



**EAST AFRICAN COMMUNITY**

# **HANDOVER REPORT**

# **KENNETH BAGAMUHUNDA**

**DIRECTOR GENERAL CUSTOMS AND TRADE 2017 - 2022**







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**30<sup>TH</sup> MARCH, 2022**



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# 1.0 INTRODUCTION

The handover report contains the areas supervised by the Director General Customs and Trade since assuming office in 2017. For sake of clarification and the genesis of specific areas under supervision, some of the initiatives and work done predates 2017 given that as Director Customs I spearheaded the same. The report covers the administrative components highlighting the institutional framework, the programmatic areas of Customs and Trade and other assignments I undertook in my official capacity.

## 1.1 Background

I was appointed by the Council as a Director General Customs and Trade (DG CT) on 4<sup>th</sup> April 2017 after serving as a Director Customs for 12 years. As a Director Customs I had accomplished a number of initiatives including:

- a) Establishment the customs function in the Secretariat;
- b) Spearheaded the development of various policies, strategies and operational instruments that underpinned the implementation of the Customs Union;
- c) Implementation of a number of flagship projects such as the Single Customs Territory, development and operationalization of a number of OSBPs, interconnectivity of Customs Systems, development and implementation of Customs Curriculum; and
- d) Establishment close working relationship of customs, other agencies and stakeholders across EAC.

The position of Director General was established by the Council of Ministers in 2003 at the level of Deputy Secretary General reporting to the Secretary General. The DG CT supervises two Directorates of Customs and Trade and from time to time performs other duties assigned by the Secretary General and the Council of Ministers. The establishment of the position of a Director General at high level was informed by:

- a) The need for deep expertise in Customs and Trade hence a person of high standing in the region to coordinate and interface with high-ranking heads of national agencies such as PSs, CEOs of Government bodies, Heads of International Agencies and Development Partners.
- b) The need for visibility and high-level representation on matters of customs and trade at regional and international fora.
- c) A high-level office to relate with Partner State Ministries, MPs, and agencies to drive the Customs Union.

- d) Direct accountability to the SG and Council of Ministers given that Customs union was the initial stage of the EAC integration process.
- e) Consolidation of Customs Union to higher levels of Integration.

The responsibilities of the DG CT include:

- a) Implementation of the EAC Customs Union and Common Market covering trade in goods, trade in services, standards, quality assurance, metrology and testing (SQMT), sanitary and phytosanitary, safeguard measures and trade related matters;
- b) Development and review of policies, strategies and laws on trade and customs for EAC and monitoring their implementation;
- c) Undertake strategic planning for trade and customs in the region and follow up on execution of such plans;
- d) Member of the executive team of EAC that provides strategic and operational leadership of the EAC Secretariat;
- e) Manage the development and implementation of workplans and budget of Trade and Customs Directorates;
- f) Coordinating and guiding on AfCFTA matters at EAC
- g) Provides leadership and coordinates trade negotiations of EAC with third parties Including the AfCFTA and the Tripartite Negotiations;
- h) Resource mobilization for projects and programs relating to trade and customs;
- i) Development and managing trade facilitation initiatives in EAC
- j) Development and coordinating dispute settlement measures and trade remedies matters;
- k) Development of projects proposals for support by development partners such as TMEA, USAID, AfDB, JICA, SIDA, GIZ;
- l) Building collaboration with international agencies such as WTO, WCO, UNCTAD, ITC, UNIDO, EU, IMF, World Bank, AfDB;
- m) Diplomatic representation on high level forums such as FOCAC, WTO Ministerial meetings, WCO Council meetings, World Bank/IMF meetings, AfDB Africa Investment Forum;
- n) Supervising and coordinating studies and research on trade and customs integration;
- o) Guiding Partner States on domestication of Regional and international instruments;
- p) Developing and coordinating sensitization and capacity building programs on customs union and common market;
- q) Joint collaboration with private sector institutions on trade integration matters such as the East African Business Council, EAC Civil Society Organization, EAC Law Society, EAC Farmers Association and Chambers of Commerce;
- r) Organizing and conducting trade forums for awareness promotion;



- s) Initiating innovative trade facilitation interventions to reduce cost of doing business, promote intra- EAC trade and Investment;
- t) Steer the compilation and reporting of regional trade and investment data;
- u) Spearheading the integration of Republic of South Sudan into EAC

## 1.2 Administrative Matters

The DG CT reports to the Secretary General and supervises the two directorates of Customs and Trade. Each Directorate is headed by a director who reports to the DG CT.

Customs is made up of 3 departments namely; Tariff and Valuation, Compliance and Enforcement, and Procedure and Facilitation. There are two units of Management Information Systems and Capacity Building. Each of the three Departments and the two Units are supervised by a Principal Customs Officer (P3) who report to the Director Customs. There are two Customs Officers at P1 level, one in Tariff and Valuation and another in Procedures and Facilitation. There is a one Technical Assistant in Customs IT through the support from TMEA. The earlier approved structure has a Senior Customs Officer -Legal and Enforcement, Senior Customs Officer-Policy and Research and Senior Customs Officer – MIS but were never filled.

Trade is headed by Director and supervises 3 departments of Internal Trade, International Trade and Standards, Quality Assurance, Metrology and Testing (SQMT) and each is headed by a Principal Trade Officer. The position of the Principal Trade Officer -Trade in Services is currently vacant. There are two Senior Trade Officers under Internal Trade and a Technical Assistant on Trade Policy. Two positions under SQMT and three positions in Internal Trade were never filled.

There are two Secretaries that serves the Directorate of Trade and the Office of the DG CT

In Summary the status is as follows:

- a) The position of DG CT is not in the structure submitted by the Adhoc Commission and approved by Council implying that it was abolished,
- b) The position of Director Customs is awaiting appointment by Council. The PCO (Compliance and Enforcement) is acting in that capacity.
- c) The positions of PCO Capacity Building, PCO Management Information Systems and PTO Trade in Services are missing in the structure submitted by the Adhoc Commission and approved by Council.
- d) The position of STO (Export Promotion) is awaiting appointment by Council.
- e) The position of SCO (MIS) and SCO (Policy and Research) are missing in the Adhoc Commission Structure.
- f) One position of STO (SQMT) and another two in Trade are missing in the Adhoc Commission Structure.

### 1.3 Office Equipment and Vehicle

A vehicle was allocated to the DG CT as per the Job entitlement. It is a Landcruiser Prado TCD 698 EAC bought in 2016 and earlier used by former DSG (F&A) currently with mileage 133,437. Although the vehicle is still in running condition it is not reliable and has reached a stage for disposal.

All the office furniture and equipment in my office is the same that was used by the previous DG CT. I was never allocated a laptop, a phone nor a tablet when I became DG CT as has been the case with other officers at that level.

## 2.0 PROGRAMMES SUPERVISION AND OTHER RESPONSIBILITIES

The status/progress, achievements, challenges and Way forward on programmatic areas under the supervision of DG CT are as elaborated below:

### 2.1 Customs

The Customs function is organized under the Customs Directorate and is responsible for policy and programme initiation, development and implementation in:

- a) Tariff,
- b) Customs valuation,
- c) Rules of Origin,
- d) Customs legal matters,
- e) Compliance and enforcement of customs law,
- f) Compilation, dissemination and publication of Trade statistics and custom information,
- g) Trade facilitation,
- h) Customs related negotiations,
- i) Customs procedures,
- j) Customs capacity building,
- k) Customs interconnectivity,
- l) Coordination with Customs of Partner States.
- m) Coordination with international bodies/Agencies and development partners on customs matters

The functional scope of the Directorate is provided in the EAC Customs Management Act and the EAC Customs Management (Working Arrangements between the Directorate and Customs) Regulations. The status of the deliverables while under my supervision are:

#### 2.1.1 Implementation of the Common External Tariff

- (a) A comprehensive review of the CET is underway and the final instrument will facilitate EAC trade investment, manufacturing and competitiveness. A four-tariff band structure of 0%, 10%, 25% and 30%/35% has been adopted and is awaiting a final decision on the uppermost rate. The review involved in-depth studies and analysis and this enhanced internal analytical capacity and led to policy decisions based on empirical research.

- (b) The CET has been aligned to Harmonised System version 2022 in accordance with the World Customs Organization (WCO) standards and guidelines. The transposition is undertaken every 5 years since 2007 to the current version 2022.
- (c) All decisions relating to changes on CET, amendments to the EAC Customs Management Act (CMA) 2004 and approvals for the duty remissions are published in EAC Gazettes and posted on the EAC and Revenue Authorities websites.
- (d) An e-tool for tariff and duty remission scheme is at its final stage.

### **2.1.2 EAC Rules of Origin (RoO)**

- a) The EAC Rules of Origin was developed in 2005 and reviewed in 2015 to make it more trade facilitative.
- b) A manual to guide application of the Rules of Origin was developed and reviewed.
- c) The Directorate of Customs has coordinated various verification missions to ascertain origin of goods and the findings have enabled resolution of many queries.
- d) The Electronic Certificates of Origin to allow confirmation of the authenticity in the destination Partner States is ongoing and is in final stages of implementation by the Revenue Authorities.
- e) The Simplified Trade Regime (STR) for small-scale cross-border traders engaged in intra-regional trade has been automated in the Customs Management Systems and has minimized paperwork.

### **2.1.3 EAC Customs Management Act, 2004**

- a) A comprehensive review of the EAC Customs Management Act has been undertaken and the Bill is before EALA for consideration.
- b) The Bill caters for among others operationalization of Single Customs Territory, incorporation of the WTO Trade Facilitation Agreement and application of information Communication Technology.
- c) During the period under supervision, a number of amendments to the Act were made and are being implemented or are awaiting assent.
- d) The Act is fully implemented in all Partner States except RSS.

### **2.1.4 Single Customs Territory and Trade Facilitation**

- a) The operationalization of the Single Customs Territory (SCT) was sustained based on the principle of clearing cargo at first point of entry and point of exit for intra - regional trade.
- b) This resulted into decrease in the containerized import cargo dwell time from 5.09 days in 2016 to 4.2 days in 2019. This was achieved despite the increase in the total cargo throughput at the port

of Mombasa from 27 million metric tons in 2016 to 34 million metric tons in 2019 and at the Dar es Salaam port from about 14 million metric tons to 16 million metric tons over the same period.

- c) The transit time was reduced from 21 days in 2014 to 3-5 days in 2019 on average between the entry points to Kampala in Uganda, Kigali in Rwanda, and Bujumbura in Burundi. The average transit time from Dar es Salaam port to Tanzania exit borders (Rusumo and Kabanga) reduced from 86.16 hours (3.59 days) to 81.84 hours (3.41 days) in 2019. The set target to be achieved should be 60 hours.
- d) The institutional framework of customs administration was enhanced by deploying customs officers to other Partner States to facilitate clearance under the Single Customs Territory.

### **2.1.5 ICT systems interconnectivity**

- a) The enhancement and development of information systems solutions has been undertaken including implementation of a centralized platform (CP) to support information sharing and coordination among Revenue, Port Authorities and other border agencies.
- b) Introduction of pre-arrival submission of manifests by shippers to Customs administrations at the entry points and destination within a span of 48 hours before docking of vessels has increased efficiency of document processing and border crossing.
- c) Declaration and lodgment time has shortened at the destination Customs Document Processing Centers resulting in faster release of goods at the entry points and exit points for intra - regional trade. Release and exit orders for cleared cargo are sent electronically through this arrangement. Currently, interconnectivity of all systems is underway.
- d) A study on interconnectivity of Customs systems was undertaken in 2019 to analyze gaps and capabilities of existing information systems and related processes in use and proposed improvements for the optimization and integration of all current systems. The study covered the legal, technical and business requirements for interconnectivity of Customs systems including Ports/Customs management systems, Electronic Cargo Tracking System, Trade information portal, National single window systems, Risk-based management systems including scanners among others. The study came up with technical specifications for integration of the systems and implementation will commence in 2022 funded by the European Union.

### **2.1.6 Compliance and Enforcement**

- a) Developed and adopted an M&E tool to monitor progress of the Single Customs Territory.
- b) Movement of goods across corridors under Customs control using a single customs bond guarantee has been facilitated by use of the COMESA Regional Customs Transit Guarantee Scheme (RCTGS) which has minimized the use of multiple bonds.
- c) An EAC Bond is in the final stages of development.

- d) Electronic Cargo Tracking Systems (ECTS) have been deployed on the Northern and Central Corridors to monitor goods electronically instead of physical escort of goods which was tedious and delayed movement of cargo.
- e) On the Northern corridor, the ECTS has been integrated with a corridor-wide 24/7 cargo tracking via Central Monitoring Centers (CMC) in Nairobi, Kampala and Kigali. Rapid Response Units are also deployed to enhance the compliance measures.
- f) A sustainability Strategy for Regional cargo Tracking System has been developed.

### **2.1.7 Capacity Building and Human Resource Development**

- a) The EAC Customs Training Curriculum for Customs officials at certificate and post-graduate level was developed and rolled out to all five Partner States in 2012. To date all the Revenue Authority training institutions have mainstreamed the programme as the major training programme for Customs.
- b) The EAC Customs Curriculum has been accredited by Partner State governments directly or through collaboration with national universities.
- c) A regional Customs clearing and freight forwarders training programme at certificate level was developed and is implemented in all the Partner States. This has greatly enhanced the competency and professionalism of the clearing agents.
- d) During this period regional approach to training was entrenched with the sole purpose of creating a common cadre of personnel that has an 'EAC Persona'.
- e) Short term training and sensitization programmes were developed and implemented on:
  - Single Customs Territory,
  - One Stop Border Posts,
  - Authorized Economic Operator Programme,
  - Simplified Trade Regime among others.
- f) Sensitization on COVID 19 Awareness and Preventive Measures was conducted at the borders in EAC.
- g) Regional Customs capacity building has been fully harmonized and is continuously contributing to raising the technical capacity and awareness of the Customs Union.

### **2.1.8 Establishment of One Stop Border Points (OSBP)**

- a) One Stop Border Points (OSPBs) have been constructed and operationalized at; Taveta/Holili, Isabania/Sirari, Namanga, LungaLunga/Horohoro, Busia, Malaba, Mutukula, Gasenyi/Nemba, Ruhwa, Mirama Hills/Gakitumba, Katuna/Gatuna, , Kobero/Kabanga, Rusumo and Elegu/Nimule and Mugina/Manyovu
- b) To enhance trade facilitation with non-EAC countries additional OSBPs have been constructed at Tunduma/Nakonde, Moyale, Rubavu/Goma, Moyale and Kasumulu.
- c) OSBPs have led to a reduction of clearance time across the borders by about 80%.

- d) The OSBP Act and OSBP Regulations were enacted in 2017 and are operationalized in Partner States.
- e) An OSBP Sustainability Strategy was developed in 2020 which ensures continuity in functioning once the donor support period ends.



### 2.1.9 Implementation of the WTO Trade Facilitation Agreement

- a) All the Partner States except RSS have ratified the agreement and notified categories A, B and C.
- b) National Trade Facilitation Committees and the Regional Sub Committee on Trade Facilitation were established and are operational.
- c) Over 127 members of the Committees received online training.
- d) Trade information Portals have been established in all Partner States except RSS. The Portals provide relevant information to the traders and other users on import and clearance procedures and requirements for various products.
- e) The Trade Facilitation Reform Tracker was developed and piloted in Kenya and Rwanda and the Simplification of Procedures is ongoing in Kenya, Rwanda and Uganda.

### 2.1.10 Integration of the Republic of South Sudan into the Customs Union

- a) The EAC capacity building programme for the Republic of South Sudan (RSS) commenced in December 2018 and was finalized in June 2019 and a total of 160 officials and stakeholders were trained and sensitized.
- b) The programme has enhanced the understanding and capacities of South Sudan on the functioning of the EAC necessary to support the process of mainstreaming RSS into the Community.
- c) Engagements with RSS Customs is ongoing and there is increased participation of Customs Officers from RSS in technical meetings convened by the Directorate.

### 2.1.11 Regional Authorized Economic Operators Scheme

- a) The EAC has partnered with the World Customs Organization to implement a region wide AEO scheme.
- b) The regional Authorized Economic Operators (AEO) program was initiated and is being progressively rolled out to cover more traders. 145 Authorized Economic Operators (AEOs) are under this scheme where they enjoy benefits that include:
  - expedited processing of AEO entries/declarations and
  - no physical or document examination except for random or risk-based interventions on exceptional cases.
- c) The EAC has signed a Mutual Recognition Agreement (MRA) Action Plan with South Korea and India Customs. This is intended to facilitate compliant operators in the three regions access AEO benefits accorded in each other's territory.

### 2.1.12 Customs Strategy

- a) Customs Directorate has been developing Five-year Customs Strategies since its establishment.
- b) The 3<sup>rd</sup> Customs Strategy (2021-2025) has been finalised is being published for circulation.
- c) The Customs Strategies guide the implementation of Customs programmes by providing key strategic priorities for the Directorate of Customs together with Customs of Partner States.

### 2.1.13 EAC Customs Instruments

Under the coordination of Customs and Trade Directorates the following instruments have been developed:

- a) EAC Customs Management Act
- b) EAC Customs Management Regulations
- c) EAC Customs Management Duty Remission Regulations
- d) EAC Customs Management (Working Arrangement between the Directorate and Customs) Regulations



- e) EAC Customs Management (Compliance and Enforcement) Regulations
- f) EAC Customs IT Regulations
- g) EAC Customs Management Amendment Act
- h) EAC OSBP Act and Regulations
- i) EAC Elimination of Non-Tariff Barriers Act
- j) EAC Customs Training Curriculum
- k) EAC Customs Strategy 2011-2016
- l) EAC Post Clearance Audit Manual
- m) EAC Customs Valuation Manual
- n) EAC Customs Procedures Manual
- o) EAC Single Customs Territory Operational Framework
- p) EAC Rules of Origin (Revised)
- q) EAC SCT Procedures Manual
- r) EAC Rules of Origin Manual
- s) EAC Duty Remission Manual

#### **2.1.14 Way forward**

- a) *Decision be made on the upper band of the reviewed CET and commence implementation in July 2022*
- b) *Implementation of the Interconnectivity programme to enhance the Single Customs Territory through the various interventions including the CORE Project that is ongoing.*
- c) *Strengthening of Trade Facilitation interventions to speed up the recovery from Covid 19.*
- d) *Finalize the establishment of pending OSBPS and their operationalization.*
- e) *Supporting and facilitating Republic of South Sudan to commence implementing Customs Union Programmes.*
- f) *Prepare for integration of DRC in the Customs Union.*
- g) *Enhanced collaboration and partnership with the private Sector.*

## 2.2 Trade

The Trade function is under the Directorate of Trade and coordinates the initiation, development and implementation of policies and programmes in trade integration covering internal trade, international trade, trade in services and standards, quality assurance, metrology and testing.

### 2.2.1 Internal Trade Promotion

Intra EAC Trade promotion is one of the key objectives of EAC Customs Union. Progress has been registered as indicated below:

#### 2.2.1.1 Elimination of Non-Tariff Barrier (NTBs)

- a) Elimination of NTBs underpins of the EAC Customs Union along with the elimination of internal tariff and application of a Common External Tariff. An NTB Bound Programme has been implemented since 2005.
- b) The online NTB reporting mechanism has been rolled out under the Tripartite Free Trade Area (TFTA) and has been an area of benchmarking by the AfCFTA.
- c) An institutional mechanism constituting of National Reporting Committees and a Regional Reporting Committee has been active in addressing reported NTBs on regular basis.
- d) An EAC NTB Act was enacted and is under review in order to make it more effective and enforceable in elimination of NTBs. Currently it is under consideration by the Legal and Judicial Council.
- e) Regulations for operationalization of the Act have been developed and await adoption.
- f) The status of elimination of NTBs is as below:

#### NON TARIIF BARRIERS REPORTED AND RESOLVED FOR THE PERIOD 2015 - 2021

YEAR	REPORTED	RESOLVED	OUTSTANDING
2007 to 2014	105	71	34
2015	9	16	27
2016	14	21	20
2017	50	11	59
2018	31	56	34
2019	19	28	25
2020	14	19	20
2021	13	12	21

Total Reported 2015 to December 2021: 150

Total Resolved 2015 to November 2021: 163

Total in process from November 2021: 16

Total new Reported after November 2021: 5

### 2.2.1.2 EAC Trade & Investment Statistics

a) The EAC Trade and Investment Report is published annually since 2005 as one of the deliverables of the Directorates of Customs and Trade.

b) Intra trade flows:

TRADE FLOW	DESTINATION	2015	2016	2017	2018	2019	2020
Exports	Total EAC Exports	16,819.60	13,877.20	14,143.50	14,213.80	15,760.80	16,257
	Intra EAC Total Exports	2,823.00	2,631.40	2,977.40	3,170.50	3,162.80	2,929.60
	Intra-EAC % share to Total Exports	20.26	16.83	21.05	22.31	20.07	18.02
Imports	Total EAC Imports	36,632.80	30,462.30	34,230.10	37,066.40	39,517.50	35,658
	Intra-EAC Total Imports	2,524.40	2,181.00	2,484.40	2,843.00	3,175.80	3,058.00
	Intra-EAC % share to Total imports	6.6	8.1	7.3	7.7	8	8.6
Total Intra-EAC Trade	Total Intra-EAC Trade	5,347.40	5,347.40	4,812.40	5,461.80	6,013.50	6,338.60
	Total Trade (imports + Exports)	53,452.30	43,161.40	46,892.80	51,280.30	55,278.20	51,915.00

## c) Investment inflows for the year 2015 to 2020:

COUNTRY	2015	2016	2017	2018	2019	2020
Burundi	1.8	14.60	65.06	72.34	214.40	599.67
Kenya	2,187.40	1,820.20	717.70	485.50	1,217.90	917.93
Rwanda	1,070.00	1,180.00	1,600.00	2,010.00	2,460.70	1,281.39
South Sudan	213.20	315.10	462.50	408.60	3,879.60	1,251.14
Tanzania	1,506.02	864.04	937.70	971.58	2,624.40	754.59
Uganda	517.00	1,524.60	1,308.70	1,010.00	1,240.00	1,445.48
<b>Total EAC</b>	<b>5,493.62</b>	<b>5,718.54</b>	<b>5,091.66</b>	<b>4,958.02</b>	<b>11,637.00</b>	<b>6,250.20</b>

## 2.2.1.3 EAC Micro, Small and Medium Enterprises (MSMEs) Trade Fair

- The Micro, Small and Medium Enterprises (MSMEs) Trade Fairs have been held annually since 1999 under the banner of Jua Kali Nguvu Kazi save for 2020 due to Covid 19.
- The number of exhibitors, variety of products, quality and level of organization has been improving year in year out. The last exhibition held in Mwanza in 2021.

## Number of Exhibitors in EAC MSMEs Trade Fair from 2015 -2021

YEAR	NUMBER OF EXHIBITORS
2015	571
2016	684
2017	568
2018	1,411
2019	935
2020	Not held
2021	1,089
<b>Total (2015-2020)</b>	<b>5,258</b>

- An online buyer-seller platform is under development to enable online transactions all the time. There are 96 companies so far registered on the platform.
- The exhibitions have been held rotational in all Partner States except Republic of South Sudan.
- The Republic of South Sudan has been actively participating in the last two trade fairs.



#### 2.2.1.4 EAC Simplified Trade Regime (STR)

- a) Tools to facilitate the small-scale traders operating across the borders have been developed.
- b) Training of cross border small traders has been undertaken on a number of borders in the region.
- c) Manuals on Customs Union procedures were developed.

## 2.2.2 International Trade Programmes

The status of the programmes on international trade are as follows:

### 2.2.2.1 EAC Regional Trade Policy

- a) A consolidated and harmonized EAC Trade Policy was developed and adopted by the Council on 29th November 2021. It includes:
  - (i) An Implementation Strategy;
  - (ii) Establishment of a Trade Development Facility for mobilizing resources to implement the policy and strategy;
  - (iii) A harmonized Regional Strategy to take advantage of the WTO Trade Related aspects of Intellectual Property Rights (TRIPS); and

- (iv) A Regional Model Law on Trade Remedies that can be utilized by Burundi, Rwanda, Uganda and Tanzania.
- b) A consolidated and harmonized EAC Trade Policy was developed and adopted by the Council on 29th November 2021. It includes:
  - (i) An Implementation Strategy;
  - (ii) Establishment of a Trade Development Facility for mobilizing resources to implement the policy and strategy;
  - (iii) A harmonized Regional Strategy to take advantage of the WTO Trade Related aspects of Intellectual Property Rights (TRIPS); and
  - (iv) A Regional Model Law on Trade Remedies that can be utilized by Burundi, Rwanda, Uganda and Tanzania

#### **2.2.2.2 EAC Special Economic Zones (SEZ) Policy**

- a) A comprehensive assessment of the EAC Partner States' SEZ policy frameworks is being finalized.
- b) Revision of the draft EAC SEZ Policy is ongoing and a validated draft is expected to be presented to SCTIFI for adoption.

#### **2.2.2.3 EAC Export Promotion Strategy**

- a) Review of the EAC Export Promotion Strategy 2013 - 2016 led to the development and adoption of the EAC Export Promotion Strategy (EPS) 2020 - 2025.
- b) The EPS provides a road map to increase EAC export performance by enhancing productivity and the competitiveness of firms and industries. Its main focus is on adding value to the existing National Export Strategies. It also focuses on the export challenges which are best addressed regionally in order to create the required impact.

#### **2.2.2.4 EAC E-Commerce Strategy**

- a) Undertaken a comprehensive assessment of Cross-Border E-Commerce Ecosystems in Partner States where the challenges and opportunities were identified and made recommendations to boost cross-border e-commerce in the EAC.
- b) Establishment of an e-commerce engagement platform to strengthen collaboration and coordination among e-commerce stakeholders in the country and within the EAC
- c) Development of a Regional E-Commerce Strategy covering: legal & regulatory frameworks, digital trade facilitation & logistics, payment systems, consumer protection, data protection & privacy, cybersecurity, customs duties on electronic transmissions, skills development, SMEs and gender issues etc.

### **2.2.2.5 EAC Strategy on Implementation of the AfCFTA Agreement**

- a) The EAC Strategy on implementation of the AfCFTA Agreement has been developed and regional consultations are ongoing.
- b) The draft Strategy proposes interventions on the:
  - ratification and compliance with existing agreements;
  - coherence of trade in goods and trade in services protocols;
  - Phase 2 negotiations;
  - trade and industrial opportunities; and
  - the involvement of women, youth and persons with disabilities.
- c) A validated draft is expected to be submitted to the SCTIFI in May 2022.

### **2.2.2.6 EAC Trade in Services Strategy**

- a) A 10-year Strategy on Trade in Services has been drafted with the objective to enhance services sector integration in the EAC region and increase exports of services regionally, continentally and globally.
- b) Regional consultations on the draft Strategy is ongoing. A validated draft Strategy will be submitted to SCTIFI in May 2022 for consideration and adoption.

### **2.2.2.7 EAC COVID-19 Economic Recovery Plan**

- a) An Interim COVID-19 Economic Recovery Plan was developed and adopted by SCTIFI.
- b) Its objectives include:
  - improving the investment climate;
  - enhancing and strengthening trade (intra and extra); trade facilitation and transport;
  - support to key services sectors such as finance, health, tourism, agriculture and manufacturing.
- c) A Multisectoral Ministerial meeting is planned April/May 2022 to consider and adopt the Draft Comprehensive Recovery Plan.

### **2.2.2.8 Frameworks to guide Trade and Investment Negotiations with Third PARTIES.**

- a) The Directorate developed the following instruments which were adopted by SCTIFI:
  - (i) The EAC Trade Negotiations Framework (TNF) that describes the areas that may be covered by negotiations with third parties and what the broad objectives in each of the areas should be.
  - (ii) The EAC Model Regional Investment Treaty that serves as a template for investment negotiations of the EAC and/or individual EAC Partner States with third parties.

- (iii) The EAC Model Cooperation Agreement on Investment Facilitation which focuses on investment promotion, responsible business practices and investor and state obligations.
- b) EAC received requests from Turkey, China and Singapore to negotiate FTA Agreements.
- c) The Directorate undertook a comprehensive cost benefit analysis on the implications of EAC negotiating Free Trade Area Agreements with following trading partners: Turkey, China, Singapore, United States, India, Brazil, EFTA States and the GCC. A policy paper was developed and will be submitted to the SCTIFI in May 2022 for consideration and decision on the way forward with the above-mentioned countries.

### **2.2.2.9 Coordination of WTO Matters**

- a) The EAC Partner States undergo joint Trade Policy Reviews under the auspices of the WTO Trade Policy Review Mechanism (TPRM). The TPRM involves a comprehensive review of WTO Members' trade and economic policies. Three Trade Policy reviews were undertaken in 2006, 2012 and 2019 under the coordination of Customs and Trade Directorates.
- b) Implementation of the WTO Trade Facilitation Agreement (TFA) is coordinated by Customs and Trade Directorates at the EAC level.
- c) A regional action plan on implementation of the WTO TFA was adopted by the Sectoral Council in 2016 and an EAC Sub-Committee on Trade Facilitation was established. National Trade Facilitation Committees and National Trade Facilitation action plans are also in place to facilitate implementation.

### **2.2.2.10 Tripartite Free Trade Area (TFTA) Agreement**

- a) The TFTA was signed by 22 of 29 Member States out of which 11 have ratified. Entry into force will be after 14 ratifications.
- b) EAC (Burundi, Kenya, Uganda and Rwanda) and SACU concluded tariff negotiations at the level of 90%.
- c) The EAC (URT) and Egypt concluded bilateral tariff negotiations at technical level and are scheduled to conclude the offers.
- d) Outstanding areas include
  - (i) Rules of Origin (7%) and tariffs;
  - (ii) Transposition of the tariff offers (90%);
  - (iii) Finalization of modalities for negotiating sensitive products;
  - (iv) Finalization of the SACU-EAC Regional Motor Vehicle Sector Strategy; and
  - (v) Tariff Rate Quota on Beef imports from SACU.
- e) Focus of the TFTA Work Programme include:
  - (i) Finalisation of outstanding Rules of Origin;



- (ii) Implementation manuals/guidelines for Trade in Goods annex; and
- f) Phase II issues and protocols on Trade in services & competition policy are being negotiated.

#### **2.2.2.11 Coordination of AfCFTA Negotiations**

- a) The Directorate coordinated the negotiations of AfCFTA
- b) Remaining work that is being coordinated include:
  - (i) Finalizing outstanding Phase I issues, namely:
    - Schedule of Tariff Concessions for the AfCFTA;
    - Schedule of Specific Commitments on Trade in Services in the five priority sectors; and
    - outstanding issues on Rules of Origin.
  - (ii) EAC Secretariat is involved in developing the AfCFTA Framework of collaboration among the AU Commission, the AfCFTA Secretariat and REC Secretariats for the operationalization of the AfCFTA.

#### **2.2.2.12 EAC-UK Trade Relations**

- a) In 2020, EAC and UK held initial discussions on a new Free Trade Area Agreement with UK.
- b) On 8th December 2020, Kenya and the UK signed an EPA, which was subsequently ratified and entered into force in March 2021.
- c) Pursuant to SCTIFI directive, the Secretariat is undertaking the following analysis and will be ready by April 2022:
  - (i) a legal opinion on compliance with Article 37 of the EAC Customs Union Protocol;
  - (ii) study the implications of Kenya-UK EPA to the EAC Customs Union; and
  - (iii) study on the implications of BREXIT on Market Access by the UK

#### **2.2.2.13 EAC-EU Economic Partnership Agreement (EPA)**

- a) EAC-EU EPA negotiations were concluded and initialed by all Partner States in October 2014.
- b) Kenya and Rwanda signed the EPA on 1st Sept. 2016. Kenya ratified on 20th Sept. 2018.
- c) Burundi, Uganda and Tanzania are still consulting.
- d) The Summit decided that implementation of EPA should be based on variable Geometry. The SCTIFI directed Partner States to submit roadmaps for implementation of the EAC-EU EPA
- e) Kenya has notified the EAC of its intention to engage with the EU on the EPA on a bilateral basis.

#### **2.2.2.14 EAC-US Trade and Investment Partnership**

- a) EAC-US Trade and Investment Framework Agreement (TIFA) was signed 2008.
- b) In 2012, the TIFA was scaled up to an EAC-US Trade and Investment Partnership (TIP) with four components of Investment, Trade Capacity Building, Commercial Dialogue and Trade Facilitation.
- c) US is interested in a permanent trade and investment framework to govern trade between the United States and Africa after the expiry of AGOA in 2025.
- d) US and Kenya begun negotiations on a comprehensive Free Trade Area Agreement. However, Kenya is yet to notify the EAC on this engagement.

#### **2.2.2.15 Free Movement of Trade in Services**

- a) The Draft Regulations on movement of services and services suppliers are under consideration by the Legal and Judicial Sectoral Council. It includes the revised Schedules of Partner States commitments in the 7 sectors of Business; Distribution; Education; Financial; Communication; Tourism and travel related services; and Transport.
- b) EAC Council expected to will the regulations by November 2022.
- c) Online mechanism for removal of restrictions on Trade in Services is being developed.
- d) A mechanism for generation of Statistics on Trade in Services in the EAC is being developed.
- e) Further liberalization shall be undertaken in the following 5 services sectors of Construction and Engineering; Environmental Services; Health related and social services; Recreational, Cultural and Sporting services; and other services not included elsewhere.

### **2.2.3 Standards, Quality Assurance, Metrology and Testing (SQMT)**

This is a key area provided under the Treaty. A Protocol and an Act on SQMT were developed and adopted in the early years of EAC Integration. Substantial scope of work has been accomplished under this area.

#### **2.2.3.1 Harmonisation of Standards**

- a) Target exceeded with 150 EAC standards developed annually since 2018 making a total of 1882 standards.
- b) Regional standardisation Plan (RSP) developed and approved in 2020 to ensure standards harmonised have a positive impact socially and economically.

- c) An online catalogue developed in 2021 to enhance access and publicity of the harmonised standards.
- d) Enhanced adoption and implementation of the harmonised standards from the 45% in 2018 to above 87% by all the Partners following monitoring and validation missions in 2018 and 2021.
- e) Revised the principles and procedures for harmonisation of the EAC standards to address implementation gaps.

### **2.2.3.2 EAC Quality Infrastructure**

- a) To enhance effectiveness, the SQMT Act 2006 has been repealed to clearly separate issues related to Standardisation, Accreditation and Conformity Assessment (SACA) Bill and Metrology Bill;
- b) The SACA Bill was approved by the Council of Ministers and is before EALA for enactment. The Act will among others:
  - streamline and rationalise standardisation and conformity assessment principles in the Community with the international best practices as defined in the WTO TBT Agreement;
  - facilitate trade by providing *inter alia*, a clear mechanism for dealing with cross-cutting SPS/TBT matters based on the principles of harmonisation, equivalence and mutual recognition; and
  - provide a conducive environment for fair trade, protection of consumer health, safety and environment, the provisions of the Bill strike a balance between the expectations of the business community and the regulatory authorities.
- c) The EAC Metrology Bill has been developed and will be considered by legal drafting before Sectoral Council on Legal and Judicial Affairs approval.

### **2.2.3.3 Mutual Recognition of Test and Calibration Certificates, Product Certification Marks and Inspection.**

- a) Undertook four rounds of Peer Assessments in product certification and inspection with support from Development Partners to build trust and confidence in each other processes to enhance Mutual recognition.
- b) Developed a concept and roadmap for accreditation of the EAC PT providers and solicited support from TMEA and PTB for its funding.
- c) Undertook a round of peer assessment of proficiency testing providers to identify gaps towards their accreditation.
- d) Developed a Framework to facilitate cross border trade in food and cosmetics to address related persistent NTBs based on the principles of harmonisation, equivalence and mutual recognition by the different regulatory authorities.

#### **2.2.3.4 Capacity Building on Implementation of SQMT Activities**

- a) Developed a manual for training on the harmonisation of standard with support from MARKUP.
- b) Conducted an online ToT training on the manual in 2020.
- c) Undertook trainings in all the Partner States based on the manual in 2020 and 2021.
- d) Undertook 3 online trainings to the PT providers supported and facilitated by PTB.
- e) Undertook a regional training on Good regulatory practices attended by 5 delegates from each Partner State in November 2021 facilitated by International Standardization Organization (ISO) and supported by TMEA.
- f) Training of Conformity Assessment for Assessors and Auditors planned during the January to June calendar with support committed by TMEA.

#### **2.2.3.5. Domestication, implementation and compliance of EAC Standards, Tripartite and AfCFTA Annexes on TBT and SPS and EASC programs.**

- a) Coordinated implementation of the seven technical subcommittee workplans. Ordinary and extraordinary meetings held to review progress and address specific subcommittee issues.
- b) Undertook annual monitoring missions to evaluate adoption and implementation of the EAC standards by Partner States.
- c) Participated online in the priority ARSO, ISO, IEC, SADC, COMESA, AfCFTA technical and policy meetings on Standardization and Conformity Assessment representing EAC position.
- d) Domestication and increase in the implementation and compliance of EAC Standards, Tripartite and AfCFTA Annexes on TBT and SPS and EASC programs to increase intra-EAC Trade, reduce NTBs, and enhance export trade.
- e) Coordinated implementation of the seven technical subcommittee workplans. Ordinary and extraordinary meetings held to review progress and address specific subcommittee issues.
- f) Undertook annual monitoring missions to evaluate adoption and implementation of the EAC standards by Partner States.
- g) Participated online in the priority ARSO, ISO, IEC, SADC, COMESA, AfCFTA technical and policy meetings on Standardization and Conformity Assessment representing EAC position.

#### **2.2.4 EU-EAC Market Access Upgrade Programme (MARKUP)**

EU-EAC MARKUP (Market Access Upgrade Programme) is a regional development initiative that provides support to small and medium-sized enterprises (SMEs) in the East African Community (EAC). Launched in 2018, the four-year programme aims to increase exports of coffee, tea, cocoa, spices, avocado and other

horticultural products. It is funded by EU to the tune of 39m euros and implemented in Burundi, Kenya, Rwanda, Tanzania and Uganda by:

- GIZ (EAC Window)
- International Trade Centre (ITC- EAC Window Results 1,3,4; Burundi Partner States Window and Tanzania Result 1);
- United National Industrial Development Organisation (UNIDO- Kenya),
- Uganda Coffee Development Authority (UCDA - Uganda),
- Solidaridad (Tanzania Result 2) and
- ICU and Oxfam Ireland (Rwanda).

Day to day management of MARKUP is undertaken through a Programme Coordination Unit (PCU) which is supported by GIZ and reports to DG Customs and Trade. GIZ is also responsible for the EAC Window Result 2 covering; Overall Co-ordination, Monitoring, Evaluation, Communications and Visibility.

Regular oversight is provided by the Regional Technical Committee chaired by the Director Trade and Director Productive Sectors as co-chair. EAC Technical Staff in Trade, Productive Sectors, Communications and Planning are members of the TC, which meets every 4-8 weeks. GIZ, ITC and the EU Delegation Tanzania are also members of the TC. The Regional Steering Committee which meets every 6 months, provides policy oversight and guidance. Further oversight is provided through the EA Sectoral Councils of Trade, Industry, Finance and Investment (SCTIFI).

### Status of MARKUP

- a) Enhanced the EA Trade Portal by adding 8 new procedures for registration, licensing, certification, duty remission and export of a range of food products
- b) Burundi Trade Portal developed, operationalized and added to the existing portals in the Regional Trade Information Portal at <https://tradehelpdesk.eac.int/>
- c) Added 27 products and 47 sub-procedures to the Burundi Trade Facilitation Portal & established governance structures and trained experts
- d) Analysis & advocacy for removal of taxes on coffee processing and roasting equipment done for Kenya & Tanzania
- e) Harmonized standards drafted for cocoa beans, cocoa butter, cocoa powders, chocolate and chocolate products
- f) Updated harmonised standards for coffee beans, roasted and ground coffee to address new requirements in EU and other target markets
- g) Developed harmonised criteria for registration and certification of processed pre-packaged food for intra-EAC trade

- h) Launched the EAC Quality Portal as a one stop website for product standards and quality requirements for export markets
- i) Trained and facilitated various SMEs in the region to obtain investment and secure export markets
- j) Mobilized and supported Kenyan exports of avocado to new markets
- k) Trained farmers & extension workers in Tanzania on the benefits and principles of implementing voluntary sustainability standards in coffee, tea & horticulture
- l) Trained and sensitized beneficiaries on:
  - (i) Business advocacy
  - (ii) Tariff and non-tariff barriers
  - (iii) EU market requirements, demand, and market opportunities
  - (iv) on standards/SPS
  - (v) on access to finance
  - (vi) Market analysis and research
- m) 32 companies accessed nearly 1.3m USD in loans and grants as a result of support from MARKUP
- n) 8 companies received foreign or domestic investments for a total of USD 1,245,000 as a result of MARKUP Support
- o) Supported the development of the legal and regulatory environment for the cocoa sector in Uganda.

## 2.3 Response to COVID 19 Pandemic

The Directorates of Customs and Trade promptly acted as follows when Covid 19 struck:

- a) Developed an EAC guideline to facilitate trade across the borders detailing a harmonized approach on border and transit processes which was adopted by SCIFI.
- b) Developed jointly with IT and Health team the EAC Electronic Cargo and Drivers Tracking System based on the Regional Electronic Cargo Tracking System.
- c) Developed jointly with health and IT department the response plan which enabled mobilization of support from AfDB and TMEA.
- d) Partnered with TMEA to develop and implement the Safe Trade Emergency Facility (STEF)
- e) Undertook missions to borders to assess and guide on trade facilitation.
- f) Developed a Recovery Plan for EAC which was adopted by SCTIFI



## 2.4 Private Sector Engagement

- a) Customs and Trade has established close working relationship with the Private Sector.
- b) There is collaboration with the East African Business Council on a number of programmes and activities whereby they directly participate and make input such as Pre-budget proposals, CET review, capacity building.
- c) Joint activities have been undertaken with Federation of East African Freight Forwarders Association including development and rollout of the Training Curriculum for Clearing Agents.
- d) The Directorate has participated in a number of fora organized by the Private Sector bodies and Civil Society Organization including EABC, FEAFFA, Women in Business, SEATINI, EALS
- e) A Trade conferences was held in 2018 and attracted substantial participation of Private Sector players.

## 2.5 Partnerships and Resource Mobilisation:

The Directorates of Customs and Trade have established partnerships and collaboration with a number of international and regional organizations with whom a number of projects have been undertaken. These include; EU, TMEA, WCO, WTO, AU, AfDB, IMF- AFRITAC EAST, UNCTAD, JICA, SIDA, GIZ, World Bank, AFREXIM BANK, and USAID.

The Partnerships has resulted into funding of a number of projects under Customs and Trade including; Single Customs Territory, AEOs, Interconnectivity of Customs Systems, Development of laws, regulations and operational manual, capacity building, CET Review, etc.

## 2.6 Representation and Presentations

The DG CT has represented EAC in several national, regional and international fora and activities. In some of the fora, the DG CT made presentations on varying topics on trade and customs, regional integration and other macroeconomic aspects. Presentations were made at the World Bank/IMF meetings, WCO, AU, USA, EAC workshops, US Chamber of Trade, AfDB and within EAC.

## 2.7 Performance Contracting System

The DG was tasked to lead in the development of Performance Contracting which would improve the performance management of EAC. The Contracting Committee:

- a) Developed the Performance Contract Policy and Performance Contract System.
- b) Developed Performance Contract template.
- c) Undertook training in Performance Contract.
- d) Developed guidelines on Performance Contract.

## 2.8 Other Assignments

During my tenor as DG CT and previously as Director Customs I was assigned a number of tasks by the Secretary General including:

- a) Led the institutional review that produced the Institutional Review Report commonly known as the Bagamuhunda Report. The Council at their meeting in Zanzibar adopted the recommendation to



transform EAC into a Commission from a Secretariat.

- b) Initiated and championed the Domestic Tax Harmonisation initiatives.
- c) Initiated the establishment of the EAC Development Fund.
- d) Championed the configuration of EAC to negotiate the EAC-EU EPA and participated in development of the Framework Economic Partnership Agreement (FEPA) that covered the Market Access pillar.
- e) Initiated the TFTA idea and participated in putting together the framework and instruments thereof.
- f) Actively participated in World Bank/IMF engagements in the Annual and Spring meetings that resulted in support funding for projects such as the Statistics Project, Regionalisation of Capital Markets and other projects support to Partner States on Monetary Affairs.
- g) Engagement with the Private Sector through SGs Roundtable.
- h) Participated and made proposals on Human Resource development and governance.
- i) Facilitated the team of Experts on Drafting the EAC Confederation Constitution while gathering views from Partner States.
- j) Represented the SG at high level fora including FOCAC, WTO, and AfDB annual meetings.

## 2.9 Challenges

- a) The COVID 19 Pandemic has caused disruptions in the trade and other economic sectors in the region hence affecting many of the programmes under Customs and Trade. Some of the achievements affected were:
  - Trade Facilitation including gains made by Single Customs Territory were eroded;
  - Trade fair was not held in 2020
  - SME cross border trade nearly halted which led to collapse of some businesses;
  - Some sectors like tourism, air transport, interstate passenger transport, education, hospitality/entertainment were shut down leading to job losses
- b) Recurring NTBs due to protectionism by the Partner States.
- c) **Downsizing of the directorates of Customs and Trade including abolition of key positions of DG CT, PTO – Trade in Services, PCO Information Technology, PCO Capacity Building will seriously affect the capacity and programme implementation of the Directorate**
- d) Limited awareness on EAC integration matters.
- e) Underutilization of EAC STR by MSMEs
- f) Delays in adoption of key policies and Strategies due to prolonged Partner States consultations processes has affected key areas such as the Export Processing Zones (EPZs)/ Special Economic Zones (SEZs) regimes and EAC-EU EPA.
- g) Partner States negotiation of Bilateral FTA Agreements is a threat to the Customs Union and the Common Market.

- h) Delayed ratification of the TFTA Agreement by some Partner States has delayed its implementation.
- i) Delayed implementation of Customs Union of RSS
- j) External factors such as policy shift by USA on multilateral versus bilateral trade affects EAC cohesive trade positions.
- k) Continued existence of national standards against similar EAC harmonised standards.
- l) Funding gaps for critical programmes.
- m) Unilateralism by Partner States that conflicts with regional commitments.
- n) Lengthy decision-making process.
- o) Delayed implantation of Customs Union and Common Market programmes by RSS.

## 2.10 Way Forward Actions

- a) *Partner States should domesticate and implement EAC Protocols as well as desist from imposing new NTBs to allow free movement of goods in the Community*
- b) *A digitalized platform for seamless submission of trade and investment data to the Secretariat from Partner States should be established under the ongoing Statistics project.*
- c) *Enhance trainings and sensitization on trade and emerging opportunities.*
- d) *Undertake a comprehensive study to determine the economic impact of COVID-19 pandemic in the EAC to inform on the medium term and long term interventions.*
- e) *EAC should negotiate preferential trade arrangements as a bloc since it is a customs union. Bilateral negotiations will undermine/destroy the achievements made under the Customs Union and the Common Market.*
- f) *Strengthen the implementation of Trade in Services under the Common Market given the magnitude and contribution of Services to the economies in EAC. The Trade in Services department should be reestablished.*
- g) *Enhance collaborative initiative with other regulatory authorities especially SPS institutions, Customs Authorities and the Business Communities.*
- h) *Implementation of a multi-Sectoral and coordinated approach for cargo clearance including customs, Standards bodies, Health, Immigration, Security, Police, Port/Border control in the one-stop center to minimize the time taken to clear goods, drivers and crew.*
- i) *Revisit the decision of downsizing the Customs and Trade Directorates to reestablish the abolished positions of DG CT, PCO IT, PCO Capacity Building, PTO Trade in Services.*

## 3.0 CONCLUSION

EAC is a great institution for which I worked for 17 years. A lot of achievements have been made and that's why it is considered as the fastest integrating REC in Africa. This rating and the tangible things on the ground provides an impetus to consolidate and deepen the integration. EAC is endowed with opportunities to make further gains in its integration path including human capacity, resources and political good will. I end my tour of duty with my head high and commit to continue making a contribution to the integration agenda.







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