



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

**Q1: TITLE OF CASE STORY**

Trade Facilitation through the Uganda Revenue Authority Customs Business Systems Enhancement Project (CBSEP)

**Q2: CASE STORY ABSTRACT**

As a land locked country Uganda relies on the Northern Corridor as its life line for imports. Any delays along this corridor have negative impact on the cost of trade which in turn undermines business competitiveness and consumer prices. Delays at the Mombasa Port, border crossings, and non-tariff barriers along the 1200 km distance from Mombasa port to Malaba, took a cargo truck 8 to 21 days, cargo was diverted resulting to loss of revenue. The Ugandan Revenue Authority (URA) developed and implemented the CBSEP programme from Sept 2011 to Dec 2015, to resolve some of these challenges.

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

- Upgrading of the customs clearing system to ASYCUDA world;
- Authorised Economic Operators (AEOs) scheme, and;
- Electronic Cargo Tracking System (ECTS)

CBSEP complements the framework of the EAC's Single Customs Territory and is already generating results. Average time to clear goods at port and transport them to Kampala is now 4 days. There has been a reduction in the number of customs declarations like for fuel, by 90% directly inducing trade volumes. Fuel imports, for example, have increased from 32.1million litres to 108 million litres. Ultimately, total savings for business are estimated at US\$373 million per annum.

**Q3: LONG DESCRIPTION OF THE CASE STORY**

CBSEP was developed and implemented by Uganda Revenue Authority (URA). TradeMark East Africa funded it with US\$ 8 million. Its main aim was to increase efficiency of URA in responding to increasing international business demands, 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 implemented three key project components:

- i) Upgrading of customs management system to ASYCUDA 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, reducing transit time and improving revenue collection in the following ways:

1. Customs Management Systems: ASYCUDA World enables 24 hour processing on customs declarations 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

## PUBLIC SECTOR CASE STORY TEMPLATE

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 yielded 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 cargo planes. AEO's demurrage costs have 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 from February to July 2014. The system has facilitated upgrading of overall revenue 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:

This project has reinstalled confidence in private investors in Uganda. Case 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

## PUBLIC SECTOR CASE STORY TEMPLATE

business have now constructed 10 million litre fuel storage facility in the country's capital that has the capacity to store 16 days supply of petroleum products.

Ugandan AEOs are reaping benefits as Betty Kiguli from Nice House Plastics in Kampala explained AEO benefits: "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 6 months 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.

Electronic Cargo Tracking System: <http://www.trademarkea.com/projects/uganda-electronic-cargo-tracking-system/>

Truck driver on Northern Corridor: <https://www.youtube.com/watch?v=iy7pXM5zpG4>

## PAGE 5: C.2) ABOUT THE CASE STORY

### Q5: YOUR CONTACT DETAILS

Name:	Frank Matsaert
Ministry/Institution/Organization:	TradeMark East Africa
Country:	Kenya/Uganda
Email Address:	frank.matsaert@trademarkea.com

### Q6: FUNCTION

Other (please specify)  
Trade Specialist Not for Profit Institution

### Q7: FUNDING PARTNER Tick the appropriate box(es)

Bilateral donor

### Q8: Additional information

TradeMark East Africa ( TMEA ) is funded by a range of development agencies with the aim of growing prosperity in East Africa through trade. We believe that enhanced trade contributes to economic growth, a reduction in poverty and subsequently increased prosperity.

TradeMark East Africa (TMEA) works closely with East African Community (EAC) institutions, national governments, the private sector and civil society organisations to increase trade by unlocking economic potential through:

1. Increased physical access to markets
2. Enhanced trade environment
3. Improved business competitiveness

TMEA is headquartered in Nairobi, Kenya with national offices in Uganda, Rwanda, Tanzania, Burundi, Kenya and South Sudan.

### Q9: START DATE OF PROJECT/PROGRAMME

September 2011

### Q10: STATUS OF PROJECT/PROGRAMME

On-going

## PUBLIC SECTOR CASE STORY TEMPLATE

<b>Q11: DURATION OR, IF ON-GOING, EXPECTED DURATION OF PROJECT/PROGRAMME</b>	3-5 years
<b>Q12: COST OF PROJECT/PROGRAMME</b>	Between US\$5 million and US\$10 million
<b>Q13: Additional information</b>	<i>Respondent skipped this question</i>
<b>Q14: TYPE OF FUNDING FOR PROJECT/PROGRAMME</b>	Grant

### PAGE 6: C.2) ABOUT THE CASE STORY

<b>Q15: PROJECT/PROGRAMME TYPE</b>	Single country / customs territory
------------------------------------	------------------------------------

### PAGE 7: C.2) ABOUT THE CASE STORY

<b>Q16: SINGLE COUNTRY/CUSTOMS TERRITORY</b>	UGANDA
--	--------

### PAGE 8: C.2) ABOUT THE CASE STORY

<b>Q17: REGION(If the region does not appear in the drop down menu, please enter manually.)</b>	East Africa
---	-------------

### PAGE 9: C.2) ABOUT THE CASE STORY

<b>Q18: MULTI-COUNTRY(Enter all countries or customs territories)</b>	<i>Respondent skipped this question</i>
---	---

### PAGE 10: C.4) ABOUT THE CASE STORY

PUBLIC SECTOR CASE STORY TEMPLATE

<b>Q19: CASE STORY FOCUS</b> Tick the appropriate box(es)	REDUCING TRADE COSTS FOR MERCHANDISE GOODS , Customs reform, Other border agency reforms, Tariff reform, Upgrading network infrastructure (ICT, power, telecoms)
---	--

PAGE 11: C.5) ABOUT THE CASE STORY

<b>Q20: HOW SUCCESSFUL WAS THE PROJECT/PROGRAMME</b> Tick the appropriate box(es)	On-going project
---	------------------

PAGE 12: C.6) ABOUT THE CASE STORY

<b>Q21: WHAT WERE THE OUTPUTS OF THE PROJECT/PROGRAMME</b> Tick the appropriate box(es)	Officials trained, Customs laws amended or updated, Other border agency law updated, New customs procedures, New other border agency procedure, New border equipment (e.g. scanner), New network infrastructure (e.g. broadband), Reform of other fees or charges
<b>Q22: Additional information(maximum 300 words)</b>	<i>Respondent skipped this question</i>

PAGE 13: C.7) ABOUT THE CASE STORY

PUBLIC SECTOR CASE STORY TEMPLATE

<b>Q23: WHAT WERE THE OUTCOMES OF YOUR PROJECT/PROGRAMME</b> Tick the appropriate box(es)	Reduction in road haulier waiting times, Reduction in airport cargo handling times, Reduction in storage costs, Reduction in customs clearance time, Reduction in other border agency clearance time , Reduction in cost of customs clearance , Reduction in customs rejections, Reduction in requests for informal payments, Increase in merchandise imports, Increase in shipping volumes, Increase in road haulage volumes, Increase in airport cargo volumes, Increase in tariff revenue
<b>Q24: Additional information(maximum 300 words)</b>	<i>Respondent skipped this question</i>

PAGE 14: C.8) ABOUT THE CASE STORY

<b>Q25: WHAT WERE THE IMPACTS OF THE PROJECT/PROGRAMME</b> Tick the appropriate box(es)	Increase in foreign investment, Increase in remittances
<b>Q26: Additional information(maximum 300 words)</b>	<i>Respondent skipped this question</i>

PAGE 15: C.9) ABOUT THE CASE STORY

## PUBLIC SECTOR CASE STORY TEMPLATE

### Q27: LESSONS LEARNT Tick the appropriate box(es)

- Importance of good project design,
- Importance of alignment with national priorities ,
- Importance of alignment between different development partners in programming ,
- Importance of engagement by private sector ,
- Importance of agreeing clear project implementation responsibilities ,
- Importance of agreeing clear project monitoring and evaluation process and procedures ,
- Importance of agreed accountability frameworks ,
- Importance of attention to long-term sustainability ,
- Importance of political will and commitment by project partner

### Q28: Additional information(maximum 300 words)

Other lessons learned unique to this project include:

Project ownership: TMEA held regular planning meetings with URA leading to a high level of project ownership by the partner

•Donor/beneficiary complementarity: URA managed project implementation while TMEA provided advice and procurement assistance.

•Clear performance indicators in a results oriented framework are valuable.

•AEOs prove that ethics and good business practices are necessary for the profitability and survival of business

•Have contingency processes in case of unexpected changes: CBSEP planned to connect ASCYUDA World to KRA and RRA but clearance of goods at Mombasa was not initially planned, thus slowing down the roll out.

•Adoption of Information Technology enhances customs operations, but unreliable internet slows down the project outcomes.

•Different customs regimes affect goods clearance: future projects should use different baseline data for inland and border stations.

•Change management catalyses reforms: as the human factor can either speed up or slow down new procedures. Good management is critical to human motivation.

•ECTS both speeds up delivery and assists customs to make quick interventions.

### Q29: PROJECT OR PROGRAMME MONITORING AND EVALUATION FRAMEWORK Tick the appropriate box(es)

- M&E framework used, Project baselines set,
- Impact assessment