting goods more difficult or costly as a result of measures taken by governments that are not tariffs in nature. Such measures could take the form of government laws, regulations, policies, conditions, restrictions or specific requirements, private sector business practices, or other measures to protect local industries from foreign competition. In the EAC, the New 2015 Bill, principally, the enacted NTB Bill provides a legal framework for enforcing the removal of Non-Tariff Barriers through the establishment of dispute resolution mechanisms with the possibility of sanctions against offending states.

The Bill, according to the Council, seeks to give effect to Article 13 of the Protocol on the Establishment of the EAC Customs Union in which Partner States agreed to remove with immediate effect, all existing NTBs to the importation into their respective territories of goods originating in the Partner States. At the same time, this would have the effect of not imposing any new NTBs. The Council Bill also sought to establish a mechanism for identifying and monitoring the removal of NTBs within the Partner States.

The free movement of goods in the region is still affected by the presence of NTBs. Partner states have achieved considerable progress in eliminating NTBs, but some old barriers still persist and new ones are created every year. Existing NTBs vary from the presence of multiple inspections at borders and on the traffic routes, and non-harmonised procedures and charges, to more or less overt

discrimination against products from other partner states. The EAC Secretariat has put in place a time-bound programme for the elimination of NTBs, where deadlines are set by which certain NTBs should be dealt with and eliminated. The EAC Secretariat regularly releases information on the existing NTBs in its publication “the status of elimination of nontariff barriers in East African Community”. As per this document, in March 2015 four barriers were reported as new and 18 as old and unresolved. Some of these barriers relate to trade facilitation issues. For example, they concern the lack of coordination of different agencies at borders, or the non-harmonised rule and regulations applied by national authorities. The monitoring system is coupled with national mechanisms to report NTBs and promote their elimination. Each partner state has set up a national monitoring committee (NMC) on NTBs. The NMCs members are drawn from government, the private sector and civil society and meet on a regular basis to discuss the list of NTBs and how they should be tackled. Some NTBs might require discussion between the government and the private sector, for example; others should be addressed at the regional level as they concern technical barriers to trade, standards, etc.

### EAC Trade Facilitation Measures and Initiatives

The EAC is a REC formed between Burundi, Kenya, Rwanda, Tanzania and Uganda. It started its customs union in 2005 and then moved to a common market in 2010. Trading in the East African region is made difficult by poor infrastructure, lengthy procedures and the presence of several barriers. Trade facilitation is widely regarded as a means to achieve closer links between the EAC economies. The chair of the East African Business Council (EABC) is on record saying that, ‘achieving the Single Customs Territory (SCT) in all its manifestations is a crucial step towards the realization of the full integration [...] all our initiatives should be geared towards trade facilitation’ (Amoako-Tuffour *et al.* 2016) <sup>[2]</sup>. In this section, a review is made of some of the trade facilitation measures that have been undertaken in the EAC, their implementation challenges and their potential impact on economic transformation in the region.

**Improving Customs Procedures:** A key component of trade facilitation processes in the EAC is the improvement of customs procedures. These have been shown to be lengthy and cumbersome as they involve multiple players

with non-harmonised practices and regulations. Multiple initiatives are in place to improve customs procedures in the EAC, as shown below.

**Electronic Platforms for Customs Procedures:** Use of electronic platforms for customs procedures allows for recording data about trade flows and revenue streams on an electronic system. Eliminating the use of paper-based records, these platforms ensure faster and better record-keeping for both the private sector and the government as they shorten cargo processing times, reduce the possibility of errors and of corruption and ensure better handling of customs duties. The EAC countries have all made progress towards adopting electronic platforms for customs procedures. Kenya has adopted a system called Simba, although there are plans for its replacement. Tanzania uses the Tanzania Customs Integrated System, Rwanda and Uganda migrated from ASYCUDA++ to ASYCUDA World and Burundi still uses ASYCUDA++ (Chimilila *et al.*, 2014) <sup>[10]</sup>. In addition, some countries are implementing electronic single window systems that allow for integration of data from multiple sources – not only from customs but also regarding quality certifications, health and safety inspections. Kenya was the first to introduce a single window system (Kabuga, 2011) <sup>[29]</sup>; Tanzania recently introduced a similar system (Chimilila *et al.*, 2014) <sup>[10]</sup>. Finally, EAC countries operate Revenue Authorities Digital Data Exchange (RADDEX) for the interchange of customs data. Yasui (2011) <sup>[60]</sup> reports that, in 2009, RADDEX captured 95% of the goods transiting from the port of Mombasa in Kenya to Kampala in Uganda. This decreased the average time required at the Ugandan border from three to four days to only three hours in 2010 (ibid).

**One-Stop Border Posts:** Among the key trade facilitation measures applied by the EAC is the creation of OSBPs. OSBPs are facilities that allow one single inspection of cargo by all agencies (customs, immigration, standards and agricultural authorities, etc.) on one side of the border, without repeating the inspection on the other side. This considerably reduces transit times and can ease congestion at borders. The legal framework is provided by the EAC OSBP Bill, which was passed by the East African Legislative Assembly in 2013 but has not yet been approved by the heads of state. At the moment, a number of OSBPs are under construction in the region. Since this is still work in progress, the impact of the OSBPs on trade flows and on growth and development is still under evaluation. However, some researchers have tried to highlight the impact of trade facilitation at borders on poverty around borders. For example, Tyson (2015) <sup>[50]</sup> found that, at the Busia border between Kenya and Uganda, trade facilitation had, on balance, improved the economic livelihoods of traders (both formal and informal) through the expanded market opportunities brought about by the improved crossing procedures.

#### **Facilitating Clearance of Goods**

Clearance of goods at borders can also be rationalised by relying on different methods to reduce the number of cargoes to be inspected. Risk-based inspections and the use of the Authorised Economic Operators (AEO) programme (discussed below) can promote faster processing times and decreased congestion at borders.

#### **Risk-Based Inspections**

At present, many countries in the world apply risk-based inspection systems. This means risk profiles are developed for each cargo, and only cargo that poses higher risks is inspected (USITC, 2012) <sup>[53]</sup>. Not all EAC countries apply this system, and most cargo is controlled. For example, in 2014 the World Bank reported that 60% of all cargo was inspected in Kenya and 51% in Tanzania (World Bank, 2014) <sup>[55]</sup>. For comparison, Zambia only inspected 8% of the incoming cargo (ibid.). While a high number of inspections ensures thorough control on health, safety and security standards, it also delays trade and border crossing. Therefore, the EAC Partner States are considering the introduction of risk-based systems in border procedures (USITC, 2012). <sup>[53]</sup>

#### **Authorised Economic Operators**

In 2013, EAC countries started the AEO, a World Customs Organization (WCO) framework to promote trade facilitation (Barczyk, 2014). This framework allows businesses that comply with customs laws and regulations to benefit from preferential treatment for the clearance of goods, through the use of simplified procedures that can reduce time at borders. In 2014, the AEO legal framework was ratified by the EAC and the selection criteria and benefits for the AEO were agreed on. Implementation of the programme is still ongoing (ibid).

#### **Effects of Trade Facilitation Mechanisms in the EAC**

Formal trade between EAC countries increased in nominal values following implementation of the customs union between Kenya, Tanzania and Uganda in 2005; these countries were joined by Burundi and Rwanda in 2009. For example, Uganda's imports from other countries in the region almost doubled in the period 2005-2011, increasing from \$416 million to \$722 million. Kenya's exports grew by more than 50%, from \$974 million in 2005 to \$1,544 million in 2011. However, while trade flows grew, intra-EAC exports have remained stable as a share of total exports. This means EAC countries have not increased their trade with other EAC countries more than their trade with the rest of the world.

#### **Integrated Border Management**

Integrated Border Management, or IBM, is a relatively new concept of border management devised by the European Union that was first applied in the context of the EU's support activities in the Western Balkans region during the period 2002-2006. The need for agencies involved in border management – such as the border police and customs – to coordinate their work at national and international levels became increasingly apparent in the light of realities such as the expansion of the European Union (and Schengen zone) eastwards, the movement of migrants across borders in search of better socio-economic conditions or in flight from conflict, and the globalisation of crime and the international economy. The EU moved quickly to meet this need for greater coordination at its own external borders, and in 2004 created FRONTEX, an agency dedicated to “the management of operational cooperation at the external borders of the Member States of the European Union.” Underpinning the idea of IBM is that individual border agencies are generally more effective when cooperation is in

place. That means cooperation within the agency itself (intra-agency); between the various agencies involved in border management in the same country (inter-agency); and cooperation with the border agencies of neighbouring countries (international). Conversely, when cooperation is lacking in any of these three dimensions, effective border management is diminished.

IBM relies on striking the right balance between facilitation of legitimate movement of trade and travellers across borders, and controlling borders in order to identify and prevent cross-border crime. Ultimately, IBM should result in smoother, hassle-free, border crossing for travellers.

The EU's own definition of IBM is: "National and international coordination and cooperation among all the relevant authorities and agencies involved in border security and trade facilitation to establish effective, efficient and coordinated border management, in order to reach the objective of open, but well controlled and secure borders".

The cross-border environment is a place where two sovereign states interact. Border management is a security function in which all partner states have a common interest. First of all, border management is an area of policing, where security interests have to be met while recognizing the commitments in the field of international protection and human rights, and trade.

The AfDB senior planning economist Habiba Ben Barka, raises a very important question in his 2012 Policy Brief on Border posts, checkpoints and intra-Africa Trade: Challenges and Solutions. He poses the important question: "What are the fundamental challenges to trade (i.e. the free movement of goods and services) which need to be addressed in order to fully reap the benefits of regional integration in Africa?" In his attempt to answer this question he observes that "the core challenge is how to improve the processes of moving goods and services across national boundaries, and henceforth, building and operating efficient border posts and customs procedures."

### Border Posts and Check Points

A border post can be defined as the "location where one country's authority over goods and persons ends and another country's authority begins" (Barka 2012:5)<sup>[6]</sup>. It is the location where a multitude of government agencies (i.e. Revenue Authority – Customs; Immigration; Security – Police; Ministry of Agriculture; Ministry of Health; Bureau of Standards, etc.) are involved in the various document and goods controls, the calculation and collection of duties and taxes, as well as immigration. The multiplicity of those agencies operating on both sides of the same border doubles the bureaucracy at border posts, which translates into congestion and delays (the waiting time for a container/truck to cross a border post in Africa can range from 3 minutes to 2.8 days). The cumbersome procedures entailed in customs processing can cost a consignment about US\$ 185 for each day of delay, (Barka 2012)<sup>[6]</sup>.

The large number of border posts and roadblocks along transport corridors in EAC and in many other parts of Africa, and the inefficiency of the procedures are overwhelmingly costly to traders and businesses. Barka (2012)<sup>[6]</sup> reports that for instance, traders/trucks have to negotiate 47 roadblocks and weigh stations between Kigali (Rwanda) and Mombasa (Kenya)

In 2009, USAID<sup>[52]</sup> East Africa Trade Hub reported that, customs delays cost EAC countries US\$ 8 million

respectively per annum. The customs environment in the Southern and Eastern African sub-region is characterised by a lack of coordination among the multiple government agencies on both sides of borders. This raises the common challenge of the duplication of procedures at each border, which increases the potential for risk management and fraud. While some countries in the sub-region have entered into agreements to standardise customs procedures and to coordinate government agencies, limited progress has been achieved in the integration of processes and cooperation between border checkpoints. Furthermore, the lack of computerised customs management systems results in lengthy and inefficient manual operations carried out by traders and officials at borders. In most cases where customs systems are not harmonised, the different government agencies at borders cannot interact or trade. Even when computerised systems are used, such as ASYCUDA<sup>[1]</sup>, the incompatibility of the systems that are tailor-made to suit each country's specific needs, together with unreliability of the networks, pose additional threats to the cost of trade in the sub-region.

### One-Stop Border Posts (OSBPs)

Transport inefficiencies cost African economies \$170 billion annually, so implementing the One-Stop Border Post (OSBP) initiative could add that amount to Africa's economies and allow Africa to compete with the rest of the world, Mapolao Mokoena, the senior programme office transport of the South African Development Community (SADC) secretariat said on 15 February at the regional launch of the OSBP sourcebook in Sandton, (Preuss 2017). The OSBP concept refers to the legal and institutional framework, facilities, and associated procedures that enable goods, people, and vehicles to stop in a single facility (One-Stop) in which they undergo necessary border controls. However, although the OSBP programme was desirable, it should not be seen as a silver bullet that would cure all Africa's ills because corruption within borders remained a significant obstacle to promoting inter-African trade.

Partner States are expected in future to establish and implement one stop border post at the common borders and may enter into such bilateral agreement as may be necessary. The principle of extraterritoriality applies to OSBP concept and requires a legal basis. According to a legal online dictionary, extraterritoriality is the state of being exempted from the jurisdiction of local law, usually as the result of diplomatic negotiations. For example, Article 10 section 3 of the East African Community One Stop Border Post Act 2016 stipulates that "for the purpose of enabling officers of each Partner State to carry out border controls at a one stop border post in the territory of one or more adjoining Partner States under this Act, the border control laws of each partner State shall mutually have extra-territorial application."

### Electronic Single Window (e-SW)

A joint study by WTO, WCO and OECD (2015) on Rwanda Electronic Single Window reports that the costs of transporting goods in East Africa are 60-70% higher than in the US and Europe, and 30% higher than in Southern Africa. This is more so for land locked countries like Rwanda. In addition to geographical disadvantage; time-

<sup>1</sup> Automated System for Customs Data (ASYCUDA):

consuming processes in obtaining trade permits and clearance, inefficient border systems, corruption, and poor infrastructure contribute to the high cost of trade, and undermine the competitiveness of exports. According to a recent study by Rwanda's Private Sector Foundation, only 43% of truck transport time along the trade corridors is spent moving. The rest is time spent waiting at border crossings or road blocks, or resting. The electronic single window system is supposed to replace and improve the ASYCUDA, which was an inefficient, labour intensive and time consuming, manual system for clearing goods at the customs

The complexity and multitude of agencies involved in cross border trade is illustrated below. Submitting all documents to a single electronic window will speed up the process provided the system is running and all agencies are connected.

### IBM system in EAC

The Common Market Protocol of the East African Community in Article 5 calls for cooperation and commitment by partner states to ease cross-border movement of persons and adopt an integrated border management system to enable smooth and hassle-free movement of persons, workers and traders within the region. Though other features of the IBM system (such as single window) are pursued by individual EAC partner states, the adoption of the EAC One Stop Border Post Act in 2016 by the Heads of States is an eloquent indication that the EAC as a REC is committed to use an IBM system of the One-Stop Border Post type.

### Concluding note

This study on integrated border management and trade facilitation in the East African community attempted to describe the already existing body of knowledge in the field. Though a lot has been written so far about trade facilitation, many of the works used in this review are commissioned reports and a few independent research papers. A case is made of the interface between the adoption by EAC of IBM systems of the type of OSBP and Trade Facilitation measures. Many commendable mechanisms have been taken by various actors in EAC for trade facilitation. The introduction of OSBPs, E-SW and electronic cargo tracking systems are eloquent examples of these efforts. However, it was observed from the literature that the implementation of those measures is rarely straightforward. Therefore, only rigorous research can determine to what extent those mechanisms have or have not been successful in achieving the intended goals.

A number of issues have to be sorted out especially relating to harmonisation of trade laws and regulations, standardization of documents and procedures, and soft and hard infrastructure development to support the IBM system. Research based evidence is required to determine how the adoption of IBM approach of dealing with intra-regional trade issues actually enhances trade and how it can be better implemented. As Amoako-Tuffor *et al.* (2016) <sup>[2]</sup> rightly observes, inadequacies in soft infrastructure – including inefficient customs procedures and trade logistics services – and poor-quality hard infrastructure, continues to act as an impediment to trade. Whereas the EAC being a customs union and a common market is supposed to be a single customs territory with free movement of goods and people,

the border controls are still operating in a way that places a challenge to cross-border businesses. Research is yet to determine the usefulness of IBM systems as an innovative way of dealing with multiple challenges cross-border businesses are confronted with in the region. Though IBM is not a panacea for international trade impediments in the region, this paper postulates that a fully operational IBM system would be a great step towards achieving trade facilitation in the region.

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