



## THE 2011 EAST AFRICAN COMMUNITY BUSINESS CLIMATE INDEX SURVEY



## **ACRONYMS**

ACBF	African Capacity Building Foundation
BCF	Business Climate Factors
BCI	EAC Business Climate Index Survey
CFAs	Clearing and Forwarding Associations
EAC	East African Community
EABC	East African Business Council
ICD	Internal Container Depots
CFSs	Container Freight Stations
NTBs	Non Tariff Barriers
SPS	Sanitary and Phytosanitary Standards

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## EXECUTIVE SUMMARY

The BCI 2011 survey was carried out between September and December 2011, with the main aim to collect and disseminate information on business environment in the EAC<sup>1</sup> countries in order to track improvements and/or deteriorations on Non Tariff Barriers (NTBs) and other business climate factors. The findings aim to give statistical evidence on difficulties experienced in doing business in the region in order to target reforms on policies and regulations that will enhance efficiency improvements and increase intra-EAC trade.

The survey focused on collection of actual evidence on incidences and impacts of NTBs to intra-EAC trade under port, customs, immigration, police, weighbridges, technical standards, SPS, and business registration and licensing procedures and administrative requirements. It also benchmarked the EAC countries against international best practices where data was available. The findings will provide responsible institutions in the public and private sector as well as the NTB Monitoring Committees at national and EAC level with evidence of NTBs, which is necessary to facilitate resolution of obstacles to doing business in the region.

The field work covered a total of 515 respondents, broken down into 89 regulatory agencies and 412 businesses (manufacturing, agriculture, transporters, CFAs, informal cross border traders) and 14 truck drivers. The findings are therefore representative of the major bottlenecks experienced by businesses in the course of undertaking intra and extra EAC trade, and on requisite solutions to address these bottlenecks. In summary, the BCI findings show the following scenario.

**The General Business Climate:** The BCI assessed the level of importance, current situation, whether the situation improved or deteriorated in 2010, and the expectations in 2011 on the business climate factors (BCF) based on perceptions by the business community. All the 10 business climate factors assessed regarded as very important to business operations. With regard to the Current Situation of BCF, access to affordable and reliable energy emerges as the single most serious obstacle to businesses operations across the region. With respect to whether the BCF situation improved or deteriorated in year 2010, the average EAC responses indicate no changes occurred regarding access to affordable skilled labour, quality and cost of transport, security, legal and regulatory framework, and access to business support services. In addition, some minor deterioration was recorded on access to affordable energy and on access to finance. Regarding perceptions on situation of BCF in 2011, the EAC average shows some minor improvements are expected on ease of trading across EAC borders under the Customs Union and the Common Market.

**Port administrative procedures and documentation requirements:** There is need to focus future attention on provision of efficient service delivery through concessions, private public partnerships and joint venture approaches in order to speed up clearance of cargo from the port area. While port administrative procedures and documentation requirements play important roles in promoting import and export trade, it important to apply the procedures and requirements diligently so that they do not become an additional burden to port users. The survey found out that although congestion at the two EA Ports has continuously been cited as a key bottleneck to fast and efficient clearance of imports and exports, this is due to insufficient and inefficient cargo handling facilities, poor speed in transferring cargo from incoming vessels to ICDs, and insufficiency of warehousing facilities for incoming cargo. It is therefore important to focus future attention on monitoring the progress and success of ongoing and planned initiatives, which aim to increase berthing capacity for incoming ships, efficiency in cargo stacking, efficiency of cargo take-off by the rail system; and establishment of an integrated system in the physical infrastructure system (roads, rail, pipeline and port infrastructure). The survey also found out that CFSs which were originally introduced to address ports' congestion by facilitating the direct movement of cargo from the port area have been unable to cope with increased demand for containerized cargo, but have actually contributed to increased congestion resulting to inevitable imposition of vessel delay surcharge by some shipping lines. The respondents also indicated that efficiency of cargo handling by the EA port authorities stayed the same in year 2010, which calls for speed in implementing planned projects as part of efforts to address bottlenecks experienced by port users.

**Customs procedures and administrative requirements:** Customs administrative procedures and documentation requirements play important in tax collection and trade promotion functions, but some are perceived as too lengthy, resulting to time loss and other negative impacts. The customs systems used to classify imports (ASYCUDA and Simba) also sometimes experience network failures resulting to lengthy time for clearing import transactions. Businesses are additionally required to get approvals from numerous government institutions, while there is limited knowledge about customs procedures leading to extra costs

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<sup>1</sup> East African Community



and time loss. While the five EAC revenue authorities confirmed full awareness about their country's commitments to the EAC integration process, they experience some delays in passing EAC commitments to executing officers due to financial constraints, internal work overload by senior management, and internal information system bottlenecks. The survey found out a major bottleneck regarding utilisation of the EAC simplified Trade Regime (STR), whereby many informal cross border traders are not yet aware about the scheme, while those who are aware about it such as those at Malaba Border Station are subjected to harassment by border security staff *on the Uganda side* who demand bribes in order to let goods cross borders, failure to which the simplified certificate of origin already approved by customs are torn to pieces. Majority of businesses propose the need for improving customs working hours; administrative procedures and documentation at border stations and at the ports; customs interface systems amongst EAC countries; improvement of port storage facilities; and better information dissemination about the Simplified Trade Regime for small value trade.

**Immigration procedures and administrative requirements:** Efficient application of immigration procedures and administrative requirements as provided for in the respective national laws experience bottlenecks related to too many applicants against insufficient institutional capacity; lack of coordination between law enforcement bodies charged with facilitating entry of investors; involvement of numerous institutions; and non-computerised application processes for work and residence permits. The procedures have led to some negative impacts, including slow acquisition of passport and work permits thus restricting travels within the region and restricted entry of desired investment. Additionally, the Community has opened free trade in the region without giving due emphasis to review of requisite travel procedures and administrative regulations, which has delayed expected gains of the integration process including free movement of capital and people across the borders. Most businesses are not aware about recent changes to immigration requirements, which demonstrates the need for a sensitisation programme about issues related to free movement of persons so as to fast-track implementation of the Common Market Protocol. The survey found out that the efficiency of immigration procedures and bribery incidences stayed the same 2010 as before, which calls for sensitisation of businesses about required immigration requirements when crossing EAC borders, acceptance of IDs as travel documents, and the need to centralise processing of and issuance of work permits so as to increase efficiency and reduce bribery.

**Police checks procedures at roadblocks:** Efficient implementation of police checks procedures and administrative requirements at roadblocks as provided for in respective national laws have been hampered by lack of equipment to scan content of transport goods, increased challenges of identifying illegal immigrants, cases of forged visas and travel documents by illegal immigrants, inability of small scale business operators to understand the procedures, and increased incidences of overloading leading to lengthy time loss and added costs for transporters. The procedures have also contributed to some negative impacts, including increased travel time for businesses as a result of increased number of weighbridges that the police are mandated to ensure compliance with. Other major bottlenecks include numerous roadblocks, tabulated at a count of 25 on Northern Corridor and 22 on the Central Corridor. At some of these roadblocks, there is continuous practice of soliciting for small value bribes of between \$1-5 per truck, which ends up as a large cost to businesses when all the trucks plying the Northern and Central Corridors are added up. This is made worse by the time lost at each roadblock averaging at least 10 minutes. The region therefore needs to install scanners on the major transport routes as part of efforts to minimise the number of roadblocks. Police departments experience institutional weaknesses in passing information on EAC commitments due to low budgetary allocations, poor communication with the Ministries in charge of trade and EAC matters,; and long chains of communication before correct information is passed to executing officers. The region does not seem to have any set cost and time benchmarks for completion of police checks, which needs to be addressed as part of the harmonisation process.

**Weighbridge procedures and administrative requirements:** Implementation of for weighbridge regulations as provided for by the respective national laws has led to negative impacts due to complexity of the procedures which sometimes lead to unintentional overloading, occasional charging of extra weights in some stations due to faulty scales, constant system breakdowns due to power interruptions leading to delayed completion of weighing process, limited budget for efficient weighbridge operations, poor online connections at weighbridge stations, bureaucracy in correspondences between management and operators at weighbridge stations, and resistance to reform by some transporters leading to continued non-conformance by trucks. The survey found that Kenya and Tanzania each have 12 and 13 weighbridges along the Northern and Central Corridors respectively, which are used to check for compliance to weight of the goods being

transported. The weighing process on average takes between 1-3 hours, while the stations are also an avenue for bribes ranging between \$1-50 as reported by most of the drivers. Considering the large number of trucks that ply the Northern and Central Corridors, the time spent and associated bribery incidences are enormous costs for the business community. These bottlenecks need to be addressed through harmonisation of EAC weighbridge regulations and modernising the weighbridge equipment to ensure speedy and efficient weighing process, and substantial reduction of bribery incidences. The survey received numerous concerns from the business community to the effect that efficiency at weighbridges is affected by lack of harmonised procedures at EAC and even at national where some stations weigh per axle while others weigh on the Gross Vehicle Weight. It is therefore important to harmonize weighbridge procedures at national and regional level, and to ensure regular calibration of the scales so that the same readings are recorded at all stations. In addition, it is necessary to modernize the scales to ensure accuracy and speedy weighing process, which would go a long way to reducing bribery incidences when transport vehicles are accused of overloading while the faulty scales may have given incorrect readings.

**Technical standards procedures and administrative requirements:** The technical standards procedures and administrative requirements as provided by the respective national laws have affected business operations during the process of delivering goods to the markets. Non-mutual recognition of standard marks at border stations, extra costs of between USD 200 and over USD 1,000 per month due to non-compliance with quality standards, testing and certification regulations are some of the major bottlenecks cited by the survey. Kenya businesses additionally complained about the pre-verification for conformity (PVOC) programme, which is viewed as an unnecessary burden to manufacturing due to related costs. This programme needs to be re-thought in efforts to harmonise standards procedures and to reduce importation costs and time lost during the inspection process in country of origin. A number of other NTBs and trade related complaints that have in the past been passed to the attention of management of standards bureaus include charging of standards testing fees on EAC originating products, existence of substandard quality marks, non-awareness about standards testing and compliance procedures, multiplicity of regulatory bodies responsible for checking compliance to quality standards, sale of products which do not seem to be compliant to set standards, competing counterfeit products, and delays in issuing testing reports after checking for compliance to specifications. These issues continue to hurt the region's manufacturers. The survey also found out those bribes are in most cases paid to make it easier to obtain quality standards certification, and that these incidences stayed the same in year 2010 as before.

**SPS standards procedures and administrative requirements:** The SPS procedures and administrative requirements as provided by the respective national laws are not well understood by businesses. There have also been some delays in passing EAC commitments to SPS executing officers due to institutional weaknesses, including poor internet access, poor coordination by EAC ministries, and limited budgetary allocations to facilitate information dissemination and related capacity building activities. A sizeable number of businesses are not aware about newly introduced SPS requirements including those on testing and certification either in their home country or also in the other EAC countries. As a result, businesses incur extra costs in form of bribery averaging USD 200 to over 1,000 per transaction, while time loss is also incurred in the process of sorting out non-compliance with SPS requirements, estimated at between 30 minutes to more than 2 days by most businesses. This calls for proper sensitisation of businesses about SPS requirements related to cross border trade in food commodities and livestock.

**Business registration and licensing procedures and administrative requirements:** The business registration and licensing procedures as provided by the respective national laws have led to some negative impacts, including the need for business people to travel to HQs to apply for registration thus incurring extra costs and time loss, since temporary compliance points are not provided for. In addition for Tanzania, business licenses are issued for life, making it difficult to track operational ones from those that may have ceased operations. The procedures however have contributed to enabling business start ups, giving confidence to businesspeople that their activities are legal and hence can be undertaken without fear of reprisals from concerned authorities, and ensuring illegal activities are not carried out in the name of business undertakings. The survey found out that harmonization of business registration and licensing procedures within the region have not yet started, which is a serious gap in fast-tracking implementation of cross border establishment of EA businesses under the Common Market Protocol. The survey found out that a sizeable percentage of businesses respondents are not aware about recent changes made on business registration and licensing in the region. Nevertheless on the brighter side, a small number indicated that the business registration and licensing procedures have been computerized and that information dissemination &

documentation has improved, especially in Kenya and Tanzania. In addition, business registration is now possible through internet as in the case of Rwanda, which has become an international best practise that other EAC countries need to learn from. A sizeable number of businesses incur additional official extra costs of between USD 200 and 1,000 in the process of complying with business licensing procedures across the region. There were also varied responses on actual time taken in business registration and licensing, which implies the need to harmonise, computerise and establish online systems for business registration and licensing the procedures as part of efforts to facilitate business entry and proper monitoring of actual practices at the regional level.

The findings also show that with respect to the overall severity of NTBs, Customs procedures and administrative requirements are considered by businesses as the most severe among the NTB clusters, followed by Police, Weighbridges, Immigration, Technical standards, Business registration and licensing and SPS standards. In addition, the getting to know about new regulations/procedures when they occur is the most severe among other issues analysed under the eight NTB clusters.

The BCI also benchmarked the EAC countries on the NTB issues as part of identifying areas where reforms are needed. The findings show that on overall, the EAC countries rank poorly on trade facilitation, except in the case of Rwanda with regard to business registration. In this respect, Rwanda has emerged as a best case country at the international level with respect to procedures and time for getting a new business registered, which is a useful lesson for the other EAC countries as they make progress in harmonising procedures necessary to fast-track implementation of the Common Market Protocol so as to facilitate cross border establishment of businesses. The benchmarking report which appears separately should therefore be considered as part and parcel of the BCI report.

The BCI report further complements findings of the World Bank 2012 Doing Business report, which benchmarks world countries and regions (including EAC countries) on 9 main factors that are important to the life of a business, namely: starting a business, dealing with construction permits, registering property, getting credit, protecting investors, paying taxes, trading across borders, enforcing contracts and closing a business. This perspective clearly shows how the general business climate is perceived by businesses against their world competitors. The BCI thus goes further to give details on factors related to trading across borders, and also takes a slightly different perspective with regard to factors that impinge on business competitiveness by assessing the cost, access and quality of the general business climate factors. The findings of both these two reports are therefore useful to prioritising economic reforms that are considered important to business development.

In addition to the findings, the BCI has developed an action plan which is expected to form a guiding framework for the NTB National Monitoring Committees in discussions related to prioritisation and elimination of NTB obstacles. The action plan in this respect forms part of this report. It is hoped that the findings of the BCI will prove useful in furthering debate on NTBs and in facilitating the elimination process in this respect.

# 1 INTRODUCTION

## 1.1 OVERVIEW

The East African Community Business Climate Index Survey (BCI) was successfully introduced by the East African Business Council (EABC) in 2004, originally with support of the GIT. Subsequent BCI surveys were undertaken in 2006/07 and BCI 2008. The 2009 and 2010 BCI surveys were however not undertaken due to lack of financial capacity. To ensure continuation of this powerful instrument and as part of efforts to facilitate the EAC integration process, EABC resumed the 2011 BCI survey under a four-year project (2011-2013) supported by African Capacity Building Foundation (ACBF) titled “*Deepening the Private Sector Participation in the EAC’s Economic Integration Process*”. Additional support and partnership was secured from GIZ<sup>2</sup>, which originally partnered with EABC in previous BCI surveys.

The main aim of the annual BCI survey is to collect and disseminate information on business environment in the EAC<sup>3</sup> countries in order to track improvements and/or deteriorations on Non Tariff Barriers (NTBs) and other business climate factors (such as utilities and physical infrastructure). The findings give statistical evidence on difficulties experienced in doing business in the region, and are therefore used by the EABC, EAC Business Membership Organisations and EAC corporate members to advocate for enactment of policies and regulations that are conducive to improving efficiency in intra-EAC trade and the general business environment in the region.

The results of previous BCI were not only used by the private sector in their advocacy activities, but also by the EAC Secretariat and the NTB National Monitoring Committees (NMCs) to identify areas that require reforms. The Ministries of EAC and the NMCs in all Partner States, as well as the EAC Directorate of Trade attended all the BCI launch events held in all the capital cities of the Partner States.

Previous BCIs focused on capturing stakeholder perceptions on the impact of NTBs under five clusters; namely Customs, Immigration, Standards and export inspection, weighbridges and police roadblocks. The BCIs additionally included other business climate factors that impact on business operations in the region. The stakeholders in this respect included businesses and trade regulatory agencies.

The BCI 2011 survey is a point of departure from previous BCIs, since it substantially revises the survey methodology, survey instruments and content. Its main focus is to collect actual evidence on incidences and impacts of NTBs to intra-EAC trade under three clusters:

- Border-In obstacles. These are behind the border or inter-country NTBs, such as those experienced on internal trade.
- At-the-Border obstacles. These are NTBs experienced at border posts and ports, both on imports and exports.
- Border-Out obstacles. These are NTBs experienced in the course of accessing EAC markets and in the process of transit trade.

## 1.2 OBJECTIVES

As stated in the terms of reference, the 2011 BCI survey had the following objectives:

- To provide empirical evidence on existing NTBs that hinder intra-EAC trade under three main categories, namely Border-In, At-the-Border, and Border-Out trade-related obstacles.
- To assess the key challenges of other business climate factors, including the conditions, access, affordability and quality of utilities and physical infrastructure facilities.
- To rank the EAC countries based on the criteria of removed NTBs and newly introduced NTBs
- To benchmark and rank EAC countries against regional and international best practices on trade facilitation.
- To communicate to the EAC governments, the general public, the private sector and media on impact of NTBs to business operations.
- To provide the NTB Monitoring Committees at national and EAC level with evidence of NTBs necessary to facilitate resolution of obstacles to doing business in the region.

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<sup>2</sup> GIZ was formerly GTZ until 2011.

<sup>3</sup> East African Community

- To provide the private sector with first hand information on the operation of the NTB-Monitoring Mechanism, the NMCs<sup>4</sup>, and how and where to report NTBs.
- To initiate discussions on the long term sustainability of the BCI survey.

### 1.3 SURVEY METHODOLOGY

To achieve the 2011 BCI survey objectives, a series of interviews were conducted throughout the EAC region, and EAC countries were also benchmarked against regional and international best practices on trade facilitation. The respondents included businesses, clearing and forwarding companies, truck drivers, transport companies, informal cross-border traders, and selected government regulatory authorities. The last three respondent categories were unfortunately excluded from the 2008 BCI survey due to limitations in the survey methodology. They were therefore added to the 2011 BCI as part of efforts to improve the survey methodology and to expand coverage and inclusiveness of trade stakeholders involved in intra-EAC trade matters. In summary, the 2011 BCI survey methodology comprised of:

- a. Administration of tailor-made questionnaires in English language except for Rwanda, where at the request of the main business umbrella organisation (*Private Sector Federation*), the questionnaires were translated into Kinyarwanda for ease of communication with interviewees. The questions were tailor-made for the six categories of respondents; namely businesses, clearing and forwarding companies, truck drivers, informal cross-border traders, transport companies, and regulatory authorities. The questionnaires focused on understanding trade-related obstacles and proposed solutions under the following subjects:
  - Customs and other trade administrative procedures and documentation
  - Immigration administrative procedures and documentation
  - Police checks procedures
  - Weighbridge requirements
  - Standards administrative procedures and documentation
  - SPS administrative procedures and documentation
  - Business registration and licensing procedures ambitious
  - Port and border stations operations
  - Transiting administrative procedures
  - Private sector compliance to the rules, regulations and procedures governing cross border trade.
- b. Face-to-face interviews with selected target respondents, namely:
  - A target of 20 businesses involved in manufacturing and agriculture sector, export and import trade activities in each country, and with substantial intra-EAC trade transactions.
  - A target of 20 clearing and forwarding companies (CFAs) in each country, and which have substantial clearing and/or forwarding, freighting, and transit activities within EAC.
  - A target of 20 major transport companies in each country with substantial transit business within EAC.
  - A target of 20 informal cross border traders (ICBTs) in each country, 10 of whom were expected to be women traders.
  - A target of 10 selected regulatory authorities in each country, each having responsibility for either approving/clearing imports or exports, and/or other trade-related transactions. In reality however, it turned out that at least 15 regulatory authorities have such responsibilities in each country, and this respondent category was therefore expanded to a target of 15 regulatory authorities per country.
  - With respect to Zanzibar, a lesser number covering half of the respondents in Tanzania mainland was targeted, covering at least 10 businesses, 10 CFAs, 10 transport companies operating between the mainland and the Island, and at least 15 regulatory agencies. This lesser number of respondents was targeted based on the fact that businesses, CFAs, and transporters are much fewer in the Island, while some of respondent categories such as cross-border traders and transit companies do not operate in the Island.
- c. Analysis of both qualitative and quantitative evidence obtained from the respondents on impact of NTBs to intra-EAC trade.

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<sup>4</sup> National Monitoring Committees

- d. Benchmarking EAC countries against regional and international best practices on trade facilitation, with specific focus on the time, cost and procedures involved in trade transactions where information is available.
- e. Preparation of the BCI survey report detailing major NTB obstacles, suggested interventions and a simplified methodology for identifying and reporting NTBs.

The questionnaires were structured to collect information on the following major subject areas:

- i. **General Business Climate Factors** focusing on:
  - Access to affordable skilled labour,
  - Quality and cost of transport,
  - Access to affordable and reliable communications,
  - Security,
  - Legal and regulatory framework,
  - Access to affordable and reliable energy,
  - Access to finance,
  - Access to business support services,
  - Ease of trading across EAC borders after recent establishment of the Common Market in July 2010, and
  - Ease of trading across EAC borders since introduction of the Customs Union in January 2005.
- ii **Non-Tariff Barriers**, focusing on administration and documentation of procedures under:
  - Port and Border Customs Operations (At the Border),
  - Police Checks (border-in, at-the-border, border-out),
  - Weighbridges (border-in, at-the border, border-out),
  - Technical Standards (border-in, at-the-border, border-out),
  - Sanitary and Phytosanitary Standards (border-in, border-out),
  - Business Registration and Licensing (border-in, border-out), and
  - Transiting Administration (border-in, at the border, border-out).

For each of the NTB clusters, the questionnaires focused on:

- Professional and fair treatment by officers responsible for approving documentation for exports and imports: Competence of officers, Treatment by officers, and understanding of procedures and regulations,
- Flow of information between business practitioners and regulatory agencies and within regulatory agencies
- Impact of relevant procedures and regulations to business operations in terms of time spent, extra official costs incurred and corruption practices
- Improvements made in year 2010
- Suggested improvements, and
- Ranking of the five EAC Partner States based on the amount of difficulties posed by regulations and procedures to business operations

To ensure ownership of methodology and results, the EABC National Focal Points and EAC ministries were purposely involved in the 2011 BCI survey process, by soliciting for their assistance in introduction of the BCI to respondents.

Launching the BCI findings was factored as a major component of the survey since this is a key step in disseminating the results to stakeholders including EAC Governments. This approach also gives an opportunity to trade stakeholders to share the status of the NTBs and suggested solutions to easing the impact of barriers to intra-EAC trade.

## **1.4 EXPECTED OUTPUTS**

The 2011 BCI survey targeted the following outputs:

- a. National-level consensus and ownership of the survey methodology, questionnaires, expected content and target respondents established.
- b. Empirical evidence obtained on time, cost, procedures and proposed solutions for the identified NTB cluster subjects. This was expected to be achieved through actual visits to trade facilitation institutions (including ports of Mombasa and Dar es Salaam, weighbridges, customs long-rooms and the major border stations).
- c. A 2011BCI survey report detailing the analysed field work data and information, together with six country position papers on the three most severe NTB obstacles (including Zanzibar).
- d. A 2011 BCI power point summary capturing the main obstacles and suggested interventions, plus a simple methodology for identifying and reporting NTBs.
- e. EAC benchmarks against regional and international best practices on trade facilitation documented where data is available on identified NTB cluster subjects.
- f. BCI launch events completed in all the EAC capital cities, to be attended by policy makers, representatives of business community and the media.

## **1.5 CHALLENGES FACED DURING THE BCI FIELD WORK**

A number of well established and known companies, including businesses, transporters and CFAs adamantly refused to respond to the survey with arguments that similar previous surveys had been successfully completed but no concrete positive results had been achieved. In this respect, these respondents thought it would be a waste of their valuable time to respond to the rigorous questions put to them. This bottleneck was mostly experienced in Kenya and Uganda.

Most companies complained of lack of time to go through a lengthy questionnaire, yet small questionnaires are highly limited in terms of the amount and quality of information that a survey can seek to capture. This was especially experienced with managers/officers of transport companies and CFAs.

Some respondents complained of lack of sensitisation prior to commencement of the survey, although many efforts were made to sensitise respondents through their business membership organisations and Ministries in charge of EAC matters. This bottleneck forced the research assistants to make repeated visits to the target respondents with the hope of getting positive answers, which made administration of the questionnaires a very expensive undertaking. Many research assistants ended up spending their own money in fuelling their own cars or through public transport. Where such costs could be justified, the lead consultant was also forced to absorb much of it, since the facilitation allowance allocated was not sufficient to cover the budget item. However most of the respondents where repeated visits were made still declined to respond at the last hour, which was very discouraging.

A number of respondents did not want to be associated with bribery and corruption issues and therefore refused to respond on this subject. Many actually regard bribery/corruption as part of trade facilitation, without which business transactions cannot be completed, especially where police are involved. This indicates that corruption in many instances is actually never reported since it has come to be accepted as part of business operations, which means its impact is even more serious than reported in this BCI.

The above challenges indicate the harsh environment surrounding gathering of evidence on impact of NTBs in EAC countries. The difficult research environment in turn points clearly to the frustration under which business operations in EAC are carried out, which forces business managers to become unfriendly to any outsiders who do not have direct influence in facilitating increased business competitiveness.

The introduction of 2011 BCI was initially well received by the Business Membership Organisations (BMOs), which indicated they were keenly looking forward to the findings. In this respect, they expected to use the findings in their lobbying and advocacy activities as part of efforts to improve the business climate and cross-border trade within the EAC region. Some BMOs however adamantly refused to offer any type of support to the BCI process despite several attempts to solicit for their support through telephone conversations, email communications and even personal visits to their offices, based on the argument that the activity would be a duplication of a parallel survey being done by under the auspices of the Northern Corridor Transit Agreement supported by World Bank. The Consultant was therefore left with no option but

to obtain contacts of relevant respondents from other sources and to proceed with interviews without ownership of the process by the umbrella BMOs.

In addition to some BMOs declining to offer support to the BCI process, some who had expressed interest to offer support eventually delayed dissemination of questionnaires, resulting to overall delays in undertaking interviews and getting feedback. The main reason for the delays is suspected to be the lack of a budgetary allocation to facilitate BMOs involvement in the process as had been the case in previous BCIs. Most target respondents in this respect indicated they had not seen their respective questionnaire prior to visits by Research Assistants for the face-to-face consultations, and that they would like to go through the questionnaire before giving answers. This is especially because some responding organisations are large and have specialised departments dealing with specific trade matters (e.g. exports, imports, domestic market sales, etc), meaning an organisation can only respond comprehensively by involving all departments involved in trade. This resulted to numerous repeat visits before completion of a single questionnaire, with the norm being an average of three repeat interviews per organisation. This delayed the speed with which interviews could be completed. This issue needs to be addressed in future BCIs by designating one of the national BMOs as the lead organisation in the BCI process for each country and making appropriate budget allocations.

Some respondents required questionnaires in their normal language of business operations. For example Rwanda interviewees required questionnaires and interviews in Kinyarwanda, Burundi respondents required questionnaires and interviews in Kirundi, while small cross-border traders and truck drivers in the other three countries required questionnaires and interviews in Kiswahili. The language problem was especially quite serious for Burundi respondents, since all use either Kirundi or French as official languages, while the BCI questionnaires were in English. An attempt to conduct interviews using the Kinyarwanda translated versions failed, and research assistants were therefore forced to verbally translate all questions to respondents in Kirundi, and then record answers in English. This approach meant that interviews took much longer at an average of 2-3 hours according to feedback received. Luckily all the research assistants were English speakers, but ended up complaining of low pay for a very challenging assignment. While the Lead Consultant insisted that he did not have additional budget, he was still forced to offer some consolation compensation. However on the whole, the translation expectations were eventually not met, and translated questionnaires were only made available for Rwanda respondents since the necessary budgetary allocation for translation had not been provided for. The identification of Research Assistants at the national level in turn had to change based on the situation in each country. For example, the same team of Research Assistants had to work in both Tanzania and Zanzibar since they were found to be competent translating questions from English to Kiswahili and then record answers in English, although this methodology turned out to be quite expensive. Language is a serious challenge that needs to be sorted out in future BCIs by providing appropriate budgetary allocation for translation of questionnaires in order for interviews to be undertaken within the given timeframe.

Despite the above challenges, it is hoped that this 2011 BCI report will shed light on the impact of NTBs and other business climate factors to intra-EAC trade, bottlenecks that lead to poor ranking of EAC rankings on trade facilitation at the regional and international level, and the policy and regulatory reforms that need to be targeted as priority areas of attention.



## 2. SURVEY FINDINGS

### 2.1 OVERVIEW OF SURVEY RESPONDENTS

The survey targeted a total of 540 respondents, while the total respondents were 515. The questionnaires from Ugandan transporters and truck drivers got misplaced although 14 transport companies and 4 truck drivers had been interviewed. This means that the field work component of the survey could have achieved a 98% success rate, which however was set back to 95% success rate after efforts to access the 16 misplaced questionnaires from Uganda failed. **Table 1** below gives a break-down of the target respondents compared to submitted questionnaires.

**Table 1: 2011 BCI target respondents compared the submitted questionnaires**

Questionnaire Category	Target respondents per country <sup>5</sup>	Total target respondents in each of the 6 EAC distinct regions	Number of questionnaires Submitted						
			Rwanda	Burundi	Kenya	Tanzania	Uganda	Zanzibar	Total
Small Cross Border Traders	20	100	20	20	21	22	20	NA	103
Regulatory Authorities	15	90	16	15	8	15	20	15	89
Businesses	20	110	20	20	20	16	21	16	113
Truck Drivers	4	20	4	2	4	4	0	NA	14
Transport Companies	20	110	20	20	20	19	0	5	84
Clearing & Forwarding Companies	20	110	20	20	21	20	22	9	112
<b>TOTAL</b>	<b>99</b>	<b>540</b>	<b>100</b>	<b>97</b>	<b>94</b>	<b>96</b>	<b>83</b>	<b>45</b>	<b>515</b>
<b>Percent Success Rate</b>			<b>101%</b>	<b>98%</b>	<b>95%</b>	<b>97%</b>	<b>84%</b>	<b>100%</b>	<b>95%</b>

Source: 2011 BCI Data

With regard to interviews for small/informal cross border traders, the main border stations between EAC countries were covered, aimed to identify bottlenecks experienced by small traders at border stations during the process of clearing exports and/or imports. In total, 10 border stations were covered as shown in **Table 2** below.

**Table 2: EAC Border stations at which small cross border traders were interviewed on customs procedures**

Country	Border stations covered
Burundi	<ul style="list-style-type: none"> <li>• Kobero covering Burundi and Tanzania border</li> <li>• Kanyaru covering Burundi and Rwanda border</li> </ul>
Kenya	<ul style="list-style-type: none"> <li>• Malaba covering Kenya and Uganda border</li> <li>• Namanga covering Kenya and Tanzania border</li> </ul>
Rwanda	<ul style="list-style-type: none"> <li>• Rusumo covering Rwanda and Tanzania border</li> <li>• Katuna covering Rwanda and Burundi border</li> </ul>
Tanzania	<ul style="list-style-type: none"> <li>• Kabanga covering Tanzania and Burundi border</li> <li>• Holili covering Tanzania and Kenya border</li> </ul>
Uganda	<ul style="list-style-type: none"> <li>• Malaba covering Uganda Kenya border</li> <li>• Mutukula covering Uganda and Rwanda border</li> </ul>

Source: BCI 2011 data

<sup>5</sup> While a total of 99 respondents was targeted in each of the five EAC Partner States, an additional 45 respondents was targeted in Zanzibar, which is half the number of respondents in the main Partner States. Zanzibar was targeted as a distinct region from mainland Tanzania based on past concerns by the Island's business stakeholders that NTBs in the Island have somewhat different impacts to business operations than in mainland Tanzania. The target in Zanzibar was however scaled down to half of the respondents in the five main Partner States based on the fact that some respondent categories do not operate in the Island, namely Informal Cross Border Traders and long-haul/transit Truck Drivers. In this respect, the survey in the Island focused on 10 Clearing & Forwarding Companies, 10 Transport Companies, and 10 Manufacturing/ Agricultural/ Import and Export businesses; and 15 Regulatory Authorities.

## 2.2 THE OVERALL EAC BUSINESS CLIMATE

The BCI assessed the business climate based on responses by Transport companies, Manufacturing/Agriculture and Import/Export Businesses, and Clearing and Forwarding Agents under four main response categories, namely:

- i. The level of importance of business climate factors to business operations
- ii. The current situation of the business climate factors
- iii. Whether the business climate factors improved, stayed the same or deteriorated in year 2010
- iv. Perceptions on whether the business climate factors are expected to improve or deteriorate in 2011.

The Business Climate Factors (BCF) in this respect includes:

- Access to affordable skilled labour,
- Quality and cost of transport,
- Access to affordable and reliable communications,
- Security,
- Legal and regulatory framework,
- Access to affordable and reliable energy,
- Access to finance,
- Access to business support services,
- Ease of trading across EAC borders after recent establishment of the Common Market in July 2010, and
- Ease of trading across EAC borders since introduction of the Customs Union in January 2005

The findings as presented in *Charts 1 to 4* below show that:

- i. With regard to the Level of Importance, all the three business categories regard the BCF as very important to their operations as shown in *Chart 1*. The percentage responses on the Level of Importance for all the BCFs are presented in **Annex 1** to this report.
- ii. Regarding the Current Situation of BCF, Access to affordable and reliable energy emerges as the single most serious obstacle to businesses operations across the region by three business respondent categories, except in Rwanda where respondents view Access to affordable skilled labour and Quality and cost of transport as poor. In addition, the current situation on Ease of Trading Across EAC Borders is regarded as poor by Tanzanian respondents; while for Zanzibar respondents, in addition to Energy, Access to finance, Access to business support services, Ease of trading across EAC borders after recent establishment of the Common Market in July 2010, and Ease of trading across EAC borders since introduction of the Customs Union in January 2005 are regarded as poor. The summary on the current situation of the BCF is presented in *Chart 2* below, while the percentage responses for all the BCFs regarding the Current Situation are presented in **Annex 2** to this report.
- iii. With regard to whether the BCF situation improved or deteriorated in year 2010, the average EAC responses indicate no changes occurred regarding Access to affordable skilled labour, Quality and cost of transport, Security, Legal and regulatory framework, and Access to business support services. In addition, some minor deterioration was recorded on Access to affordable and reliable energy and on Access to Finance. At the country level, there are some variances in business responses regarding whether the BCF situation improved or deteriorated in year 2010. In this respect:
  - In Burundi, areas where respondents indicate no changes occurred on the situation of BCF are Access to affordable skilled labour (47%), Security (52%), and Access to business support services (43%).
  - In Kenya, the notable areas with indications of no changes in the situation of BCF are Legal and Regulatory Framework (82%), Access to business support services (70%), Security (66%), and Access to affordable skilled labour (61%).
  - For Rwanda respondents, indicative areas where no changes occurred are Access to affordable and reliable energy (78%) Access to affordable skilled labour (48%), Access to business support services (47%), and Quality and Cost of Transport (42%).

- Majority of Tanzanian respondents indicate no changes occurred on the situation of most BCFs, notably Access to affordable skilled labour (85%), Legal and Regulatory Framework (82%), Quality and Cost of Transport (80%), Access to finance (65%), Access to business support services (71%), Ease of trading across EAC borders since introduction of the Customs Union (65%), and on Ease of trading across EAC borders after recent establishment of the Common Market in July 2010 (64%).
- In Uganda, the notable areas where respondents indicate no changes occurred are Legal and regulatory framework (79%), Access to affordable skilled labour (72%), Access to business support services (65%), Ease of trading across EAC borders since introduction of the Customs Union and on Ease of trading across EAC borders after recent establishment of the Common Market (both at 63%), and Quality and Cost of Transport (51%).
- With respect to Zanzibar, the notable areas with indications of no changes in BCF in 2010 are Quality and Cost of Transport (79%), Access to business support services (72%), Access to Finance (62%), and Legal and Regulatory Framework (48%)

The summary responses on whether the situation of BCF improved, stayed the same or deteriorated in year 201 are shown in **Chart 3** below, while the percentage responses to the question are presented in **Annex 3** to this report.

iv With regard to perceptions on expected changes in situation of the BCF in 2011, the EAC average shows some minor improvements are expected on Ease of trading across EAC borders since under the Customs Union and on Ease of trading across EAC borders under the Common Market. The expectations at country level however differ in the following respects:

- More than half of Burundi respondents expect major changes in all business climate factors.
- In Kenya, 77% and 75% of respondents expect some minor improvements on Ease of trading across EAC borders under the Common Market and Customs Union Protocols respectively. In addition, some areas are expected to record some minor deterioration, namely Quality and Cost of Transport by 48% of respondents, Access to affordable and reliable energy by 49% of respondents, and Access to Finance by 52% of respondents.
- With regard to Rwanda, except on Ease of trading across EAC borders under the Customs Union Protocol where 52% of respondents expect some minor improvements, all other BCFs do not record any notable expectations on either improvements or deteriorations. Total responses therefore appear almost evenly distributed on major and minor improvements, no change, or minor deteriorations.
- For Tanzania, 56% and 51% of respondents expect some minor improvements on Access to affordable and reliable communications and on Ease of trading across EAC borders under the Customs Union Protocol respectively. Regarding the other BCFs, most respondents do not expect any changes.
- With respect to Uganda, most respondents do not expect any changes on Quality and Cost of Transport (55%), Security (55%), Legal and Regulatory Framework (61%), and Access to business support services (50%). All other BCF appear evenly distributed on either improvements or deteriorations.
- For Zanzibar, most respondents expect no change on Access to affordable skilled labour (60%), Quality and Cost of Transport (83%), Security (57%), Legal and Regulatory Framework (67%), and on Access to business support services, Ease of trading across borders after recent establishment of Common Market and Ease of trading across EAC borders after introduction of Customs Union all at 67%.for all other BCFs, respondents are evenly distributed on either non change, minor or major deteriorations.

A summary of expected changes in the situation on BCFs is shown in **Chart 4** below, while percentage responses on expected changes for all the BCFs is presented in **Annex 4** to this report.

Chart 1: Level of Importance of Business Climate Factors to Business Operations

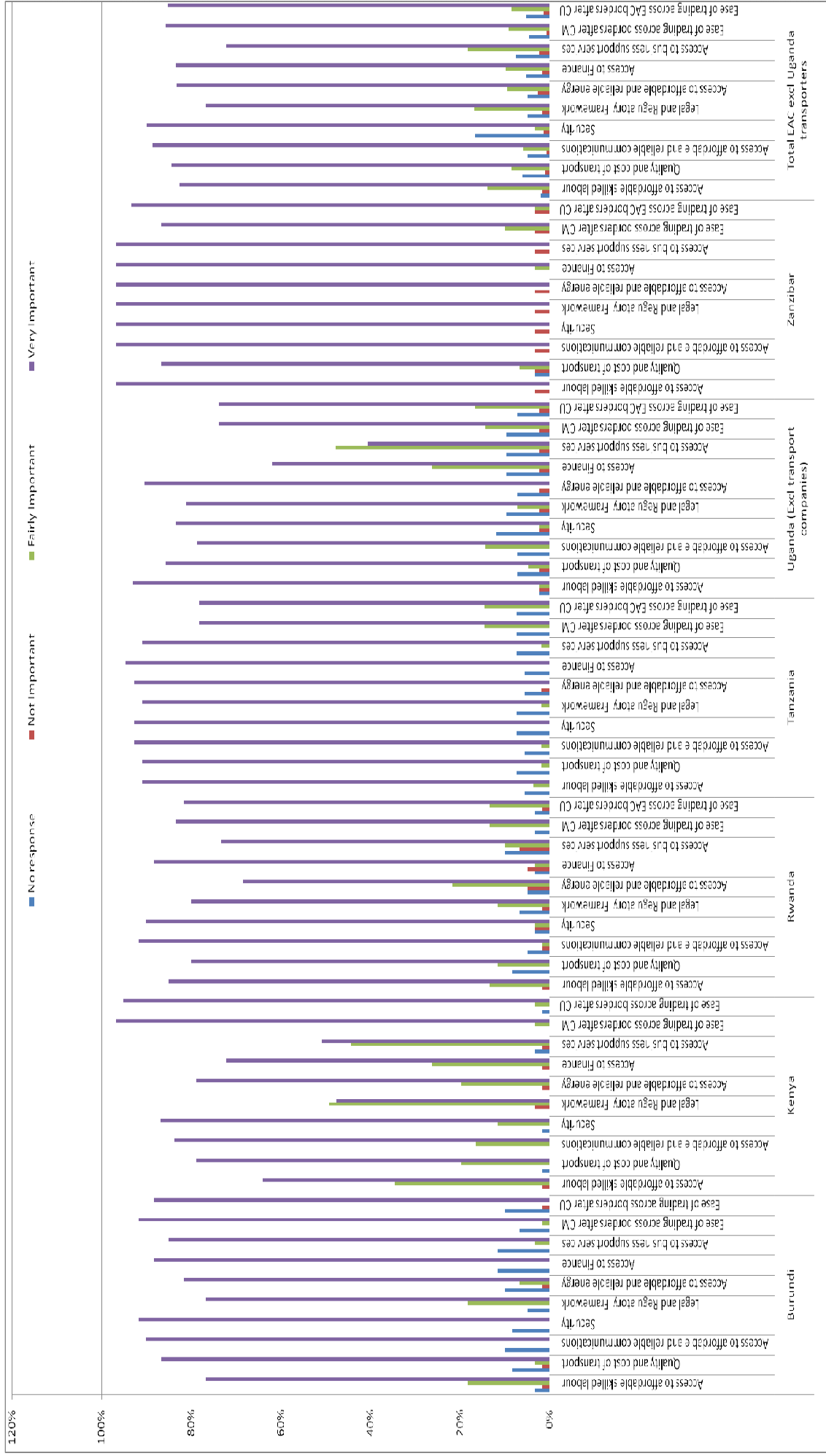


Chart 2: Current Situation of Business Climate Factors

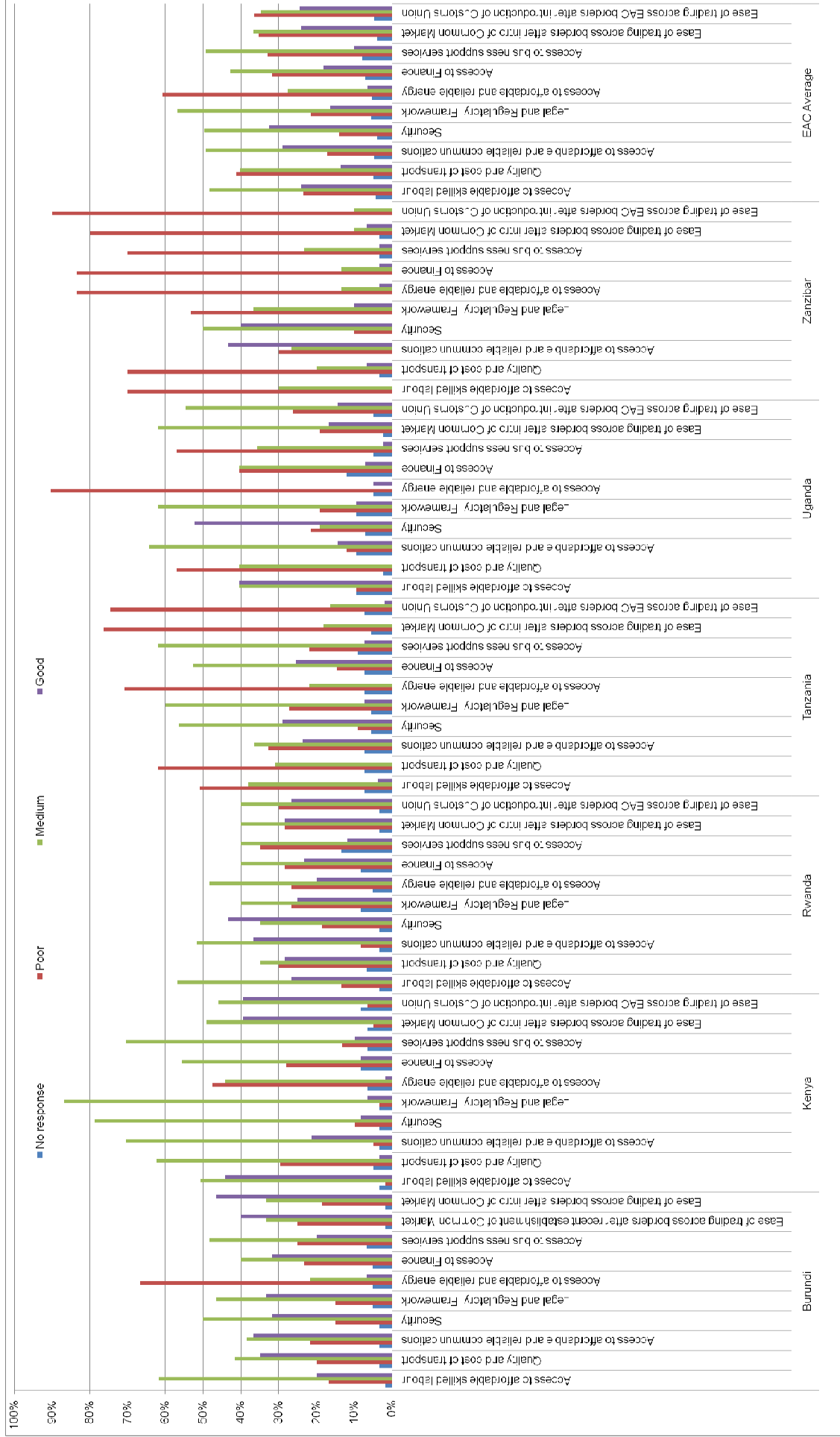
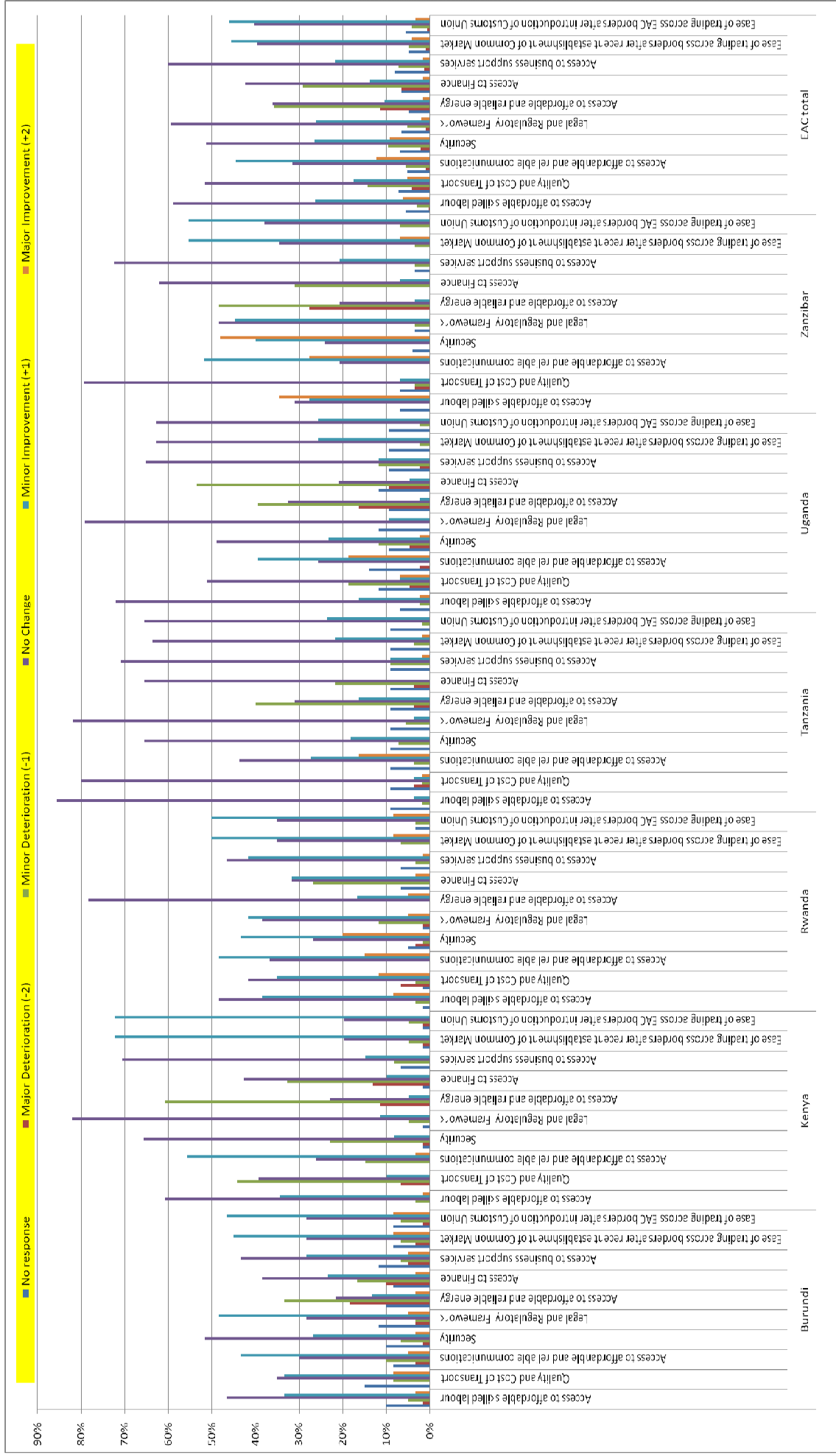


Chart 3: Whether the Business Climate Factors improved, stayed the same, or deteriorated in year 2010





## 2.3 SEVERITY OF NON-TARIFF BARRIERS TO BUSINESS OPERATIONS

### 2.3.1 Overall severity of NTBs

An inventory of ongoing and newly emerged NTBs that hinder smooth flow of intra-EAC trade is presented in **Annex 5** to this report. With respect to the overall severity of NTBs assessed by the BCI, weighted EAC and country Average Mean Severity levels were calculated based on combined responses by the 412 business respondents to specific questions that had been asked in a similar manner under Customs procedures, Immigration procedures, Police checks procedures, Weighbridge procedures, Technical standards procedures, SPS procedures, and Business registration and licensing procedures. The specific questions in this respect which were similar under the eight NTB clusters are:

- Whether businesses experience problems in getting to know about new regulations/procedures
- Whether efficiency of the procedures improved, stayed the same or deteriorated in 2010
- Whether bribes are expected to speed up time taken on the procedures
- Whether bribery improved or worsened in 2010
- Whether congestion during process of getting approval for compliance to the procedures is a cause of delays in clearing imports and exports

The last question however applied only to Customs procedures, Weighbridge procedures and Technical standards procedures. An attempt had been made to incorporate responses on Professional and Fair Treatment in calculating the Average Mean Severity levels since this was a key focus of the BCI for all the four major respondent categories (transporters, businesses, CFAs and informal cross border traders). However, overall responses to this question were poor and were disregarded in calculating the Average Mean Severity.

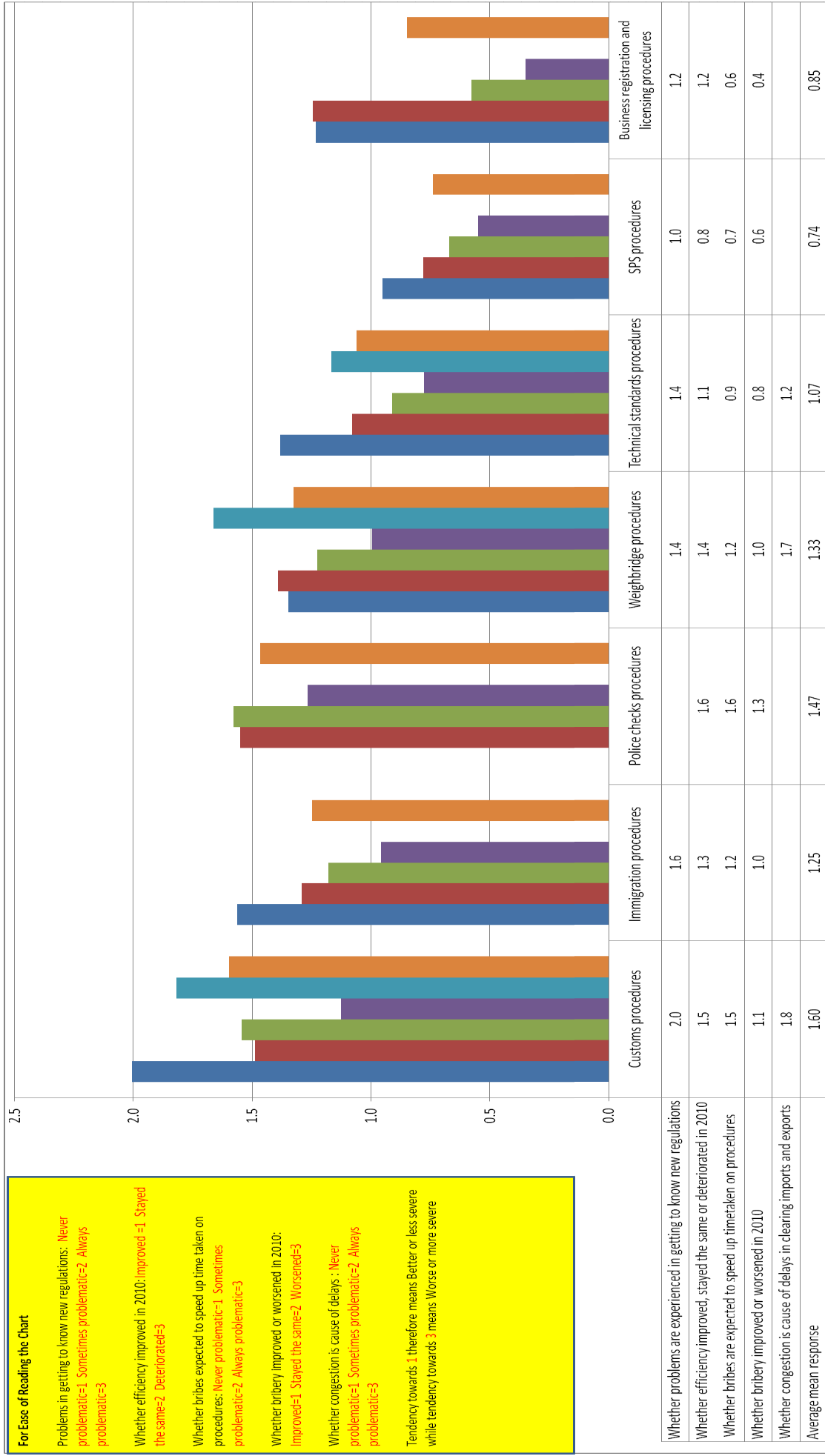
The Average Mean Severity here refers to the total responses to each category of a question as an average of total responses to the question, which therefore indicates the overall tendency by businesses to respond on how they perceive a certain procedure. The weights allocated to reach response category are summarised below.

Question	Expected responses and allocated weights					
	Never problematic =1	Sometimes problematic =2	Always problematic =3	Improved =1	Stayed the same =2	Deteriorated =3
Whether businesses experience problems in getting to know about new regulations/procedures						
Whether efficiency of the procedures improved, stayed the same or deteriorated in 2010						
Whether bribes are expected to speed up time taken on the procedures						
Whether bribery improved or worsened in 2010						
Whether congestion during process of getting approval for compliance to the procedures is a cause of delays in clearing imports and exports						

The findings show that on average, Customs procedures and administrative requirements are considered by businesses as the most severe among the NTB clusters, followed by Police, Weighbridges, Immigration, Technical standards, Business registration and licensing and SPS standards. Amongst the 5 issues under which severity levels were assessed, the issues of whether businesses experience problems in getting to know about new regulations/procedures appears as the most severe, both at EAC average and the country level. The summarised NTBs severity levels at EAC and country levels are shown in **Charts 5 and 6** below.

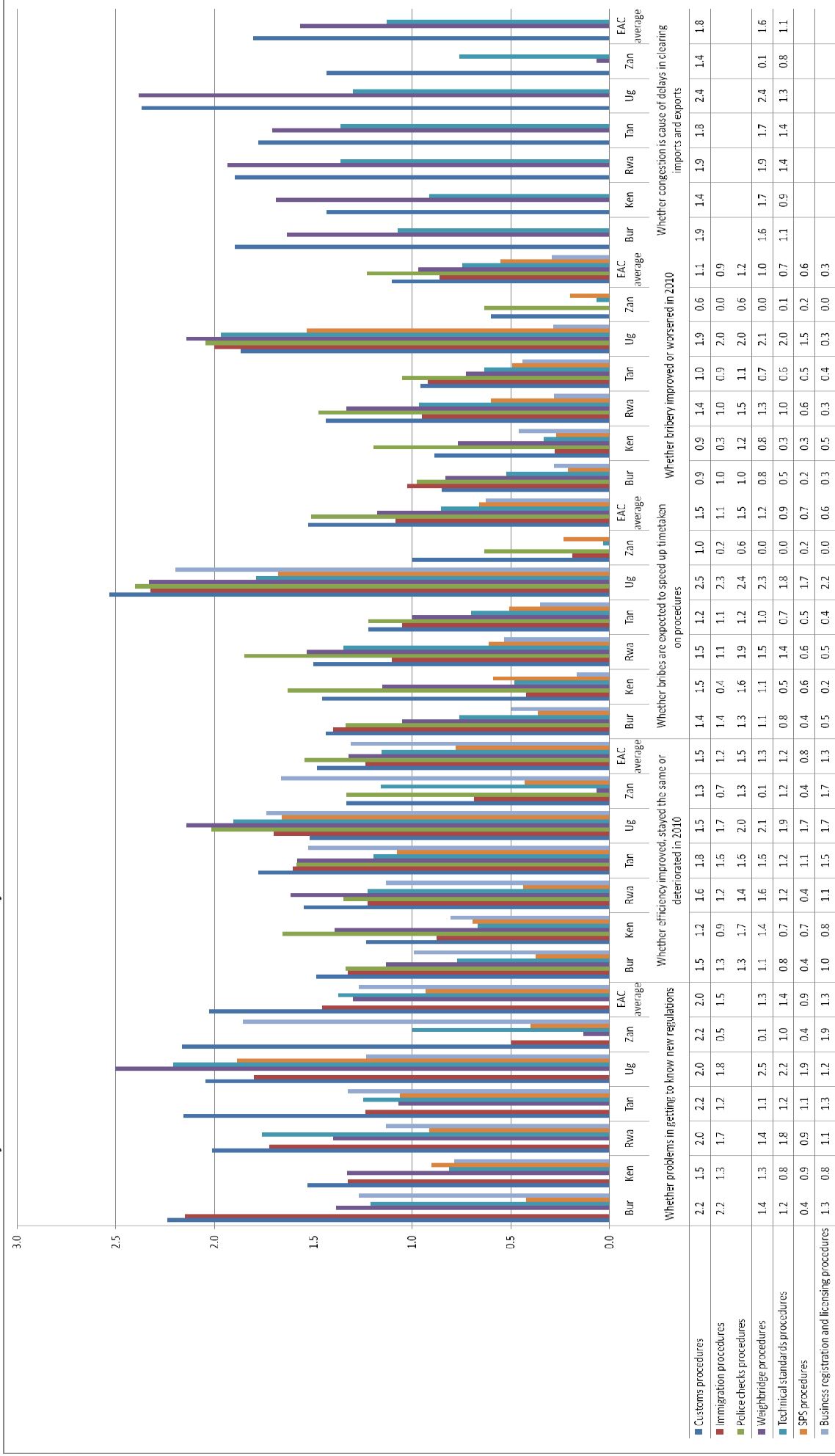


Chart 5: Overall Severity of Non-Tariff Barriers at EAC Level



Source: BCI 2011 Perceptions by Businesses, Transport Companies, CFAs and Informal cross border traders across EAC countries

Chart 6: Overall Severity of Non-Tariff Barriers at Country Level



Source: BCI 2011 Perceptions by Businesses, Transport Companies, CFAs and Informal cross border traders across EAC countries

## 2.4 PORT ADMINISTRATIVE REQUIREMENTS

### 2.4.1 PROFESSIONAL AND FAIR TREATMENT

#### a) Response by Port Authorities

In addition to consultations with the region's two main ports of Mombasa and Dar es Salaam, the BCI also consulted the following port authorities:

- Bujumbura Port & Border Authorities
- Kenya Ports Authority – Uganda office
- Zanzibar Port Authority

The BCI gave specific focus on port clearance procedures on imports, related bottlenecks, and planned improvements at Dar es Salaam and Mombasa Ports because the two ports serve important functions of facilitating import and export trade in the region, with Mombasa Port handling about 70% and Dar es Salaam Port handling the balance of the external import and export transactions in the region. The BCI conducted both one-on-one discussions with senior management of the two ports and also received responses to the questionnaire from the other three Ports Authorities listed above. Unfortunately, the Kenya Ports Authority failed to give specific responses to the questionnaire despite several attempts by the BCI Consultant. Most of the answers to specific issues raised through the questionnaires regarding ports operations are therefore based responses from the Tanzania Ports Authority, Bujumbura Port & Border Authorities, Kenya Ports Authority – Uganda office, and Zanzibar Port Authority; while the one-to-one consultations with both TPA and KPA complement the information gathered on the operations at all the regions ports.

The business community provided evidence on impact of NTBs experienced at the two ports. In addition, the assessment of specific port operations focused mainly on two components of BCI questionnaires, namely Professional and Fair Treatment, and Flow of Information, while other parts of the questionnaire regarding port operations are combined with customs operations. The combination of some of the BCI subjects is because port operations are also closely related to customs operations and therefore the operations can easily be combined when assessing levels of efficiency.

Based on the responses from Tanzania Ports Authority, Bujumbura Port Border Authority, Kenya Ports Authority – Uganda office and Zanzibar Port Authority, the policy objectives of the region's ports as provided for by law include:

- Developing and managing port operations and providing relevant maritime services
- Promoting trade logistics in the region;
- Promoting effective management and operations of sea waterways. The Tanzania Ports Authority (TPA) additionally manages the inland waterways;
- Securing the provision of services related to loading and unloading of cargo, and embarkment of cruise passengers;
- Control marine pollution;
- Developing and managing ports infrastructure used in loading onto departing vessels and unloading cargo from incoming vessels;
- Maintaining ports safety and security;
- Entering into contractual obligations with persons that wish to access provision of port services;
- Planning and evaluating training programmes of staff to ensure conformity with port service standards laid down under obligations to the International Maritime Commission. Such standards include facilitating maritime global trade through provision of competitive port services;
- Ensuring availability, high quality and cost efficient standards in delivery of maritime services;
- Receiving customers' goods or sending them via sea transport;
- Taxing all categories of port users;
- Ensuring proper handling of incoming and outgoing cargo; and
- Providing navigation aids to incoming and outgoing vessels based on international standards.

The above listed objectives thus provide the basis for the services offered by the two Port Authorities. It also noted that the Authorities operate under specific Acts of Parliament, which gives them mandate to pursue the following specific administrative functions:

- Ensuring adherence to safety standards for ships in compliance with the public transport law
- Collection of fees and tariffs in return for provision of maritime services offered to users
- Prevention of marine pollution from transport related sources
- Collection of income tax with specific reference to corporate tax (for Tanzania Ports Authority)
- Holding regular meetings with shipping agents to discuss bottlenecks and solutions to clearance problems including congestion
- Managing cargo manifest for incoming vessels
- Preparing and implementing storage plans on cargo
- Unloading and handing over cargo to owners once cleared
- Hold consultations with stakeholders regarding any maritime transport charges
- Ensure provision of efficient services in accordance with required standards
- Protect marine environment in line with national laws and international conventions
- Ensure safety of lives, and security of ships and port facilities
- Ensure ports are responsive the region's developmental aspirations and thus play a catalyst role in spurring regional growth
- Ensure port users pay relevant taxes to the government
- Ensure risks associated with international trade including high transportation and shipping costs are reduced to the bare minimum.

In efforts to achieve the above functions and objectives, the ports of Dar es Salaam and Mombasa are required to release incoming cargo based on proof that an importer has complied with all customs administrative procedures applied at their national level, which comprise of the following import procedures.

#### **a) Customs import procedures as applied in Tanzania**

Tanzania has eight (8) main import procedures as elaborated below:

- i. Pre-lodgement of import documents before arrival of goods, referred to as “*Pre-Arrival Declaration – Back Office*” (PAD-BO), or Lodgement of import documents after arrival of goods, must be complied with. Under the PAD-BO, electronic lodgement of three main documents by the importer (client) through his import agent (i.e. clearing and forwarding agent) takes place, namely:
  - Suppliers Invoice
  - Customs Declaration Form (C41), in which the importer declares that all information submitted is true
  - Agents' Authorisation Letter, in which the importer introduces and commits the clearing and forwarding agent on the import transaction. In this respect, both the importer and his clearing and forwarding agent become liable to an import transaction regarding the quantity, container content, and duty payable

For all documents lodged either before or after arrival of goods, (*i.e. under PAD-BO or After Arrival Declaration*), the information or intent to import is automatically captured in the ASYCUDA ++ system. Thereafter, the following procedures must be complied with:

- i. Verification by Customs that all consignment-related documents are correct, namely C41, Suppliers' Invoice and Agents' Authorisation Letter.
- ii. Classification of import goods under the Harmonised System (HS) Coding, using the EAC CET<sup>6</sup>, in which the tariff number and duty are recorded.
- iii. Valuation of the import, in which the Customs Valuation Officer checks the customs value, duty payable and also issues a PAD declaration. This procedure must be in conformity with the WTO Agreement on Customs Valuation, which aims to achieve a fair, uniform and neutral system for the

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<sup>6</sup> Common External Tariff

valuation of goods for customs purposes, and which outlaws the use of arbitrary or fictitious customs values. The Agreement in this respect requires that the value of goods should be based on the transaction value as reflected in the suppliers invoice. However, if Customs has doubts on the value declared, it has discretion to determine value using the transaction value of identical goods, or the transaction value of similar goods imported by other independent and unrelated buyers from the international market at or about the time of importation of the goods being valued, unless the importer produces credible evidence to prove the basis of the valuation method used to determine the value declared as reflected in the suppliers invoice. The Transaction Value is assessed for the purpose of determining the value of duty payable. During the valuation process, consideration is also taken on the preferential internal tariff applicable under the EAC and SADC agreements, whereby for EAC, the Customs Union Protocol is the reference document.

- iv. Issuance of an Assessment PAD (APAD), which is a ruling on the assessed value, tariff applied, and the 3<sup>rd</sup> country duty or preferential duty applicable.
- v. Issuance of Manifest (for goods arriving by sea/ ships transport), Airway Bill (for goods arriving by air transport), or Road Consignment Note (for goods arriving through road transport e.g. from EAC countries). Any of these documents captures all data related to the import consignment, and all related documentation.
- vi. Coding and issuance of C17 Customs Declaration Form, referred to in Tanzania as the TANSAD (or Tanzania Single Administrative Document. This document summarise the information related to the import consignment, including description of goods, quantity, customs valuation, exchange rate used, duty payable and time of assessment. The APAD becomes an attachment to TANSAD, and is used by the importers' clearing and forwarding agent as the basis of paying the duty levied by customs.
- vii. Recording of the TANSAD information in the Customised Risk Management System (CRMS) under ASYCUDA ++. The CRMS then automatically classifies the import either under Green, Yellow or Red. For Green channel, goods are automatically released. For Yellow channel, there is a quick documentary check prior to release, and if the goods pass through as conforming to requirements (valuation, duty payable, safe for consumption by human beings or animals, etc), they are passed to the Green channel for release. If the check fails on conformity, the goods are passed to the Red channel for full inspection. For goods classified under the CRMS Red channel, they have to undergo full physical inspection or scanning. These latter goods include prohibited goods (e.g. arms, drugs, explosives and electronics).

Incoming cargo can only be released to the importer after the above administrative procedures and documentation have been complied with. TPA in this case collaborates with TRA<sup>7</sup> to ensure that goods are only released for clearance from the port area after these compliance checks are sufficiently completed.

#### **b) Customs import procedures as applied in Kenya**

Clearance of incoming cargo destined either to the local market or neighbouring countries markets (transit cargo) through Mombasa Port involves the following steps:

1. Submission of import documents obtained from country of origin, namely:
  - i. Original Invoice
  - ii. Certificate of origin
  - iii. Insurance cover
  - iv. Packing list
  - v. Certificate of Conformity issued by an inspection company in the country of origin.
  - vi. Copies of the original bill of lading duly endorsed by the importer and the clearing agent are submitted by the shipping company to KPA.
  - vii. Ocean marine surveyors' certificate.

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<sup>7</sup> Tanzania Revenue Authority

2. Clearance of cargo from the port area, after submission of the following documents by the clearing agent:
  - i. A copy of port pass issued by KPA to the clearing agent.
  - ii. Guarantee or undertaking form endorsed by the clearing agent and importer committing full responsibility to return the empty container after delivery of the cargo.
  - iii. Invoice issued by the shipping line and payment receipt by the clearing agent.
  - iv. Delivery order issued by the shipping line to enable the clearing agent to remove the cargo from the Port or CFS<sup>8</sup>, manifest number issued to the agent to enable lodgement of cargo through the KRA<sup>9</sup> electronic Simba system Entry document (Form C 52)
3. Processing of Entry document (Form C 52) through the KRA Document Processing Centre (DRC).
4. Payment of duty for local-bound cargo, and processing of transit bond for transit cargo.
5. Lodgement of all documents relevant to an import consignment under one file to KPA or CFS to enable release of cargo. These include the Original Entry (endorsed by KRA), Original Invoice (from loading port or country or origin), Packing list, Insurance Cover, Bill of lading, and C 52 form if cargo is local.
6. Physical verification of the cargo by a KRA officer or by a scanner, after which a verification account is issued through the Simba system to the cargo owner or his agent.
7. After completion of KRA process, the information is passed online to KPA approving release and confirming that goods as declared are similar to the contents in the container.
8. The clearing agent thereafter lodges the approved cargo information into its the KWATOS<sup>10</sup> system which is connected to SIMBA since both are compatible, after which KPA officers cross-checks the information and invoices the clearing agent.
9. After KPA confirmation of relevant payments (KRA tax revenue, CFS warehousing charges, shipping line invoice), and KEBS verification of that goods as declared and inspected are similar to container content, the cargo is released for loading.
10. After loading, if the cargo is on transit, it is physically escorted by a KRA officer and through the KRA tracking system to the boarder point, after which the transit bond is retired.

In pursuing their set functions which consequently involve procedures enumerated above, the port authorities are allowed by law to introduce initiatives aimed at efficient delivery of services to port users, such as concessions, private public partnerships and joint ventures in managing available port facilities. Such initiatives for example relate to operations of Internal Container depots for temporary warehousing of incoming cargo.

#### **2.4.1.1 Impact of port administrative procedures and documentation requirements**

The port authorities are of the view that the administrative procedures documentation requirements have enhanced service delivery to port users, which in turn has positively impacted on business operations and intra- EAC trade in the following ways:

- Influencing stakeholders in the transport sector to positively address matters relating to trade facilitation, such as the need proper documentation prior to delivery and receipt of cargo at the ports to ensure fast clearance service.
- Influencing smooth and efficient provision of port services which has impacted positively to business operations in EAC trade through provision of timely and cost-effective port facilities to importers and exporters
- Contributing to efficient collection of trade statistics with specific reference to flow of both import and export goods within the region
- Promoting domestic and regional trade and transportation through increased interactions with local entrepreneurs
- Reducing maritime transport costs at the water and land interface
- Maximizing profits for regional traders
- Eliminating cargo clearance delays under the transport logistics chain

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<sup>8</sup> Container Freight Stations

<sup>9</sup> Kenya Revenue Authority

<sup>10</sup> Kilindani Waterfront Automated Tracking System

- Eliminating market imbalances introduced by foreign firms
- Eliminating unfair trade practices by ensuring services delivery on equal terms to all port users

#### 2.4.1.2 Business community responses to Professional and Fair Treatment under port administrative requirements and documentation

Out of the 14 truck drivers who filled a daily diary on their experiences along the Northern and Central Corridors, 7 used the Northern Corridor starting their journeys from Mombasa Port while 7 used the Central Corridor starting at Dar es Salaam Port, meaning that each route contributed 50% of the total 14 drivers. Out of the 14 drivers, the 4 who started their journey at Mombasa Port and the 5 who started at Dar es Salaam Port, or 64% of the drivers indicated the port officers gave reasons as to the trucks were stopped. On the other hand, 3 for Mombasa Port and 2 for Dar es Salaam Port or 36% indicated the port officers did not give any reasons why they stopped the trucks as shown in **Table 3** below. While it is noted that there is a higher probability for drivers to get a proper explanation as to why their trucks are stopped at the ports in case this happens, there is concern however that there are instances when trucks are stopped by port officers without any explanation as to the reasons for such stops. This is because in such instances, the officers try to solicit for bribes as shown during the survey. With regard to the time spent for checks at the ports, the average is between 10 minutes and 1 hour as indicated by 7 or 50% of the responding drivers. The reasons given for stopping the trucks are to check for content of cargo and the cargo papers. Nine (9) of the 14 drivers also responded on the question whether they received Good or Harsh Treatment by the port officers, with 7 or 50% indicating they received fair treatment and 2 or 14% indicating very good treatment, implying the port officers are quite courteous when dealing with the trucks taking cargo from the ports. The main concerns with the port checks are therefore with regard to the need to give proper explanations when trucks are stopped for required checks, while improvement needs to be made on the time taken to complete the checks.

Table 3: whether port officers give reasons for stopping trucks at the Mombasa and Dar es Salaam ports

Port Name	Port officer clearly explained why stopped my truck		Port officer tried to solicit a bribe		Time spent at port office		
	Yes	No	Yes	No	10 - 30min	30min -1hr	1hr - 6hrs
<b>Mombasa</b>	4	3	1	3		2	2
<b>Dar es Salaam</b>	5	2	2	3	2	3	
<b>Total</b>	9	5	3	6	2	5	2
<b>Percent Response (out of 14 drivers)</b>	64%	36%	21%	43%	14%	36%	14%

Source: 2011 BCI truck drivers survey data

With regard to assessment of the competence, treatment and understanding of the port administrative requirements and documentation procedures by Port Officers and whether the procedures are problematic to business operations, the survey interviewed 410 businesses respondents (transporters, manufacturing/ agriculture/ import/ export; CFAs and informal cross border traders). However, there was very poor response on this subject as shown in **Chart 7** below and in **Annex 6** to this report which gives detailed percentage responses on competence, treatment and understanding of port procedures. The indication of the poor response is that although congestion at the two EA Ports has continuously been cited as a key bottleneck to fast and efficient clearance of imports and exports, this problem does not result from poor competence or understanding of procedures by port officials, which is actually confirmed by the responses given by the truck drivers. In addition, the treatment that port users receive from these officials is not an issue of complaint. The conclusion is that congestion and slow clearance at the ports must be as a resultant of other factors, such as insufficient and inefficient cargo handling poor facilities, poor speed in transferring cargo from incoming vessels to ICDs before clearance for delivery to importers, and insufficiency of warehousing facilities for incoming cargo. Future BCIs therefore need to focus attention on these latter issues. In this respect, the one-to-one consultations with the two port authorities revealed that the following bottlenecks are experienced at the two ports, resulting to direct impact on time and cost of clearing especially incoming cargo.

**i) Mombasa Port**

- Inadequate berthing capacity for incoming ships and inadequate capacity to accommodate larger vessels since ships are growing by size. In this respect,
- Inadequate capacity for cargo stacking,
- The recently emerged piracy menace which caught the country unawares since requisite budgetary allocations had not been made for required investment in security systems and procedures, while the menace is a threat to both cargo and ships' crew. The consequence has been increased insurance charges on cargo destined to the region, hence increased prices of goods passing through the port and destined to the region.
- The increasing militancy by members of the Dock Workers Union for higher remuneration package which threatens the need to ensure uninterrupted clearance of cargo,
- Poor cargo take-off by the rail system which is currently capable of handling only 6% of imports destined to the region, thus greatly contributing to congestion at the port, and
- Unstable power supply which affects efficiency of cargo handling equipment such as cranes.
- While KPA<sup>11</sup> has achieved good records in vessel waiting time of 5.04 days in 2011 (a deterioration from 2.1 days achieved in January 2011), turn-around-time of 3.43 days in September 2011, and port productivity of 15 crane moves per hour in September 2011, maintenance of these achievements can only be guaranteed by improved efficiencies in the roads, rail and pipeline infrastructure. This calls for an integrated system in the physical infrastructure system to ensure improvements made at the Port are not adversely affected by other related infrastructure.
- The transit traffic throughput has increased from 3,808 tons in 2006 to 5,382 tons in 2010. In addition, KPA forecasts show that the volume of cargo passing through the port of Mombasa will increase from 16,415 TEU<sup>12</sup> in 2009 to 56,041 TEU by 2030. This increased trade volume is a challenge that calls for continuous improvement in the port's handling facilities to ensure congestion at the port is minimised to the bare minimum.

In addition to the above bottlenecks, the Kenya Shippers' Council estimates that incoming vessels transporting imported cargo for the Kenyan domestic market have to spend an average of 3.5 days at the Kilindini harbour before being allowed to offload into Kenya Port Authority (KPA) area. After offloading, the cargo has to spend an extra average of 3.7 days at the KPA area before clearance to proceed to Container Freight Stations (CFSs) for customs clearance. The cargo then spends a further 11 days at CFSs, and a further 2 days for road transport between Mombasa to the Internal Container Depot (ICD) in Nairobi before release to the importer. Overall, it therefore takes an average of 20 days after berthing of a ship at Mombasa Port for cargo to be received by owners in Nairobi. This ends up making Kenyan manufacturers uncompetitive in comparison to countries competing for the domestic market such as China. In Kenya, CFSs were originally introduced as a mechanism to address ports congestion by providing that all imported cargo be transferred directly to privately operated inland container depots (or CFSs) upon discharge from incoming vessels. CFSs are therefore extensions of the port as they are subject to customs control and other governmental agencies. Their main functions include Receipt and dispatch of cargo, Stuffing and stripping of containers, Loading and offloading of cargo from containers, Facilitating transit operations by rail/road to and from the port, Offering facilities for customs clearance, Consolidation and desegregation of cargo, Temporary storage of cargo and containers, Reworking of containers, and Maintenance and repair of container units. The CFSs were expected to facilitate the direct movement of cargo from the port area, meaning such cargo is not subjected to customs procedures at the gate of the port thus saving on time. Thus CFSs were expected to cut vessel dwell time by at least half thus saving on the costs that accompany vessel delays, since customs procedures can account for more than 80% of the cargo dwell time according to Kenya Shippers Council. In addition, by moving customs' services away from the port premises, incidences of port congestion was expected to significantly reduce while significantly improving clearance time. Before the introduction of CFSs, more than 70% of cargo was cleared outside the 7-day free period. This figure has sharply declined in the recent past as only 45% of cargo is now cleared outside the free day's period. This is mainly because CFSs have been unable to cope with increased demand for containerized cargo handling, leading to serious congestion at the port container terminal and consequent berthing and discharge delays of

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<sup>11</sup> Kenya Ports Authority

<sup>12</sup> Twenty Foot Container

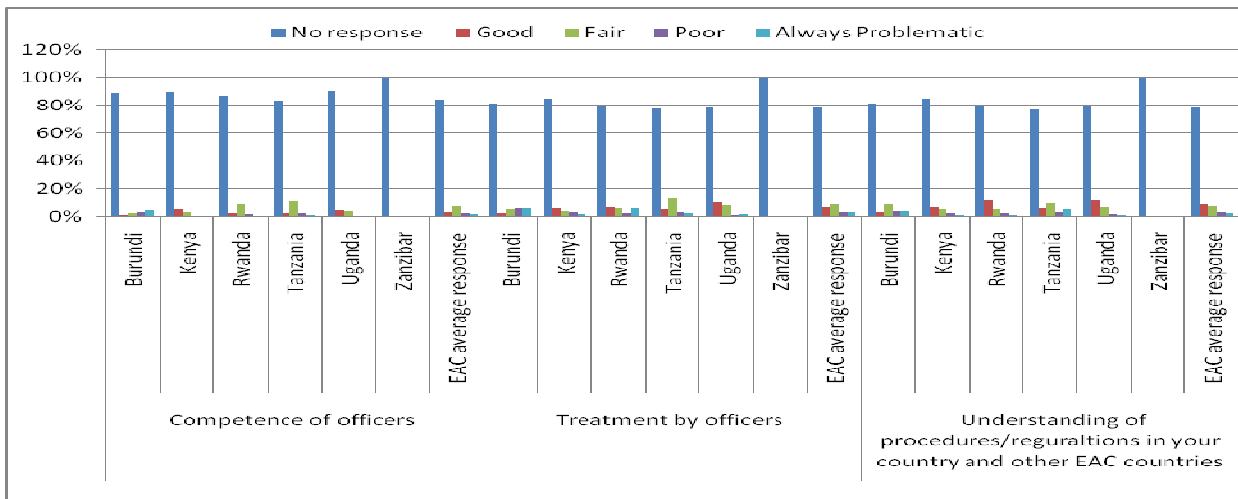


vessels. In turn, there is inevitable imposition of vessel delay surcharge by some shipping lines. On average, domestic cargo typically spends 11 days at the CFSs before clearance by Customs to proceed to the Nairobi ICD, due to poor planning by CFSs in receiving, stacking and releasing containerised cargo, and also due to deliberate delays by CFSs in order to catch in on demurrage charges. Shippers are therefore faced with the double challenge of enduring lengthy delays in cargo clearance, and the additional costs incurred on vessel delay surcharge.

**ii) Dar es Salaam Port**

- The recently emerged piracy menace has seriously affected the shipping industry due to threat to cargo and ships’ crew. In turn, insurance premiums for ships’ and cargo have substantially increased, thus consequently increasing the price of goods passing through the Port.
- Inadequate capacity of the rail system to deliver cargo from the Port. For maximum efficiency, the rail system should handle an average of 3-5 tons of incoming cargo per hour, which however is not possible since Tanzania Railways does not have sufficient block trains. The Port has however obtained technical support from the USAID COMPETE project which is focused on addressing this capacity bottleneck.

**Chart 7:** Extent to which competence, treatment and understanding of procedures by port officials is considered problematic to business operations



Source: BCI 2011 perceptions by transport companies, Businesses (manufacturing/ agriculture/ import/ export), CFAs and informal cross border traders

**2.4.2 FLOW OF INFORMATION ON PORT OPERATIONS**

**a) Perceptions by the Ports Authorities**

The BCI assessed the efficiency of information flow on EAC trade facilitation requirements between the port authorities and EAC organs, and between port authorities and businesses. In addition, the survey sought to find out from the port authorities whether in their view the set port procedures are easily understood by businesses and whether the fees and charges applied are considered costly for businesses. The authorities were of the view that the procedures are easily understood and not expensive to businesses. Further the two regional port authorities are of the view that it takes a maximum of two days to clear goods if all procedures are sufficiently complied with. Both port authorities however confirm that the required port procedures have somehow contributed to problems experienced by businesses in the process of compliance, including:

- Congestion at the ports
- Delays in cargo clearance
- Delays in documentation processing
- Delays in payment of invoices
- Bureaucracy and sanitation/environmental pollution
- Some perishable goods lose weight between the time they arrive and time for departure

- Some goods are damaged when removing them from the incoming vessels. However the port authorities are obligated to pay for such damaged goods if the problem occurs before clearance
- Demurrage charges by shipping agents for delayed turn-around time for vessels.

The port authorities additionally are also of the view that officers responsible for approving clearance of incoming cargo destined to the EAC region fully understand the specific commitments that the two institutions are mandated to execute as part of their countries' obligations to the EAC integration process, with TPA for example pointing out that it has complied by between 70-100% with EAC commitments, which include:

- Establishing procedures that ensure efficient trade facilitating as part of commitments to the region's integration process,
- Elimination of all forms of non tariff barriers
- Provision of effective, timely and cost effective port services to port users
- Ensuring reference is always made to the national as well as the regional law on customs-related issues such as duty payment
- Harmonizing the port system for the country members
- Regulations under the Lake Victoria Transport Act

The port authorities also point out that their officers are fully competent in executing duties related to EAC commitments, and that in this respect, the authorities receive information on such commitments through the following means:

- Various to national, regional and international meetings, workshops, seminars and conferences. Attendance to such forums provide a means to participate in discussions on reports related to trade facilitation in the region, which consequently enables the institutions to be kept abreast of issues/areas that require reforms and harmonisation at the regional level.
- Media (including internet and newspapers), weekly internal meetings, and through seminars
- Reports by transporters on problems experienced during clearance of cargo
- Maritime departments
- Government circulars

In the view of the two ports authorities, the information is passed quickly from the management to the executing officers once decisions are made by appropriate EAC organs. In addition, both the port authorities point out that they have continuously committed resources to ongoing and planned projects and initiatives aimed at enhancing trade facilitation in the region. However, the two institutions experience some weaknesses in passing information on EAC commitments to executing officers in the following respects:

- Insufficient capacity to ensure the executing officers are kept up to date and well informed about EAC commitments and issues relevant to trade development and trade-facilitation initiatives. The initiatives for example relate to timely updates of the institutions' websites
- Insufficient financial resources to enable the institutions' to send officers or representatives to the relevant forums where EAC trade facilitation issues and commitments are discussed.

The two authorities therefore propose that the following gaps need to be addressed so as to enhance their capacity to reduce delays in executing their commitments to the EAC integration process and in offering efficient trade facilitation services:

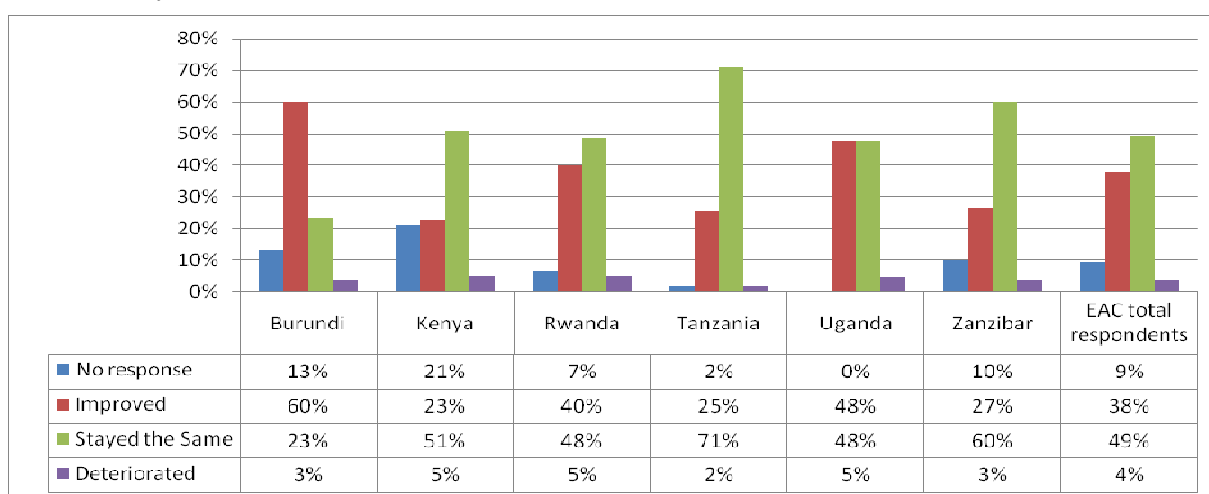
- Establishing a national desk that specifically focuses attention to timely dissemination of information related to EAC trade-facilitation matters. Such a desk could appropriately be established at the EAC Ministries to enable citizens and companies be kept well informed about EAC commitments. Such a desk would additionally offer sufficient and timely information to trade facilitation institutions about current decisions made by the EAC Council of Ministers relating to trade facilitation.
- Establishing a national or regional programme that specifically focuses on capacity building of staff in trade facilitation institutions
- Automating sharing of information between relevant trade facilitation institutions/ authorities and businesses
- Organizing regular information dissemination meetings and workshops aimed to sensitize stakeholders on various policies and initiatives related to EAC integration process

- Facilitating the operation of an active website on EAC trade-related developments.
- Sufficient and timely financing of projects and initiatives on EAC trade facilitation whenever agreements and/or decisions are made by the appropriate organs of the Community.
- Encouraging clients to inform the institutions about issues and bottlenecks that hinder smooth flow of their goods through the ports.

#### b) Perceptions by Business Community on Flow of Information from the Port Authorities

While most issues related to flow of information between the port authorities and port users are combined with customs operations, the business community was specifically asked to indicate whether efficiency in cargo handling by the port authorities improved, stayed the same, or deteriorated in year 2010. The combined percentage responses by the 308 companies that responded to the BCI at the EAC level (Transporters, Businesses and CFAs) indicate that on overall 49% of the respondents think the efficiency levels stayed the same as shown in **Chart 8** below.

Chart 8: Indications on whether efficiency in cargo handling by the port authorities improved, stayed the same, or deteriorated in year 2010



Source: BCI 2011 Responses by Transporters, Businesses and CFAs

### 2.4.3 ONGOING AND PLANNED INITIATIVES AT MOMBASA AND DAR ES SALAAM PORTS

The two ports of Mombasa and Dar es Salaam have initiated specific projects as part of efforts to address bottlenecks experienced by businesses and other port users. In this respect the following initiatives are either underway or are planned.

#### a) Ongoing and planned projects at Mombasa Port

Ongoing and planned projects aimed at addressing capacity bottlenecks at Mombasa Port and to enhance efficiency of service delivery to the business community and other port users include:

- 9 CFS have been established around the Port, which have improved the turn-around time for delivery vessels than was the case before 2009.
- KPA currently operates within documented standards on turn-around time for trucks, ships, document processing and billing time as presented in its Customer Service Charter, which will in future ensure importers and exporters receive efficient services than was the case previously.
- KPA and KRA<sup>13</sup> both have initiated an ongoing National Single Window system project, modelled along Singapore's TRADENET aimed at enhancing sharing of data on import and export transactions with stakeholders, including KEBS<sup>14</sup>, KEPHIS<sup>15</sup>, Security agents and CFAs<sup>16</sup>. The eventual aim of the project is to facilitate faster clearance of imports and exports at the port.

<sup>13</sup> Kenya Revenue Authority

<sup>14</sup> Kenya Bureau of Standards

<sup>15</sup> Kenya Plant Health Inspectorate Service

<sup>16</sup> Clearing and Forwarding Agents

- Dredging of Mombasa Port to increase its berthing capacity,
- Ongoing development of a second container terminal at Kipevu to facilitate faster clearance of cargo,
- Planned development of Lamu Port at Manda Bay aimed at diverting cargo destined to lower Ethiopia and Southern Sudan from Mombasa Port, thus minimizing congestion. This is part of the Lamu-Southern Sudan-Ethiopia and Nairobi Link Transport (LAPSSET) Corridor project, which incorporates development of a highway, berth, pipeline, and rail components<sup>17</sup> as one package,
- Automation of Mombasa Port aimed at making it an e-port on all processes; planned to be completed by 2012,
- Equipment upgrades including cranes to facilitate productivity improvements.

**b) Ongoing/ Planned at Dar es Salaam Port**

A number of ongoing projects aimed at increasing the efficiency and productivity of Dar es Salaam Port include:

- TPA has initiated an ongoing modernization project aimed to facilitate faster clearance of cargo. Investment made in the recent past as part of the project have enabled ships dwell time to reduce from an average of 10 days in 2009 to 7 days (*in October 2011*) for local cargo and from about 30 days in 2009 to 16 days for transit cargo. The dwell time is expected to reduce further after arrival of forklifts and cranes which had been ordered as of October 2011.
- The Port has made massive investment aimed at enhancing security of cargo by fully fencing off the Port area, installation of metal detectors to guard against arms trade, and installation of scanners to detect arms and ensure minimal manual verification of incoming cargo.
- Replacement of the Single Moving Port facilities (SPM) which are currently capable of handling only crude oil imports with modern equipment capable of handling up to 1,100 tons of all manner of imports,
- Ongoing modernisation of berths numbers 13 and 14 so as to speed up the turn-around time for vessels,
- Upgrading of a lorry parking area outside the port area so as to decongest the port,
- Rehabilitation of EKINASCO Depot aimed at increasing its capacity to warehouse up to 500,000 tons of copper per annum,
- Modernization and rehabilitation of Mtwara port to enable it to serve imports/exports for Malawi, Zambia and Northern Mozambique, and
- Computerisation of the cargo tallying, scanning and tracking system.

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<sup>17</sup> The LAPSSET project comprises the (i) Sudan LAPSSET Corridor totalling 1,250km from Lamu – Garissa – Kula Mawe – Isiolo – Kisima – Ngi Nyang – Lokori – Lokichar – Lodwar – Lokichokio – Nakodok; (ii) the Ethiopia LAPSSET Corridor totalling 460km from Isiolo – Laisamis - Marsabit – Moyale; and (iii) the Isiolo-Nairobi Link totalling 270 km. The project incorporates a highway, railway and pipeline.

## **2.5 CUSTOMS PROCEDURES AND ADMINISTRATIVE REQUIREMENTS**

### **2.5.1 PROFESSIONAL AND FAIR TREATMENT**

#### **2.5.1.1 Introduction**

Interviews were conducted with the region's five EAC Revenue Authorities (with a focus on customs operations), and also with 410 businesses that operate transport, manufacturing/agriculture/import/export businesses; Clearing and Freight forwarding, and informal cross border trade.

The customs departments under the five revenue authorities play important tax and trade related functions, which as summarised in the policy objectives of the revenue authorities as provided by the law include:

- Collection of customs revenue on imports and excise revenue on both imports and goods destined to the domestic markets. The revenue in turn is used to facilitate the EAC countries' development process,
- Accounting for collected customs revenue to the central governments,
- Controlling tax remission by large taxpayers who normally import goods under the green channel system, which offers automatic import clearance without having to undergo sampled or full verification of imports vis a vis declared volume and tax payable,
- Offering security and protection of citizens from consumption of harmful and/or dangerous products,
- Facilitating both exports and imports trade, and
- Collection of trade statistics.

In efforts to pursue the above objectives, the revenue authorities through their customs departments are mandated by their specific national laws to ensure compliance with the following administrative functions and procedures:

- Facilitate imports and exports clearance and warehousing of imports
- Manage transiting procedures including of transit bonds
- License clearing agents
- Ensure efficient and effective tariff classification, valuation and declaration of imports based on internationally compliant procedures
- Facilitate implementation of temporary admission procedures for transit goods and re-exports
- Manage the tax arrears process, and remind taxpayers about their obligations to pay tax; and control and improve services to taxpayers to acceptable quality standards
- Manage post clearance audit of imports, and handle intelligence and risk management procedures for goods that may have passed through the green channel systems (under both ASYCUDA and Simba systems used by the EAC Partner States)
- Operate and manage joint border surveillance and patrol procedures with neighbouring states
- Ensure compliance with correct tax documentation by businesses including goods examination & spot check procedures
- Ensure compliance with the EAC Management Act and national customs law and procedures

The customs procedures are implemented for specific reasons which contribute to achievement of the stated objectives, including the need to:

- Curb corrupt practices at the national level,
- Monitor personnel integrity
- Manage and control customs revenue; Improve, widen and regulate tax revenue collection and payments of arrears; and Enhance compliance with national tax laws including those applicable to imports
- Control legality of businesses operations, and
- Facilitate secure trade operations.

The national customs laws also allow customs officers to introduce temporary compliance points relevant to application of procedures, including at all border stations. In the view of the revenue authorities, the customs administrative procedures and documentation requirements have had various positive impacts to business operations, including:

- Facilitating intra-EAC trade
- Improving transparency in the business climate by ensuring that fair trade practices are applied by businesses. This is partly achieved through services delivery to all tax without discrimination
- Facilitating introduction of one-stop border stations that have recently emerged in the region as model systems for enhancing efficiency in service delivery to traders

However, while the customs procedures are largely perceived to have facilitated positive impact to the business community, the regulatory authorities are of the view that trade-related requirements are sometimes too lengthy for business operations, which consequently result to time loss. In addition, the revenue authorities perceive documentation requirements for a trade transaction as too many. Other negative impacts of the customs procedures and administrative requirements include:

- In Burundi, majority of business people only understand Kirundi or Kiswahili since they are not well educated, yet the national customs law is written in French or English. This hinders ability to efficiently comply with the customs law and administrative requirements. Consequently, a businessperson has to spend an average of 5-10 US Dollars per transaction as an extra cost paid to clearing and forwarding agents to prepare required customs documentation. Such costs do not apply to businesses in the other EAC Partner States.
- The procedures are on average considered by the revenue authorities to be time-consuming because of the complicated documentation process, with businesses spending an average of 1-3 days per transaction before they can obtain required customs approvals. This compares poorly with the revenue authorities average time benchmark of a maximum of 1 day to approve all import transactions, and to Rwanda's time benchmark of 5 minutes to 1 hour for approval of all import transactions, which is the region's best set benchmark for an import transaction.
- The customs systems used to classify imports (ASYCUDA and Simba) sometimes experience network failures resulting to lengthy time for clearing an import transaction. This bottleneck is coupled with constant power shortages that lead to system failure.
- Some of customs departments experience staff shortages in some key sections such as classification of imports, which contributes to added time for clearing an import.
- Traders have to get approvals from other government departments and institutions or agencies. The practice of requiring that different institutions have to give approval to a single transaction before clearance leads to time loss and additional costs. In addition, payments for trade-related services are made at different offices resulting to time loss and frustration during a trade transaction process.
- A lot of taxpayers have limited knowledge about customs procedures and thus do not follow required procedures, hence the continued need to involve clearing and forwarding agents in preparing documentation on import/export transactions which are an extra cost to regional trade.
- Some officers that are responsible for dealing with tax matters are known to solicit for bribes in return for services offered, which becomes an extra cost to traders.

The revenue authorities propose that the following issues need to be addressed to alleviate the above bottlenecks, thus improving compliance levels to customs procedures and enhancing service delivery to tax payers:

- Introduction of electronic single window system amongst the five revenue authorities in order to enhance communication between customs offices at national level, between the revenue authorities, and between revenue authorities and businesses.
- Improving current tax collection systems through computerization and installation of modern information technology infrastructure in all customs offices in the region.
- Coordinating with border management agencies on customs-related.
- Concentrating on major taxpayers.
- Educating and continuous sensitization of taxpayers on their revenue rights and obligations.
- Establish a central location for offering trade facilitation services.

### 2.5.1.2 Business perceptions about professional and fair treatment by customs officers

As shown in **Table 5** below based on the daily truck drivers dairy, Tanzania has the biggest number of customs stations in the region, with a record of 8 stations along the central corridor. The customs station at Namanga is used when importing from or exporting goods to Kenya and can therefore be disregarded with regard to transit along the central corridor. The implication however is transiting along the central corridor has to involve numerous stops for customs checks, which results to time wastage. In this respect, while all the drivers who used the central corridor reported they received fair treatment at these customs stations, they additionally spent an average of at least 1 hour at each station, implying at least 56 hours loss for the 7 trucks that used the central corridor during the survey. However on the whole, the drivers did not report any alarming issues at the customs stations as per **Table 4** below.

Table 4: Customs stations at which trucks have to stop along the Northern and Central corridors

Kenya	Uganda	Rwanda	Burundi	Tanzania
Malaba	Malaba	Gatuna	Kanyaru	Namanga
Amagoro	Bustema	Rusumo	Kamenge (OBR)	Dumila
Namanga	Baati - Kampala	Kigali	Kobela	Isaka
	Katuna			Kyaka
	Mtukula			Mtukula
	Masaka			Banderi
				Misugusugu
				Kabanga
				Rusumo

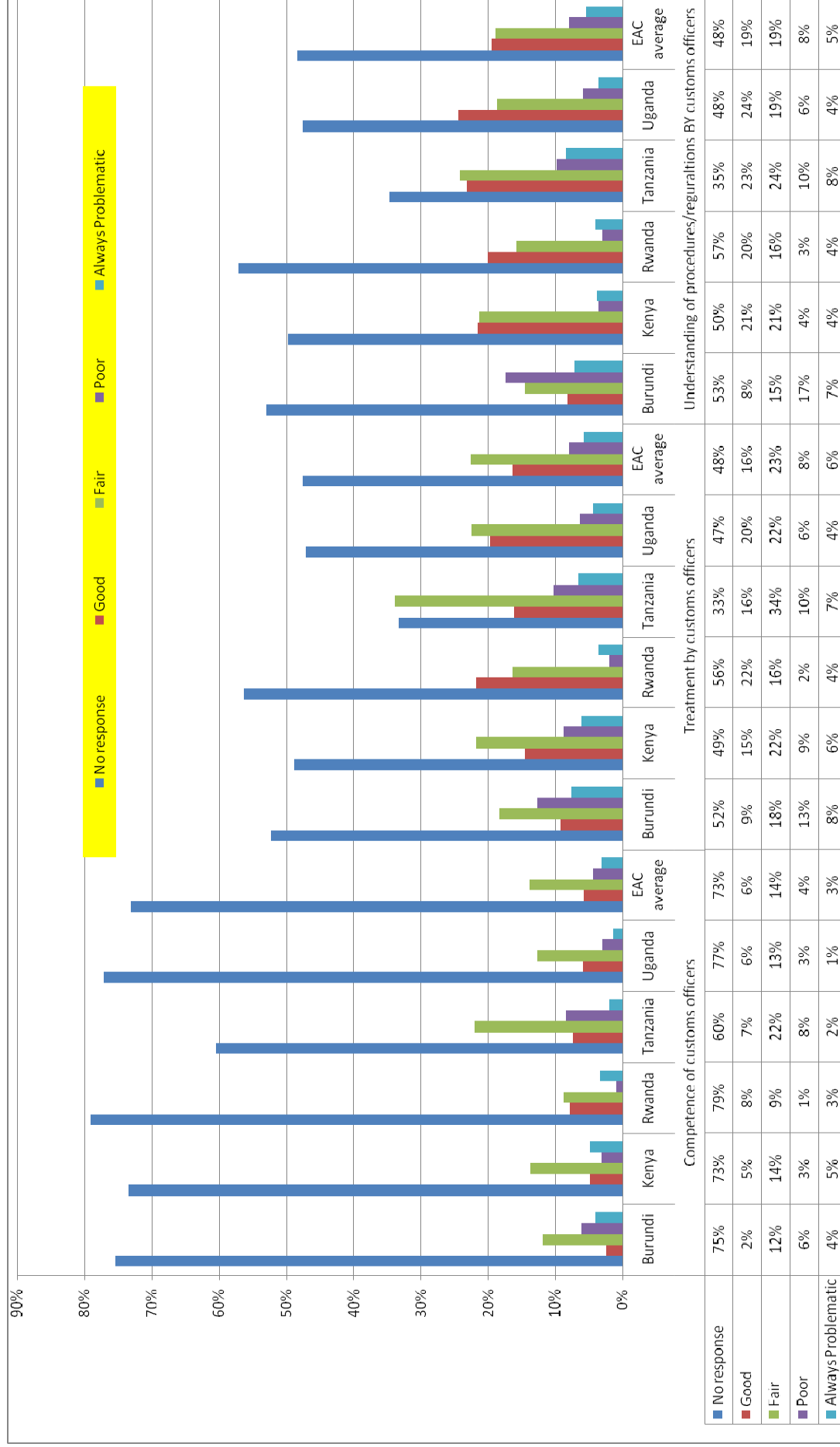
Country	Customs Officer clearly explained why stopped my truck		Time spent at customs offices			Checks done	Treatment received			Official charges	Officer tried to solicit for a bribe		
	yes	no	less than 1hr	1hr - 12hrs	12hrs - 1 day		very good	fair	very harsh		yes	no	bribes paid
Kenya	3	0	0	2	1	Drivers license, Cargo documents, vehicle weight, driver's and passenger passport	3		0	0	0	3	0
Uganda	4	0	2	2	0		3	1	0	0	0	4	0
Rwanda	4	0	2	2	0		1	3	0	0	0	4	0
Burundi	4	0	2	1	0		2	1	0	0	0	4	0
Tanzania	3	0	3	1	0		2	2	0	0	1	3	0

Source: BCI 2011 survey

The Businesses category of respondents was asked to rate competence, treatment and understanding of procedures by customs officials and whether these issues have an impact to business operations. On average the responses were very poor, while those responded tended to rate professional and fair treatment by customs officers as either fair or good as shown in **Chart 9** below.

Clearly, the problems experienced in complying with customs administrative procedures and documentation requirements do not emerge from incompetence, unfair treatment or understanding of procedures by customs officers, but can only be explained by reasons given by the revenue authorities as elaborated under **part 2.5.1.1** above. The issues to address so as to improve compliance with procedures should therefore focus on educating businesses about the procedures and administrative requirements, efficiency of the customs systems, installation of the proposed electronic single window system, one-stop shops for processing of trade documentation, and interface between EAC customs systems amongst other solutions.

Chart 9: Rating of Professional and Fair Treatment to business people by Customs Officers



Source: BCI perceptions by Transporters, Businesses, CFAs and Informal Cross Border Traders



## **2.5.2 FLOW OF INFORMATION: CUSTOMS PROCEDURES AND REQUIREMENTS**

### **2.5.2.1 Responses by the five EAC revenue authorities**

The five EAC revenue authorities state that they are fully aware about their country's commitments under the EAC integration process. In this respect, the specific commitments under EAC that the authorities are mandated to execute include:

- Implementation of procedures and systems that ensure efficient trade facilitation within the region
- Implementation of all provisions of the EAC customs union
- Exchange of information with counterpart institutions in the other Partner States on matters related to customs and trade
- Simplification and harmonization of trade information and documentation
- Implementing the commodity description and coding system during tax collection activities
- Prevention, investigation and suppression of customs offences
- Allowing free movement of goods or commercial exchanges
- Reducing problems related to trade across EAC borders
- Facilitating smooth intra-EAC trade through information sharing, review of national customs laws and procedures in line with the Customs Union provisions
- Putting in place measures that aim to curb irregular trade within the region
- Managing international and regional trade and customs related issues in line with the Customs Union provisions.

All the five revenue authorities point out that they have complied with their mandate under EAC commitments by between 80-100%, and that their officers are either Fairly competent or Very competent in execution of their responsibilities. None of the authorities cite lack of competence amongst their officers as a factor in execution of their EAC commitments. With regard to how information on EAC commitments flows to the senior management of the authorities and onwards to executing officers (e.g. those at exit and entry points of imports/exports), the authorities have cited the following information access means:

- Information circulars, letters and EAC gazette notices
- Effective participation in all EAC meetings where reports, resolutions and decisions are made. In this respect the revenue authorities all participate effectively in the EAC experts and Coordination Committee meetings.
- Training and sensitization programmes
- Electronic and print media
- Experience in the process of enforcing the EAC management Act
- Effective collaboration with EAC ministries at national level
- Exchange of e-mails with the EAC Secretariat
- Internal routine orders
- Local intranet communication systems, for example the Lotus system used in the Kenya Revenue Authority
- Information circulars, and reports of regional seminars and workshops

The information gathered through these avenues is thereafter passed on either Very quickly or Fairly quickly to executing officers according. However, the revenue authorities point out that they sometimes experience some delays in passing EAC commitments to executing officers resulting from the weaknesses enumerated below:

- Financial constraints which hinders efficient dissemination of information
- Sometimes the senior management is slow in passing information to executing officers due to internal work overload and internal information systems bottlenecks

To alleviate the above bottlenecks and enhance capacity and efficiency of the revenue authorities in executing their mandates to implement EAC decisions, the authorities propose the following set of solutions:

- Provision of adequate funds to institutions responsible for executing customs-related decisions as part of means to enhance communication with traders and eliminate delays experienced in trade transactions
- Adequate funding to customs to install modern systems with minimal network failure

- Establishing a sensitization program to create awareness amongst staff of revenue authorities on the commitments, and amongst traders of customs procedures and administrative requirements
- Continuous training of staff on upcoming customs systems, their functions and application, aimed at building internal capacity and skills needed to perform customs functions
- Strengthening internal mechanisms within revenue authorities for monitoring the implementation of EAC commitments
- Organizing regular meetings with counterpart institutions amongst the revenue authorities aimed at getting timely and up to date information on EAC commitments, their implementation requirements, and means of harmonising national to regional customs requirements
- Organize regular evaluation meetings at national and regional level so as to track progress of implementing EAC commitments
- Preparing national programmes and action plans to guide application, follow ups, and monitoring of EAC decisions and commitments
- Direct communication between the EAC secretariat and the revenue authorities (customs departments) in each country

### 2.5.2.2 Responses by the business community

The business community comprising transport companies; manufacturing, agriculture, import and export businesses; CFAs and informal cross border traders were asked the following questions as part of efforts to assess the efficiency of information flows from customs/ports authorities, and the impact that lack of requisite information has to business operations:

- Whether they are aware about recent changes on customs regulations and procedures for clearing imports and exports,
- Whether they are aware about all customs and port/ border stations requirements for exporting and exporting in their home country, other EAC countries and non-EAC countries,
- Means through which they normally get information about new changes to customs and port/ border stations procedures for exports and imports,
- Whether they experience problems in getting to know about new customs and port/ border regulations and whether they fully understand such regulations,
- How customs and port/ border stations should create awareness about new customs regulations whenever they occur,
- To provide examples of the impact that lack of information on new/changed customs and port / border stations regulations has on your business,
- To quantify the average extra costs they incur as a result of not being adequately informed about new/changed in customs and port/ border stations regulations, and
- To quantify the average time they lose as a result of not being adequately informed about new/changed customs and port/ border regulations.

Responses to these questions are presented in *Charts 10 to 20* below. In summary;

- A sizeable percentage of all the businesses, ranging from the lowest percentage of 46% in Burundi to a high of 83% in Rwanda state that they are aware about customs and port regulations for importing and exporting in their home country however, a notable percentage of the respondents ranging from a low of 8% in Tanzania to a 37% in Kenya also state they are not aware about such requirements as shown in *Chart 10*. In addition, most of the respondents point out that they are aware about customs and port regulations for importing and exporting within the EAC region, ranging from 42% in Kenya to a high of 90% in Tanzania. However, a notable percentage also point out that they are not aware about EAC customs/port requirements for exporting and importing within the EAC region as shown in *Chart 11*. Also, a large percentage of respondents point out that they are not aware about customs/port regulations for exporting to and importing from the non-EAC region as shown in *Chart 12*. To ensure all EAC businesses whether small or large are about to exploit available trade opportunities it is therefore necessary to establish a programme for sensitising the business community about requisite regulations for exporting and importing at the national, EAC and at the international levels (including other trade blocs).

- With respect to how businesses normally get informed about new changes to customs and port/border stations procedures and regulations, the responses as presented in **Chart 13** below show that the most important information sources are:
  - Customs officers and Mass media (radio, electronic, and public announcements), with an average of 22% EAC businesses indicating these two are the most preferred information channels
  - Emails and letters from industry associations, with an average of 12% respondents indicating this channel as their preference
  - CFAs with 11% and Websites with 10% of respondents indicating this as their preferred information channel

The above views were reinforced by responses on which channels customs should in future use to create awareness about new customs regulations within the business community. As shown in **Chart 14** below, the average EAC responses which are also representative of country responses point towards preference for Media and public announcements (37%), Email and letters (25%), and Meetings, seminars & workshops (32%).

These indications clearly show that as the integration process deepens, there is need to invest more resources in the above information channels so that businesses are kept up-to-date on any changes that may occur on customs, ports and border stations procedures and regulations. This would contribute substantially to facilitating compliance by businesses to customs, ports, border stations procedures and regulations, thus increasing intra-EAC trade and reducing costs associated with the compliance process.

- Regarding whether businesses experience problems in understanding new customs and port /border stations regulations whenever they occur, majority of the responses point out that this is either sometimes or always problematic as shown in **Chart 15**. In this respect a high of 82% of Tanzanian respondents point out it is sometimes problematic, while 34% of Burundi respondents state that it is always problematic to understand to the procedures. This points out the need to always sensitise the business community about the content, meaning and implications of new customs/ port procedures whenever they occur. The EAC revenue and port authorities in this respect need to establish a sensitization program for new procedures whenever they are announced so as to alleviate the difficulties associated with compliance, which consequently impact on additional time loss and extra monetary costs.
- With respect to whether businesses understand all customs/port regulations for importing and exporting cargo, a high percentage of the respondents point out that this is either sometimes or always a problem. In this respect, a high of 71% of Rwanda respondents state the regulations are sometimes problematic while 21% of Burundi respondents point out they are always problematic as shown in **Chart 16** below. Like in the case of new customs/port regulations, this calls for the need to establish a sensitization program for all customs/port procedures that are currently in force so as to alleviate the difficulties associated with compliance, thus enabling businesses to minimise costs and time loss incurred in the process.
- With regard to awareness about the EAC simplified Trade Regime (STR) where imports valued at less than USD 500 do not pay custom taxes, whether informal cross border traders have ever imported under the scheme and the usefulness of the scheme to informal cross border traders, the responses as shown in **Chart 17** below point out some alarming results. In this respect;
  - A high of 70% of Burundi respondents point out they are not ware about the STR scheme, 41% of Tanzania respondents state they have never imported goods from within EAC under the scheme, while 50% of Rwanda respondents point out that the scheme is not useful to promoting intra-EAC trade by informal small traders.
  - While a high of 70% Uganda respondents confirm they are ware about the scheme, only a low of 9% Tanzania respondents point out they are not aware about it.
  - While 65% of Uganda respondents point out that they have utilised the scheme to import goods from within EAC markets, only 27% of Tanzanian respondents confirm having utilised it.
  - While 70% of Uganda respondents confirm that the scheme is useful to promoting intra-EAC trade, only 5% of Tanzanian respondents state that the scheme is useful.
- With respect to the impact that lack of information about new and changed customs regulations has business operations, as shown in **Chart 18** below, the major impacts comprise of Extra costs incurred in

form of penalties, Being late in making deliveries, and Inability to deliver orders resulting to business losses, as reported by an average of 40%, 38% and 11% of the total respondents respectively.

- Businesses incur substantial amounts of extra costs in form of penalties and time loss as a result of not being adequately informed about new and changed customs regulations. In this respect, an average of 42% of all the 410 businesses incur between USD 200-1,000 per consignment, an average 21% incur over USD 1,000 per consignment, while only about 35% incur less than USD 200 per consignment as a result of not being adequately informed about new and changed customs regulations as shown in **Chart 19** below. With respect to time loss due to lack of information about new or changed customs regulations, an average of 28% of the respondents interviewed indicated they lose more than 2 days. 48% between 1 hour to 1 day, 11% between 30 minutes to 1 hour, and 11% between 1-2 days. Only an insignificant 2% lose below 30 minutes of their business time as a result of not being adequately informed about new and changed customs regulations as shown by **Chart 20** below.

The above findings regarding problems that businesses experience in understanding new customs, port and border stations regulations; poor awareness, utilisation and acceptance of the STR scheme; and the impact that lack of information has on business operations (lateness in making deliveries, business losses due to inability to deliver orders on time, extra costs and time loss) need to be addressed urgently as part of efforts to enhance the pace of integration and to increase intra-EAC trade.

Regarding the bottlenecks related to the STR scheme, the indication is that information about the scheme has been poorly disseminated to target informal cross border traders. However the scheme was highly rated in Uganda in terms of high level of awareness, acceptance and utilisation, which points out the possibility that there have been national efforts to sensitise informal cross border traders about potential benefits to be accrued from the scheme.

In addition to the information gathered about the STR scheme through the questionnaires method, most small cross border traders majority of whom included women pointed out during the face-to-face discussions that they lack capacity to understand the content of trade documents and requirements, including customs rules on cross-border trade in small value items. In this respect, most of them have never heard about the STR, and the applicable Simplified Certificate of Origin (SCOO) under which they are supposed to declare goods of a value not exceeding US\$ 500 (*amended to US\$ 1,000 towards end of 2011*). This bottleneck was cited in most of the border stations where interviews with informal cross border traders were conducted. However at the Kenyan side of Malaba Border Station, a good sensitisation program has been operating under the umbrella of Malaba Cross-Border Association through COMESA<sup>18</sup> funding, which unfortunately was to expire at the end of December 2011. This program has been quite instrumental in raising traders' awareness about the STR scheme and the SCOO. The Association is also well organised with office bearers and an office administrator, but however faces several administrative bottlenecks and lack of funding to enable constant dialogue through seminars and workshops with representatives of trade facilitation institutions, and to enable engagement of fulltime secretariat since the current administrator was hired through the COMESA STR scheme. This is being the model association of small cross border traders in the EAC region, there is reason to believe that its equivalent associations at other border stations in the region must be facing enormous operational bottlenecks and organisational weaknesses, if the model one cannot even finance its office needs besides sensitisation programs about the STR and other customs-related regulations.

In addition to the information flow bottlenecks, the Consultant had some candid discussions with informal cross border traders who are supposed to be the beneficiaries of the scheme during the BCI visit to the Malaba border station (Kenya/Uganda border). The traders pointed out that they have continually experienced the following bottlenecks in their efforts to utilise the STR scheme and related customs documentation requirements.

- At the Kenyan side of Malaba Border Station, although small cross border traders are aware about the existence of STR/ SCOO, the scheme does not facilitate exports to Uganda because hurdles are deliberately introduced by Uganda Customs security personnel. Under the STR, the Kenya trader is supposed to get Customs endorsement on the SCOO Form if goods are valued at less than USD 1,000, and also on the and C11 Forms which represents the Cargo Manifest for goods arriving by road transport. Endorsement of SCOO and C11 forms by Kenya customs gives proof that the goods have originated from Kenya. The Uganda Customs is on the other hand supposed to accept these forms if

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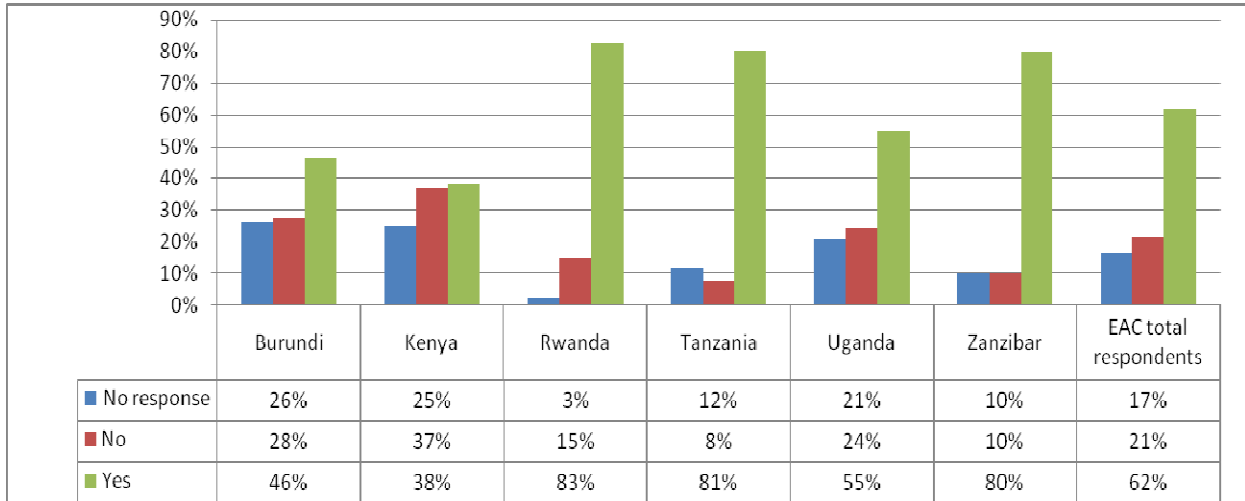
<sup>18</sup> Common Market for Eastern and Southern African countries.

endorsed by Kenya customs, thus in effect approving duty exemption on the consignment. However, goods entering Uganda have to go through a security gate manned by Army personnel seconded to Uganda Customs, located just before the customs long-room office where the SCOO and C11 forms are submitted. The security personnel demand a physical check of the consignment and the accompanying documentation, which is a legitimate security concern. These security personnel simply refuse to recognise the endorsed forms and in many cases just tear them off and then confiscate the goods in question, thus making it difficult for the traders to access the Uganda market. Out of frustration, the traders are in turn forced to give bribes to the security personnel based on the value of goods, averaging between Ksh 5,000-10,000. If the goods in question happen to be perishable, they risk going to waste if the bribe is not paid fast enough to facilitate release. An interesting finding is that after payment of the bribe, the security personnel actually direct the traders to use the *panya* route, a pedestrian path located just next to the security gate and adjacent to the customs long-room, which is quite visible to any interested party, and which has a constant flow of pedestrians carrying all manner of wares by hand, bicycles and even handcarts from either Uganda or Kenyan side. People allowed to use the *panya* route including the traders become normal pedestrians who are not stopped by customs thereafter, meaning that smuggling takes place with full facilitation by Uganda security personnel, who are supposed to be part of Uganda customs. The bribes are a cost to the traders, while customs losses trade data on low-value trade which is substantial considering that a constant flow of such goods takes place through the border station. In addition, it is estimated that a large sum of customs revenue is lost since traders break down large consignments valued at above US\$ 500 (now US\$ 1,000) in order to pass through the bribery system.

- Traders who happen to use the SCOO scheme have to submit the Single Administrative Document (SAD) Form E1 which is submitted through a clearing and forwarding agent. Compliance with this requirement ends up costing the trader an average of between Ksh 5,000 to 10,000 per consignment. The CFA process also means time loss of between 5-10 hours, which can go up to a full day when the Uganda ASYCUDA ++ is down. This forces even traders who wish to comply with Uganda customs requirements to smuggle goods across the border, aided by security personnel.
- The small cross border traders point out that while they have severally raised their concerns on difficulties experienced in using the STR and related SCOO through their association with the Kenya Ministry of Trade, they never receive any feedback. Most of them are therefore reluctant to continue making efforts at utilising the scheme, and instead pay the demanded bribes to Uganda security personnel in order to be allowed to use the *panya* route, which is the easier way of accessing the Ugandan market.
- It is instructive that the Kenya customs side does not apply the above hurdles for small traders who transport goods from Uganda to the Kenyan side of the border station, since a security gate before customs long-room and SAD Form E1 do not apply in Kenya for small value trade of less than US\$ 1,000.

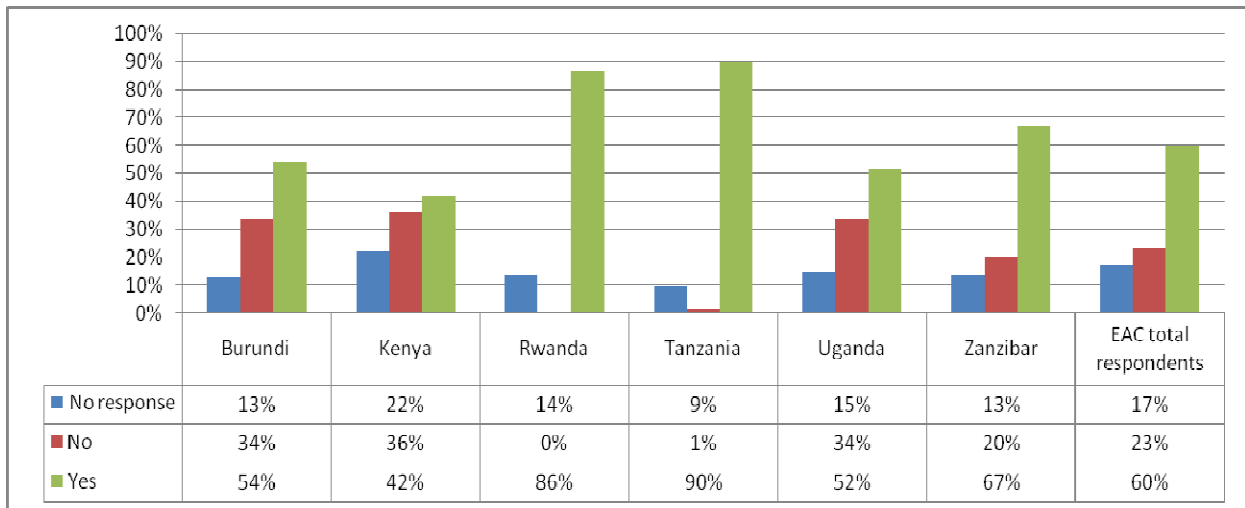
The above bottlenecks experienced by various categories of businesses point out to the need to ensure efficient flow of information to EAC border stations once decisions are made by relevant EAC organs. In addition, there is urgent need to harmonise systems and procedures for trading across EAC borders, and for executing officers to respect decisions made by the Council of Ministers, such with regard to STR/SCOO. Additionally, there should be close monitoring of practices taking place at border stations by National Monitoring Committees, including prevalent and open bribery, in order to scale down the cost, time loss and unacceptable trading practices experienced by small-scale traders.

Chart 109: Awareness about all customs and port/border stations requirements for exporting and importing in home country



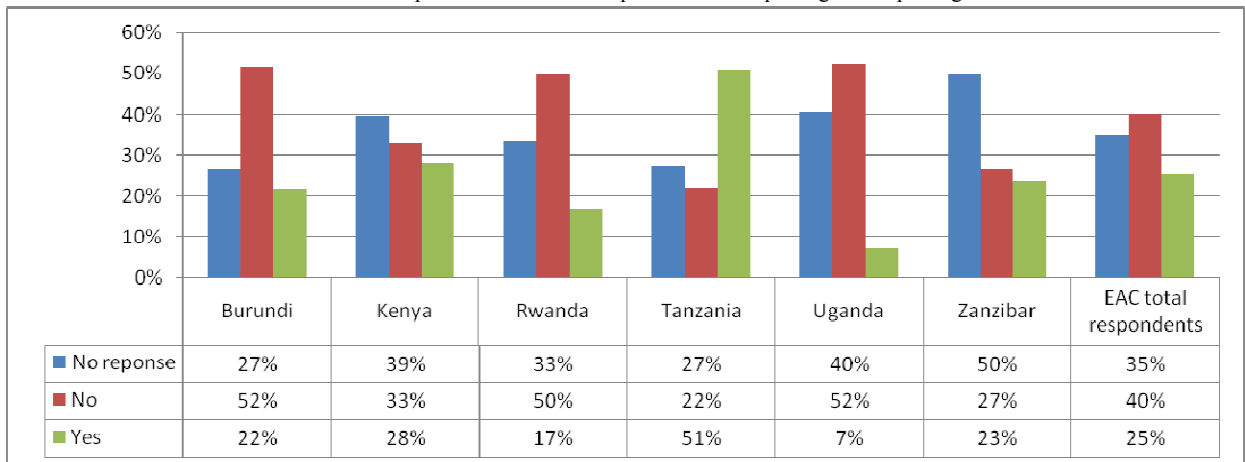
Source: BCI perceptions by Transporters, Businesses, CFAs and Informal Cross Border Traders

Chart 11: Awareness about all customs and port/border stations requirements for exporting and importing in other EAC countries



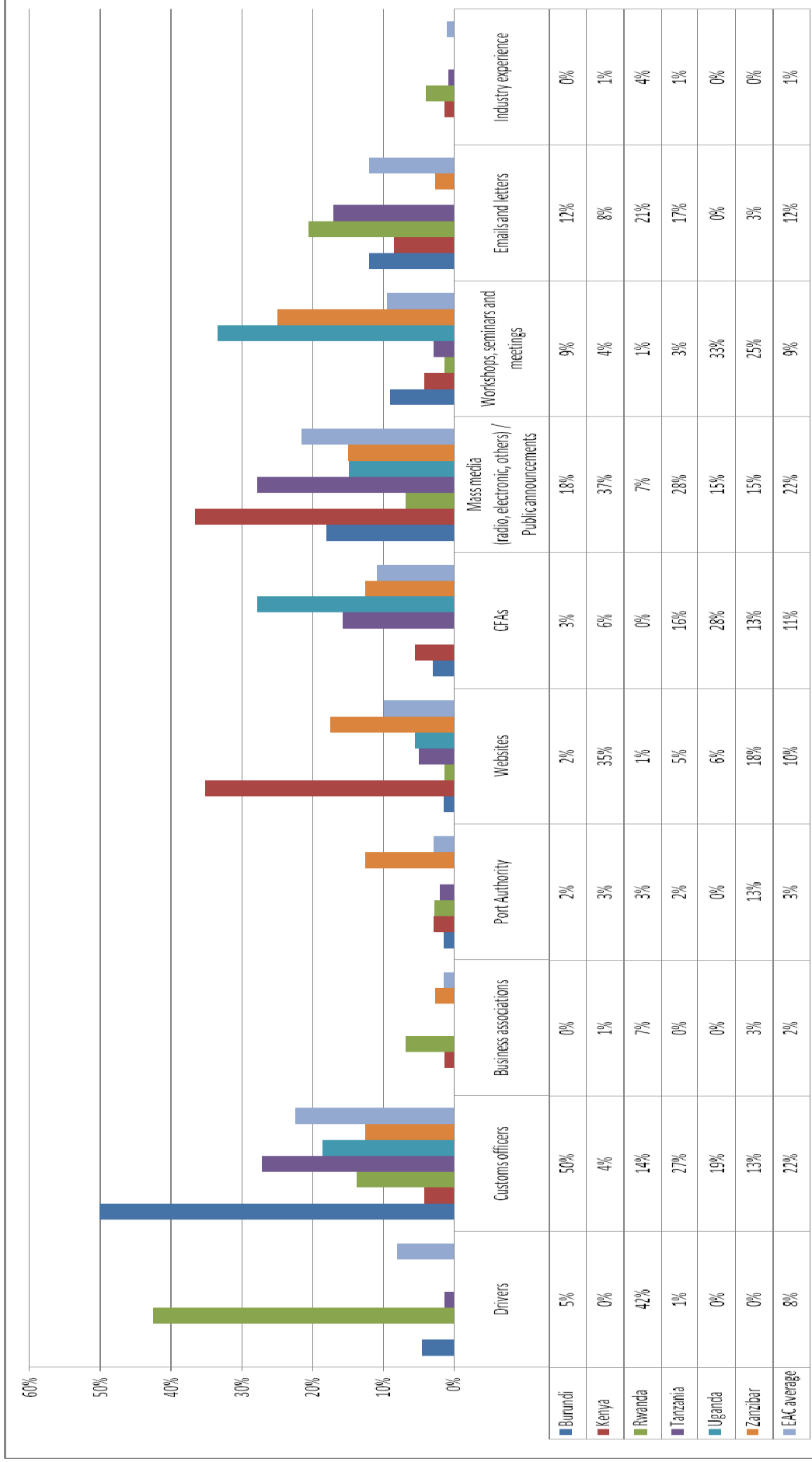
Source: BCI perceptions by Transporters, Businesses, CFAs and Informal Cross Border Traders

Chart 12: Awareness about all customs and port/border stations requirement for exporting and importing for non-EAC countries



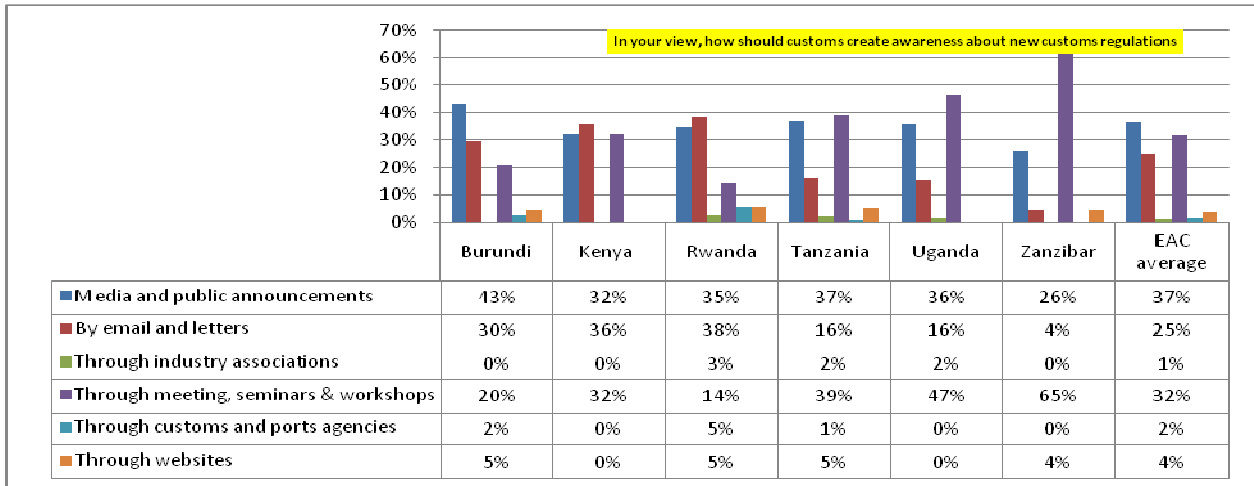
Source: BCI perceptions by Transporters, Businesses, CFAs and Informal Cross Border Traders

Chart 13: Means through which businesses get informed about new changes in customs and port/border stations regulations



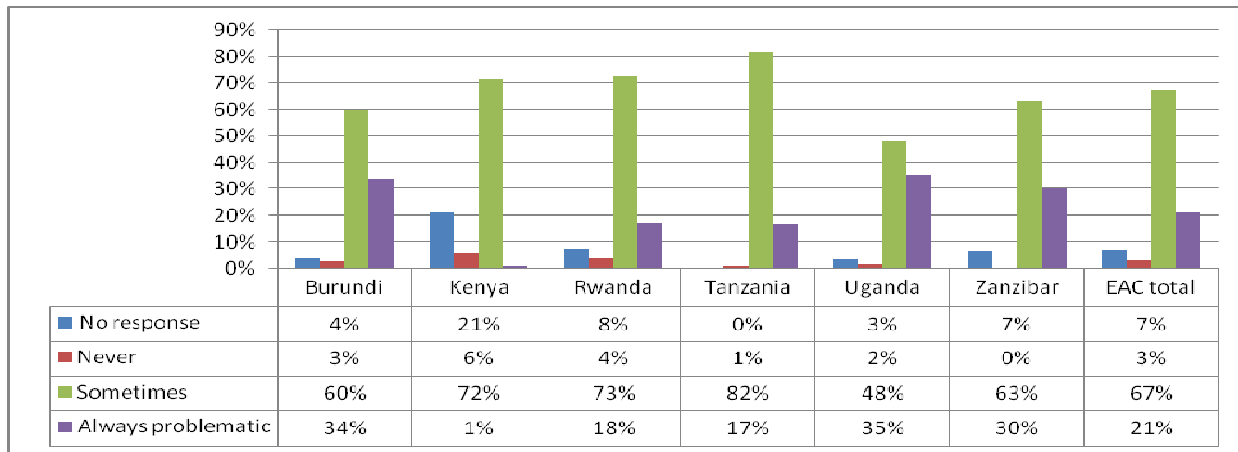
Source: BCI perceptions by Transporters, Businesses, CFAs and Informal Cross Border Traders

Chart 14: Views on which information channels customs should in future use to create awareness about new customs regulations



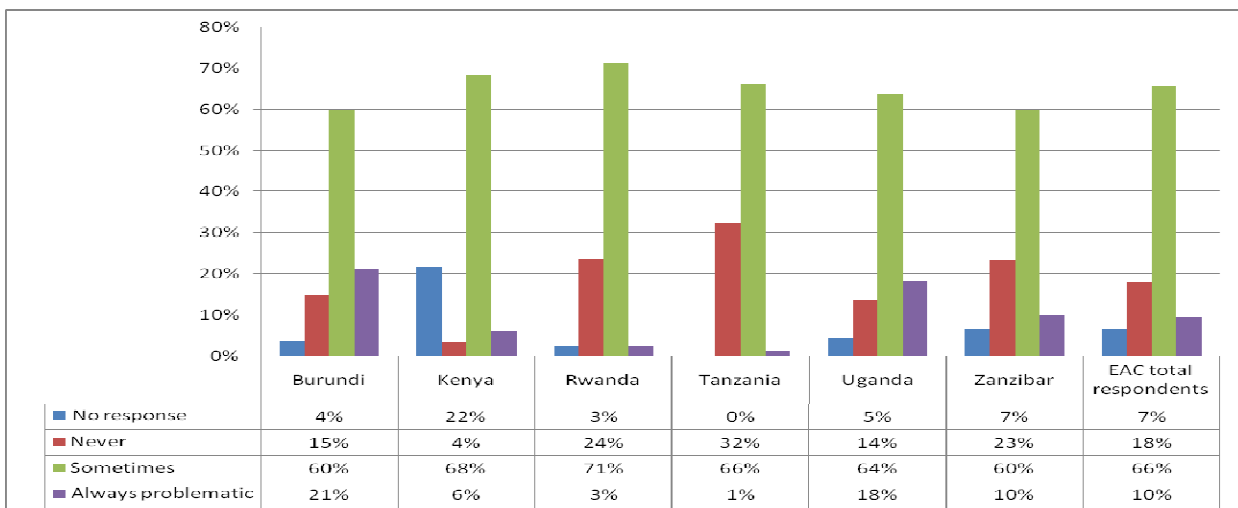
Source: BCI perceptions by Transporters, Businesses, CFAs and Informal Cross Border Traders

Chart 15: Whether businesses experience problems in getting to know about new customs and port /border stations regulations for exports and imports whenever they occur



Source: BCI perceptions by Transporters, Businesses, CFAs and Informal Cross Border Traders

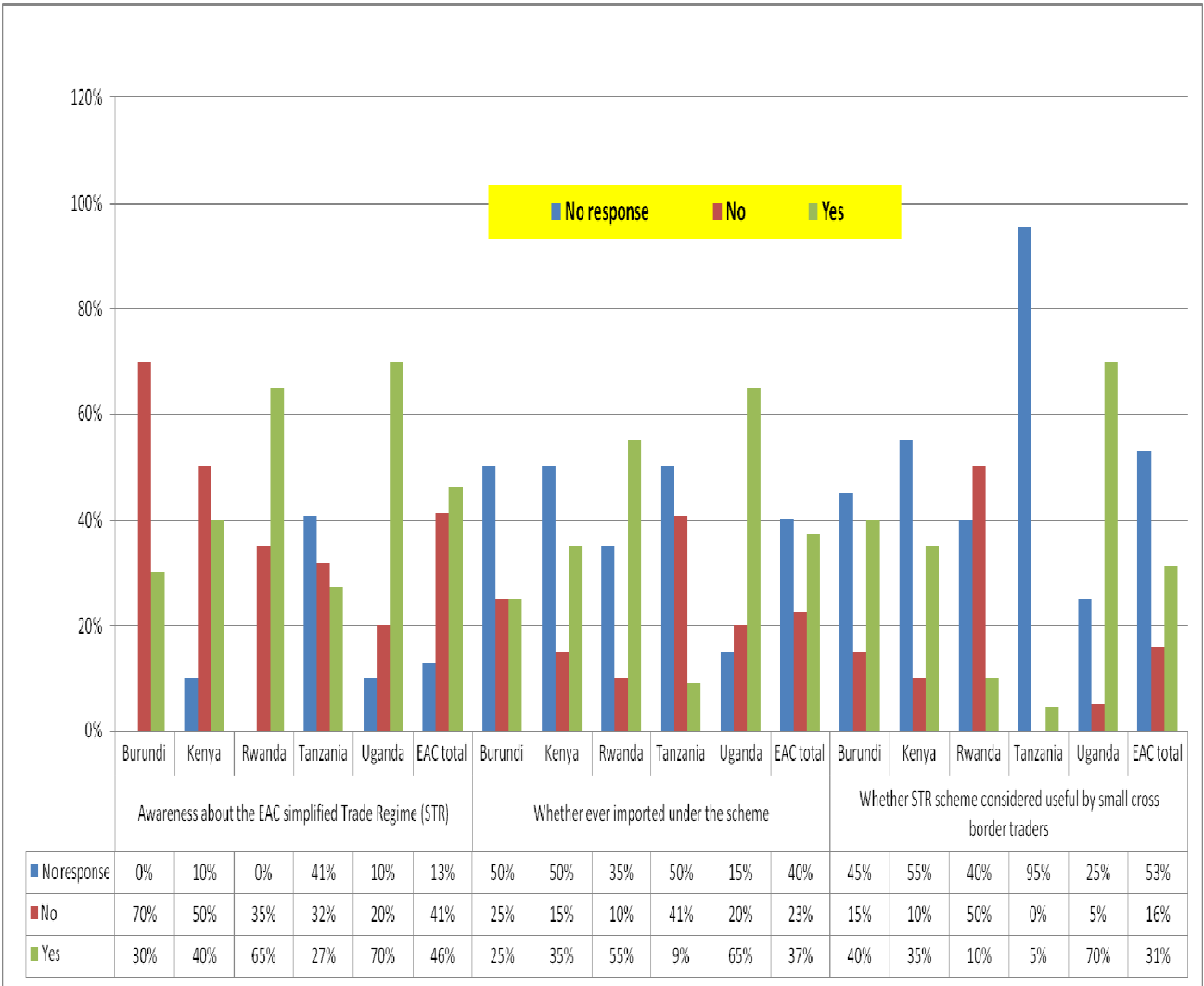
Chart 16: Whether businesses experience problems in understanding all customs and port /border stations regulations on exports and imports



Source: BCI perceptions by Transporters, Businesses, CFAs and Informal Cross Border Traders

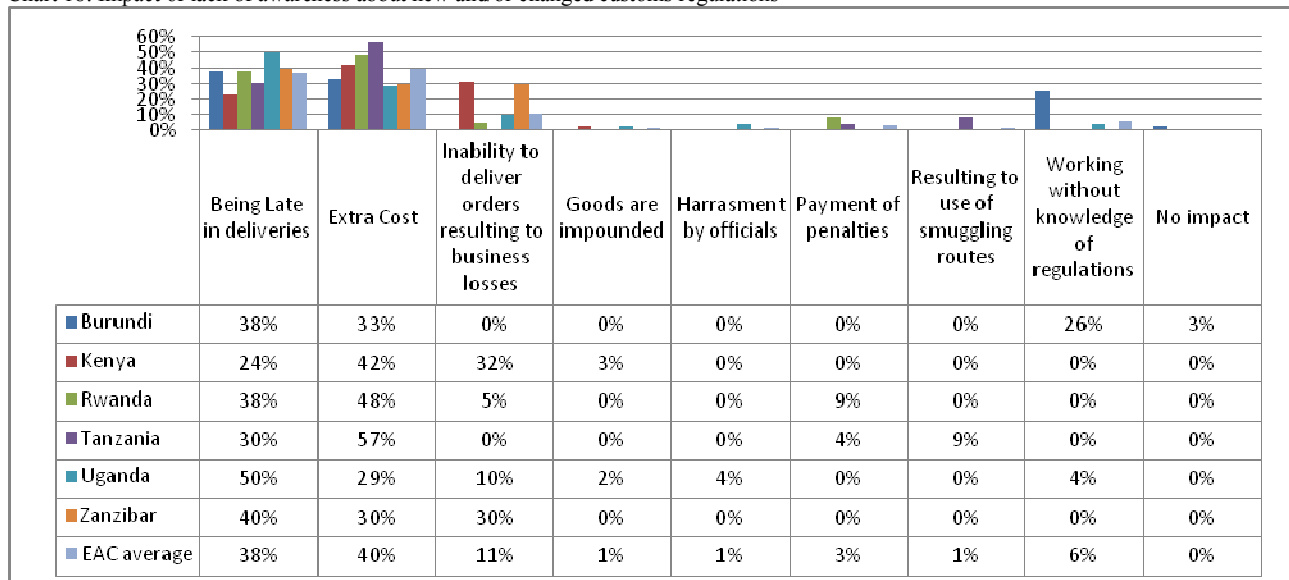


Chart 17: Awareness and usefulness of the EAC STR by informal cross border traders



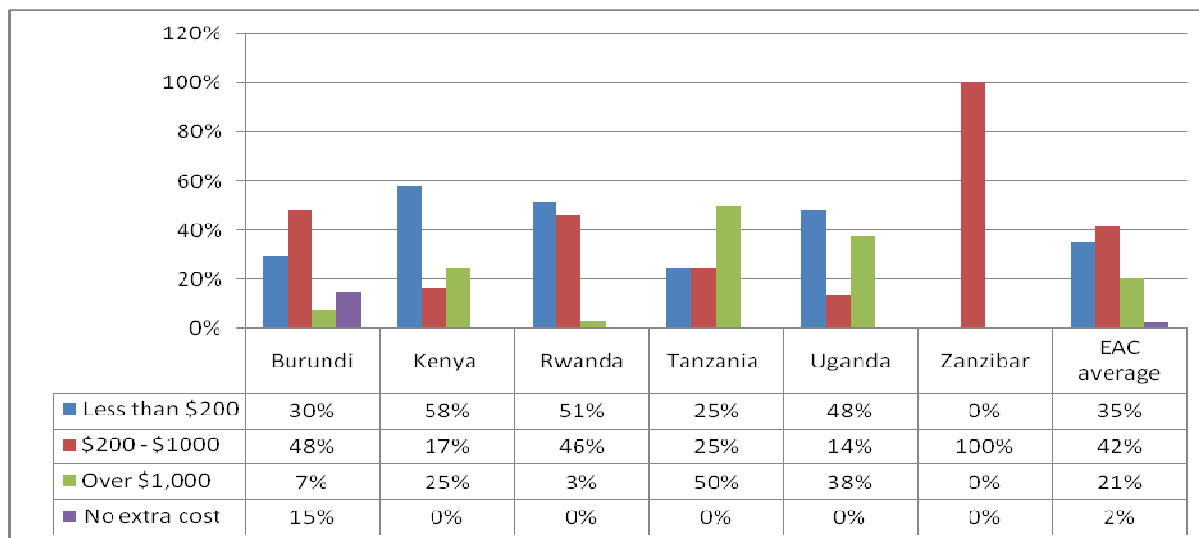
Source: BCI perceptions by Informal Cross Border Traders

Chart 18: Impact of lack of awareness about new and/or changed customs regulations



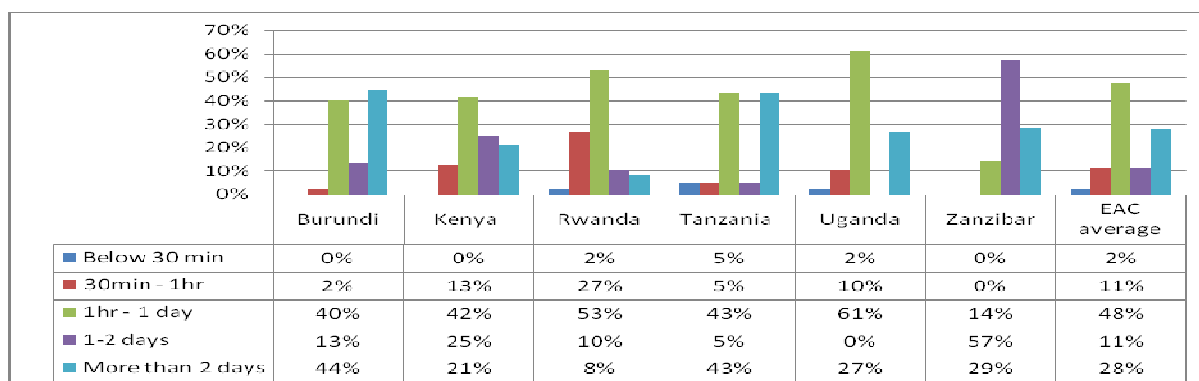
Source: BCI perceptions by Transporters, Businesses, CFAs and Informal Cross Border Traders

Chart 19: Average extra costs paid due to lack of information about new or changed customs regulations



Source: BCI perceptions by Transporters, Businesses, CFAs and Informal Cross Border Traders

Chart 20: Time lost due to lack of information about new/ changed customs and port/border stations regulations



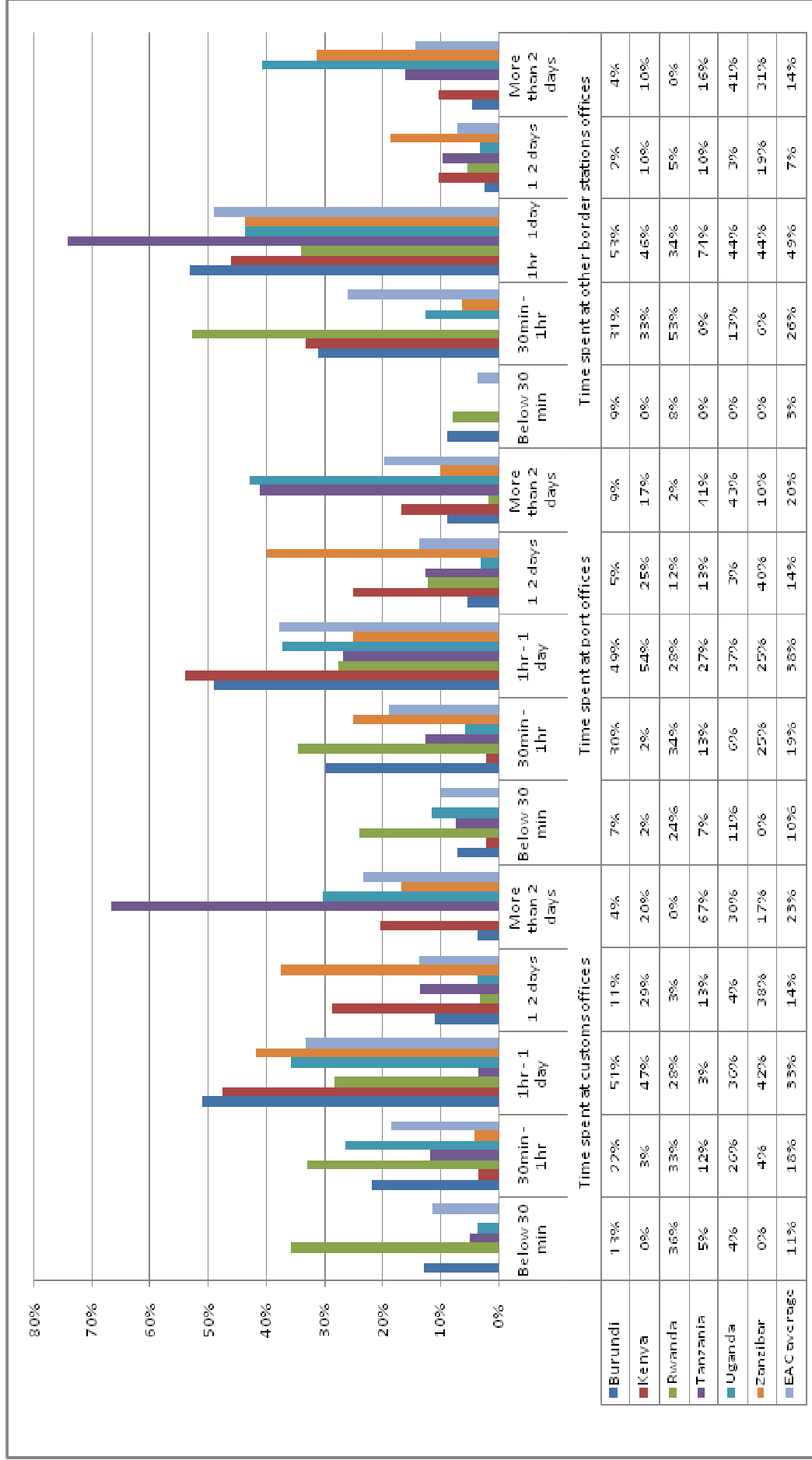
Source: BCI perceptions by Transporters, Businesses, CFAs and Informal Cross Border Traders

### 2.5.3 TIME TAKEN TO COMPLY ON CUSTOMS PROCEDURES

As shown in **Chart 21** below, on average 45% of the business community respondents indicated that it takes between 1 hour to 2 days to complete imports documentation at customs offices for. However a notable 67% of Tanzania and 30% of Uganda respondents indicated it the process takes more than 2 days, which is a area of concern. With respect to time spent at port offices, a high of 52% respondents indicated it takes between 1 hour to 2 days to complete the port procedures, again a serious area of concern that needs to be addressed. Regarding time taken at border stations to complete import procedures, the average time taken is 1 hour to 1 day as indicated by 49% of the respondents, although 26% also indicated they spend 30 minutes to 1 hour to complete the procedures.

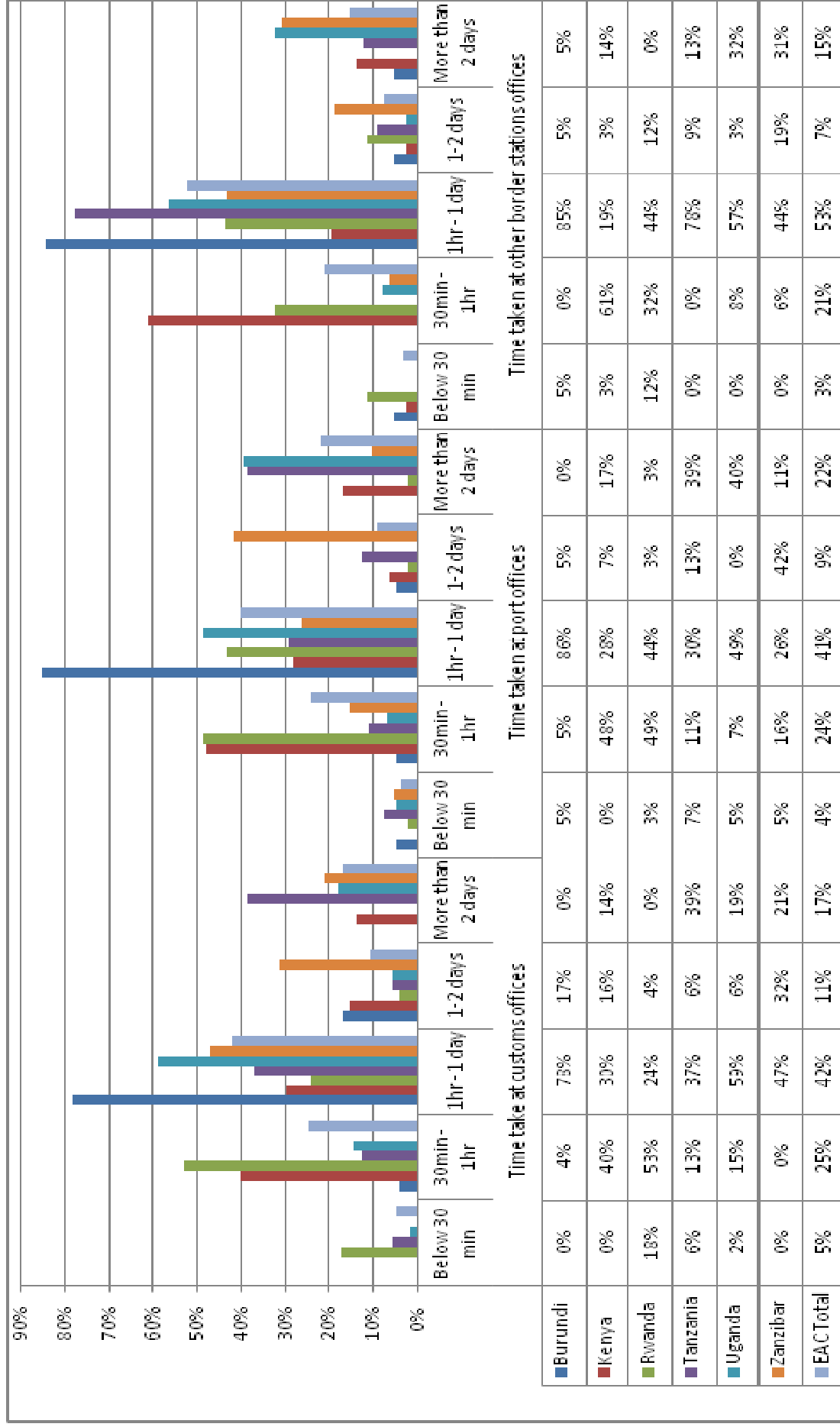
With respect to export procedures, the average time taken at customs offices is between 1 hour to 2 days as indicated by 53% of the respondents, although a notable 17% indicated it takes more than 2 days. In this respect, Tanzania's average respondents indicating more than 2 days stands at 26% which is worrying. On port procedures for exports, an average 52% indicated it takes between 1 hour to 2 days. Tanzania and Uganda however had 39% and 40% respondents respectively indicating a time of more than 2 days which is an area of concern as shown in **Chart 22** below. With respect to border procedures for exports, the region seems to be doing well with a combined 74% of the respondents indicating they spend between 1 hour to 1 day maximum to complete the procedures, although a notable 32% of Uganda and 31% of Zanzibar respondents indicated a time of more than 2 days.

Chart 21: Average time take to complete customs import procedures



Source: BCI 2011 combined perceptions by Transporters, Businesses, CFAs and Informal Cross Border Traders

Chart 22: Average time taken to complete customs export procedures



Source: BCI combined perceptions by Transporters, Businesses, CFAs and Informal Cross Border Traders

## 2.5.4 EXTRA COSTS INCURRED IN PROCESS OF COMPLYING WITH CUSTOMS PROCEDURES

The average extra official costs that businesses incur per month at the border crossings and at the port while in the process of complying with customs administrative requirements on imports are numerous. Some of these costs are official, including Documentation and paperwork costs, Storage and Port handling charges, and Penalties for non-compliance with required procedures. Other costs are unofficial, such as lost value of perished goods, communication and accommodation expenses while waiting for clearance, and bribes to speed up process. A summary of the charges in question is shown in **Table 5** below, indicating that about 42% of the businesses on average incur between USD 200-1,000 per transaction. However, there is an additional average of 21% of the businesses who indicated they incur above USD 1,000 as extra costs per transaction, which especially affects Zanzibar (50%), Uganda (39%), and Tanzania mainland businesses more than in the other regions.

Table 5: Extra costs incurred per month to comply with customs administrative requirements

Expense categories	Burundi	Kenya	Rwanda	Tanzania	Uganda	Zanzibar	EAC Total
Less than \$200	38%	41%	82%	41%	55%	33%	53%
\$200 - \$1000	24%	41%	18%	29%	5%	17%	21%
Over \$1,000	10%	19%	0%	29%	39%	50%	21%
No extra cost	28%	0%	0%	0%	0%	0%	5%

Source: Combined frequency responses by Transporters, Businesses, CFAs and Informal Traders

## 2.5.5 IMPROVEMENTS IN PORT AND CUSTOMS OPERATIONS IN YEAR 2010

### 2.5.3.1 Responses by the Revenue Authorities

The five EAC revenue authorities, their customs departments and port authorities confirmed during interviews that indeed they have in the past received complaints from businesses on NTBs and other trade related issues related to port and customs procedures. Such complaints include:

- Delays in verifying originating status of products whenever doubts are raised by customs officers
- Delays in getting import/export approvals and certification on time which consequently affect delivery of export orders and access to imports
- Lack of efficient infrastructure at the border posts for clearing imports. For example in Burundi, businessmen must travel from their various locations to Bujumbura in order to get imports and exports clearance which consumes a lot of time and money
- Required documents on exports and imports are too many. In addition, the documents must be obtained from different trade facilitation institutions which is time-consuming
- Most border stations are not open on a 24-hour 7-days basis, which means loss of precious business time. In addition, some of the countries like Tanzania prohibit travel at night by transport vehicles, which translates to loss of business time
- Knowledge by businesses about customs procedures is limited, which consequently necessitates engagement of CFAs to prepare required documentation. This translates to additional costs for businesses
- The time taken for clearing imports/exports cargo has been reported as too long.

To address these NTB complaints, the revenue authorities pointed out that they have taken the following actions:

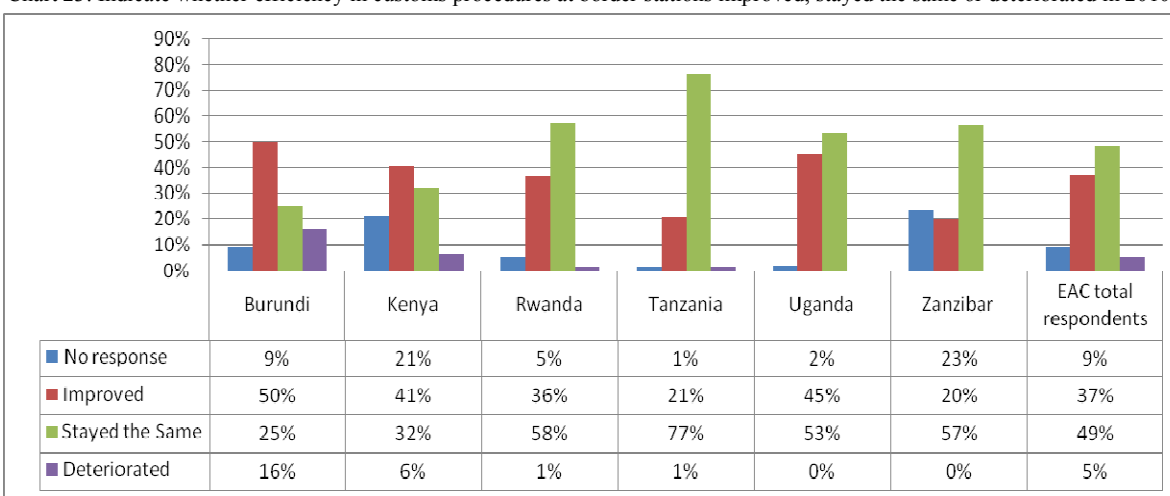
- Communicating with the EAC export destination country about an intended import entry to enable prior planning for fast clearance
- The revenue authorities have developed the necessary infrastructure to cope with the identified import/export bottlenecks, including adopting the harmonised system for goods classification as required by the EAC Customs Management Act
- There are plans to open increased clearing customs posts at all imports entry borders

- Increased To collaborating with the police aimed at curbing entry of all irregular/illegal imports
- Upgrading of IT infrastructure and related applications for faster clearance
- Harmonization of invoice quoted price with customs determined value as per the WTO<sup>19</sup> Customs Agreement

### 2.5.3.2 Responses by businesses

A number of businesses confirmed that the port and customs operations indeed improved in year 2010, which could be as a result of ongoing actions by the revenue authorities to address the NTBs complaints. In this respect, 50% of Burundi businesses confirmed that the port/customs operations improved in year 2010. However, businesses in Zanzibar were quite pessimistic that the port/customs operations improved, with only 20% confirming improvement. Despite some of these positive indications, a number of businesses actually point out that the port/customs procedures stayed the same in year 2010 (i.e. that there were no improvements), with a high of 77% businesses in mainland Tanzania giving this indication. On average, 49% of EAC businesses therefore indicated there were no improvements in these regulations in year 2010 as shown in *Chart 23* below.

Chart 23: Indicate whether efficiency in customs procedures at border stations improved, stayed the same or deteriorated in 2010



Source: BCI 2011 perceptions by Transporters, Businesses, CFAs and Informal Cross Border Traders

In addition to the perceptions summarised in Chart 20 above, specific discussions held with informal cross border traders at the Tanzania side of Holili Border Station (Tanzania/Kenya border) aimed at identifying specific difficulties experienced in the course of undertaking cross border trade. Some of the issues raised with respect to customs procedures include:

- Traders normally flout customs procedures and requirements when such regulations hinder exploitation of a business opportunity. In this respect, a lot of smuggling of goods takes place on either side of the Holili Border Station according to the Tanzania informal cross border traders interviewed. In this respect, traders from Tanzania sell sugar to Kenya and carry back some kerosene on the journey back. Sugar exports from Tanzania to Kenya is banned, making it a precious commodity on the Kenyan side if smuggled without duty payment, thus in the end encouraging smuggling to customers in Kenya. Also kerosene is smuggled across into Tanzania in order to avoid payment of customs duty. The trade in smuggled products is safeguarded as top secret, and therefore identifying traders who can give data and respond to smuggling-related questions is quite difficult despite assurance that information gathered would be treated confidentially. While the amount of smuggled goods at the border station is estimated to be substantial, quantifying its value is therefore difficult and one would have to incur substantial expenses to build goodwill amongst the traders in order to access reliable data estimates. But the smuggling bottleneck however indicates the need to harmonise the list of goods that are either banned, regulated and/or allowed to be freely traded amongst EAC countries. This is an area under the EAC

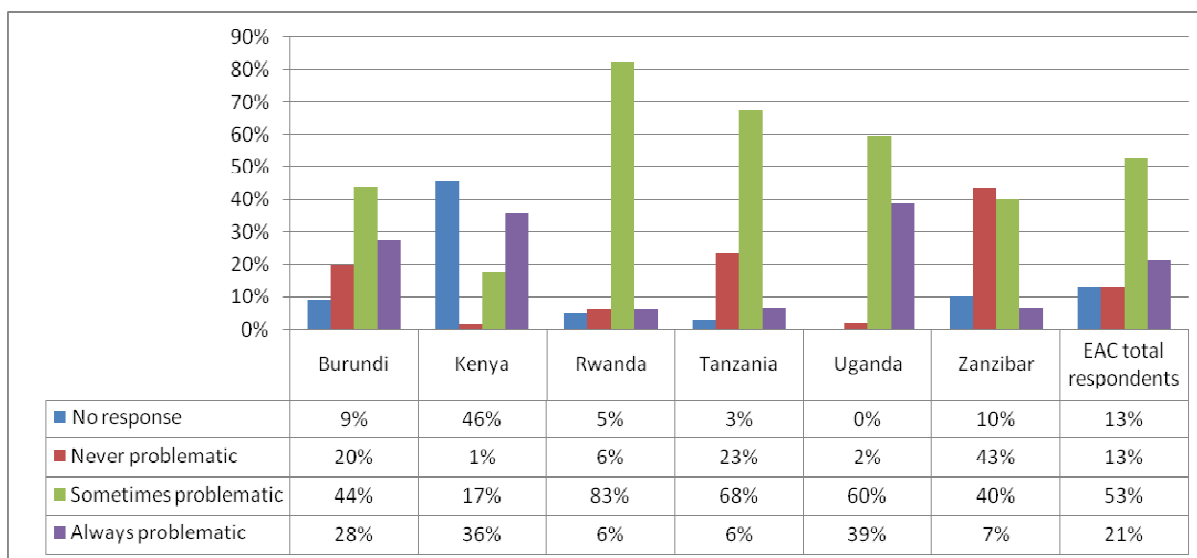
<sup>19</sup> World Trade Organisation

Customs Union Protocol that has not yet been addressed but which requires urgent attention so as to promote legal trade, since in any case, goods traded within the region should be similar.

- b) Most of the small traders on both sides of the border station happen to be women who know very little about customs, immigration, police, SPS and quality standards procedures and requirements, which makes it difficult to declare their trading activities. The normal practice is therefore to smuggle goods using *panya* routes across the border. This calls for awareness creation about the existence and modalities of utilizing the EAC Simplified Certificate of Origin, which allows traders to import EAC-originating goods duty free if the value of the consignment is less than USD 1,000

With respect to congestion at border stations and whether this is a cause of delays in clearing imports and export, majority of the business respondents confirmed that this is sometimes or always a problem as shown in **Chart 24** below, where a high of 83% Rwanda respondents cite congestion as always a problem, and 28% of Burundi respondents stating it is always a problem. An average of 53% EAC business respondents cite congestion as sometimes a problem while 21% point at it as always a problem.

Chart 24: Extent to which congestion at the border stations is perceived as the cause of delays in clearing imports and exports



Source: BCI 2011 perceptions by Transporters, Businesses, CFAs and Informal Cross Border Traders

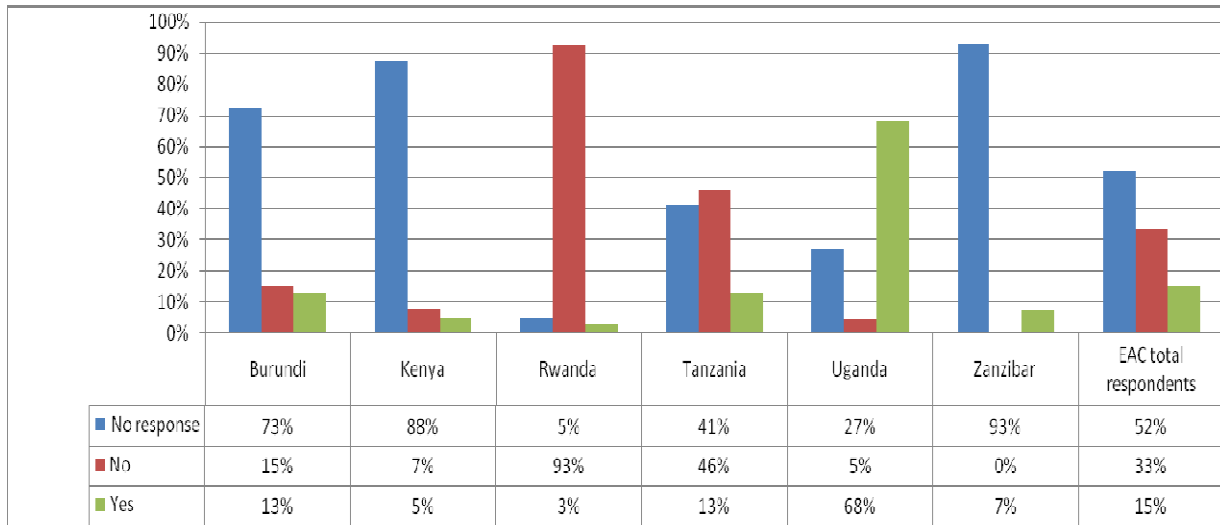
## 2.5.6 EXTRA OFFICIAL COSTS

Transport companies and CFAs were asked whether they absorb or pass on the extra official costs that they incur on delayed imports at the port and border crossings to their customers. Such costs are incurred for example when demurrage charges are applied by port authorities on overstayed imports, or when warehousing charges are levied while the owner of goods is in the process of sorting out a problem with the regulatory authorities (e.g. regarding valuation, non-recognition of a standards mark or EAC certificate of origin, etc). While majority of the interviewees did not respond to this question, a sizeable 68% of Uganda respondents stated they pass on such extra costs to their customers as shown in **Chart 25** below. This ends up increasing transportation costs in the region, which is eventually passed on to the final consumer of the goods in question. If the goods happen to be industrial raw materials, the implication is that production costs goes up thus making products manufactured uncompetitive vis a vis equivalent ones manufactured in other regions.

With respect to whether extra costs incurred on exports are passed on by transport companies and CFAs to their customers (e.g. producers such as manufacturers), the responses were similar to those on imports. In this respect, majority did not respond to the question, but there are some notable responses from Burundi, Uganda and Zanzibar who responded to say they pass on the extra costs to customers as shown in **Chart 26** below. The implication is that producers end up bearing the costs incurred at the port of border crossings whenever exports are delayed, even when the reason for the delays may not be the fault of the producer, e.g. when an EAC destination country refuses to endorse and certificate of origin or a standard mark issued in the EAC originating country. This calls for mutual recognition of standard marks and certificates of origin issued

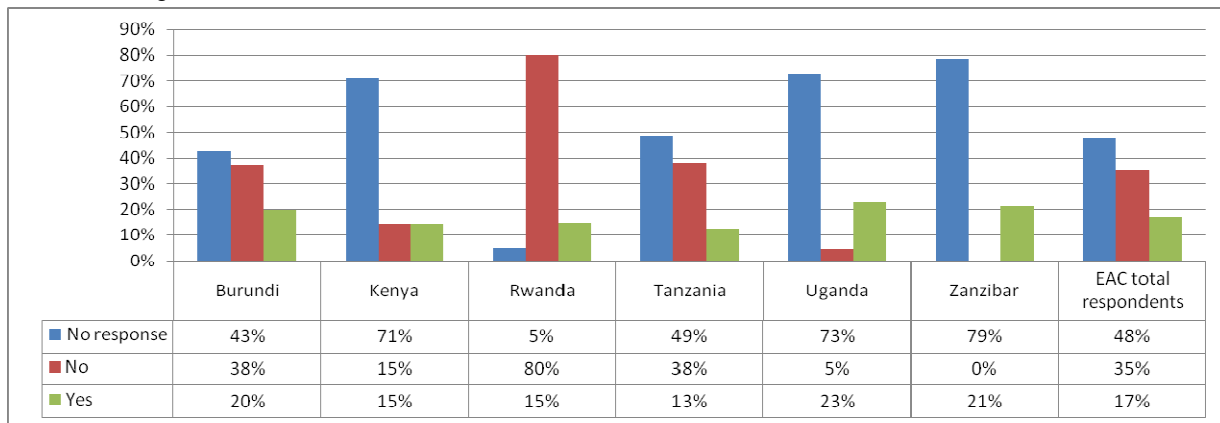
within EAC, and for regulatory authorities to establish offices at all border stations so as to minimise the time that an import/export consignment stays at the border stations.

Chart 25: Indications whether transport companies and CFAs absorb or pass on extra official costs incurred on delayed imports at the port and border crossings to their customers



Source: BCI 2011 perceptions by Transporters, Businesses, CFAs

Chart 26: Whether transport companies and CFAs absorb or pass on extra official costs incurred on delayed exports at the port and border crossings to their customers



Source: BCI 2011 perceptions by Transporters and CFAs

## 2.5.7 CORRUPTIVE PRACTICES AND IMPROVEMENTS IN CUSTOMS/ PORT OPERATIONS IN YEAR 2010

### 2.5.7.1 Responses by Revenue and Ports Authorities

Based on arguments that trade-related corruption is a two-way traffic involving officials of regulatory authorities and businesses, the revenue authorities and port authorities were asked to indicate the proportion of businesses and trucks that comply with cross-border and transit regulations. This is because non-compliance normally becomes the reason for businesses/truck drivers to seek for favours from revenue authorities. The responses indicate that that non-compliance with the cross-border and transit regulations indeed takes place, with Kenya, Rwanda and Uganda indicating that an estimated 80% of businesses and trucks which do not comply with these regulations. In addition, bribes often take place, with Burundi and Rwanda respondents indicating that payment of bribes on non-compliance with cross-border and transit regulations takes place. In Burundi, such practices take place at night if the transporter does not have required documents.



When asked about the allegation that bribes are paid even when regulations have been met, the revenue and port authorities indicated that although bribery often takes place, such cases have been reduced and are expected to end soon. This is because the revenue and port authorities have initiated various actions while others are planned with an aim to ending incidences of officers taking bribes from businesses and trucks. The ongoing actions include:

- Developing and implementing a code of conduct for employees
- Introduction of systems that aimed at net officers involved in corruption
- Changing posts of customs officers to avoid familiarity with taxpayers
- Ensuring good salaries are paid to staff so as to reduce temptations to solicit for bribes
- Timely dissemination of information to businesses about services offered and regulations/ procedures applied
- In Tanzania and Burundi, the law prohibits trucks from travelling at night since this is the time when most bribery incidences take place
- Solutions to mitigate corruption risk indicators have been put in place
- Establishment of a public domain charter for tax-payers to report bribery cases such as in Kenya
- Punishing perpetrators of corruption including discontinuation of officers from employment if found guilty of participating in bribery
- Constant reminders to staff during internal meetings and through departmental instructions not to ask for bribes as happens in Zanzibar
- Campaigns are ongoing in Burundi to sensitize taxpayers about the economic danger and outcomes of corruption

In addition, planned actions to end corruption include:

- An Enterprise Risk Management System is planned in Kenya
- Committees to enhance a high level of integrity amongst staff is planned in Tanzania
- Regular monitoring and reporting to management about field practices is planned in Rwanda
- Planned set up of a body in Burundi to monitor bribery cases at night

#### **2.5.7.2 Responses by businesses**

During the BCI survey, the Transporters, Businesses, CFAs and Informal Cross Border Traders were asked to indicate:

- Whether they pay bribes to Customs, Port and other Border Stations Officers,
- Reasons for paying bribes to customs, port and border stations officers,
- Whether the problem of bribery at customs and port improved, stayed the same or worsened in 2010, and
- Whether transport companies and CFAs absorb or pass on the bribery costs to their customers.

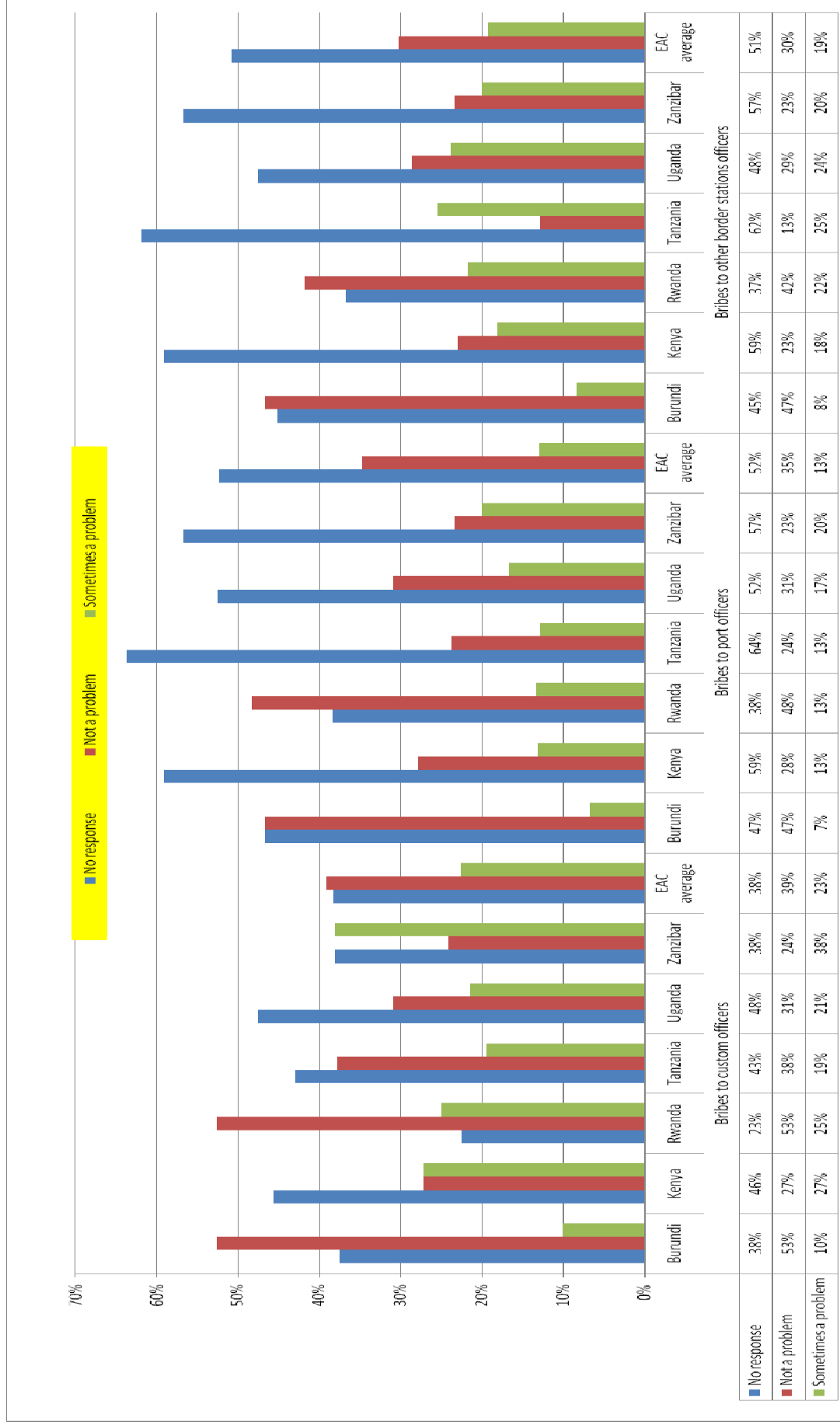
The responses to the above questions give the following indications:

- With regard to whether bribes are paid to Customs, Port and other Border Stations Officers, this is not a very serious problem, based on an average 80% of respondents who either did not respond or stated that this is not a problem as shown in **Chart 27** below. However, the concerns of the balance of an average 20% respondents who indicated that bribery takes place to customs, port and border officials need to be addressed by taking appropriate actions to reduce bribery incidences at the entry and exit points. Such actions include implementation of the single window system so as to reduce face-to-face interactions between officials and businesses, implementing the planned actions, and continued focus on ongoing actions by revenue and port authorities.
- The reasons for payment of bribes to officers at entry and exit points in the region include the need to speed up clearance, and that transaction documents are sometimes incorrect on value, quantity and taxes declared, as indicated by an average of 15% Burundi and a high of 37% Rwanda respondents presented in **Chart 28** below. This calls for the need to continue educating taxpayers about customs and port/border regulations and how to make declare their incoming cargo.

- Regarding whether the problem of bribery at customs and ports improved or worsened in year 2010, a notable combined percentage of 19% Burundi and 69% Uganda respondents indicated the problem either stayed the same or worsened as shown in **Chart 29** below. This reinforces the need for continued education to taxpayers about customs and port/border regulations, how to make declare their incoming cargo, and the urgent need to implement the single window system.
- As to whether transport companies and CFAs absorb or pass on the bribery costs to their customers, a high of 45% Uganda respondents and a low of 10% Burundi respondents confirmed they pass such costs to their customers as shown in **Chart 30** below. This cost ends up being borne by the final consumers of goods imported for direct consumption into the region. When the imports happen to be industrial raw materials, they escalate production costs in the region, thus making the region's manufacturers uncompetitive vis a vis their competitors from other world regions.

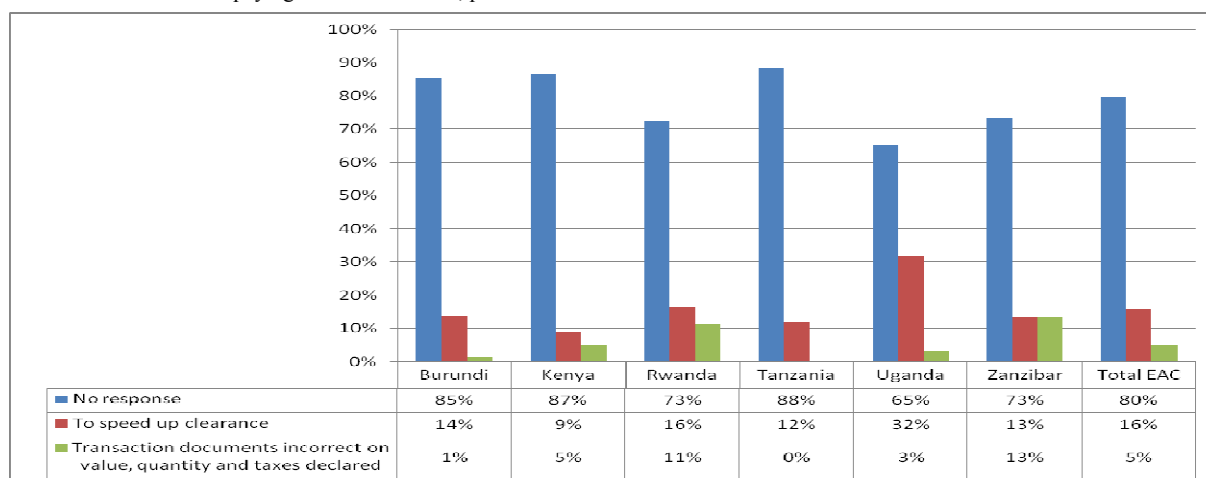
In addition to the above reasons as to why businesses pay bribes to customs and port officials, CFAs and transport companies voiced concern that different trade facilitation institutions involved in approving export/import cargo do not have harmonised working hours, with some offices closing earlier than others. In addition, customs offices at the main airports officially close at 5 pm and are only available to offer services during weekdays. This forces CFAs/transport companies to bribe officials in order to shorten the documents approval time so that the documents can be taken to other relevant offices before the day officially closes. This problem is mostly experienced before an impending weekend, since cargo arriving after 5pm on a Friday has to wait until Monday for clearance. In efforts to beat official closing time of a day and before an impending weekend, many CFAs also erroneously submit incomplete documents or wrong declarations due to the rush to complete the clearance process before closure of offices. The solution to this bottleneck should focus on change of airport customs working hours to 24 hours 7 days a week to allow clearance of goods immediately upon arrival. In addition, information on customs approval/ clearance procedures and requirements including the official hours and grace period needs to be introduced online to allow businesses to accustom to applicable regulations.

Chart 27: Whether companies ever pay bribes to Customs, Port and other Border Stations Officers



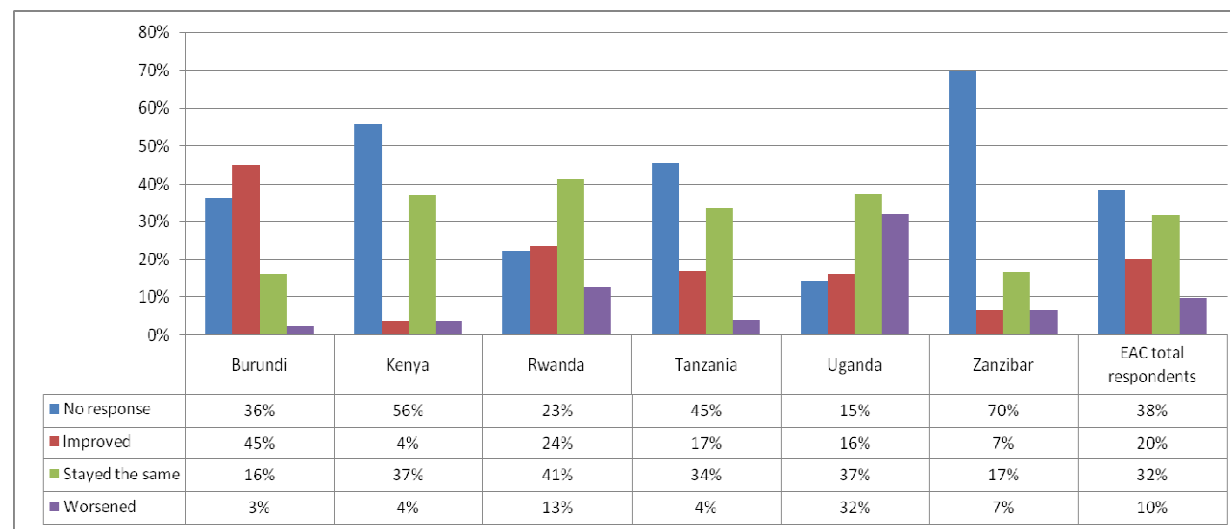
Source: BCI 2011 perceptions by Transporters, Businesses, CFAs

Chart 28: Reasons for paying bribes to customs, port and border stations officers



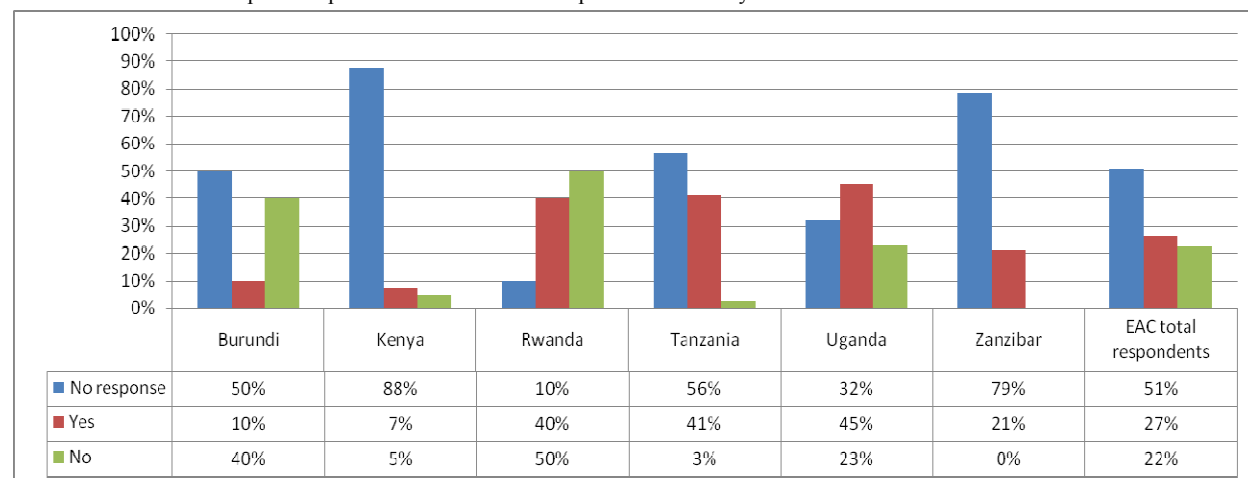
Source: BCI 2011 perceptions by Transporters, Businesses, CFAs

Chart 29: Whether the problem of bribery at customs/ port improved, stayed the same or worsened in 2010



Source: BCI 2011 perceptions by Transporters, Businesses, CFAs

Chart 30: Whether transport companies and CFAs absorb or pass on the bribery costs to their customers



Source: BCI 2011 perceptions by Transporters, Businesses, CFAs

## **2.5.8 SUGGESTED IMPROVEMENTS IN CUSTOMS AND PORT/BORDER OPERATIONS**

### **2.5.8.1 Response by Revenue and Port Authorities**

In addition to actions that revenue authorities have taken to address NTBs complaints and elaborated under section 2.5.3.1 above and ongoing planned actions to end corruptive practices at customs, ports and borders stations offices pointed out in section 2.5.5.1 above, the revenue authorities suggest the following capacity building activities aimed at ensuring that businesses fully comply with regulations and administrative requirements on imports and exports:

- Building good relationships with the trading community through trainings and sensitization seminars about the trade procedures, regulatory and administrative requirements for import and export trade within the region
- Regular information dissemination meetings to sensitise the business community about trade-related laws and regulations,
- Establishing measures aimed at legalising businesses and building a culture of respect for tax payments
- Continuous training workshops for staff at national and regional level aimed at building skills and knowledge about EAC customs and other trade-related regulations
- Improving collaboration between EAC customs departments aimed at harmonising procedures so as to enhance the mutual recognition of goods traded amongst the Partner States
- Continuation of the ongoing diploma-level training program for CFAs that is spearheaded by customs departments and the Federation of EA Freight Forwarders Association. This program additionally needs to be endorsed as an EAC program at the highest level possible within the EAC decision making organs.

To ensure the above suggestions are implemented, a number of bottlenecks associated with raising capacity of businesses to comply with customs and port regulations and administrative requirements have to be addressed, including:

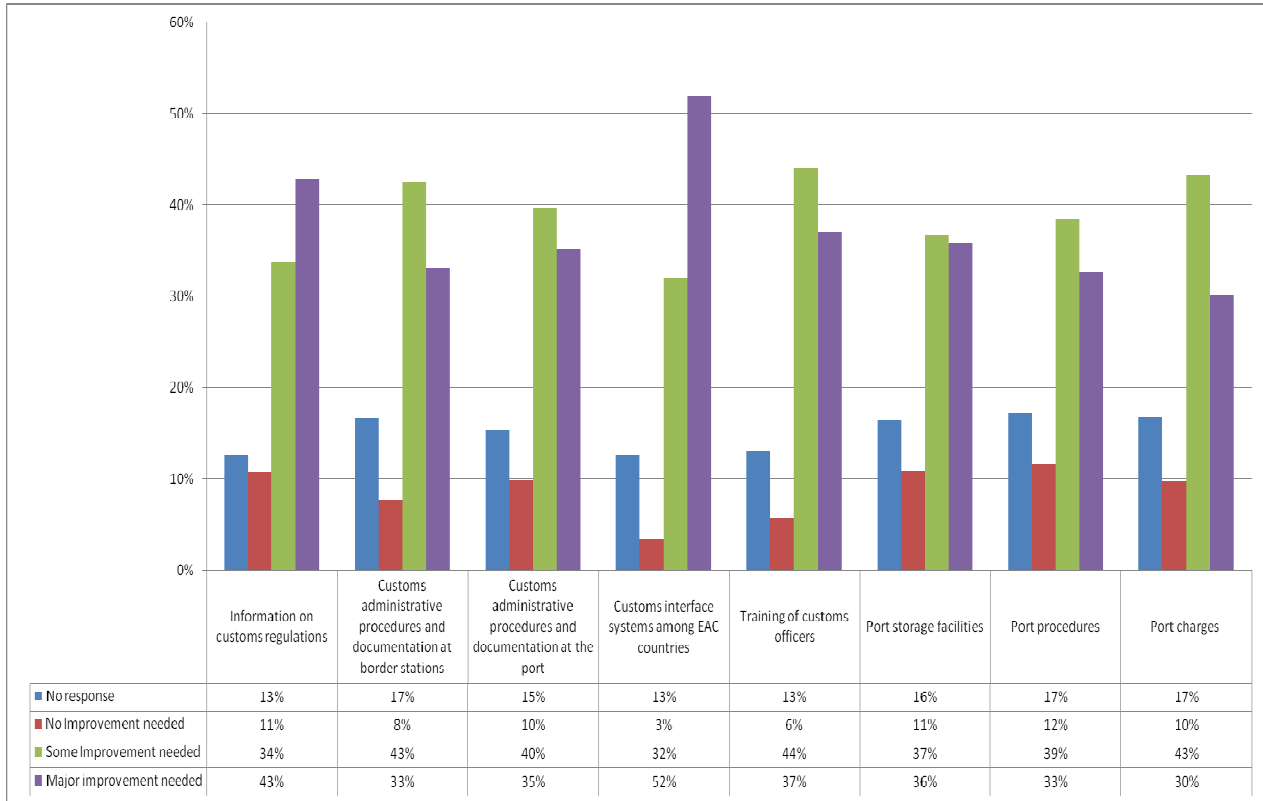
- Financial resources necessary to organise regular discussion forums between the revenue and port authorities, and traders/businesses. Such forums should aim to address trade-related bottlenecks and concerns, and identify feasible solutions
- Preparing an action plan for harmonising all trade-related procedures within the region
- Building a culture of respect to time and delivery of services that conform to international standards
- Financial resources for funding infrastructure requirements at customs border offices, including interface between systems used by the Partner States so as to enhance communication regarding incoming/outgoing transactions.

### **2.5.8.2 Responses by the business community**

As shown in *Charts 31 and 32* below, more than 70% of the combined responses by transport companies, businesses (manufacturing, agriculture, import/export), CFAs and informal cross border traders propose that there is need for either major or some improvements aimed at speeding up clearance of trade transactions in the following areas:

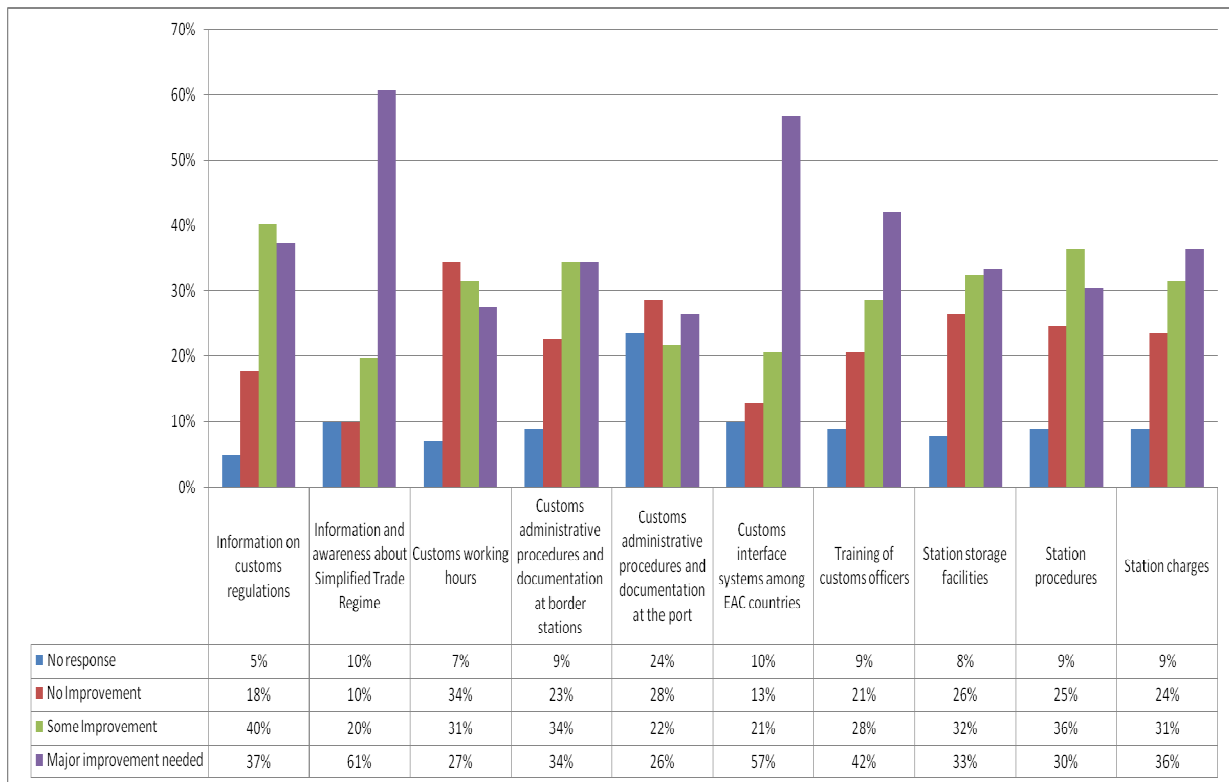
- Information on customs regulations
- Customs working hours
- Customs administrative procedures and documentation at border stations
- Customs administrative procedures and documentation at the ports
- Customs interface systems amongst EAC countries
- Training of customs officers
- Port storage facilities, procedures and charges
- Information and awareness about the Simplified Trade Regime for small value trade (less than USD 1,000)

Chart 31: Suggested Improvements on Customs and Port Procedures to speed up clearance of trade transactions ()



Source: BCI 2011 perceptions by Transporters, Businesses, CFAs

Chart 32: Suggested Improvements on Customs and Port Procedures to speed up clearance of trade transactions



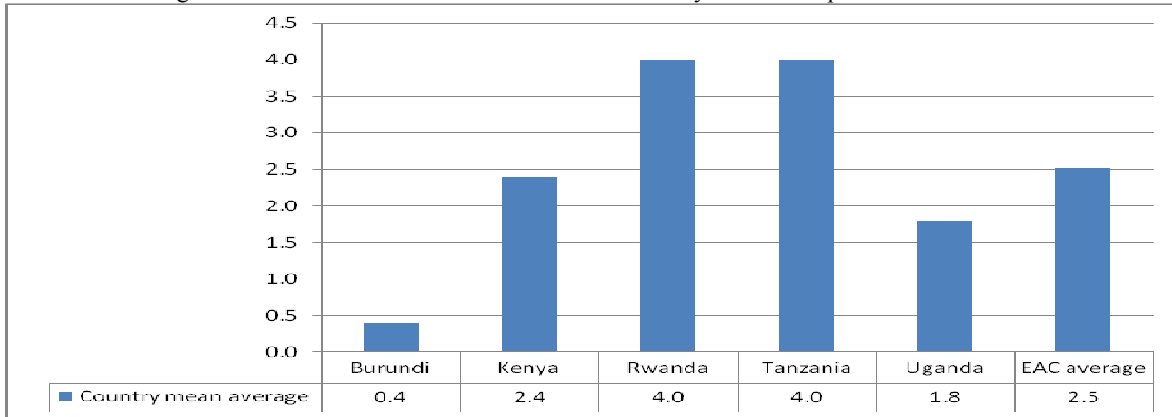
Source: BCI 2011 perceptions by Informal Cross Border Traders

## 2.5.9 RANKING OF EAC COUNTRIES ON EASE OF CUSTOMS PROCEDURES

### 2.5.9.1 Rankings by revenue and port authorities

Based on the weighted average rankings, the revenue/port authorities' responses indicate that Rwanda and Tanzania are the best EAC countries on ease and efficiency of customs procedures with a tie of 4.0, followed by Kenya at 2.4, Uganda at 1.8 and Burundi at the tail end with 0.4 as shown in **Chart 33** below.

Chart 33: Ranking of the EAC countries on the on ease and efficiency of customs procedures

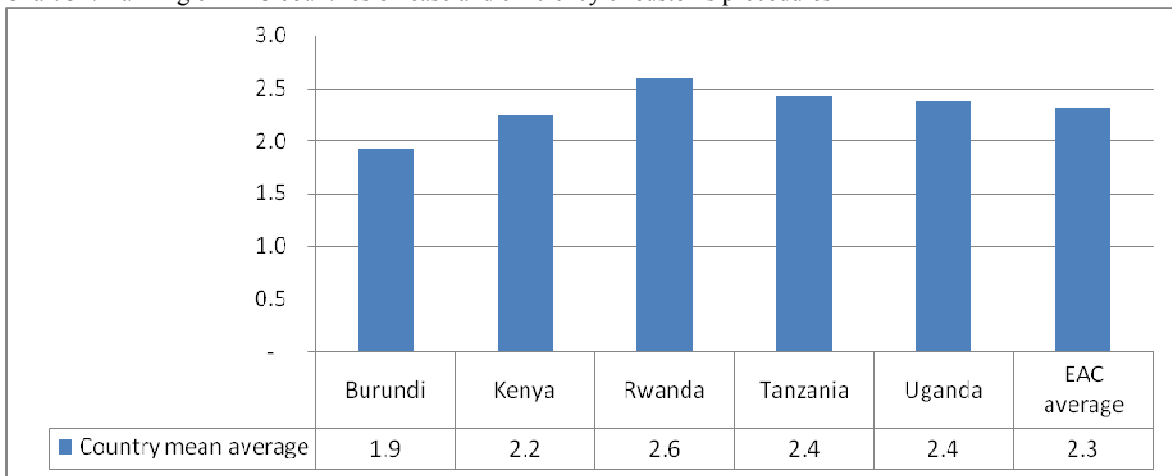


Source: BCI 2011 perceptions by EAC revenue authorities

### 2.5.9.2 Rankings by the business community

Based on the combined average responses by the business community (Transporters, Businesses, CFAs and Informal Cross Border Traders) for the response keys of Excellent=5; Good=4; Fair=3, Rwanda seems the best EAC country on ease and efficiency of customs procedures with a ranking of 2.6 thus tending towards **FAIR**, followed by Tanzania and Uganda tying at 2.4, Kenya at 2.2, and Burundi at the tail end with 1.9 as shown by **Chart 34** below.

Chart 34: Ranking of EAC countries on ease and efficiency of customs procedures



Source: BCI 2011 perceptions by Transporters, Businesses, CFAs and Informal Cross Border Traders

The ranking by both the regulatory authorities therefore seem closely related on the first two countries and the last country regarding ease on and efficiency of customs procedures.

## **2.6 IMMIGRATION PROCEDURES AND ADMINISTRATIVE REQUIREMENTS**

### **2.6.1 INTRODUCTION**

All EAC Ministries and/or Departments in charge of immigration matters were consulted with regard to issuance of travel documents, work permits and visas. The relevant institutions in this respect include:

- Burundi - Immigration Department
- Kenya - Ministry of Immigration
- Rwanda - Immigration Department
- Tanzania – Ministry of Internal Affairs Immigration Department
- Uganda Min. Internal Affairs - Immigration Department
- Zanzibar Ministry of Home Affairs - Immigration Department

With regard to the business community, interviews were conducted on two respondent categories, namely (i) formal manufacturing, agriculture, import/export businesses, and (ii) informal cross border traders. The reason for selecting only these two categories is that with respect to the formal businesses, there have been complaints related to issuance of work permits when companies try to source for skilled labour from other EAC countries. In this respect, as provided for under the EAC Common Market protocol, an EAC citizen working within the territory of another Partner State is required to apply for a non-payable special pass if the employment does not exceed three months, after which one has to apply for a normal work permit. The procedures for acquiring a work permit includes normal application process applicable to foreign workers, including requirements for a travel document, contract of employment, and any other document that may be required by immigration authorities. Normally, there are problems in getting work permits, since the prospective employer also has to give convincing proof that the required skills are not available from the home market. Many companies wishing to open branches across EAC borders have previously faced difficulties in getting their experienced skilled works across the borders even before the Common Market Protocol came into force in July 2010. With regard to the focus on informal cross border traders, these operators face many difficulties when they cross borders during the process of selling their wares due to lack of proper travel documents, sometimes lack of knowledge on required travel documents, related cost of acquiring necessary documents, and lack of knowledge about changes on immigration laws whenever they occur.

### **2.6.2 PROFESSIONAL AND FAIR TREATMENT**

#### **a. Responses by EAC Immigration Departments**

The immigration procedures and administrative requirements as provided for in the respective national laws are intended to achieve all or any of the following policy objectives:

- To provide security and protection for the country against illegal immigrants
- To ensure registration of persons and to issue passports and other temporary travel documents
- To provide consular services in country's missions abroad
- To control migration of people and goods
- To ensure free movement of people and goods
- To regulate residency and employment of non-citizens
- To ensure respect for the national frontiers
- To fight against fraud and terrorism at the borders
- To maintain cross-border movements
- To facilitate, control and monitor movement of both citizens and non-citizens
- To ensure coordination of the public concerns related to travel into and outside the national borders
- To enhance accountability and transparency of persons travelling into and outside national borders, and also those residing in the country
- To capture date on persons travelling into and outside the country
- To facilitate travel by issuing relevant travel documents such as passports, passes and other travel papers after payment of relevant fees

Specific procedures that responsible immigration institutions are mandated to ensure compliance with include:



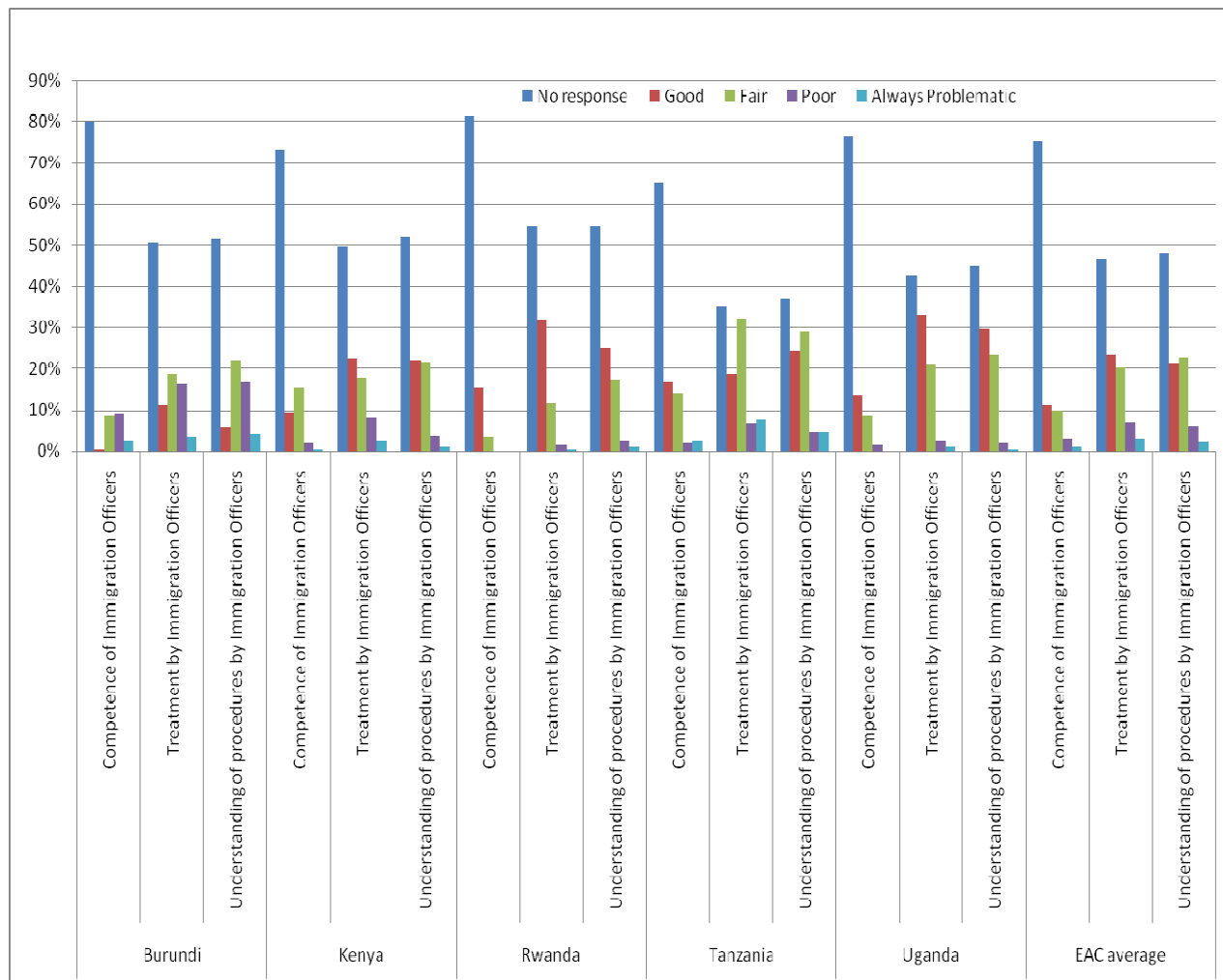
- Ensuring investors apply registration. For countries like Kenya, Uganda and Tanzania, the applications, accompanying certificates and contract specifying purpose of the investment should be received from the investment promotion agencies.
- Ensuring that an investor has obtained business registration and operational licenses from relevant registration and licensing agencies
- Verification of information on investor and travel papers
- Ensuring all foreign employees working in a foreign owned investment have applied and obtained necessary work permits from the labour department. Such alien employees also should submit a passport copy, police clearance certificate, a clearance letter from the sector ministry under which the prospective employer operates, education certificates specifying qualifications, job description, curriculum vitae and contract with potential employer clarifying the job to be performed before issuance of a work permit, visa and certificates of residence
- Ensuring investigations and prosecution for incorrect information given by new investors and by prospective foreign employees are carried out
- Processing travel documents to all nationals and expatriates
- Controlling cross-border movements
- Capturing data on details of all individual citizens and foreigners

The immigration laws applicable in the Partner States do not allow officers to introduce temporary compliance points for procedures. In Burundi for example, the law does not allow for such compliance points even if the procedure involved is issuance of a temporary travel documents. In addition, Zanzibar law does not allow compliance points to be introduced because the immigration department under the Tanzanian Citizenship Act No 7, Immigration Act No of 1995, and the Tanzania passport and travel documents Act of 2002 clearly specify the offices under which immigration-related documents including those for travel purposes should be obtained.

#### **b. Responses by the business community**

Indications show that representatives of the business community perceive competence, treatment and understanding of immigration procedures/ regulations by immigration officers to be either good or fair as shown in **Chart 35** below. A large percentage of the representatives did not respond. These findings indicate that these factors are not priorities for the business community, meaning problems experienced at under immigration laws when trading across EAC borders must lie somewhere else. Details of percentage responses on whether competence, treatment and understanding of immigration procedures/ regulations by immigration officers are problematic to business operations are shown in **Annex 7** to this report.

Chart 35: Extent to which competence, treatment and understanding of immigration procedures/ regulations by immigration officers are perceived as problematic to business operations



Source: BCI 2011 data Combined responses by formal businesses<sup>20</sup> and informal cross border traders in their home country and from other EAC countries

### 2.6.3 FLOW OF INFORMATION ON IMMIGRATION PROCEDURES

#### a) Responses by EAC Immigration Departments

The immigration authorities were asked to indicate whether they have full understanding of their country's commitments to EAC integration process and the efficiency in execution such commitments. There was confirmation by all the institutions interviewed that they are aware about their countries commitments to EAC integration. In this respect, the institutions are mandated to implement the following commitments:

- Making amendments to national laws to accommodate provisions of the EAC Immigration Protocol
- Issuing visas, passports and work permits to applicants in a timely and cost effective manner
- Facilitating movement of EAC citizens in search of employment, establishment and residence
- Harmonisation of all immigration procedures within EAC so as to enhance free movement of people and goods.
- Introduction of one EAC immigration law and identity card
- Fast tracking dialogue on how to combat illegal immigrants and other immigration matters

<sup>20</sup> formal businesses refer to manufacturing, agriculture, import/export businesses that are legally registered by EAC Governments

- Ensuring the Common Market Protocol incorporating putting in place facilitates for free movement of EAC workers across borders
- Abolishing visas and work permit fees across EAC
- Opening of borders for 24 hrs

On the extent to which the institutions have complied with the EAC commitments, most responded that compliance is close to 90%, although Zanzibar responded that compliance is fairly good. The institutions additionally responded that on average, competency of their officers in executing their duties is between Fairly competent and Very competent.

The institutions normally receive information on EAC commitments through the following means:

- East African Secretariat
- Media, trainings, workshops and meetings organised by EAC Secretariat and the International Organisation for Migration
- Communication with counterpart agencies in the EAC countries
- President's office in the case of Zanzibar
- The EAC ministries at national level
- Inter-departmental circulars

The information on EAC commitments then passes down from the management to executing officers Fairly quickly according to Burundi, Rwanda and Tanzania respondents, and Very quickly according to Kenya and Uganda respondents.

In terms of whether the procedures have addressed the policy objectives as provided by the law, all institutions responded that this has been the case. Zanzibar additionally responded that the immigration department is currently reviewing the immigration policy and that all proposals would be forwarded to the Government in Tanzania mainland: The Island also perceives the regulations to have had a positive impact based on the many applications that have been received from EAC Partner States for employment and residence.

In terms of the impact that the procedures have had to business operations and intra- EAC trade, the respondents indicated that although positive impact has been created in enabling timely and cost effective acquisition of passports, work permits and temporary movement permits to exporters and importers, some negative impacts have also been created in the following respects:

- There is insufficient knowledge about the procedures and required documentation by individuals, especially with respect to procedures for passport acquisition. Many citizens therefore have not acquired the necessary documents to facilitate travel within the region.
- The procedures for processing documents for new investors are considered lengthy, and this delayed increased entry of foreign investment.
- EAC has opened free trade to the regional countries without giving emphasis to review of procedures and administrative regulations. This has delayed expected gains of the integration process in terms of economic development and free movement of people.
- There have been occasional delays in processing work permits and residential permits

All the institutions confirmed that the procedures are easily understood by businesses. However, Tanzania responded that not all the procedures are well understood by especially small businesses. Zanzibar also responded to the effect that the documents are delivered to the business owners, making it easy to clarify any difficulties in understanding their content.

The problems identified with compliance by businesses to the procedures include:

- Too many applicants including exporters.
- Lack of coordination between law enforcement bodies.
- Too many institutions involved in issuance of a work and residence permits, translating to time loss and frustration by investors.
- Documents are costly and fees charged have increased substantially in the recent past.
- The application system for application of work and residence permits is not computerised in many of the issuing offices, while internal network connections within agency offices are lacking.

- Investors have often expressed frustration when seeking issuance of work and residence permits due to the requirement that they need supportive documentation from other agencies to facilitate approval the permits.
- Some applicants do not provide all the required documents especially those to proof acquired skills.

Suggestions made to ensure faster compliance with the immigration procedures include:

- One-stop office for applications or reduction of institutions for processing new investors papers
- EAC immigration laws should be harmonised so that problems associated with issuance of immigration documents can be addressed at regional forums
- Strengthening the immigration departments through staff training and increased recruitment
- Reduction in the cost of obtaining a passport
- Issuing travel documents free of charge
- Regular review of procedures, rules and regulations in order to ensure that businesses comply
- Limiting access to employment opportunities by foreign workers where positions can be handled by East Africans

#### **b) Responses by business community**

The business community was asked to indicate:

- Their understanding of the most recent changes/additions in immigration regulations and procedures
- Awareness about immigration requirements in home country, in other EAC countries and in non-EAC countries,
- The medium through which information about new or changed immigration procedures is obtained
- Problems experienced in getting to know about new immigration regulations
- Impacts that lack of information on new/changed immigration regulations has on business operations, including extra costs and time loss.

The findings about awareness of these issues as summarized in *Charts 36 to 42* below show the following scenario.

##### **(i) Awareness about recent changes to immigration requirements**

Most respondents amongst the businesses and informal cross border traders indicated there have been no recent changes to immigration requirements as shown in *Chart 36* below, with an average of 57% of the respondents giving this indication. Some few respondents (17%) however indicated that there have been increased on Efficiency in service delivery, while a small 9% of the respondents indicated awareness about introduction of Free movement of people across EAC. An insignificant 1% of the respondents indicated awareness about Introduction of the EAC Passport. The low percentage of respondents indicating awareness about Free movement of people across EAC and Introduction of the EAC Passport demonstrates the fact that EAC businesses (whether formal or informal) are not yet well informed about the details related to free movement of persons within the region, including requirements for cross-border travel as provided for in the recently concluded Common Market Protocol. This points out the need for focused sensitization about the provisions and implications of the Common Market Protocol.

##### **(ii) Awareness about immigration requirements in home country, in other EAC countries and in non-EAC countries**

The business community responses indicate that there are a large number of EAC businesses and informal cross border traders who are not aware about immigration requirements applicable in their home country, in other EAC countries and in non-EAC countries as shown in *Chart 37* below. The notable countries where respondents gave indications of non-awareness about immigration requirements in this respect include:

- A high of 85% and 48% of Rwanda and Kenya businesses and informal cross border traders indicated they are not aware about immigration requirements in their home country.
- 36% of Zanzibar businesses indicated they are not aware about immigration requirements in other EAC countries (except their home country).
- 48% Kenyan, 34% Ugandan and 30% Zanzibar businesses indicated they are not aware about immigration requirements in non-EAC countries.

**(iii) Medium through which businesses get information about new or changed immigration procedures**

The analysis shows that an average of 49% of EAC businesses obtain new information about new or changed immigration procedures through immigration authorities/officers, about 26% through the media (especially reports, journals, magazines and newspapers), and about 12% through websites and emails. These indications as summarised in **Chart 38** below point out the priority information medium that should be used in future to inform the business community about immigration requirements across the region. This prioritisation is important since only the most effective means should be used to sensitise the business community about immigration requirements, especially those related to facilitating implementation of the Common Market Protocol.

**(iv) Indications whether businesses experience problems in getting to know about new immigration regulations**

The responses indicate that there are a sizeable percentage of EAC formal businesses and informal cross border traders that experience difficulties in getting to know about new immigration requirements as shown in **Chart 38** below. In this respect,

- A high of 45% of Burundi and Rwanda businesses indicated they always experience difficulties in getting to know about new immigration regulations.
- Additionally, a high of 65% and 53% Ugandan and Tanzanian businesses respectively indicated they sometimes experience difficulties in getting to know about new immigration regulations. Similar indications were given by 35% Kenyan, 28% Burundi, 25% Zanzibar, and 18% respondents respectively.

These findings indicate the need for a sensitization programme targeting EAC businesses about the current EAC immigration requirements, including those related to sourcing for skills across the borders.

**(v) Impact in terms of extra costs and time loss that lack of information on new/changed immigration regulations has on business operations**

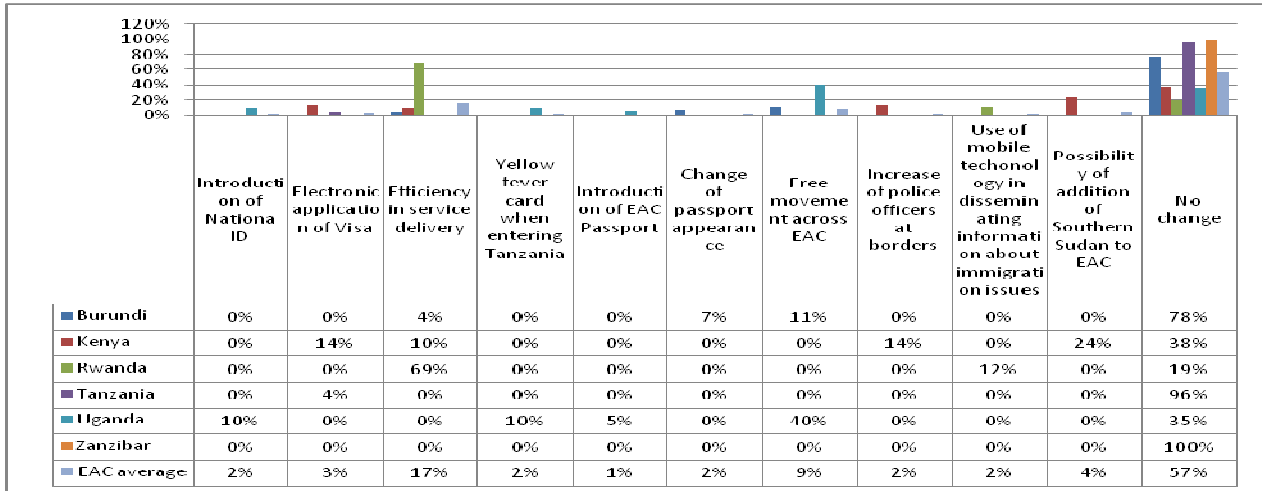
The findings as summarised in **Charts 39** and **40** shows that the major impacts that businesses experience due to lack of adequate information about new/changed immigration regulations include:

- Prolonged process and consequent congestion resulting to time loss in cargo delivery, with 36% of the total respondents giving this indication. Businesses in all the six EAC regions are affected by this problem except those in Zanzibar (**Chart 39**).
- Damaged goods, loss of clients and business opportunities due to time lost in the process of sorting out required immigration documents, with 16% of the respondents indicating this as an extra cost. Except for Burundi and Uganda businesses, those in the other EAC regions are affected by this problem (**Chart 39**).
- Payment of fines and harassment of company staff during the process of requesting for renewal/application of new work permits, with 12% of respondents indicating this as a source of extra costs (**Chart 39**).
- Extra Cost incurred in form of either unforeseen official charges and bribes to immigration officials due to lack of immigration papers resulting from lack of information about required immigration documents when crossing borders. In this respect, an average of 84% of EAC businesses indicated they incur between USD 200 to USD 1,000 as extra costs due to lack of adequate information about immigration documents. Uganda and Zanzibar businesses are more affected by this problem than those in the other EAC regions. In the case of Uganda, an 94% incur between USD 200 to USD 1,000 as extra costs, while all 100% of Zanzibar respondents indicated they incur over USD 1,000 as extra costs because of lack of information about immigration procedures as shown in **Chart 40**.
- Time lost during the process of sorting out immigration documents as a result of not being adequately informed about new/changed immigration regulations. In this respect, an average of 50% of EAC businesses indicate they lose an average of 1 hour to 1 day, while an average of 20% lose more than 2

days while sorting out lacking immigration documents as a result of not being adequately informed about new/changed immigration regulations as shown in **Chart 41**.

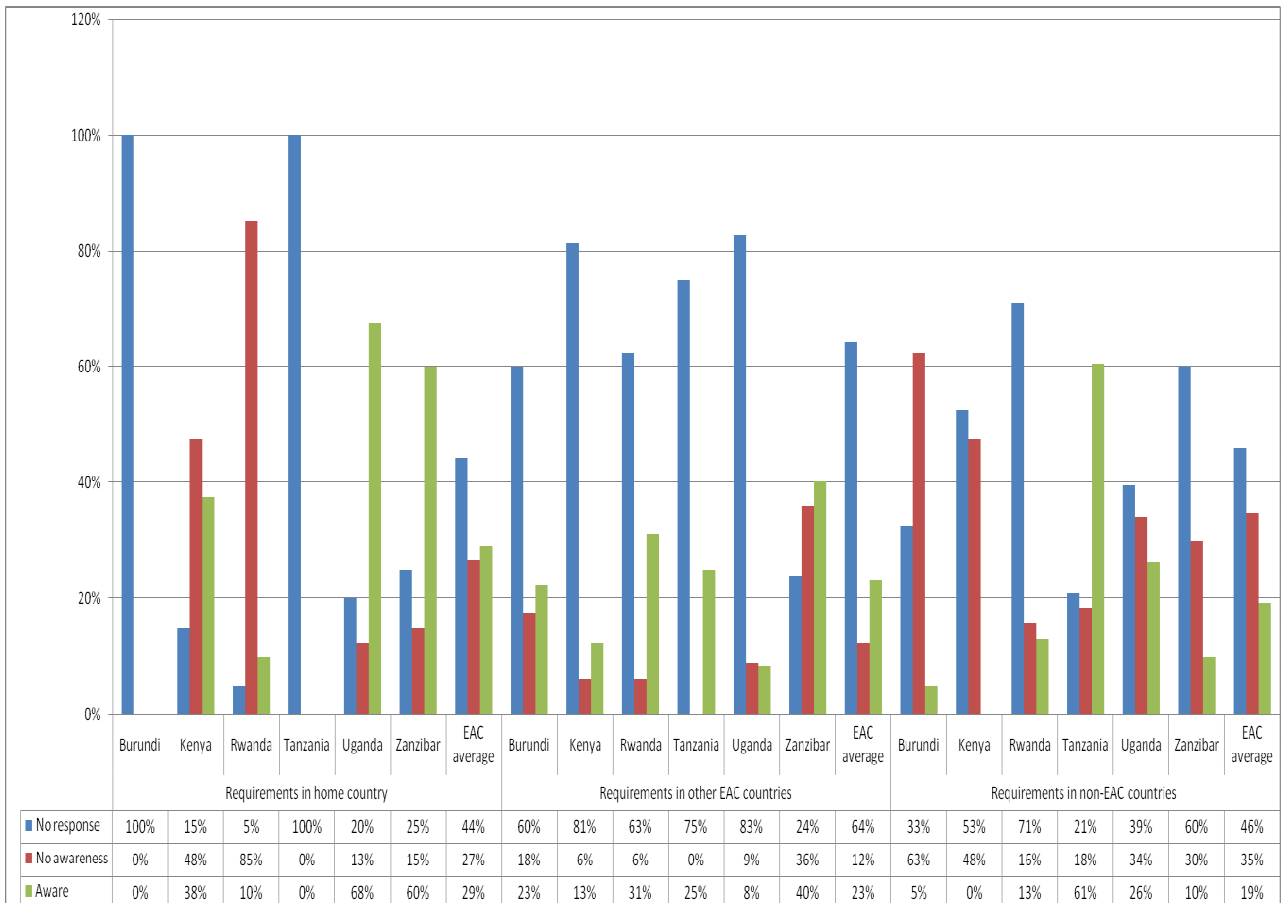
The above findings indicate the need for increased sensitisation of the business community about immigration requirements for cross border movement within EAC in order to increase the levels of compliance, and to reduce the negative impacts resulting from lack of information about required immigration procedures.

Chart 36: Recent changes in immigration procedures



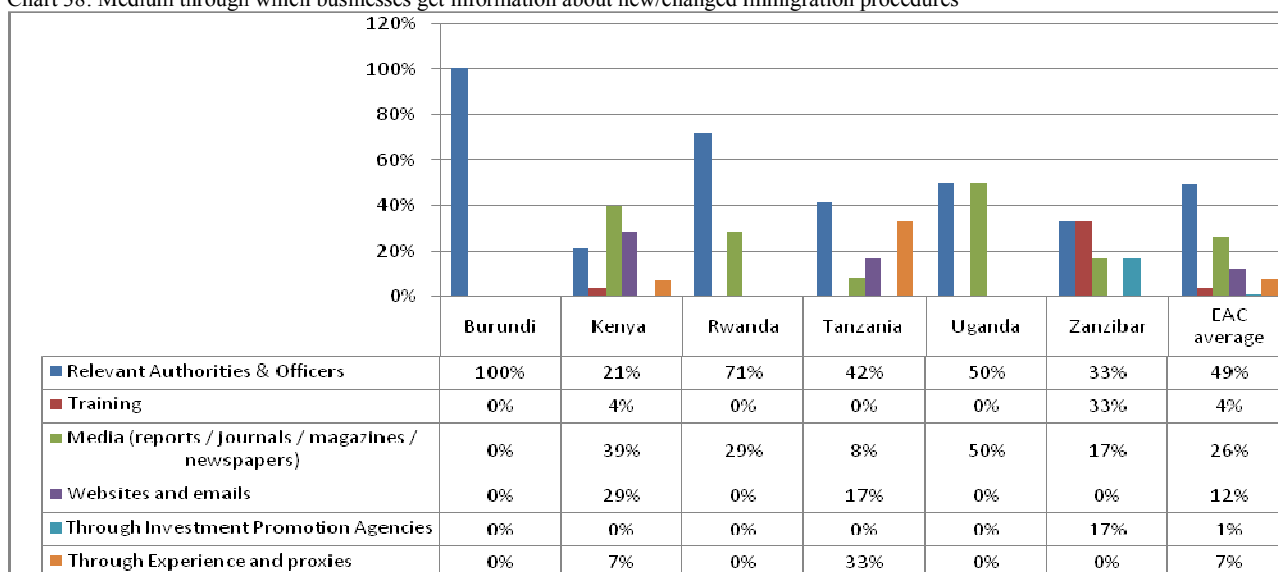
Source: BCI 2011 data: combined responses by businesses and informal cross border traders

Chart 37: Awareness about immigration requirements in home country, in other EAC and in non-EAC countries



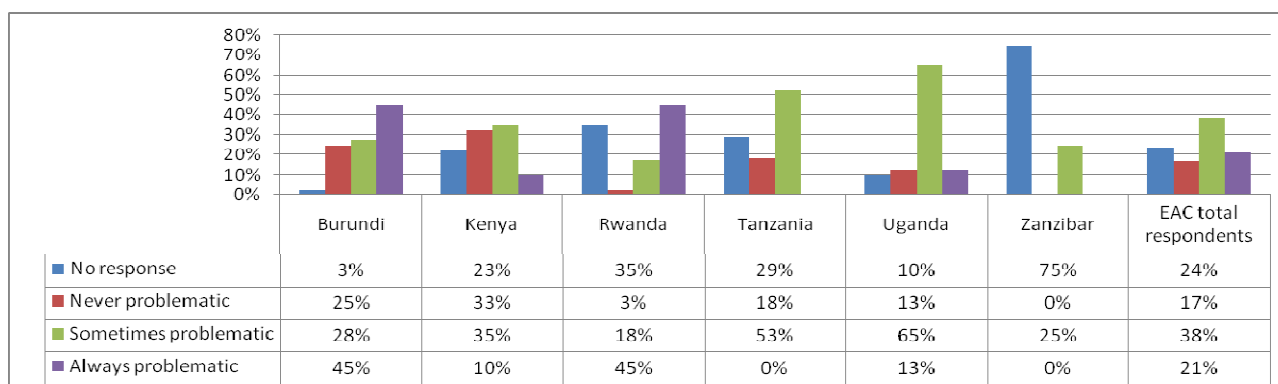
Source: BCI data - Combined percentage responses by formal businesses and Informal cross border traders

Chart 38: Medium through which businesses get information about new/changed immigration procedures



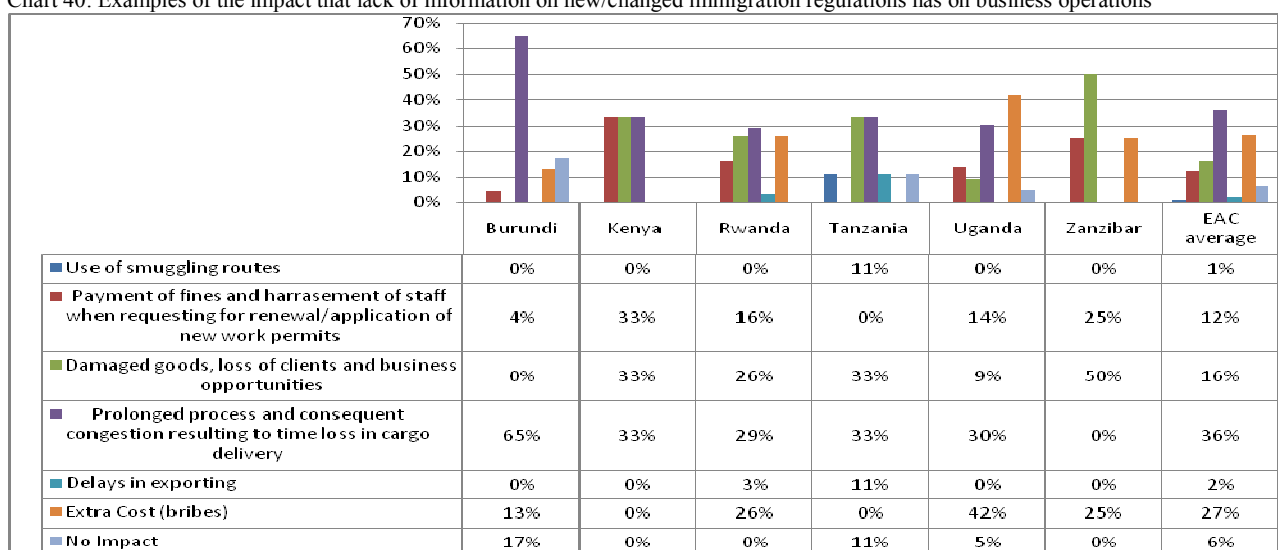
Source: BCI data - Combined percentage responses by formal businesses and Informal cross border traders

Chart 39: Indications whether Businesses and Informal Cross Border Traders experience problems in getting to know about new immigration regulations



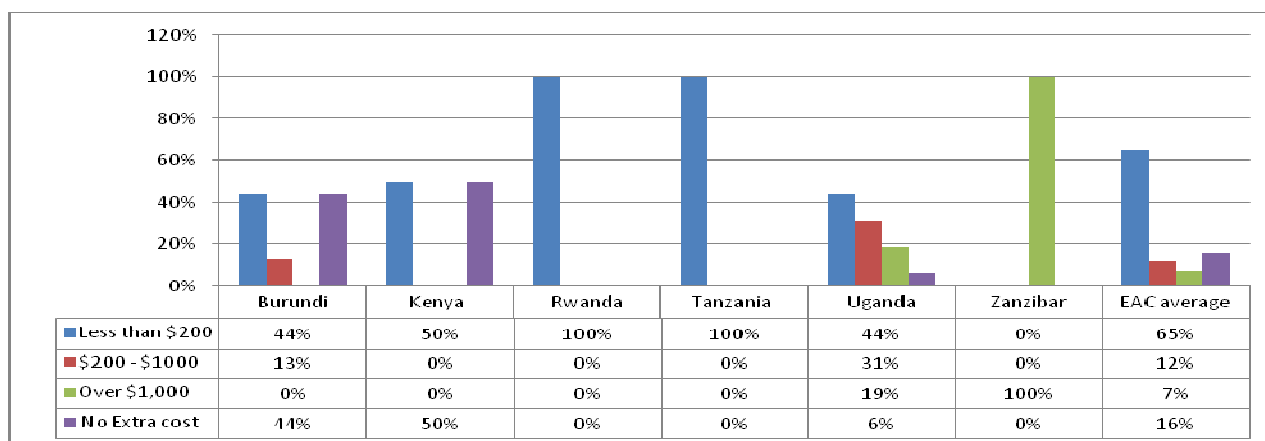
Source: BCI data - Combined percentage responses by Businesses and Informal cross border traders

Chart 40: Examples of the impact that lack of information on new/changed immigration regulations has on business operations



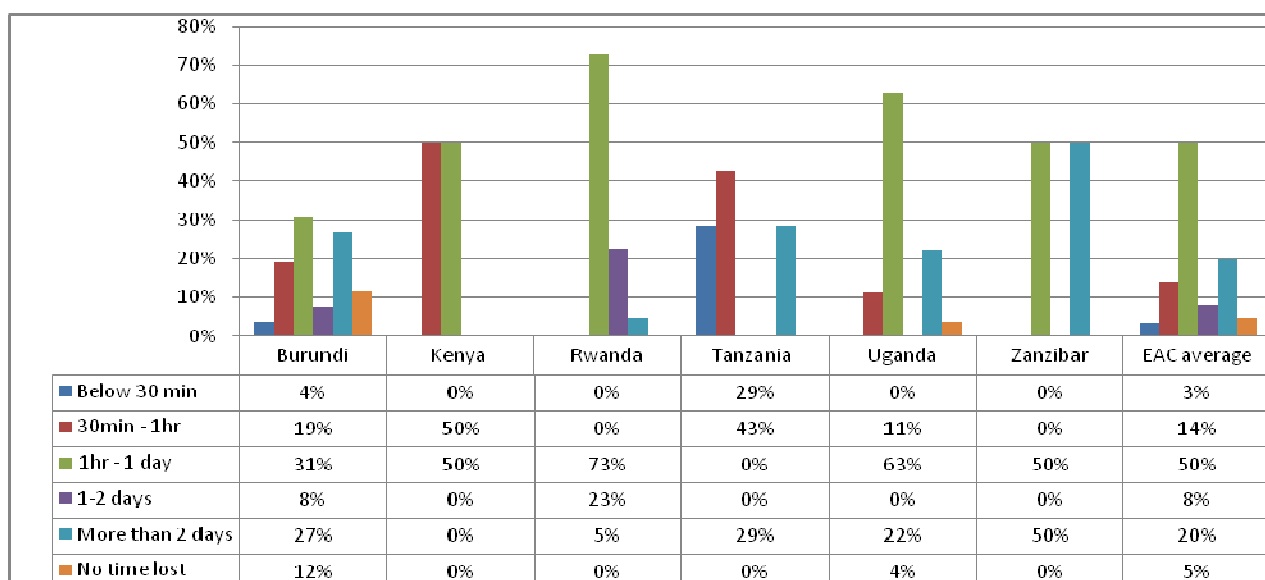
Source: BCI data - Combined percentage responses by Businesses and Informal cross border traders

Chart 41: Average extra costs incurred as a result of not being adequately informed about new/changed immigration regulations



Source: BCI data - Combined percentage responses by Businesses and Informal cross border traders

Chart 42: Average time lost as a result of not being adequately informed about new/changed immigration regulations



Source: BCI data - Combined percentage responses by Businesses and Informal cross border traders

## 2.6.4 TIME TAKEN TO COMPLY ON IMMIGRATION REQUIREMENTS

### a. Responses by EAC Immigration Departments

All institutions indicated that the immigration procedures are perceived to be time consuming. In this respect, the following days are spent between the date for a passport application and date of issuance:

- Tanzania: 12-14 days
- Uganda: 10 days
- Burundi: 2-3 days to obtain a passport and a temporary travel document except during the summer period when there are many customers
- Rwanda: 4 days
- Zanzibar: 1 week if all correct documents are submitted all
- Kenya: 3 weeks

Regarding the set benchmarks on number of days and cost to complete the procedures, there was no response to the issue, except by Tanzania. In this respect, Tanzania's benchmarks are:

- Issuance of a work permit has been set at 1-2 weeks at a cost of between USD 50-500



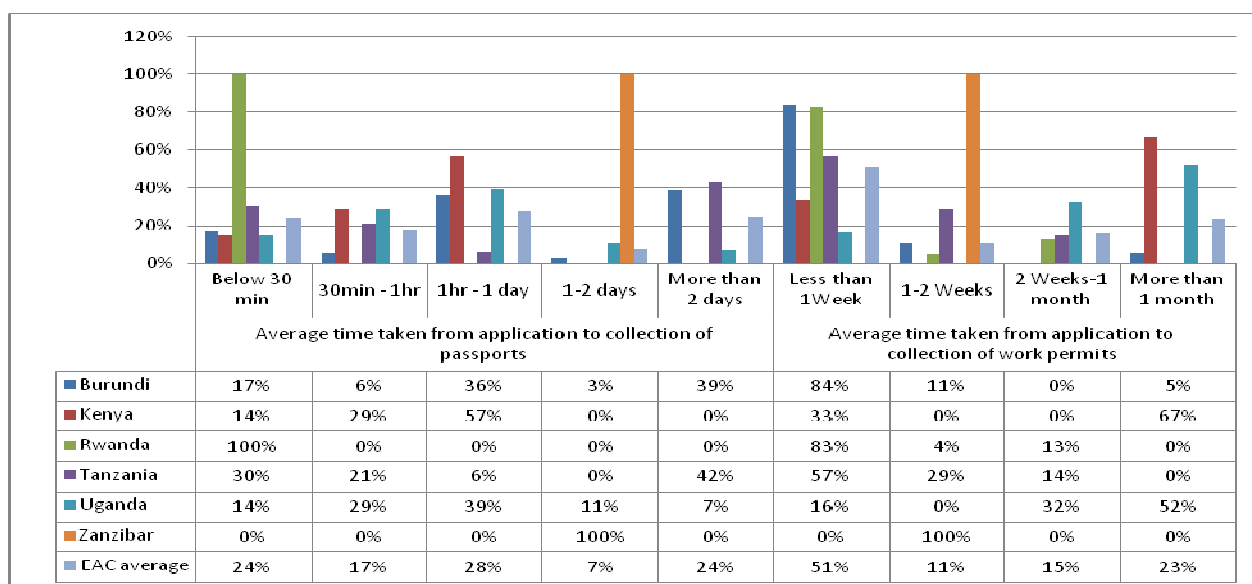
- Issuance of a passport USD 174
- Temporary travel document USD 22
- Visa USD 10 for 5 days, USD 70 for 1 month, USD 270 for 3 months & USD 500 for 2 years

**b) Responses by business community**

**(i) Time take to obtain passports and work permits**

59% of the respondents indicated an average of between 1 hour to more than 2 days from application to collection of a passport as shown in **Chart 43** below, which however must be the time taken for temporary travel document, since the actual practice in the region is an average of 2 weeks to obtain a normal international passport. On work permits, the indication as given by 38% of the respondents is that it takes between 2 weeks to more than 1 month from application to collection.

Chart 43: Time taken to obtain passports and work permits

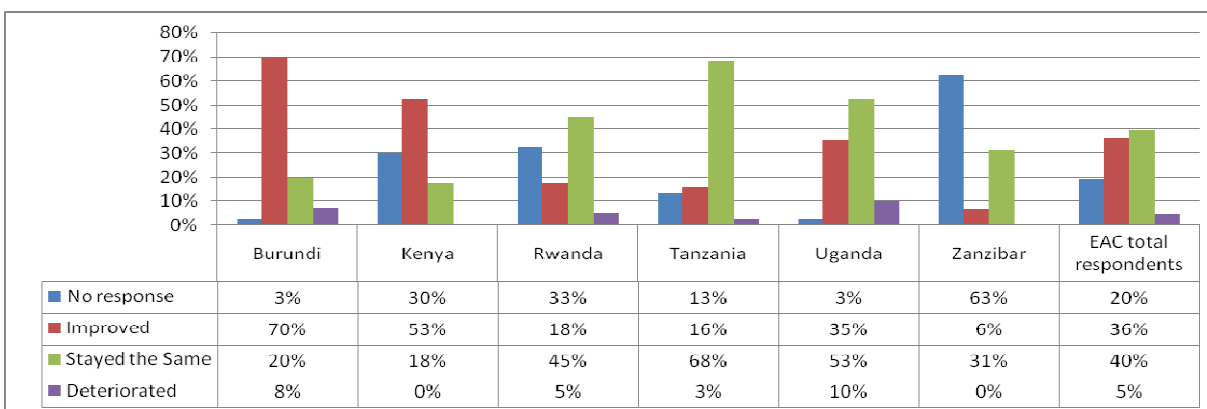


Source: BCI 2011 data – combined percentage responses by formal businesses and informal cross border traders

**(ii) Efficiency of immigration procedures**

With respect to whether efficiency of immigration procedures improved or deteriorated in year 2010, the responses by formal businesses and informal cross border traders indicated that the efficiency stayed the same as before as shown in **Chart 44** below. The notable responses on this indication were given by 68%, 53% and 45% of Tanzania, Uganda and Rwanda businesses respectively.

Chart 44: Indications whether efficiency of immigration procedures either improved or deteriorated in year 2010



Source: BCI 2011 data – combined percentage responses by formal businesses and informal cross border traders

## 2.6.5 EXTRA COSTS ON IMMIGRATION PROCEDURES AND ADMINISTRATIVE REQUIREMENTS

### a. Responses by Immigration Departments

The responses by immigration departments indicate that the procedures are costly to business operations as perceived by Tanzania, Rwanda and Zanzibar respondents. Kenya, Burundi and Uganda respondents however indicated the procedures are not costly. In terms of amounts paid on costs paid;

- In Tanzania, the amount depends on type of travel documents applied for.
- In Burundi, a new passport application costs USD 174 dollars, temporary travel documents USD 22, entry visa USD 10 dollars for 5 days, USD 70 for 1 month, USD 270 for 3 months, and USD 500 for 2 years.
- In Zanzibar, the fee paid on a passport varies depending on the decision of the sitting Minister in charge of immigration matters especially if demand increases
- Other countries did not respond on the issue

### b. Responses by the business community

The business community was asked to quantify the average extra costs incurred on monthly basis to comply with immigration procedures. As shown in **Table 6** below, the average number of EAC respondents who indicated they spend between USD 200 to over USD 1,000 as extra costs on immigration procedures seems minimal at 18%, while a high of 67% spend less than USD 200 per month on these procedures. The main expenditure items include accommodation at the capital cities where applications for passports and work permits are made, transport charges to make applications, unexpected penalties and damaged goods if the transport vehicle happens to arrive at border stations without necessary papers. While the expenditures incurred per month seems minimal, it is necessary to address the category of respondents who incur these expenditures by sensitising the business community about required immigration requirements when crossing EAC borders so as to reduce related expenditures to the bare minimum.

Table 6: Average extra costs incurred on monthly basis to comply with immigration procedures

Expenditure categories	Burundi	Kenya	Rwanda	Tanzania	Uganda	Zanzibar	EAC average
Less than \$200	33%	0%	100%	100%	58%	0%	67%
\$200 - \$1000	20%	0%	0%	0%	21%	0%	13%
Over \$1,000	0%	0%	0%	0%	16%	0%	5%
No Extra cost	47%	0%	0%	0%	5%	0%	15%

Source: BCI 2011 data – combined percentage responses by formal businesses and informal cross border traders

## 2.6.6 CORRUPTIVE PRACTICES

### a. Responses by Immigration Departments

On allegations that there have been delays in passing EAC commitments to executing officers and institutional weaknesses experienced in passing such information, the responses given include:

- Low budgetary allocations for workshops and seminars.
- Citizens do not pay much attention to educative and information-oriented media hence slow speed in getting sensitised about EAC decisions and commitments.
- Poor information channels through which the information has to pass through
- Poor internal communication between offices
- Poor communication on information related to EAC commitments to the coordinating officers
- Bureaucracy at the coordinating offices before passing vital information to executing officers

Regarding suggestions on how should institutional weaknesses should be addressed to reduce delays in executing EAC immigration-related commitments, the following proposals were made by the immigration institutions:

- Increasing the funding for workshops and seminars for executing officers
- Conducting regional and national media campaigns
- Appealing to development partners to for requisite support
- Improving the ITC information and communication systems between immigration offices at national and regional level
- Timely dissemination of information from management to executing officers to enhance the implementation of agreed EAC decisions
- Increasing commitment by management and executing officers through better salaries
- Enhanced communicating to businesses about requisite procedures
- Building a culture of respect for EAC laws and regulations
- Setting up desk offices to receive and communicate EAC commitments at immigration institutions
- Mandatory consistency in attendance to EAC meetings to enable efficient follow up of progress in implementing agreed decisions

When asked about the proportion of businesses/trucks that are perceived to comply with cross-border, transit and internal trade regulations;

- Some of the immigration institutions responded that they are not aware about such incidences
- Some institutions responded that since they are not responsible for security border checks, it is difficult to track levels of compliance. Immigration institutions in this respect are only concerned about ensuring protection of the country's borders.

Regarding the proportion of businesses/ trucks that are perceived to comply with the immigration laws, Rwanda responded that about 95% of businesses comply, while Zanzibar responded that compliance is about 98%. Other countries did not give specific responses.

Regarding how often businesses/transit trucks/heavy goods transporters offer to pay bribes so as to avoid complying with immigration regulations; most responses indicated that bribes are not paid, but suggested that more research should be carried out to identify specific offices in which bribes are paid.

On allegation that bribes are paid even when regulations are met, Rwanda confirmed such incidences take place while others countries were silent about the issue. Regarding actions that have been taken to reduce incidences of officers taking bribes from businesses and trucks, the responses indicated that:

- Staff found to be engaging in corruption are prosecuted in courts of law
- Sensitisation meetings are ongoing to inculcate a culture of respect to anti-corruption laws
- Seminars for officers working at the borders are occasionally held to sensitize them about need for non-corruption.
- Constant reminders have been issued to staff instructing them not to ask for bribes

Planned actions to reduce incidences of immigration officers taking bribes from businesses and trucks include:

- Accepting IDs from businesspeople who are recognised by immigration officers as travel documents
- Reduce procedures and increasing efficiency in delivery of services
- Conducting seminars with officers working at the borders to order to sensitize them on need for faster service in issuance of travel documents
- Taking actions such as discontinuation of service against staff found taking bribes

Non-tariff Barriers and trade related complaints that have in the past been passed to management of immigration institutions' attention by businesses regarding include:

- Issuance of false permits to foreigners
- Many traders have been conned by people who offer to secure for them passports, visas and permits in one or two days
- Lengthy processes in issuing work permits, including the numerous institutions involved in the process
- High cost of travel documents
- Lack of good communication between immigration headquarters and executing officers at border posts

- Conflicts between investors and local people since the law do not clearly specify the number of foreigners who are allowed to work in a given enterprise. Local citizens therefore feel deprived of employment opportunities

Actions that have previously been taken in efforts to resolve the NTB-related complaints include:

- Future plans to accept IDs to the businesspeople as travel documents across the region. Negotiations are underway between the partner States to the operationalise this requirement in this respect
- Working closely with the police to identify persons involved in corruption incidences so as to prosecute them
- Organising sensitisation meetings to create awareness about immigration requirements for various documents
- Requesting development partners to assist in ICT needs of immigration institutions including enhancing online connections between counterpart institutions in the region and between inter-departmental respective national offices
- Giving clear instructions to foreign investors to reduce the number of foreign workers to acceptable levels
- Shortening immigration procedures by establishing permanent counters for EAC citizens during applications for travel documents, visas and work permits Regarding future planned actions to address the above complaints
- Enhancing measures to issue EAC passport to encourage travel within the region
- Encouraging increased recruitment of EAC citizens in available job opportunities

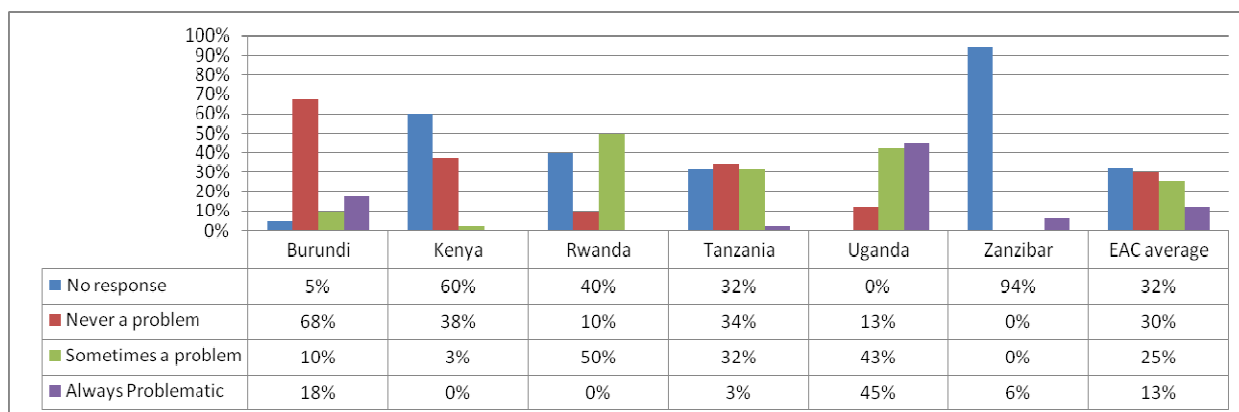
## b. Responses by the business community

### (i) Perception of bribery during acquisition of travel documents at immigration offices

Responses by the business community indicate that the allegation that bribes are expected to facilitate immigration travel documents is problematic to business operations as shown in *Chart 45* below. In this respect:

- A high of 88% of the combined responses by Uganda formal businesses and informal cross border traders show bribes are either always or sometimes expected to be paid during the process of acquiring travel documents, meaning bribes are a problem to business operations. This is a very alarming indication of the extent of bribery in the Uganda immigration requirements
- 50% of Rwanda respondents indicated that bribes during acquisition of travel documents are sometimes expected to be paid
- 35% of the combined responses by Tanzania formal businesses and informal cross border traders show bribes are either always or sometimes expected to be paid during the process of acquiring travel documents.

Chart 45: Indications of the extent to which bribes are expected to facilitate immigration travel documents is perceived as a problem

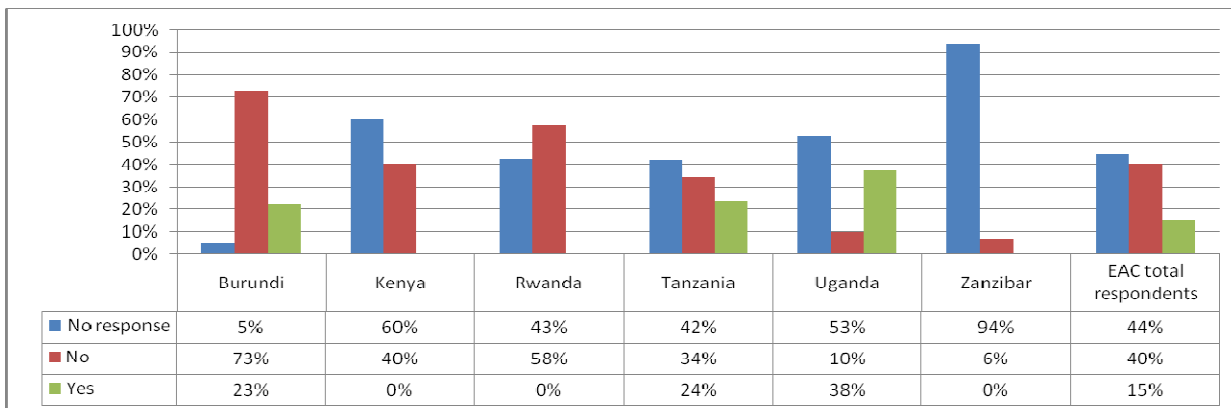


Source: BCI 2011 data - combined percentage responses by businesses and informal cross border traders

**(ii) Indications whether businesses ever pay bribes to immigration officers to speed up processing of travel documents**

In addition to indications that bribes are expected to be paid to facilitate issuance of travel documents, 38%, 24% and 23% of Uganda, Tanzania and Burundi business respondents indicated that they indeed pay bribes to immigration officials to speed up the processing of the documents as shown in **Chart 46** below.

Chart 46: Indications whether businesses pay bribes to immigration officers to speed up processing of travel documents



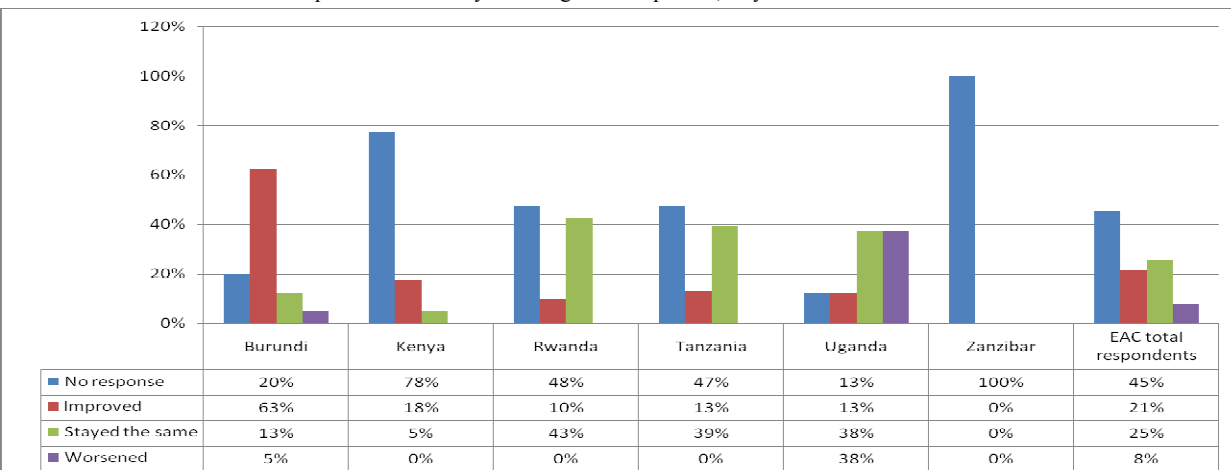
Source: BCI data combined percentage responses by businesses and informal cross border traders

**(iii) Indications whether the problem of bribery at immigration improved or worsened in year 2010**

Asked whether the problem of bribery at immigration improved or worsened in year 2010, a number of the formal manufacturing, agriculture, import/export businesses as shown in **Chart 47** below indicated that this problem stayed the same, as indicated by 43% Rwanda, 39% Tanzanian and 38% Ugandan businesses.

The findings on bribery incidences during application and/or issuance of travel documents at immigration offices therefore indicate the need to put into place measures to eliminate this vice. Unless the problem is addressed, it will continue to be a hindrance to cross-border travel, thus affecting expected positive impacts of the Common Market Protocol in facilitating free movement of EAC citizens across the region.

Chart 47: Indications whether the problem of bribery at immigration improved, stayed the same or worsened in 2010



Source: BCI 2011 data – combined percentage responses by formal businesses and informal cross border traders

## 2.6.7 SUGGESTED IMPROVEMENTS ON IMMIGRATION PROCEDURES/ REQUIREMENTS

### a. Responses by EAC Immigration Departments

With regard to required improvements including capacity building activities to ensure businesses fully comply with immigration regulations and administrative requirements, representatives of the immigration departments indicated the following as priority actions:

- Continued emphasis on stakeholder meetings, seminars and workshops
- Educating businesses on the immigration procedures and requirements
- Continuous training of immigration personnel
- Efficient communication between immigration HQs and executing officers at the border posts, regional offices, district offices and sea ports

The major bottlenecks associated with raising capacity of businesses to comply with regulations and administrative requirements, the following were identified:

- Financial constraints necessary to organise seminars, workshops, and capacity for inter-departmental and regional communication channels
- Speeding up the process of issuance of immigration-related documents
- Enhanced communication between immigration institutions amongst the partner States and other policy making organisations, such as those responsible for investment promotion so as to clarify some of the difficulties involved in processing investment-related documentation

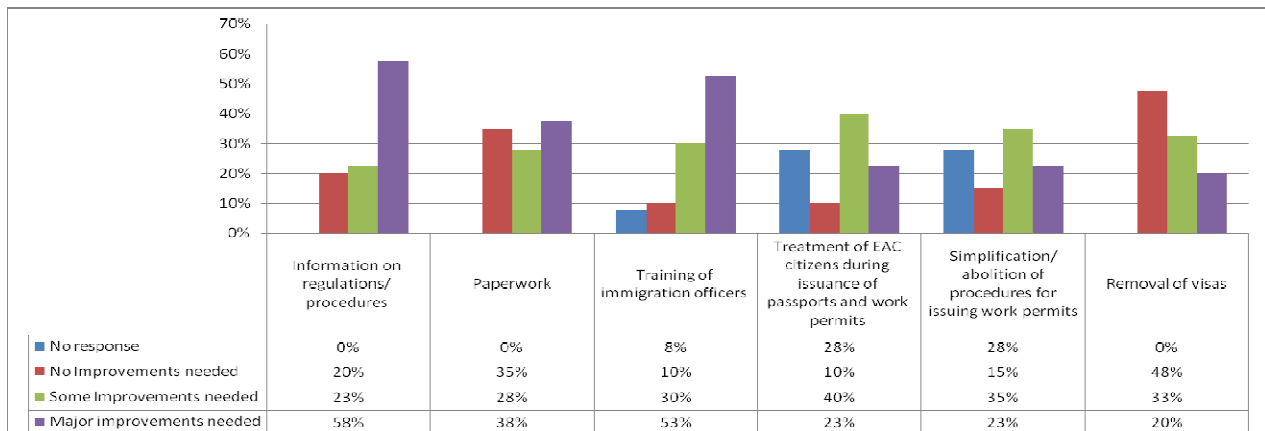
### b. Responses by the business community

Business respondents were asked to indicate areas where improvements are needed on immigration regulations and requirements. The results indicate that all indicative response categories require some or major improvements as shown in **Chart 48** below, namely:

- Information on immigration regulations/procedures as indicated by an average of 66% of respondents to the question
- Paperwork as indicated by an average of 61% of respondents to the question
- Training of immigration officers as indicated by an average of 60% of respondents to the question
- Treatment of EAC citizens during issuance of passports and work permits as indicated by an average of 64% of respondents to the question
- Simplification/abolition of procedures for issuing work permits as indicated by an average of 60% of respondents to the question, and
- Removal of visas as indicated by an average of 51% of respondents to the question

The percentage responses on suggested improvements to immigration regulations and requirements are presented in **Annex 8** to this report.

Chart 48: Suggested improvements on immigration procedures and administrative requirements



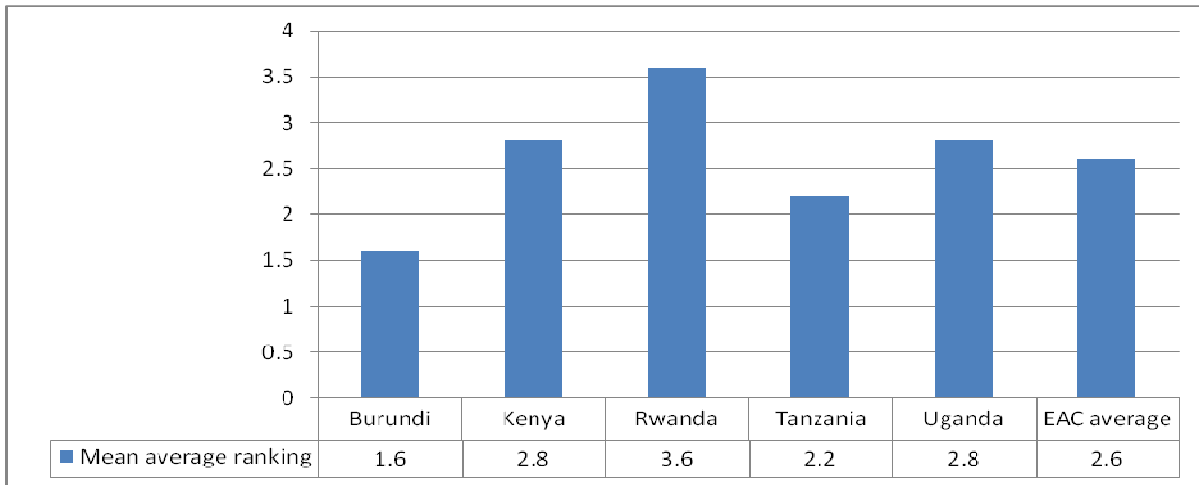
Source: BCI 2011 data – combined percentage responses by formal businesses and informal cross border traders

## 2.6.8 RANKING OF EASE COUNTRIES ON EASE AND EFFICIENCY OF IMMIGRATION PROCEDURES

### 2.6.8.1 Rankings by EAC Immigration Departments

The immigration institutions were asked to rank the five EAC countries in terms of ease and efficiency of executing immigration regulations and administrative requirements using the response keys of Excellent=5; Good=4; Fair=3; Bad=2; and Worst=1. The results show that Rwanda is considered the best country in the region on immigration procedures with a rating of 3.6 as shown by **Chart 49** below, thus demonstrating between Fair to Good practices. Burundi is rated as between Worst and Bad, while Kenya and Uganda are close to Fair. Tanzania leans closer to Bad. It should be noted that the ratings were averaged based on responses given by immigration institutions from their home country and from other EAC countries, so there is no bias in favour of responses by respondents in their home country.

Chart 49: Ranking of EAC countries on ease and efficiency of immigration procedures

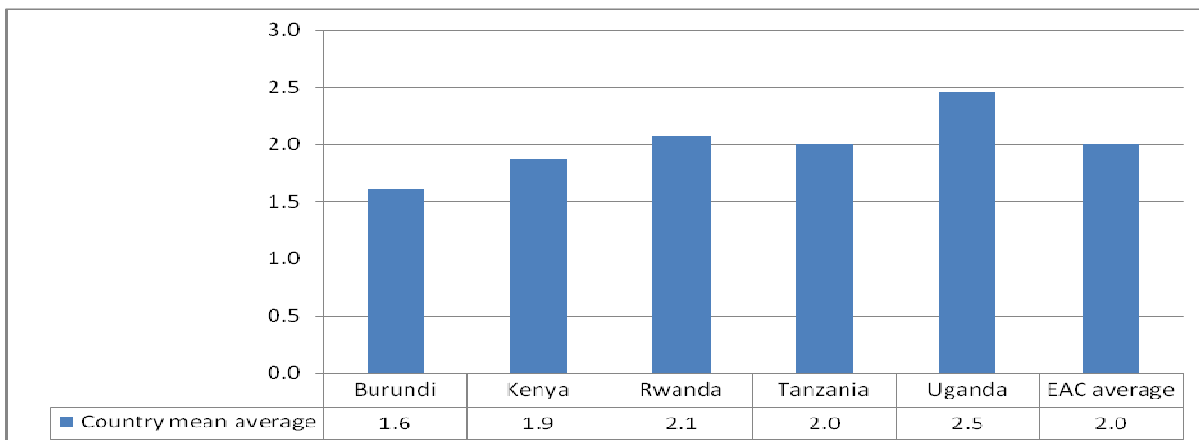


Source: BCI 2011 data ranking by immigration institutions

### 2.6.8.2 Ranking by the business community

The combined percentage responses on Excellent, Good and Fair categories by businesses indicate Uganda to be the best EAC country of ease and efficiency of immigration procedures at 2.5, followed by Rwanda at 2.1, Tanzania at 2.0, Kenya at 1.9, and Burundi at the tail end with 1.6 as summarized in **Chart 50** below. The only consensus between immigration authorities and business community respondents therefore is that Burundi is the worst EAC country on ease and efficiency of immigration procedures.

Chart 50: Ranking by the business community



Source: BCI 2011 data – combined percentage responses by formal businesses and informal cross border traders

## **2.7 POLICE CHECKS PROCEDURES AT ROADBLOCKS**

### **2.7.1 PROFESSIONAL AND FAIR TREATMENT BY POLICE OFFICERS**

#### **a. Responses by EAC Police Departments**

The EAC police departments that were consulted regarding police checks procedures at roadblocks include:

- Kenya - Traffic Police Department
- Tanzania – Ministry of Internal Affairs
- Zanzibar - Marine Police Department
- Burundi Port & Border Police
- Rwanda Port & Border Police

The police checks procedures and administrative requirements at roadblocks as provided in respective national laws is achieve all or any of the following policy objectives:

- To check for compliance to specified weights for vehicles in order to protect and safeguard damage to roads
- To ensure respect to regulations specified on the carriage of goods and services
- To control passengers and goods entering and leaving the country
- To stop corruption practices in EAC and in the country
- To check for compliance on laws governing importation of vehicles
- To issue permits for importation and trade in vehicles and other goods considered as avenues of risk to safety
- To inspect, patrol and investigate different issues regarding safety of the county
- To provide security around to citizens and goods around the oceans, ports and border stations entry points
- To maintain law and order
- To provide for safe and free flow of traffic
- To investigate traffic accidents
- To enforce laws and regulations pertaining to traffic
- To provide escorts for transit goods and cargo

In efforts to achieve the above specified objectives, police departments are mandated to ensure compliance with specific procedures which include:

- Safeguarding safe transit by vehicles at terminal stations and port facilities
- Ensuring legal procedures are adhered to during entrance and exit of goods and vehicles by verifying and/or providing the required documents
- Ensuring application forms and bill of lading are satisfactorily completed for imports
- Ensuring security of imports
- Ensuring payment of commission fees where applicable on imports
- Checking adherence to specified speed limits, tyre conditions, insurance of vehicles and good condition for transport vehicles
- Providing security along the highways
- Checking whether the transported goods are legal
- Enforcing legal limits on axle loads and gross vehicle mass for transport vehicles
- Placing road blocks whenever there is reason to suspect vehicles and goods are stolen or not legal
- Testing drivers for recommendation of driving licenses
- Educating citizens on road safety
- Inspecting anyone suspected to be a security risk to the country and/or citizens

The major reasons given for police checks procedures include:

- To guard against illegal trade as part of efforts to ensure food security, such as with respect to control of maize trade in Tanzania
- To control amount of goods crossing bordering countries
- To control weights in order to avoid road destruction



- To ensure availability of the most effective transport facilities for goods and persons as part of efforts to meet aspirations of the EAC integration process
- To provide adequate security during transfer of finance
- To control irregular trade
- To exert control on motor vehicle importation
- To provide security to Partner States' citizens
- To provide service to citizens in all aspects of safety
- To ensuring compliance with set regulations on transportation and use of roads

Regarding whether the law allows officers to introduce temporary compliance points for enforcement of procedures, there was poor response to the issue. However, respondents from Burundi pointed out that the law allows officers to introduce compliance points, for example in checking that foreigners have been issued with entry visas. Also in Zanzibar, the law allows officers to introduce compliance points if goods being transported look suspicious.

With regard to whether the procedures in force address the policy objectives as provided by the law, there divided responses with Burundi respondents pointing out that the procedures partly address the policy objectives but only minimally. Zanzibar respondents on the other hand were of the view that the procedures do not address the policy objectives because of technological changes that are a challenge to checking of safety of goods and vehicles by the police, including the lack of equipment to scan content of goods. Other countries however were of the view that the procedures have achieved the specified objectives.

With respect to impact of the procedures to business operations and intra- EAC trade, it was clearly pointed out that some positive impacts have been realised, including:

- Transportation costs have gone down as a result of transporters complying with weighbridge regulations, thus minimising extra costs previously borne in form of penalties for non-compliance.
- The procedures have enabled Partner States to control illegal goods getting into the region, since part of police responsibilities is to stop vehicles at the port and entry points in order for customs officers to inspect imported goods.
- The procedures have promoted safe movement of goods within EAC countries.

However, it was also pointed out that some negative impacts emerged from police checks, including increased travel time for businesses by road transport. This has mainly been as a result of increased number of weighbridges that the police are mandated to ensure compliance with. To speed up travel time for EAC citizens, a common visa was proposed as part of solutions to easing difficulties experienced during travel but across the region.

With respect to whether police checks procedures are easily understood by businesses, there was wide confirmation by all countries that this is the case. Tanzania respondents however were of the view that while the procedures are easily understood by businesses, more awareness needs to be created.

Concerning whether the procedures are costly for businesses, there were no clear responses, with Burundi and Tanzania respondents pointing out that cost is variable depending on nature of businesses and/or goods being transported, although the cost incurred is not substantial.

The major problems experienced by business while complying with the procedures that were identified include:

- Equipment for checking vehicles constantly break down resulting to lengthy time spent at roadblocks
- Genuine business people are forced to go through checks due to increased entry of illegal immigrants thus resulting to wasted time at the borders
- Increased cases of forged visas and travel documents by illegal immigrants has resulted to genuine businesspeople being subjected to security checks which is viewed as harassment
- The time taken at roadblocks during inspections is considered too lengthy
- Many small scale business operators do not understand the procedures, which leads to time loss during travel across the borders
- Overloading normally leads to lengthy time loss and added costs since the transporter has to offload and look for alternative means to transport the excess cargo and also pay charges for excess weight, such as is the case in Tanzania

The following suggestions were made to ensure compliance with the procedures:

- Reviewing of laws on overloading including withdrawing driving licenses for habitual offenders, and specifying weights that should be transported by trains
- Improving the police control system by introducing a public informative service that is easily accessible to all EAC citizens
- Encouraging the evolvement of an EAC culture of respect to laws and regulations
- Requiring that inspection of vehicles should be at the country of origin and that the certificate of inspection should be accompanied by the bill of lading
- Establishing a joint policy on use of roads and railways and sharing such information with stakeholders
- Ensuring that the police always give convincing reasons to transporter as to why vehicles have been stopped
- Ensuring that police checks match with the technological advancements, including the need to introduce scanners at roadblocks
- Standardizing procedures on police checks across the region

#### b. Responses by business community

As shown in **Table 7** below, the Northern Corridor and especially on the Kenyan side has numerous roadblocks, tabulated at a count of 25 by the truck drivers who recorded their experiences along the route during the survey. On the other hand, the drivers experienced 22 roadblocks along the Central Corridor. On both corridors, an average of 61% of the drivers indicated they were given clear explanations as to why their truck was stopped, while an average 64% also received fair treatment from police officers as shown in **Table 8** below. However in Kenya, 79% of the drivers indicated no explanation was given for the stops, which shows police officers in Kenya just assume the drivers know the reasons why they are stopped, or that the stops are made so as to solicit for bribes. This latter reason is actually confirmed by the fact that about 72% of the Kenyan drivers additionally indicated that no checks are actually done on the trucks after stopping, while they also pay small value bribes of less than 1\$ at each stop, which also applies in Uganda for 71% of the drivers.. The same problem of bribes also applies on the Central Corridor, where actually the amount is larger at between \$1-5 per truck. While the bribery figure at roadblocks may seem a small amount per vehicle, it becomes a large sum when all the trucks plying the Northern and Central Corridor are added up, indicating that bribery at roadblocks is a major cost to the region's businesses and eventually to consumers since it has somehow to be recovered most likely by transferring the cost to price of goods. The bribery problem is made worse by the fact that on average, 58% of the trucks have to spend up to 10 minutes at the roadblocks, with the time being worse in Uganda at 10-30 minutes as indicated by 56% of the drivers. The solution to the roadblocks is to install scanners on the region's major transport routes as part of ensuring overloaded vehicles are the only ones stopped. This would reduce the bribery incidences while also speeding up transport time for companies.

Table 7: Tabulation of EAC roadblocks along the Northern and Central Corridors

No. of roadblocks at which truck stopped	Kenya	Uganda	Burundi	Rwanda	Tanzania
<b>Northern Corridor</b>					Central Corridor
1	Mariakani	Malaba - Uganda	Kagasenyi	Rukomo	Nyakahura
2	Talu	Bustewa	Masanganzira	Rusumo	Singida
3	Voi	Bugili	Kirembe		Morogoro
4	Mtito	Bulanga	Mhinga		Kahama
5	Makindu	Busesel			Dodoma
6	Sultan	Jinja			Kibaha
7	Salama	Owenfall			Dumila
8	Konza	Papori			Ushiroombo
9	Sigona	Mabira Forest			Nyakanazi
10	Mai Mahiu	Rugazi			Kabanga
11	Naivasha	Rubare			Tinde
12	Nakuru	Kabare			Luvizave
13	Salgaa	Mukono			Chato
14	Total	Riyatonde			Muleba
15	Maungu	Ntungamo			Kaayigo
16	Kanani	Mbarara			Mtukula

No. of roadblocks at which truck stopped	Kenya	Uganda	Burundi	Rwanda	Tanzania
17	Man Eater	Nakuru			Msigili
18	Nthange	Mbiriti			Mbewe
19	Athi River	Kidoret			Mombo
20	Mlolongo	Mtukula			Moshi
21	Gilgil	Masaka			OldonyoSabuk
22	Burnt forest				Longide
23	Eldoret				
24	Amagoro				
25	Malaba - Kenya				
<b>Namanga route</b>					
26	Kabete				
27	Mali Tisa				
28	Kajiado				
29	Isinya				
30	Kitengela				
31	Kariobangi				

Source: BCI 2011 survey data

Table 8: Drivers experiences along the Northern and Central Corridors

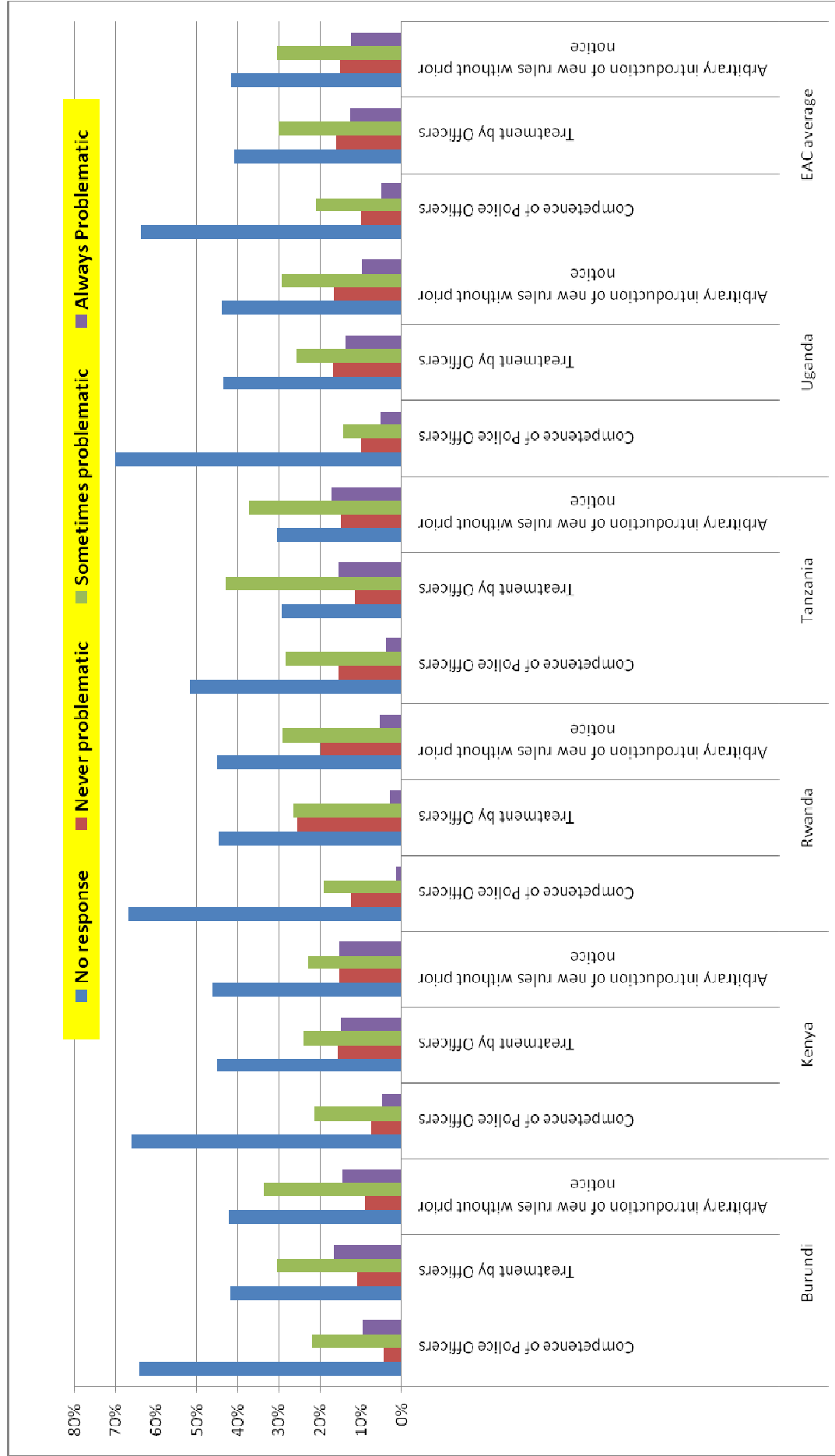
Country	Police officer clearly explained reason for stopping truck		Checks done after stopping truck								Treatment by police officer			Bribes paid		Time spent at roadblocks			
	Yes	No	None	Not Specified	Driving License	Vehicle overloading	Cargo Documents	Passport	Vehicle condition	Very good	Fair	Very harsh	1-\$	less than 1\$	1-10min	10 - 30min	30min - 1hr	1hr - 6hrs	
Kenya	21%	79%	72%	9%	9%	4%	4%	0%	2%	6%	32%	13%	0%	100%	86%	5%	5%	5%	
Uganda	73%	27%	9%	14%	14%	16%	21%	9%	16%	15%	46%	38%	29%	71%	25%	56%	6%	13%	
Burundi	100%	0%	0%	0%	44%	0%	33%	22%	0%	25%	50%	25%	100%	0%	75%	0%	0%	25%	
Rwanda	100%	0%	0%	25%	25%	0%	25%	25%	0%	50%	50%	0%	0%	0%	50%	50%	0%	0%	
Tanzania	97%	3%	7%	47%	13%	0%	13%	0%	20%	14%	86%	0%	100%	0%	54%	43%	4%	0%	
EAC average	61%	39%	27%	22%	14%	6%	14%	5%	12%	14%	64%	21%	22%	78%	58%	32%	4%	6%	

Source: BCI 2011 survey data

In addition the experiences by drivers along the Northern and Central Corridors, the 401 business representatives that were asked to indicate the extent to which competence, treatment, and arbitrary introduction of new rules by police officers without prior notice is perceived as problematic during movement of goods in home country and in other EAC countries. The indication is that these issues are sometimes a problem as seen in **Chart 51** below. Most of the businesses in all the six distinct regions of EAC seem equally affected by this problem, which calls for concrete measures to address it. The combined percentage responses by Transporters, Businesses, CFAs, and Informal cross border traders are presented in **Annex 9** to this report.

The issue of unfair treatment and poor competence by police officers is also reinforced by a case in point during the course of undertaking the survey at Holili Border Station (Tanzania/Kenya border). The incident involved a Kenyan trader who was arrested by Tanzania police while smuggling kerosene into Tanzania using a *panya* route, and taken to the cell for questioning. This caused some riots by Kenya citizens at the border who blocked the Voi-Taveta road and demanded the release of the Kenyan trader as a pre-condition for unblocking the road. Kenyan police did not make any intervention in unblocking the road, which was consequently perceived by Tanzanian traders as an unfair practice. This is because according to Tanzania traders, if a Tanzanian citizen is caught by the Kenya police, the trader has to undergo through the due process of investigations and consequent prosecution. The Tanzanian traders do not protest in such types of cases, and the police always take action to ensure traders do not cause chaos. In this particular incident, Kenyan police should have taken action to ensure movement of goods was not disrupted, which unfortunately did not happen, thus demonstrating unfair practices.

Chart 51: Extent to which competence, treatment and arbitrary introduction of new rules by police officers without prior notice is perceived as problematic during movement of goods in home country and in other EAC countries



Source: BCI 2011 data – combined percentage responses by Transporters, Businesses, CFAs, and Informal cross border traders

## 2.7.2 FLOW OF INFORMATION

### a. Responses by EAC Police Departments

The police authorities were asked to indicate whether they have full awareness about their country's commitments to the EAC integration process, and efficiency in execution of such commitments. All responded affirmatively about full awareness. The specific commitments that police institutions are mandated to execute in this respect include:

- To have ensure one weighbridge after every 500 km as per responses by Tanzania
- To ensure cost effective use of the railway system as per responses by Zanzibar
- To put in place measures that facilitate intra-EAC trade
- To allow free entrance of EAC citizens without undue hindrances
- To ensure business in the EAC complies with the specified laws
- To exchange information with counterparts within the region when goods, cars or any other property are suspected of illegal entry into Partner States geographical borders
- To collaborate with the EAC Secretariat in formulation of harmonised policing laws
- To reduce the number of roadblocks along the regions' major transport routes, especially on the Northern and Central corridors

With regard to the extent to which police institutions have complied with their country's commitments under the EAC integration process, the responses range from full compliance to about 90%. In addition, responses on competence of police officers in executing their duties varied from:

- Fairly competent in Uganda and Tanzania
- Very competent in Kenya and Rwanda, Uganda and Zanzibar, and

Regarding how information on EAC commitments gets disseminated to police departments, the following responses were identified:

- Through the East African Secretariat
- Through public communication forums, workshops and meetings
- Through correspondences by e-mails and letters
- Through the Ministries in charge of trade, industry and marketing functions
- Through police radios
- Through mobile phone signals for marine police
- Through internal memos, weekly and daily meetings

Efficiency in passing information on EAC commitments from the management to executing officers ranges between Fairly quickly to Very quickly for all countries. Regarding the perception that there are delays in passing EAC commitments to executing officers, the reasons given for police institutional weaknesses in passing such information include:

- Budgetary constraints
- Poor communication with the Ministries in charge of trade, industry and commerce matters
- Long chain of communication before correct information is passed to executing officers. For example if the police notice a problem regarding an import at Zanzibar Port originating from Mombasa (Kenya), the port authority is required by Tanzania regulations to pass such information to Dar es Salam, after which Dar calls Nairobi for clarification. Nairobi then calls Mombasa, and before the problem is sorted out, a lot of time is wasted in the process. In such a case, the police may get the blame for the delayed import, but since they don't have powers to sort out the problem, they role is restricted to passing on the information to the right authorities.

Proposed suggestions on how information dissemination weaknesses related to EAC decisions and how efficiency of police institutions could be enhanced include:

- Increasing funding for police operations at railway stations
- Involving the desk officers responsible for coordinating developments on EAC in some of the police operations to enable strengthening of networks and speedy communication to responsible authorities on police operational weaknesses

- Reducing bureaucracy in communication between EAC countries. Border administrative authorities should be allowed to communicate directly without necessarily going through the HQs in order to reduce time losses in clearing imports originating from the region.
- Renovating the railway lines to meet the demands of the business community and to reduce stress on the road network
- Building a culture for respect of EAC laws and regulations
- Promoting direct communication between the EAC Partner States on matters related to security at sea especially those that border the Indian ocean
- Increased cooperation between police officers on joint operations especially regarding security at sea

**b. Responses by the business community**

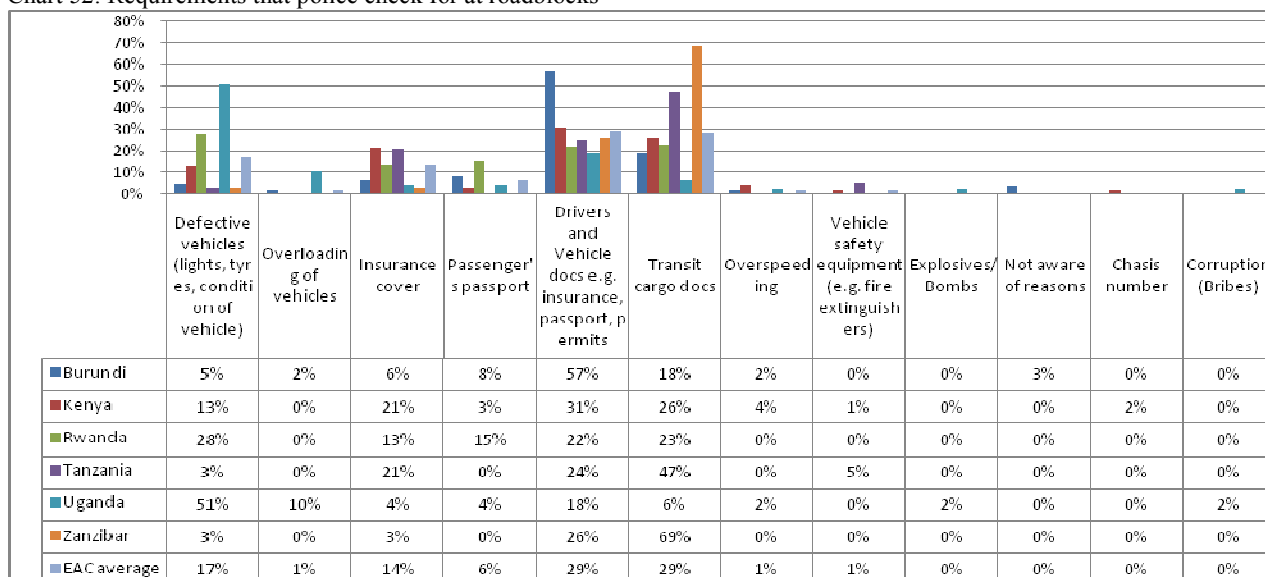
The business community were asked to indicate:

- The major requirements that police officers check on company’s vehicles at roadblocks
- Awareness about requirements for police checks at the roadblocks
- How information about police checks is normally obtained.

As summarised in *Charts 52 to 54* below:

- The business community seems quite aware about the major requirements for police checks at roadblocks. Such requirements include Drivers and vehicle documents including insurance, passport and permits; and Transit cargo documents, as indicated respectively by 29% of the respondents to both of these two response categories. Businesses are therefore well informed about the reasons for police checks, and there are hardly any respondents who indicated lack of awareness about these checks as shown in *Chart 51*. When asked about awareness about these requirements both in their home country and in other EAC countries, a high percentage of respondents indicated a high level of awareness, while at the same time a sizeable percentage also indicate lack of awareness about these requirements as shown in *Chart 52*. These contradictory responses could be based on constant changes made to requirements for police checks. This calls for continuous sensitization of East Africans about requirements for checks at police roadblocks. Such action would ensure reduction of bribery incidences during police checks and possibilities of prosecution, both of which entail extra costs for businesses.
- Regarding how information about police checks gets disseminated to business community, the main channels used include drivers, media, customs and police officers; and workshops, seminars, trainings & meetings with representatives of transporters associations, as shown in *Chart 53*. Information dissemination about requirements for police checks through these channels should therefore be strengthened in future as whenever new changes occur. This would increase levels of compliance by the business community during movement of goods across the region.

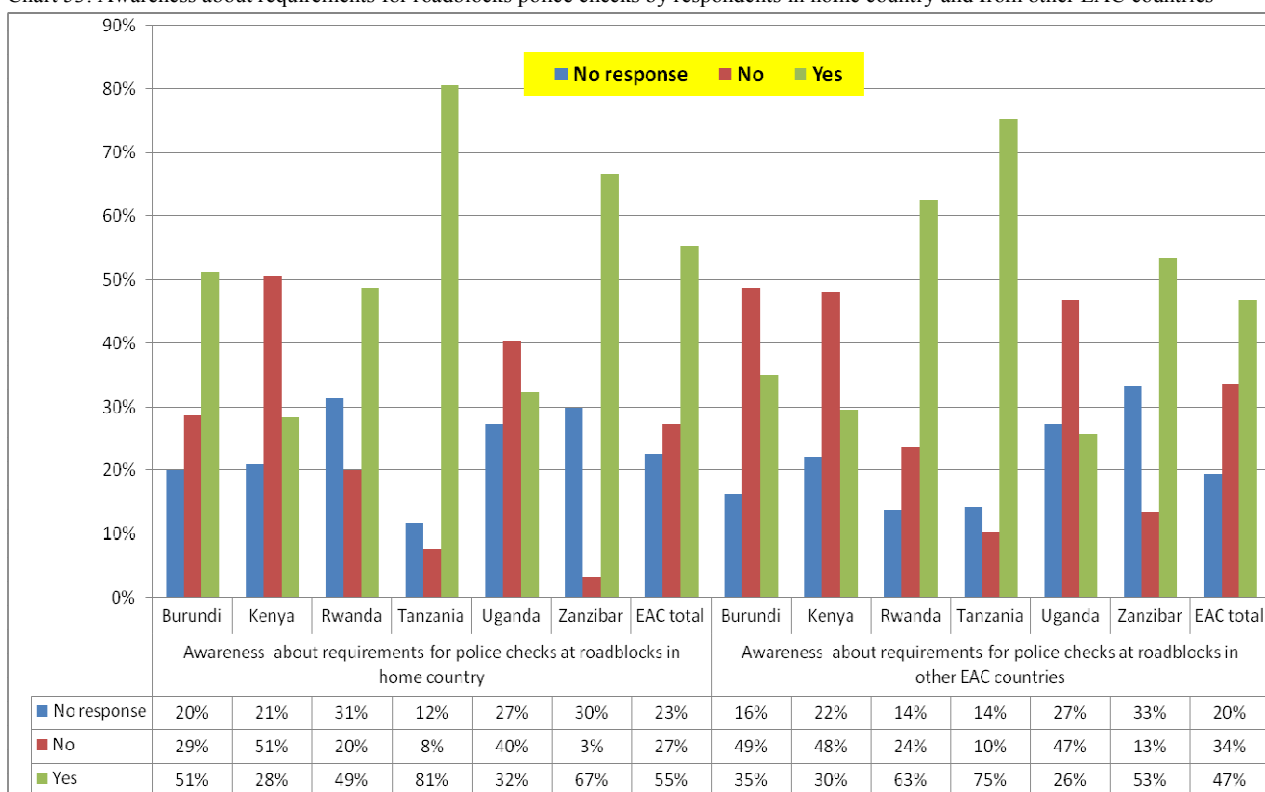
Chart 52: Requirements that police check for at roadblocks



Source: BCI 2011 data - combined percentage responses by transporters, businesses, CFAs, and informal cross border traders

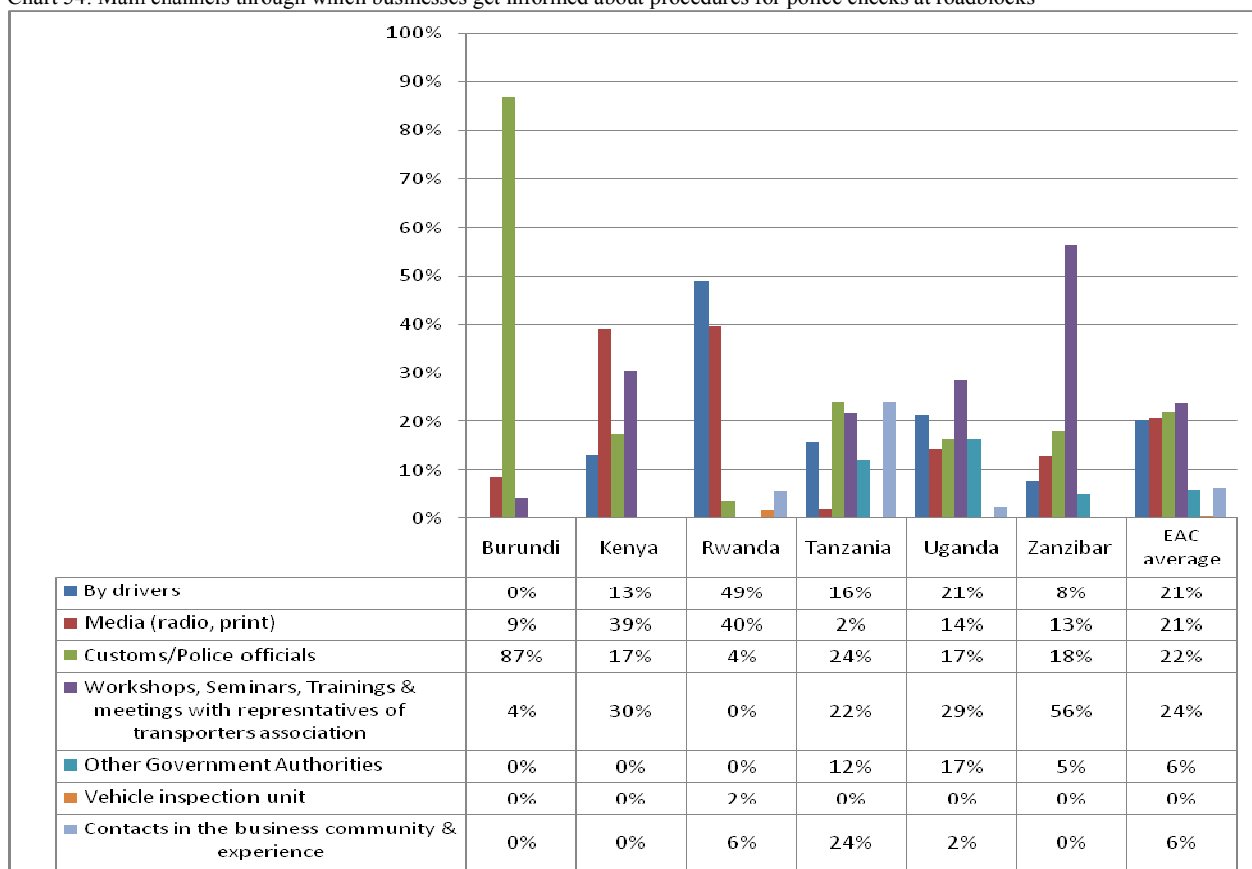


Chart 53: Awareness about requirements for roadblocks police checks by respondents in home country and from other EAC countries



Source: BCI 2011 data - combined percentage responses by transporters, businesses, CFAs, and informal cross border traders

Chart 54: Main channels through which businesses get informed about procedures for police checks at roadblocks



Source: BCI 2011 data - combined percentage responses by transporters, businesses, CFAs, and informal cross border traders

### 2.7.3 TIME TAKEN AT POLICE ROAD BLOCKS

#### a. Responses by EAC Police Departments

The police authorities were asked for their views on whether police procedures are time consuming for businesses. Tanzania respondents stated that it takes a maximum of 2 minutes for transport vehicles to obtain pass through police checks procedures if all documents are correct. Zanzibar responded that some checks could take up to 1 day to complete if goods are not accompanied by correct documents such as on quantity of goods or if the truck exceeds the number of allowed passengers. Burundi respondents state it takes a maximum of one hour to obtain approvals on the procedures.

Regarding set benchmarks on number of days and cost to complete the police checks procedures, responses indicate;

- Uganda – 2 days to 1 week
- Tanzania – 2-3 minutes
- Zanzibar – up to 1 day.

Regarding cost benchmarks on to complete police checks procedures, Tanzania responded that the cost varies depending on the type of error made by the transporter. Other countries did not respond. The region therefore does not seem to have any set cost benchmarks to complete police checks. However, it is noted that cost benchmarks depend on procedure that has been flouted, e.g. on weights, customs documentation, etc; since police checks are carried out to ensure compliance with procedures set by other agencies. The police agencies also expressed the view that the rules and regulations on police check at roadblocks are imposed by politicians, most of whom are business owners and therefore difficulties are experienced in enforcing rules that could affect public figures due to fear of reprisals.

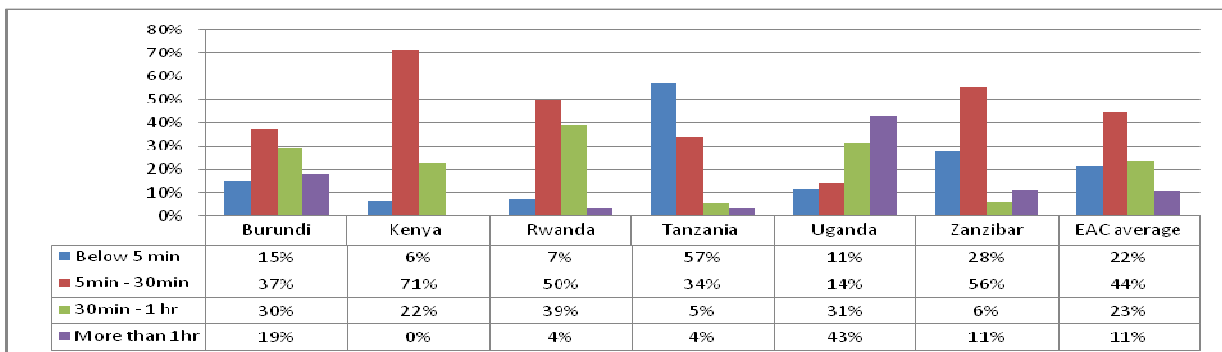
Based on the findings, the region also does not seem to have clear time and cost benchmarks for completion of police checks at roadblocks. The region therefore needs to set harmonised time and cost benchmarks for completing police checks in this respect.

#### b. Responses by business community

##### (i) Average time taken to complete police checks at roadblocks

When asked to indicate the average time taken to complete police checks at the roadblocks, 66% of the business community respondents indicated less than 30 minutes. However a high of 46% indicated it takes between 30 minutes to more than 1 hour to complete the checks as shown in **Chart 55** below. Considering the number of trucks plying the Northern and Central Corridors, this works out to enormous business time lost at the roadblocks. The solution is to sensitize the business community about the required procedures as that they in turn can ensure all requirements are in order prior to starting a journey (including vehicle and cargo documents, driver and passenger travel papers, and vehicle condition). In addition, the region needs to install scanners along the major transport routes, and especially along Northern and Central Corridors, to ensure overloaded vehicles are tracked and measures taken at designated weighbridge stations in order to remove the need for numerous police roadblocks which end up taking a lot of business time along these routes.

Chart 55: Average time spent to complete police checks at roadblocks

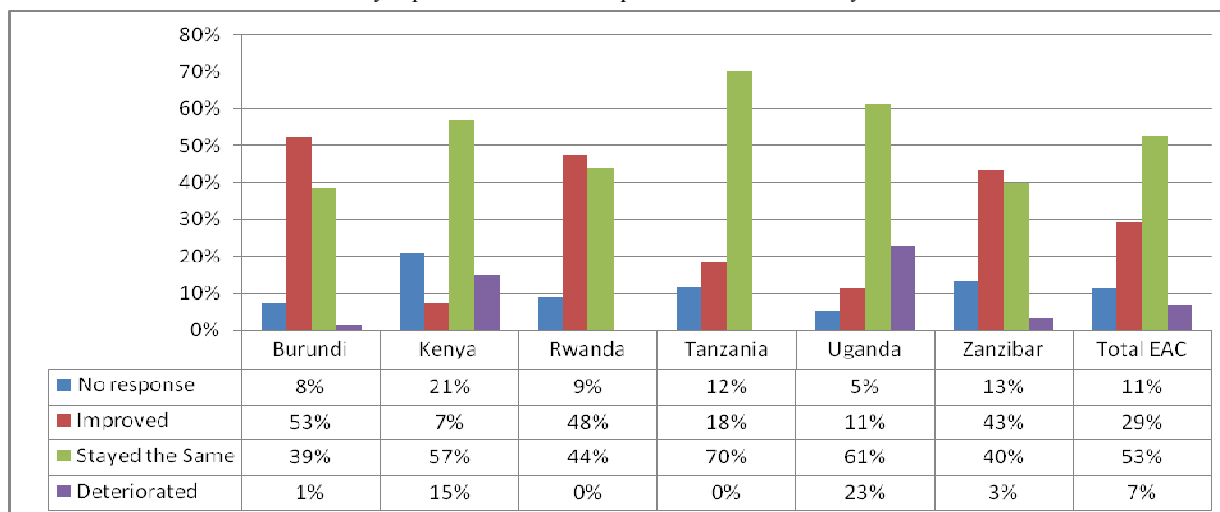


Source: BCI 2011 data - combined percentage responses by transporters, businesses, CFAs, and informal cross border traders

## (ii) Efficiency improvements in 2010

The representatives of the business community who were interviewed to a large extent indicated that efficiency of police checks at roadblocks stayed the same in year 2010 as shown in **Chart 56** below, which means the time spent during such checks continue being an obstacle during movement of goods in the region. All countries are affected by this bottleneck.

Chart 56: Indications whether efficiency at police checks either improved or deteriorated in year 2010



Source: BCI 2011 data - combined percentage responses by transporters, businesses, CFAs, and informal cross border traders

### 2.7.4 EXTRA COSTS INCURRED ON POLICE CHECKS

As seen in **Table 9** below, about 30% of the 410 businesses interviewed indicated they spend between USD 200 to over USD 1,000, while about 70% spend less than USD 200 per month as extra costs on police checks at roadblocks. Burundi, Uganda and Zanzibar respondents seem more affected by the higher figure of USD 200 to over USD 1,000 than in the other regions as indicated by an average 63%, 58% and 50% respectively. When the total number of vehicles plying EAC major transport routes are added up, the amount incurred per month on police checks is an astronomical figure, which ends up as a business cost. These costs are incurred in the form of communication expenses, the value of damaged or perished goods, delayed deliveries, extra transport charges, storage / handling charges, insurance fines, and bribes, fines for incorrect cargo and on documentation. These costs are eventually passed on to consumers of goods either manufactured or imported in the EAC countries. The solution to this problem lies in sensitizing businesses about required procedures at police roadblocks in efforts to reduce the extra costs incurred thus reducing the cost of goods sold in the regional markets.

Table 9: Extra costs incurred by businesses per month on police checks at roadblocks

Expenditure categories	Burundi	Kenya	Rwanda	Tanzania	Uganda	Zanzibar	EAC average
Less than \$200	38%	88%	89%	88%	42%	50%	70%
\$200 - \$1000	50%	12%	7%	13%	25%	0%	17%
Over \$1,000	13%	0%	4%	0%	33%	50%	13%

Source: BCI 2011 data - combined percentage responses by transporters, businesses, CFAs, and informal cross border traders

## 2.7.5 CORRUPTIVE PRACTICES POLICE ROADBLOCKS

### a. Responses by EAC Police Departments

Regarding perceptions on the proportion of businesses/trucks that comply with cross-border and transit regulations, there were no responses from Burundi and Zanzibar. Kenya and Tanzania respondents on the other hand indicated that between 80% -100% of businesses/trucks comply with specified procedures, while Uganda indicated over 60%. Rwanda indicated that businesses/trucks actually do not comply with specified procedures.

Regarding how often businesses/transit trucks/heavy goods transporters offer to pay bribes so as to avoid complying with procedures, the responses indicate that the practice takes place rarely in Tanzania and Kenya, while Rwanda respondents point out that this happens in other EAC countries but not in Rwanda. Other countries did not respond on the issue.

On allegation that bribes are paid even when regulations are met, whether such cases are ever reported to police offices, and how frequently such occurrences take place, only Rwanda responded that sometimes such cases are reported whenever they take place. Tanzania pointed out that a system has been introduced to monitor and record every detail of practices taking place along the major transport routes in the country. Based on the findings, there is need to establish a regional system to identify and provide information about corruption incidences along the major transport routes.

Actions that have been taken to reduce incidences of officers taking bribes from businesses and trucks include:

- Changing duty stations of police officers regularly
- Interdiction of officers found taking bribes
- Training officers with the aim of stopping corruption
- Educating transporters on transport procedures and regulations and encouraging them to report officers who ask for bribes
- Stern actions have previously been taken, including prosecuting officers in courts of law.

Future planned actions to reduce incidences of police officers found taking bribes from businesses and trucks include:

- Dismissals from police service for those caught in the act
- Educating officers on the importance of not asking for bribes
- Educating members of the public on their rights
- Punishing the culprits of corruption incidences
- Adopting a participatory approach between citizens and police

Examples of NTBs and trade related complaints that have in the past been passed to police departments' attention by businesses regarding bottlenecks in police checks procedures include:

- Increase in time spent at the weighbridges due to increased number of weighbridges
- High costs involved in non-compliance with road regulations such as flouting axle load limits including legal penalties
- Corruption incidences at the port
- Delays in complying with stated procedures due to incapacity to full comprehend content, and lengthy procedures
- Irregular business activities such as trade in counterfeits which hurt genuine businesses
- Too many roadblocks which are time consuming
- Inspection of goods/ trucks even when they have complied with procedures, which causes embarrassment to genuine transporters
- Officers use harsh and threatening languages towards the transporters
- Lack of knowledge on the business operations by police officers including need for speed in delivery of goods to customers

Actions that have previously been taken in efforts to resolve the NTBs complaints include:

- Reducing the number of weighbridges along the central corridor on the Tanzania side

- Ensuring timely handling of documents and controlling importation and exportation of products
- Measures are ongoing to curb irregular business activities at national and regional levels, and to preventing expired food products from entering the region
- Revision of the Police Act is underway in Zanzibar with an aim of ensuring efficiency in service delivery; while there is continuous inspection of any suspected trucks
- Police officers have been instructed to avoid embarrassing transporters especially when they don't have information to suspect goods being transported. Additionally meetings are held between accused police officers and transporters in order to get explanations on why an action deemed to be unnecessary was taken, e.g. regarding lengthy time spent at a roadblock by a truck
- Improving the railway line within Zanzibar in order to reduce stress on road transport
- Enhanced dissemination of information about EAC commitments and decisions to police officers manning roadblocks
- Enhanced collaboration between the port and border authorities regarding transit goods in order to prepare for clearance in advance, and improvement of the time taken to check compliance with legal procedures

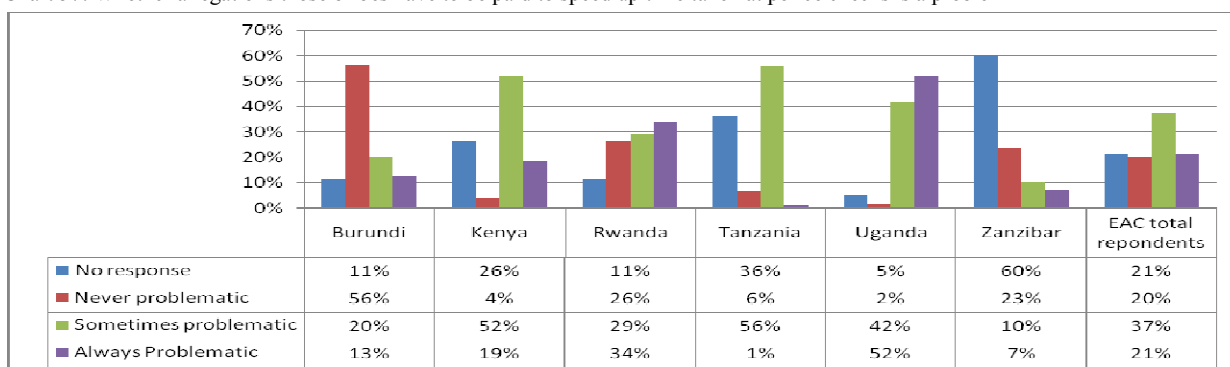
**b. Responses by business community**

As shown in *Charts 57 to 62* below, bribes during checks at police road blocks are a serious bottleneck to businesses in the region. In this respect;

- Bribes at police roadblocks are either always a problem or sometimes a problem, as indicated by a combined average 58% of the transporters, businesses, CFAs & informal cross border traders across the region (refer to *Chart 57*).
- A sizeable average of 34% of EAC transporters, businesses, CFAs & informal cross border traders confirmed that they pay bribes at police roadblocks as shown in *Chart 58* which means the issue is not just an allegation but a reality.
- Over speeding and overloading of vehicles seem to be the main reasons why bribes are paid at the roadblocks as shown in *Chart 59*. This calls for sensitization of the public about required speed limits and weight specifications.
- An average of 49% of the respondents indicated that the bribery problem at roadblocks either stayed the same or became worse in year 2010 than before, with Uganda appearing as the most affected country as shown in *Chart 60*.
- A number of the CFAs and transport companies indicated they pass on the bribery costs which they incur at the roadblocks to their clients as shown in *Chart 61*. Such clients happen to be manufacturers and/or importers of goods for direct consumption. The implication is that the cost of production goes high after incorporating bribery costs incurred at the roadblocks, while goods imported for direct consumption also cost more than would have been the case.

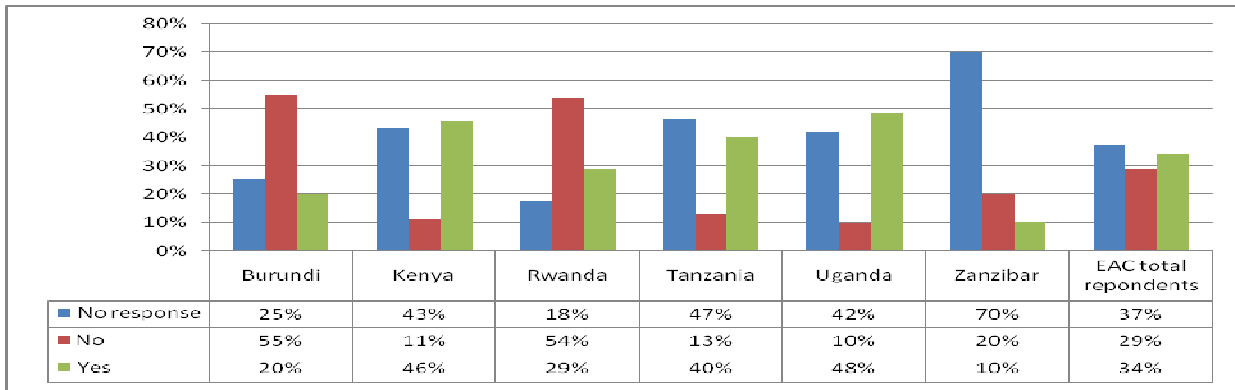
During the interviews, transporters also pointed out that police at roadblocks never explicitly ask for bribes, but always indicate they will open a prosecution or penalty case file. This however is an intimidation technique that forces truck drivers or truck owners to open negotiations for a bribe in order to lessen the monetary value of the implied penalty or prosecution.

Chart 57: Whether allegations those bribes have to be paid to speed up time taken at police checks is a problem



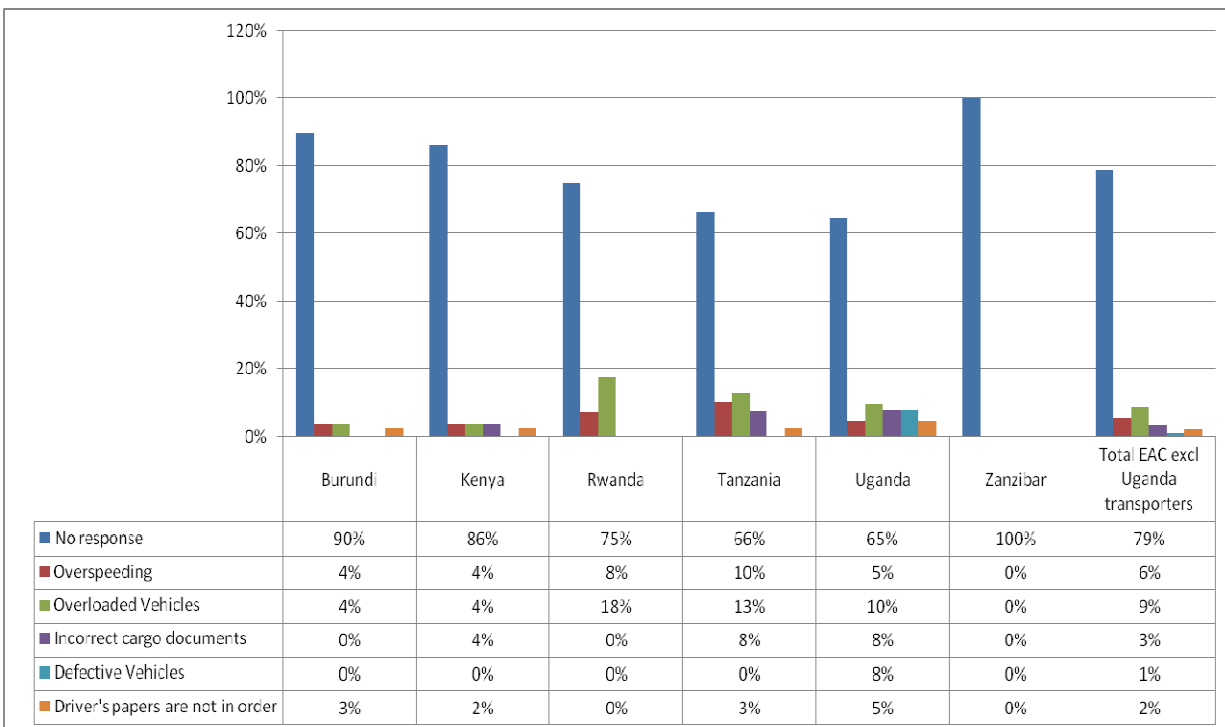
Source: BCI 2011 data – combined percentage responses by transporters, businesses, CFAs & informal cross border traders

Chart 58: Whether companies ever pay bribes at police roadblocks



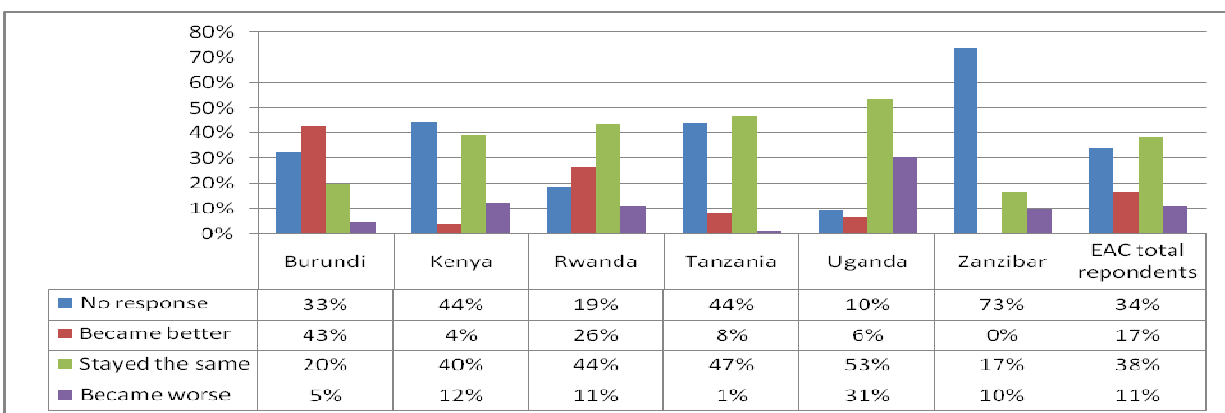
Source: BCI 2011 data – combined percentage responses by transporters, businesses, CFAs & informal cross border traders

Chart 59: Reasons given for paying bribes



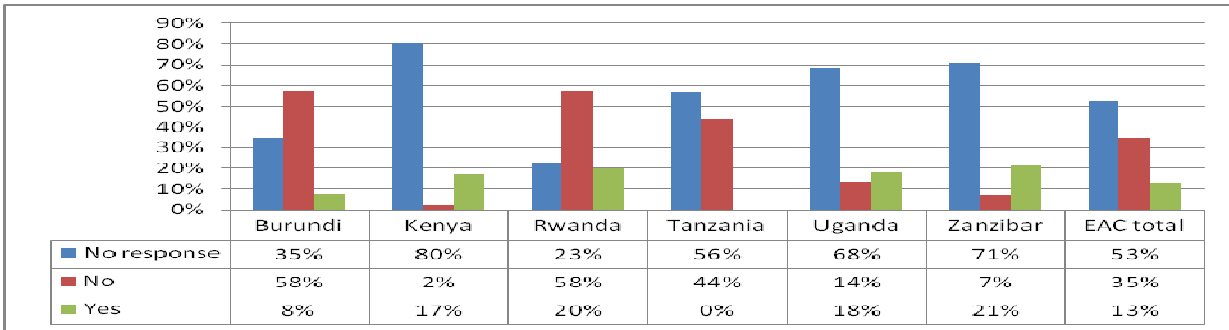
Source: BCI 2011 data – combined percentage responses by transporters, businesses, CFAs & informal cross border traders

Chart 60: Indications whether the bribery problem became better or became worse in year 2010



Source: BCI 2011 data – combined percentage responses by transporters, businesses, CFAs & informal cross border traders

Chart 61: Indications whether transporters and CFAs absorb or pass on the bribery costs to their customers



Source: BCI 2011 data – combined percentage responses by transporters and CFAs

## 2.7.6 SUGGESTED IMPROVEMENTS ON POLICE ROADBLOCKS PROCEDURES

### a. Responses by EAC Police Departments

The suggested future actions to address the NTB and trade-related complaints include:

- Enhanced training for police officers and the public on the proper procedures involved on intra-EAC trade
- Capacity building activities that aimed at ensuring businesses fully comply with regulations and administrative requirements that police departments are mandated to execute
- Holding regular meetings with the public, business community and long-distance transporters to discuss and find mutually acceptable solutions to intra-EAC trade bottlenecks
- Transferring knowledge from experts outside the country on best practices applied elsewhere on transportation and enforcement of trade-related regulations
- Joint workshops with port authorities on requisite port clearance procedures
- Establishing a 24 hours police service along major transport routes
- Creating awareness on the importance of following rules and regulations and impact to trade
- Conducting seminars, workshops and advertisements through the media to create public awareness about police regulations
- Rewarding citizens who provide good information on regulations that have been flouted

Bottlenecks associated with raising capacity of businesses to comply with regulations and administrative requirements which were identified by police departments include:

- Financial constraints for operators due to increase in weighbridges
- Certification of the weighbridges is done by the Ministry of Industry and trade and it is normally done after testing
- Limited budget
- There are currently no bottlenecks because the countries in EAC are starting to reduce corruption in their borders
- Customers normally complain about new issues as they always want short cuts
- Some members of the public don't understand the regulations and therefore more awareness should be created
- Businesses are not many in the country
- Inability to identify the number of businesses that do smuggling activities
- Non-inclusion of all stakeholders

### b. Responses by the business community

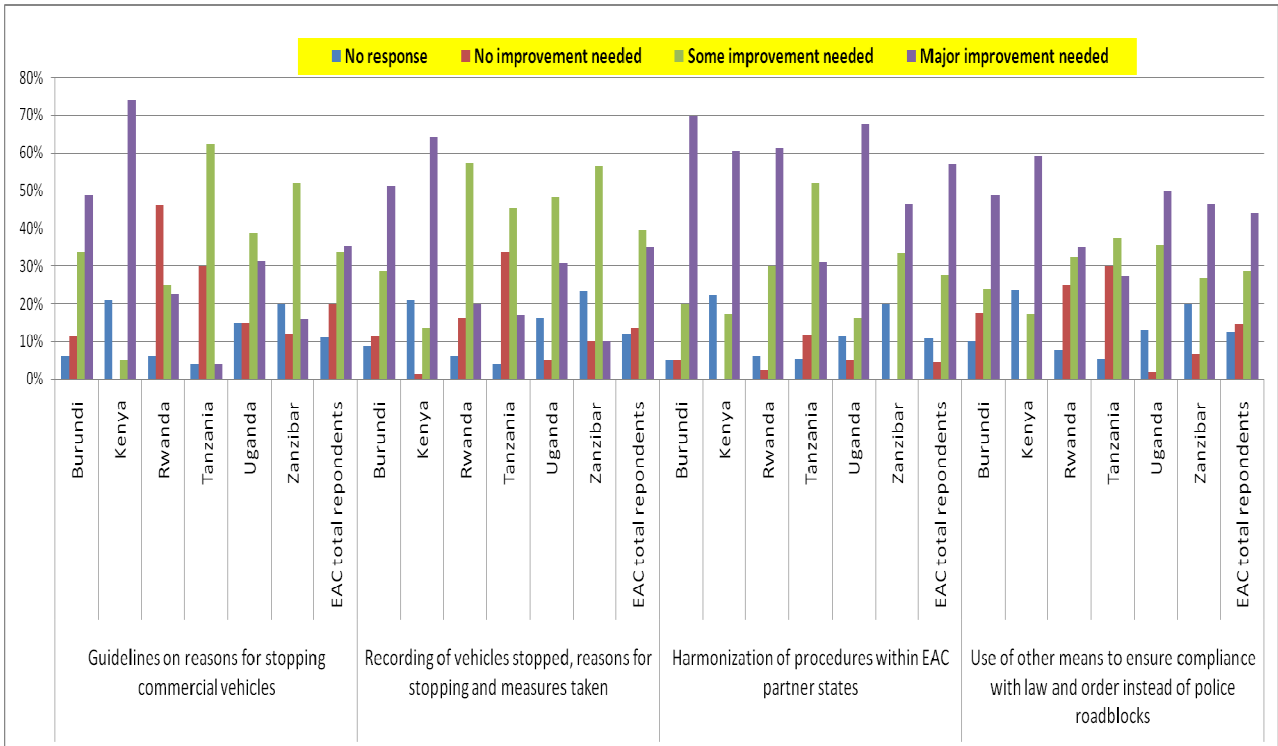
The major suggestions that were made by representatives of the business community regarding police procedures at the roadblocks show the following preferences based on combined EAC average responses on areas where major or some improvement are needed:

- Harmonization of procedures within EAC partner states, which has a combined EAC average of 85% for the two response categories

- Recording of vehicles stopped, reasons for stopping and measures taken, which has a combined EAC average of 75% for the two response categories
- Use of other means to ensure compliance with law and order instead of police roadblocks, which has a combined EAC average of 73% for the two response categories
- Guidelines on reasons for stopping commercial vehicles, which has a combined EAC average of 69% for the two response categories

**Chart 62** below summarises the average responses on the suggested improvements/changes on police procedures, while the percentage responses on suggested improvements at the EAC and individual country level are presented in **Annex 10** to this report.

Chart 62: Suggested Improvement/Changes on police procedures



Source: BCI 2011 data – combined percentage responses by transporters, businesses, CFAs & informal cross border traders

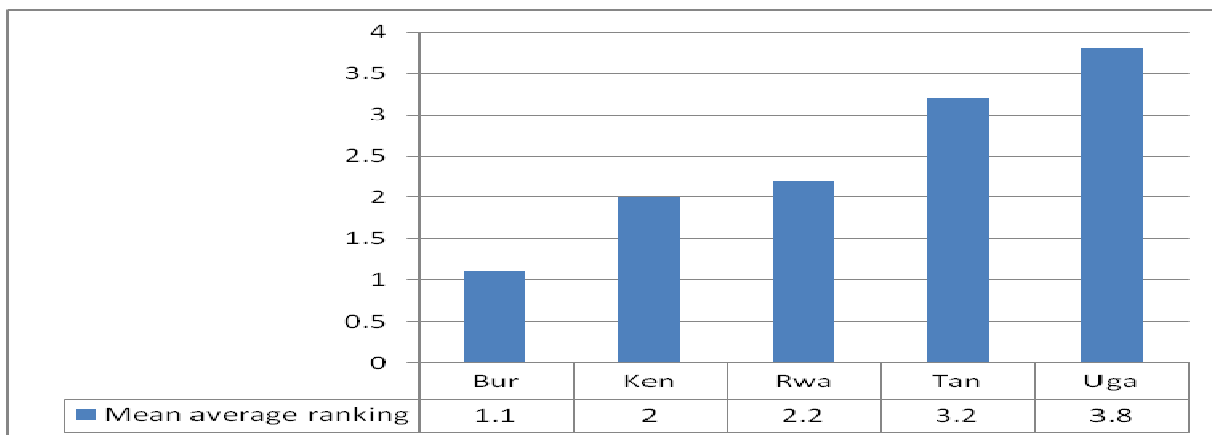
## 2.7.7 RANKING OF EASE COUNTRIES ON EASE AND EFFICIENCY OF POLICE CHECKS AT ROADBLOCKS

### 2.7.7.1 Ranking by EAC Police Departments

The police departments were asked to rank the five EAC countries in terms of ease and efficiency of executing police regulations relevant to trade matters using the response keys of Excellent=5, Good=4, Fair=3, Bad=2, and Worst=1. The mean average ranking shows Uganda is rated as the best country on ease and efficiency of police operations at the port/ borders and roadblocks, followed by Tanzania, Rwanda, Kenya and Burundi as shown in **Chart 63** below.



Chart 64: Ranking of EAC countries on ease and efficiency of executing police regulations at port/ borders and roadblocks as perceived by police authorities

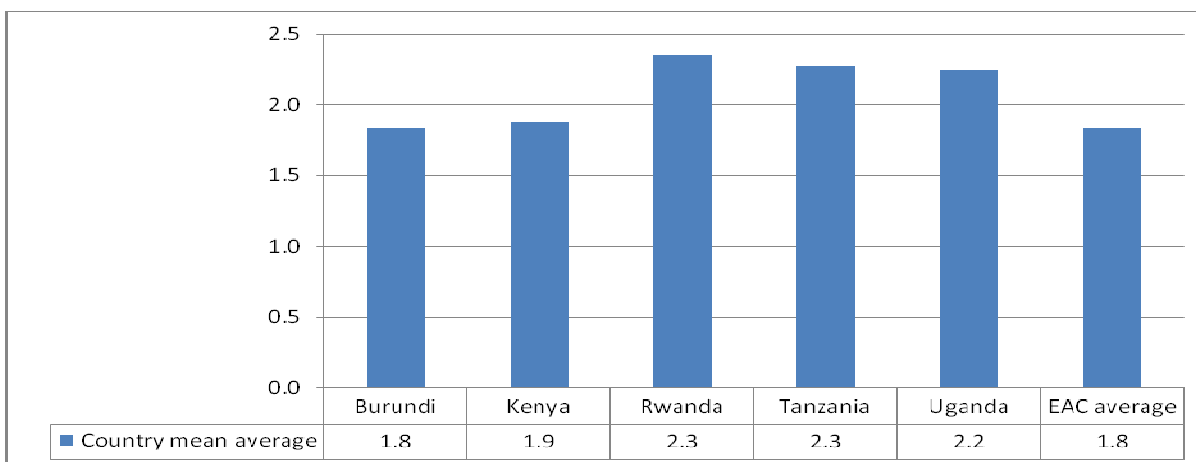


Source: BCI 2011 data perceptions by institutions in charge of police functions

### 2.7.7.2 Responses by the business community

When asked to rank the five EAC countries in terms of ease and efficiency of executing police regulations at the port, borders and at roadblocks, using the response keys of Excellent=5, Good=4, Fair=3, Bad=2, and Worst=1, the business community responses indicate that Rwanda and Tanzania tie as the best countries at 2.3, followed by Uganda at 2.2, Kenya at 1.9 and Burundi at 1.8. The ratings however indicate that all the five countries are rated around BAD by the business community, which is a completely different perspective from that given by policed departments. However, while the rankings by police authorities are different from those given by business community on the positions of Rwanda and Uganda, there is agreement that Tanzania is 2<sup>nd</sup> ranked, while Kenya is 4<sup>th</sup> ranked and Burundi takes the tail end on ease and efficiency of executing police regulations as shown in **Chart 65** below.

Chart 65: ease and efficiency of executing police regulations at port/ borders and roadblocks as perceived by the business community in their own country and from the other EAC countries



Source: BCI 2011 data – combined percentage responses by transporters, businesses, CFAs & informal cross border traders

## **2.8 WEIGHBRIDGES STATIONS PROCEDURES AND ADMINISTRATIVE REQUIREMENTS**

### **2.8.1 PROFESSIONAL AND FAIR TREATMENT BY WEIGHBRIDGE OFFICERS**

#### **a. Responses by EAC Weighbridge Departments**

The BCI survey carried out interviews with various EAC institutions that are responsible for managing weighbridge stations and administering regulations on axle loads and gross vehicle mass/weights, including:

- Tanzania National Roads Agency
- Uganda Transport Regulation Department - Ministry of Works and Transport
- Burundi Weighbridges Department - Ministry of Transport
- Uganda National Roads Authority

Based on consultations with the responsible institutions, the reasons and policy objectives for weighbridge regulations as provided for by the law include:

- To certify that weight of goods transported by trucks conform to road regulations in order to protect roads from damage
- To facilitate the diversification, promotion, development and coordination of all export related activities
- To provide basis for charging overloaded vehicles and transfer such revenue to central government for road maintenance

In efforts to achieve the above objectives, the weighbridge institutions are mandated to ensure that transport vehicles conform to specified axle and gross vehicle weight limits as set in the country-specific weighbridges regulations. The weighbridge institutions are specifically mandated to:

- Maintain accuracy of measuring instruments for purpose of weighing transport vehicles
- Ensure weighing of goods takes into account collection of appropriate charges
- Stock goods safely and collect charges on overloaded trucks
- Ensure a standard way of controlling overloading charges by trucks as a service to the country

In Rwanda, the law allows officers to introduce temporary compliance points for checking compliance to specified procedures, while in Uganda; such temporary compliance points are not allowed. In Zanzibar, the law only allows weighbridge institutions to propose ways for improving weighbridge regulations but not to introduce temporary compliance points.

Most of the institutions consulted confirmed that the procedures have addressed the policy objectives as provided by the law. In terms of impact of the procedures to business operations and intra- EAC trade, the weighbridge procedures have facilitated:

- Harmonization of duties relating to accuracy of measuring instruments
- Identification of markets for some EAC countries products
- Improved voluntary compliance by transporters
- Increased trade across the region

Some views from Tanzania however point out that impact in terms of efficiency in checking compliance depends on the type, capacity and nature of measuring instruments

Most respondents were of the view that the procedures have been costly for businesses in terms of time loss during the weighing process and on charges/ penalties on overloading. Burundi respondents however are of the view that the cost is not precise as it depends on the weight of goods.

The cost however depends on the type of goods being transported. Some of the problems experienced by business while complying with the weighbridge procedures include:

- Complexity of the procedures sometimes lead unintentional overloading
- Delayed delivery of products to markets
- Occasional charging of extra weights in some stations while the same weights are approved in other stations
- Constant system breakdowns especially and power interruptions leading to delayed completion of weighing process

- Resistance to reform by some transporters leading to constant arguments and consequent delays for conforming trucks

Some of the suggestions made to ensure compliance with the specified procedures include:

- Creating awareness amongst transporters about the procedures through the media
- Working closely with the bureaus of standards to ensure regular calibration of scales
- The system should separate the requirements for weighing at the port from those applicable on roads

#### b. Responses by the business community

As a shown in **Table 10** below, Kenya and Tanzania each have 12 and 13 weighbridges along the Northern and Central Corridors respectively as recorded by the drivers who participated in the survey. At most of these weighbridge stations, the indication is that the officers clearly explain why trucks are stopped as shown by an average 98% of the drivers highlighted in **Table 11** below. The major reason for stopping the trucks in this respect is to check for weight of the goods being transported. Most drivers (71% average) indicated they receive fair treatment, except in Uganda where a high of 60% indicated the officers are very harsh, which is a case that requires to be addressed by ensuring the officers are given appropriate training on customer care. With respect to the issue of bribery, the indication is that the station officers do not solicit for bribes in majority of the cases as indicated by an average 62% of the drivers. However when such bribes are asked for, the amount ranges from \$1-50 as reported by a high 83% of the drivers. The checks take on average less than 1 hour as confirmed by an average 71% of the drivers, although in Kenya there are a notable 46% of the drivers who reported they spent between 1-3 hours. Considering the large number of trucks that ply the Northern and Central Corridors, spending a time of up to 3 hours at the weighbridges works out to enormous time loss for the business community. This then is the area that requires to be addressed through harmonisation of EAC weighbridge regulations and modernising the weighbridge equipment to ensure speedy and efficient weighing process. The survey did not identify any existing weighbridges in Burundi.

Table 10: Tabulation of weighbridge stations along the Northern and Central Corridors

No of weighbridge stations	Kenya	Uganda	Rwanda	Tanzania
1	Mariakani	Busitema	Nyakawura	Singida
2	Mlolongo	Rukaya	Kahama	Dodoma
3	Mai Mahiu	Mbarara		Morogoro
4	Gilgil	Mabira		Mikese
5	Eldoret	Malaba		Kibaha
6	Amagoro			Kurasin
7	Bustema			Mwendakulima
8	Webuye			Kyaka
9	Bungoma			Nyakahura
10	Malaba			Kihonda
11	Athi River			Msata
12	Isinya			Himo
13				Namanga

Source: BCI 2011 truck drivers survey data

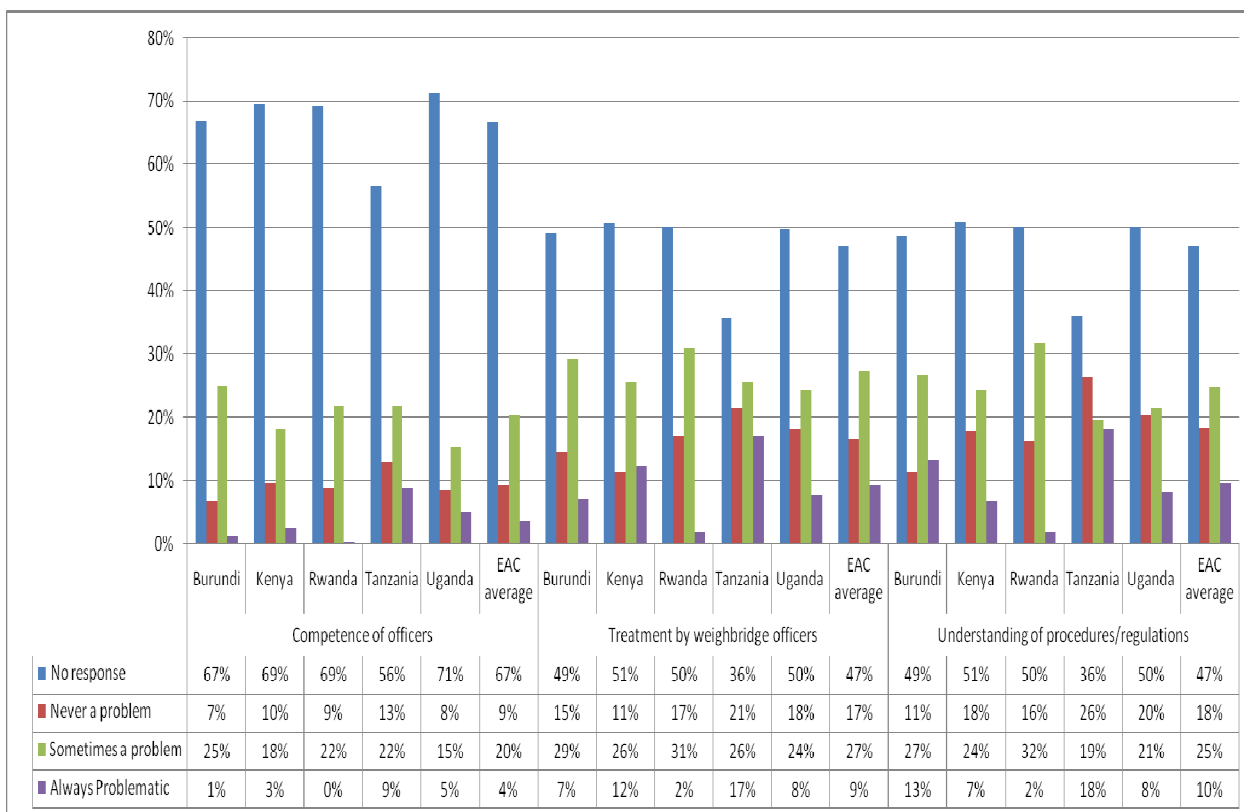
Table 11: Experiences of truck drivers at weighbridges along the Northern and Central Corridors

Country	Weighbridge officer clearly explained why stopped my truck		Checks done after stopping truck							Treatment by weighbridge officer			Weighbridge officer tried to solicit a bribe		Amount of bribe paid					Time spent at weighbridge				
	yes	no	cargo documents	driving license	vehicle weight	none	weight of goods	very good	fair	very harsh	yes	no	refused	none	\$1 - \$50	\$51 - \$100	less than 1 hr	1hr - 3hrs	3hrs - 6hrs	1-5days				
Kenya	97%	3%	13%	9%	0%	6%	72%	16%	76%	8%	35%	41%	9%	15%	0%	0%	54%	46%	0%	0%				
Uganda	100%	0%	22%	22%	22%	0%	33%	7%	33%	60%	31%	50%	0%	19%	40%	67%	20%	7%	7%					
Rwanda	100%	0%	0%	0%	0%	0%	100%	0%	100%	0%	0%	100%	0%	0%	0%	100%	0%	0%	0%					
Tanzania	97%	3%	0%	0%	0%	11%	89%	22%	78%	0%	6%	94%	0%	0%	50%	82%	18%	0%	0%					
EAC average	98%	2%	10%	9%	6%	6%	69%	16%	71%	13%	23%	62%	4%	10%	17%	71%	27%	1%	1%					

Source: BCI 2011 truck drivers survey data

In addition to information provided by the truck drivers, there were a sizeable percentage of business community respondents (transporters, businesses and CFAs) who indicated that Competence, Treatment and Understanding of procedures/ regulations by officers responsible for weighbridge procedures are sometimes a problem. In this respect the EAC average response indicates that 20%, 27% and 25% of transporters, businesses and CFAs respectively perceive Competence, Treatment and Understanding of procedures/ regulations by officers as sometimes problematic as shown by **Chart 66** below. There are also a smaller percentage of respondents who also perceive these procedures as always problematic. Based on these indications, it is therefore necessary to focus attention in future on ensuring proper training of weighbridge officers to ensure the business community receives fair and professional treatment during the process of checking compliance to weighbridge regulations at the respective stations.

Chart 66: Extent to which Competence, Treatment and Understanding of procedures/ regulations is seen as problematic at weighbridges during movement of goods in home country and other EAC countries



Source: BCI 2011 data – combined percentage responses by transporters, businesses and CFAs

## 2.8.2 FLOW OF INFORMATION ON WEIGHBRIDGE REGULATIONS

### a. Responses by EAC Weighbridge Departments

Most of the institutions that were consulted confirmed they have full understanding of their country's commitments to EAC integration process with regard to weighbridge regulations and that they have capacity to ensure efficiency in operating weighbridges. In this respect, the identified commitments to EAC include:

- Harmonization of axle loads and gross vehicle mass specifications
- Communicating EAC decisions on weighbridge regulations and operations to executing officers who man weighbridge stations
- Revising revenue collection procedures through weighbridges
- Consistent participation in EAC decision-making meetings relevant to weighbridge regulations and operations

Regarding the extent to which the weighbridge departments have complied with their EAC-related commitments, only Zanzibar points out an estimated 70% compliance while all other countries did not respond. With respect to competence of officers in executing their duties, Burundi responded that officers are Fairly competent, while all other countries responded that officers are Very competent.

The means through which information on EAC commitments gets disseminated to weighbridge institutions include:

- Through the Ministries of EAC
- Through the media
- Through participation in EAC meetings after which information on decisions made is passed on to departmental officers.

Information on EAC commitments is passed down from the management to executing officers Very quickly according to responses by Rwanda, Tanzania and Uganda, and Very slowly according to responses from Burundi and Zanzibar.

On allegations that there are delays in passing EAC commitments to executing officers, and related institutional weaknesses in passing such information, most institutions responded that there are no weaknesses reported. However, the weaknesses identified include:

Limited budget for efficient weighbridge operations

Poor online connections with weighbridge stations which affects speedy dissemination of information

Bureaucracy in corresponding with weighbridge stations since any information has to be approved by CEOs of weighbridge institutions

Identified weaknesses that need to be addressed to reduce delays and enhance efficiency in executing EAC decisions and commitments include:

- Increased funding for weighbridge operations
- Efficient provision of information through e-mails
- Effective participation in all forums concerning metrology professionals
- continuous training of executing officials
- Close cooperation with EAC, SADC and COMESA counterpart institutions
- Effective information dissemination from management to executing officials at weighbridge stations
- Upgrading the weighbridge technology to ensure enhanced speed and accuracy in weighing process

#### **b. Responses by the business community**

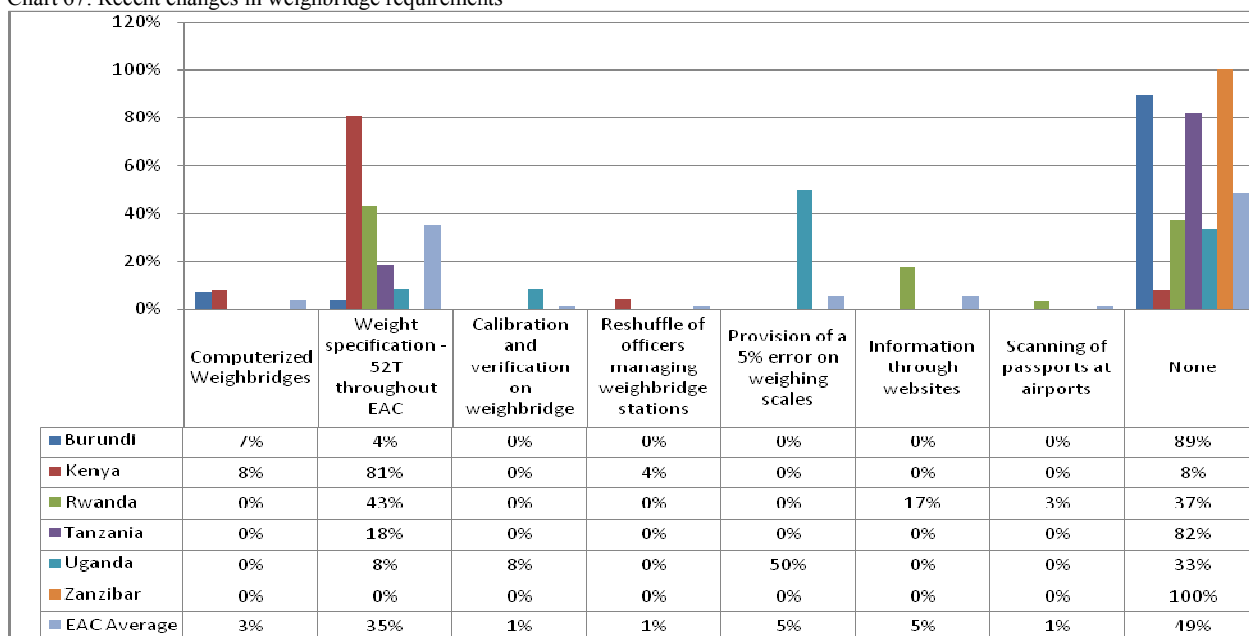
As shown in *Charts 67 to 73* below;

- The most notable change in weighbridge requirements that has been recently introduced is the harmonisation of weight specifications at 52 tonnes throughout EAC as indicated by 35% of the respondents. There is however a sizeable 49% of the total respondents who are not aware about recently introduced changes in weighbridge regulations as shown in *Chart 67* below, which indicates the need to sensitise the business community about weighbridge requirements in order to enhance levels of compliance and reduce extra costs and time loss incurred as a result of not being adequately informed about such changes.
- There is a notable percentage of business community respondents who are not aware about requirements at weighbridge stations in their home country and in other EAC countries as shown in *Chart 68* below. In this respect, Uganda and Tanzania respondents seem more affected by lack of awareness about their country weighbridge procedures with 45% respondents in both countries giving this indication; while Rwanda, Tanzania and Kenya seem more affected by lack of awareness about procedures applicable in the other EAC countries as indicated by 55%, 53% and 44% of their respondents respectively. In addition, there is a sizeable percentage of respondents who indicate that they either sometimes or always experience problems in getting to know about new weighbridge procedures whenever they occur as shown in *Chart 69*. These findings clearly indicate the need to sensitise the business community about current weighbridge regulations, and to always give timely information whenever changes are made on these procedures.
- The main information channels through which business community get informed about changes in weighbridge requirements include relevant authorities, weighbridge officers and membership

associations as indicated by 38% of the respondents; through experience, trainings and workshops as indicated by 21% of the respondents; through the media (print and electronic) as indicated by 20% of the respondents; and through transporters and/ drivers as indicated by 17% of the respondents. The summary of these responses is presented in *Chart 70*. This finding implies the need to prioritise these channels as the means through which information about future changes to weighbridge regulations should be disseminated.

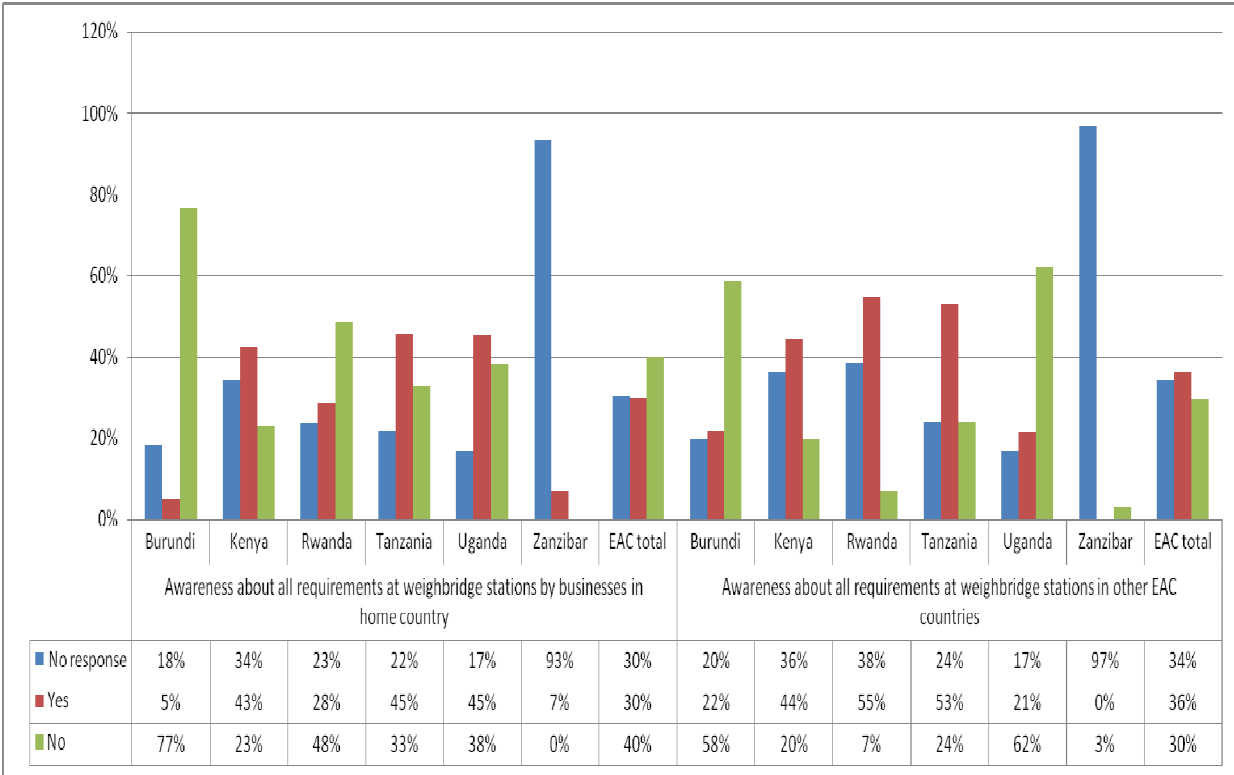
- The lack of information about new weighbridge regulations has a number of impacts to business operations as shown in *Chart 71* below, the most notable being Delayed deliveries of cargo as indicated by an average 54% of respondents, drivers lying about having paid extra costs as indicated by an average 14% of the respondents, and payment of fines and penalties for overloading as indicated by an average 13% of the respondents. To a lesser extent, bribes are also paid to officials so as to get clearance at weighbridges as indicated by an average 9% of the respondents.
- In terms of the amounts paid as extra payments for not conforming to weighbridge requirements (including regulations on axle load and gross vehicle mass specifications), the responses indicate that a high average of 82% of the respondents incur between less than USD 200 to over USD 1,000 for non-conformance with new regulations as shown in *Chart 72*. The extra costs are more serious in Tanzania and Uganda where 100% and 94% of the respondents respectively indicate they incur over USD 1,000, and also in Rwanda where 50% of the respondents indicate they incur between USD 200 and over USD 1,000 for every case of non-compliance with the regulations due to not being adequately informed about new regulations.
- With respect to time loss as a result of inadequate information about new weighbridge requirements, a high average of 42% of the respondents indicated they spend between 1 hour to 1 day at the weighbridges as a result of not being informed about new weighbridge regulations as shown in *Chart 73*. Lack of information about new weighbridge regulations seem to affect businesses in Kenya more than in the other four countries, where a combined 82% of the respondents indicated they spend between 1 day to more than 2 days at the weighbridges due to non-conformance as a result of not being adequately informed about new regulations.

Chart 67: Recent changes in weighbridge requirements



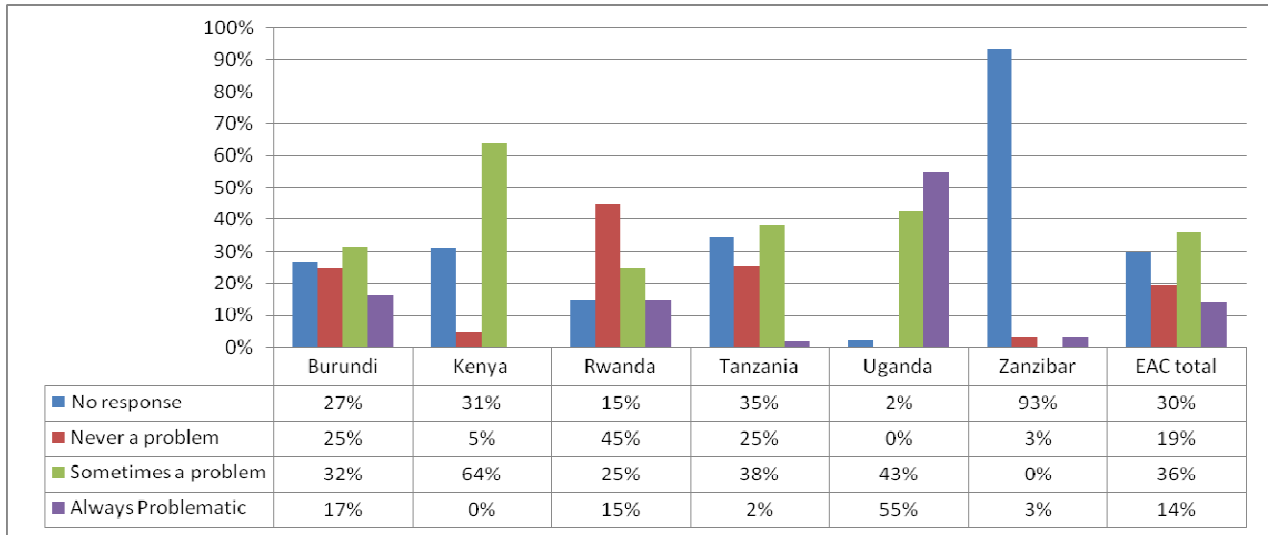
Source: BCI 2011 data – combined percentage responses by transporters, businesses and CFAs

Chart 68: Awareness about requirements at weighbridge stations in home country and in other EAC countries



Source: BCI 2011 data – combined percentage responses by transporters, businesses and CFAs

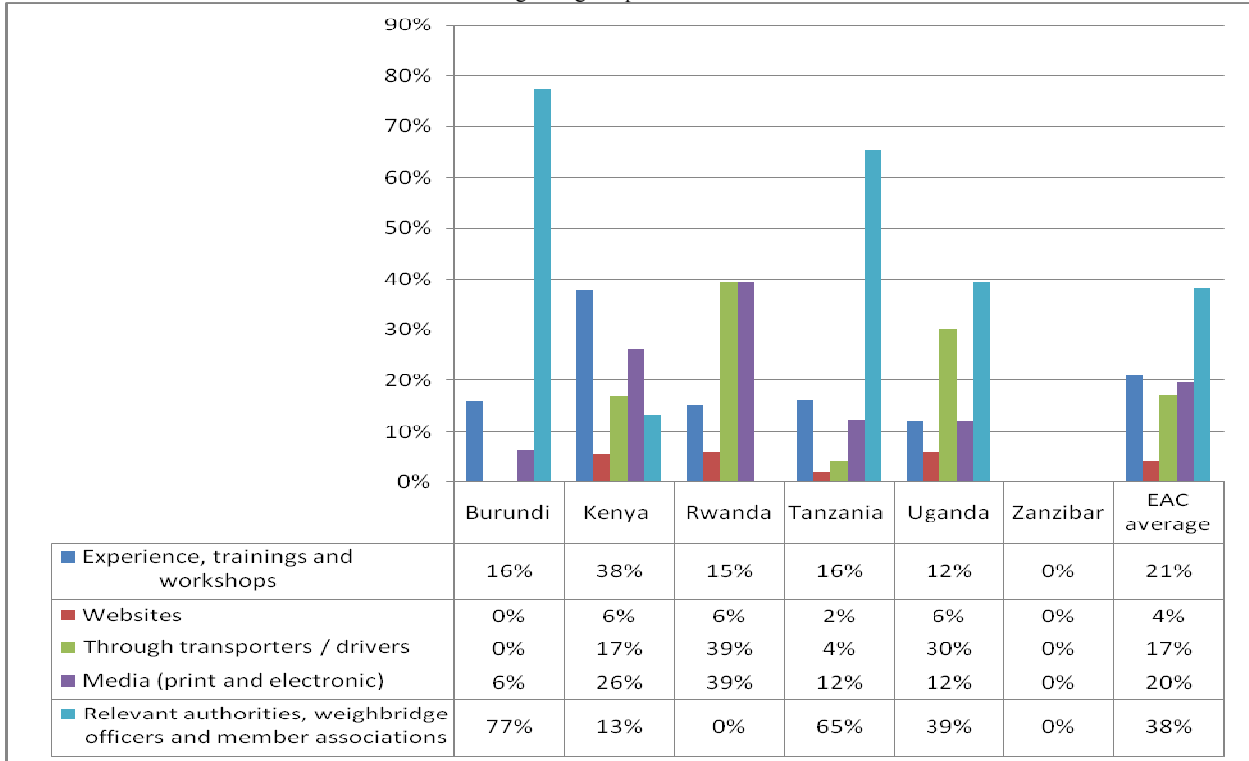
Chart 69: Indications whether businesses experiences problems in getting to know about new weighbridges regulations/requirements



Source: BCI 2011 data – combined percentage responses by transporters, businesses and CFAs

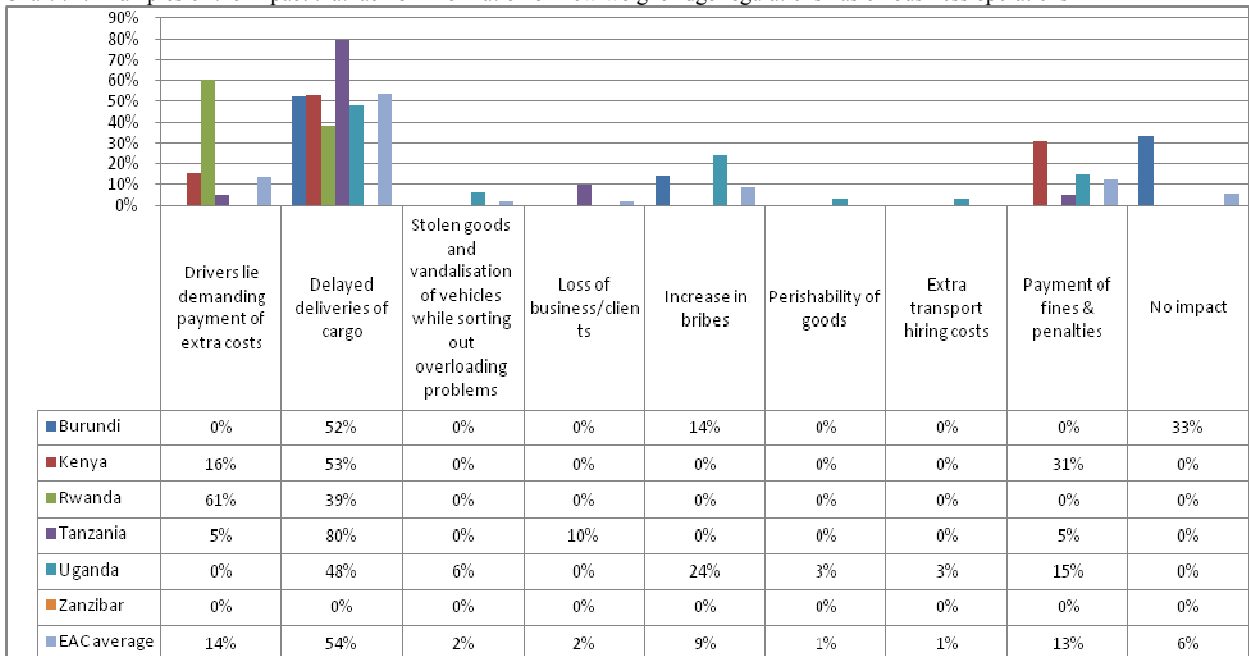


Chart 70: Means of information dissemination about weighbridge requirements to businesses



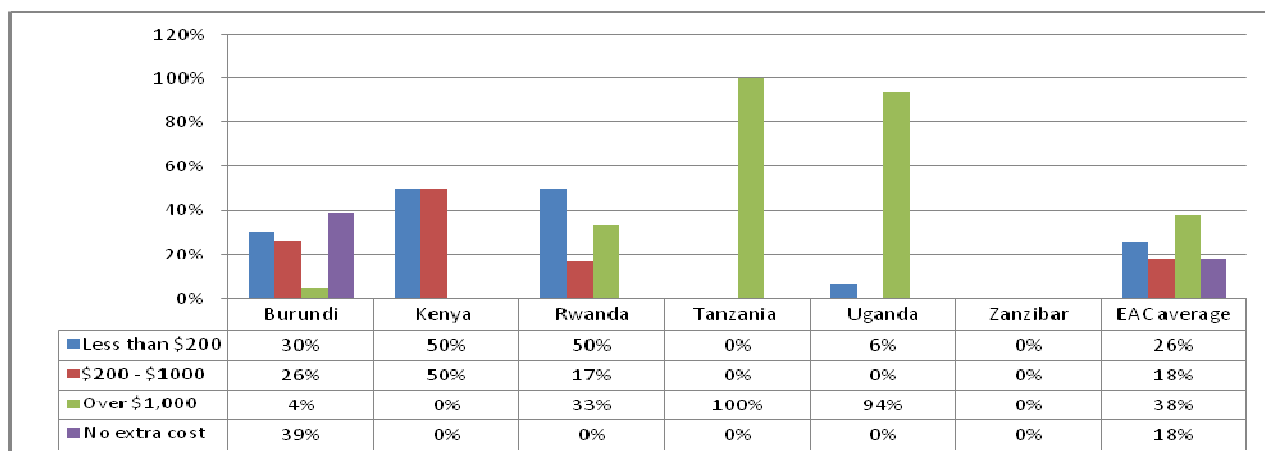
Source: BCI 2011 data – combined percentage responses by transporters, businesses and CFAs

Chart 71: Examples of the impact that lack of information on new weighbridge regulations has on business operations



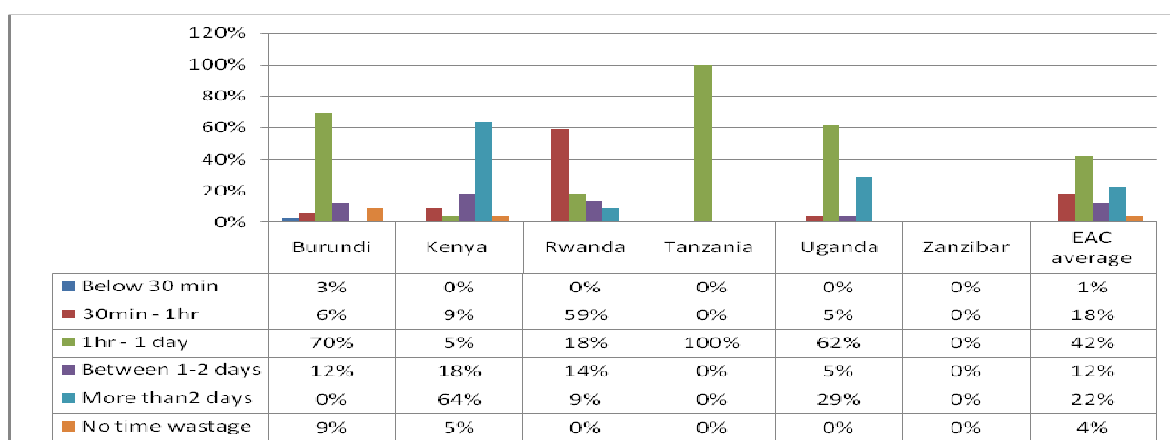
Source: BCI 2011 data – combined percentage responses by transporters, businesses and CFAs

Chart 72: Average extra costs incurred as a result of not being adequately informed about new/changed weighbridge regulations



Source: BCI 2011 data – combined percentage responses by transporters, businesses and CFAs

Chart 73: Average time lost as a result of not being adequately informed about new/changed weighbridge regulations



Source: BCI 2011 data – combined percentage responses by transporters, businesses and CFAs

## 2.8.3 TIME TAKEN AT WEIGHBRIDGE STATIONS

### a. Responses by EAC Weighbridge Departments

In terms of whether the procedures are time consuming, Rwanda and Zanzibar respondents confirmed that the time spent at weighbridges has sometimes been enormous. In Rwanda for example, the procedures sometimes could take up to 1 day for trucks to obtain approval so to proceed with journeys, while in Zanzibar, some trucks take between 48-55 hours to obtain approval to proceed if they have exceeded specified weights.

The set benchmarks on number of days and cost to complete the procedures are:

- Burundi within 30 minutes
- Rwanda maximum 1 hour
- Tanzania maximum ½ day
- Zanzibar up to ½ - 1 day

### b. Responses by the business community

As indicated by *Charts 74 to 76* below;

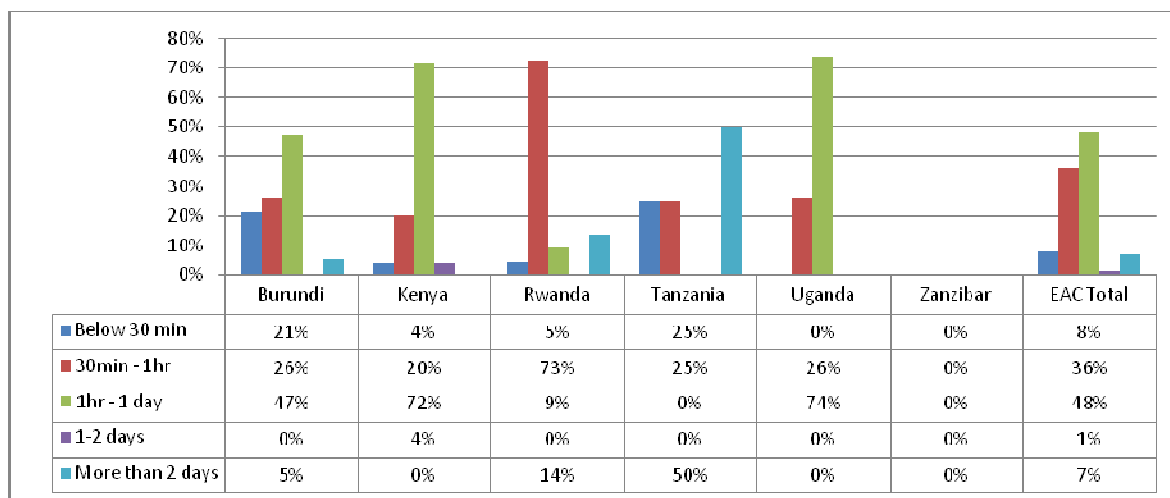
- With regard to the average time taken to complete procedures at weighbridges, the analysis as summarised in *Chart 74* shows

- Most respondents perceive efficiency at weighbridges to have stayed the same in 2010 as before. Also, a notable percentage of Uganda respondents perceive weighbridges to have deteriorated in year 2010 compared to the previous period as shown in *Chart 75*.
- There is a large percentage of respondents who perceive congestion to be always or sometimes the cause of delays at weighbridges. Additionally, a large percentage of the respondents confirm the allegation that bribes are expected to speed up time taken at weighbridges as indicated by respondents who answered that this is either always or sometimes a problem. A larger percentage of Uganda respondents complain about the problem of congestion more than the other countries as indicated a combined 90% of respondents who answered that congestion is either always or sometimes a problem at the stations as shown in *Chart 76*.

During the interviews, there were a number of respondents who expressed concerns that efficiency at weighbridges is affected by lack of harmonised procedures at EAC and national levels. In Kenya for example, respondents pointed out that vehicle weighing procedures are not harmonised. In this respect, some weighbridge stations weigh per axle while some weigh on the Gross Vehicle Weight. In case the transporter is carrying an abnormal load that leans heavily on one axle, he is penalised for overloading while at another station, the same truck is passed as being within the GVW limit.

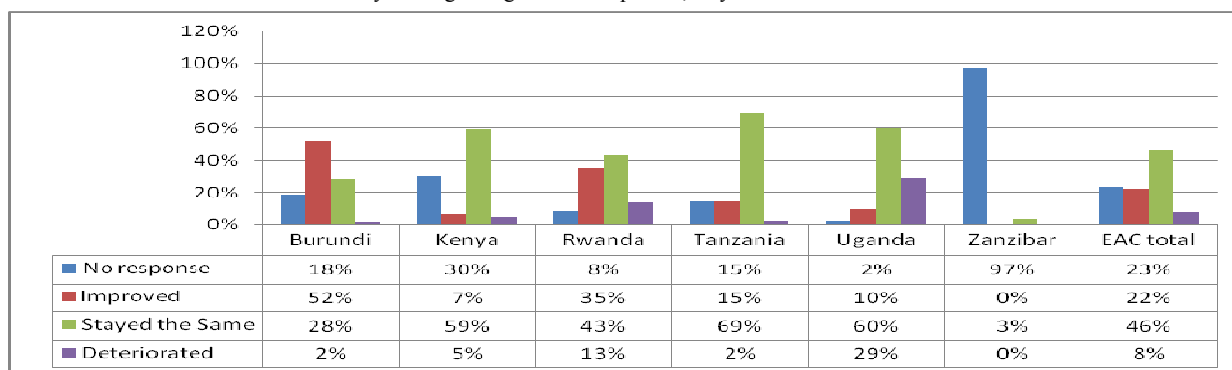
Based on the above findings, it is important to harmonize weighbridge procedures at regional level, and to ensure regular calibration of the scales by authorities responsible for managing them at all stations to ensure the same readings are recorded at all stations. In addition, it is necessary to modernize the scales to ensure accuracy, which would go a long way to reducing bribery incidences when transport vehicles are accused of overloading while the faulty scales may have given incorrect readings.

Chart 74: Average time taken to complete weighbridge procedures



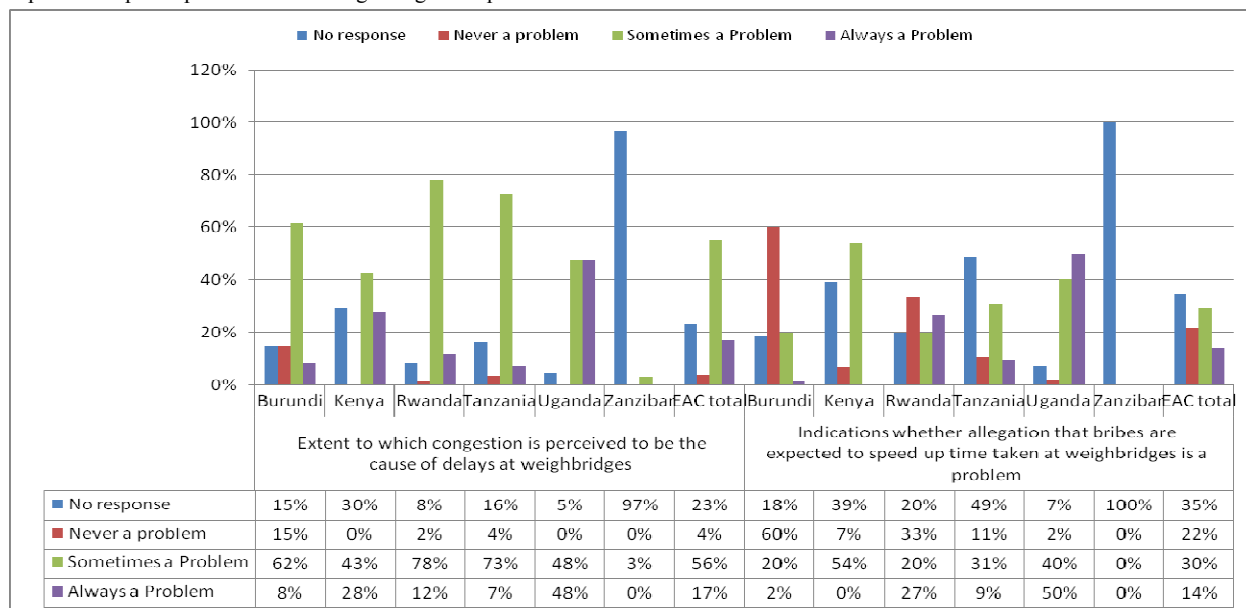
Source: BCI 2011 data – combined percentage responses by transporters, businesses and CFAs

Chart 75: Indications whether efficiency at weighbridges either improved, stayed the same or deteriorated in 2010



Source: BCI 2011 data – combined percentage responses by transporters, businesses and CFAs

Chart 76: Extent to which congestion is perceived to be the cause of delays at weighbridges and whether allegation that bribes are expected to speed up time taken at weighbridges is a problem



Source: BCI 2011 data – combined percentage responses by transporters, businesses and CFAs

## 2.8.4 EXTRA COSTS INCURRED TO COMPLY WITH WEIGHBRIDGE REQUIREMENTS

As seen in *Table 12* below, an average 49% of businesses spend extra costs of between USD 100 to over UAD 500 during the process of complying with weighbridge procedures. Only Tanzania mainland and Zanzibar respondents indicated they are not affected by the extra costs incurred at the weighbridges while all the other four regions are seriously affected. The major expense items include communication costs and accommodation at the weighbridge stations while sorting out the compliance requirements, overloading fines, demurrage charges, corruption, and the lost value of perishable goods when they go to waste. When the total number of transport trucks plying the Northern and Central Corridors on transit to the landlocked EAC countries, or during delivery of goods to markets is added up, the extra costs incurred at weighbridges become astronomical. The solution to this bottleneck is to sensitise EAC businesses about requirements at weighbridge stations while pursuing harmonisation of EAC weighbridge regulations.

Table 12: Average extra incurred to comply with weighbridge requirements

Expenditure categories	Burundi	Kenya	Rwanda	Tanzania	Uganda	Zanzibar	EAC average
Less than \$100	8%	33%	0%	0%	8%	0%	12%
\$100 - \$500	11%	67%	71%	0%	23%	0%	29%
Over \$500	8%	0%	29%	0%	69%	0%	20%
No extra cost	73%	0%	0%	0%	0%	0%	39%

Source: BCI 2011 data – combined percentage responses by transporters, businesses and CFAs

## 2.8.5 CORRUPTIVE PRACTICES AT WEIGHBRIDGE STATIONS

### a. Responses by EAC Weighbridge Departments

The perceived proportions of businesses/trucks that comply with cross-border and transit regulation include:

- Up to 100% by Burundi respondents
- About 70% by Kenya respondents
- A large proportion by Rwanda respondents

- About 60% by Zanzibar respondents
- No responses Tanzania and Uganda respondents

Regarding how often businesses, transit trucks, heavy goods transporters offer to pay bribes so as to avoid complying, the responses indicate no bribes are paid in Burundi, that such cases are not known in Rwanda, about 50% in Zanzibar, while there were no responses from the other countries. On allegations that bribes are paid even when regulations are met, Burundi indicates no bribes are paid while Rwanda responds that there is no awareness about such incidences.

Actions that have previously been taken to reduce incidences of officers taking bribes include using establishment of a cargo tracking system in Kenya to ensure transport vehicles do not divert to unauthorised routes thus reducing the need to weigh them at all weighbridge stations along the transport routes; official denouncements of such activities as indicated by responses from all the countries; and ongoing internal meetings to identify appropriate measures that ensure timely actions are formulated.

With regard to NTBs and trade related complaints that have in the past been passed to management’s attention by businesses, these include:

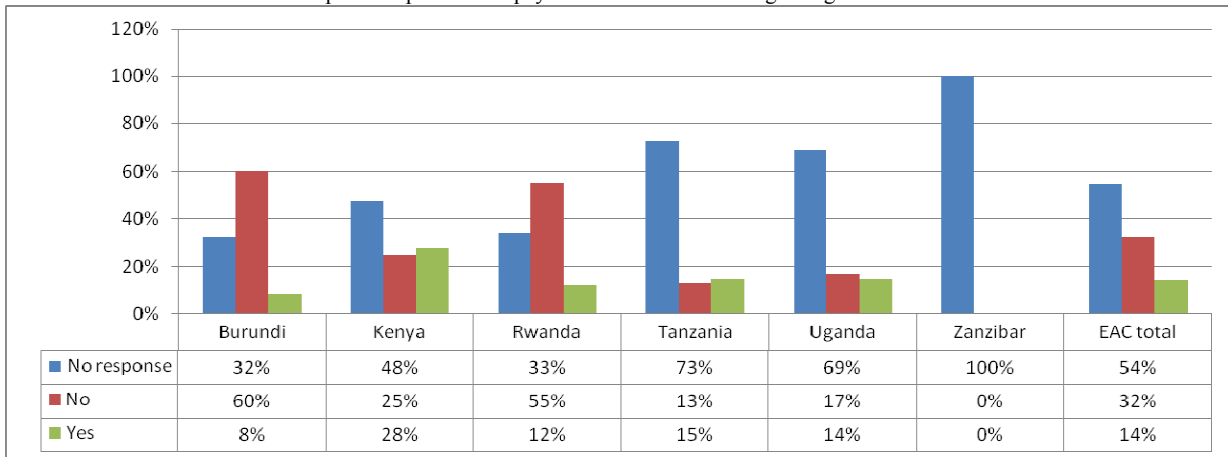
- Complaints about bureaucracy involved at weighbridge stations
- Lack of sufficient knowledge by businesses about costs involved when vehicles are overloaded and required weight specifications.

**b. Responses by the business community**

As shown in *Charts 77 to 79* below;

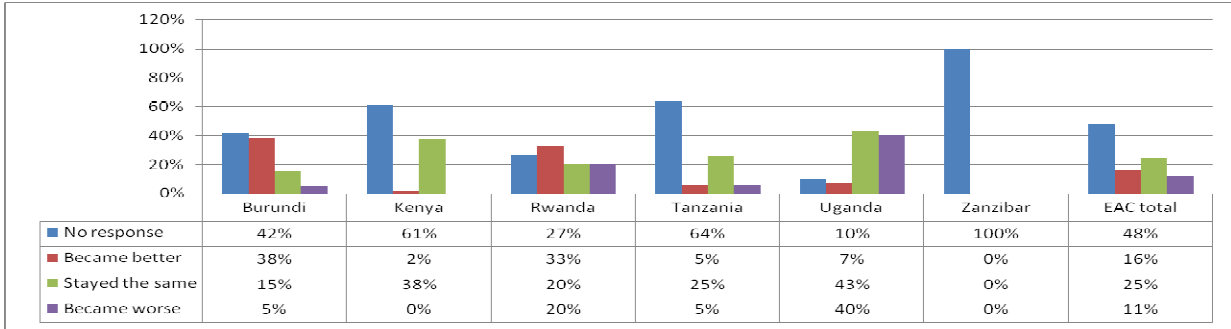
- The extent of bribes paid to officers at weighbridge stations is small as indicated by a small percentage of respondents who answered that they pay bribes (*Chart 77*). However, the problem of bribery at the weighbridge stations stayed the same as before year 2010, although a sizeable percentage of Uganda respondents (83%) indicate that the problem of bribery either stayed the same or became worse in year 2010 as shown in *Chart 78*.
- A large percentage of Tanzania (41%), Rwanda (35%) and Uganda (27%) transporters and CFAs pass on the bribery costs incurred at weighbridge stations to their customers as shown in *Chart 79*. Such clients include manufacturers who import industrial raw materials, and consumers of finished goods. The implication is that the cost of production in the region is greatly affected by cost of bribery at weighbridge stations, while bribery costs also has a direct implication to price of finished goods imported for direct consumption in the region.

Chart 77: Indications whether transport companies ever pay bribes to officers at weighbridge stations



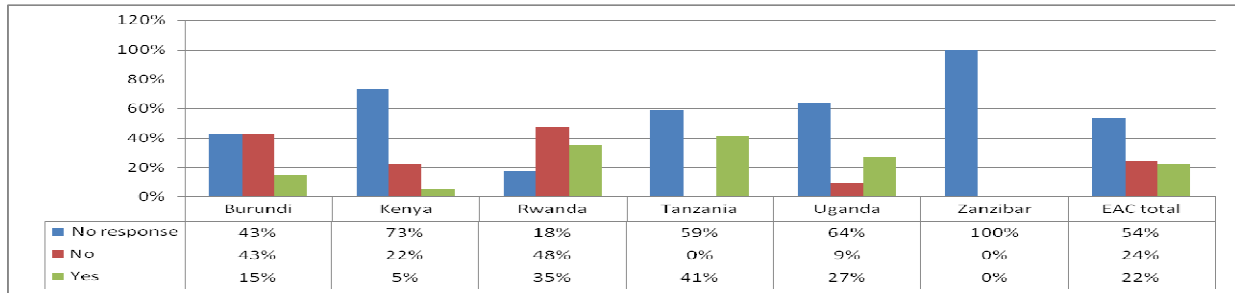
Source: BCI 2011 data – combined percentage responses by transporters, businesses and CFAs

Chart 78: Indications whether the bribery problem at weighbridges became better or worse in year 2010



Source: BCI 2011 data – combined percentage responses by transporters, businesses and CFAs

Chart 79: Indications whether transport companies and CFAs absorb or pass on the bribery costs to their customers



Source: BCI 2011 data – combined percentage responses by transporters, businesses and CFAs

## 2.8.6 SUGGESTED IMPROVEMENTS ON WEIGHBRIDGE STATIONS PROCEDURES

### a. Responses by EAC Weighbridge Departments

The weighbridge departments propose the following improvements and capacity building activities related to weighbridge procedures and administrative requirements:

- Regular inspections on weighbridge practices
- Introduction of better communication methods to weighbridge stations regarding decisions made by relevant EAC organs
- Raising capacity of Burundi drivers to communicate in English language to enhance communication with weighbridge operators in other EAC countries
- Conducting seminars and workshops for all stakeholders

Bottlenecks associated with raising capacity of businesses to comply with regulations and administrative requirements focus on allocating increased financial resources for proposed improvements and capacity building activities.

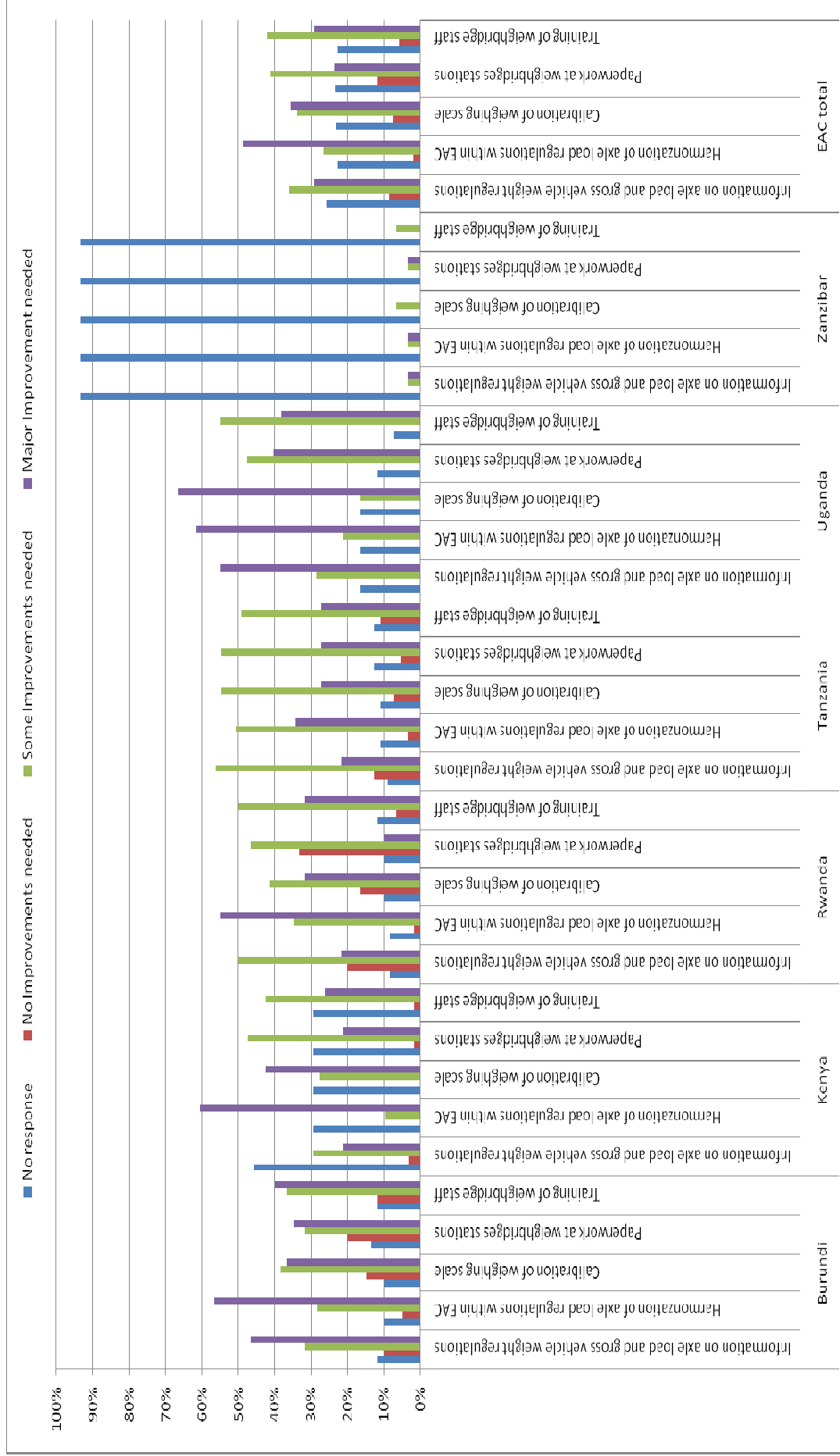
### b. Responses by the business community

The major suggestions that were made by representatives of the business community regarding improvements in weighbridge procedures and administrative requirements show the following preferences based on combined EAC average responses for *major improvement needed* and *some improvement needed* as shown in **Chart 80** below:

- Harmonization of axle load regulations within EAC, which has a combined response of 75%
- Training of weighbridge staff, which has a combined response of 71%
- Calibration of weighing scales, which has a combined response of 69%
- Information on axle load and gross vehicle weight regulations, and Paperwork at weighbridges stations both of which have a combined response of 65%

The percentage responses on suggested improvements by Transporters, Businesses and CFAs is presented in **Annex 11** to this report

Chart 80: Suggested improvements on weighbridge procedures and administrative requirements



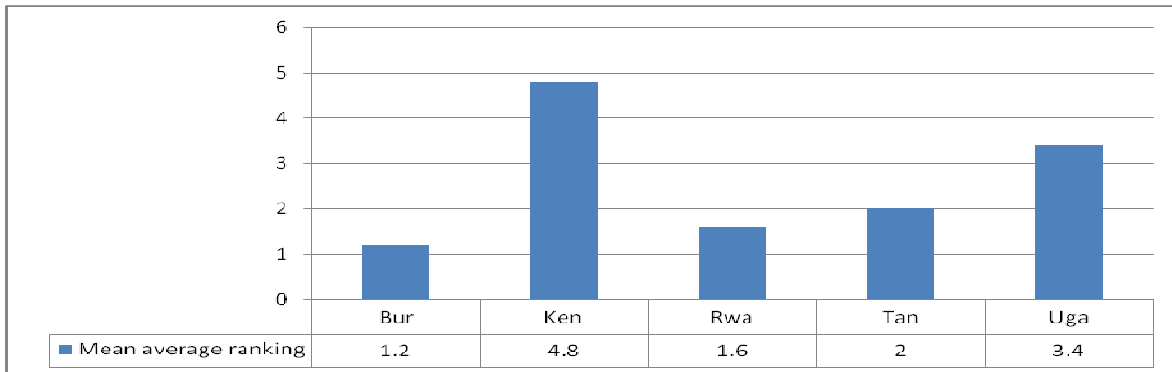
Source: BCI 2011 data – combined percentage responses by transporters, businesses and CFAs

## 2.8.7 RANKING OF EASE COUNTRIES ON EASE AND EFFICIENCY OF WEIGHBRIDGE STATIONS PROCEDURES AND REQUIREMENTS

### 2.8.7.1 Ranking by EAC Weighbridge Departments

The weighbridge institutions were asked to rank the five EAC countries in terms of ease and efficiency of executing weighbridge procedures and administrative requirements using the response keys of Excellent=5, Good=4, Fair=3, Bad=2, and Worst=1. The mean average ranking shows Uganda is rated as the best country on ease and efficiency of weighbridge operations within EAC with a mean average ranking of 3.4, which indicates the country, is above Fair on such practices as perceived by authorities in charge of these functions. Burundi is the Worst country with a mean average of slightly above Worst as shown in **Chart 81** below.

Chart 81: Ranking of EAC countries in terms of ease and efficiency of executing weighbridge procedures and administrative requirements as perceived by weighbridge institutions

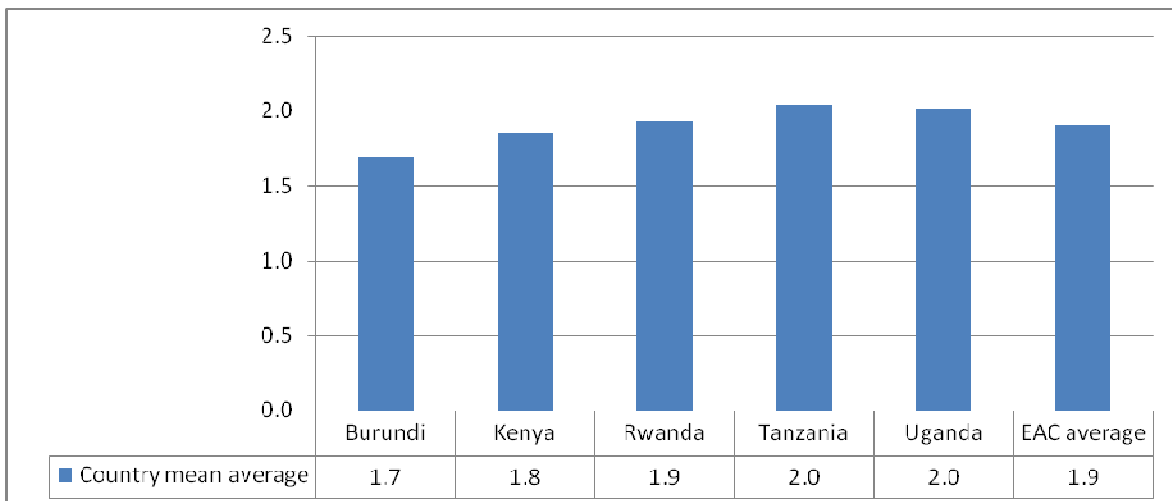


Source: BCI 2011 data: perceptions by institutions in charge of enforcing weighbridge regulations

### 2.8.7.2 Ranking by the business community

As shown in **Chart 82** below, responses by the business community indicate that Tanzania and Uganda are the best countries in terms of ease and efficiency of executing weighbridge procedures and administrative requirements with a tie of 2.0. While these two countries are ranked better than the other three countries, the overall rating indicates BAD. The other three countries are slightly below BAD, with Rwanda at 1.9, Kenya at 1.8 and Burundi at 1.7. These results are quite different from the responses given by regulatory institutions in charge of weighbridge procedures.

Chart 82: Ranking of EAC countries in terms of ease and efficiency of executing weighbridge procedures and administrative requirements as perceived by the business community in their home country and from the other EAC countries



Source: BCI 2011 data – combined percentage responses by transporters, businesses and CFAs



## **2.9 TECHNICAL STANDARDS PROCEDURES AND ADMINISTRATIVE REQUIREMENTS**

### **2.9.1 PROFESSIONAL AND FAIR TREATMENT BY TECHNICAL STANDARDS OFFICERS**

#### **a. Responses by EAC Standards Bureaus**

All EAC standards bureaus were consulted, including:

- Burundi Bureau of Standards & Quality Control
- Kenya Bureau of Standards
- Rwanda Bureau of Standards
- Tanzania Bureau of Standards
- Uganda National Bureaus of Standards
- Tanzania Weights & Measures Agency

The reasons and policy objectives for standards institutions existence as provided by the respective national laws include:

- Development of products quality standards
- Implementation of promulgated standards through third party certification
- Improving quality of industrials products for both local and foreign markets
- Trade facilitation
- Promotion of standardization and quality assurance services
- Testing of samples
- Undertaking calibration of industrial and scientific measuring equipment
- Enhancing national economic development through the application of standards in trade, consumer protection and industrial development
- Confirming compliance with set standard specifications for various goods
- Facilitating and coordinate business development
- Controlling imports and exports of non-conforming products

In efforts to achieve these objectives, the standards institutions are mandated to operate and ensure compliance with the following procedures:

- Ensuring that quality standards on goods are met
- Testing for compliance to set standard specifications
- Facilitating compliance with the EAC SQMT law
- Protecting consumers from consumption of un-standardised products
- Ensuring that best practices in trade are complied with
- Confirming all the goods in the market are standards compliant
- Ensuring Quality Assurance and Metrology is regularly carried out on sampled products and measuring/weighing equipments
- Market surveillance of products on sale and testing for conformance to specified standards
- Ensuring all businesses involved in manufacture of products are registered
- Issue permits to importers and exporters of marine products (in the case of Zanzibar)

The major reasons for the above procedures include:

- To promote, strengthen and enforce standard specifications in order to offer protection to public health
- To maintain safety and quality of products on sale to the public
- To protect citizens against counterfeits and poor quality products
- To facilitate free movement of commodities especially those traded within EAC
- To promote a business environment conducive to trade in safe to consume products

The law in Kenya, Rwanda and Zanzibar allows for officers to introduce temporary compliance points for procedures. In Uganda, officers are not allowed to introduce compliance points and only the Board of Directors and the UNBS council are allowed to make decisions related to standards development and compliance. In Burundi, officers are not allowed to introduce compliance points but must seek permission from the Board of administrators on any standards-related activities.

There was full confirmation by all countries that applicable standards procedures address the policy objectives as provided by the law. In addition Uganda respondents point out that the procedures have enable the country to safeguard producers from competition by counterfeit products.

Regarding perceived impact of the procedures to business operations and intra- EAC trade, the following issues were pointed out as some of the positive impacts:

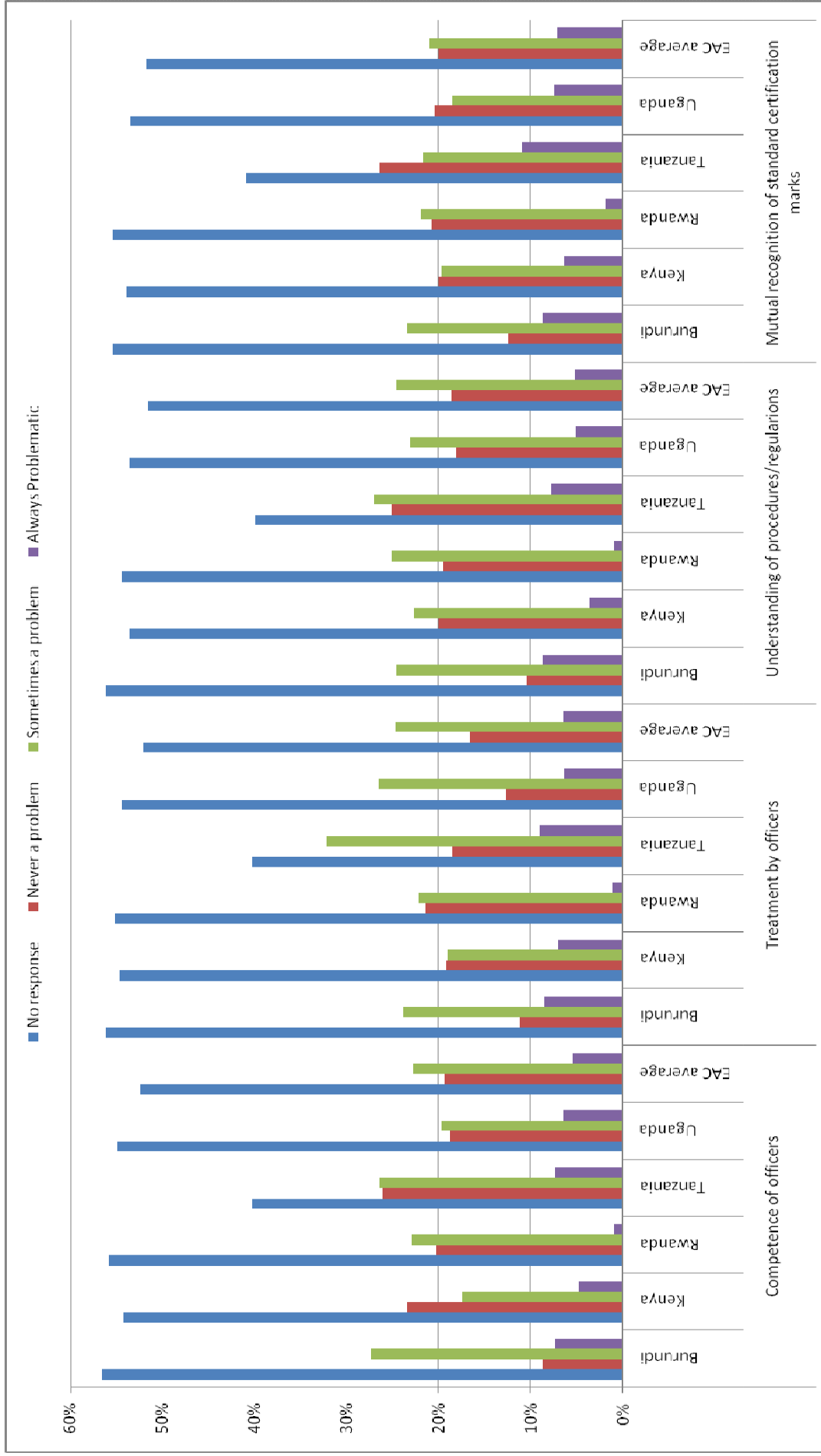
- Goods that are certified in one Partner State can cross into other Partner States without repeated testing for compliance, which facilitates trade across the borders
- The standards procedures assist in fighting importation and trading in counterfeits
- Mutual recognition of products across borders have expanded market frontiers of EAC producers
- The procedures have enabled increased importation and exportation of quality and standardised products
- Producers especially manufacturers have increased their levels of consultation with standards bureaus regarding certification of their products, which has in turn enabled goods to move freely within the community

#### **b. Responses by business community**

As shown in **Chart 83** below, while there was a large percentage of interviewees who did not respond to the question of fair and professional treatment regarding administrative and documentation requirements under technical standards, an average of 23%, 25% and 21% of the combined responses by EAC business community respondents perceive competence, treatment, understanding of procedures/ and mutual recognition of standard marks respectively as sometimes problematic. A smaller percentage however perceive these issues as always problematic. Responses in this respect were received from all the four respondents' categories of Transporters, Businesses, CFAs and Informal cross border traders. The combined percentage responses are presented in **Annex 12** to this report.

These findings indicate the need to address concerns of EAC businesses that are not comfortable with the process of ensuring compliance with technical standards, including the need for training of officers and sensitizing businesses about required standards and procedures involved in checking for compliance.

Chart 83: Extent to which competence, treatment, and understanding of procedures and mutual recognition of standard marks in EAC countries are seen as problematic by the business community in their home country and from other EAC countries during movement of goods



Source: BCI 2011 data – combined percentage responses by transporters, businesses, CFAs and informal cross border traders

## 2.9.2 FLOW OF INFORMATION ON ADMINISTRATION AND DOCUMENTATION OF TECHNICAL STANDARDS

### a. Responses by EAC Standards Bureaus

All the standards bureaus are of the view that standards procedures are easily understood by businesses. Burundi however points out that some of the procedures are not clearly understood by businesses but meetings are regularly organised to create awareness. Regarding whether the procedures are costly for businesses, there is wide confirmation, that this is the case, except in Burundi where the procedures are perceived to be costly. For example to obtain any document on standards in Burundi, one has to pay for the cost per page. Rwanda also perceives the procedures to be costly, although the cost depends on accuracy and capacity of equipment used to test for compliance. In Zanzibar, the procedures are perceived to be costly, although specific costs have not been identified. Businesses however have previously suggested that all the standards-related services should be offered in one place to avoid incurring transportation costs to HQs for testing or for advisory services.

Regarding understanding and efficiency in execution of EAC-related commitments, there is wide confirmation that the institutions widely understand their country's commitments under EAC, which include:

- The need for mutual recognition without re-testing for compliance if products are certified as originating from Member States
- Promoting and ensuring importation and exportation of quality and standard goods
- Enhancing competitiveness of local industries
- Promoting quality exports through testing, standardization and quality assurance
- Aligning national laws to EAC SQMT Act
- To ensure that the standard bureaus execute their activities as EAC bureaus but not as national bureaus of standards

The extent to which the standards bureaus have complied with their commitments under EAC indicate 80% - 100% in case of Tanzania and 60% - 80% in case of Kenya and Rwanda. Uganda states compliance has been achieved to a great extent, while Burundi points out that it is making efforts to comply with the commitments with the help of an international consultant. Zanzibar states the extent of compliance is not known. The indication however is that a monitoring plan to track progress in execution of EAC commitments/ decisions does not exist, which could be a major reason why mutual recognition of standards across EAC countries has continuously be criticised since non-recognition of standard marks has emerged as a major NTB; hence need for an action plan/monitoring plan for EAC standards-related commitments.

The perceived competency of the standards bureau officers in executing their duties indicate:

- Fairly competent – Burundi, Tanzania, and Zanzibar
- Very competent – Kenya, Rwanda and Uganda

The main channels through which information on EAC commitments gets disseminated to management of standards bureaus include:

- Through a specific desk officer responsible for communication with EAC Secretariat and with other EAC standards bureaus in EAC countries as in the case of Tanzania and Kenya
- Through meetings, workshops and annual conferences
- Through brochures, catalogue, correspondence by letters and emails
- Through the media
- Organising meetings with stakeholders
- Through sharing of information between EAC standards bureaus
- Through the Ministry of State and President's office as in the case of Zanzibar
- Through EAC Secretariat

The responses on internal communication systems is that information about EAC commitments is passed down from the management to executing officers Fairly quickly in Burundi, Tanzania and Zanzibar, and very quickly in Kenya, Rwanda and Uganda. Additionally, Tanzania points out that the information is passed in form of reports by the desk officer to the executing officers on issues that require implementation. In Zanzibar, information is passed through trade council meetings.

On allegations that there are delays in passing EAC commitments to executing officers, and specific institutional weaknesses in passing such information, Tanzania and Zanzibar state there are no reported delays. Institutional weaknesses pointed out by all countries include:

- Insufficient budgetary allocations for media, workshops and secretariat services to enable efficient dissemination of information
- Poor individual initiatives in delivering information to stakeholders
- Poor inter-institutional communication

Proposals on how weaknesses should be addressed to reduce delays and enhance efficiency of standards bureaus in executing EAC decisions and commitments include:

- Increasing the budget allocations for media outreach, workshops and internal secretarial services
- Direct communication between EAC Secretariat with national standards institutions to reduce delays experienced if information goes through the bureaucratic ministerial channels
- Change in personal orientation towards EAC integration process
- Changing the behaviour of stakeholders regarding perceptions of need to safeguard national markets
- Adopting a common computerised regional system on standards development and compliance issues
- Improved circulation of EAC decisions to enhance their speed in gazetting them at national level
- Enhancing good collaboration between trade facilitation ministries and other government bodies
- There should be a meeting for Zanzibar delegates before attending any East Africa meeting
- Enhancing involvement between Tanzania mainland and Zanzibar so as to promote efficiency in information dissemination in the case of Tanzania

#### **b. Responses by the business community**

As shown in *Charts 84* to *90* below, there is a large percentage of EAC businesses falling under the four respondent categories of Transporters, Businesses, CFAs and Informal cross border traders who lack awareness about requirements related to inspection of quality standards in their home country and in other EAC countries resulting to extra costs and time loss being incurred. In this respect;

- An average of 70% of the respondents indicated that no changes have been newly introduced in quality standards, testing and certification regulations in either their home countries or at the EAC level as shown by *Chart 84* below. While a small percentage of the respondents reported some changes in the technical standards regulations, the implication of the wide lack of knowledge about ongoing changes at EAC level on the subject is that many EAC businesses are not aware about the SQMT Protocol and the related ongoing exercise through which the East African Standards Committee (EASC)<sup>21</sup> had by February 2010 harmonised about 1,100 EAC standards. Businesses can therefore carry out intra-EAC trade on the harmonised standards without going through repeated testing procedures if their products are accompanied by a certificate endorsed by the Standards Bureau in their home country, which will be mutually recognised by the counterpart Standards Bureau in the destination country. However businesses cannot benefit from these developments because they lack the basic knowledge in order to start applying for required certification. This information and the content of the harmonised standards therefore need to be widely disseminated to the EAC business community.
- An average 35% of the respondents are not aware about requirements for inspection of quality standards in their home country. Except for a smaller percentage of Kenyan respondents who expressed lack of awareness about inspection requirements, all the other five EAC regions show a large number of businesses that lack awareness about the requirements for inspection of quality standards in their home country as shown in *Chart 85*. In addition, all the EAC regions except Rwanda have a large percentage of businesses that lack awareness about requirements related to inspection of quality standards in other EAC countries.
- All the EAC regions express concerns about problems experienced in getting to know about new quality standards, testing and certification regulations/requirements. In this respect, a large percentage of the respondents pointed out that it is either always or sometimes problematic getting to know about new

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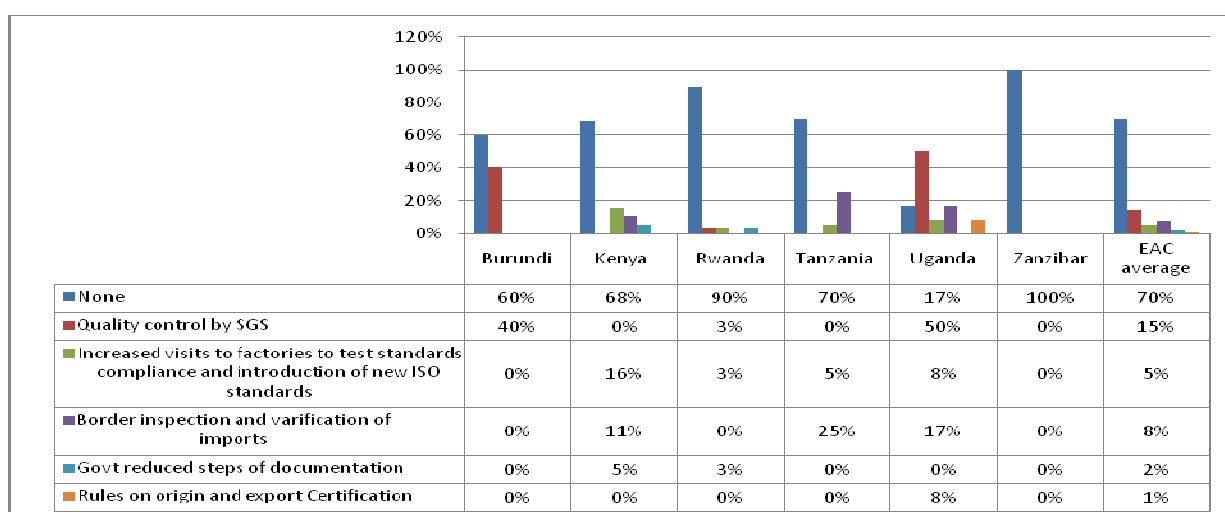
<sup>21</sup> The EASC comprises of 25 representatives from the Partner States National Bureaux of Standards, designated National metrology institutes, the legal metrology organizations, the private sector testing laboratories, certification organization, National Manufacturing/Trading Associations and consumer organizations within the Community

requirements on quality standards, testing and certification. However, a smaller percentage of Kenyan businesses experience these problems as shown in *Chart 86*.

- As shown in *Chart 87* the main channels through which businesses get information about changed regulations on technical standards are the media, standards bureaus and relevant websites. These information channels therefore need to be prioritised as the medium through which businesses need to be kept abreast of developments regarding technical standards both in their home country and at the EAC level. This would be an important contribution to enhancing compliance levels to technical standards regulations and thus to promoting intra-EAC trade.
- There are various forms of extra costs that businesses incur as a result of not being adequately informed about new/changed regulations related to quality standards, testing and certification procedures as shown in *Chart 88*. The major ones include late deliveries, extra costs and loss of business opportunities as reported by an average 44%, 25% and 13% of the respondents respectively.
- As shown in *Chart 89*, a high average 61% of the respondents incur extra costs of between USD 2000 to over 1,000 on every consignment as a result of not being adequately informed about new/changed quality standards, testing and certification regulations cut across. Such extra costs are incurred on testing for conformance at the border stations when export deliveries are made without the accompanying certificate of quality mark issued in the home country. A lesser percentage of 28% also incur costs of less than USD 200 for lacking such certificates. The extra costs borne by businesses as a result of not being adequately informed about new technical standards requirements is therefore astronomical when all the businesses that lack required technical standards certificates are added together.
- A high 92% of the respondents incur time loss of between 30 minutes to more than 2 days as a result of not being adequately informed about new/changed quality standards, testing and certification regulations as shown in *Chart 90*. This is almost close to all respondents doing intra-EAC trade, which means non-conformance to required technical standards is the norm rather than the exception. This is a very worrying practice because it entails astronomical time loss and extra costs when business undertake intra-EAC trade.

The above findings highlights the serious bottlenecks related to ability of businesses to comply with technical standards regulations, including lack of understanding about current requirements for inspection, gaps in disseminating information on new technical standards requirements, contents of the already harmonised EAC standards, and other information related to the subject. These bottlenecks needs to be addressed through a sensitisation programme focusing on raising awareness of the EAC business community about technical standards requirements in order to raise levels of compliance during movement and sale of goods within the EAC region. This would greatly contribute to reducing the astronomical extra costs and time loss incurred as a result of not being adequately informed about new/changed quality standards, testing and certification regulations and EAC harmonized standards.

Chart 84: Awareness about the most recent changes/additions on quality standards, testing and certification regulations in home country and at EAC level



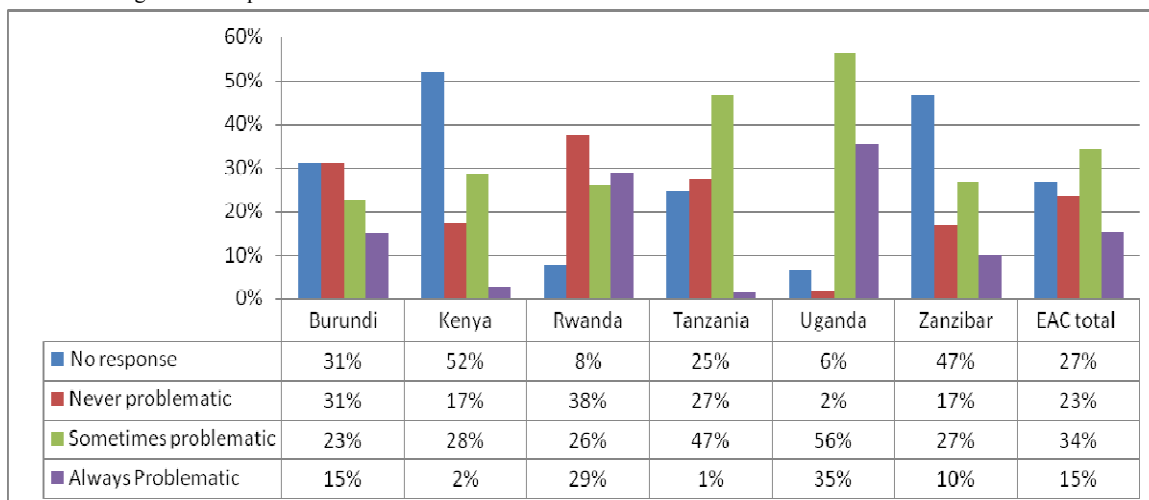
Source: BCI 2011 data – Combined percentage responses by Transporters, Businesses, CFAs and Informal cross border traders

Chart 85: Awareness about requirements on inspection of quality standards in home country and in other EAC countries



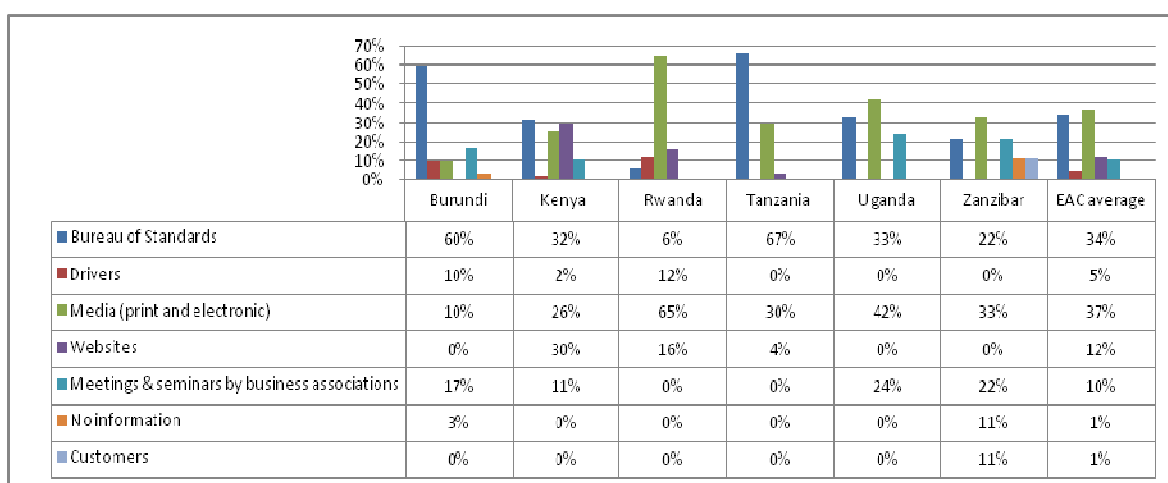
Source: BCI 2011 data – Combined percentage responses by Transporters, Businesses, CFAs and Informal cross border traders

Chart 86: Indications whether companies experience problems in getting to know about new quality standards, testing and certification regulations/requirements



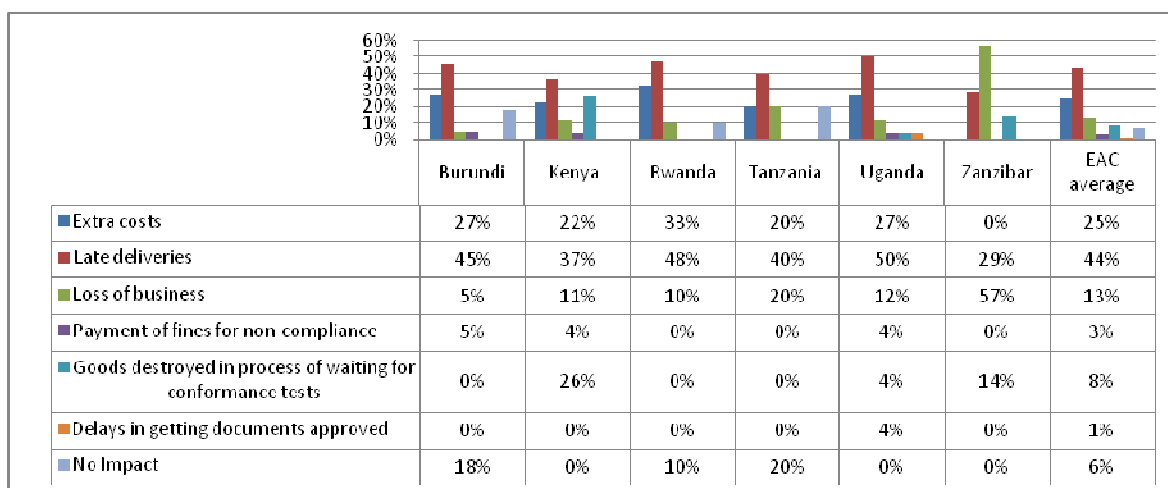
Source: BCI 2011 data – combined percentage responses by transporters, businesses, CFAs and informal cross border traders

Chart 87: How businesses get information about changes in quality standards, testing and certification regulations



Source: BCI 2011 data – combined percentage responses by transporters, businesses, CFAs and informal cross border traders

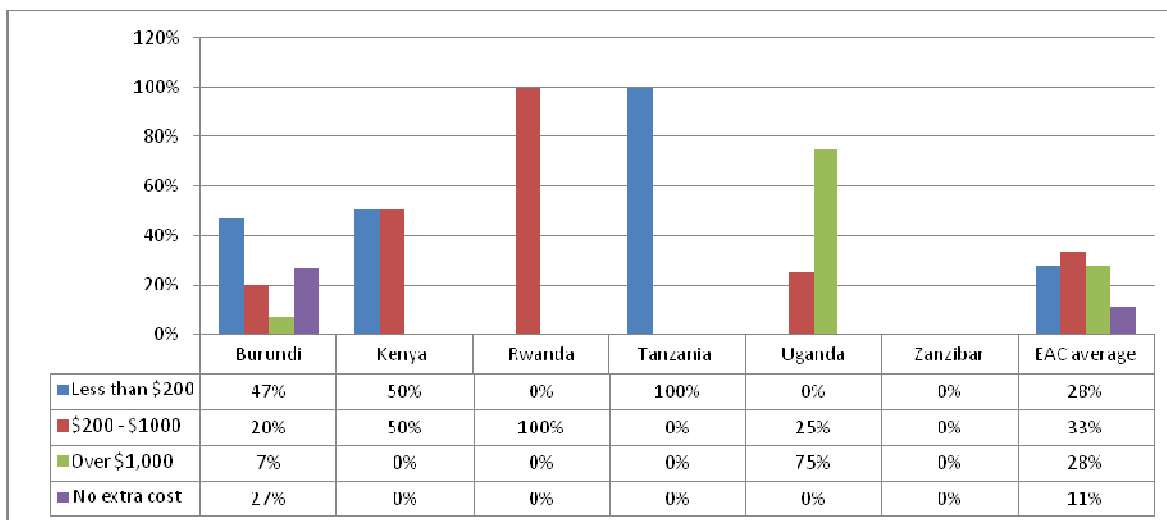
Chart 88: Examples of impacts that lack of information on new/changed quality standards, testing and certification requirements has on business operations



Source: BCI 2011 data – combined percentage responses by transporters, businesses, CFAs and informal cross border traders

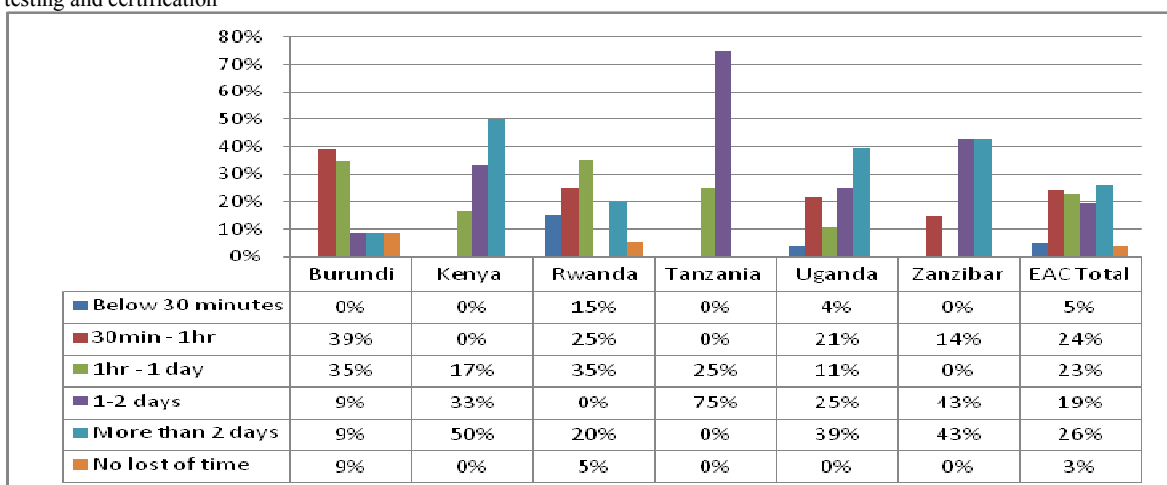


Chart 89: Average extra costs incurred as a result of not being adequately informed about new/changed regulations on quality standards, testing and certification



Source: BCI 2011 data – combined percentage responses by transporters, businesses, CFAs and informal cross border traders

Chart 90: Average time lost as a result of not being adequately informed about new/changed regulations on quality standards, testing and certification



Source: BCI 2011 data – combined percentage responses by transporters, businesses, CFAs and informal cross border traders

## 2.9.2 TIME TAKEN TO COMPLY WITH TECHNICAL STANDARDS AND TESTING PROCEDURES

### a. Responses by EAC Standards Bureaus

Regarding whether the standards procedures are time consuming for businesses, Burundi, Rwanda and Zanzibar confirm this to be the case. Burundi for example points out that the procedures are time consuming but efforts are being made to shorten the time spent in testing for compliance. Rwanda and Zanzibar on the other hand both state that the procedures are time consuming as it takes 1 full day to obtain approval on most standards-related the procedures. Kenya however perceives the time spent in the standards-related procedures to vary depending on products being tested. Tanzania is of the view that the procedures are not time consuming and that it takes only 72 hours to obtain approvals for imports.

The set benchmarks on number of days and cost to complete the procedures include:

- Tanzania has set 3 weeks to complete testing standards on goods for the local market, and 72 hours for imports. Regarding cost benchmarks, the country has set cost of application forms at Tsh 20,000, while cost of inspection depend on the location but on average the cost goes to maximum Tsh 50,000. Testing

fees depend on parameters which differ from one product to another, while batch certification fee should be 0.2% of the invoice value.

- Uganda has set a time of 1-2 weeks for completion of all standards-related procedures.
- Burundi has set a limit of BFU 150,000 for certification costs.
- Rwanda and Zanzibar has set a time limit of 1 day for completion of all standards-related procedures.
- Kenya – no set benchmarks

Problems experienced by business while complying with the procedures:

- Traders experience delays during application process which consequently delays release of cargo
- Many businesses have experienced problems with non-recognition of standard marks issued in their countries when they try to access markets across the borders
- Insufficient capacity by some of the standards bureaus to handle increased applications for exports within the region as a result of the agreement on mutual recognition of standard marks. This bottleneck is made worse by worn out equipment and inadequate infrastructure to testing for conformance in most EAC standards bureaus
- Insufficient number of well trained and experienced staff for most EAC standards bureaus
- Most business people have become used to solicit for shortcuts in doing business, including access to standards-related services

Suggestions made to enhance compliance with the standards procedures include:

- Introduction of reforms on testing for compliance
- Ensuring testing for conformance is not repeated in EAC destination countries if certification has been issued by the EAC exporting country
- Enhancing capacity for inspection of products in factories where goods are manufactured
- Enhancing capacity to check for conformance and for inspection at all border points
- Increased sourcing of modern testing equipment
- Increased trainings for standard staff
- Increased accreditation of EAC standards bureaus
- Increased awareness creation for businesses to enhance understanding of the importance of compliance to specified standards-related procedures

#### **b. Responses by the business community**

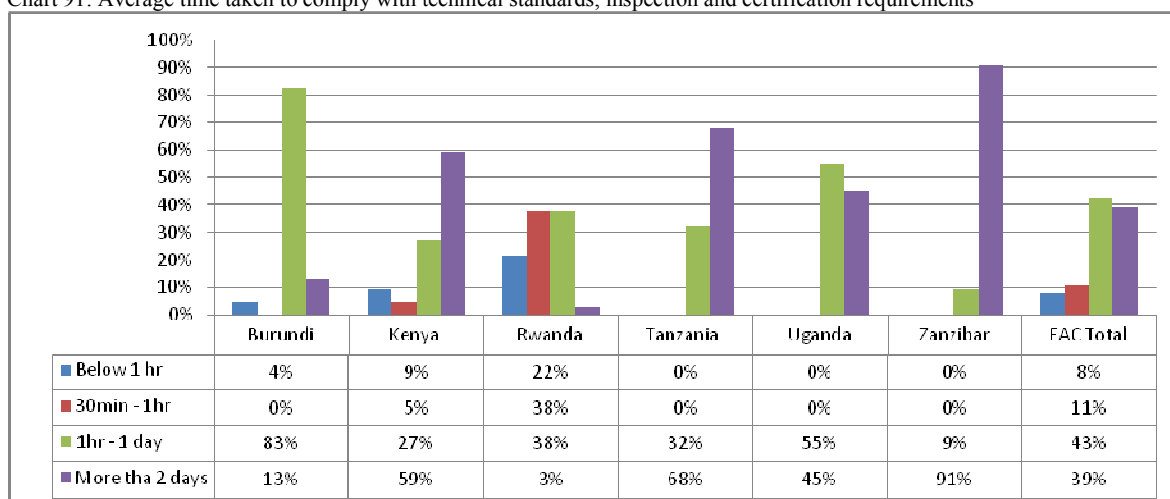
As shown in *Charts 91 to 93* below, there is a large percentage of respondents who perceive efficiency in facilitating compliance with technical standards, administration and documentation to have stayed the same in year 2010 as before (i.e. no change). There is also percentage of respondents who perceive noncompliance with quality standards, testing and certification to be the cause of delayed clearance of imports and exports at border stations and the seaports. In this respect;

- With respect to the average time taken to comply with technical standards, inspection and certification requirements from the time goods arrive at border stations and/or at the port to time the goods are cleared by the standards bureaus, the analysis as summarised in *Chart 91* shows that:
  - About 39% businesses on average take more than 2 days to complete required procedures
  - In Zanzibar, the norm is to spend more than 2 days on for the procedures to be completed, which is a serious issue of concern since this means lost business time
  - There is need also to address the concerns of Tanzania, Kenya and Uganda, which have 68%, 59% and 45% respondents respectively indicating they spend more than 2 days to complete the procedures.
- An average of 30% of the total business community respondents indicated that efficiency in facilitating compliance with technical standards stayed the same in 2010. Uganda seems to be the country most affected by efficiency gaps, with a combined 73% of the country's respondents reporting that efficiency either stayed the same (52%) or deteriorated (21%) as shown by *Chart 92*.
- An average of 41% and 36% of total business community respondents indicated that noncompliance with quality standards, testing and certification is sometimes the cause of delayed clearance of imports and exports respectively as summarised in *Chart 93*. Uganda and Rwanda seem to be the two countries

most affected by the problem of delayed clearance; with a combined total of 54% Ugandan respondents reporting that noncompliance is sometimes a problem or always a problem in causing delayed imports, while a combined 56% of Rwanda respondents reported that noncompliance is sometimes the cause of delayed imports. With respect to delayed exports, an average of 36% of total business community respondents indicated that noncompliance with quality standards, testing and certification is sometimes the cause of delayed clearance of exports. As in the case of imports, Uganda and Rwanda seem to be the two countries most affected by the problem; with a combined total of 72% Ugandan respondents reporting that noncompliance is sometimes or always a problem in causing delayed exports; while a combined 53% of Rwanda respondents reported that noncompliance is sometimes the cause of delayed exports.

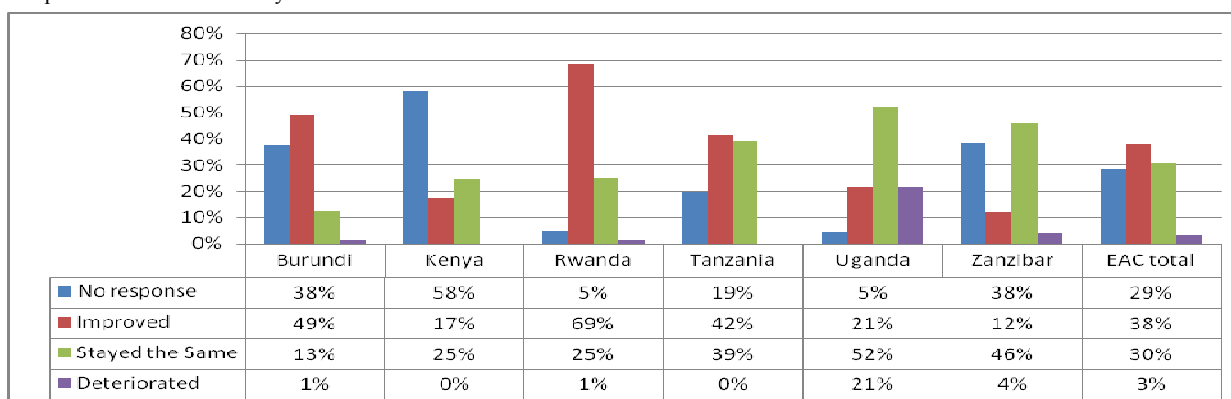
The combined percentage responses on extent to which noncompliance with quality standards, testing and certification is perceived to be the cause of delayed clearance of imports and exports is presented in **Annex 13** to this report.

Chart 91: Average time taken to comply with technical standards, inspection and certification requirements



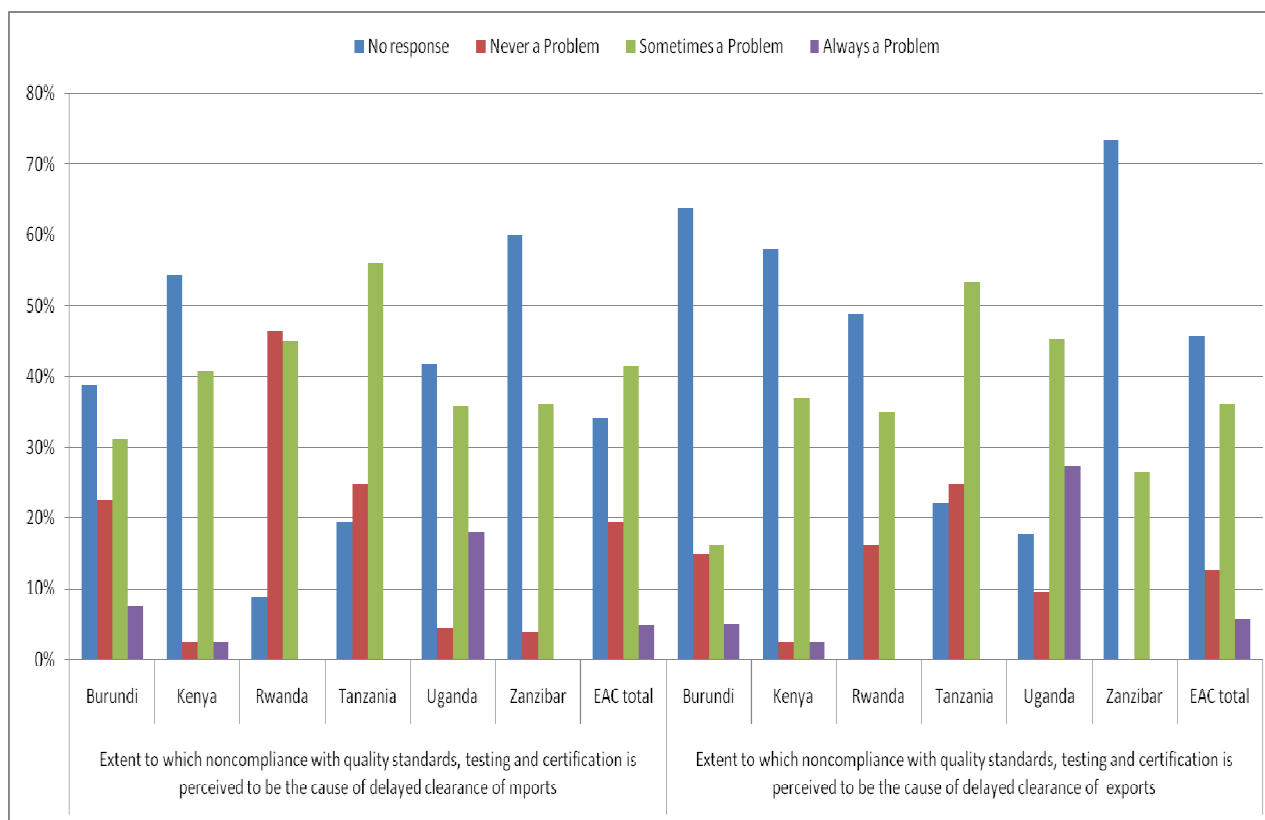
Source: BCI 2011 data – combined percentage responses by transporters, businesses, CFAs and informal cross border traders

Chart 92: Indications whether efficiency in facilitating compliance with technical standards, administration and documentation improved or deteriorated in year 2010



Source: BCI 2011 data – combined percentage responses by transporters, businesses, CFAs and informal cross border traders

Chart 93: Extent to which noncompliance with quality standards, testing and certification is perceived to be the cause of delayed clearance of imports and exports



Source: BCI 2011 data – combined percentage responses by transporters, businesses, CFAs and informal cross border traders

### 2.9.3 EXTRA COSTS INCURRED DURING COMPLIANCE WITH TECHNICAL STANDARDS AND TESTING PROCEDURES

As shown in **Table 12** below, on average 34% of EAC businesses incur extra costs of between USD 200 and over USD 1,000 per month in the process of complying with technical standards. An average of 38% additionally spends less than USD 200 per month to comply with the procedures. This demonstrates the fact that the larger majority of EAC businesses are affected by technical standards during the process of delivering goods to the markets. It should be noted that some of the extra costs are additional to those incurred as a result of not understanding required procedures as elaborated under **section 2.8.1 (b)** above.

Table 12: Extra costs incurred during compliance with technical standards and testing procedures

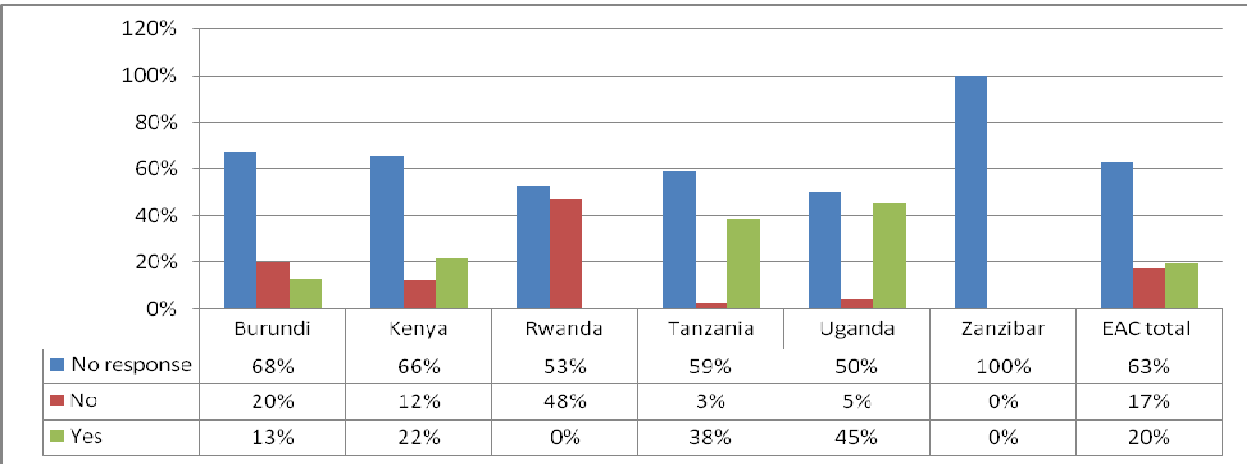
Expenditure category	Burundi	Kenya	Rwanda	Tanzania	Uganda	Zanzibar	EAC average
Less than \$200	10%	100%	50%	0%	17%	0%	38%
\$200 - \$1000	10%	0%	50%	0%	17%	0%	15%
Over \$1,000	10%	0%	0%	0%	67%	0%	19%
No extra cost	70%	0%	0%	0%	0%	0%	27%

Source: BCI 2011 data – combined percentage responses by transporters, businesses, CFAs and informal cross border traders

There are also a sizeable percentage of respondents that indicated they pass on the extra costs charged on non-compliance with quality standards, testing and certification regulations to their customers as shown by **Chart 94** below. In this case the extra costs are charged at border stations by standards bureaus during the transportation of goods to target markets across borders, and so it is the transport companies and CFAs

which pay, but they pass on the charges to the owner of goods, either the manufacturer in case of an export (e.g. to EAC) or importer in case of an import (e.g. of raw materials). Either way, the final consumer of the goods where extra costs are charged bears the burden incurred on non-compliance.

Chart 94: Indications whether companies absorb or pass on extra costs to their customers



Source: BCI 2011 data – combined percentage responses by transporters and CFAs

In addition, businesses in Kenya complained about the pre-verification for conformity (PVOC) programme, which seems an unnecessary burden due to related costs. This programme needs to be re-thought in efforts to reduce importation costs and time lost during the inspection process in country of origin. The region should aim to harmonise all procedures related to the importation process in this respect.

## 2.9.4 CORRUPTIVE PRACTICES DURING COMPLIANCE WITH TECHNICAL STANDARDS

### a. Responses by EAC Standards Bureaus

The perceived proportion of businesses/trucks that comply with cross-border, transit trade and internal trade regulations indicates that:

- Tanzania and Zanzibar point are not aware about compliance levels
- In Kenya and Rwanda, a great proportion of businesses and trucks do not comply with such regulations
- In Burundi, more than half of the businesses comply with the regulations

Based on these findings, indications of compliance levels are not clear, hence the need for improved monitoring of practices on cross-border, transit trade and internal trade regulations. Regarding indications of how often businesses, transit trucks and heavy goods transporters offer to pay bribes so as to avoid complying with standards regulations;

- Tanzania indicates there is no awareness at national level
- Burundi points out that such practices occasionally take place
- Rwanda states the practices often take place
- Kenya and Uganda state such practices rarely happen

Based on these findings, there is need for an EAC monitoring plan aimed at tracking corruption incidences during the process of compliance to specified standards. Regarding allegation that bribes are paid even when regulations are met, whether such cases are ever reported to standards management and how frequently such incidences occur;

- Tanzania responded there is no awareness about allegations of corruption
- Burundi stated such allegations are just rumours
- There were no responses from the other countries

Regarding actions that have been taken to reduce incidences of officers taking bribes from businesses and trucks, the following responses were received:

- There are no incidences of receiving bribes and that responsible officers have been well sensitized to avoid bribery incidences
- Market surveillance to vet the products on sale in the markets are ongoing
- Regular transfers of staff between duty stations have contributed to ensuring officers don't get too familiar with business people, which is often an avenue to solicit and/or to receive bribes
- Dismissing staff from their jobs if caught in the act

Regarding planned actions to reduce incidences of standards officers taking bribes from businesses and trucks, the following actions were identified:

- Sensitising businesspeople on the need to denounce officers who try to solicit for bribes which will act as a deterrence in bribery temptations
- The EAC governments are working on measures to fight corruption

Based on the findings, clear mechanisms at the regional level are not yet in place to guide the formulation of specific national actions aimed at identifying bribery incidences as a basis of fighting the vice.

Non-tariff Barriers and trade related complaints that have in the past been passed to the attention of management of standards bureaus by businesses include:

- Charging of standards testing fees on EAC originating products
- numerous processed products have been reported as bearing substandard quality marks
- Companies complain they are not aware of standards testing and compliance procedures
- Multiplicity of number of regulatory bodies responsible for checking compliance to quality standards, including the main standards bureaus and numerous product-specific organisations such as those responsible for checking specifications on foods, drugs, chemicals, pharmaceuticals, pesticides, veterinary medicines, dairy products, vegetables, plants, etc
- Cases of non-compliances have often been reported
- Cases of counterfeits in the market being sold cheaply
- Delays in issuing testing reports after checking for compliance to specifications and other procedures

Actions that standards bureaus have previously taken in efforts to resolve the above complaints include:

- Removing the fee charged to the products
- Problems regarding standards should be channelled to the respective country
- Work hand-in-hand with companies to interpret the standards at no charge
- Working closely with the police and revenue authority
- Tracking traders dealing with counterfeit products
- To source for adequate equipment
- To recruit more staff to all borders points

Future planned actions by standards bureaus in efforts to address the NTBs complaints include:

- Preparations for incorporating all the regulatory authorities involved in trade matters under one umbrella system so as to enhance speed in decision making regarding clearance of consignments
- Networking with other authorities involved in trade-related issues
- Strengthening capacity of border points offices for inspection
- Source for adequate and modern equipment for testing incoming/outgoing products
- Recruit more staff at all borders points

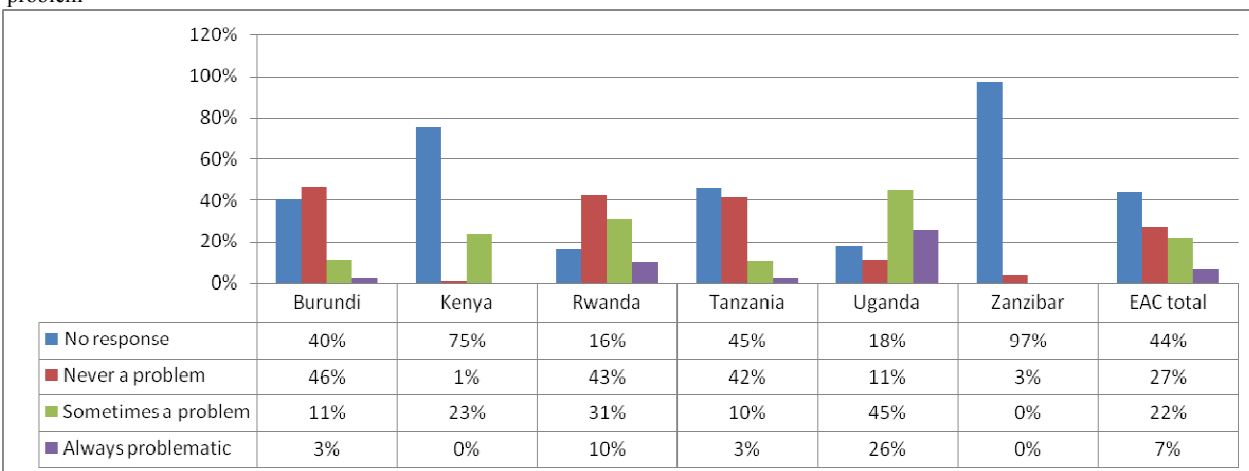
#### **b. Responses by business community**

As shown in *Charts 95 to 98* below;

- Bribes are either always or sometimes expected to be paid to make it easier to obtain quality standards certification. Uganda especially faces this problem to a large extent as indicated by a combined 71% of the country's respondents who indicated bribes are sometimes a problem (45%) or always a problem (26%) as shown in *Chart 95*.

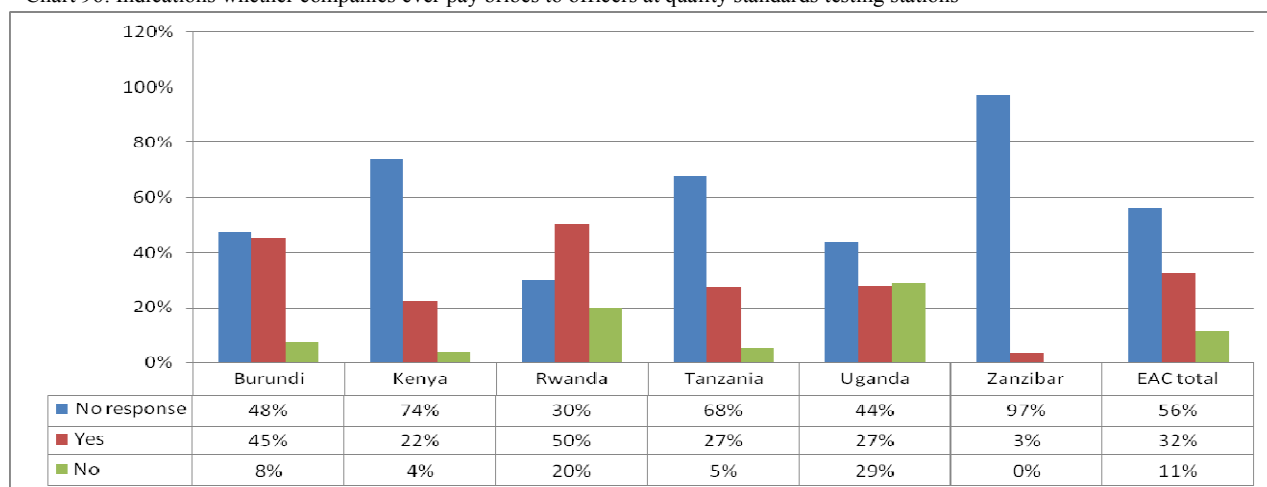
- There is a large of respondents who indicated they pay bribes to officers at quality standards testing stations, with Rwanda (50%) and Burundi (45%) appearing as the countries most affected by as shown in **Chart 96**.
- There are a large percentage of transport companies and CFAs who indicated they pass on the bribery costs incurred due to non-compliance with quality standards and certification to their customers during movement of goods. Such costs are normally incurred at border stations or at the ports. In this respect, Burundi, Rwanda and Uganda seem to be the countries most affected by the problem, which is expected as the three countries are landlocked and transporters therefore cannot be expected to incur all the costs borne during the long journey from the ports (for imports) or to the ports (for exports), so they have to pass on such costs to the customers. **Chart 97** shows the percentage transporters and CFAs answering that they pass on bribery costs to customers.
- There are a notable percentage of respondents who perceive bribery problems at quality standards testing stations to have stayed the same in year 2010 as before. Uganda seems the country most affected by bribery problems during testing for compliance to quality standards in this respect, where a combined 81% of the respondents indicated the problem became worse (31%) or stayed the same (50%) in year 2010 as shown in **Chart 98**.

Chart 95: Indications whether allegations that bribes are expected to make it easier to obtain quality standards certification is a problem



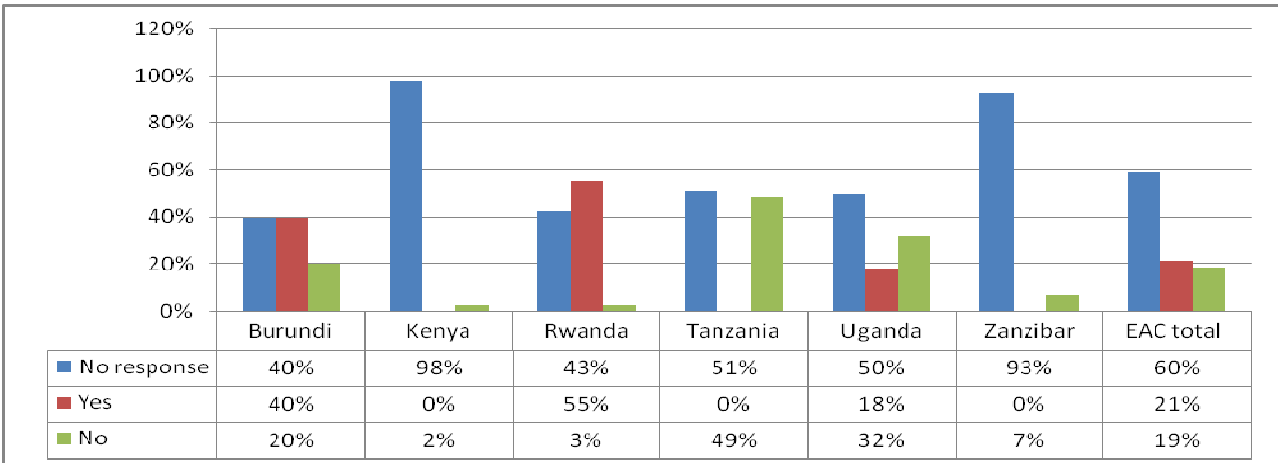
Source: BCI 2011 data – combined percentage responses by transporters, businesses, CFAs and informal cross border traders

Chart 96: Indications whether companies ever pay bribes to officers at quality standards testing stations



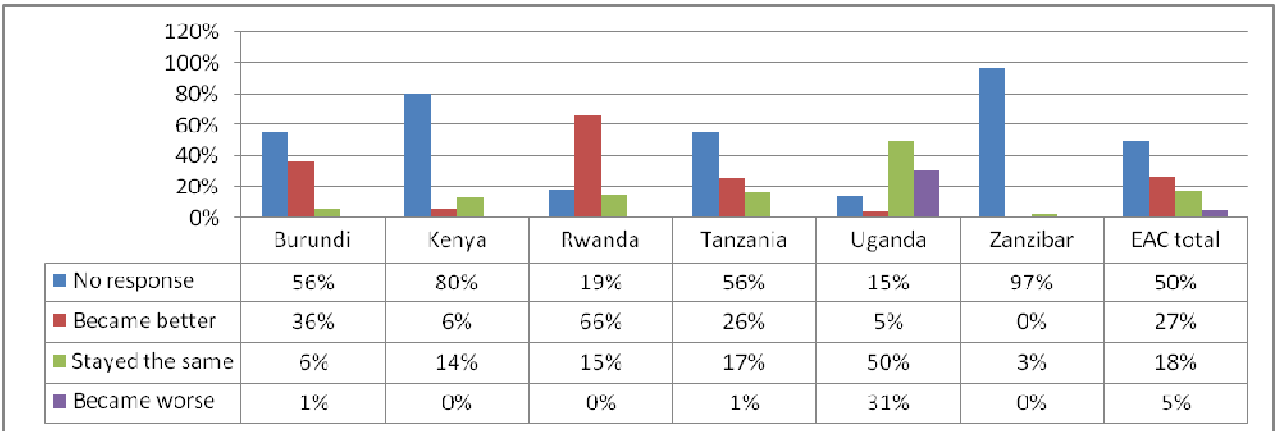
Source: BCI 2011 data – combined percentage responses by transporters, businesses, CFAs and informal cross border traders

Chart 97: Indications whether transport companies and CFAs absorb or pass on the bribery costs to their customers



Source: BCI 2011 data – combined percentage responses by transporters and CFAs

Chart 98: Indications whether bribery problem at quality standards testing stations became better or worse in year 2010



Source: BCI 2011 data – combined percentage responses by transporters, businesses, CFAs and informal cross border traders

## 2.9.5 SUGGESTED IMPROVEMENTS ON TECHNICAL STANDARDS COMPLIANCE AND TESTING PROCEDURES

### a. Responses by EAC Standards Bureaus

Regarding suggested improvement of trade procedures, regulatory and administrative requirements, including capacity building activities of standards bureaus to ensure businesses fully comply with regulations and administrative requirements, the following improvements were suggested:

- Increased training of employees about the regulations and requirements
- Holding joint seminars and workshops with the traders especially those known to sell products that do not meet standards requirements
- Improving the infrastructure for testing for compliance and quality assurance such as laboratories
- Increased recruitment of sufficient staff
- Implementing quality management systems in standards offices
- Aligning the standards institutions laws to EAC laws
- Increased collaboration with counterpart institutions in EAC countries
- increased market surveillance
- increased promotion and capacity building activities targeting SME businesses
- increased inspection of shipments before departure from EAC originating countries
- increased conformity assessments for imports and exports



Bottlenecks associated with raising capacity of businesses to comply with regulations and administrative requirements that standards bureaus are mandated to execute include:

- Lack of production premises by most SMEs leading to non-recognition of their products as cited by Tanzania case
- Materials used for packaging and labelling products are sometimes not up to required standards
- Weak enforcement mechanisms at the national levels
- Budgetary requirements are not sufficiently allocated
- insufficiency of necessary equipment for testing for conformance
- Business people have often complained that available markets for goods produced are not sustainable hence training sometimes is found to be time-consuming with not concrete results

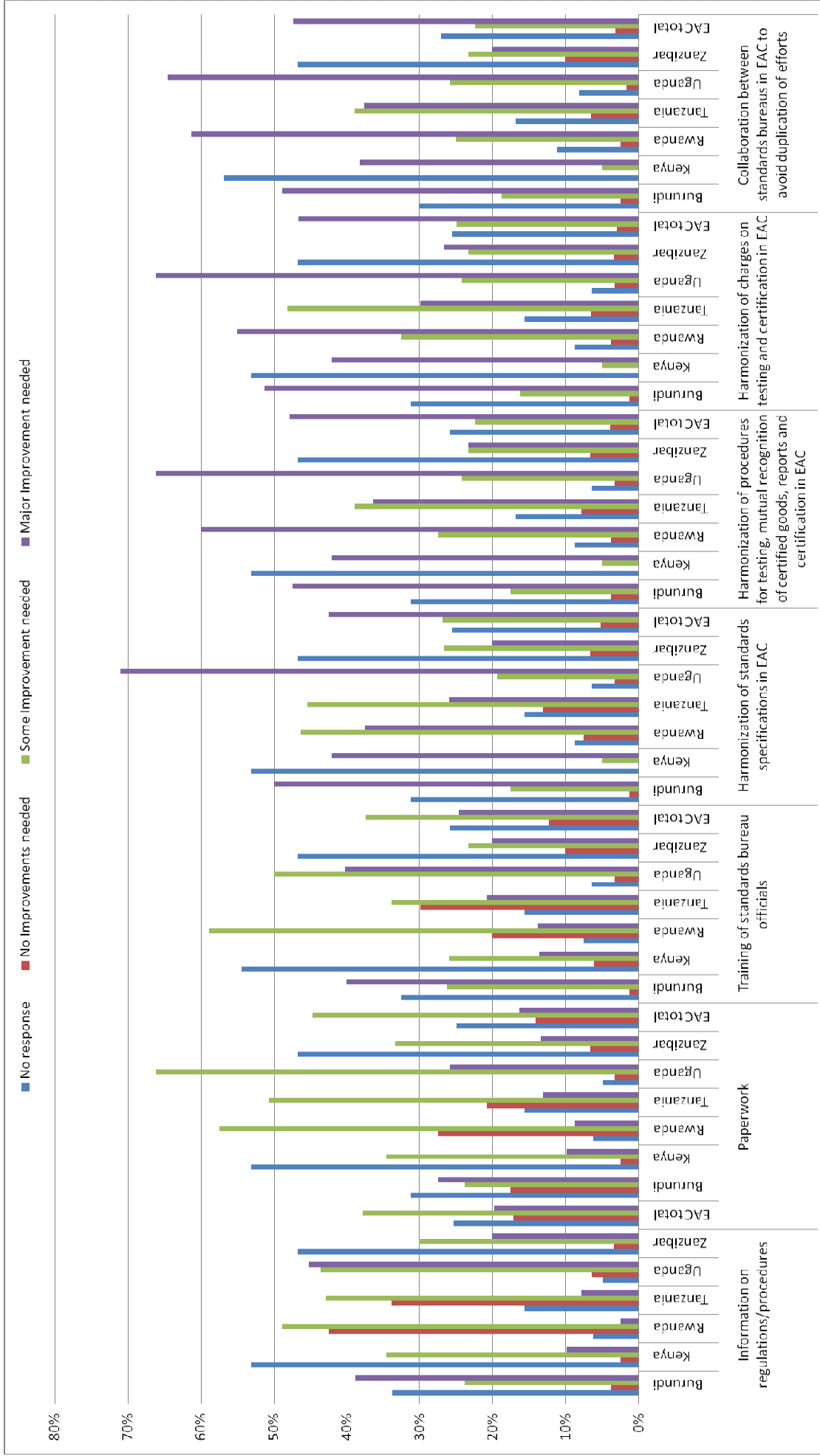
**b. Responses by business community**

Responses by the business community suggest the following preferences based on the combined averages for where major and some improvements are required, as summarized in *Chart 99* below:

- Harmonization of charges on testing and certification procedures within EAC, which has a combined average of 71%
- Harmonization of procedures for testing, mutual recognition of certified goods, reports and certification in EAC; and Collaboration between standards bureaus in EAC to avoid duplication of efforts, both of which have a combined average of 70%
- Harmonization of standards specifications in EAC, which has a combined average of 69%
- Training of standards bureau officials, which has a combined average of 62%
- Paperwork on procedures related to quality standards, testing and certification which has a combined average of 61%
- Information on regulations/procedures related to quality standards, testing and certification, which has a combined average of 58%

The percentage responses on suggested improvements to technical standards administrative procedures and documentation are presented in **Annex 14** to this report.

Chart 99: Suggested improvements on technical standards



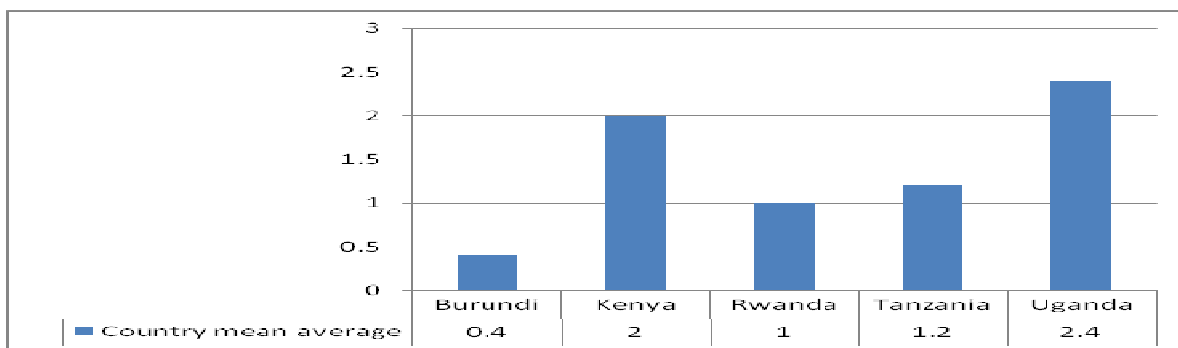
Source: Combined percentage responses by Transporters, Businesses, CFAs and Informal cross border traders

## 2.9.6 RANKING OF EAC COUNTRIES ON EASE AND EFFICIENCY OF COMPLIANCE WITH TECHNICAL STANDARDS AND TESTING PROCEDURES

### 2.9.6.1 Ranking by EAC Standards Bureaus

The standards bureaus were asked to rank the five EAC countries in terms of ease and efficiency of executing standards regulations and administrative requirements using the response keys of Excellent=5; Good=4; Fair=3; Bad=2; and Worst=1. The results show all countries perform poorly on ease and efficiency of Technical Standards administration and documentation as perceived by the same authorities in charge of these functions. With the exception of Uganda and Kenya which appear on BAD performance, all the other countries were actually rated on the WORST categories as shown in *Chart 100* below, indicating that major improvements need to be made on Technical Standards administration and documentation, including building capacities for testing for compliance, and mutual recognition of products originating from within the EAC countries.

Chart 100: Ranking of the five EAC countries in terms of ease and efficiency of executing standards regulations and administrative requirements by standards bureaus

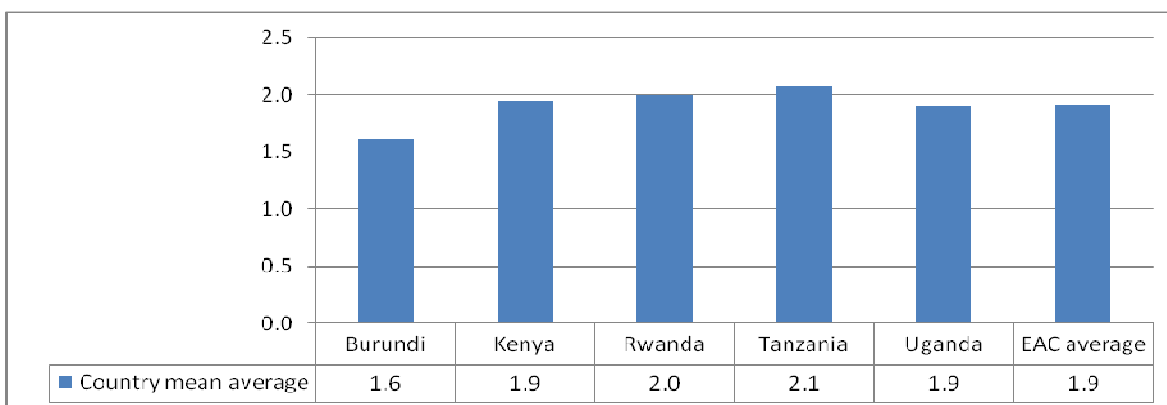


Source: BCI 2011 data: perceptions by institutions in charge of enforcing technical standards regulations

### 2.9.6.2 Responses by business community

As shown in *Chart 101* below, the combined business community responses on Excellent, Good and Fair categories show that the business community ranks Tanzania as the best EAC country on ease and efficiency of executing standards regulations and administrative requirements with a rating of 2.1, followed by Rwanda at 2.0, Kenya and Uganda with a tie of 1.9, and Burundi taking the tail end at 1.6. These ratings are quite different from those given by EAC standards bureaus except for Burundi which takes the tail end of the rankings.

Chart 101: Ranking of EAC countries in terms ease and efficiency of executing standards regulations and administrative requirements by standards bureaus countries



Source: BCI 2011 data – combined percentage responses by transporters, businesses, CFAs and informal cross border traders

## **2.10 SPS STANDARDS PROCEDURES AND ADMINISTRATIVE REQUIREMENTS**

### **2.10.1 PROFESSIONAL AND FAIR TREATMENT BY SPS OFFICERS**

#### **a. Responses by EAC SPS Institutions**

Numerous EAC national-level institutions responsible for SPS matters were consulted, including:

- Tanzania Food & Drugs Authority
- Uganda Ministry of Agriculture, Fisheries & Animal Husbandry - Commissioner for Crop Protection
- Uganda National Drugs Authority
- Zanzibar Ministry of Agriculture - Plant Protection Unit
- Burundi Food & Health Control Institution
- Burundi Ministry of Agriculture and Livestock
- Kenya Ministry of Agriculture
- Rwanda Food & Health Control
- Tanzania Ministry of Agriculture & Food Security
- Uganda Dairy Development Authority
- Uganda Ministry of Agriculture, Fisheries & Animal Husbandry - Commissioner for Fisheries
- Zanzibar Ministry of Health - Food & Drugs Authority
- Kenya Plant Health Inspectorate Service
- Tanzania Ministry of Livestock & Fisheries Department
- Zanzibar Ministry of Livestock & Fisheries Department. - Animal Health
- Zanzibar Ministry of Livestock & Fisheries Department. - Marine Resources
- Tanzania Ministry of Agriculture
- Kenya Ministry of Agriculture
- Kenya Pests Controls Board
- Uganda Dairy Development Authority

The policy objectives of the above institutions in so far as SPS issues are concerned as provided by the respective national laws include all or some of the following:

- To control and eradicate animal diseases
- To promote the highest standards of education, ethics and service in order to improve animal health productivity
- To resolve economic imbalances by focusing on high standard food-related products
- To enhance export promotion through high standard food-related products
- To protect the health environment and consumers
- To facilitating national and international trade
- To reduce wastage and to protect the environment
- To improve the quality and reputation of domestic manufacturers
- To harmonise the national standards with the regional standards
- To promote the competitiveness of the domestic enterprises
- To operate and manage national reference services in food and nutrition aspects at national level
- To coordinate activities related to agriculture and livestock production
- To promote agribusiness targeting income generating activities
- To inspect and certify plant materials and regulated articles
- To coordinate agriculture production, harvesting and post harvesting activities
- To ensure safety and quality regulations in food, drugs and cosmetic products
- To promote commercialized agriculture production in order to guarantee food security

In efforts to achieve the above objectives, the SPS institutions are mandated by respective national laws to ensure compliance with the following procedures and related functions:

- Inspection of animal and animal products coming into and being exported out of the country
- Confirming standards of animal products
- Harmonisation of national standards within internationally recognised procedures
- Promoting agriculture and livestock quality control standards

- Sensitizing the country's citizens in matters of quality of food
- Ensuring that imports comply with specified domestic standards
- Facilitating agricultural sector producers to increase production and trade of food items in order to boost food security
- Promoting quality of export materials to ensure access and retention of identified and/or available markets
- Providing training and research in food production and nutrition
- Registering food processors and dealers and related products
- Inspecting processed foods for adherence to specified quality control

The major reasons given for the above procedures include:

- To prevent the spread of animal diseases
- To safeguard human health from animal contagious diseases
- To ensure efficient services delivery in the veterinary sector
- To gain customers confidence by making sure products produced adhere to the required standards
- To safeguard the public health of the country against counterfeits, substandard and prohibited products
- To ensure consumption of products that conform to specified food and nutrition standards
- Create an enabling environment for agriculture production agribusiness development
- To reduce malnutrition incidences in the country
- To eliminate hunger through increased agricultural production
- To promote good and secure farming and livestock practices
- To provide support services and ensure sustainable natural resource management

The national SPS laws allow officers to introduce temporary compliance points as pointed out by Burundi, Kenya, Tanzania and Zanzibar respondents. With respect to Zanzibar, officers are allowed to introduce compliance points such as disposal of unfit products originating from local producers as well as from import sources; including returning imported products back to countries of origin and/or closing local production premises. With regard to Kenya, KEPHIS is mandated to operate checks at all ports of entry into the country.

Respondents in Burundi, Kenya, Tanzania and Uganda confirmed that the procedures address the SPS policy objectives as provided by the law and that they have had positive impacts in the following respects:

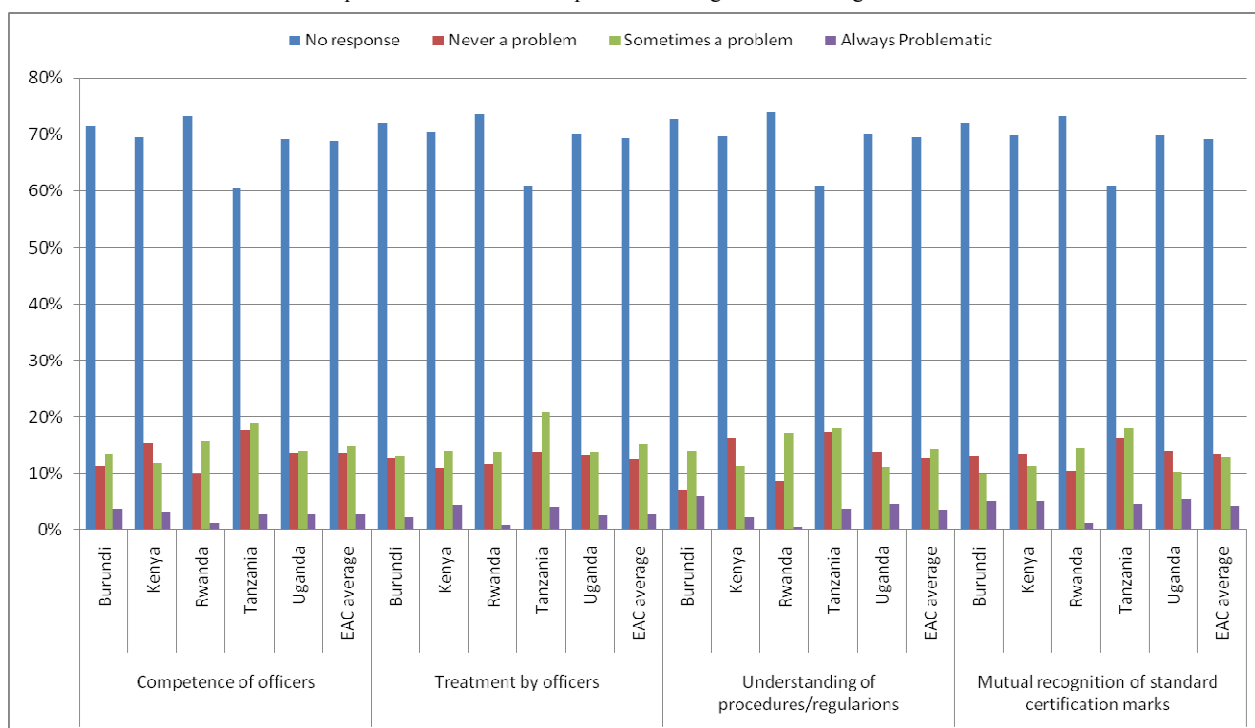
- They have acted as catalysts to access to market information; for example in Kenya they have enabled establishment of the temporary intervention scheme that provides market information to farmers
- They have ensured provision of high quality professional services in the agriculture sector
- They have promoted importation of high quality veterinary drugs
- They protect genuine businesses from competition with substandard and counterfeit products
- They protect farmers from using substandard farm inputs
- They encourage production of good quality agriculture produce
- They ensure consumption of safe products
- They facilitate intra-EAC trade based on confidence that imported/exported products are of high quality standards
- They facilitate cross-border trade in animals and animal products based on assurance that requisite testing has been carried out

Regarding whether the SPS institution's procedures are easily understood by businesses, the responses from Tanzania and Uganda give an affirmative answer, with Tanzania pointing out that the procedures are well understood and a lot of awareness creation has been undertaken in this respect. In Burundi, responses indicate the procedures are not understood by businesses but there is an ongoing program to sensitize businessmen about the procedures and their importance. In Zanzibar, responses indicate the procedures are well understood by businesses since they are members of the respective law-making boards.

## b. Responses by business community

The combined percentage responses by Transporters, Businesses, CFAs and Informal cross border traders on the extent to which competence, treatment, understanding of procedures and mutual recognition of SPS certification marks in EAC is problematic to business operations show that this is not a very serious problem, although there are some few indications that these issues are sometimes problematic. **Chart 102** below summarises the responses, while the percentage responses by the business community representatives in their home country and from other EAC countries are presented in **Annex 15** to this report.

Chart 102: Extent to which competence, treatment, and understanding of procedures and mutual recognition of SPS certification marks in EAC countries are seen as problematic to business operations during movement of goods



Source: BCI 2011 data – combined percentage responses by transporters, businesses, CFAs and informal cross border traders

## 2.10.2 FLOW OF INFORMATION ON SPS ADMINISTRATIVE AND DOCUMENTATION REQUIREMENTS

### a. Responses by EAC SPS Institutions

The institutions responsible for SPS administrative and documentation requirements were asked about their understanding of SPS procedures and efficiency in execution of their countries commitments to the EAC SPS-related matters. All except Rwanda respondents indicated they are fully aware about such commitments, which include:

- Harmonising national sanitary and Phytosanitary procedures to EAC standards
- Ensuring harmonized professional standards in veterinary services for the benefit of the region
- Participating in all EAC meetings where SPS matters are discussed and decisions made
- Implementing EAC programmes on SPS
- Implementing grain standards as set under the East African Grain council
- Harmonising the EAC medicine regulations
- Harmonising the EAC food standards

Except for Rwanda, all the institutions confirmed that they have complied with the EAC-SPS commitments almost 100%, including the milestone made in achieving the EAC organic mark, establishment of an exchange training program for EAC staff on SPS certification and testing within KEPHIS, and establishment

of the EA Grain council among others. Most of the institutions also confirmed their commitment to attendance of EAC meetings and implementation of EAC joint activities.

Regarding competence of officers in executing their duties, Burundi responded that officers are fairly competent in executing their duties although they lack appropriate equipment to execute their tasks while, Zanzibar responded that the officers are competent in executing their duties because they have been well trained to handle their responsibilities. Rwanda responded that officers are fairly competent, while Uganda responded that officers involved are fairly competent

Regarding how information on EAC commitments gets disseminated to the SPS institutions, the main channels identified include:

- Through the EAC ministries, which are involved in coordinating and disseminating EAC-related information to all relevant trade facilitation institutions
- Direct information from the EAC secretariat
- Communication with counterpart institutions from EAC Partner States through e-mails and letters
- Through media
- Through the President's office as is the case for Zanzibar
- National coordination and consultative meetings
- Through the ministries of health with regard to products that have implications to human health
- Through seminars and workshops

Regarding how efficiently information on EAC commitments passes down from the management to executing officers:

- Burundi, Tanzania and Zanzibar responded Fairly quickly. Burundi however is of the view that relevant EAC commitments should be channelled directly to the SPS bureaus to reduce administrative delays in executing the procedures.
- Uganda and Kenyan respondents stated the information is passed very quickly to executing officers

On allegations that there are delays in passing EAC commitments to executing officers, and related institutional weaknesses in passing such information, the responses indicate:

- Poor internet access is a major cause of delays
- Poor coordination by EAC ministries
- Limited budgetary allocations to facilitate information dissemination and related capacity building activities to enable efficient implementation

Suggestions to address weaknesses so as to reduce delays in executing EAC commitments include:

- Conducting stakeholder participatory evaluation activities
- Increasing the budget support from donors and the government
- The need to consider efficient internet communication as an important tool in passing information
- Increased sensitization of the public regarding individual countries' obligation towards EAC
- Holding public forums if need on specific SPS issues
- Establishment of an information desk in relevant ministries for efficient information flow
- Coordinated sensitization activities by parent ministries incorporating defined responsibilities for distinct institutions that execute SPS-related activities
- Continuous dialogue with other agencies private sector stakeholders
- Establishing an action plan to facilitate implementation of all EAC SPS-related decisions
- Increased human and material resources
- Enhanced cooperation in delivery of services by institutions responsible for food and nutrition functions amongst Partner States
- Organizing overseas missions to learn from best practices elsewhere and joint missions at border posts to observe practices and sensitize the public and traders about requisite SPS regulations
- Enhanced utilisation of the Center for Phytosanitary services which is already established
- Conducting national and regional sensitization programs

### c. Responses by business community

As shown in *Charts 103 to 109*;

- A sizeable 64% of the respondents are not aware about newly introduced SPS requirements including those on testing and certification as shown in *Chart 103*
- A sizeable percentage of business community respondents are not aware about SPS requirements in their home country and also in the other EAC countries. Uganda especially appears more affected by lack of awareness about these requirements than the other countries as shown by *Chart 104*.
- A notable 34% of the companies experience problems in getting to know about new SPS certification regulations/requirements as indicated by respondents who either answered that they always or sometimes experience problems getting to know about these requirements. *Chart 105* shows that Uganda businesses especially are affected by this bottleneck than their counterparts in the other countries.
- The main information channels as shown in *Chart 106* through which businesses get informed about new or changed SPS regulations are SPS institutions and other agencies, media, websites and border officials as indicated by 44%, 18%, and 12% of the respondents respectively. These therefore are the priority channels through which future information about SPS issues need to be disseminated in order to enhance compliance, reduce related extra costs and time loss, and as part of efforts to facilitate intra-EAC trade.
- Lack of information about new/changed SPS requirements has a number of impacts to business operations as shown in *Chart 107*, the main ones being delayed deliveries as indicated by an average 36% of the respondents, expiry of goods (especially perishable ones) as indicated by an average 20% of the respondents, and extra costs borne through bribing the officials to enable clearance at the borders as indicated by 17% of the respondents.
- As a result of not being adequately informed about new/changed SPS regulations, businesses incur extra costs in form of bribery ranging from less than USD 200 to over 1,000 as shown in *Chart 108* below. Considering that goods traded across the borders especially by informal traders comprise of food commodities on which SPS regulations apply, the resultant extra costs could be astronomical. In this respect, informal trade across EAC borders is largely comprised of livestock and food commodities, although some insignificant levels of informal export trade also takes place for manufactured goods as noted by the *Market Analysis Sub-group of the Food Security and Nutrition Working Group (FSNWG<sup>22</sup>)*, which monitors cross-border trade of food commodities and livestock in Eastern Africa as a basis of quantifying formal and informal cross-border trade within the region. FSNWG estimates that about 63 food commodities and livestock were traded across the borders of Eastern Africa countries in 2010, with approximately 76% of this trade being formal while 24% was informal trade. Most of these products originate from Uganda and Tanzania through Loitoktok border post (Kenya/ Tanzania border), Busia (Kenya/Uganda border), Malaba (Kenya/ Uganda border), Namanga (Kenya/Tanzania border), Mutukula The main food commodities traded are maize, cereals (beans, sorghum and millet), wheat, pulses, fruits and vegetables. According to the Eastern Africa Grain Council, the major reasons cited by traders for continued engagement in informal trade and therefore evasion of the formal trade routes include physical and technical barriers to formal trade (including SPS standards such as moisture content), cumbersome clearance procedures, high duties imposed on some of the commodities, and corruption practices by customs officials who refuse to clear the goods on time so as to force traders to solicit for favours in return for bribes among other requirements. Most of the food commodities also pass informally through the borders because of price variations between the countries. The findings by FSNWG therefore closely tie with the BCI, which clearly demonstrates that cumbersome clearance procedures therefore need to be reduced while relevant SPS requirements on food products need to be properly disseminated to traders to facilitate easier movement of goods across the borders, thus reducing the associated extra costs.
- In addition to extra costs incurred as a result of not being adequately informed about new/changed SPS regulations, businesses also incur time loss in the process of sorting out compliance with SPS

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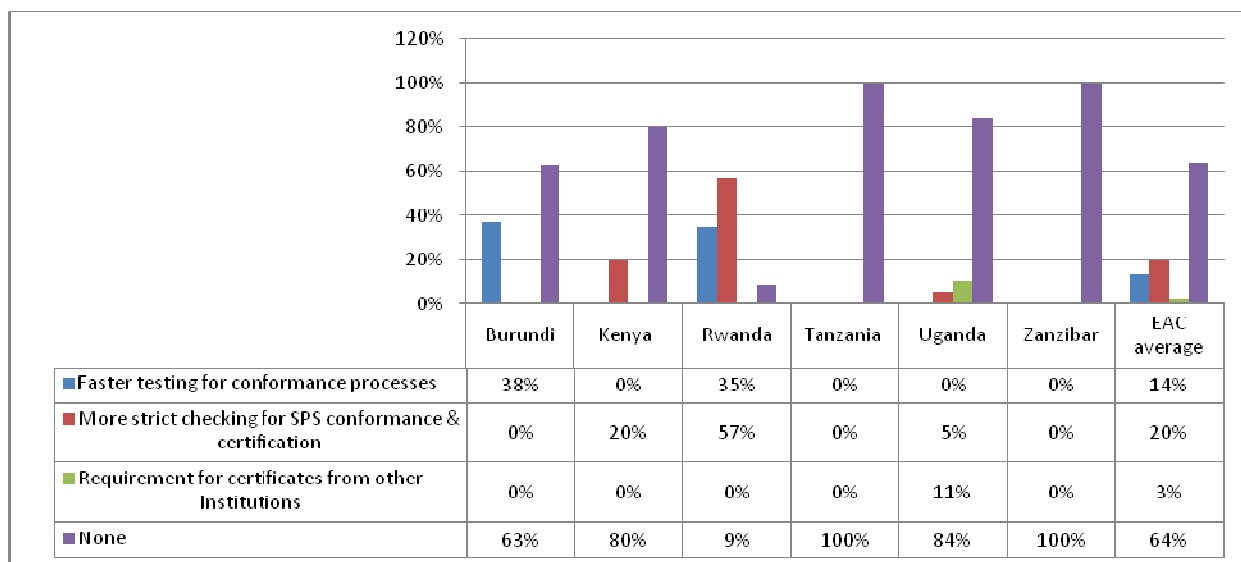
<sup>22</sup> FSNWG is an initiative of USAID, WFP and FAO



requirements. The time lost in this process is estimated at between 30 minutes to more than 2 days by more than 85% of the respondents as shown in *Chart 109*. This reinforces the need to properly sensitise the business community including informal cross border traders about SPS requirements related to cross border trade in food commodities and livestock.

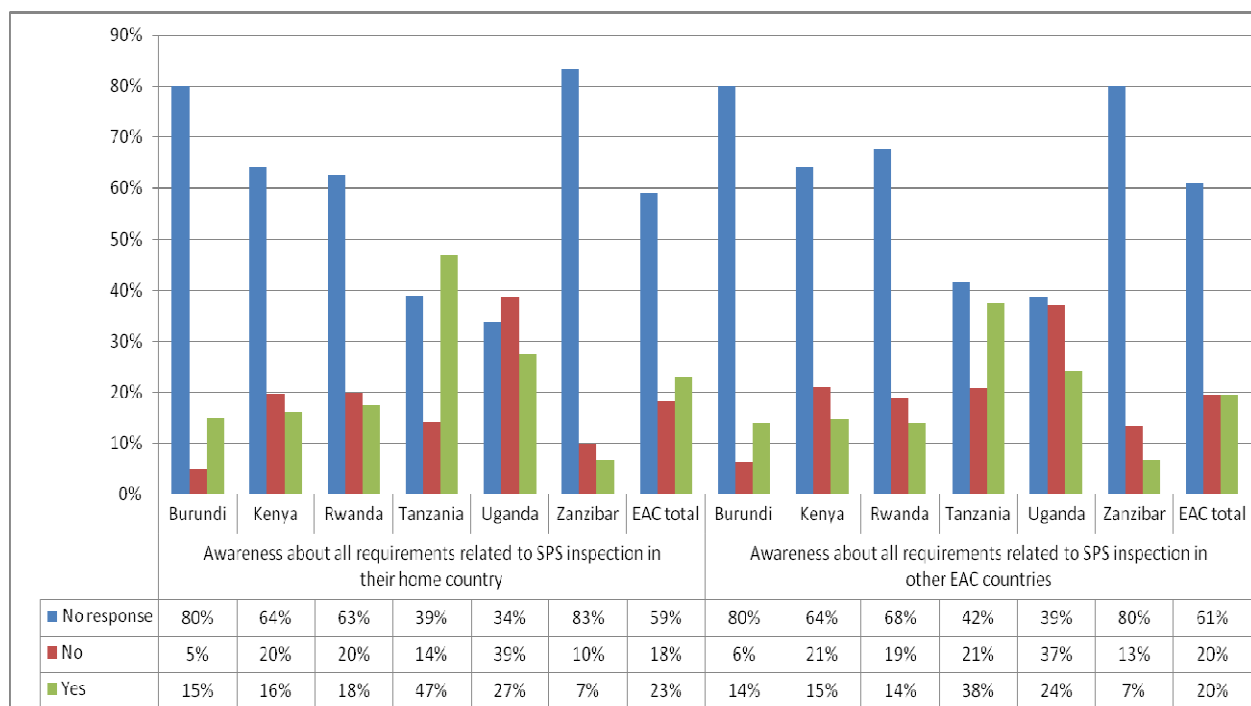
The above bottlenecks call for a sensitization programme aimed at enhancing compliance with SPS requirements and increasing formal intra-EAC trade in food commodities and livestock.

Chart 103: Most recent changes/additions in SPS regulations



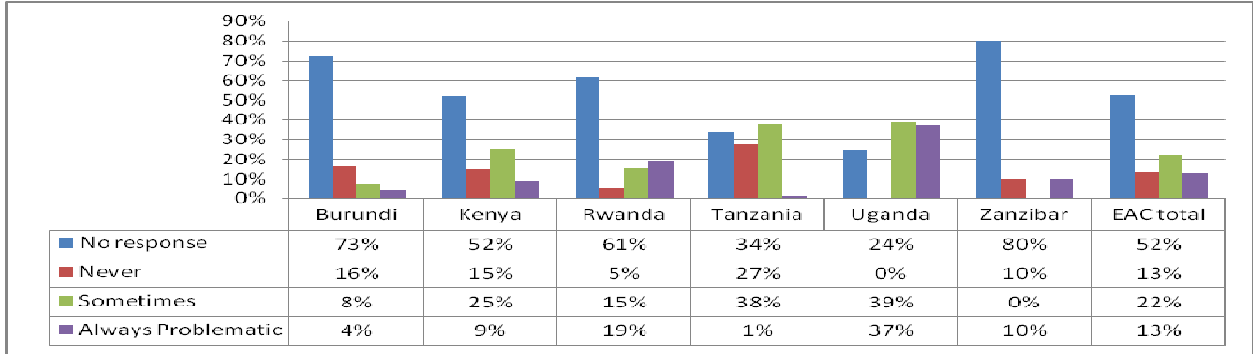
Source: BCI 2011 data – combined percentage responses by transporters, businesses, CFAs and informal cross border traders

Chart 104: Awareness about requirements related to SPS inspection in home country and in other EAC countries



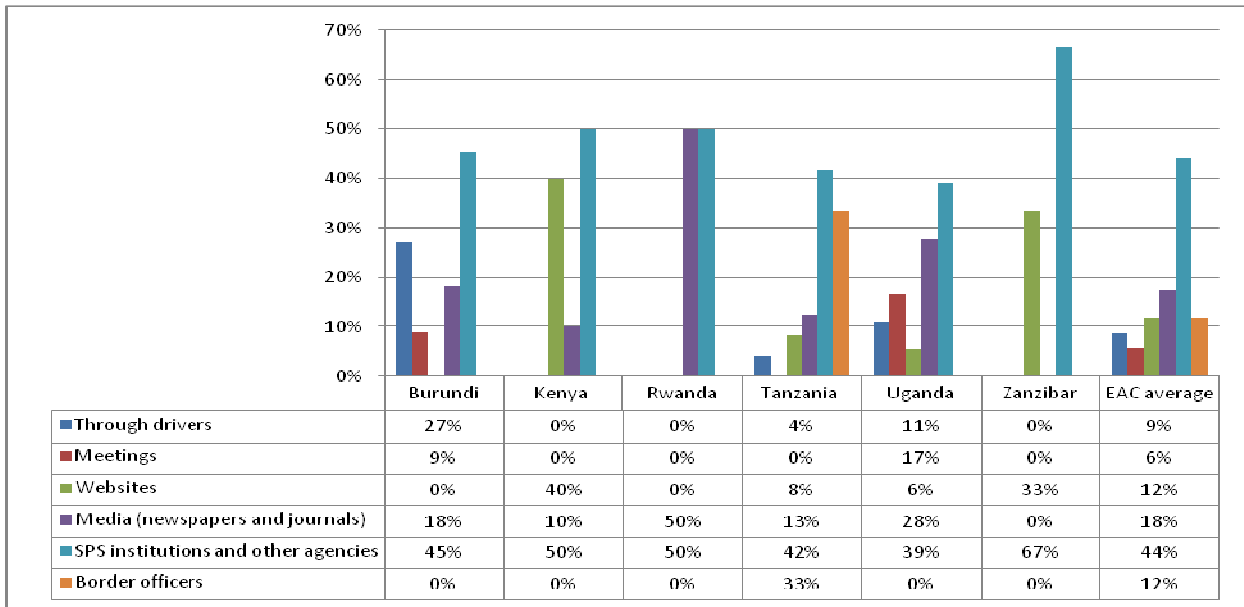
Source: BCI 2011 data – combined percentage responses by transporters, businesses, CFAs and informal cross border traders

Chart 105: Indications whether companies experience problems in getting to know about new SPS certification regulations/requirements



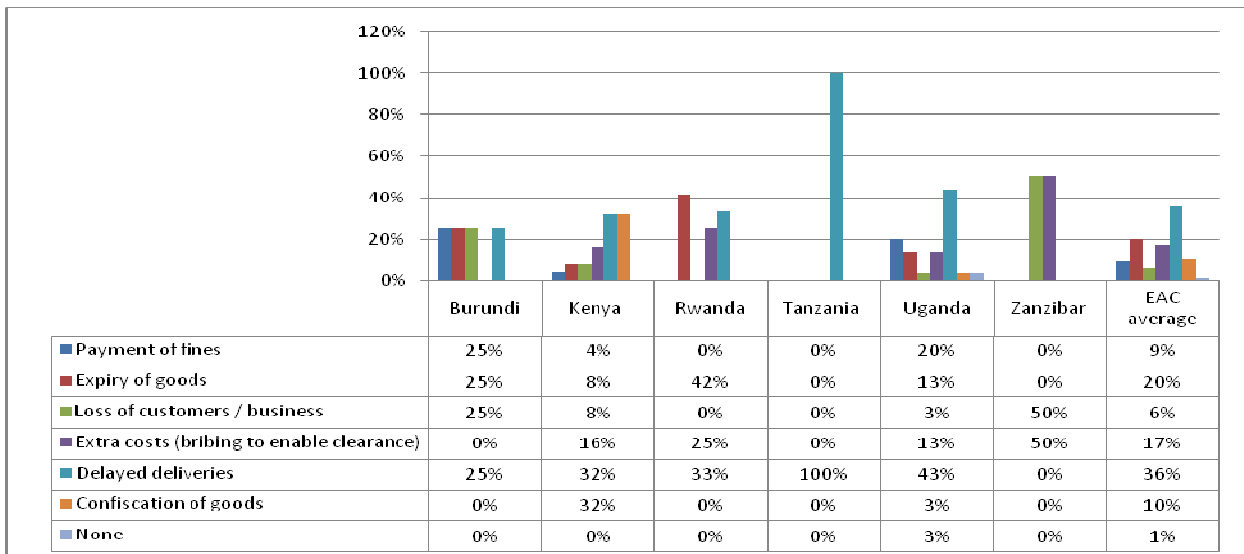
Source: BCI 2011 data – combined percentage responses by transporters, businesses, CFAs and informal cross border traders

Chart 106: Means through which businesses get information about changes in SPS requirements and procedures



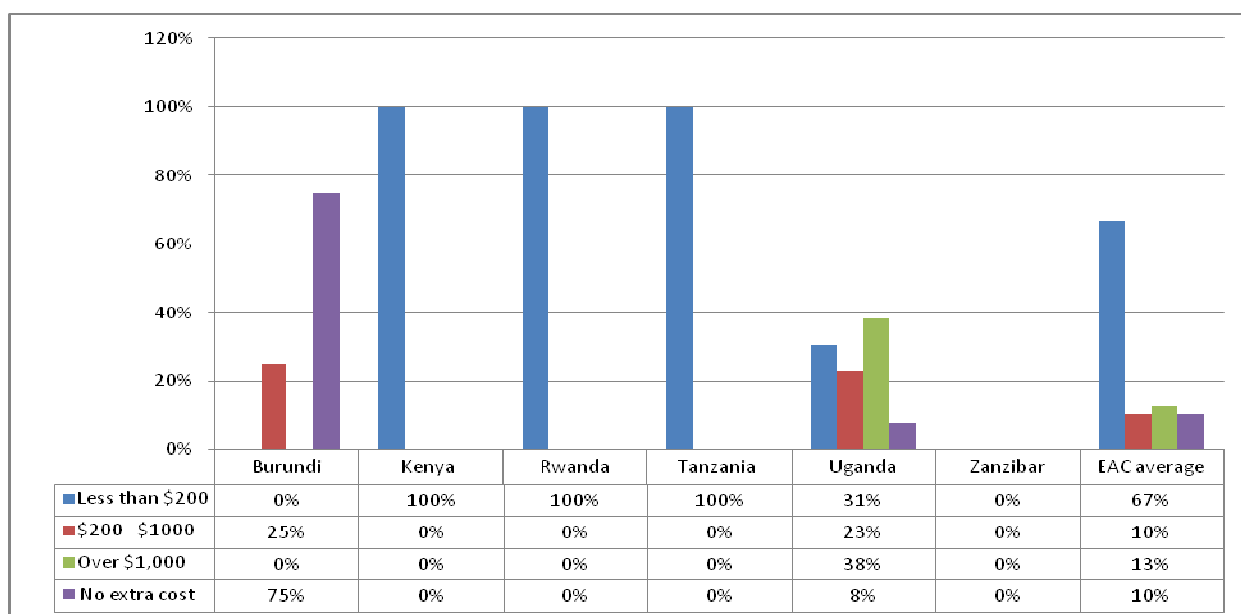
Source: BCI 2011 data – combined percentage responses by transporters, businesses, CFAs and informal cross border traders

Chart 107: Examples of the impact that lack of information on new/changed SPS regulations/ requirements has business operations



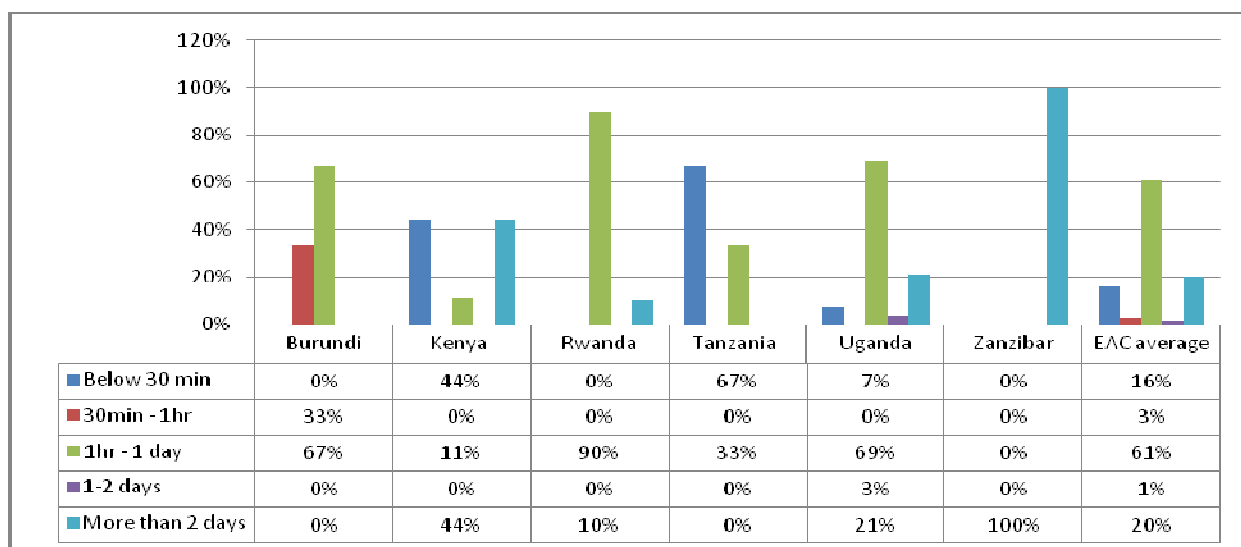
Source: BCI 2011 data – combined percentage responses by transporters, businesses, CFAs and informal cross border traders

Chart 108: Average extra costs incurred as a result of not being adequately informed about new/changed SPS regulations



Source: BCI 2011 data – combined percentage responses by transporters, businesses, CFAs and informal cross border traders

Chart 109: Average time lost as a result of not being adequately informed about new/changed SPS regulations



Source: BCI 2011 data – combined percentage responses by transporters, businesses, CFAs and informal cross border traders

In addition to information gathered through the questionnaire method, most informal cross border traders pointed out during face-to-face discussions that they grossly lack knowledge about regulations related to SPS. They also have never interacted with officials of the competent institutions that inspect and/or approve imports and exports that require SPS certification, hence the prevalent problems of smuggling food related items across the borders. This calls for future awareness creation on SPS requirements including certification and their relevance to promoting intra-EAC trade amongst the business community.

### 2.10.3 TIME TAKEN TO COMPLY WITH SPS STANDARDS AND TESTING PROCEDURES

#### a. Responses by EAC SPS Institutions

Regarding whether the procedures are time consuming, there was acceptance by Burundi and Tanzania respondents that indeed the procedures are time consuming for business operations. In this respect, it takes between one hour to 3 days to approve a certification depending on the queries raised on application forms

by officials involved in the approval process. In Burundi, the certificates take a maximum of 7 calendar days to be approved. However in Zanzibar, the procedures are not considered time consuming because it takes a maximum of one day to obtain necessary approvals for certification and/or testing results.

With regard to set benchmarks on number of days and cost to complete the SPS procedures;

- Burundi and Uganda indicate the SPS institutions have set a benchmark of between 1 day to maximum 1 week.
- In Uganda, the cost benchmark is USD 20-250
- Tanzania has set a time benchmark of up to 3 days, while the cost depends on animals or products being tested.

Problems experienced by business while complying with the SPS procedures include:

- Transportation costs are considered as high since some businessmen travel from far regions to get services from headquarters as pointed out by Tanzania respondents
- The permit fee is sometimes considered as high in Tanzania, while in some cases the permit papers are few hence lengthening time for approval
- Foreign traders in most cases do not understand the procedures, including those transporting goods from other EAC countries as is the case in Burundi where laws appear either in French or Kirundi languages
- Incidences of fraud have been experienced by business while trying to comply with the procedures
- Farmers have often been charged high prices by businessmen because of the need to recover costs involved in delivery of inputs from source as pointed out by Burundi
- New businesses don't understand procedures involved
- Most of the clients don't want to adhere to the laws

Suggestions made to ensure compliance with the procedures include:

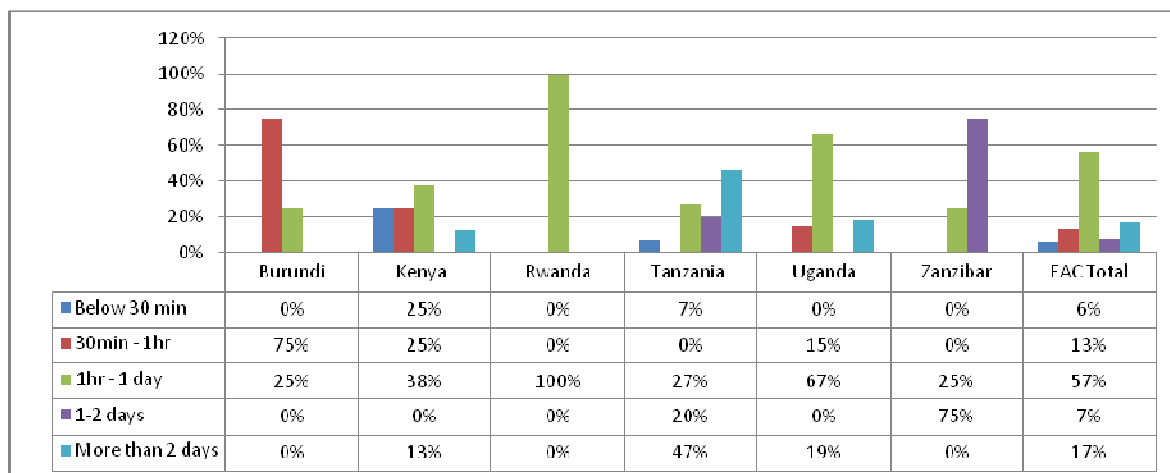
- Harmonising procedures agreed under EAC
- Making payments for services offered through the bank/agent systems instead of direct payments to SPS institutions which are sometimes considered bureaucratic
- Improved capacity building activities for tailor-made clients
- Formulation of national food and nutrition policies
- Ensuring monitoring and evaluation of the services provided at both regional and national levels
- Establishment of a common risk assessment system at EAC level
- Dissemination of information on SPS services offered and necessary charges

#### **b. Responses by business community**

As shown in *Charts 110* and *111* below;

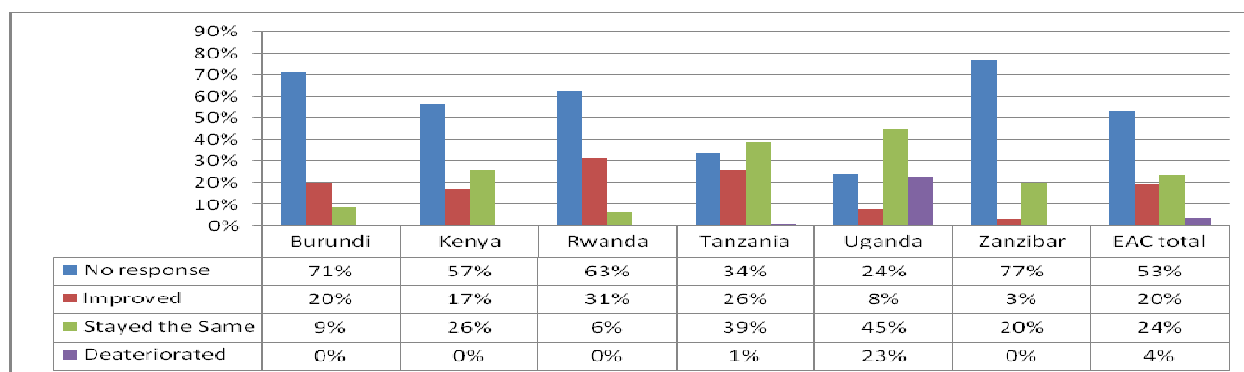
- With respect to the average time taken to complete SPS inspection and certification requirements per transaction, the analysis shows that:
- 70% of the total 410 business category respondents spend between 30 minutes to 1 day to complete SPS inspection and certification procedures as shown in *Chart 110*. However, 75% of Zanzibar respondents indicated these procedures take between 1-2 days, which is a serious area of concern since the products in question are mostly perishable food items. Lengthy processes for inspection and certification therefore result to wasted products and lost business opportunities.
- There is a notable percentage of the business community who perceive efficiency of SPS standards, administration and documentation to have stayed the same in year 2010 as before. A sizeable percentage of Uganda respondents additionally perceive efficiency of SPS related issues to have deteriorated in 2010 (*Chart 111*).

Chart 110: Average time taken to complete SPS inspection and certification requirements



Source: BCI 2011 data – combined percentage responses by transporters, businesses, CFAs and informal cross border traders

Chart 111 Indications whether efficiency of SPS standards, administration and documentation improved, stayed the same or deteriorated in 2010



Source: BCI 2011 data – combined percentage responses by transporters, businesses, CFAs and informal cross border traders

## 2.10.4 EXTRA COSTS INVOLVED IN COMPLIANCE WITH PROCEDURES

### a. Responses by EAC SPS Institutions

Regarding whether the procedures are costly for businesses, only Burundi and Tanzania respondents indicated that the procedures are costly. In Tanzania for example, the cost incurred is in the form of permit fees which is paid for inspection and certification purposes. Burundi respondents pointed out that it is difficult to estimate the costs involved since these depend on functions performed. Zanzibar also points out that the procedures are costly but it is difficult to estimate actual costs involved.

### b. Responses by business community

The responses by the business community show the following scenario.

- With respect to amounts of average extra costs incurred per month in process of complying with SPS standards administration and documentation procedures, **Table 13** below shows that on average, businesses incur less than USD 200 per consignment. This shows that compliance with SPS procedures is not associated with major extra costs, except in Uganda where 46% of the respondents indicated they spend between USD 200 and over 1,000 as extra costs for SPS procedures. The major extra costs however cited under the *less than USD 200 expenditure categories* include accommodation and communication during the process of sorting compliance problems, demurrage charges while goods are held at the border stations, security charges, damage to perishable goods when the checks take long, and rejection of approval to export/import goods that lack the SPS quality mark. To minimise these extra costs, there is need to sensitise the business community about required SPS procedures.

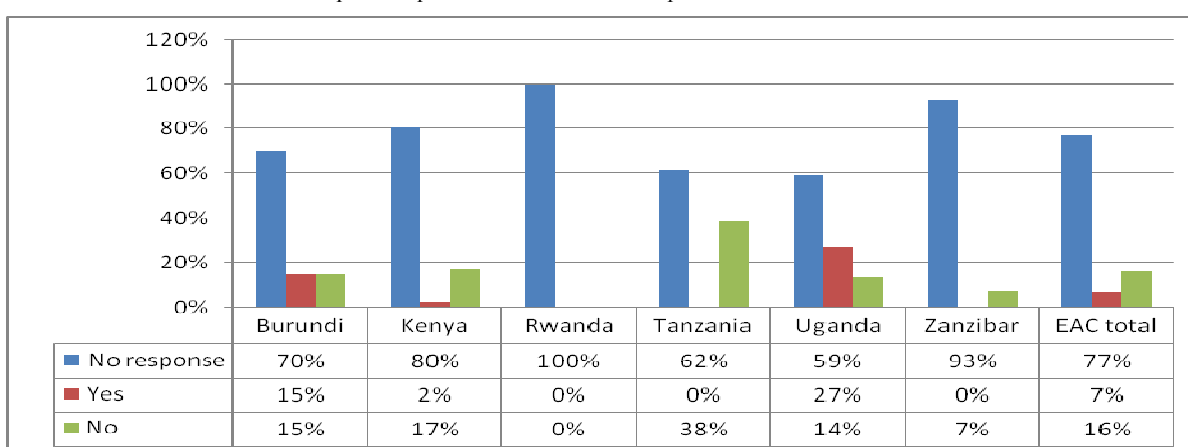
Table 13: Average extra costs incurred per month in process of complying with SPS standards administration and documentation procedures

Expenditure categories	Burundi	Kenya	Rwanda	Tanzania	Uganda	Zanzibar	EAC Total
Less than \$200	0%	100%	100%	0%	54%	0%	85%
\$200 - \$1000	0%	0%	0%	0%	15%	0%	5%
Over \$1,000	0%	0%	0%	0%	31%	0%	10%

Source: BCI 2011 data - Combined percentage responses by Transporters, Businesses, CFAs and Informal Traders

- With regard to whether extra costs are passed on to customers, as indicated by **Chart 112** below, most transport companies and CFAs do not pass on the extra costs incurred for non-compliance with SPS procedures to their customers, except in Uganda and Burundi where some respondents indicate they pass on such costs and also absorb some of them.

Chart 112: Indications whether transport companies and CFAs absorb or pass on extra costs to their customers



Source: BCI 2011 data – combined percentage responses by transporters and CFAs

## 2.10.5 CORRUPTIVE PRACTICES DURING COMPLIANCE WITH SPS STANDARDS

### a. Responses by EAC SPS Institutions

Perceived proportion of businesses and trucks that comply with cross-border, transit and internal trade regulations related to SPS matters indicate:

- Tanzania about 80%
- High compliance in Kenya
- Pharmaceutical dealers 100% and food dealers 30% in Zanzibar
- No response from Uganda and Rwanda were obtained on perceived compliance levels by businesses to cross-border, transit and internal trade regulations

Regarding how often businesses, transit trucks, and heavy goods transporters offer to pay bribes so as to avoid complying with set SPS regulations;

- Tanzania responded that about 20% of businesses offer to pay bribes
- Burundi responded that there is no corruption involved in SPS compliance process
- Kenya and Zanzibar responded that full compliance is adhered to and so no bribery cases are involved.

Regarding allegations that bribes are paid even when regulations are met and whether such cases are ever reported to management of SPS Institutions;

- Tanzania responded that about 10% of such cases are reported
- Burundi reported no corruption cases take place

- Zanzibar reported no such cases are reported because officers are paid allowances which motivates them to perform tasks with honesty
- Other countries did not give any responses

Actions that have previously been taken to reduce incidences of officers taking bribes from businesses and trucks indicate:

- Issuing circulars prescribing the required fees in Tanzania
- Requirement that fee payments should be made through the bank in Tanzania
- Other countries did not respond

Planned future actions to reduce incidences of officers taking bribes from businesses and trucks include:

- Creating awareness in meeting for officials and clients
- Reprimanding officers that are found taking bribes
- Regular transfers of officers between stations to avoid familiarity with businesses/traders

Regarding NTBs and trade related complaints that have in the past been passed to the attention of management of SPS institutions by businesses include:

- Banning importation of poultry and poultry products has been reported in Tanzania
- Restriction on importation of meat products has been reported in Tanzania
- Businesses complain of unnecessary roadblocks by police and delays at border posts in Uganda
- Strict standards are applied on fertilizers in Kenya compared to other countries.
- Restrictions on transit through Kenya for potatoes imported from Europe enroute other EAC countries have been reported in Kenya.
- Delays in inspections of perishable goods and presence of numerous regulators have been reported in Zanzibar

In efforts to address reported NTBs, some of the actions that have previously been taken by SPS institutions include:

- Having stakeholder meetings to discuss the NTBs and required solutions
- Informing the public through the media on the actions taken
- Inspections of veterinary drugs at border points by professionals to reduce delays in issuing results
- Communication to police to reduce unnecessary checkpoints
- Meetings with the law enforcers in order to know contents of the NTBs cases
- Technical committee have been set-up with involvement of standards bureaus in order to harmonize SPS and quality standards
- Some of the institutions have agreed that farm inputs should be accessed free of charge in order to eliminate Value Added Tax as part of efforts to encourage good farming practices as is the case in Burundi
- Pest Risk Analysis is ongoing for potatoes originating from Europe in the case of Kenya

In addition to previous actions, future planned actions in efforts to address the NTBs complaints include:

- Strengthening actions related to SQMT
- Implementing required standards on inspection of animal health for exported livestock
- Proposals to have an EAC veterinary policy
- Proposal to formulate a law aimed at enabling farmers to access fertilisers of good quality and for dairy farmers to access good quality livestock breeds in Burundi
- Harmonizing standards and coordinating their implementation across all EAC countries

#### **b. Responses by business community**

A shown by *Charts 113 to 115* below;

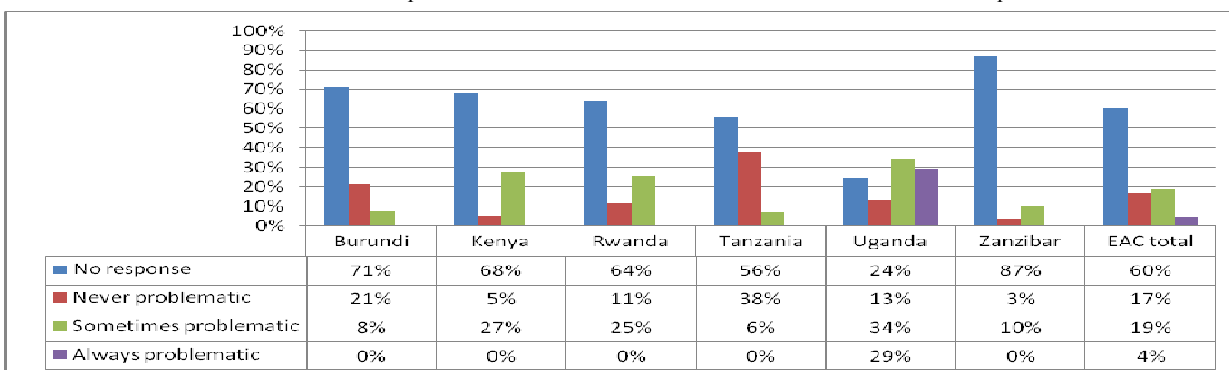
- A number of respondents indicated that bribes are sometimes expected to make it easier to obtain SPS standards certification, meaning this is not a very serious problem, except in Uganda, where a notable combined 63% of the total respondents indicated that bribes are always or sometimes expected to be

paid so as to make it easier to obtain SPS standards certification as shown by *Chart 113*. The problem in Uganda therefore needs to be addressed.

- The problem of bribery during SPS standards certification in Uganda either stayed the same or became worse in year 2010. However for the other countries except Rwanda, this problem is not expressed a very serious problem, with most respondents either not responding while a notable 30% of Tanzania respondents indicated the issue became better in year 2010 as shown by *Chart 114*.
- Most respondents amongst transporters and CFAs who responded on whether they absorb or pass on the bribery costs to their customers indicated they do not pass on such costs. However a notable 30% of Burundi respondents indicated they pass on such costs to customers, which shows bribery costs borne by customers is only serious in Burundi as shown in *Chart 115*.

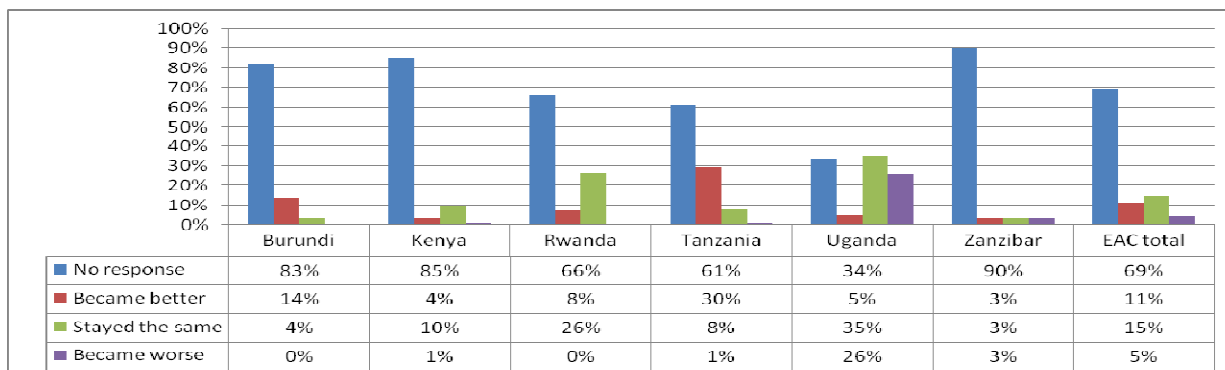
On the whole therefore, bribery on SPS standards certification does not seem to be a very serious issue in the region except in Uganda and to some smaller extent in Burundi.

Chart 113: Indications whether bribes are expected to make it easier to obtain SPS standards certification is a problem



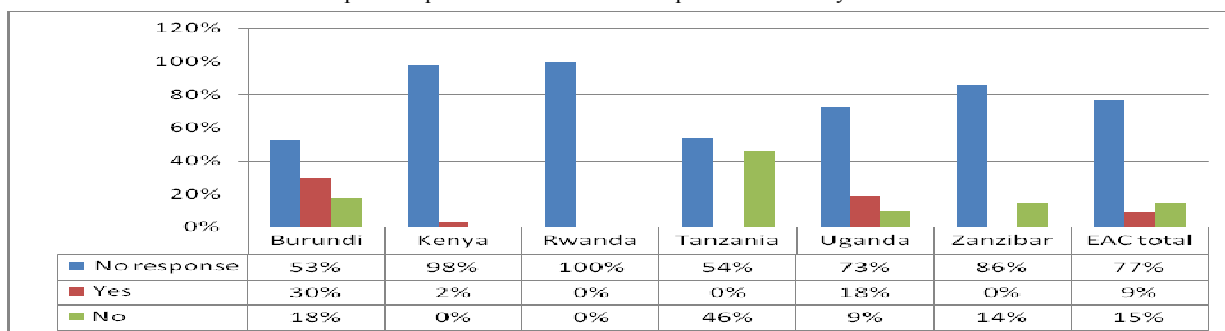
Source: BCI 2011 data – combined percentage responses by transporters, businesses, CFAs and informal cross border traders

Chart 114: Indications whether bribery problem during SPS standards certification became better or worse in year 2010



Source: BCI 2011 data – combined percentage responses by transporters, businesses, CFAs and informal cross border traders

Chart 115: Indications whether transport companies and CFAs absorb or pass on the bribery costs to their customers



Source: BCI 2011 data – combined percentage responses by transporters, businesses, CFAs and informal cross border traders



## 2.10.6 SUGGESTED IMPROVEMENTS ON SPS STANDARDS COMPLIANCE AND TESTING PROCEDURES

### a. Responses by EAC SPS Institutions

Suggestions on improvement of trade procedures, regulatory and administrative requirements, including capacity building activities to ensure businesses comply with set regulations and administrative requirements include:

- Training inspectors on how to conduct inspection efficiently
- Organising seminars for stakeholders to ensure information on regulations relevant to EAC regional trade is well understood
- Attachment to other national standard bodies
- Consistent participation in EAC regional meetings
- Organising training programs for staff
- Organising inter-departmental meetings in relevant institutions
- MOU with COMESA to establish a regional reference laboratory in the community
- Holding seminars to create awareness on various issues for the public
- Establishing an EAC convener for meetings aimed at speedy harmonization of SPS standards amongst Partner States
- Integration of procedures within the wider quality standards need to be considered, including the working terminologies
- Enhancing speed of implementing agreed SPS-related decisions, actualization of reports and action, and prioritization of requisite actions in each country, which should thereafter appear as a regional action plan
- International SPS standards and markets and their impacts on the implementation of EAC SPS standards need to be noted and reflected in EAC discussions and decisions regarding the subject

Bottlenecks associated with raising capacity of businesses to comply with regulations and administrative requirements that were identified during the survey include:

- Inadequate funding for SPS activities
- Resistance to change by businesses
- Required expertise in Phytosanitary issues is insufficient within the region
- EAC SPS standards are not yet well developed and not known by the business community

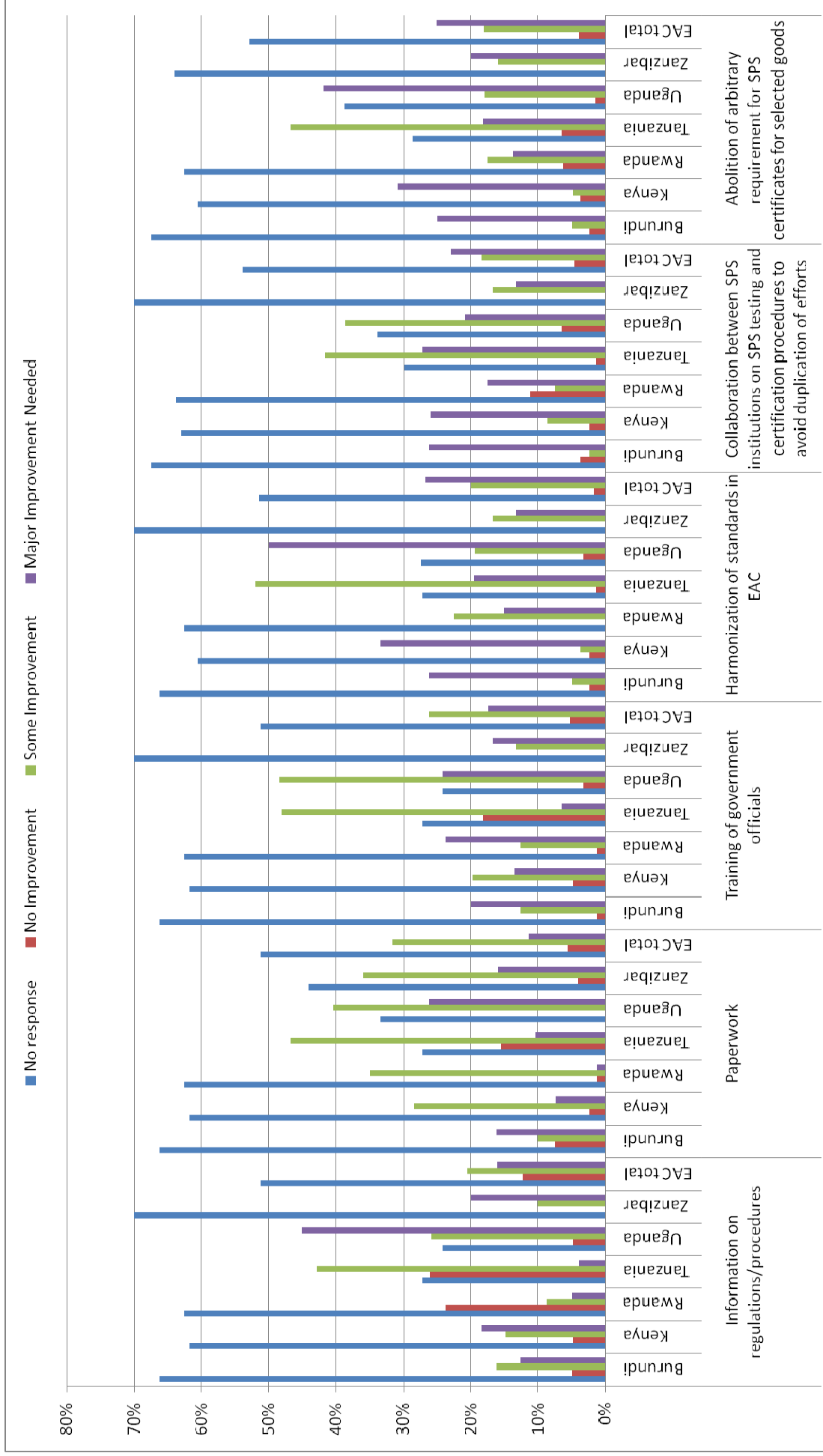
### b. Responses by the business community

The responses by the business community indicate the following preference for suggested improvements based on the combined responses on whether some or major improvements are required to SPS standards documentation and administrative procedures as summarised by *Chart 116* below:

- Harmonization of standards in EAC, to which has a combined response of 47%
- Training of government officials; Paperwork; and Abolition of arbitrary requirement for SPS certificates for selected goods, which have a combined response of 43%
- Collaboration between SPS institutions on SPS testing and certification procedures to avoid duplication of efforts which has a combined response of 42%
- Information on regulations/procedures which has a combined response of 36%

The percentage responses on suggested improvements to SPS standards documentation and administrative procedures are presented in **Annex 16** to this report.

Chart 116: Suggested Improvements on SPS standards documentation and administrative procedures



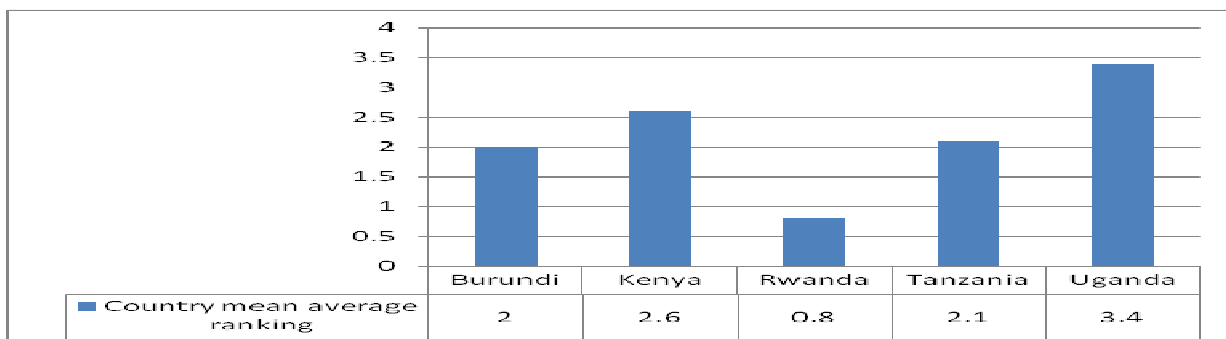
Source: BCI 2011 data- Combined percentage responses by Transporters, Businesses, CFAs and Informal cross border traders

## 2.10.7 RANKING OF EASE COUNTRIES ON EASE AND EFFICIENCY OF SPS STANDARDS AND COMPLAINE PROCEDURES

### 2.10.7.1 Ranking by EAC SPS Institutions

The SPS institutions were asked to rank the EAC countries on trade regulations and administrative requirements, using the response keys of Excellent=5; Good=4; Fair=3; Bad=2; and Worst=1. The average ranking shows that Uganda is rated as the best country in the region with a ranking of above fair (3.4) on ease and efficiency of administration and documentation of SPS, Food and Health procedural requirements by the SPS, Food and Health Institutions as shown in **Chart 117** below. Kenya follows at an average rating of 2.6 thus close to fair. Rwanda appears with the poorest rating amongst the five countries with an average rating of 0.8 and thus below Worst.

Chart 117: Ranking of EAC countries on ease and efficiency of administration and documentation of SPS, Food and Health procedural requirements

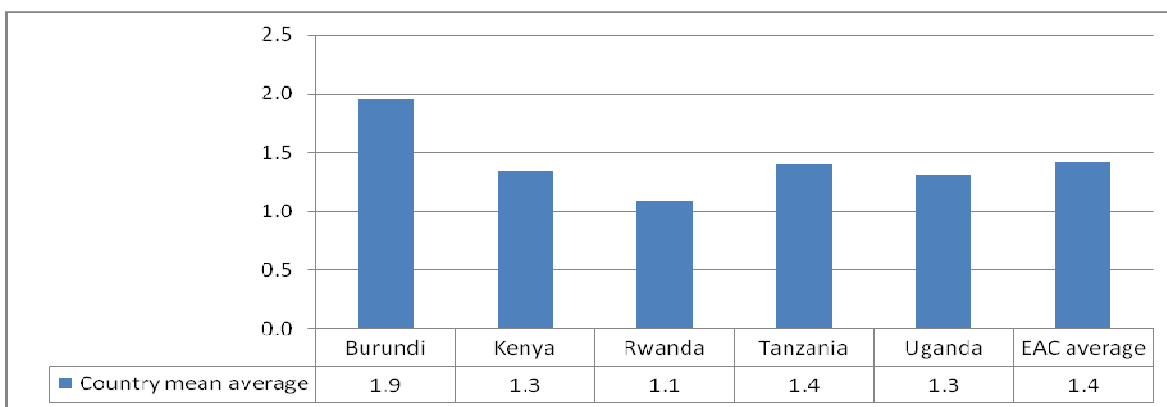


Source: BCI 2011 data: Responses by SPS institutions

### 2.10.7.2 Ranking by business community

While there was poor response to the issue of ranking by business community, the indication as perceived by the total respondents on Excellent, Good and Fair is that Burundi is the best country at 1.9, followed by Tanzania at 1.4, Kenya and Uganda tying at 1.3 and Rwanda taking the tail end at 1.1 as shown in **Chart 118** below. The rating by the business community however indicates that all the five countries are close to WORST on SPS standards inspection and certification procedures. This perception differs from those by indicated by SPS regulatory institutions except on the position of Rwanda as the worst country in the region on ease and efficiency of SPS standards inspection and certification procedures.

Chart 118: Ranking of EAC countries in terms of ease and efficiency of SPS standards inspection and certification by business community representatives from home country and from other EAC countries



Source: BCI 2011 data- Combined percentage responses by transporters, businesses, CFAs & cross border traders

## **2.11 BUSINESS REGISTRATION AND LICENSING PROCEDURES**

### **2.11.1 PROFESSIONAL AND FAIR TREATMENT BY BUSINESS REGISTRATION AND LICENSING OFFICERS**

#### **a. Responses by EAC institutions responsible for business registration and licensing**

Amongst the regulatory authorities that were consulted on business registration and licensing issues include:

- Zanzibar Municipal Council
- BRELA of Tanzania
- Uganda Registration Services Bureau
- Zanzibar Registrar of Companies
- VOIR la SC / Mairie of Burundi
- Kigali Municipal Council – Rwanda
- Ilala City Council of Tanzania
- Kampala Capital City Authority
- Burundi Foreign Exchange Regulation - Business Licensing Department
- Uganda Coffee Development – with respect to registration of coffee processing businesses
- Kenya Pest Controls Board – with respect to registration of companies dealing with trade in chemicals and pesticides
- Uganda National Drugs Authority – with respect to registration of businesses dealing with trade in chemicals, pharmaceuticals and pesticides
- Burundi Food & Health Control Institution – with respect to registration of businesses dealing with trade in food and pharmaceuticals
- Zanzibar Ministry of Health - Food & Drugs Authority – with respect to registration of businesses dealing with trade in food and pharmaceuticals
- Uganda Cotton Development Organization – with respect to registration of coffee processing businesses

The major policy objectives given for business registration and licensing functions as provided by the respective national laws are:

- To facilitate trade and control of business activities
- To ensure compliance with the foreign exchange operations
- To register and license legitimate trade in goods aimed at enhancing tax collection and facilitating delivery of sustainable, quality and customer oriented services effectively and efficiently, including delivery of advisory services to producers
- To facilitate development of all economic activities and regions

The main procedures that the business registration and licensing authorities are mandated to ensure compliance with as part of efforts to achieve the above objectives include:

- Issuance of local government licenses and permits for businesses that operate in a local authority's area of jurisdiction
- Issuance of business licenses for national and international business activities
- Controlling the importation or exportation of goods and ensuring payment of relevant import/ exports charges
- Ensuring payment for services rendered
- Filling of licence forms for purpose of monitoring business activities (type and numbers)
- Ensuring enforcement and compliance to the business laws in place
- Collaborating with tax payers regarding licensed businesses
- Ensuring payment of stamp duty for licensed businesses depending on size and nature of activities
- Inspection of licensed businesses, including on compliance to health aspects for food-related businesses

Some of the key reasons given for the business registration and licensing functions are:

- To control and facilitate trade

- To source for revenue on local and imported goods aimed at enhancing efficient service delivery to local residents, including garbage collection, orderly parking spaces and cleanliness of urban areas, etc
- To ensure trade in expired goods does not take place as part of efforts to safeguard human and animal health
- To control business and trade in products that do not pose danger and safety risks
- To ensuring that traders comply with the set business laws

Regarding whether the law allow officers to introduce temporary compliance points for business registration and licensing procedures, Burundi and Rwanda responded that such temporary points are allowed, while the other countries did not give any response. The implication is that such temporary compliance points are not specified in national laws, and hence businesses have to travel to HQs to apply for registration and licensing. This involves additional costs and time loss.

On impact of business registration and licensing procedures and whether they have enabled the institutions to address their policy objectives as provided by the law, all institutions except Kenyan responded that such processes have facilitated achievement of set objectives. However in Tanzania, business licenses are issued for life, and so it is difficult to track operational ones from those that may have ceased operations. However, all institutions confirmed that the procedures have had positive impacts in the following respects:

- In Tanzania, business licenses are given free of charge and this has enabled many business start ups
- Business registration and licensing gives confidence to businesspeople that their activities are legal, hence assurance too operate without fear of reprisals from concerned authorities
- Business registration and licensing ensure business activities are regulated and that illegal activities are not carried out in the name of business undertakings
- The procedures ensure local citizens are able to easily engage in small businesses which are normally not allowed for entry by foreigners, who would have to acquire resident permits if they were to engage in such activities
- Business registration and licensing procedures enable citizens to pay taxes as part of their obligations under national laws
- The procedures have a big impact to capacity of institutions such as local, municipal and city councils to offer requisite services

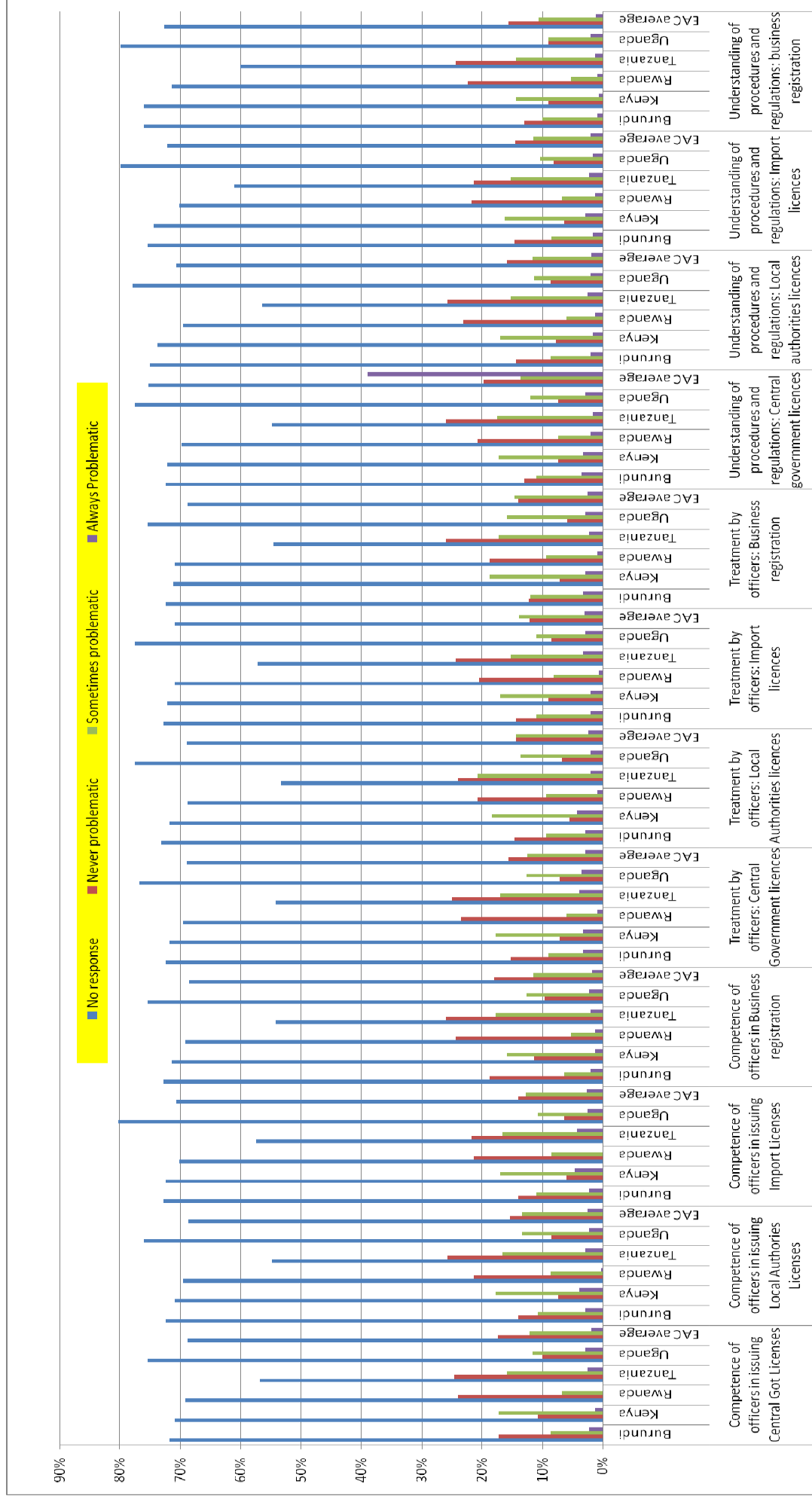
Regarding whether the procedures are easily understood by businesses, all institutions affirmed this to be the case, except in Kenya and Rwanda which did not respond. Burundi respondents however pointed out that while many businesses understand the procedures, some small scale businesses do not care and sometimes do not have capacity to comprehend the content and implications of the procedures.

#### **b. Responses by business community**

As shown in *Chart 119* below, competence, treatment and understanding of business registration and licensing procedures are not perceived as very serious obstacles to business operations, as indicated by the large percentage of non-respondents averaging close to 70% for most of these issues. The percentage of respondents answering that there issues are either always of sometimes problematic are in most cases similar or even less than those who indicated that these issues are never problematic.

The percentage responses on the extent to which competence, treatment and understanding of business registration and licensing procedures are regarded as problematic to business operations are presented in **Annex 17** to this report:

Chart 1 19: Extent to which competence, treatment and understanding of business registration and licensing procedures in each country is regarded as problematic to business operations by companies in home country and from other EAC countries



Source: BCI 2011 data – Combined percentage responses by Transporters, Businesses and CFAs

## 2.11.2 FLOW OF INFORMATION RELATED TO BUSINESS REGISTRATION AND LICENSING

### a. Responses by EAC institutions responsible for business registration and licensing

The regulatory institutions were asked to give their responses on whether management has full understanding of their country's commitments under the EAC integration process and efficiency in execution of such commitment. Only Burundi, Rwanda and Tanzania respondents confirmed they have full understanding of such commitments. However Tanzania additionally pointed out that there are no specific EAC commitments on business registration and licensing procedures that have yet been agreed. Burundi on the other hand proposes the need for the five countries to harmonise their business registration and licensing procedures and practices in efforts to pursue good governance, fight against corruption and ensure there is security for EAC citizens. Based on the poor response to the issues of business registration and licensing and the lack of an EAC guiding framework on harmonization, it is necessary for the region to design such a framework with set timeframes for implementation of agreed decisions.

Burundi, Tanzania, Uganda and Zanzibar confirmed that officers involved in business registration and licensing are fully competent in executing their duties, but however did not point out how information on their country's commitments to EAC integration regarding business registration and licensing flows from EAC Secretariat to country level. In addition, no suggestions were proposed to enhance efficiency in executing EAC decisions on the subject.

### b. Responses by business community

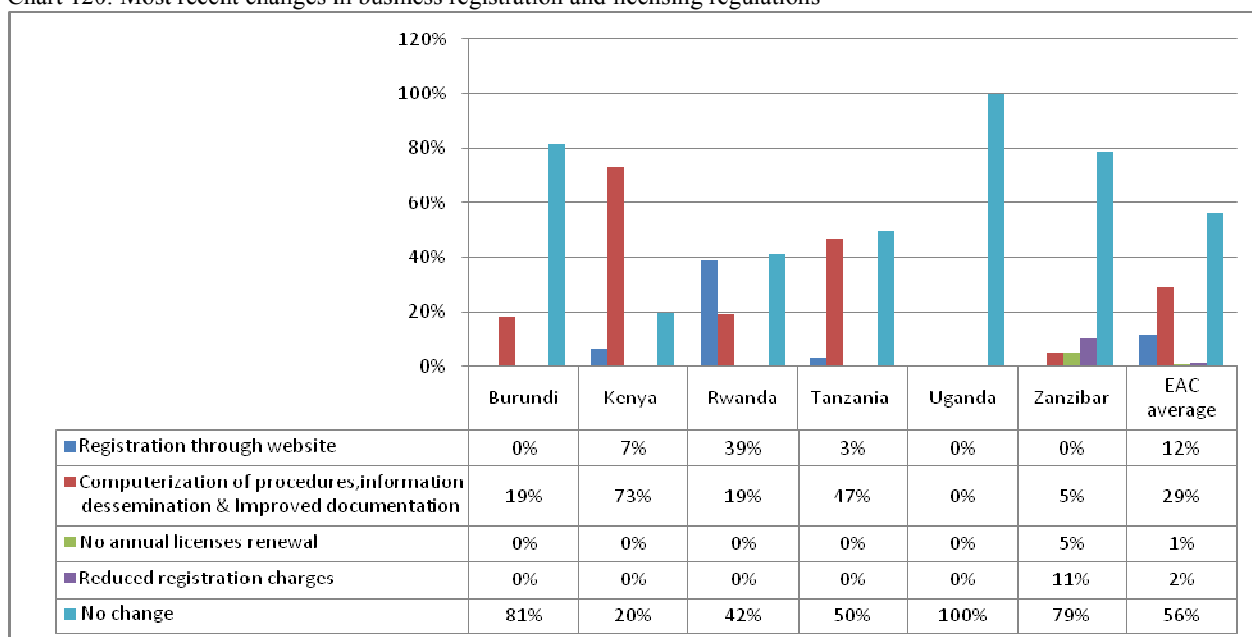
As shown by *Charts 120 to 127* below;

- A sizeable 56% of the respondents are not aware about recent changes made on business registration and licensing in the region as shown in *Chart 120*. Nevertheless on the brighter side, an average 29% of the respondents indicated that the business registration and licensing procedures have been computerized and that information dissemination & documentation has improved (with a higher of 73% and 47% being Kenya and Tanzania respondents respectively). In addition, an average 12% of the respondents indicated that business registration is now possible through internet (with a higher category of Rwanda respondents giving this indication. These positive developments need to be enhanced by disseminating information on required procedures to the business community.
- There are a sizeable percentage of Transporters, Businesses and CFAs who indicate they lack awareness about business registration and licensing requirements both in their home country and in the other EAC countries as shown in *Chart 121*.
- Imports are not affected by import licensing requirements either in home country or in other EAC countries (for example when companies open branches across the borders) as shown in *Chart 122*.
- Business registration requirements do not seem to affect the sale of companies' final products either in home country or in other EAC countries as shown in *Chart 123*.
- A sizeable percentage of the companies experience problems in getting to know about new business registration and licensing requirements and procedures. Zanzibar seems to be the region most affected, with a combined 74% of respondents indicating this is either always or sometimes a problem as shown by *Chart 124*.
- Most of the companies did not respond on the number of steps involved in registering a business either in their home country or across the borders in other EAC countries as shown in *Chart 125*. This issue was investigated with an intention of getting indications whether companies have started to move across borders as part of expanding operations since the Common Market protocol came into force in July 2010. However it seems companies have adopted a wait-and-see attitude. This finding is actually reinforced by the large percentage of companies answering that they experience problems in getting to know about new business registration and licensing requirements in their home country as well in the other countries of the Community.
- The most notable means through which businesses get information about changes in business registration and licensing requirement and procedures include relevant authorities (e.g. investment

promotion authorities and licensing agencies) and business associations; and the media (electronic and print), as indicated 63% and 23% of the respondents respectively, as presented in **Chart 126**. These information channels therefore need to be given priority when dissemination any future information related to this subject.

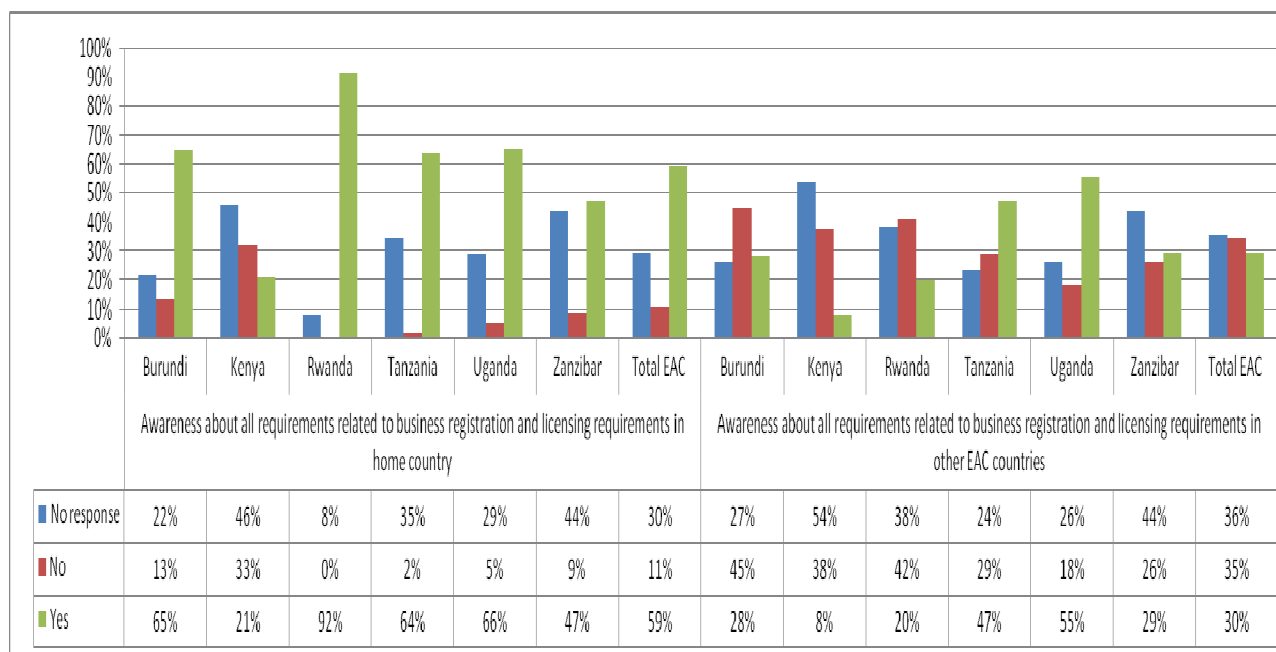
- The lack of information about new/changed business registration and licensing regulations has negative impacts on business operations as shown in **Chart 127**. In this respect, the most notable impact is late deliveries of goods to the market, presumably because when businesses are confronted by responsible authorities with request to produce relevant licenses to enable sales, then they have to incur time loss during the process of applying for such licenses. This results to late deliveries.

Chart 120: Most recent changes in business registration and licensing regulations



Source: BCI data – Combined percentage responses by Transporters, Businesses and CFAs

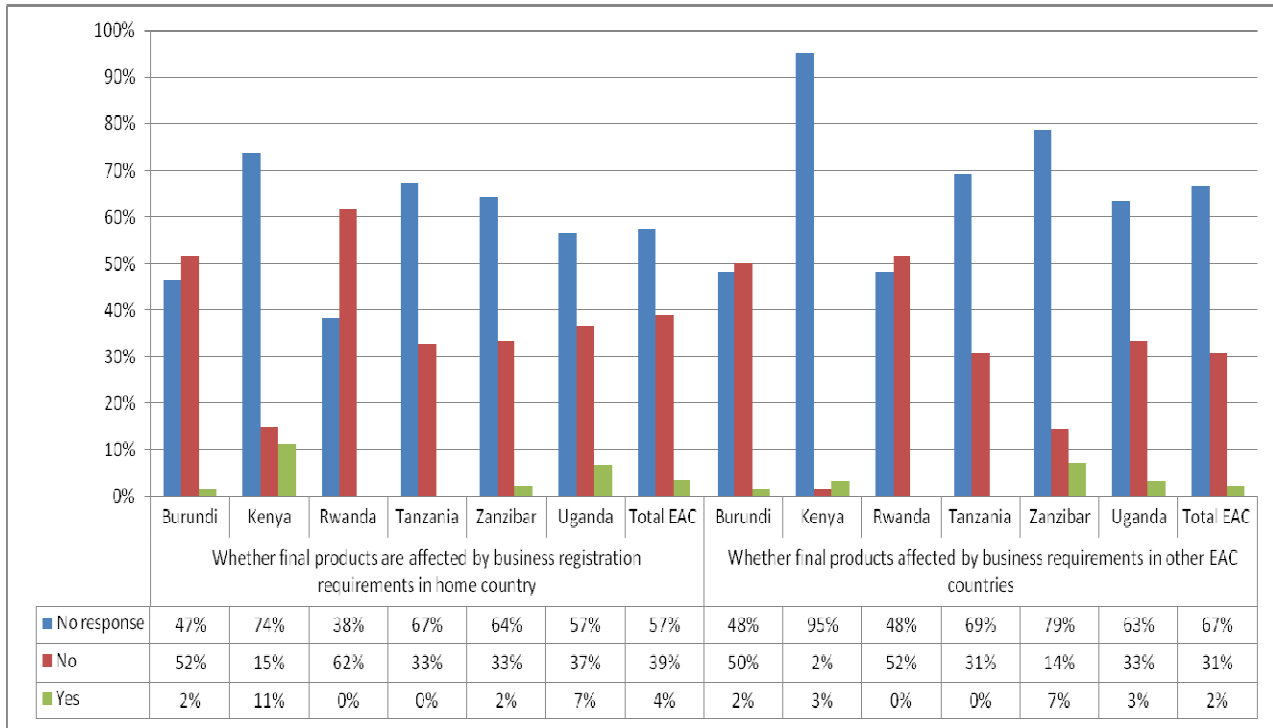
Chart 121: Awareness about all requirements related to business registration and licensing requirements in home country and in other EAC countries



Source: BCI data – Combined percentage responses by Transporters, Businesses and CFAs

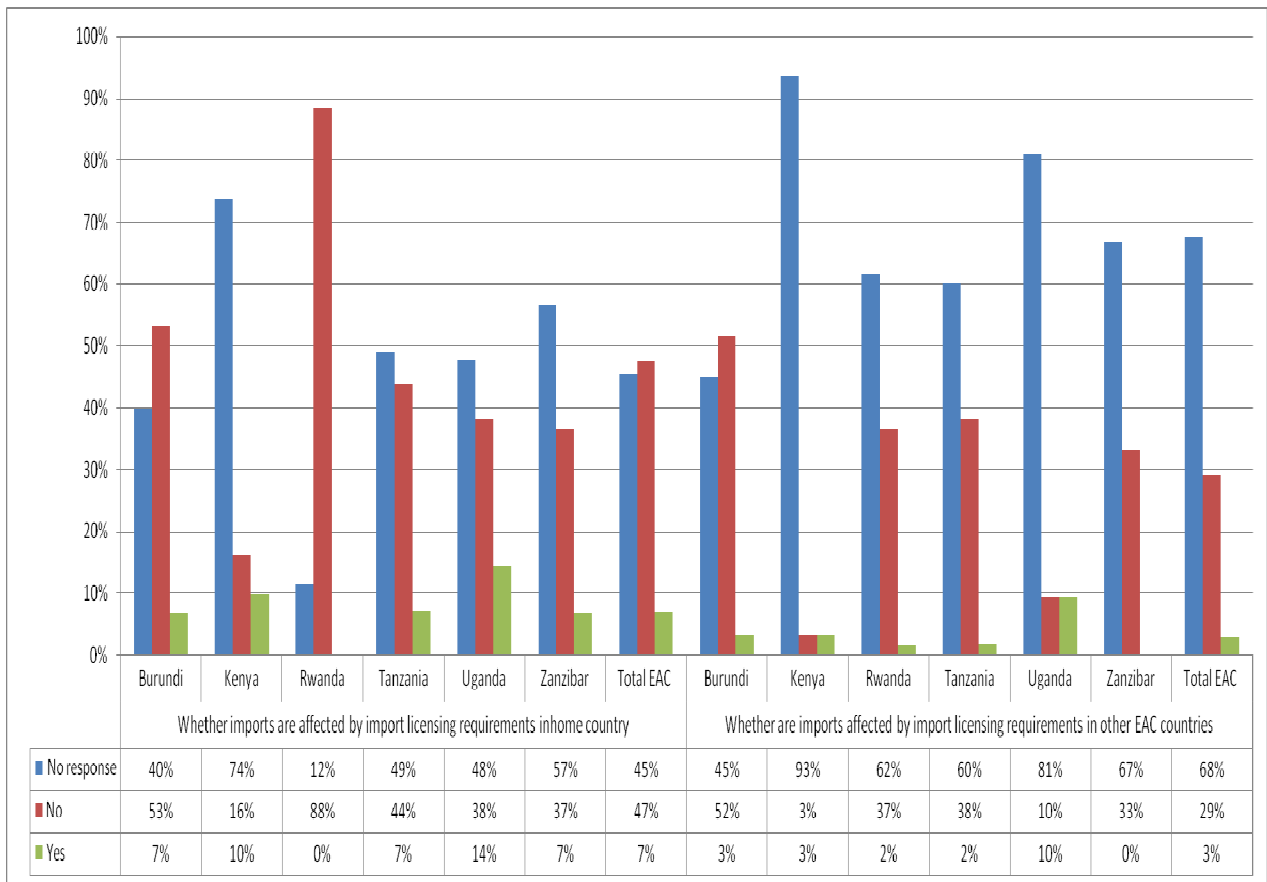


Chart 122: Indications whether imports are affected by import licensing requirements in home country and in other EAC countries



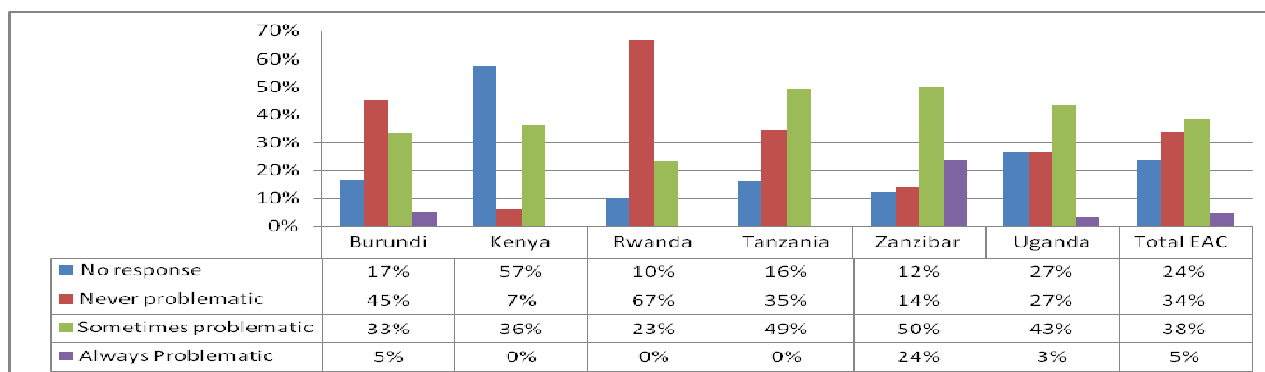
Source: BCI data – Combined percentage responses by Transporters, Businesses and CFAs

Chart 123: Indications whether final products are affected by business registration requirements in home country and other EAC countries



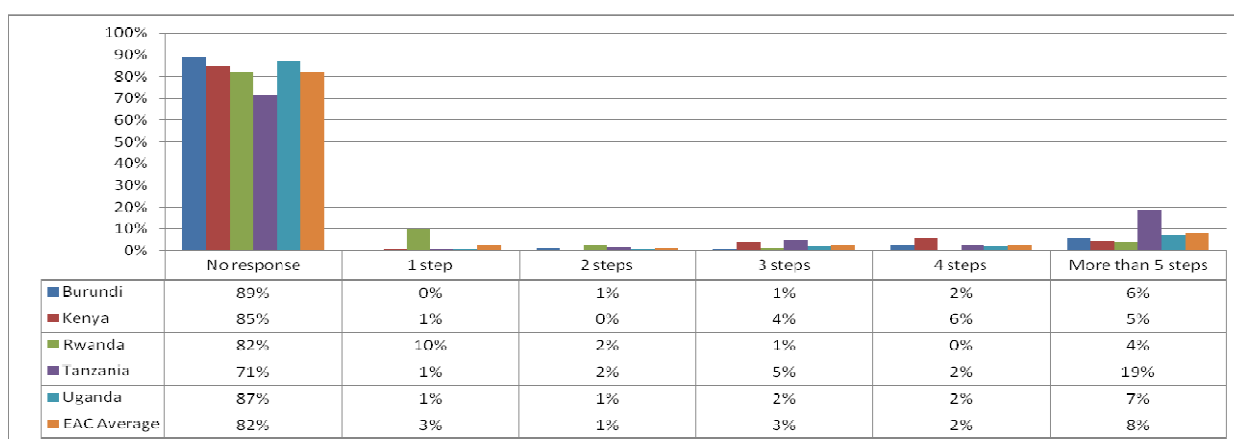
Source: BCI data – Combined percentage responses by Transporters, Businesses and CFAs

Chart 124: Whether companies experience problems in getting to know about new business registration and licensing requirements and procedures



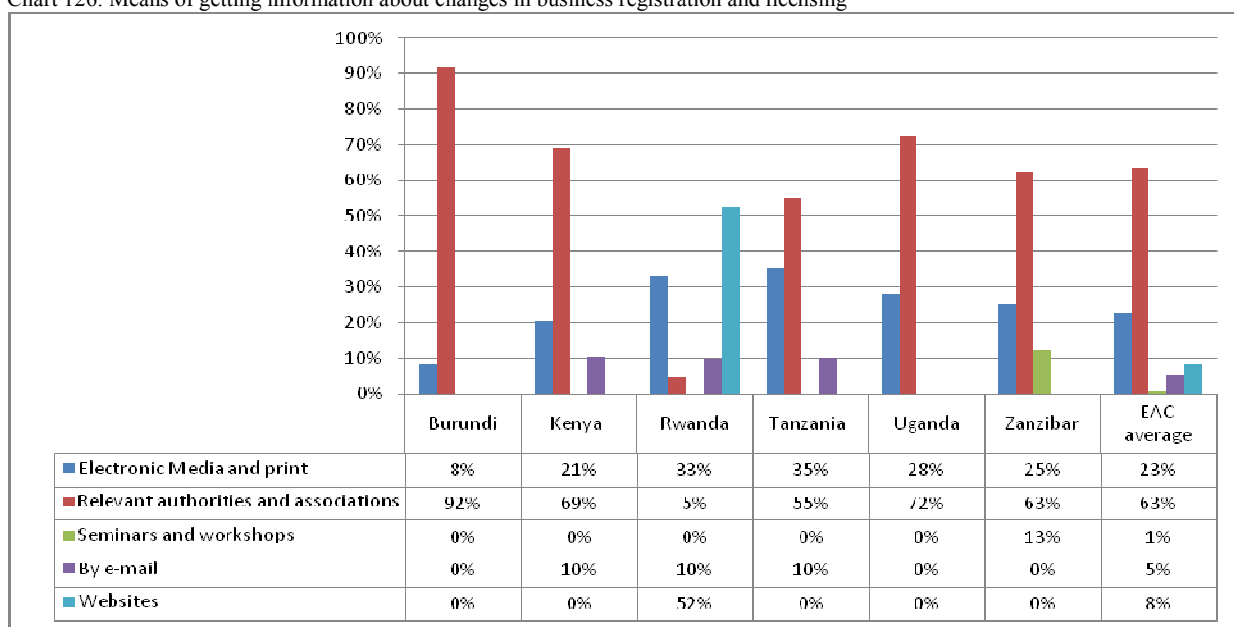
Source: BCI 2011 data – Combined percentage responses by transporters, businesses and CFAs

Chart 125: Indications on average number of steps taken to get business registration by companies in their own country and from other EAC countries



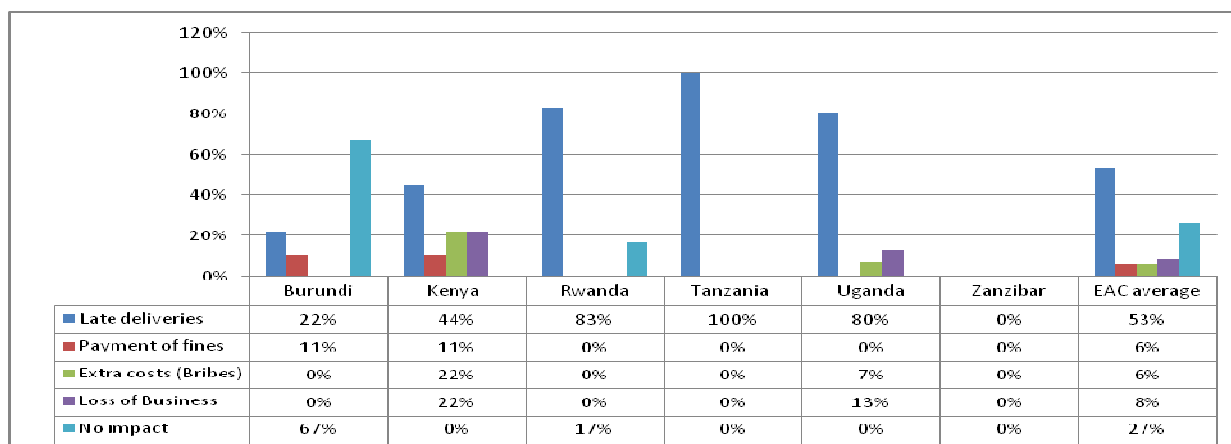
Source: BCI 2011 data – Combined percentage responses by transporters, businesses and CFAs

Chart 126: Means of getting information about changes in business registration and licensing



Source: BCI 2011 data – Combined percentage responses by transporters, businesses and CFAs

Chart 127: Examples of the impact that lack of information on new/changed business registration and licensing regulations has on business operations



Source: BCI 2011 data – Combined percentage responses by transporters, businesses and CFAs

### 2.11.3 EXTRA COSTS INVOLVED IN BUSINESS REGISTRATION AND LICENSING PROCEDURES

#### a. Responses by EAC institutions responsible for business registration and licensing

On whether the procedures are costly for businesses, there was poor response. However, Zanzibar respondents pointed out that licensing procedures are considered costly since a business has to pay a minimum of Tsh 11,000 per application for an import license, while for large businesses, operational licenses on average costs between TSH 40,000-1.5 million depending on the size of the business. Burundi also pointed out that the cost depends on the laws under which the business operates and services offered.

#### b. Responses by business community

As shown in *Table 13* below, an average 45% of the businesses incur additional extra costs of between USD 200 and 1,000 in the process of complying with business licensing procedures. It is to be noted that these extra costs are official costs paid during license applications and therefore additional to extra expenses incurred in form of bribes to facilitate speedy processing of license applications due lack of information about the procedures involved. The extra costs especially hurt businesses in Uganda and are incurred in the following instances:

- Penalty fees for non-compliance with business registration and licensing requirements
- Inefficiencies and poor delegation of authority/ responsibilities in the registration and licensing offices
- Corruption as a habit
- Due to the lengthy procedures and therefore to facilitate speedy registration and licensing

Based on the above findings, it is necessary to continue with the initiative of computerizing and establish online systems for business registration and licensing within the region as part of efforts to enhance transparency and information dissemination about these processes.

Table 13: Extra costs incurred to comply with business licensing procedures

Responses	Burundi	Kenya	Rwanda	Tanzania	Uganda	Zanzibar	EAC average
Less than \$200	0%	100%	100%	0%	8%	0%	13%
\$200 - \$1000	13%	0%	0%	0%	54%	0%	29%
Over \$1,000	0%	0%	0%	0%	38%	0%	16%
No extra cost	87%	0%	0%	0%	0%	0%	42%

Source: BCI 2011 data – Combined percentage responses by transporters, businesses and CFAs

## 2.11.4 TIME TAKEN TO COMPLY WITH BUSINESS REGISTRATION AND LICENSING PROCEDURES

### a. Responses by EAC institutions responsible for business registration and licensing

- Tanzania respondents stated that it takes 1-3 days on average to obtain approval on the business licensing procedures if all application documents are correct
- Burundi respondents feel that the business registration procedures are not time consuming because the process involves banks which are known for fast delivery of services
- Rwanda respondents pointed out that the time taken is a maximum of 1 hour to obtain approval on licenses if all application documents are correct
- Zanzibar states that it takes between 1-3 days for licensing procedures to be completed if all application documents are correct.
- Kenya and Uganda did not respond on the time take for both registration and licensing

Regarding benchmarks on number on time and cost to complete the business registration and licensing procedures;

- Burundi, Tanzania and Uganda responded the time benchmark is set at an average of 1 day for licensing if all documents are correctly filed
- Burundi has an cost benchmark of 11 BFU for licensing if all documents are correctly filed
- Rwanda has a time benchmark of 2 hours for licensing if all documents are correctly filed
- Uganda has a cost benchmark of between USD 50-100 for licensing if all documents are correctly filed
- Zanzibar has set a time benchmark of one week for licensing if all documents are correctly filed
- Zanzibar has a cost benchmark of between Tsh 40,000 to 500,000 for licensing if all documents are correctly filed
- Kenya did not respond on either actual time and costs involved
- All countries did not respond on set time and cost benchmarks for business registration procedures

Based on the varied actual time and cost spent in business registration and licensing procedures against set benchmarks across the region, it is appropriate to harmonise the procedures as part of efforts to facilitate business entry, and to enable proper monitoring of the actual practices at the regional level.

Regarding problems experienced by business while complying with the procedures, Tanzania, Zanzibar and Rwanda responded that indeed there are delays in getting business registration and licensing procedures completed on time. In Tanzania suggest that there is need to review business licenses procedures by making the licenses renewable annually to enable the monitoring of change of business names and activities, change of operational location, operational activities, growth and continued existence.

### b. Responses by business community

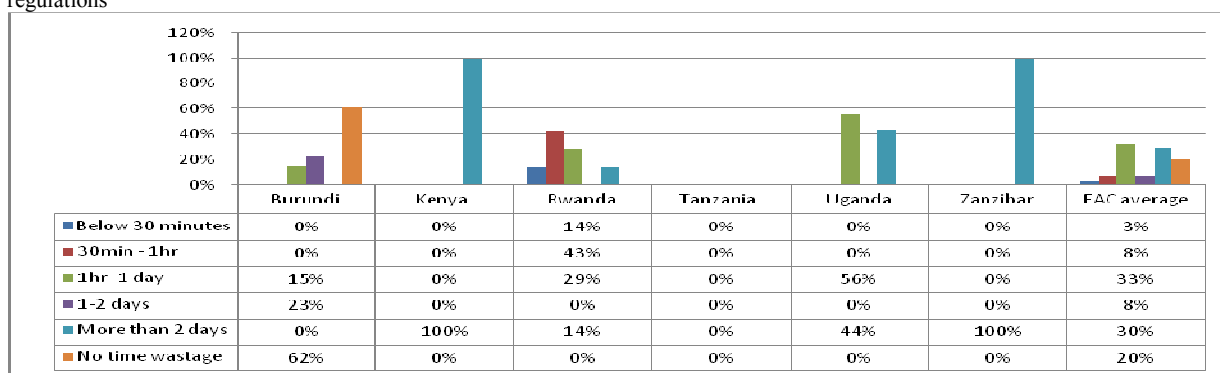
As shown in *Charts 128* to *131* below;

- The average time lost as a result of not being adequately informed about new/changed business registration and licensing regulations seem to range between 1 hour to 1 day as indicated by Burundi, Rwanda and Uganda respondents, between 1-2 days as indicated by Burundi respondents, and more than 2 days as indicated by Burundi, Kenya, Uganda and Zanzibar respondents shown in *Chart 128*. This issue however does not seem to be such a sever obstacle to business operations, since out of the total 310 Transporters, Businesses and CFAs across EAC who were interviewed, only 40 responded to the question. The implication is that the computerization of business registration and licensing procedures and improvements in information dissemination & documentation have actually paid off, thus lessening the burden of time lost in the processes. The competent authorities therefore need to continue making the improvements they have initiated under the two subjects in this respect. It is also important to note that harmonisation of business registration and licensing regulations within EAC has not yet started, which has in turn made businesses to adopt a wait-and-see attitude. It is therefore important to start the harmonisation process and to inform business about such developments accordingly as part of efforts to encourage them to open operational branches across the borders as part of fast-tracking implementation of the Common Market Protocol.

- Most companies do not seem to know the average number of days it takes to obtain a business registered as indicated by the large number of non-respondents to this issue. Among those who responded however, there are indications that the process could take up to 2 months as shown by **Chart 129**.
- Like in the case of business registration, most companies did not respond on the time taken to obtain a business license as shown in **Chart 130**. However those responded also indicate the process could take up to 2 months.
- With regard to whether efficiency of licensing procedures and business registration improved or deteriorated in year 2010, a sizeable percentage indicate the efficiency either stayed the same or deteriorated as shown by **Chart 131**.

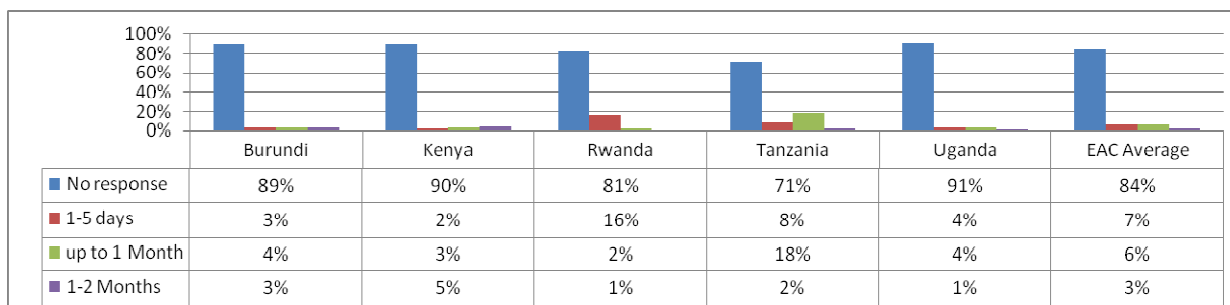
These findings indicate the need to sensitise the business community on procedures involved in registering a business and getting an operational license. In addition the time taken for business registration and licensing needs to be addressed as part of efforts to encourage cross-border movement of capital and business establishment under the Common Market protocol.

Chart 128: Average time lost as a result of not being adequately informed about new/changed business registration and licensing regulations



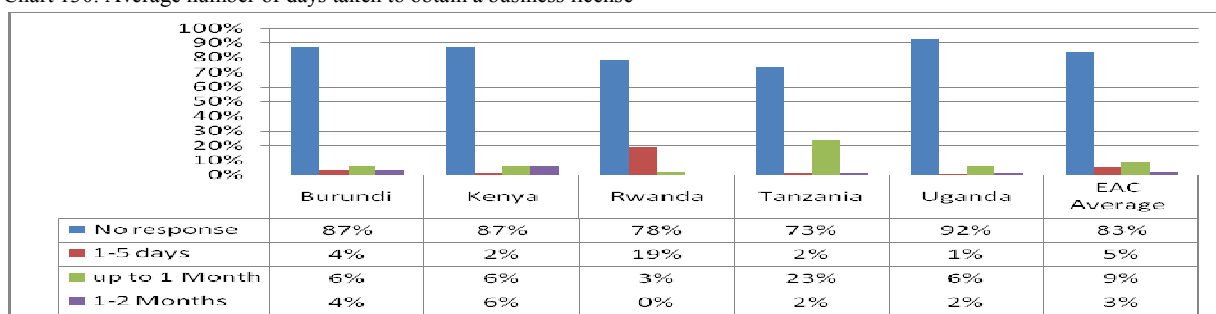
Source: BCI 2011 data – Combined percentage responses by transporters, businesses and CFAs

Chart 129: Average time taken to get business registration



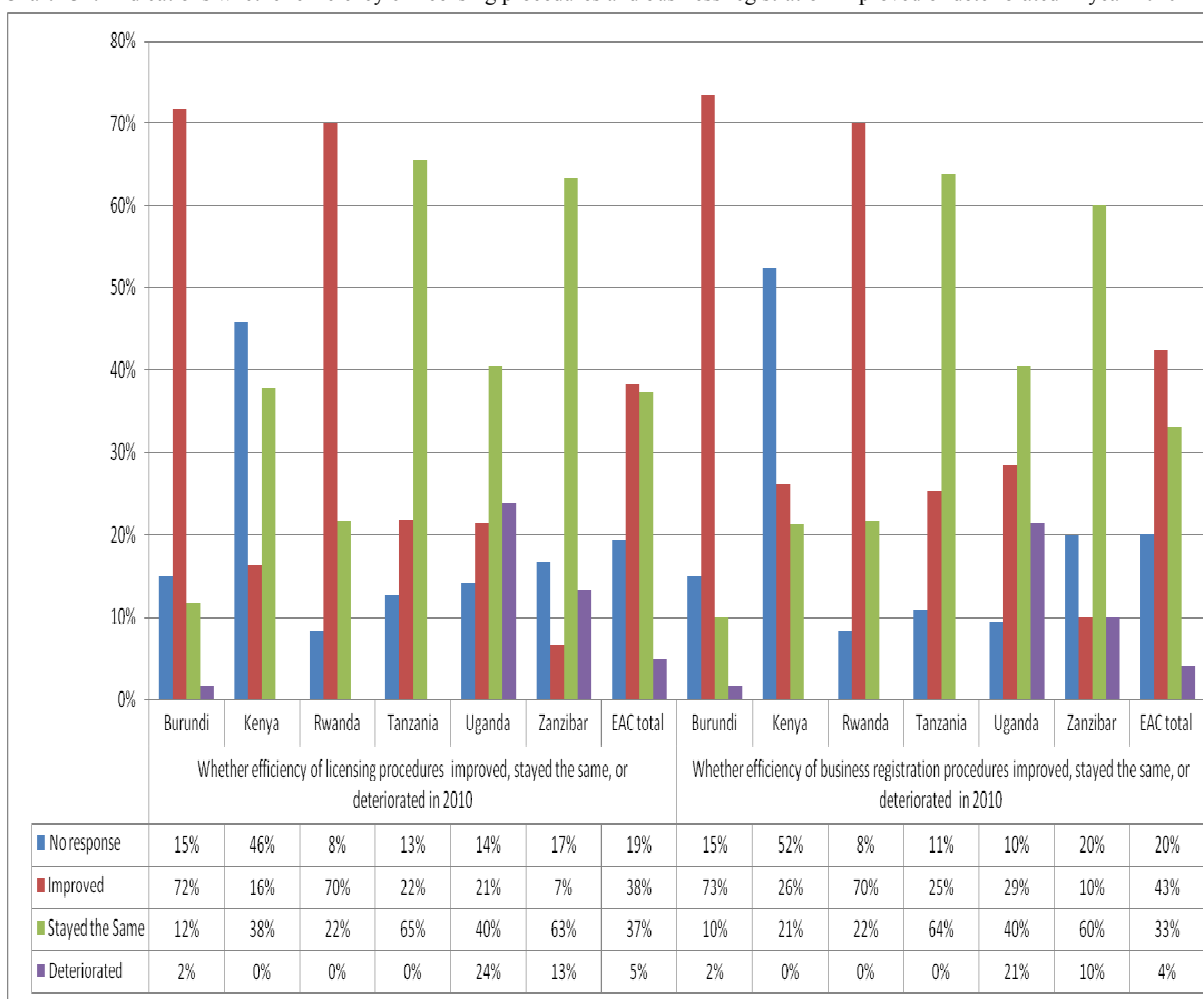
Source: BCI data – Combined percentage responses by Transporters, Businesses and CFAs

Chart 130: Average number of days taken to obtain a business license



Source: BCI data – Combined percentage responses by Transporters, Businesses and CFAs

Chart 131: Indications whether efficiency of licensing procedures and business registration improved or deteriorated in year 2010



Source: BCI data – Combined percentage responses by Transporters, Businesses and CFAs

## 2.11.5 CORRUPTIVE PRACTICES DURING BUSINESS REGISTRATION AND LICENSING

### a. Responses by business registration and licensing institutions

The registration and licensing institutions did not respond on corruption cases that have in the past been reported to management by businesses, or on areas that require improvement in the procedures including capacity building activities to ensure businesses fully comply with regulations and administrative requirements. Also, while Burundi, Rwanda Tanzania and Uganda confirmed they have in the past received complaints about the procedures being NTBs to business operations, all did not specify the specific cases that have previously been reported to management.

### b. Responses by business community

As shown by *Charts 132 to 136* below;

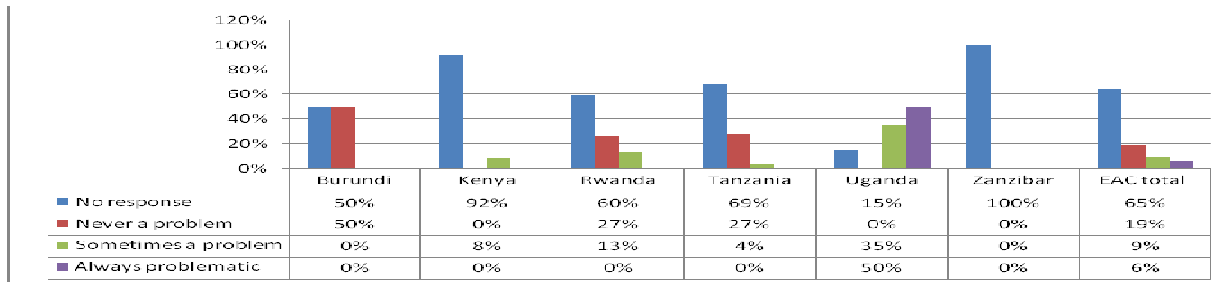
- Bribes are largely not expected to facilitate business registration/ incorporation and licenses as shown in *Chart 131*, except in Uganda where a combined 85% expressed indications that this is either always or sometimes a problem.
- None of the licenses involved (central government, local government or import licenses) seem to affect business operations as shown by *Chart 132*
- Majority of companies do not seem to pay any bribes to officers in charge of Central Government, Local Government or Import Licenses as shown in *Chart 133*. The percentage responses on whether

companies pay bribes to officers in charge of Central Government, Local Government and Import Licenses are presented in **Annex 18** to this report.

- A number of companies indicate that the problem of bribery actually became better in year 2010 as shown by **Chart 134**.

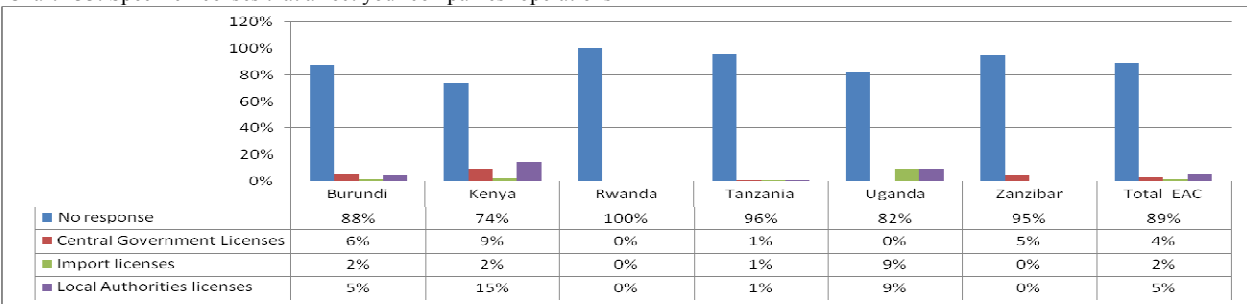
The issue of bribery during business registration and licensing therefore does not seem to be a problem to businesses based on the above findings, and should not receive much attention in the region's reform process.

Chart 132: Indications whether allegation that bribes are expected to facilitate business registration/ incorporation and licenses is a problem for businesses



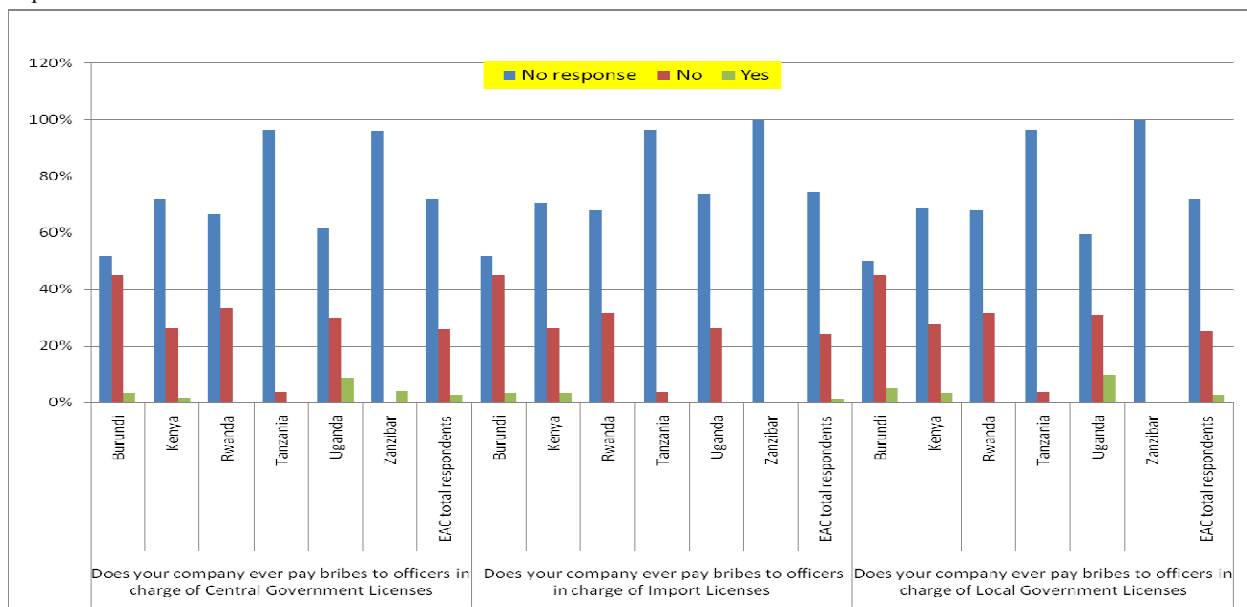
Source: BCI data – Combined percentage responses by Transporters, Businesses and CFAs

Chart 133: Specific licenses that affect your companies' operations



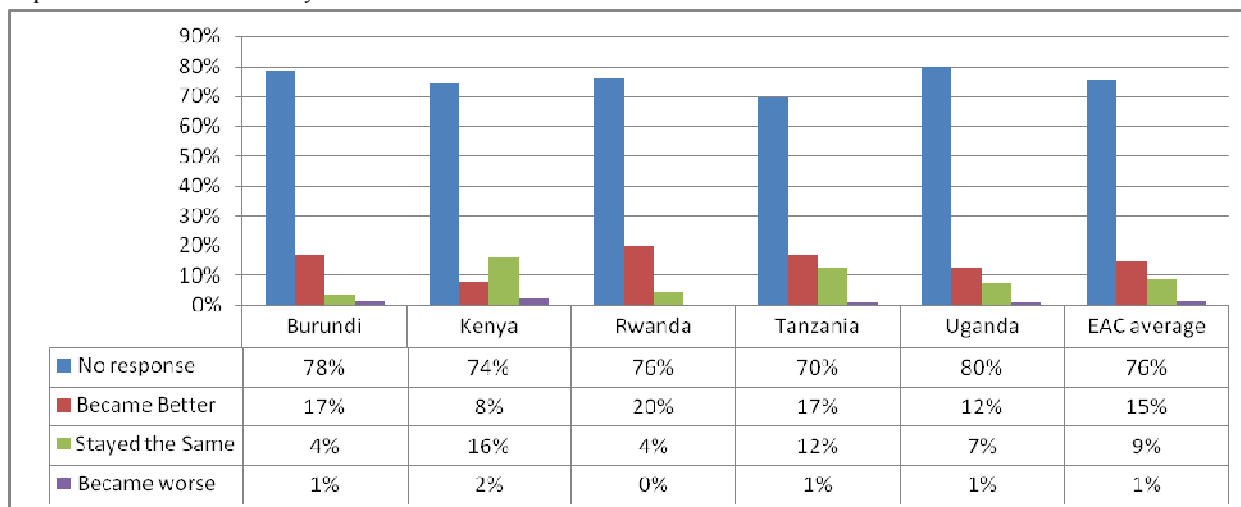
Source: BCI data – Combined percentage responses by Transporters, Businesses and CFAs

Chart 134: Indications whether companies ever pay bribes to officers in charge of Central Government, Local Government and Import Licenses



Source: BCI data – Combined percentage responses by Transporters, Businesses and CFAs

Chart 135: Whether the problem of bribery during licensing and business registration became better or worse in year 2010 as seen by respondents in their home country and from other EAC countries



Source: BCI data – Combined percentage responses by Transporters, Businesses and CFAs

## 2.11.6 SUGGESTED IMPROVEMENTS TO BUSINESS REGISTRATION AND LICENSING PROCEDURES

### a. Responses by business registration and licensing institutions

The institutions in charge of registration and licensing functions did not respond on planned actions to eliminate NTBs incidences just like in the case of corruptive practices. These weaknesses are clearly explained by the fact that no decisions have yet been made under EAC organs regarding business registration and licensing reforms. These gaps reinforce the need for a guiding framework on harmonization of business registration and licensing procedures, which would in future facilitate discussions on the subject

### b. Responses by business community

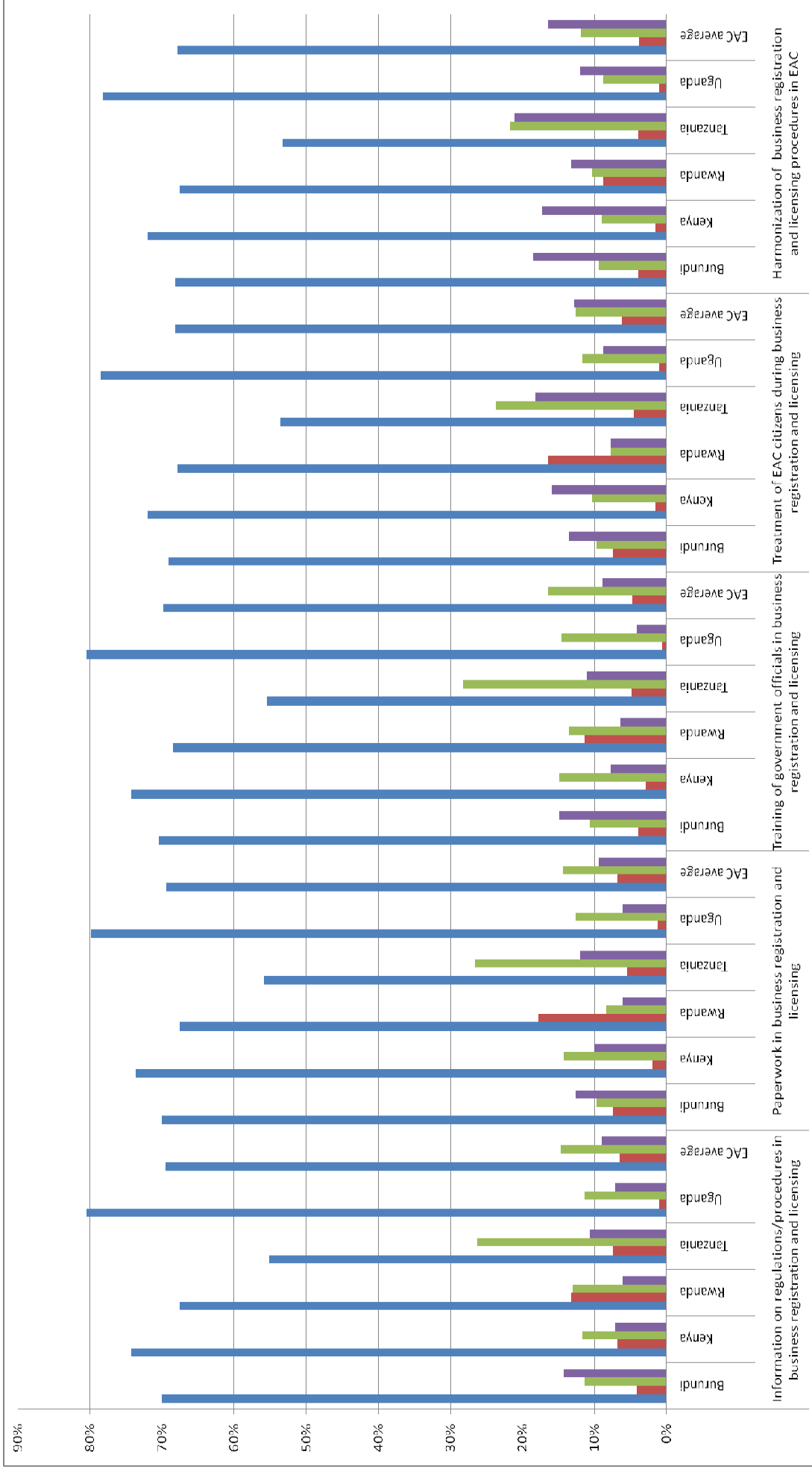
While reforms on business registration and licensing do not seem priority issues as seen by the low response rates on required reforms shown in *Chart 136* below, nevertheless indications show that companies would prefer the following preferences, based on the combined responses as to whether major or some improvements are required:

- Harmonization of business registration and licensing procedures in EAC, which has a combined response rate of 28%
- Treatment of EAC citizens during business registration and licensing, which has a combined response rate of 26%
- Training of government officials in business registration and licensing, which has a combined response rate of 25%
- Information on regulations/procedures in business registration and licensing, which has a combined response rate of 24%
- Paperwork during business registration and licensing, which has a combined response rate of 23%

The percentage responses on suggested improvements to business registration and licensing procedures as seen by respondents in their own country and from other EAC countries are presented in **Annex 19** to this report.



Chart 136: Suggested improvements on business registration and licensing procedures as seen by respondents in their own country and from other EAC countries



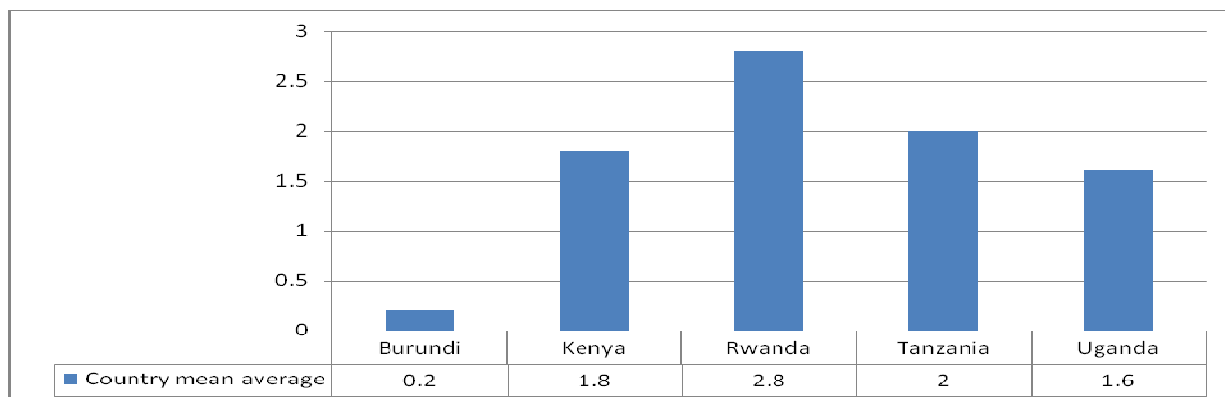
Source: BCI 2011 data – combined percentage responses by Transporters, Businesses and CFAs

## 2.11.7 RANKING OF EASE COUNTRIES ON EASE AND EFFICIENCY OF BUSINESS REGISTRATION AND LICENSING PROCEDURES

### 2.11.7.1 Ranking by institutions responsible for business registration and licensing

The institutions in charge of business registration and licensing functions were asked to rank the five EAC countries on ease and efficiency of business registration and licensing procedures using the response keys of Excellent=5; Good=4; Fair=3; Bad=2; and Worst=1. The results show that Rwanda appears close to FAIR, while all other countries on average are rated by the authorities in charge of these functions (incl. local authorities) as BAD as shown in *Chart 137* below.

Chart 137: Ranking of EAC countries on ease and efficiency of business registration and licensing procedures and administrative requirements as perceived by institutions responsible for these functions

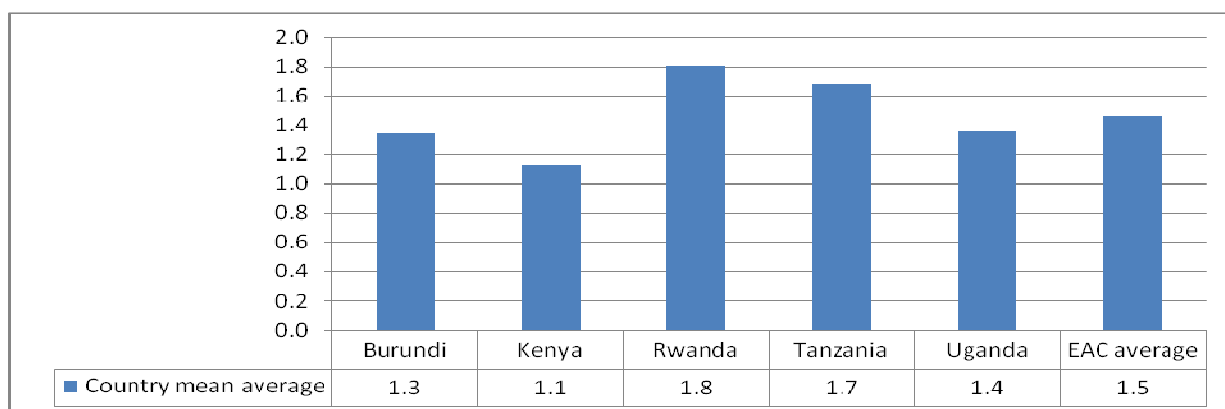


Source: BCI 2011 data: Responses by business registration and licensing institutions

### 2.11.7.2 Ranking by business community

Based on the combined responses by business community representatives on whether EAC countries are either Excellent, Good, Fair, Bad or Worst on business registration and licensing procedures and administrative requirements, Rwanda is rated as the best country at 1.8, followed by Tanzania at 1.7, Uganda at 1.4, Burundi at 1.3 and Kenya taking the tail end at 1.1 as shown by *Chart 138* below. The business responses are therefore in agreement with regulatory institutions that Rwanda takes position 1 on the ease and efficiency of these procedures, followed by Tanzania at position 2. However, there is no consensus on the positions of the other three countries. It is noted also noted that the business community perceives the region on average as BAD in business registration and licensing procedures. Rwanda's position also agrees closely with the World Bank's Doing Business 2012 that the country is a regional best practice on business registration procedures.

Chart 138: Ranking of EAC countries in terms of difficulties posed to business during business registrations and licensing as perceived by respondents in their home country and from the other EAC countries



Source: BCI data – Combined percentage responses by Transporters, Businesses and CFAs

### 3. CONCLUSIONS

The BCI assessment of the general business climate and the impact of NTBs clearly points out major findings where reforms are required as part to ease difficulties experienced by businesses in the course of undertaking intra and extra EAC trade. In this respect, the following conclusions are made based on the findings.

#### 3.1 GENERAL BUSINESS CLIMATE

The BCI assessed the level of importance, current situation, whether the situation improved or deteriorated in 2010, and the expectations in 2011 on the business climate factors (BCF) based on perceptions by the business community. The findings show that:

- All the 10 business climate factors assessed re regarded as very important to business operations.
- With regard to the Current Situation of BCF, access to affordable and reliable energy emerges is perceived as the single most serious obstacle to businesses operations across the region, except in Rwanda where respondents also view Access to affordable skilled labour, and Quality and cost of transport as poor. In addition, the current situation on Ease of Trading Across EAC Borders is regarded as poor by Tanzanian respondents; while for Zanzibar respondents, Energy, Access to finance, Access to business support services and Ease of trading across EAC borders under the Common Market and Customs Union in July 2010 are regarded as poor.
- With respect to whether the BCF situation improved or deteriorated in year 2010, the average EAC responses indicate no changes occurred regarding Access to affordable skilled labour, Quality and cost of transport, Security, Legal and regulatory framework, and Access to business support services. In addition, some minor deterioration was recorded on Access to affordable energy and on Access to Finance. At the country level, there are some variances regarding whether the BCF situation improved or deteriorated in year 2010. In this respect;
  - In Burundi, notable areas are Access to affordable skilled labour, Security, and Access to business support services.
  - In Kenya, the key areas are Legal and Regulatory Framework, Access to business support services and Security.
  - For Rwanda, major areas include Access to affordable and reliable energy, Access to affordable skilled labour and Access to business support services.
  - For Tanzania, areas of concern include Access to affordable skilled labour, Legal and Regulatory Framework, Quality and Cost of Transport and Access to finance.
  - Uganda’s concerns center on Legal and regulatory framework, Access to affordable skilled labour and Access to business support services.
  - As for Zanzibar, the notable areas include Quality and Cost of Transport, Access to business support services and Access to Finance.
- Regarding perceptions on BCF in 2011, the EAC average shows some minor improvements are expected on Ease of trading across EAC borders under the Customs Union and the Common Market. However expectations at country level however differ with Burundi expecting major changes in all business climate factors. In Kenya, some minor improvements are expected on Ease of trading across EAC borders under the Common Market and Customs Union, while some deterioration are expected on Quality and Cost of Transport, Access to affordable and reliable energy, and Access to Finance. Rwanda respondents expects the Ease of trading across EAC borders under the Customs Union to improve, while all other BCFs are expected to remain the same. For Tanzania, some minor improvements on Access to affordable and reliable communications and on Ease of trading across EAC borders under the Customs Union are expected. Uganda on the other hand does not expect any changes on Quality and Cost of Transport, Security, Legal and Regulatory Framework, and Access to business support services. As for Zanzibar, most respondents expect no change on Access to affordable skilled labour, Quality and Cost of Transport, Security, Legal and Regulatory Framework, Access to business support services, Ease of trading across borders under both the Common Market and Customs Union.

## 3.2 NON-TARIFF BARRIERS

### 3.2.1 Port administrative procedures and documentation requirements

The findings show that the highlights summarized below.

- To ensure that the Ports of Mombasa and Dar es Salaam, and other inland ports in the region achieve their policy objectives as provided for by respective national laws without causing additional cost and time burden to port users, it is important to consider provision of selected service through concessions, private public partnerships and joint venture approaches, focusing efficiency improvements and faster clearance of cargo from the port area. It is also necessary to review the performance of some ongoing initiatives such as operations of Internal Container Depots which have been accused by the business community as inefficient in decongesting the ports and ensuring faster access to imports.
- The ports' administrative procedures and documentation requirements play important roles in influencing the transport sector to observe proper documentation prior to delivery and receipt of cargo, efficient collection of trade statistics on both imports and exports, provision of timely and cost-effective port facilities to port users, reduction of maritime transport costs and in eliminating unfair trade practices by offering services on equal terms to all port users among other functions. It is therefore imperative to apply the procedures and requirements diligently so that they do not become an additional burden to port users.
- There are instances when the port officers do not give any reasons as to why they stop trucks delivering goods from the port area whenever such stops are made. It is important for management to ensure such practices are stopped since they have a high chance for encouraging bribery as found out during the survey. The reasons for stopping trucks at the port area should therefore be clearly documented, and drivers should always be reminded about required checks whenever trucks are stopped, while improvement needs to be made on the time taken to complete the checks.
- The survey found that although congestion at the two EA Ports has continuously been cited as a key bottleneck to fast and efficient clearance of imports and exports, this is due to insufficient and inefficient cargo handling facilities, poor speed in transferring cargo from incoming vessels to ICDs, and insufficiency of warehousing facilities for incoming cargo; but not as a result of incompetence by port officials. In addition there is need to focus future attention on achievement of ongoing and planned initiatives so as to monitor impact of identified bottlenecks, including Inadequate berthing capacity for incoming ships, Inadequate capacity for cargo stacking, poor cargo take-off by the rail system; and establishment of an integrated system in the physical infrastructure system (roads, rail, pipeline and port infrastructure).
- The lengthy time taken between berthing of a ship for cargo to delivery of cargo to owners in ends up making the region's manufacturers uncompetitive compared to countries competing for EAC domestic markets. In addition, CFSs which were originally introduced to address ports' congestion by facilitating the direct movement of cargo from the port area have been unable to cope with increased demand for containerized cargo. Instead of decongesting the ports, they have actually increased the congestion problem, thus affecting ability of incoming vessels to berth and discharge cargo. In turn, there is inevitable imposition of vessel delay surcharge by some shipping lines. It is therefore necessary to seriously rethink the management of CFSs and initiate necessary reforms in this area.
- The BCI findings show that port procedures have contributed to compliance, congestion; delays in documentation processing, cargo clearance and payment of invoices
- Bureaucracy and sanitation/environmental pollution; Some perishable goods losing before departure to importers; Damaged on some goods; and Demurrage charges by shipping agents for delayed turn-around time for vessels.
- The two ports authorities experience some weaknesses in passing information on EAC commitments to executing officers because of insufficient capacity to ensure efficient information flow and timely updates of websites; and insufficient financial resources to ensure proper representation in EAC trade facilitation forums.
- A sizeable percentage of the survey business respondents indicate that on overall, the efficiency of cargo handling by the EA port authorities stayed the same in year 2010. The survey however notes that the two ports of Mombasa and Dar es Salaam have initiated specific projects to address bottlenecks experienced by businesses and other port users in order to improve efficiency levels.

### 3.2.2 Customs procedures and administrative requirements

The BCI findings show the following major highlights:

- Customs administrative procedures and documentation requirements play important in tax collection and trade promotion functions as provided for respective Partner States national laws. The requirements have also contributed to achievement of various positive impacts to business operations, including facilitating intra-EAC trade; improving transparency in the business climate; facilitating introduction of one-stop border stations. However, some of the requirements are perceived as too lengthy, resulting to time loss and other negative impacts. Additionally, in Burundi majority of business people only understand Kirundi or Kiswahili while the national customs law is written in French or English, thus hindering ability to efficiently comply with the customs law and administrative requirements and additional extra costs for preparation of required customs documentation by CFAs. The customs systems used to classify imports (ASYCUDA and Simba) also sometimes experience network failures resulting to lengthy time for clearing an import transaction. Businesses are additionally required to get approvals from numerous government institutions, leading to time loss and additional costs. Other bottlenecks include limited knowledge by many taxpayers about customs procedures leading to extra costs due to engagement of CFAs to prepare documentation on import/export transactions.
- Tanzania has numerous customs stations along the central corridor, which results to numerous stops for customs checks and thus time loss of at least 1 hour per stop.
- While the five EAC revenue authorities state confirmed full awareness about their country's commitments to the EAC integration process, they experience some delays in passing EAC commitments to executing officers due to financial constraints, internal work overload by senior management, and internal information system bottlenecks.
- A notable percentage of business respondents pointed out that they are not aware about EAC customs/port requirements for exporting and importing within the EAC region. In addition, many businesses are not aware about customs/port regulations for trading with non-EAC region.
- The survey found out that the major information channels through which businesses normally get informed about new changes to customs and port/border stations procedures and regulations include Customs officers and mass media; emails and letters from industry associations; and CFAs. This clearly shows that as the integration process deepens, there is need to invest more resources in these information channels as the medium for keeping businesses up-to-date on changes that may occur on customs, ports and border stations procedures and regulations. Proper information dissemination would also lessen the impact that lack of information about new and changed customs regulations has to business operations, thus increasing intra-EAC trade and reducing costs associated with the compliance process.
- With regard to awareness about the EAC simplified Trade Regime (STR), the survey found out that many informal cross border traders are not yet aware about the scheme and so have never utilised it. In addition, for cross border traders who are aware about the scheme such as those at Malaba Border Station, efforts to utilise it have been hampered by border security staff (*in this case on the Uganda side*), who demand bribes in order to let goods cross borders. Any efforts to cross the border without payment of demanded bribes results to harassment of the traders and tearing of the simplified certificate of origin already approved by customs. The contribution of the scheme in enhancing intra-EAC trade has therefore been rendered useless by bribery practices which need to be urgently addressed.
- Majority of businesses proposed the need for improving customs working hours; administrative procedures and documentation at border stations and at the ports; customs interface systems amongst EAC countries; training of customs officers on how to deal with business practitioners; improvement of port storage facilities, procedures and charges; and better information dissemination about the Simplified Trade Regime for small value trade.

### 3.2.3 Immigration procedures and administrative requirements

The major highlights of the survey with regard to immigration procedures and administrative requirements are summarised below.

- Immigration procedures and administrative requirements as provided for in the respective national laws are intended to provide security and protection of the countries against illegal immigrants; ensure registration of persons and issuance of travel documents to facilitate free movement of people and goods; provide consular services in missions abroad; regulate residency and employment of non-citizens; and capture data on persons travelling into and outside the country among other objectives. The immigration authorities are mandated to ensure compliance with various regulations in this respect. Some of the bottlenecks related to efficient discharge of these functions include too many applicants against insufficient institutional capacity; lack of coordination between law enforcement bodies charged with facilitating entry of investors; too involvement of numerous institutions in issuance of work and residence permits; high cost of documents; non-computerised application processes for work and residence permits; and requirements for numerous supportive documentation to facilitate approval of work permits for foreign workers.
- The immigration procedures have had some negative impacts to businesses, including speedy acquisition of passport thus restricting travels within the region. In addition, the lengthy procedures for processing documents for new investors have restricted increased entry of desired investment. Additionally, the Community has opened free trade in the region without giving emphasis to review of required travel procedures and administrative regulations, which has delayed expected gains of the integration process and free movement of capital and people across the borders. There have also been occasional delays in processing work permits and residential permits.
- Most businesses indicated lack of awareness about recent changes to immigration requirements although a few indicated that there have been increased on efficiency in service delivery and introduction of the EAC Passport. This demonstrates the need to sensitise businesses about issues related to free movement of persons within the region, including requirements for cross-border travel as provided for in the recently concluded Common Market Protocol.
- The survey found out most businesses obtain new information about new or changed immigration procedures through immigration authorities/officers, media (especially reports, journals, magazines and newspapers), and websites and emails. These indications point out the priority information medium that should used in future to inform the business community about immigration requirements across the region center around these channels.
- With respect to whether efficiency of immigration procedures improved or deteriorated in year 2010, responses indicated that the efficiency stayed the same as before. In addition, most businesses indicated they spend less than USD 200 per month on these procedures. The main expenditure items include accommodation at the capital cities where applications for passports and work permits are made, transport charges to make applications, unexpected penalties and damaged goods if the transport vehicle happens to arrive at border stations without necessary papers. While the expenditures incurred may seem minimal, it is necessary to address the bottleneck by sensitising the business community about required immigration requirements when crossing EAC borders so as to reduce related expenditures.
- With regard to whether the problem of bribery at immigration offices improved or worsened in year 2010, a number of businesses indicated that this problem stayed the same as before, especially during application and/or issuance of travel documents. The survey also identified some priority actions to reduce incidences of bribery at immigration offices, including the need to accept IDs from businesspeople, centralise processing of and issuance of work permits, and conduct seminars for border officers on need for faster service in issuance of travel documents to EA citizens.
- Related bottlenecks that need to be addressed so as to raise capacity of businesses to comply with regulations and administrative requirements include appropriate budgetary allocations for organising seminars, workshops, and capacity for inter-departmental and regional communication channels; culture change in issuance of immigration-related documents; and enhanced communication between counterpart immigration institutions and policy making organisations involved in investment promotion.

### 3.2.4 Police checks procedures at roadblocks

The following were the major highlights of the BCI with regard to procedures for police checks at roadblocks:

- The police checks procedures and administrative requirements at roadblocks are provided for in respective national laws in order to achieve some key policy objectives; including: compliance to specified vehicle weights, control of passengers and goods entering or leaving the territories of the Partner States, stopping corruption practices, compliance with laws governing importation of vehicles, ensuring security to citizens and goods, maintaining general law and order, and providing escorts for transit goods and cargo. The ability of police departments to pursue the set objectives have however been hampered by lack of equipment to scan content of goods, increased challenges of identifying illegal immigrants, increased cases of forged visas and travel documents by illegal immigrants, inability of small scale business operators to understand the procedures, and increased incidences of overloading leading to lengthy time loss and added costs for transporters. The procedures have also contributed to some negative impacts, including increased travel time for businesses by road transport as a result of increased number of weighbridges that the police are mandated to ensure compliance with. Other major bottlenecks related to the police checks include:
- The region has numerous roadblocks, tabulated at a count of 25 on Northern Corridor and 22 on the Central Corridor. At some of these roadblocks and especially on the Kenya side, no checks are done after stopping the trucks but instead there is continuous practice of soliciting for small value bribes of less than 1\$ at each stop, which also applies in Uganda for majority of the drivers. The same problem of bribes also applies on the Central Corridor, where the amount is larger at between \$1-5 per truck. While the bribery figure at roadblocks may seem a small amount per vehicle, it becomes a large sum when all the trucks plying the Northern and Central Corridors are added up; indicating that bribery at roadblocks is a major cost to the region's businesses and eventually to consumers. The bribery problem is made worse by the time lost at each roadblock averaging at least 10 minutes. The region therefore needs to install scanners on the major transport routes as part of ensuring overloaded vehicles are the only ones stopped. This would reduce the bribery incidences while also speeding up transport time for companies.
- Police departments experience institutional weaknesses in passing information on EAC commitments due to low budgetary allocations, poor communication with the Ministries in charge of trade and EAC matters,; and long chains of communication before correct information is passed to executing officers.
- The main channels identified by the survey for disseminating information about police checks to the business community include through drivers, media, customs and police officers; workshops, seminars, trainings & meetings with representatives of transporters associations. Information dissemination using these channels should therefore be strengthened in future to enable speedy flow whenever new changes on police checks occur. This would increase levels of compliance by the business community during movement of goods across the region.
- The region does not seem to have any set cost and time benchmarks for completion of police checks, although cost benchmarks, e.g. on vehicle weights, customs documentation, etc. It is therefore necessary to set harmonised time and cost benchmarks for completing police checks in the region in cases where this is possible as part of increasing transparency and reducing costs and time loss.
- Majority of the business community respondents indicated that efficiency of police checks at roadblocks stayed the same in year 2010 as before, which means the time spent during such checks continue being an obstacle during movement of goods in the region. It is therefore necessary to sensitize the business community about the required police checks so that they can ensure compliance to requirements prior to starting journeys (including vehicle and cargo documents, driver and passenger travel papers, and vehicle condition). In addition, the region needs to install scanners along the major transport routes, and especially along Northern and Central Corridors, to ensure overloaded and over speeding vehicles are tracked and measures taken at designated stations in order to remove the need for numerous police roadblocks which end up taking a lot of business time along these routes.

### 3.2.5 Weighbridge procedures and administrative requirements

The main highlights of the survey on weighbridge procedures and administrative requirements are highlighted below.

- The major policy objectives for weighbridge regulations as provided for by the law include certifying that weight of goods transported by trucks conform to road regulations, facilitating diversification, promotion, development and coordination of all export related activities; and providing a basis for charging overloaded vehicles and transferring such revenue to central government for road maintenance. In efforts to achieve these objectives, the weighbridge institutions are mandated to ensure that transport vehicles conform to specified axle these procedures have become costly for businesses due to time loss during the weighing process and charges/ penalties for overloading. The main problems related to compliance with the weighbridge procedures include complexity of the procedures which sometimes lead to unintentional overloading, occasional charging of extra weights in some stations due to faulty scales, constant system breakdowns due to power interruptions leading to delayed completion of weighing process, limited budget for efficient weighbridge operations, poor online connections at weighbridge stations which affects speedy dissemination of information, and bureaucracy in correspondences between management and operators at weighbridge stations information has to be approved by CEOs of weighbridge institutions, and resistance to reform by some transporters leading to continued non-conformance by trucks.
- Kenya and Tanzania each have 12 and 13 weighbridges along the Northern and Central Corridors respectively as recorded by the drivers who participated in the survey. At most of these weighbridge stations, the major reason for stopping the trucks is to check for weight of the goods being transported. However the weighing process sometimes takes between 1-3 hours, while the stations are also an avenue for bribes ranging between \$1-50 as reported by most of the drivers. Considering the large number of trucks that ply the Northern and Central Corridors, spending a time of up to 3 hours at the weighbridges and spending \$1-5 works out to enormous time loss and costs for the business community. These bottlenecks need to be addressed through harmonisation of EAC weighbridge regulations and modernising the weighbridge equipment to ensure speedy and efficient weighing process, and substantial reduction of bribery incidences.
- Some of the businesses perceive competence, treatment and understanding of procedures/ regulations by officers responsible for weighbridge regulations as problematic. It is therefore necessary to focus attention on proper training of weighbridge officers to ensure the business community receives fair and professional treatment during the process of checking for compliance to weighbridge regulations.
- The main information channels through which business community get informed about changes in weighbridge requirements include relevant authorities, weighbridge officers and membership. This finding implies the need to prioritise these channels as the means through which information about future changes to weighbridge regulations should be disseminated to the business community. This would contribute to substantially to reducing delayed cargo deliveries, payment of fines and penalties for overloading, and bribery incidences.
- The survey received numerous concerns from the business community to the effect that efficiency at weighbridges is affected by lack of harmonised procedures at EAC and national levels. In Kenya for example, respondents pointed out that vehicle weighing procedures are not harmonised. In this respect, some weighbridge stations weigh per axle while some weigh on the Gross Vehicle Weight. In case the transporter is carrying an abnormal load that leans heavily on one axle, he is penalised for overloading while at another station, the same truck is passed as being within the GVW limit. It is therefore important to harmonize weighbridge procedures at national and regional level, and to ensure regular calibration of the scales by authorities responsible for managing them at all stations to ensure the same readings are recorded at all stations. In addition, it is necessary to modernize the scales to ensure accuracy, which would go a long way to reducing bribery incidences when transport vehicles are accused of overloading while the faulty scales may have given incorrect readings.
- Burundi drivers also raised concerns about inability to communicate in English language with officers who man the weighbridge stations whenever they transit through other EAC countries.



### 3.2.6 Technical standards procedures and administrative requirements

The main highlights of issues related to procedures and administrative requirements applied by standards institutions include are summarised below.

- The policy objectives of standards procedures and administrative requirements as provided by the respective national laws include development of products quality standards, implementation of promulgated standards through third party certification, improving quality of industrial products for both local and foreign markets, facilitating trade, promotion of standardization and quality assurance services, testing of samples, calibration of industrial and scientific measuring equipment, consumer protection and industrial development, and confirming compliance with set standard specifications, and controlling imports and exports of non-conforming products. In efforts to achieve these objectives, the standards institutions are mandated to ensure compliance with procedures, which have enabled the some positive impact s to be realised, including: non-repeated testing for compliance on goods certified in one Partner State when they cross into other Partner States, contribution in fighting importation and trading in counterfeits, expansion of markets for EAC producers through mutual recognition of products, increased importation and exportation of quality standardised products. However, the competence, treatment, understanding of procedures/ and mutual recognition of standard marks are perceived as sometimes problematic by the business community. This calls for the need to address concerns of EAC businesses that are not comfortable with the process of ensuring compliance with technical standards, including the need for training of officers and sensitizing businesses about required standards and procedures for checking compliance.
- On average majority of EAC businesses are affected by technical standards during the process of delivering goods to the markets, with extra costs of between USD 200 and over USD 1,000 per month being incurred in the process of complying with technical standards. In addition, the extra costs charged on non-compliance with quality standards, testing and certification regulations are passed on to customers. This calls for awareness creation about applicable technical standards
- Kenya businesses complained about the pre-verification for conformity (PVOC) programme during the survey, which is viewed as an unnecessary burden to manufacturing due to related costs. This programme needs to be re-thought in efforts to reduce importation costs and time lost during the inspection process in country of origin. The region should aim to harmonise all procedures related to the importation process in this respect.
- The survey found out that, indications of compliance levels to set technical standards by businesses are not clear; hence the need for improved monitoring of practices on cross-border, transit and internal trade regulations. Regulatory authorities also do not monitor bribery incidences during checks for conformity, although a low level market surveillance to vet the products on sale in the markets was reported to be ongoing. However based on the findings, clear mechanisms at the regional level do not seem to be in place to guide the identification of bribery incidences.
- A number of NTBs and trade related complaints have been passed to the attention of management of standards bureaus by businesses, including charging of standards testing fees on EAC originating products, existence of substandard quality marks, non-awareness about standards testing and compliance procedures, multiplicity of regulatory bodies responsible for checking compliance to quality standards, sale of products which do not seem to be compliant to set standards, competing counterfeit products, and delays in issuing testing reports after checking for compliance to specifications. These issues continue to hurt the region's manufacturers.
- The survey found out that bribes are in most cases expected to be paid to make it easier to obtain quality standards certification. In addition, transport companies and CFAs indicated they pass on bribery costs incurred on non-compliance during movement of goods to their customers. Additionally, bribery problems at quality standards testing stations are perceived to have stayed the same in year 2010 as before. Uganda seems the country most affected by bribery problems during testing for compliance to quality standards in this respect.

### 3.2.7 SPS standards procedures and administrative requirements

The major highlights on SPS procedures and administrative requirements that emerged from the survey are summarized below.

- The main policy objectives pursued by SPS institutions as provided by the respective national laws include control and eradication of animal diseases, resolve economic imbalances by focusing on high standard food-related products, enhancing promotion of high standards of food-related products, protecting human health and environment standards, reducing wastage, harmonisation of national standards with regional standards, operating and managing national reference services in food and nutrition aspects, coordinating activities related to agriculture and livestock production, inspecting and certifying plant materials and ensuring safety and quality regulations in food, drugs and cosmetic products. In efforts to achieve these objectives, the SPS institutions are mandated by respective national laws to ensure compliance with a number of procedures, some of which are perceived to be not well understood by businesses as in the case of Burundi.
- On the whole, competence, treatment, understanding of procedures and mutual recognition of SPS certification marks by SPS officers in EAC is not perceived as problematic to business operations, although there are some few instances where the procedures are regarded as sometimes problematic. There have also been some delays in passing EAC commitments to SPS executing officers due to institutional weaknesses, including poor internet access, poor coordination by EAC ministries, and limited budgetary allocations to facilitate information dissemination and related capacity building activities.
- The survey found out that a sizeable number of businesses are not aware about newly introduced SPS requirements including those on testing and certification either in their home country or also in the other EAC countries. As a result of not being adequately informed about new/changed SPS regulations, businesses incur extra costs in form of bribery averaging USD 200 to over 1,000 per transactions, which needs to be addressed. Businesses however use some established channels as to access new or changed SPS regulations including SPS institutions, media, and websites and border officials. Such channels should therefore be prioritised as the medium through which information about SPS issues should in future be disseminated to enhance compliance, reduce related extra costs and time loss, and as part of efforts to facilitate intra-EAC trade. In this
- In addition to extra costs, businesses also incur time loss in the process of sorting out non-compliance with SPS requirements, estimated at between 30 minutes to more than 2 days by most respondents to the survey. This reinforces the need to properly sensitise the business community including informal cross border traders about SPS requirements related to cross border trade in food commodities and livestock.
- Most informal cross border traders also pointed out during face-to-face discussions that they grossly lack knowledge about SPS regulations and have never interacted with officials of the competent institutions, hence the prevalent problems of smuggling food related items across the borders. This calls for future awareness creation on SPS requirements including certification.
- Bribery practices are also prevalent as confirmed by most traders operating at border stations with respect to food items. In addition, the bribery problem is perceived to have remained the same in year 2010 as before. It also seems that the problem is more serious for Uganda businesses than in the other countries, except in Rwanda. Some transporters and CFAs especially those in Burundi also indicated that they pass on such costs to customers. On the whole however, bribery on SPS standards certification does not seem to be a very serious issue in the region except in Uganda and to some smaller extent in Burundi.

### **3.2.8 Business registration and licensing procedures and administrative requirements**

Highlights of issues related to business registration and licensing procedures are summarized below.

The major policy objectives of business registration and licensing procedures as provided by the respective national laws include to facilitate trade and control of business activities, to register and license legitimate businesses involved trade in goods aimed at enhancing tax collection and delivery of sustainable, quality and customer oriented services; and to facilitate development of all economic activities and regions at national level. In pursuance of these objectives, business registration and licensing authorities are mandated to ensure compliance with various procedural requirements, some of which can be introduced at temporary compliance points for example those related to licensing. However, temporary compliance points does not apply to business registration, which means businesses have to travel to HQs to apply for registration thus incurring extra costs and time loss. In Tanzania, business licenses are issued for life, and so it is difficult to track operational ones from those that may have ceased operations. However, the procedures are on the whole perceived by regulatory authorities concerned as having contributed to positive impacts, including enabling business start ups, giving confidence to businesspeople that their activities are legal and hence assurance too operate without fear of reprisals from concerned authorities, and ensuring illegal activities are not carried out in the name of business undertakings. In addition, the procedures have enabled local citizens to easily engage in small businesses which are normally not allowed for entry by foreigners, and have facilitated local authorities to build capacity for delivery of requisite services.

The survey found out that activities aimed at harmonizing business registration and licensing procedures have not yet started in the region. In addition, the survey found out that the region has not even started discussions related to an EAC guiding framework on harmonization of the procedures. These are serious bottlenecks to facilitating cross border travel of EA citizens.

Burundi, Tanzania, Uganda and Zanzibar confirmed that officers involved in business registration and licensing are fully competent in executing their duties, but however did not point out how information on their country's commitments to EAC integration regarding business registration and licensing flows from EAC Secretariat to country level. In addition, no suggestions were proposed to enhance efficiency in executing EAC decisions on the subject.

The survey found out that a sizeable percentage of businesses respondents are not aware about recent changes made on business registration and licensing in the region. Nevertheless on the brighter side, a small number indicated that the business registration and licensing procedures have been computerized and that information dissemination & documentation has improved, especially in Kenya and Tanzania. In addition, business registration is now possible through internet as in the case of Rwanda, which has become an international best practise that other EAC countries need to learn from.

Business licensing procedures are considered costly especially in the case of Zanzibar where a minimum of Tsh 11,000 per application for an import license applies, while large businesses pay for operational licenses averaging between TSH 40,000-1.5 million which is quite high. A sizeable number of businesses incur additional official extra costs of between USD 200 and 1,000 in the process of complying with business licensing procedures across the region. There were also varied responses on actual time taken in business registration and licensing procedures against, which implies the need to harmonise the procedures as part of efforts to facilitate business entry, and to enable proper monitoring of the actual practices at the regional level. Based on these findings, it is necessary to continue with the initiative of computerizing and establishing online systems for business registration and licensing within the region as part of efforts to enhance transparency and information dissemination about these processes.

#### **4. RECOMMENDATIONS**

Based on the various findings of the BCI survey regarding perceptions on the General Business Climate and NTBs, it is important to target specific actions in order to reduce the impact of bottlenecks and fast-track the integration process. While a lot of actions will have to be addressed at the country level based on the severity of the business climate factors and NTBs as detailed in this report, there are some cross-cutting issues that need to be addressed at the regional level. The action plan highlighted below makes an attempt at identifying issues that need to be addressed in this respect.

The action plan is intended to guide the work of the NTB Monitoring Committees in prioritising and facilitating actions at both the national and regional level. It should therefore be used to beef up the Time-Bound Programme for Elimination of NTBs, last updated in November 2011 and annexed to this report as Annex 5.

### Recommended Action Plan to address NTBs identified by BCI 2011

Subject matter	Bottlenecks	Recommended Actions
<b>GENERAL BUSINESS CLIMATE</b>		
	<ul style="list-style-type: none"> <li>• Current situation on access, quality and cost of business climate factors perceived as poor by the business community</li> <li>• Expectations on access, quality and cost of business climate factors in 2011 expected to either deteriorate or stay the same</li> </ul>	<ul style="list-style-type: none"> <li>• Deal with the access, quality and cost of these business factors on a country-by-country basis focusing on improvements.</li> <li>• Each country to sensitise the business community through a tailor-made programme regarding the content and implications of the Customs Union and Common Market Protocols as part of efforts to facilitate access to EAC markets. Sensitisation programme to focus on needs of various segments of the business community including manufacturers, agricultural producers, informal cross border traders, transporters and clearing and forwarding businesses.</li> </ul>
<b>NON-TARIFF BARRIERS</b>		
Port procedures and administrative documentation	<ul style="list-style-type: none"> <li>• Slow clearance of cargo</li> <li>• Bribery incidences</li> </ul>	<ul style="list-style-type: none"> <li>• Consider provision of selected service through concessions, private public partnerships and joint venture approaches, focusing on efficient management of port facilities and faster clearance of cargo</li> <li>• Review performance of Internal Container Depots aiming at decongesting the ports and ensuring faster access to imports.</li> <li>• Apply the administrative procedures and requirements diligently to ensure they are not an additional burden to port users.</li> <li>• Ensure current practice of stopping trucks at the port area without giving reasons is stopped so as to eliminate chances to solicit for bribes. Ensure clear documentation of reasons for required checks and improve time taken to complete the checks.</li> <li>• Future BCIs to focus attention on insufficient and inefficient cargo handling facilities, poor speed in transferring cargo from incoming vessels to ICDs prior to delivery to importers, and insufficient warehousing facilities for incoming cargo. Also focus future attention on achievement of ongoing and planned initiatives at the ports which aim to address inadequate berthing capacity for incoming ships, inadequate capacity for cargo stacking, the recently emerged piracy menace, poor cargo take-off by the rail system; unstable power supply which affects efficiency of cargo handling equipment; and establishment of an integrated system in the physical infrastructure system (roads, rail, pipeline and port infrastructure).</li> <li>• Rethink the management of CFSs and initiate necessary reforms in this area to ensure the facilities achieve their originally intended function of decongesting the ports by facilitating the direct movement of cargo from the port area.</li> </ul>
	Poor ports efficiency	<p>Port authorities should share ongoing and planned initiatives to address capacity bottlenecks and increase port efficiency with the business community, including the action plans and timelines for implementation. Some of such initiatives in this regard that need to be shared include CFSs to enhance warehousing and faster clearance of incoming cargo, documented standards for turn-around time for trucks, ships, document processing and billing time; the planned National Single Window system project by KPA/ KRA; the ongoing development of a second container terminal at Kipevu by KPA; the planned development of Lamu Port at Manda Bay by KPA; the automation of Mombasa Port by KPA; the</p>

Subject matter	Bottlenecks	Recommended Actions
		<p>equipment upgrades to facilitate productivity improvements by KPA; the ongoing modernization project by TPA; the ongoing investment in security systems by TPA; the ongoing replacement of the Single Moving Port facilities (SPM) by TPA; the ongoing modernisation of berths to speed up turn-around time for vessels by TPA; the upgrade of parking area by TPA; the rehabilitation of EKINASCO Depot, the modernization and rehabilitation of Mtwara port, and the ongoing computerisation of the cargo tallying, scanning and tracking system at TPA.</p> <ul style="list-style-type: none"> <li>• Establish a national desk that specifically focuses attention to timely dissemination of information related to EAC trade-facilitation matters at the EAC Ministries</li> <li>• Establish a regional programme on capacity building of staff in trade facilitation institutions focusing on increasing ability to implement EAC commitments</li> <li>• Automate sharing of information between relevant trade facilitation institutions/ authorities and businesses</li> <li>• Organize regular information dissemination meetings and workshops to sensitize stakeholders on various policies and initiatives related to EAC integration process</li> <li>• Facilitate operation of an active website on EAC trade-related developments</li> <li>• Sufficient and timely financing of projects and initiatives on EAC trade facilitation whenever agreements and/or decisions are made by the appropriate Community organs</li> <li>• Encourage clients to inform the institutions about issues and bottlenecks that hinder smooth flow of their goods through the ports.</li> </ul>
Customs procedures and administrative documentation	<ul style="list-style-type: none"> <li>• Lengthy customs procedures</li> <li>• Involvement of numerous agencies in approving imports and exports</li> </ul>	<ul style="list-style-type: none"> <li>• Introduce electronic single window system amongst the five revenue authorities in order to enhance communication between customs offices at national level, between the revenue authorities, and between revenue authorities and businesses.</li> <li>• Improve current tax collection systems through computerization and installation of modern information technology infrastructure in all customs offices in the region.</li> <li>• Coordinate with border management agencies in application of customs-related procedures</li> <li>• Educate and continuously sensitize taxpayers on their revenue rights and obligations as part of efforts to increase compliance and reduce bribery incidences</li> <li>• Establish a central location or system for trade facilitation services where all government departments and institutions or agencies required to approve import and/or export transactions can be accessed. , leading to time loss and additional costs</li> <li>• Fast-track implementation of a programme to raise ability of Burundi business people to understand and apply English language in business transactions in order to reduce extra costs incurred in preparation of required customs documentation by clearing and forwarding agents.</li> <li>• Sensitise the business community about required customs procedures so as to reduce transaction costs and increase compliance levels</li> <li>• Strengthen online interface systems between EAC customs authorities for faster clearance</li> </ul>
	Numerous customs stations along the central corridor in Tanzania	<ul style="list-style-type: none"> <li>• Tanzania should consider reducing the number of customs stations along the central corridor and replace them with scanners in order to increase efficiency during transit and reduce time loss</li> <li>• There is need to prioritise increased education of businesses about required customs requirements, efficiency of the customs systems, installation of electronic single window system, one-stop shops for processing of trade</li> </ul>

Subject matter	Bottlenecks	Recommended Actions
		<p>documentation, and interface between EAC customs systems amongst other solutions that would increase compliance levels.</p> <ul style="list-style-type: none"> <li>• To reduce delays experienced in passing EAC commitments to executing officers (e.g. at border stations), it is necessary to: <ul style="list-style-type: none"> <li>– Provide adequate funds to institutions responsible for executing customs-related decisions as part of means to enhance communication with traders and eliminate delays experienced in trade transactions</li> <li>– Install modern systems that have minimal network failures so as to speed up the clearance process</li> <li>– Establish a sensitization program to create awareness amongst staff of revenue authorities on EAC commitments</li> <li>– Continuously train customs staff on developments in customs systems, their functions and applications, aimed at building internal capacities and skills needed to perform customs functions efficiently</li> <li>– Strengthen internal mechanisms within revenue authorities for monitoring the implementation of EAC commitments, including preparation of national programmes and action plans to guide application and follow up of such commitments</li> <li>– Organize regular regional meetings with counterpart institutions amongst the revenue authorities aimed at getting timely and up to date information on EAC commitments, their implementation requirements, and means of harmonising national to regional customs requirements</li> <li>– Organize regular evaluation meetings at national and regional levels so as to track progress of implementing EAC commitments</li> <li>– Enhance means of direct communication between the EAC secretariat and the revenue authorities of the region</li> </ul> </li> </ul>
	<ul style="list-style-type: none"> <li>• Bottlenecks on information flows about customs procedures and requirements</li> <li>• Understanding of new customs procedures</li> <li>• Bottlenecks in utilising the STR scheme for informal cross border traders</li> </ul>	<ul style="list-style-type: none"> <li>• It is necessary to establish a programme for sensitising the business community about requisite regulations for exporting and importing at the national, EAC and at the international levels as part of efforts to built capacity of EAC businesses to exploit available trade opportunities.</li> <li>• There is need to invest more resources in the major information channels through which businesses normally get informed about new changes to customs and port/border stations procedures and regulations; including customs officers and mass media (radio, electronic, and public announcements); emails and letters from industry associations; and CFAs. This would contribute enormously to deepening of the integration process. This would contribute substantially to facilitating compliance by businesses to customs, ports, border stations procedures and regulations. Proper information dissemination would also lessen the impact that lack of information about new and changed customs regulations has to business operations, thus increasing intra-EAC trade and reducing costs associated with the compliance process. The EAC revenue and port authorities additionally need to establish a sensitization program for new procedures so as to alleviate the difficulties associated with compliance, which consequently impacts on additional time loss and extra monetary costs.</li> <li>• It is necessary to increase national efforts to sensitise informal cross border traders about potential benefits to be accrued from the STR scheme and to urgently address the bribery problem being practiced by Uganda security staff at Malaba Border Station, who harass traders and tear off the simplified certificate of origin approved by Kenya Customs if the demanded bribes are not paid in order to be allowed to enter into the Uganda market.</li> <li>• Raise capacity of Burundi drivers to communicate in English language with officers who man the weighbridge</li> </ul>

Subject matter	Bottlenecks	Recommended Actions
Immigration procedures and administrative documentation	Bottlenecks in information flows	<p>stations through a tailor-made education programme.</p> <ul style="list-style-type: none"> <li>• Prioritise information dissemination about new or changed immigration procedures through immigration authorities/officers, media (especially reports, journals, magazines and newspapers), and websites and emails, as these are the main information channels normally used by the business community.</li> <li>• Establish a sensitization programme targeting EAC businesses about the current EAC immigration requirements, including those related to sourcing of skills across the EAC borders.</li> <li>• Pursue and implement proposed acceptance of IDs from businesspeople as travel documents, centralise processing of and issuance of work permits, and conduct seminars for border officers on need for faster service in issuance of travel documents to EA citizens.</li> <li>• Address bottlenecks related to raising capacity of businesses to comply with regulations and administrative requirements, including appropriate budgetary allocations for organising seminars, workshops, and capacity for inter-departmental and regional communication channels; culture change in issuance of immigration-related documents; and enhanced communication between immigration institutions and policy making organisations involved in investment promotion.</li> <li>• Establish a focused sensitization about the provisions and implications of the Common Market Protocol</li> <li>• Harmonise procedures for issuance of immigration documents</li> <li>• Strengthen the immigration departments through staff training and increased recruitment</li> <li>• Reduce the cost of obtaining a passport and other travel documents</li> <li>• Regularly review immigration procedures, rules and regulations to ensure that businesses comply</li> <li>• Limit access to employment opportunities by foreign workers where positions can be handled by East Africans</li> </ul>
	Immigration departments' institutional weaknesses in executing EAC commitments	<ul style="list-style-type: none"> <li>• Support establishment of one-stop office for processing of applications for immigration documents (travel, work permits and new investors' papers)</li> <li>• Conduct regional and national media campaigns about immigration requirements for benefit of businesses and to encourage cross border travel</li> <li>• Improve ITC information and communication systems between immigration offices at national and regional level</li> <li>• Establish a mechanism for timely dissemination of information from management to executing officers to enhance the implementation of agreed EAC decisions</li> <li>• Build a culture of respect for EAC laws and regulations</li> <li>• Set up desk offices to receive and communicate EAC commitments at immigration institutions</li> <li>• Ensure mandatory consistency in attendance to EAC meetings to enable efficient follow up of progress in implementing agreed decisions</li> </ul>
Police checks	Information dissemination weaknesses related to EAC decisions	<ul style="list-style-type: none"> <li>• Increase funding for police operations</li> <li>• Involve the desk officers responsible for coordinating EAC issues in some of the police operations to enable strengthening of networks and speedy communication flows to responsible police authorities</li> <li>• Reduce bureaucracy in communication between EAC countries on security issues by allowing border administrative authorities to communicate directly without necessarily going through their HQs in order to reduce time losses in clearing imports originating from the region</li> <li>• Renovate the railway lines to meet the demands of the business community and to reduce stress on the road network</li> </ul>



Subject matter	Bottlenecks	Recommended Actions
		<ul style="list-style-type: none"> <li>• Building a culture for respect of EAC laws and regulations</li> <li>• Promote direct communication and cooperation between the EAC Partner States on matters related to security at sea especially countries that border the Indian ocean</li> </ul>
	Compliance bottlenecks with police checks procedures by businesspeople	<ul style="list-style-type: none"> <li>• Review laws on overloading including withdrawing driving licenses for habitual offenders</li> <li>• Introduce a public informative service that is easily accessible by all EAC citizens on checks performed by police at roadblocks</li> <li>• Encourage involvement of an EAC culture of respect to laws and regulations</li> <li>• Establish a mechanism to inspect transit vehicles in the EAC country of origin</li> <li>• Establish requirement for certificate of inspection to be accompanied by bill of lading for imported vehicles</li> <li>• Establish a joint policy on use of roads and railways and sharing of such information with stakeholders</li> <li>• Establish a manual for checks at roadblocks and a culture by police to give convincing reasons to drivers why transport vehicles have been stopped</li> <li>• Ensure police checks match with the technological advancements, including the need to introduce scanners along the Northern and Central Corridors</li> <li>• Standardize procedures on police checks across the region</li> </ul>
	Time taken and extra costs at roadblocks	<ul style="list-style-type: none"> <li>• Reduce the number of weighbridges along the Northern and Central Corridors</li> <li>• Enhance dissemination of information about EAC commitments and decisions to police officers that man roadblocks</li> <li>• Enhance collaboration between the port and border authorities regarding transit goods in order to prepare for clearance in advance</li> <li>• Improve time taken to check compliance with legal procedures</li> <li>• Establish a mechanism for regular calibration of certified weighbridges so as to remove need for police to check trucks overloading since police do not even have equipment for checking overloading while this is often given as a major reason for stopping trucks</li> <li>• Harmonize procedures on transport and weighbridge procedures within the region</li> <li>• Establish a manual for recording number of vehicles stopped, reasons for stopping them and measures taken as a continuous exercise</li> <li>• Enhance training of police officers and the public on required procedures involved in intra-EAC trade</li> <li>• Learn from best practices elsewhere on best practices applied on transportation and enforcement of trade-related regulations</li> </ul>
Weighbridge procedures and administrative requirements	Poor compliance with the specified weighbridge procedures	<ul style="list-style-type: none"> <li>• Create awareness amongst transporters about the procedures through the media</li> <li>• Work closely with the bureaus of standards to ensure regular calibration of scales</li> <li>• The weighbridge system should separate requirements for weighing at the port from those applicable on roads</li> </ul>
	Delays in executing EAC decisions and commitments	<ul style="list-style-type: none"> <li>• Increase funding for weighbridge operations</li> <li>• Ensure efficient provision of information through e-mails</li> <li>• Ensure effective participation in all forums related to metrology discussions</li> </ul>

Subject matter	Bottlenecks	Recommended Actions
		<ul style="list-style-type: none"> <li>• Undertake continuous training of executing officials at weighbridge stations</li> <li>• Ensure close cooperation between EAC,SADC and COMESA counterpart institutions so as to keep track of regional developments in weighbridge regulations and requirements</li> <li>• Ensure effective information dissemination from management to executing officials at weighbridge stations</li> </ul>
	Lack of harmonised weighbridge procedures at regional and national levels	<ul style="list-style-type: none"> <li>• Harmonize weighbridge procedures at national and regional level, including tolerance levels, responsibilities for collecting overloading charges, objectives of weighbridges, decriminalization, gross vehicle mass, and self-enforcement mechanisms by transporters</li> <li>• Ensure regular calibration of the scales by authorities responsible to ensure the same readings are recorded at all stations.</li> <li>• Modernize the weighbridge technology and scales to ensure enhanced speed and accuracy in the weighing process targeting reduction in bribery incidences, fines for overloading and time taken in the weighing process</li> </ul>
Standards procedures and administrative requirements	Bottlenecks associated with non-compliance with technical standards	<ul style="list-style-type: none"> <li>• Establish a programme to sensitize businesses about required standards and procedures for checking compliance, including content of EA harmonized standards to enhance intra-EAC trade on goods where harmonization has been achieved</li> <li>• Ensure a continuous programme for training of officers involved in testing for compliance with set technical standards</li> </ul>
	NTBs and trade-related complaints	<ul style="list-style-type: none"> <li>• Incorporate all the regulatory authorities involved in trade matters under one umbrella system to enhance speed in clearance of consignments</li> <li>• Build networks between authorities involved in trade-related issues</li> <li>• Strengthen capacity of border points offices for technical standards inspection</li> <li>• Source for adequate and modern equipment for testing quality standards on incoming/outgoing products</li> </ul>
	Capacity weaknesses of standards bureaus during checks for comply with regulations and administrative requirements	<ul style="list-style-type: none"> <li>• Increase training of standards bureau officers about the standards compliance regulations and requirements</li> <li>• Establish a programme of continuous joint seminars and workshops with the traders to enhance capacity to meet standards requirements</li> <li>• Improve infrastructure for testing for compliance and quality assurance including laboratories</li> <li>• Ensure increased recruitment of necessary staff</li> <li>• Implement quality management systems in standards offices</li> <li>• Align national standards laws to EAC laws</li> <li>• Increase collaboration between counterpart standards institutions in EAC countries</li> <li>• Establish a programme for increased market surveillance of standards of goods on sale</li> <li>• Increase inspection of shipments before departure from EAC originating countries</li> <li>• Increase conformity assessments for imports and exports at entry ports</li> <li>• Build capacity of manufacturers to improve packaging and labelling of products to enhance appeal and market penetration</li> <li>• Allocate sufficient budgetary requirements for development, testing, metrology and quality assurance within standards bureaus</li> <li>• Harmonize charges, standards specifications, training programme, and paperwork procedures for testing and certification of products within the region, targeting increased mutual recognition of certified goods</li> </ul>

Subject matter	Bottlenecks	Recommended Actions
SPS procedures and administrative requirements	<p>Gaps in understanding SPS procedures</p> <p>Delays in executing EAC commitments on SPS issues</p>	<ul style="list-style-type: none"> <li>• Establish sensitization programmes in all Partner States to ensure businessmen fully understand and comply with applicable procedures</li> <li>• Increase budgetary support for SPS sensitisation activities targeting officers at border stations and the business community, especially cross border traders</li> <li>• Ensure efficient internet communication as an important tool in passing information to border officers</li> <li>• Establish an information desk in relevant ministries and departments charged with implementation of SPS-related functions</li> <li>• Coordinate sensitization activities by parent ministries incorporating defined responsibilities for distinct institutions that execute SPS-related functions</li> <li>• Establish an action plan to facilitate implementation of all EAC SPS-related decisions</li> <li>• Enhance cooperation in delivery of services by institutions responsible for food and nutrition functions amongst Partner States</li> <li>• Organize overseas missions to learn from best practices related to requisite SPS regulations</li> <li>• Establish measures for continued efforts to address bribery which seems to affect especially cross border traders in food items</li> </ul>
Business registration and licensing procedures	<p>Bottlenecks related to centralised business registration processes</p> <p>Gaps in annual renewal of licenses in Tanzania</p>	<ul style="list-style-type: none"> <li>• Support SPS institutions with capacity to implement actions related to SQMT, which closely related to SPS requirements, including those related to inspection of animal health and food items</li> <li>• Establish and implement an EAC veterinary policy</li> <li>• Support formulation of policy aimed at enabling farmers to access fertilisers of good quality and for dairy farmers to access good quality livestock breeds some countries like Burundi</li> <li>• Harmonize SPS standards and coordinate their implementation across all EAC countries</li> <li>• Train inspectors on how to efficient conduct of inspection</li> <li>• Organise seminars for stakeholders to ensure SPS regulations relevant to EAC regional trade are well understood</li> <li>• Ensure consistent participation in EAC regional meetings by officers of SPS institutions for effective follow up of decisions made</li> <li>• Organise regular inter-departmental meetings for relevant institutions at national and regional level</li> <li>• Establish an MOU with COMESA and SADC targeting establishment of a regional reference laboratory on SPS issues</li> <li>• Enhance speed in implementing agreed SPS-related decisions and action plans</li> <li>• Undertake a situational analysis of international market standards and their impacts to implementation of EAC SPS standards</li> <li>• Build capacity and expertise in Phytosanitary issues within the region which is currently considered insufficient</li> <li>• Harmonise SPS paperwork and abolish practice of arbitrary requirements for SPS certificates in the region</li> <li>• Establish temporary compliance points for business registration to remove need for business people to travel to HQs to apply for registration which involves extra costs and time loss.</li> <li>• Tanzania needs to rethink the current procedure of issuing business licenses for life which makes it difficult to track operational businesses from those that may have ceased operations.</li> </ul>

Subject matter	Bottlenecks	Recommended Actions
	Bottlenecks in harmonising business registration and licensing procedures within EAC	<ul style="list-style-type: none"> <li>• Start urgent discussions on an EAC guiding framework on harmonization of business registration and licensing procedures to facilitate cross border travel by EA citizens</li> <li>• Establish an effective information medium on applicable business registration and licensing regulations and procedures</li> <li>• Strengthen initiatives for online business registration and licensing in order to reduce paperwork, based on successful lessons learned by Rwanda about these processes</li> </ul>

**Annex 1: Average percentage ranking of the Level of Importance of Business Climate Factors to businesses**

Country	Business Climate Factor	No response	Not Important	Fairly Important	Very Important	Country Total
Burundi	Access to affordable skilled labour	3%	2%	18%	77%	100%
	Quality and cost of transport	8%	2%	3%	87%	100%
	Access to affordable and reliable communications	10%	0%	0%	90%	100%
	Security	8%	0%	0%	92%	100%
	Legal and Regulatory Framework	5%	0%	18%	77%	100%
	Access to affordable and reliable energy	10%	2%	7%	82%	100%
	Access to Finance	12%	0%	0%	88%	100%
	Access to business support services	12%	0%	3%	85%	100%
	Ease of trading across borders after CM	7%	0%	2%	92%	100%
	Ease of trading across borders after CU	10%	2%	0%	88%	100%
	Access to affordable skilled labour	0%	2%	34%	64%	100%
	Quality and cost of transport	2%	0%	20%	79%	100%
	Access to affordable and reliable communications	0%	0%	16%	84%	100%
	Security	2%	0%	11%	87%	100%
	Legal and Regulatory Framework	0%	3%	49%	48%	100%
	Access to affordable and reliable energy	0%	2%	20%	79%	100%
Access to Finance	0%	2%	26%	72%	100%	
Access to business support services	3%	2%	44%	51%	100%	
Ease of trading across borders after CM	0%	0%	3%	97%	100%	
Ease of trading across borders after CU	2%	0%	3%	95%	100%	
Access to affordable skilled labour	0%	2%	13%	85%	100%	
Quality and cost of transport	8%	0%	12%	80%	100%	
Access to affordable and reliable communications	5%	2%	2%	92%	100%	
Security	3%	3%	3%	90%	100%	
Legal and Regulatory Framework	7%	2%	12%	80%	100%	
Access to affordable and reliable energy	5%	5%	22%	68%	100%	
Access to Finance	3%	5%	3%	88%	100%	
Access to business support services	10%	7%	10%	73%	100%	
Ease of trading across borders after CM	3%	0%	13%	83%	100%	
Ease of trading across EAC borders after CU	3%	2%	13%	82%	100%	
Access to affordable skilled labour	5%	0%	4%	91%	100%	
Quality and cost of transport	7%	0%	2%	91%	100%	
Access to affordable and reliable communications	5%	0%	2%	93%	100%	
Security	7%	0%	0%	93%	100%	
Legal and Regulatory Framework	7%	0%	2%	91%	100%	
Access to affordable and reliable energy	5%	2%	0%	93%	100%	
Access to Finance	5%	0%	0%	95%	100%	
Rwanda	Access to affordable skilled labour	3%	2%	18%	77%	100%
	Quality and cost of transport	8%	2%	3%	87%	100%
	Access to affordable and reliable communications	10%	0%	0%	90%	100%
	Security	8%	0%	0%	92%	100%
	Legal and Regulatory Framework	5%	0%	18%	77%	100%
	Access to affordable and reliable energy	10%	2%	7%	82%	100%
	Access to Finance	12%	0%	0%	88%	100%
	Access to business support services	12%	0%	3%	85%	100%
	Ease of trading across borders after CM	7%	0%	2%	92%	100%
	Ease of trading across borders after CU	10%	2%	0%	88%	100%
	Access to affordable skilled labour	0%	2%	34%	64%	100%
	Quality and cost of transport	2%	0%	20%	79%	100%
	Access to affordable and reliable communications	0%	0%	16%	84%	100%
	Security	2%	0%	11%	87%	100%
	Legal and Regulatory Framework	0%	3%	49%	48%	100%
	Access to affordable and reliable energy	0%	2%	20%	79%	100%
Access to Finance	0%	2%	26%	72%	100%	
Access to business support services	3%	2%	44%	51%	100%	
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Ease of trading across borders after CU	2%	0%	3%	95%	100%	
Access to affordable skilled labour	0%	2%	13%	85%	100%	
Quality and cost of transport	8%	0%	12%	80%	100%	
Access to affordable and reliable communications	5%	2%	2%	92%	100%	
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Access to business support services	10%	7%	10%	73%	100%	
Ease of trading across borders after CM	3%	0%	13%	83%	100%	
Ease of trading across EAC borders after CU	3%	2%	13%	82%	100%	
Access to affordable skilled labour	5%	0%	4%	91%	100%	
Quality and cost of transport	7%	0%	2%	91%	100%	
Access to affordable and reliable communications	5%	0%	2%	93%	100%	
Security	7%	0%	0%	93%	100%	
Legal and Regulatory Framework	7%	0%	2%	91%	100%	
Access to affordable and reliable energy	5%	2%	0%	93%	100%	
Access to Finance	5%	0%	0%	95%	100%	
Tanzania	Access to affordable skilled labour	3%	2%	18%	77%	100%
	Quality and cost of transport	8%	2%	3%	87%	100%
	Access to affordable and reliable communications	10%	0%	0%	90%	100%
	Security	8%	0%	0%	92%	100%
	Legal and Regulatory Framework	5%	0%	18%	77%	100%
	Access to affordable and reliable energy	10%	2%	7%	82%	100%
	Access to Finance	12%	0%	0%	88%	100%
	Access to business support services	12%	0%	3%	85%	100%
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	Quality and cost of transport	2%	0%	20%	79%	100%
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	Legal and Regulatory Framework	0%	3%	49%	48%	100%
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Quality and cost of transport	7%	0%	2%	91%	100%	
Access to affordable and reliable communications	5%	0%	2%	93%	100%	
Security	7%	0%	0%	93%	100%	
Legal and Regulatory Framework	7%	0%	2%	91%	100%	
Access to affordable and reliable energy	5%	2%	0%	93%	100%	
Access to Finance	5%	0%	0%	95%	100%	

Country	Business Climate Factor	No response	Not Important	Fairly Important	Very Important	Country Total
Uganda (Excl transport companies)	Access to business support services	7%	0%	2%	91%	100%
	Ease of trading across borders after CM	7%	0%	15%	78%	100%
	Ease of trading across EAC borders after CU	7%	0%	15%	78%	100%
	Access to affordable skilled labour	2%	2%	2%	93%	100%
	Quality and cost of transport	7%	2%	5%	86%	100%
	Access to affordable and reliable communications	7%	0%	14%	79%	100%
	Security	12%	2%	2%	83%	100%
	Legal and Regulatory Framework	10%	2%	7%	81%	100%
	Access to affordable and reliable energy	7%	2%	0%	90%	100%
	Access to Finance	10%	2%	26%	62%	100%
	Access to business support services	10%	2%	48%	40%	100%
	Ease of trading across borders after CM	10%	2%	14%	74%	100%
	Ease of trading across EAC borders after CU	7%	2%	17%	74%	100%
	Zanzibar	Access to affordable skilled labour	0%	3%	0%	97%
	Quality and cost of transport	3%	3%	7%	87%	100%
	Access to affordable and reliable communications	0%	3%	0%	97%	100%
	Security	0%	3%	0%	97%	100%
	Legal and Regulatory Framework	0%	3%	0%	97%	100%
	Access to affordable and reliable energy	0%	3%	0%	97%	100%
	Access to Finance	0%	0%	3%	97%	100%
	Access to business support services	0%	3%	0%	97%	100%
	Ease of trading across borders after introduction of the Common Market in July 2010	0%	3%	10%	87%	100%
	Ease of trading across EAC borders after introduction of the Customs Union in Jan 2005	0%	3%	3%	93%	100%
Total EAC excl Uganda transporters	Access to affordable skilled labour	2%	2%	14%	82%	100%
	Quality and cost of transport	6%	1%	8%	84%	100%
	Access to affordable and reliable communications	5%	1%	6%	89%	100%
	Security	17%	1%	3%	90%	111%
	Legal and Regulatory Framework	5%	2%	17%	77%	100%
	Access to affordable and reliable energy	5%	3%	9%	83%	100%
	Access to Finance	5%	2%	10%	83%	100%
	Access to business support services	7%	2%	18%	72%	100%
	Ease of trading across borders after CM	5%	1%	9%	86%	100%
	Ease of trading across EAC borders after CU	5%	1%	8%	85%	100%

Source: BCI 2011 Perceptions by Businesses, Transport Companies and CFAs across EAC countries (Incl. Zanzibar by excluding Uganda transport companies)

Annex 2: Ranking of the Current Situation of Business Climate Factors

Country	Business Climate Factors	No response	Poor	Medium	Good	Country total
Burundi	Access to affordable skilled labour	2%	17%	62%	20%	100%
	Quality and cost of transport	3%	20%	42%	35%	100%
	Access to affordable and reliable communications	3%	22%	38%	37%	100%
	Security	3%	15%	50%	32%	100%
	Legal and Regulatory Framework	5%	15%	47%	33%	100%
	Access to affordable and reliable energy	5%	67%	22%	7%	100%
	Access to Finance	5%	23%	40%	32%	100%
	Access to business support services	7%	25%	48%	20%	100%
	Ease of trading across borders after recent establishment of Common Market	2%	25%	33%	40%	100%
	Ease of trading across borders after intro of Common Market	2%	18%	33%	47%	100%
Kenya	Access to affordable skilled labour	3%	2%	51%	44%	100%
	Quality and cost of transport	5%	30%	62%	3%	100%
	Access to affordable and reliable communications	3%	5%	70%	21%	100%
	Security	3%	10%	79%	8%	100%
	Legal and Regulatory Framework	3%	3%	87%	7%	100%
	Access to affordable and reliable energy	7%	48%	44%	2%	100%
	Access to Finance	8%	28%	56%	8%	100%
	Access to business support services	7%	13%	70%	10%	100%
	Ease of trading across borders after intro of Common Market	7%	5%	49%	39%	100%
	Ease of trading across EAC borders after introduction of Customs Union	8%	7%	46%	39%	100%
Rwanda	Access to affordable skilled labour	3%	13%	57%	27%	100%
	Quality and cost of transport	7%	30%	35%	28%	100%
	Access to affordable and reliable communications	3%	8%	52%	37%	100%
	Security	3%	18%	35%	43%	100%
	Legal and Regulatory Framework	8%	27%	40%	25%	100%
	Access to affordable and reliable energy	5%	27%	48%	20%	100%
	Access to Finance	8%	28%	40%	23%	100%
	Access to business support services	13%	35%	40%	12%	100%
	Ease of trading across borders after intro of Common Market	3%	28%	40%	28%	100%
	Ease of trading across EAC borders after introduction of Customs Union	3%	30%	40%	27%	100%
Tanzania	Access to affordable skilled labour	7%	51%	38%	4%	100%
	Quality and cost of transport	7%	62%	31%	0%	100%
	Access to affordable and reliable communications	7%	33%	36%	24%	100%
	Security	5%	9%	56%	29%	100%
	Legal and Regulatory Framework	5%	27%	60%	7%	100%
	Access to affordable and reliable energy	7%	71%	22%	0%	100%
	Access to Finance	7%	15%	53%	25%	100%

Country	Business Climate Factors	No response	Poor	Medium	Good	Country total
Uganda	Access to business support services	9%	22%	62%	7%	100%
	Ease of trading across borders after intro of Common Market	5%	76%	18%	0%	100%
	Ease of trading across EAC borders after introduction of Customs Union	7%	75%	16%	2%	100%
	Access to affordable skilled labour	10%	10%	40%	40%	100%
	Quality and cost of transport	2%	57%	40%	0%	100%
	Access to affordable and reliable communications	10%	12%	64%	14%	100%
	Security	7%	21%	19%	52%	100%
	Legal and Regulatory Framework	10%	19%	62%	10%	100%
	Access to affordable and reliable energy	5%	90%	0%	5%	100%
	Access to Finance	12%	40%	40%	7%	100%
	Access to business support services	5%	57%	36%	2%	100%
	Ease of trading across borders after intro of Common Market	2%	19%	62%	17%	100%
	Ease of trading across EAC borders after introduction of Customs Union	5%	26%	55%	14%	100%
	Access to affordable skilled labour	0%	70%	30%	0%	100%
Quality and cost of transport	3%	70%	20%	7%	100%	
Zanzibar	Access to affordable and reliable communications	0%	30%	27%	43%	100%
	Security	0%	10%	50%	40%	100%
	Legal and Regulatory Framework	0%	53%	37%	10%	100%
	Access to affordable and reliable energy	0%	83%	13%	3%	100%
	Access to Finance	0%	83%	13%	3%	100%
	Access to business support services	3%	70%	23%	3%	100%
	Ease of trading across borders after intro of Common Market	3%	80%	10%	7%	100%
	Ease of trading across EAC borders after introduction of Customs Union	0%	90%	10%	0%	100%
	Access to affordable skilled labour	4%	23%	48%	24%	100%
	Quality and cost of transport	5%	41%	40%	14%	100%
	Access to affordable and reliable communications	5%	17%	49%	29%	100%
	Security	4%	14%	50%	32%	100%
	Legal and Regulatory Framework	6%	21%	57%	16%	100%
	Access to affordable and reliable energy	5%	61%	28%	6%	100%
EAC Average	Access to Finance	7%	32%	43%	18%	100%
	Access to business support services	8%	33%	49%	10%	100%
	Ease of trading across borders after intro of Common Market	4%	35%	37%	24%	100%
	Ease of trading across EAC borders after introduction of Customs Union	5%	36%	35%	24%	100%

Source: BCI 2011 Perceptions by Businesses, Transport Companies and CFAs across EAC countries (Incl. Zanzibar but excluding Uganda transport companies)



Annex 3: Percentage responses on whether the situation regarding business climate factors improved, stayed the same or deteriorated in year 2010

Country	Business Climate Factors	No response	Major Deterioration (-2)	Minor Deterioration (-1)	No Change	Minor Improvement (+1)	Major Improvement (+2)	Country total
Burundi	Access to affordable skilled labour	10%	2%	5%	47%	33%	3%	100%
	Quality and Cost of Transport	15%	0%	8%	35%	33%	8%	100%
	Access to affordable and reliable communications	8%	3%	10%	30%	43%	5%	100%
	Security	10%	2%	7%	52%	27%	3%	100%
	Legal and Regulatory Framework	12%	3%	3%	28%	48%	5%	100%
	Access to affordable and reliable energy	10%	18%	33%	22%	13%	3%	100%
	Access to Finance	8%	10%	17%	38%	23%	3%	100%
	Access to business support services	12%	5%	7%	43%	28%	5%	100%
	Ease of trading across borders after recent establishment of Common Market	8%	3%	7%	28%	45%	8%	100%
	Ease of trading across EAC borders after introduction of Customs Union	8%	2%	7%	28%	47%	8%	100%
	Access to affordable skilled labour	0%	0%	3%	61%	34%	2%	100%
	Quality and Cost of Transport	0%	7%	44%	39%	10%	0%	100%
	Access to affordable and reliable communications	0%	0%	15%	26%	56%	3%	100%
	Security	2%	2%	23%	66%	8%	0%	100%
Legal and Regulatory Framework	2%	0%	5%	82%	11%	0%	100%	
Access to affordable and reliable energy	0%	11%	61%	23%	5%	0%	100%	
Access to Finance	2%	13%	33%	43%	10%	0%	100%	
Access to business support services	7%	0%	8%	70%	15%	0%	100%	
Ease of trading across borders after recent establishment of Common Market	2%	2%	5%	20%	72%	0%	100%	
Ease of trading across EAC borders after introduction of Customs Union	2%	2%	5%	20%	72%	0%	100%	
Access to affordable skilled labour	2%	0%	3%	48%	38%	8%	100%	

Country	Business Climate Factors	No response	Major Deterioration (-2)	Minor Deterioration (-1)	No Change	Minor Improvement (+1)	Major Improvement (+2)	Country total
Tanzania	Quality and Cost of Transport	2%	7%	3%	42%	35%	12%	100%
	Access to affordable and reliable communications	0%	0%	0%	37%	48%	15%	100%
	Security	5%	3%	2%	27%	43%	20%	100%
	Legal and Regulatory Framework	2%	2%	12%	38%	42%	5%	100%
	Access to affordable and reliable energy	0%	0%	0%	78%	17%	5%	100%
	Access to Finance	7%	0%	27%	32%	32%	3%	100%
	Access to business support services	7%	0%	3%	47%	42%	2%	100%
	Ease of trading across borders after recent establishment of Common Market	0%	0%	7%	35%	50%	8%	100%
	Ease of trading across EAC borders after introduction of Customs Union	3%	0%	3%	35%	50%	8%	100%
	Access to affordable skilled labour	9%	0%	2%	85%	4%	0%	100%
	Quality and Cost of Transport	9%	4%	2%	80%	4%	2%	100%
	Access to affordable and reliable communications	9%	0%	4%	44%	27%	16%	100%
	Security	9%	0%	7%	65%	18%	0%	100%
	Legal and Regulatory Framework	9%	0%	5%	82%	4%	0%	100%
	Access to affordable and reliable energy	9%	4%	40%	31%	16%	0%	100%
	Access to Finance	9%	4%	22%	65%	0%	0%	100%
Access to business support services	9%	0%	9%	71%	9%	2%	100%	
Ease of trading across borders after recent establishment of Common Market	9%	0%	4%	64%	22%	2%	100%	
Ease of trading across EAC borders after introduction of Customs Union	9%	0%	2%	65%	24%	0%	100%	
Access to affordable skilled labour	7%	0%	2%	72%	16%	2%	100%	
Quality and Cost of Transport	12%	5%	19%	51%	7%	7%	100%	
Access to affordable and reliable communications	14%	2%	0%	26%	40%	19%	100%	
Security	9%	5%	12%	49%	23%	2%	100%	
Uganda								

Country	Business Climate Factors	No response	Major Deterioration (-2)	Minor Deterioration (-1)	No Change	Minor Improvement (+1)	Major Improvement (+2)	Country total
Zanzibar	Legal and Regulatory Framework	12%	0%	0%	79%	9%	0%	100%
	Access to affordable and reliable energy	9%	16%	40%	33%	2%	0%	100%
	Access to Finance	12%	9%	53%	21%	5%	0%	100%
	Access to business support services	9%	2%	12%	65%	12%	0%	100%
	Ease of trading across borders after recent establishment of Common Market	9%	0%	2%	63%	26%	0%	100%
	Ease of trading across EAC borders after introduction of Customs Union	9%	0%	2%	63%	26%	0%	100%
	Access to affordable skilled labour	7%	0%	0%	31%	28%	34%	100%
	Quality and Cost of Transport	7%	3%	3%	79%	7%	0%	100%
	Access to affordable and reliable communications	0%	0%	0%	21%	52%	28%	100%
	Security	4%	0%	0%	24%	40%	48%	116%
	Legal and Regulatory Framework	3%	0%	3%	48%	45%	0%	100%
	Access to affordable and reliable energy	0%	28%	48%	21%	3%	0%	100%
	Access to Finance	0%	0%	31%	62%	7%	0%	100%
	Access to business support services	3%	0%	3%	72%	21%	0%	100%
Ease of trading across borders after recent establishment of Common Market	0%	0%	3%	34%	55%	7%	100%	
Ease of trading across EAC borders after introduction of Customs Union	0%	0%	7%	38%	55%	0%	100%	
EAC total	Access to affordable skilled labour	6%	0%	3%	59%	26%	6%	100%
	Quality and Cost of Transport	7%	4%	14%	52%	18%	5%	100%
	Access to affordable and reliable communications	5%	1%	6%	31%	44%	12%	100%
	Security	7%	2%	10%	51%	26%	9%	105%
	Legal and Regulatory Framework	6%	1%	5%	59%	26%	2%	100%
	Access to affordable and reliable energy	5%	11%	36%	36%	10%	2%	100%

Country	Business Climate Factors	No response	Major Deterioration (-2)	Minor Deterioration (-1)	No Change	Minor Improvement (+1)	Major Improvement (+2)	Country total
	Access to Finance	6%	6%	29%	42%	14%	2%	100%
	Access to business support services	8%	1%	7%	60%	22%	2%	100%
	Ease of trading across borders after recent establishment of Common Market	5%	1%	5%	40%	45%	4%	100%
	Ease of trading across EAC borders after introduction of Customs Union	6%	1%	4%	40%	46%	3%	100%

Source: BCI 2011 Perceptions by Businesses, Transport Companies and CFAs across EAC countries (Incl. Zanzibar but excluding Uganda transport companies)

Annex 4: Expected changes on situation of the Business Climate Factors in 2011

Country	Business Climate Factors	No response	Major Deterioration (-2)	Minor Deterioration (-1)	No Change	Minor Improvement (+1)	Major Improvement (+2)	Country total
<b>Burundi</b>	Access to affordable skilled labour	5%	3%	2%	27%	13%	50%	100%
	Quality and Cost of Transport	7%	2%	5%	25%	13%	48%	100%
	Access to affordable and reliable communications	7%	2%	2%	23%	12%	55%	100%
	Security	8%	2%	2%	20%	15%	53%	100%
	Legal and Regulatory Framework	7%	2%	3%	23%	10%	55%	100%
	Access to affordable and reliable energy	7%	2%	15%	13%	12%	52%	100%
	Access to Finance	7%	2%	2%	27%	12%	52%	100%
	Access to business support services	7%	2%	2%	27%	10%	53%	100%
	Ease of trading across borders after recent establishment of Common Market	7%	2%	3%	22%	13%	53%	100%
	Ease of trading across EAC borders after introduction of Customs Union	7%	2%	3%	22%	15%	52%	100%
	Access to affordable skilled labour	0%	0%	0%	61%	34%	5%	100%
	Quality and Cost of Transport	2%	2%	48%	31%	15%	3%	100%
	Access to affordable and reliable communications	0%	0%	7%	51%	36%	7%	100%
	Security	0%	0%	39%	43%	16%	2%	100%
Legal and Regulatory Framework	0%	2%	0%	74%	23%	2%	100%	
Access to affordable and reliable energy	0%	2%	49%	34%	13%	2%	100%	
Access to Finance	2%	3%	52%	30%	11%	2%	100%	
Access to business support services	5%	0%	11%	64%	15%	5%	100%	
Ease of trading across borders after recent establishment of Common Market	0%	0%	3%	10%	77%	10%	100%	
Ease of trading across EAC borders after introduction of Customs Union	0%	0%	3%	11%	75%	10%	100%	

Country	Business Climate Factors	No response	Major Deterioration (-2)	Minor Deterioration (-1)	No Change	Minor Improvement (+1)	Major Improvement (+2)	Country total	
Rwanda	Access to affordable skilled labour	8%	0%	0%	15%	40%	37%	100%	
	Quality and Cost of Transport	8%	0%	0%	23%	42%	27%	100%	
	Access to affordable and reliable communications	7%	0%	0%	18%	37%	38%	100%	
	Security	8%	0%	7%	18%	33%	33%	100%	
	Legal and Regulatory Framework	8%	0%	2%	35%	40%	15%	100%	
	Access to affordable and reliable energy	7%	2%	2%	33%	32%	25%	100%	
	Access to Finance	7%	0%	0%	25%	35%	33%	100%	
	Access to business support services	10%	0%	0%	32%	45%	13%	100%	
	Ease of trading across borders after recent establishment of Common Market	7%	0%	2%	13%	40%	38%	100%	
	Ease of trading across EAC borders after introduction of Customs Union	7%	0%	0%	13%	52%	28%	100%	
	Access to affordable skilled labour	5%	0%	0%	42%	32%	20%	100%	
	Quality and Cost of Transport	3%	0%	5%	59%	31%	2%	100%	
	Access to affordable and reliable communications	3%	0%	0%	24%	56%	17%	100%	
	Security	5%	2%	5%	37%	37%	14%	100%	
Tanzania	Legal and Regulatory Framework	8%	0%	2%	49%	34%	7%	100%	
	Access to affordable and reliable energy	8%	14%	17%	20%	41%	0%	100%	
	Access to Finance	3%	0%	10%	49%	37%	0%	100%	
	Access to business support services	7%	0%	2%	44%	41%	7%	100%	
	Ease of trading across borders after recent establishment of Common Market	3%	0%	0%	19%	47%	31%	100%	
	Ease of trading across EAC borders after introduction of Customs Union	3%	0%	0%	19%	51%	27%	100%	
	Access to affordable skilled labour	16%	0%	0%	47%	24%	13%	100%	

Country	Business Climate Factors	No response	Major Deterioration (-2)	Minor Deterioration (-1)	No Change	Minor Improvement (+1)	Major Improvement (+2)	Country total
Zanzibar	Quality and Cost of Transport	16%	5%	3%	55%	18%	3%	100%
	Access to affordable and reliable communications	16%	3%	0%	26%	34%	21%	100%
	Security	16%	3%	8%	55%	16%	3%	100%
	Legal and Regulatory Framework	21%	0%	3%	61%	16%	0%	100%
	Access to affordable and reliable energy	18%	8%	34%	13%	26%	0%	100%
	Access to Finance	21%	5%	18%	39%	16%	0%	100%
	Access to business support services	26%	0%	5%	50%	11%	8%	100%
	Ease of trading across borders after recent establishment of Common Market	24%	0%	0%	32%	37%	8%	100%
	Ease of trading across EAC borders after introduction of Customs Union	24%	0%	0%	32%	37%	8%	100%
	Access to affordable skilled labour	0%	0%	3%	60%	37%	0%	100%
	Quality and Cost of Transport	0%	0%	3%	83%	13%	0%	100%
	Access to affordable and reliable communications	0%	0%	0%	13%	40%	47%	100%
	Security	0%	0%	3%	57%	33%	7%	100%
	Legal and Regulatory Framework	0%	0%	3%	67%	30%	0%	100%
	Access to affordable and reliable energy	0%	0%	47%	33%	20%	0%	100%
	Access to Finance	0%	0%	33%	47%	20%	0%	100%
	Access to business support services	3%	0%	3%	67%	27%	0%	100%
Ease of trading across borders after recent establishment of Common Market	3%	0%	7%	67%	17%	7%	100%	
Ease of trading across EAC borders after introduction of Customs Union	0%	0%	3%	67%	23%	7%	100%	
Access to affordable skilled labour	6%	1%	1%	40%	30%	23%	100%	
Quality and Cost of Transport	6%	1%	12%	42%	23%	16%	100%	
<b>EAC Average</b>								

Country	Business Climate Factors	No response	Major Deterioration (-2)	Minor Deterioration (-1)	No Change	Minor Improvement (+1)	Major Improvement (+2)	Country total
	Access to affordable and reliable communications	5%	1%	2%	27%	35%	30%	100%
	Security	6%	1%	12%	35%	25%	21%	100%
	Legal and Regulatory Framework	7%	1%	2%	49%	26%	15%	100%
	Access to affordable and reliable energy	6%	5%	25%	25%	24%	15%	100%
	Access to Finance	6%	2%	18%	35%	22%	17%	100%
	Access to business support services	9%	0%	4%	45%	25%	16%	100%
	Ease of trading across borders after recent establishment of Common Market	6%	0%	2%	23%	41%	27%	100%
	Ease of trading across EAC borders after introduction of Customs Union	6%	0%	2%	23%	44%	24%	100%

Source: BCI 2011 Perceptions by Businesses, Transport Companies and CFAs across EAC countries (Incl. Zanzibar but excluding Uganda transport companies)



Annex 5: Inventory of ongoing and newly emerged NTBs as presented in the EAC Time Bound Programme on Elimination of NTBs: update in Nov. 2011

NTB summary description	Affected countries	NTB source & MDA <sup>23</sup> responsible for action	Impact to businesses	Prioritized Action	Bottlenecks or Success Factor	Status / Recommendations	Time-frame/ deadline
<b>OLD NTBS (BEFORE INTRODUCTION OF MONITORING MECHANISM IN 2007)</b>							
1	All Partner	Revenue Authorities	Delays in using the harmonized documents	Implement the EAC harmonized documents	Resistance from Revenue Authorities and Business Community in the Partner States.	NMCs to cross check and report whether their Revenue Authorities are implementing EAC harmonized documents. Rwanda has submitted documents used by RRA. Other partner states to submit by the set time frame	Mid November 2011
2	EAC Partner States	EAC Secretariat Revenue Authorities	Delays in of clearing imports Varied application of tariff duties	Harmonize export/import documentation.	Revenue authorities may feel the procedures are sufficient. Success Factor Political goodwill at Council of Ministers level to apply harmonized procedures.	The EAC Directorate of Customs is in process of finalizing the EAC Procedures manual. The private sector should be involved during the adoption process of the procedures manual.	April 2012
3	EAC Partner States	EAC Secretariat to coordinate	Added costs for transit traffic incl. customs bonds.	Prompt cancellation of transit bonds.	Likelihood of increase of dumping of goods in transit. Goodwill from Partner States Revenue Authorities	<i>Kenya urged to cancel bonds electronically.</i>	Immediate
4.	All EAC Partner States	Statutory agencies.	Time wasted.	Need to invest in One-Stop-Centres and electronic single window systems at border stations	Insufficient financial resources for investment in buildings, facilities and IT system/equipment. Success Factor Sufficient allocation of financial resources.	Regulations on designation of testing laboratories in the Partner States were considered by the 12 <sup>th</sup> Sectoral Council on Legal and Judicial Affairs which referred them to National drafters and SQMT Experts for drafting. The drafted regulations will be considered by the 13 <sup>th</sup> meeting of the Sectoral Council on 12 <sup>th</sup> -16 <sup>th</sup> March, 2012.	March 2012
5.	Rwanda Uganda and Burundi	Kenya - Ministry of Transport Tanzania - TANROADS	Time lost at weighbridges leading to business losses as goods do not reach destination on time	Reduction of weighbridges to two, one at the port of entry and the other at the port of exit	Political goodwill from the Partner States	The number of weighbridges should be reduced to 3 for Tanzania and Kenya, and 2 in case of Uganda, Burundi and Rwanda. Progress reports by all Partner States by Dec 2011.	December 2011
6	Kenya	Uganda Departments of Veterinary Services; Ministries of livestock development and Agriculture	Ban on market entry and loss of potential markets.	Political goodwill to mutually recognise inspection procedures, inspection reports and certificates	Pressure from businesses not to recognize products from within EAC due to fear of loss of markets Success Factor Political goodwill to recognize EAC as a single market area	The Sectoral Council on Trade, Industry, Finance and Investment directed Secretariat to convene a bilateral meeting to consider the issue	March 2012
7	All EAC Partner States	EAC Partner States Police Departments.	Delays in transport.	Issue clear guidelines on reasons for stopping	Resistance to remove roadblocks on argument they are mounted for	Kenya reported that she has reduced the road blocks from 36 to 5.	December 2012

<sup>23</sup> Government Ministry, Department and/or Agency

NTB summary description	Affected countries	NTB source & MDA <sup>25</sup> responsible for action	Impact to businesses	Prioritized Action	Bottlenecks or Success Factor	Status / Recommendations	Time-frame/ deadline
Northern and Central Corridors, estimated at 36 between Mombasa-Kigali and 30 between Dar Es Salaam to Rusumo border)	Rwanda Uganda Burundi		Bribes, estimated at US\$ 0.55 per roadblock per truck on Ugandan side and US\$ 1.3 Kenyan side, or USD 25,70 on the Northern Corridor per truck. USD 7.5 per roadblock per truck	commercial vehicles, a daily record of vehicles stopped, reasons and measures taken.	security reasons. Success Factor Follow-up on political decision to remove roadblocks	Rwanda has removed all road blocks in November 2008. Uganda has 5 roadblocks between Malaba and Gatuna/Katuna Tanzania reduced roadblocks from Dar es Salaam to Rusumo from 30 to 15. Tanzania has advertised tender for introduction of electronic cargo tracking. Also Tanzania has introduced: - Fleet management system where transporters are required to stop/report at the identified centres. This done between Tanzania police force and investment climate facilities project that started last year. - Check points along Dar to Rusumo route with all necessary communication facilities to ease the movement of goods. The meeting recommended that: - That transporters be sensitized on importance adoption of harmonized electronic cargo tracking system. - Revenue Authorities and Transporters to meet to deliberate on how to implement the proposal.	
8 Lengthy procedures for issuing work permits by Kenya, Uganda and Tanzania vary among EAC countries	All EAC Partner States	Uganda, Tanzania and Kenya Immigration departments	Lost business time while waiting for processing of work permits. As per BCI 2008 business take between 1-5 months to acquire work permits for workers sourced from another EAC country. Immediate Businesses are forced to employ locals who may lack required skills. Adds to cost of doing business.	Political goodwill to facilitate cross-border movement of people while waiting for finalization of relevant Protocol	Political resistance on need to safeguard national security Success Factor Political goodwill to accept EAC as a single market area	The procedure for issuing work permit has been simplified in Rwanda, Burundi, Kenya and Uganda. Tanzania is in the process of revising issuance of work permit to abide with common market protocol.	December 2011
9 Charges a plant import permit (PIP) at Malaba on Ugandan tea destined for auction at Mombasa.	Uganda, Burundi	Kenya Plant Health Services (KEPHIS)	Abolish charges.	Resistance from issuing authority	Kenya informed the meeting that the charge is a legal requirement for tea destined for Mombasa Auction. The issue will be addressed once EAC SPS protocol is concluded and ratified by Partner States. The draft protocol will be		December 2012

NTB summary description	Affected countries	NTB source & MDA <sup>25</sup> responsible for action	Impact to businesses	Prioritized Action	Bottlenecks or Success Factor	Status / Recommendations	Time-frame/ deadline
10	Uganda	Ministry of Agriculture Kenya	Uganda to identify	Mutual recognition of SPS certificates	Resistance from issuing authority.	considered by the Sectoral Council on Legal and Judicial Affairs in March, 2012. The meeting noted that the issue will be resolved once EAC protocol on SPS is in place.	December 2012
11	Partner States	Burundi	Partner States to identify impact When customs systems are not interfaced, it delays clearance of goods under customs control hence increases cost of doing business and loss of market	Interfacing of the systems	RADEX system has interfaced Rwanda, Uganda and Kenya.	The system has been rolled out in Burundi and staff is undergoing training. Tanzania reported that she already operates on RADEX system with Kenya and Uganda. She is updating its system from version 1.1 to 2.0.	November 2011
12	Partner States	Ports Authorities	Partner States to identify impact High Port charges increases cost of doing business in the region	Partner States to review port charges to peg them to international charges.		Partner States to review the grace period to 14 days for transit and 7days for local cargo	July 2013
13	Tanzania, Uganda, Rwanda and Burundi	Revenue Authorities	Business community to identify impact Delays and extra cost to doing business	Harmonization of working hours	Security issues and awareness by Business community	Modalities and procedures of harmonizing the 24 working cycle has been agreed by the Committee of Customs except there are some difficulties in the implementation especially border stations which do not have electricity, Infrastructure, security, equipment and staff. Other government agencies are not opening 24 hours. Tanzania works 24hrs at its border stations eg Rusomo, Holili, and Namanga except at the headquarters.	On-going
14	Partner States	Police Departments and Customs	Loss of business	Provide escorts for trucks	Lack of adequate infrastructure for Police escort	The meeting urged Partner States to increase police escort.	Ongoing
15	Partner States	Governments	Loss of business and increased cost of doing business. Increased cost of doing business	Fix the infrastructure	Inadequate financial resources Inefficient railway system	This is being addressed by Partner States through ongoing infrastructural developments.	Long-term
16	Partner States	Police, Customs, Anti-corruption agencies and Private Sector.		Reduction of corruption.	Lack of goodwill from all parties	Partner States are urged to address the vice.	Ongoing

NTB summary description	Affected countries	NTB source & MDA <sup>25</sup> responsible for action	Impact to businesses	Prioritized Action	Bottlenecks or Success Factor	Status / Recommendations	Time-frame/ deadline
border gates. Lack of Verification sheds and parking yards at border posts	Partner States	Partner States Revenue Authorities and Ministries of Works	Loss of business and spillages of cargo	Provision of sheds and parking yards	Inadequate financial resources	Partner States urged to hasten construction of one Stop border post.	Long Term
Charges by Container freight stations.	All Partner States	Kenya Ports Authority	Increased cost of doing business	Transit cargo should not be sent to CFS		KKPA to regulate the charges by CFS up the effecting of the recommendation.	June 2012
Exports of plastic products manufactured in Kenya are subjected to 10% and 25% CET rate.	Kenya	Tanzania Revenue Authority.	Increased cost of doing business	The exports to be charged 0% as per the EAC schedule on the elimination of internal tariffs.		EAC Secretariat to fast track the verification mission.	April 2012
Visa charges of US\$ 250 for businessmen.	Uganda	TRA	Cost to business	Abolition of the Visa.		Tanzania to check why some border posts are charging visa fee. Tanzania to sensitize her immigration personnel at the border stations.	Mid December 2011
No movements of Cargo Trucks beyond 6:00 pm within Tanzania	Rwanda, Burundi & Uganda	Ministry of Infrastructure, Tanzania	Time lost	Removal of the requirement		Tanzania reported that this applies to Rusomo border only. Tanzania to consult on the matter.	Mid-December 2011
TRA has introduced check points in the Central Corridor with timeframes and imposed charges for the delays to reach the destinations	Rwanda, Burundi, Uganda.	Ministry of infrastructure, Tanzania and TRA	Time lost	Removal of check points	Delays goods for the market.	To remove the check points. Tanzania reported she had reduced most of the check points and no fee is charged for the existing ones. The NMCs to continue engaging each other in pursuit of solving the NTBs.	Ongoing
<b>RESOLVED NON TARIFF BARRIERS (since endorsement of monitoring mechanism in 2007)</b>							
1 Tanzania require cash bonds for transportation of sugar to Rwanda	Rwanda	TRA	Adds to cost of doing business	Abolition of the requirement	Resistance from TRA because of possible dumping of sugar.	Tanzania reported that she is now using bonds rather than normal bonds.	Resolved
2 Burundi charges entry fee for vehicles from other Partner States	Kenya, Uganda, Tanzania & Rwanda	Burundi Customs	Adds to cost of doing business	Abolition of the charge		Burundi reported she had abolished the charge.	Resolved
3 Varying application of axle load specifications	All Partner States	Kenya Ministry of transport TANROADS Uganda Ministry of transport	Unnecessary time loss at the weighbridges Corruption	Introduce weigh-in motion systems and harmonization of axle load limits and gross vehicle mass (GVM) in the region	Insufficient financial resources Political disagreements on whether to adopt COMESA or SADC specifications	The meeting of permanent secretaries for transport, communications and metrology held on 16 <sup>th</sup> – 19 <sup>th</sup> August 2011 in Nairobi recommended that a meeting of technical expert be convened by EAC Secretariat to develop supportive legal, intuitional and operative framework for approval by the Council by April 2012.	April 2012 Resolved

NTB summary description	Affected countries	NTB source & MDA's responsible for action	Impact to businesses	Prioritized Action	Bottlenecks or Success Factor	Status / Recommendations	Time-frame/ deadline
4	Burundi	Tanzania Immigration Depart	Restriction of entering.	Removal of visa		Tanzania reported that the issue was being handled by the relevant Government body (Issue has been Resolved)	Resolved
5	All EAC countries through use of Northern & Central corridors	Kenya Ports Authority, Tanzania Ports Authority, Kenya Revenue Authority, Tanzania Revenue Authority, Kenya Railway Corporation, Tanzania Railways Corporation and Uganda Railways Corporation	3-4 days lost at Dar Es Salaam port, 7-10 days at Mombasa port. Surcharge by shipping lines of USD 12.5 per day after 4 days of ship arrival. KPA charge of USD 20 for 20ft and USD 40 and 40ft containers after 15 days. KPA stripping levy of USD 75 per container.	Implement Community based systems (CBS) to ensure information. Flow between ports and customs along corridors. Implement one-stop documentation centres to speed up clearance of containerized cargo. Continue ports modernization including computerization of procedures to ensure faster clearance.	Insufficient financial resources for investment in modern cargo handling equipment at the ports, rail wagons and communication technology. Success Factor Sufficient budgetary Allocation.	The ports of Mombasa and Dar es salaam are implementing National single window system to redress delays at the ports	on going
6	Tanzania	Kenya Revenue Authority/Kenya Bureau of Standards	Loss of business	Removal of the restriction		Kenya informed the meeting that KRA has issued an import license and stamp duty and konyagi products are now imported into Kenya.	Resolved
7	Kenya	Rwanda Revenue Authority	Loss of Business	Application of EAC Rules of Origin	Resistance from RRA	The issue is resolved	Resolved
8	Tanzania, Uganda and Kenya	Burundi and Rwanda Bureaux of Standards	An extra cost of doing business	Mutual recognition of quality marks issued by Partner States National Standard Bureaux	Resistance from Rwanda Bureau of Standards	The issue is resolved	Resolved
9	Kenya	Tanzania Revenue Authority	Tanzania charges on sales vans-US\$20 for each entry and charges on sales persons-US\$200 per each entry.	Abolition of extra charges	Resistance from TRA	The levied have been abolished.	Resolved
10	Kenya	Tanzania Revenue Authority	Loss of business	Abolition of the requirement	Resistance from TRA	Tanzania has abolished the procedure except for the traders who do not avail the bill of landing.	Resolved

NTB summary description	Affected countries	NTB source & MDA <sup>25</sup> responsible for action	Impact to businesses	Prioritized Action	Bottlenecks or Success Factor	Status / Recommendations	Time-frame/ deadline
lot.							
11 Requirement of road consignment note from transporters even before the goods have been packed.	Kenya	Tanzania Revenue Authority	An extra cost of doing business	Abolition of requirement of road consignment noted	Resistance from TRA	Requirement of road consignment has been abolished.	Resolved
12 Requirement for executing a bond for import taxes before being issued with stamps for excise duty purposes in Tanzania.	Kenya	Tanzania Revenue Authority	An extra cost to doing business	Abolition of the requirement	Resistance from the Revenue Authority	Tanzania no longer demands execution of bonds.	Resolved
13 Requirement by Tanzania that BAT cigarettes should have 75% local tobacco content.	Kenya	Tanzania Revenue Authority	Loss of Business	Application of non-discriminatory excise duty regime	Resistance from TRA	The issues of 75% local content for BAT cigarettes have been removed.	Resolved
14 Holding, retesting milk and milk products bearing Uganda National Bureau of Standards quality marks and imposition of import quotas.	Uganda and Tanzania	Kenya's Ministry of Fisheries and Livestock Development, Kenya Dairy Board and Kenya Bureau of Standards.	Denial of market entry and loss of potential markets.	Political goodwill to mutually recognise inspection procedures, inspection reports and certificates	Pressure from businesses not to recognize products from within EAC due to fear of loss of markets Success Factor Political goodwill to recognize EAC as a single market area	The issue has been resolved	Resolved
15 Kenyan ban on Ugandan day old chicks	Uganda	Ministries of Livestock Development and Agriculture	Ban on market entry and loss of potential markets.	Political goodwill to mutually recognise inspection procedures, inspection reports and certificates	Pressure from businesses not to recognize products from within EAC due to fear of loss of markets Success Factor Political goodwill to recognize EAC as a single market area	The issue has been resolved.	Resolved
16 Cumbersome testing procedures for food exports and imports into Tanzania	Kenya	Tanzania Food and Drug Authority (TFDA)	Cost & time incurred in testing & certification procedures	Need to harmonize national export/ import procedures under one technical body	Resistance from authorities currently in charge of exports/imports inspection (TFDA)		unresolved
17 Verification & classification goods (green, yellow, red)	EAC Partner States	Partner States Revenue Authorities	Corruption during verification. Credible importers of goods classified under red channel have to undergo physical verification on each consignment	Joint verification of goods at border posts.	Lack of verification sheds. Goodwill from Partner States Revenue Authorities.	Partner States Revenue Authorities are implementing Risk Management Systems.	Partner States are in the process of implementing a Risk Management System
18 EAC Standards	All EAC	National Bureaux of	Time and cost of	SQMT Protocol	Lack of financial resources to set	Mutual recognition of quality marks issued by	Harmonization

NTB summary description	Affected countries	NTB source & MDA <sup>25</sup> responsible for action	Impact to businesses	Prioritized Action	Bottlenecks or Success Factor	Status / Recommendations	Time-frame/ deadline
Bureaux have varying procedures for issuance of certification marks, inspection and testing.	Partner States	Standards EAC Ministries of industry.	complying with testing and certification procedures in the target export country	demonstrates political goodwill within EAC. Domestication of the protocol. Mutual recognition of standards marks. Continued harmonization of EAC standards	up facilities for certification Success Factor Sufficient funding to develop capacity in testing and certification at national and regional level	Bureaux of standards in accordance with the decision of the Council at its 7th meeting (EAC/CM7/2004)  EAC Secretariat is in the process of finalizing procedures and regulations of testing in order to speed up implementation of SQMT Act 2006	of EAC standard is still on-going
20 Non-recognition of EAC Rules & Certificates of Origin	Kenya Uganda Tanzania	Partner States Revenue Authorities	Cost of organizing verification missions. Delays in processing mission reports of between 1-2 months. Lost business opportunities	Adherence to EAC Rules of Origin Criteria of 30% local value added	Pressure from domestic businesses due to fear they will lose domestic markets. Success Factor Goodwill to treat EAC as a single market area.	Partner States are now recognizing certificate of origins and verification missions undertaken where origin criteria is doubted.	Resolved
21 Charging 6% withholding tax by URA	Kenya	Uganda dairy Board	Increased cost of doing business	Harmonization of internal withholding tax in the regional		Uganda informed the meeting this was a domestic tax.	N/A
22 Charge of 1.5% dairy levy	Kenya	Uganda dairy Board	Increased cost of doing business	Abolition of the levy	Resistance from Uganda dairy board.	Uganda informed the meeting this was a domestic tax.	N/A
23 The Ministries of Roads collects road tolls at the entry and exit points.	Uganda, Kenya, Tanzania, Burundi and Rwanda	Ministries responsible for Roads	An extra cost to doing business	Harmonization of transit charges		There is need to harmonization of toll charges in the region. Partner States in process of harmonizing their toll charges.	
24 Uganda's certification procedures on exports of milk from Kenya		Uganda dairy board	Denial of market entry and loss of potential markets. Loss of potential market valued at USD 1 million for one Kenyan milk processor. As an extra cost to doing business	Political goodwill to mutually recognise inspection procedures, inspection reports and certificates.	Pressure from businesses not to recognize products from within EAC due to fear of loss of markets	The milk is allowed as long as it has certification.	Resolved
25 Transit trucks registered in Uganda, Rwanda and Burundi are required to apply for a permit to carry Kenyan local products.	Uganda, Tanzania, Burundi and Rwanda	Kenya Revenue Authority, Ministry of Transport, Ministry of Labour and other relevant authorities in Kenya		To allow trucks to carry cargo	Prompt action from KRA KRA is in compliance with the Council administrative measures	The transporters are required to apply for licenses through their Revenue Authorities. The meeting that this issue had been resolved by the Council administratively whereby the transporters are required to apply for licenses to carry home bound goods.	Resolved
26 Release of cargo manifest	All Partner States	Shipping lines	Increased cost of doing business	To release the manifest 72 hours before the ships dock.	Resistance from the shipping lines	CMA 2004 has been amended to allow submission of cargo manifest electronically by shipping lines within 72 hours.	Resolved
27 Requirement that to	Uganda	Tanzania Herbalists	Ban of products	Abolition of the		Tanzania has already passed some regulations to	Resolved

NTB summary description	Affected countries	NTB source & MDA <sup>25</sup> responsible for action	Impact to businesses	Prioritized Action	Bottlenecks or Success Factor	Status / Recommendations	Time-frame/ deadline
export Herbal products to Tanzania you either be a member of Tanzania herbalists or to declare their formulas.		organization		requirement		be adhered to all Tanzanians Herbalists organization. Tanzania to avail the regulations to Uganda to ease trade in herbal medicine.	
<b>NEW NTBS (since endorsement of Monitoring Mechanism in 2007)</b>							
1 Non recognition of CTH criteria in EAC ROO for motor vehicles							
2 Kenyan Trucks entering TZ are charged \$200	Kenya						
3 Kenyan business people charged \$200 on entering TZ							
4 Unavailability of simplified certificate of origin issued by Tanzanian							
5 Cigarettes manufactured in Kenya exported to TZ require to have 75% of local Tanzanian material content							

Source: Ministry of EAC (Kenya)



Annex 6: Percentage responses on the extent to which competence, treatment and understanding of procedures by port officers are problematic to business operations

Response factor	Country	No response	Good	Fair	Poor	Always Problematic	Total responses		
Competence of officers	Burundi	89%	1%	3%	3%	5%	100%		
	Kenya	90%	5%	3%	1%	1%	100%		
	Rwanda	87%	2%	9%	2%	0%	100%		
	Tanzania	83%	2%	11%	2%	1%	100%		
	Uganda	90%	5%	4%	0%	0%	100%		
	Zanzibar	100%	0%	0%	0%	0%	100%		
	EAC average	84%	4%	8%	2%	1%	99%		
	Treatment by officers	Burundi	81%	3%	5%	5%	6%	100%	
		Kenya	85%	6%	4%	3%	1%	100%	
		Rwanda	80%	6%	6%	2%	6%	100%	
Tanzania		77%	5%	14%	2%	2%	100%		
Uganda		79%	11%	8%	1%	1%	100%		
Zanzibar		100%	0%	0%	0%	0%	100%		
EAC average		79%	6%	9%	3%	3%	100%		
Understanding of procedures/regulations in your country and other EAC countries		Burundi	81%	3%	9%	4%	4%	100%	
		Kenya	85%	7%	5%	2%	1%	100%	
		Rwanda	80%	12%	5%	2%	1%	100%	
	Tanzania	77%	6%	9%	3%	5%	100%		
	Uganda	79%	12%	6%	1%	1%	100%		
	Zanzibar	100%	0%	0%	0%	0%	100%		
	EAC average	79%	9%	8%	3%	2%	100%		
	Source:	Businesses, CFAs and Informal Cross Border Traders	Transporters,	CFAs	and	Informal	Cross	Border	Traders

Annex 7: Extent to which competence, treatment and understanding of immigration procedures by immigration officers are perceived as problematic to business operations

Country	Response factor	No response	Good	Fair	Poor	Always Problematic	Total
Burundi	Competence of Immigration Officers	80%	0%	8%	9%	2%	100%
	Treatment by Immigration Officers	50%	11%	19%	16%	3%	100%
	Understanding of procedures by Immigration Officers	51%	6%	22%	17%	4%	100%
Kenya	Competence of Immigration Officers	73%	9%	15%	2%	0%	100%
	Treatment by Immigration Officers	50%	22%	18%	8%	2%	100%
	Understanding of procedures by Immigration Officers	52%	22%	21%	4%	1%	100%
Rwanda	Competence of Immigration Officers	81%	15%	3%	0%	0%	100%
	Treatment by Immigration Officers	55%	32%	12%	1%	0%	100%
	Understanding of procedures by Immigration Officers	55%	25%	17%	2%	1%	100%
Tanzania	Competence of Immigration Officers	65%	17%	14%	2%	2%	100%
	Treatment by Immigration Officers	35%	19%	32%	7%	7%	100%
	Understanding of procedures by Immigration Officers	37%	24%	29%	5%	5%	100%
Uganda	Competence of Immigration Officers	77%	14%	8%	1%	0%	100%
	Treatment by Immigration Officers	43%	33%	21%	2%	1%	100%
	Understanding of procedures by Immigration Officers	45%	29%	23%	2%	0%	100%
EAC average	Competence of Immigration Officers	75%	11%	10%	3%	1%	100%
	Treatment by Immigration Officers	46%	23%	20%	7%	3%	100%
	Understanding of procedures by Immigration Officers	48%	21%	23%	6%	2%	100%

Source: BCI 2011 data –combined percentage responses by businesses and informal cross border traders

Annex 8: Suggested improvements on immigration regulations and requirements

Country	Response factor	No response	No improvements needed	Some improvements needed	Major improvements needed	Country total
Burundi	Information on regulations/procedures	0%	20%	23%	58%	100%
	Paperwork	0%	35%	28%	38%	100%
	Training of immigration officers	8%	10%	30%	53%	100%
	Treatment of EAC citizens during issuance of passports and work permits	28%	10%	40%	23%	100%
	Simplification/abolition of procedures for issuing work permits	28%	15%	35%	23%	100%
Kenya	Removal of visas	0%	48%	33%	20%	100%
	Information on regulations/procedures	43%	5%	43%	10%	100%
	Paperwork	45%	20%	20%	15%	100%
	Training of immigration officers	48%	20%	33%	0%	100%
	Treatment of EAC citizens during issuance of passports and work permits	48%	5%	23%	25%	100%
Rwanda	Simplification/abolition of procedures for issuing work permits	48%	5%	23%	25%	100%
	Removal of visas	53%	28%	18%	3%	100%
	Information on regulations/procedures	33%	10%	15%	43%	100%
	Paperwork	33%	10%	43%	15%	100%
	Training of immigration officers	33%	8%	23%	38%	100%
Tanzania	Treatment of EAC citizens during issuance of passports and work permits	35%	0%	15%	50%	100%
	Simplification/abolition of procedures for issuing work permits	33%	25%	25%	18%	100%
	Removal of visas	33%	38%	15%	15%	100%
	Information on regulations/procedures	13%	24%	58%	5%	100%
	Paperwork	13%	18%	61%	8%	100%
Uganda	Training of immigration officers	13%	37%	42%	8%	100%
	Treatment of EAC citizens during issuance of passports and work permits	13%	21%	55%	11%	100%
	Simplification/abolition of procedures for issuing work permits	13%	16%	61%	11%	100%
	Removal of visas	13%	18%	34%	34%	100%
	Information on regulations/procedures	0%	18%	23%	60%	100%
Uganda	Paperwork	0%	13%	68%	20%	100%
	Training of immigration officers	3%	10%	73%	15%	100%
	Treatment of EAC citizens during issuance of passports and work permits	0%	8%	18%	75%	100%
	Simplification/abolition of procedures for issuing work permits	3%	10%	20%	68%	100%

Country	Response factor	No response	No improvements needed	Some improvements needed	Major improvements needed	Country total
Zanzibar	Removal of visas	8%	8%	45%	40%	100%
	Information on regulations/procedures	50%	0%	25%	25%	100%
	Paperwork	50%	6%	44%	0%	100%
	Training of immigration officers	50%	19%	19%	13%	100%
	Treatment of EAC citizens during issuance of passports and work permits	50%	13%	25%	13%	100%
	Simplification/abolition of procedures for issuing work permits	50%	0%	19%	31%	100%
EAC average	Removal of visas	50%	0%	25%	25%	100%
	Information on regulations/procedures	20%	14%	31%	35%	100%
	Paperwork	21%	18%	43%	18%	100%
	Training of immigration officers	23%	17%	38%	22%	100%
	Treatment of EAC citizens during issuance of passports and work permits	27%	9%	29%	35%	100%
	Simplification/abolition of procedures for issuing work permits	27%	13%	31%	29%	100%
	Removal of visas	23%	26%	29%	22%	100%

Source: BCI 2011 data –combined percentage responses by businesses and informal cross border traders

Annex 9: Percentage responses on extent to which competence, treatment and arbitrary introduction of new rules by police officers without prior notice is perceived as problematic during movement of goods in home country and in other EAC countries

Country	Response factor	No response	Never problematic	Sometimes problematic	Always Problematic	Total country
Burundi	Competence of Police Officers	64%	4%	22%	10%	100%
	Treatment by Officers	42%	11%	30%	17%	100%
Kenya	Arbitrary introduction of new rules without prior notice	42%	9%	34%	15%	100%
	Competence of Police Officers	66%	8%	21%	5%	100%
	Treatment by Officers	45%	16%	24%	15%	100%
	Arbitrary introduction of new rules without prior notice	46%	15%	23%	15%	100%
Rwanda	Competence of Police Officers	67%	12%	19%	1%	100%
	Treatment by Officers	45%	26%	27%	3%	100%
Tanzania	Arbitrary introduction of new rules without prior notice	45%	20%	29%	6%	100%
	Competence of Police Officers	52%	16%	29%	4%	100%
	Treatment by Officers	30%	12%	43%	16%	100%
	Arbitrary introduction of new rules without prior notice	30%	15%	37%	17%	100%
Uganda	Competence of Police Officers	70%	10%	14%	5%	100%
	Treatment by Officers	44%	17%	26%	14%	100%
EAC average	Arbitrary introduction of new rules without prior notice	44%	17%	30%	10%	100%
	Competence of Police Officers	64%	10%	21%	5%	100%
	Treatment by Officers	41%	16%	30%	13%	100%
	Arbitrary introduction of new rules without prior notice	42%	15%	31%	13%	100%

Source: BCI 2011 data - Combined percentage responses by Transporters, Businesses, CFAs, and Informal cross border traders

Annex 10: Suggested improvements on procedures for police checks at roadblocks

Response factor	Country	No response	No improvement needed	Some improvement needed	Major improvement needed	Country total	
Guidelines on reasons for stopping commercial vehicles	Burundi	6%	11%	34%	49%	100%	
	Kenya	21%	0%	5%	74%	100%	
	Rwanda	6%	46%	25%	23%	100%	
	Tanzania	4%	30%	62%	4%	100%	
	Uganda	15%	15%	39%	31%	100%	
	Zanzibar	20%	12%	52%	16%	100%	
	EAC average	11%	20%	34%	35%	100%	
	Burundi	9%	11%	29%	51%	100%	
	Kenya	21%	1%	14%	64%	100%	
	Rwanda	6%	16%	58%	20%	100%	
Recording of vehicles stopped, reasons for stopping and measures taken	Tanzania	4%	34%	45%	17%	100%	
	Uganda	16%	5%	48%	31%	100%	
	Zanzibar	23%	10%	57%	10%	100%	
	EAC average	12%	13%	40%	35%	100%	
	Burundi	5%	5%	20%	70%	100%	
	Kenya	22%	0%	17%	60%	100%	
	Rwanda	6%	3%	30%	61%	100%	
	Tanzania	5%	12%	52%	31%	100%	
	Uganda	11%	5%	16%	68%	100%	
	Zanzibar	20%	0%	33%	47%	100%	
Harmonization of procedures within EAC partner states	EAC average	11%	4%	28%	57%	100%	
	Burundi	10%	18%	24%	49%	100%	
	Kenya	23%	0%	17%	59%	100%	
	Rwanda	8%	25%	33%	35%	100%	
	Tanzania	5%	30%	38%	27%	100%	
	Uganda	13%	2%	35%	50%	100%	
	Zanzibar	20%	7%	27%	47%	100%	
	EAC average	12%	15%	29%	44%	100%	
	Use of other means to ensure compliance with law and order instead of police roadblocks						

Annex 11: Percentage responses on suggested improvements on weighbridge requirements

Country	Response factor	No response	No Improvements needed	Some Improvements needed	Major Improvement needed	Country total
Burundi	Information on axle load and gross vehicle weight regulations	12%	10%	32%	47%	100%
	Harmonization of axle load regulations within EAC	10%	5%	28%	57%	100%
	Calibration of weighing scale	10%	15%	38%	37%	100%
	Paperwork at weighbridges stations	13%	20%	32%	35%	100%
Kenya	Training of weighbridge staff	12%	12%	37%	40%	100%
	Information on axle load and gross vehicle weight regulations	46%	3%	30%	21%	100%
	Harmonization of axle load regulations within EAC	30%	0%	10%	61%	100%
	Calibration of weighing scale	30%	0%	28%	43%	100%
	Paperwork at weighbridges stations	30%	2%	48%	21%	100%
	Training of weighbridge staff	30%	2%	43%	26%	100%
Rwanda	Information on axle load and gross vehicle weight regulations	8%	20%	50%	22%	100%
	Harmonization of axle load regulations within EAC	8%	2%	35%	55%	100%
	Calibration of weighing scale	10%	17%	42%	32%	100%
	Paperwork at weighbridges stations	10%	33%	47%	10%	100%
Tanzania	Training of weighbridge staff	12%	7%	50%	32%	100%
	Information on axle load and gross vehicle weight regulations	9%	13%	56%	22%	100%
	Harmonization of axle load regulations within EAC	11%	4%	51%	35%	100%
	Calibration of weighing scale	11%	7%	55%	27%	100%
	Paperwork at weighbridges stations	13%	5%	55%	27%	100%
	Training of weighbridge staff	13%	11%	49%	27%	100%
Uganda	Information on axle load and gross vehicle weight regulations	17%	0%	29%	55%	100%
	Harmonization of axle load regulations within EAC	17%	0%	21%	62%	100%
	Calibration of weighing scale	17%	0%	17%	67%	100%
	Paperwork at weighbridges stations	12%	0%	48%	40%	100%
Zanzibar	Training of weighbridge staff	7%	0%	55%	38%	100%
	Information on axle load and gross vehicle weight regulations	93%	0%	3%	3%	100%
	Harmonization of axle load regulations within EAC	93%	0%	3%	3%	100%
	Calibration of weighing scale	93%	0%	7%	0%	100%
	Paperwork at weighbridges stations	93%	0%	3%	3%	100%
	Training of weighbridge staff	93%	0%	7%	0%	100%
EAC total	Information on axle load and gross vehicle weight regulations	26%	9%	36%	29%	100%
	Harmonization of axle load regulations within EAC	23%	2%	27%	49%	100%
	Calibration of weighing scale	23%	7%	34%	36%	100%
	Paperwork at weighbridges stations	23%	12%	41%	24%	100%
	Training of weighbridge staff	23%	6%	42%	29%	100%

Source: BCI 2011 data \_ Combined percentage responses by Transporters, Businesses and CFAs

Annex 12: Combined percentage responses on Professional and Fair Treatment on Technical Standards

Response factor	Country	No response	Never a problem	Sometimes a problem	Always Problematic	EAC total
Competence of officers	Burundi	57%	9%	27%	7%	100%
	Kenya	54%	23%	18%	5%	100%
	Rwanda	56%	20%	23%	1%	100%
	Tanzania	40%	26%	26%	7%	100%
	Uganda	55%	19%	20%	7%	100%
	EAC average	52%	19%	23%	5%	100%
Treatment by officers	Burundi	56%	11%	24%	9%	100%
	Kenya	55%	19%	19%	7%	100%
	Rwanda	55%	21%	22%	1%	100%
	Tanzania	40%	19%	32%	9%	100%
	Uganda	54%	13%	27%	6%	100%
	EAC average	52%	17%	25%	6%	100%
Understanding of procedures/ regulations	Burundi	56%	10%	25%	9%	100%
	Kenya	54%	20%	23%	4%	100%
	Rwanda	54%	20%	25%	1%	100%
	Tanzania	40%	25%	27%	8%	100%
	Uganda	54%	18%	23%	5%	100%
	EAC average	52%	19%	25%	5%	100%
Mutual recognition of standard certification marks	Burundi	55%	12%	23%	9%	100%
	Kenya	54%	20%	20%	6%	100%
	Rwanda	55%	21%	22%	2%	100%
	Tanzania	41%	26%	22%	11%	100%
	Uganda	53%	20%	19%	8%	100%
	EAC average	52%	20%	21%	7%	100%

Source: BCI 2011 data – Percentage responses by Transporters, Businesses, CFAs and Informal cross border traders



Annex 13: Extent to which noncompliance with quality standards, testing and certification is perceived to be the cause of delayed clearance of imports and exports

Response factor	Country	No response	Never a Problem	Sometimes a Problem	Always a Problem	Country total
Extent to which noncompliance with quality standards, testing and certification is perceived to be the cause of delayed clearance of imports	Burundi	39%	23%	31%	8%	100%
	Kenya	54%	2%	41%	2%	100%
	Rwanda	9%	46%	45%	0%	100%
	Tanzania	19%	25%	56%	0%	100%
	Uganda	42%	4%	36%	18%	100%
	Zanzibar	60%	4%	36%	0%	100%
	EAC total	34%	20%	41%	5%	100%
Extent to which noncompliance with quality standards, testing and certification is perceived to be the cause of delayed clearance of exports	Burundi	64%	15%	16%	5%	100%
	Kenya	58%	2%	37%	2%	100%
	Rwanda	49%	16%	35%	0%	100%
	Tanzania	22%	25%	53%	0%	100%
	Uganda	18%	10%	45%	27%	100%
	Zanzibar	73%	0%	27%	0%	100%
	EAC total	46%	13%	36%	6%	100%

Source: BCI 2011 data – Combined percentage responses by Transporters, Businesses, CFAs and Informal cross border traders

Annex 14: Percentage responses on suggested improvements to technical standards

Response factor	Country	No response	No Improvements needed	Some Improvements needed	Major Improvements needed	Country total
Information on regulations/procedures	Burundi	34%	4%	24%	39%	100%
	Kenya	53%	2%	35%	10%	100%
	Rwanda	6%	43%	49%	3%	100%
	Tanzania	16%	34%	43%	8%	100%
	Uganda	5%	6%	44%	45%	100%
	Zanzibar	47%	3%	30%	20%	100%
Paperwork	EAC total	25%	17%	38%	20%	100%
	Burundi	31%	18%	24%	28%	100%
	Kenya	53%	2%	35%	10%	100%
	Rwanda	6%	28%	58%	9%	100%
	Tanzania	16%	21%	51%	13%	100%
	Uganda	5%	3%	66%	26%	100%
	Zanzibar	47%	7%	33%	13%	100%
	EAC total	25%	14%	45%	16%	100%
Training of standards bureau officials	Burundi	33%	1%	26%	40%	100%
	Kenya	54%	6%	26%	14%	100%
	Rwanda	8%	20%	59%	14%	100%
	Tanzania	16%	30%	34%	21%	100%
	Uganda	6%	3%	50%	40%	100%
	Zanzibar	47%	10%	23%	20%	100%
	EAC total	26%	12%	37%	25%	100%
Harmonization of standards specifications in EAC	Burundi	31%	1%	18%	50%	100%
	Kenya	53%	0%	5%	42%	100%
	Rwanda	9%	8%	46%	38%	100%
	Tanzania	16%	13%	45%	26%	100%
	Uganda	6%	3%	19%	71%	100%
	Zanzibar	47%	7%	27%	20%	100%
	EAC total	26%	5%	27%	42%	100%
Harmonization of procedures for testing, mutual recognition of certified goods, reports and certification in EAC	Burundi	31%	4%	18%	48%	100%
	Kenya	53%	0%	5%	42%	100%
	Rwanda	9%	4%	28%	60%	100%
	Tanzania	17%	8%	39%	36%	100%
	Uganda	6%	3%	24%	66%	100%
	Zanzibar	47%	7%	23%	23%	100%
	EAC total	26%	4%	22%	48%	100%
Harmonization of charges on testing and certification in EAC	Burundi	31%	1%	16%	51%	100%
	Kenya	53%	0%	5%	42%	100%
	Rwanda	9%	4%	33%	55%	100%
	Tanzania	16%	6%	48%	30%	100%
	Uganda	6%	3%	24%	66%	100%
	Zanzibar	47%	3%	23%	27%	100%
	EAC total	26%	3%	25%	47%	100%
Collaboration between standards bureaus in EAC to avoid duplication of efforts	Burundi	30%	3%	19%	49%	100%
	Kenya	57%	0%	5%	38%	100%
	Rwanda	11%	3%	25%	61%	100%
	Tanzania	17%	6%	39%	38%	100%
	Uganda	8%	2%	26%	65%	100%
	Zanzibar	47%	10%	23%	20%	100%
	EAC total	27%	3%	22%	47%	100%

Source: BCI 2011 data – Percentage responses by Transporters, Businesses, CFAs and Informal cross border traders

Annex 15: Percentage responses on professional and fair treatment regarding SPS administration and documentation by respondents in home country and from other EAC countries are during movement of goods within the region

<b>Response factor</b>	<b>Country</b>	<b>No response</b>	<b>Never a problem</b>	<b>Sometimes a problem</b>	<b>Always Problematic</b>	<b>Country total</b>
Competence of officers	Burundi	71%	11%	13%	4%	100%
	Kenya	70%	15%	12%	3%	100%
	Rwanda	73%	10%	16%	1%	100%
	Tanzania	60%	18%	19%	3%	100%
	Uganda	69%	14%	14%	3%	100%
	EAC average	69%	14%	15%	3%	100%
Treatment by officers	Burundi	72%	13%	13%	2%	100%
	Kenya	70%	11%	14%	4%	100%
	Rwanda	74%	12%	14%	1%	100%
	Tanzania	61%	14%	21%	4%	100%
	Uganda	70%	13%	14%	3%	100%
	EAC average	69%	12%	15%	3%	100%
Understanding of procedures/regulations	Burundi	73%	7%	14%	6%	100%
	Kenya	70%	16%	11%	2%	100%
	Rwanda	74%	9%	17%	0%	100%
	Tanzania	61%	17%	18%	4%	100%
	Uganda	70%	14%	11%	5%	100%
	EAC average	70%	13%	14%	3%	100%
Mutual recognition of standard certification marks	Burundi	72%	13%	10%	5%	100%
	Kenya	70%	13%	11%	5%	100%
	Rwanda	73%	10%	15%	1%	100%
	Tanzania	61%	16%	18%	5%	100%
	Uganda	70%	14%	10%	6%	100%
	EAC average	69%	13%	13%	4%	100%

Source: BCI 2011 data – Responses by Transporters, Businesses, CFAs and Informal cross border traders

Annex 16: Percentage responses on suggested improvements to SPS standards documentation and administrative procedures

Response factor	Country	No response	No improvements needed	Some improvements needed	Major improvements needed	Country total
Information on regulations/procedures	Burundi	66%	5%	16%	13%	100%
	Kenya	62%	5%	15%	19%	100%
	Rwanda	63%	24%	9%	5%	100%
	Tanzania	27%	26%	43%	4%	100%
	Uganda	24%	5%	26%	45%	100%
	Zanzibar	70%	0%	10%	20%	100%
	EAC total	51%	12%	20%	16%	100%
Paperwork	Burundi	66%	8%	10%	16%	100%
	Kenya	62%	2%	28%	7%	100%
	Rwanda	63%	1%	35%	1%	100%
	Tanzania	27%	16%	47%	10%	100%
	Uganda	33%	0%	40%	26%	100%
	Zanzibar	44%	4%	36%	16%	100%
	EAC total	51%	6%	32%	11%	100%
Training of government officials	Burundi	66%	1%	13%	20%	100%
	Kenya	62%	5%	20%	14%	100%
	Rwanda	63%	1%	13%	24%	100%
	Tanzania	27%	18%	48%	6%	100%
	Uganda	24%	3%	48%	24%	100%
	Zanzibar	70%	0%	13%	17%	100%
	EAC total	51%	5%	26%	17%	100%
Harmonization of standards in EAC	Burundi	66%	3%	5%	26%	100%
	Kenya	60%	2%	4%	33%	100%
	Rwanda	63%	0%	23%	15%	100%
	Tanzania	27%	1%	52%	19%	100%
	Uganda	27%	3%	19%	50%	100%
	Zanzibar	70%	0%	17%	13%	100%
	EAC total	51%	2%	20%	27%	100%
Collaboration between SPS institutions on SPS testing and certification procedures to avoid duplication of efforts	Burundi	68%	4%	3%	26%	100%
	Kenya	63%	2%	9%	26%	100%
	Rwanda	64%	11%	8%	18%	100%
	Tanzania	30%	1%	42%	27%	100%
	Uganda	34%	6%	39%	21%	100%
	Zanzibar	70%	0%	17%	13%	100%
	EAC total	54%	5%	19%	23%	100%
Abolition of arbitrary requirement for SPS certificates for selected goods	Burundi	68%	3%	5%	25%	100%
	Kenya	60%	4%	5%	31%	100%
	Rwanda	63%	6%	18%	14%	100%
	Tanzania	29%	6%	47%	18%	100%
	Uganda	39%	1%	18%	42%	100%
	Zanzibar	64%	0%	16%	20%	100%
	EAC total	53%	4%	18%	25%	100%

Source: BCI 2011 data - combined percentage responses by Transporters, Businesses, CFAs and Informal cross border traders

Annex 17: Extent to which competence, treatment and understanding of business registration and licensing procedures is regarded as problematic to business operations by respondents in their home country and from other EAC countries

Response factor	Country	No response	Never problematic	Sometimes problematic	Always Problematic	Total EAC
Competence of officers in issuing Central Government Licenses	Burundi	72%	17%	9%	2%	100%
	Kenya	71%	11%	17%	1%	100%
	Rwanda	69%	24%	7%	0%	100%
	Tanzania	57%	25%	16%	3%	100%
	Uganda	75%	10%	12%	3%	100%
	EAC average	69%	17%	12%	2%	100%
Competence of officers in issuing Local Authorities Licenses	Burundi	72%	14%	11%	3%	100%
	Kenya	71%	7%	18%	4%	100%
	Rwanda	69%	21%	9%	0%	100%
	Tanzania	55%	26%	17%	3%	100%
	Uganda	76%	8%	13%	2%	100%
	EAC average	69%	15%	13%	2%	100%
Competence of officers in issuing Import Licenses	Burundi	73%	14%	11%	2%	100%
	Kenya	72%	6%	17%	5%	100%
	Rwanda	70%	21%	8%	0%	100%
	Tanzania	57%	22%	17%	4%	100%
	Uganda	80%	6%	11%	3%	100%
	EAC average	71%	14%	13%	3%	100%
Competence of officers in Business registration	Burundi	73%	19%	6%	2%	100%
	Kenya	71%	11%	16%	1%	100%
	Rwanda	69%	24%	5%	1%	100%
	Tanzania	54%	26%	18%	2%	100%
	Uganda	75%	10%	13%	2%	100%
	EAC average	69%	18%	12%	2%	100%
Treatment by officers: Central Government licences	Burundi	72%	15%	9%	3%	100%
	Kenya	72%	7%	18%	3%	100%
	Rwanda	69%	23%	6%	1%	100%
	Tanzania	54%	25%	17%	4%	100%
	Uganda	77%	7%	13%	4%	100%
	EAC average	69%	16%	13%	3%	100%
Treatment by officers: Local Authorities licences	Burundi	73%	15%	9%	3%	100%
	Kenya	72%	6%	19%	4%	100%
	Rwanda	69%	21%	9%	1%	100%
	Tanzania	53%	24%	21%	2%	100%
	Uganda	78%	7%	14%	2%	100%
	EAC average	69%	14%	14%	2%	100%
Treatment by officers: Import licences	Burundi	73%	14%	11%	2%	100%
	Kenya	72%	9%	17%	2%	100%
	Rwanda	71%	20%	8%	1%	100%
	Tanzania	57%	24%	15%	3%	100%
	Uganda	78%	8%	11%	3%	100%
	EAC average	71%	12%	14%	3%	100%
Treatment by officers: Business registration	Burundi	72%	12%	12%	3%	100%

Response factor	Country	No response	Never problematic	Sometimes problematic	Always Problematic	Total EAC
	Kenya	71%	7%	19%	3%	100%
	Rwanda	71%	19%	9%	1%	100%
	Tanzania	55%	26%	17%	2%	100%
	Uganda	75%	6%	16%	3%	100%
	EAC average	69%	14%	15%	2%	100%
Understanding of procedures and regulations: Central Government licences	Burundi	72%	13%	11%	4%	100%
	Kenya	72%	7%	17%	3%	100%
	Rwanda	70%	21%	7%	2%	100%
	Tanzania	55%	26%	18%	2%	100%
	Uganda	78%	7%	12%	3%	100%
	EAC average	75%	20%	14%	39%	148%
Understanding of procedures and regulations: Local authorities licences	Burundi	75%	14%	9%	2%	100%
	Kenya	74%	8%	17%	2%	100%
	Rwanda	69%	23%	6%	1%	100%
	Tanzania	56%	26%	15%	3%	100%
	Uganda	78%	9%	11%	2%	100%
	EAC average	71%	16%	12%	2%	100%
Understanding of procedures and regulations: Import licences	Burundi	75%	15%	8%	2%	100%
	Kenya	74%	6%	16%	3%	100%
	Rwanda	70%	22%	7%	1%	100%
	Tanzania	61%	21%	15%	2%	100%
	Uganda	80%	8%	10%	2%	100%
	EAC average	72%	14%	11%	2%	100%
Understanding of procedures and regulations: business registration	Burundi	76%	13%	10%	1%	100%
	Kenya	76%	9%	14%	1%	100%
	Rwanda	71%	22%	5%	1%	100%
	Tanzania	60%	24%	14%	1%	100%
	Uganda	80%	9%	9%	2%	100%
	EAC average	73%	16%	11%	1%	100%

Source: BCI 2011 data – Combined percentage responses by Transporters, Businesses and CFAs

Annex 18: Percentage responses on whether companies pay bribes to officers in charge of Central Government, Local Government and Import Licenses

Response factor	Country	No response	No	Yes	Country total
Does your company ever pay bribes to officers in charge of Central Government Licenses	Burundi	52%	45%	3%	100%
	Kenya	72%	26%	2%	100%
	Rwanda	67%	33%	0%	100%
	Tanzania	96%	4%	0%	100%
	Uganda	62%	30%	9%	100%
	Zanzibar	96%	0%	4%	100%
	EAC total respondents		72%	26%	3%
Does your company ever pay bribes to officers in charge of Import Licenses	Burundi	52%	45%	3%	100%
	Kenya	70%	26%	3%	100%
	Rwanda	68%	32%	0%	100%
	Tanzania	96%	4%	0%	100%
	Uganda	74%	26%	0%	100%
	Zanzibar	100%	0%	0%	100%
	EAC total respondents		74%	24%	1%
Does your company ever pay bribes to officers in charge of Local Government Licenses	Burundi	50%	45%	5%	100%
	Kenya	69%	28%	3%	100%
	Rwanda	68%	32%	0%	100%
	Tanzania	96%	4%	0%	100%
	Uganda	60%	31%	10%	100%
	Zanzibar	100%	0%	0%	100%
	EAC total respondents		72%	25%	3%

Source: BCI 2011 data – combined percentage responses by Transporters, Businesses and CFAs

Annex 19: Percentage responses on suggested improvements to business registration and licensing procedures as seen by respondents in their own country and from other EAC countries

Response factor	Country	No response	No improvement needed	Some improvement needed	Major improvements needed	Total EAC
Information on regulations/ procedures in business registration and licensing	Burundi	70%	4%	11%	14%	100%
	Kenya	74%	7%	12%	7%	100%
	Rwanda	68%	13%	13%	6%	100%
	Tanzania	55%	7%	26%	11%	100%
	Uganda	81%	1%	11%	7%	100%
	EAC average	70%	7%	15%	9%	100%
Paperwork in business registration and licensing	Burundi	70%	7%	10%	13%	100%
	Kenya	74%	2%	14%	10%	100%
	Rwanda	68%	18%	8%	6%	100%
	Tanzania	56%	6%	27%	12%	100%
	Uganda	80%	1%	13%	6%	100%
	EAC average	69%	7%	14%	9%	100%
Training of government officials in business registration and licensing	Burundi	70%	4%	11%	15%	100%
	Kenya	74%	3%	15%	8%	100%
	Rwanda	69%	11%	14%	6%	100%
	Tanzania	56%	5%	28%	11%	100%
	Uganda	81%	1%	15%	4%	100%
	EAC average	70%	5%	16%	9%	100%
Treatment of EAC citizens during business registration and licensing	Burundi	69%	7%	10%	14%	100%
	Kenya	72%	2%	10%	16%	100%
	Rwanda	68%	17%	8%	8%	100%
	Tanzania	54%	5%	24%	18%	100%
	Uganda	79%	1%	12%	9%	100%
	EAC average	68%	6%	13%	13%	100%
Harmonization of business registration and licensing procedures in EAC	Burundi	68%	4%	9%	19%	100%
	Kenya	72%	2%	9%	17%	100%
	Rwanda	68%	9%	10%	13%	100%
	Tanzania	53%	4%	22%	21%	100%
	Uganda	78%	1%	9%	12%	100%
	EAC average	68%	4%	12%	16%	100%

Source: BCI 2011 data – combined percentage responses by Transporters, Businesses and CFA