



PAGE 4: B.1) YOUR CASE STORY: TITLE AND DESCRIPTION

Q1: TITLE OF CASE STORY

Trade Facilitation through the Uganda Revenue Authority (URA) Customs Business Systems Enhancement Project (CBSEP). (The UK is one of the largest donors to TradeMark East Africa, which supports this project.)

Q2: CASE STORY ABSTRACT

As a land locked country Uganda relies on the Northern Corridor as its life line to the Mombasa Port. Any delays along this corridor have a direct negative impact on the cost of trade which in turn undermines both business competitiveness and consumer prices. As a result of delays at both the Port and the border crossing at Malaba, and an array of non-tariff barriers along the 1200 km distance from the port of Mombasa to Malaba, this journey by truck takes 18 to 21 days.

Funded by TradeMark East Africa for \$8 million, the CBSEP has 3 components:

- Upgrading of the customs clearing system to ASYCUDA world, thereby reducing cost and time of transporting and clearance goods;
- Authorised Economic Operators (AEOs) scheme and;
- Electronic Cargo Tracking System (ECTS)

In the framework of the EAC' s initiative to create a Single Customs Territory, this programme is already generating remarkable results. The average time to clear goods and get them to Kampala has dropped from 18 days to 4 days and there has been a dramatic reduction in the number of customs declarations, for instance the number of customs declarations for fuel has been reduced by 90%. This reduction in the time to transport and clear goods has directly induced trade volumes so that fuel imports, for example, have jumped from 32.1million litres to 108 million litres. Ultimately, the total savings for business resulting from these time savings are estimated at US\$373 million per annum. As a result of these reforms, URA has become a model of best practice, with the World Bank recognising it as a trade facilitation organisation in its study: Connecting to Compete 2014.

Q3: LONG DESCRIPTION OF THE CASE STORY

The core aim of the CBSEP was to increase efficiency of URA in responding to increasing international business demands to reduce the cost of trade and increase its revenue collection. With the support of TradeMark East Africa (TMEA) to fund software and systems, technical advice, awareness raising and capacity building, URA undertook three key projects: i) Upgrading of customs management system to ASYUDA World (a web based customs management system developed by UNCTAD); ii) introduction of Authorised Economic Operators (AEO); and iii) Electronic Cargo Tracking System (ECTS). This involved rolling a programme of systems installation, training of customs staff and clearing and forwarding agents and raising awareness with the private sector about these various reforms.

More specifically, each of these interventions contributed to facilitating trade and improving revenue collection in the following ways:

1. Customs Management Svstems: ASYUDA World enables 24 hour processing on customs declarations

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and allows customs agents access from anywhere. It profiles consignments into one of four channels so that trusted and reliable importers can be processed faster. As a paperless, automated system that speeds up the clearance time which leads to reduction of costs in doing trade, it encourages tax compliance and thus increased revenues. ASCYCUDA was made compatible with Simba System of Kenya and Customs system of Rwanda.

2. Authorised Economic Operators: AEOs are accredited importers and exporters who benefit from preferential treatment and incentives because they have demonstrated a history of compliance. AEOs enjoy benefits such as: automatic renewal of customs agency license reduced physical examination of goods and improved levels of compliance. Benefits derived from being an AEO encourage adoption of good business practices by importers and exporters.

3. Electronic Cargo Tracking System: ECTS enables electronic monitoring of cargo in transit and is designed to ensure that cargo is not diverted. It consists of an electronic seal, which is monitored by cargo owners, transporters and customs agents. It can be accessed online and allows cargo owners and customs agents get real time information on the location of the cargo.

Emerging Results:

As early as March 2014 this programme combined with the reforms introduced under the Single Customs Territory started to yield dramatic results. The time to clear and transport goods from port arrival to goods clearance has fallen from an average of 18 days to 4 days, boosting competitiveness, lowering the cost of doing business and creating an estimated annual savings of US\$373 million per annum.

The fuel sector is a good example of where these benefits have accrued. Customs charges for imported fuel customs charges to Uganda are now assessed and paid for at either port of entry prior to the arrival of goods at the borders. This has reduced average clearance and movement time of fuel imports from Eldoret/Kisumu to Malaba/Busia from 3 days to 8 hours and Mombasa to Uganda from 18 days to 4 days. It has also led to reduction in multiple customs declarations by 90%; and total elimination of transit bonds.

While only 32.1 million litres of fuel would be cleared per month prior to the project, now, 108 million litres are being cleared per month after the project. It is assumed that this will lead to a reduction in consumer prices as it is contributing to reduction of doing trade for importers. Further studies will be done to justify this. While fuel is only one example, it is assumed that other imports under SCT will report savings and reduction in cost of trade.

Under the AEO programme, 22 companies have been accredited and their clearance time reduced from 48 hours to less than 24 hours for trucks and from 24 hours to less than 4 hours for air transport. AEO's demurrage costs have also reduced with reported savings of US\$200 per truck per day, after the pilot phase in 2013. The project is popularizing benefits of AEO's with expectation that it will encourage compliance to other importers leading to increased revenue collection, reduction in clearance time and consequently reduction in cost of doing business.

ECTS were implemented at major transit routes eliminating the need for physical escorts as well as unscheduled stops. This has not only reduced the risk of diversion and dumping, but has also reduced transit time and consequent loss of revenue. Between 9th May and 6th August 2014; 4,214 consignments used ECTS, resulting in savings of almost US\$548,000 in escort fees. Additionally, ECT's have resulted to a reduction of inward truck transit time to approximately 8 hours resulting in cost savings of US\$400-600 per truck per day.

ASCYUDA World has led to a 16% increase in revenue collection from 2013 to 2014 and an 18% increase in fuel volumes for the period February to July 2014. The system has also led to the upgrading of overall ICT and improved management and statistical reporting, which will facilitate improved government planning. Combined, ASYCUDA World and the AEO scheme have reduced queuing at customs offices, reduced the environmental impact of multiple hard copies of documentation, increased transparency and improved voluntary compliance.

Private sector benefits:

A big win for this project is the confidence it has re-installed in private investors with interests in Uganda. Case

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in point is Vivo Energy, a leading oil trader in Uganda who as a result of reduced costs in imports and positive future projections of doing business have now constructed 10 million litre fuel storage facility in the country's capital that has the capacity to store 16 continuous supply of petroleum products.

Uganda importers who are now AEOs explain the benefits of URA's trade facilitation reforms. For example, Betty Kiguli from a plastic manufacturer in Kampala explained the benefits of becoming an AEO: "Nice House Plastics saves approximately US\$ 150 per day for 25 containers as a result of time savings that are as a result of reduced examination and inspection of goods and acceptance of pre-arrival import declaration. Additionally, if we used to spend Ush.10 million to clear our cargo, this cost has come to zero. We used to adjust our prices every month prior to becoming AEO's. But now, we have not adjusted our prices for the last one year because our cost of doing business has remained stable."

Q4: Please add here web links to project/programme materials.

<http://www.trademarkea.com/projects/support-to-uganda-revenue-authority-ura-to-improve-customs-systems/>

<http://www.trademarkea.com/impact-stories/technology-progress-unlocks-trade-corridor/>

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Q5: YOUR CONTACT DETAILS

Name:	R Shah
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Country:	United Kingdom
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Q6: FUNCTION

Public sector

Q7: FUNDING PARTNER Tick the appropriate box(es)

Bilateral donor, Multilateral organization

Q8: Additional information

The project is implemented by TradeMark East Africa (TMEA) which is funded by a range of development agencies, of which the UK Department for International Development (DFID) is a significant donor.

Q9: START DATE OF PROJECT/PROGRAMME

September 2011

Q10: STATUS OF PROJECT/PROGRAMME

On-going

Q11: DURATION OR, IF ON-GOING, EXPECTED DURATION OF PROJECT/PROGRAMME

3-5 years

Q12: COST OF PROJECT/PROGRAMME

Between US\$5 million and US\$10 million

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Q13: Additional information

The UK Department for International Development (DFID) is a significant donor to TradeMark East Africa (TMEA). DFID is one of the largest donors to TMEA, however the cost of the project cannot be entirely attributed to DFID, as it originates from a pool of multiple donor funding.

Q14: TYPE OF FUNDING FOR PROJECT/PROGRAMME

Grant

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Q15: PROJECT/PROGRAMME TYPE

Single country / customs territory

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Q16: SINGLE COUNTRY/CUSTOMS TERRITORY

UGANDA

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Q17: REGION(If the region does not appear in the drop down menu, please enter manually.)

East Africa

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Q18: MULTI-COUNTRY(Enter all countries or customs territories)

Respondent skipped this question

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Q19: CASE STORY FOCUS Tick the appropriate box(es)

REDUCING TRADE COSTS FOR MERCHANDISE GOODS

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Customs reform, Other border agency reforms,

Tariff reform, Upgrading transport infrastructure,

Upgrading network infrastructure (ICT, power, telecoms)

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Q20: HOW SUCCESSFUL WAS THE PROJECT/PROGRAMME Tick the appropriate box(es)	Successful
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Q21: WHAT WERE THE OUTPUTS OF THE PROJECT/PROGRAMME Tick the appropriate box(es)	Officials trained, New customs procedures, New other border agency procedure, New border equipment (e.g. scanner), New or updated electronic single window, New conformity assessment procedures or processes , New border infrastructure (e.g. customs offices, storage, etc.) , New network infrastructure (e.g. broadband), New laws, rules or regulations on services, Changes to rules on commercial presence, Tariff reform, Reform of other fees or charges, Changes in tariff rates for product inputs
Q22: Additional information(maximum 300 words)	<i>Respondent skipped this question</i>

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<p>Q23: WHAT WERE THE OUTCOMES OF YOUR PROJECT/PROGRAMME Tick the appropriate box(es)</p>	<p>Reduction in road haulier waiting times, Reduction in airport cargo handling times, Reduction in customs clearance time, Reduction in cost of customs clearance , Reduction in customs rejections, Increase in road haulage volumes, Increase in airport cargo volumes, Increase in tariff revenue</p>
<p>Q24: Additional information(maximum 300 words)</p>	<p><i>Respondent skipped this question</i></p>

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<p>Q25: WHAT WERE THE IMPACTS OF THE PROJECT/PROGRAMME Tick the appropriate box(es)</p>	<p>Other (please specify) Reduction in the time to transport and clear goods has directly induced trade volumes so that fuel imports, for example, have jumped from 32.1million litres to 108 million litres.</p>
<p>Q26: Additional information(maximum 300 words)</p>	
<p>The average time to clear goods and get them to Kampala has dropped from 18 days to 4 days and there has been a dramatic reduction in the number of customs declarations, for instance the number of customs declarations for fuel has been reduced by 90%. This reduction in the time to transport and clear goods has directly induced trade volumes so that fuel imports, for example, have jumped from 32.1million litres to 108 million litres. Ultimately, the total savings for business resulting from these time savings are estimated at US\$373 million per annum.</p>	

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<p>Q27: LESSONS LEARNT Tick the appropriate box(es)</p>	<p>Importance of alignment between different development partners in programming</p>
<p>Q28: Additional information(maximum 300 words)</p>	<p><i>Respondent skipped this question</i></p>
<p>Q29: PROJECT OR PROGRAMME MONITORING AND EVALUATION FRAMEWORK Tick the appropriate box(es)</p>	<p>Other (please specify) DFID's Africa Regional Department is organising an independent evaluation. TMEA results methodology is being validated by consultants.</p>