

## Joint Border Committees: A look at Malaba Border, Kenya

Since 2009, the East Africa (EA) Trade Hub has been working to reduce barriers to trade in East Africa. A major component of this work has been promotion of coordinated border management through the establishment and support of Joint Border Committees (JBCs) at 16 border posts in East Africa. JBCs are working groups made up of government agencies and private sector stakeholders involved in cross-border trade. They promote coordination between government agencies and businesses to enhance efficiency at borders.

What follows is a case study on the EA Trade Hub's JBC initiative with a focus on the Malaba border in Kenya. The case study answers the how and why JBCs were created and their impact. The Malaba JBC has successfully reduced trade time and cost by promoting cooperation and transparency among border agencies, instituting joint cargo verification and promoting 24/7 operations at the border. As a result of this work, border crossing time has reduced from several days to several hours allowing for almost twice as many trucks to pass through the border daily. This time savings amounts to an estimated \$69 million per year for transporters and traders.

### **Mombasa- Stakeholder Engagement Meeting**

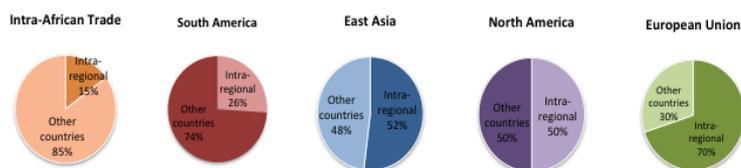
In July 2009, the EA Trade Hub organized a high-level regional meeting on accelerated transit efficiency of the Northern Corridor in Mombasa.

Stakeholders from the East African public and private sectors were invited. Among them were government ministries of trade and industry, finance, transport, and information and private sector associations including the Kenya Transporters Association (KTA), the Federation of East Africa Freight Forwarders Association (FEAFFA), Kenya Shippers Council (KSC), Uganda Shippers Council and clearing and forwarding companies. Representatives from the East African Community (EAC) and the secretariats of East and Central Africa's main corridors, the Northern, Central and Dar Corridors also attended. Representatives from these regional, bilateral and national-level agencies presented their activities, roles, challenges and proposed solutions to transit and transit efficiency in the East and Central Africa region. Overall, stakeholders highlighted the need for greater reduction of time, costs and procedures required to trade goods across the borders.

The workshop in Mombasa was the first time regional, bilateral, and national-level stakeholders from both private and public sectors convened to discuss how to improve trade and transit along East African corridors. The meeting also marked the beginning of a private sector driven initiative to improve border operations that would come to be known as Joint Border Committees.

### **Transit and Trade in East Africa: Past to Present**

- East and Central Africa have been historically geared toward exports to former colonies rather than with regional partners. Borders facilitated movements of people, not goods, and border operations focused on security.
- Regional trade has increased in recent years but volumes remain low at an average of at an average of 10-20% of overall trade compared to 70% for the EU, 52% for East Asia, 50% for North America and 26% for South America.



**Intra-regional trade vs. trade with other countries**

### Barriers to Trade

High transaction costs at the borders contribute to prohibitive transport costs across East Africa. Deficiencies in soft and hard infrastructure lead to cumbersome regulatory requirements ranging from obtaining multiple certificates and permits, to complicated and uncoordinated clearance formalities required by various border control agencies present at EAC borders.

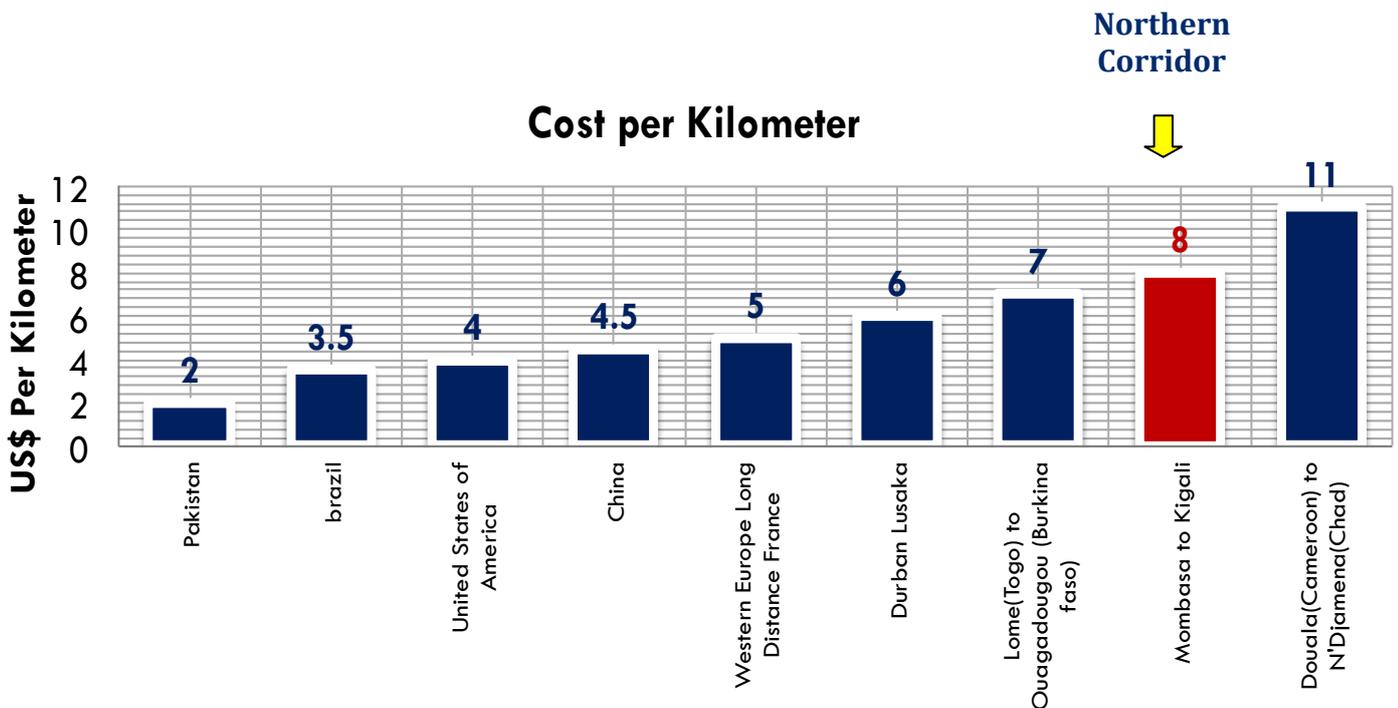
Poor coordination of these agencies both within a country and between neighbouring countries, non-transparency and complexity of administrative procedures, undermine trade in the region.

**Stakeholders at the 2009 Mombasa event highlighted management and infrastructure at borders and roads as the most significant barriers to trade in East Africa.**

### Why is the Northern Corridor Important?

East African countries rely heavily on the region's corridors for overseas trade and regional trade. Of the three corridors that connect East and Central Africa, the Northern Corridor is by far the busiest, accounting for 70 percent of the region's traffic. An estimated 3000 trucks pass through this route daily and volumes are expected to double in the next seven years.

The Northern Corridor links Uganda, Burundi, DRC and South Sudan and will soon serve Ethiopia and Somalia. It also links the five landlocked countries in the region to the seaport of Mombasa. The efficient management of these borders is therefore vital to East African economies and competitiveness.

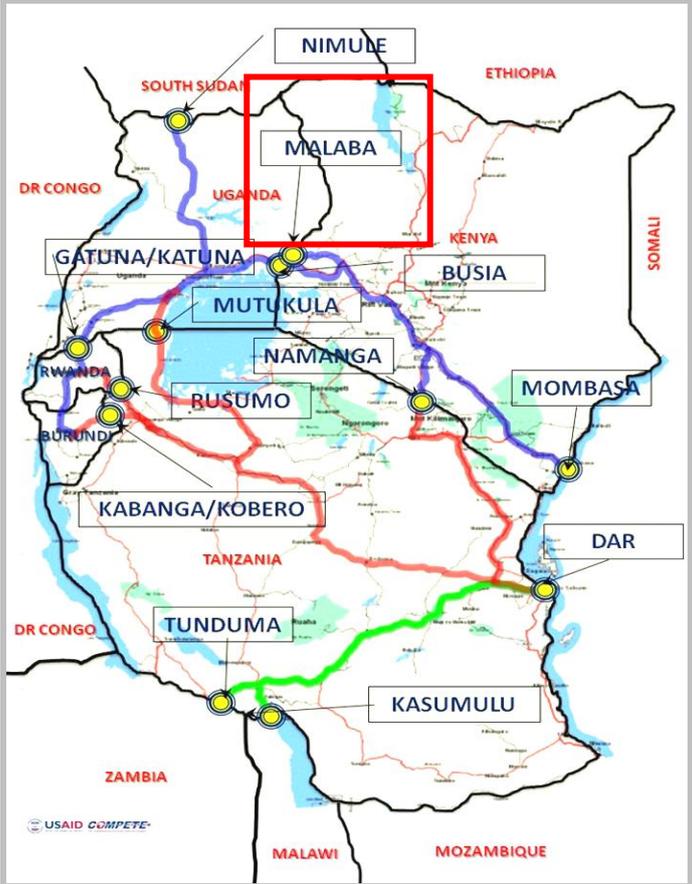


- Despite the adoption of the EAC Customs Union in 2004, considerable barriers to trade and investment hamper doing business across East Africa. The most significant obstacle is the prohibitive cost of transport.
- According to the World Bank, if the cost of transport were reduced by just 10%, trade in Africa would grow by 25%.

# JBCs in the Making – Major Achievements

July 2009	<p>EA Trade Hub holds stakeholder workshop in Mombasa</p> <p>EA Trade Hub assesses capacity of private sector organizations as potential partners</p>
January 2010	<p>EA Trade Hub identifies KTA, KSC and FEAFFA as private sector partners and awards Partnership Fund grants to strengthen secretariats</p> <p>EA Trade Hub conducts fact-finding missions at Mombasa Port, Malaba and Busia border posts</p>
April 2010	<p>EA Trade Hub chooses Malaba border in Kenya to pilot JBCs</p>
May-June 2010	<p>EA Trade Hub approaches relevant national ministries to gain support for JBC initiative</p>
July 2010	<p>EA Trade Hub hosts first JBC in Malaba; officials nominated</p> <p><b>Joint verification of cargo begins</b></p>
August 2010 - present	<p>EA Trade Hub facilitates Malaba JBC monthly meetings</p>
December 2010	<p><b>All government agencies at Malaba border operating 24/7</b></p>
January 2011 - present	<p>EA Trade Hub hosts regular sensitization workshops and training on integrated border management</p>
January 2013 - present	<p>EA Trade Hub transfers oversight of Malaba JBC to Kenyan Ministry of Trade</p>

- ### JBC Members
- ✓ Ministry of Trade
  - ✓ Kenya Revenue Authority
  - ✓ Kenya Plant Health Inspectorate Service
  - ✓ Ministry of Roads
  - ✓ Ministry of Transport
  - ✓ Kenya Bureau of Standards
  - ✓ Ministry of East African Community
  - ✓ National Police Service
  - ✓ Immigration Department
  - ✓ Port Health Services
  - ✓ Pharmacy & Poisons Board
  - ✓ Department of Veterinary Services
  - ✓ Kenya National Chamber of Commerce & Industry
  - ✓ Cross-border Traders' Association
  - ✓ Kenya International Freight & Warehousing Association
  - ✓ Kenya National Trade Network Agency
  - ✓ Kenya Transporters Association
  - ✓ Pest Control Products Board
  - ✓ County Authorities



**Malaba Border**

If you arrive at the border at 9:30am, you will be met with a line of over 250 semi-trucks, with license plates from half-a-dozen countries. The line extends for nearly seven kilometers (a vast improvement from the previously 21 kilometer queue in 2009). Guest houses, retail shops, hair salons, and restaurants line the streets and hawkers make their way through the congestion of double parked trucks, overloaded motorcycles, and carts pulled by bicycles to sell flip-flops, sunglasses, T-shirts and electronics to those waiting to cross the border. It is tense and hectic as truckers scream at each other, fighting for their spot in line.

One of East Africa's busiest borders, over 1000 trucks cross between Kenya and Uganda via Malaba each day handling roughly 40 percent of transit cargo en route to and from Mombasa from Rwanda, Burundi, DRC, South Sudan and Uganda. Malaba is not unlike many borders in East Africa; chaotic, disorganized and slow moving with long queues at every agency window and office.

Before the Malaba JBC was created, crossing the border at Malaba was sometimes the longest stretch of a transporter's journey from Mombasa to Uganda or other East African countries. While it takes two days for a trucker to reach Malaba from Mombasa, the wait time at the border could take up to six days in a queue often stretching 21 kilometers. Divergent interests of the private and public sector stakeholders caused friction instead of cooperation. The implications of this kind of border management, or lack thereof, are far-reaching.



*Malaba Border Crossing*

## **The Problem**

### **Public Sector**

Like an airport, an overland international border has an important duty to ensure the safe and legal crossing of goods and people. Cargo must be inspected by various agencies to verify safety and compliance standards and appropriate duties must be paid on cargo. However, unlike an airport, which has a mechanism responsible for overall management of operations, government agencies at most borders in East Africa, Malaba included, operate independently of one another. In this way, agents at the border act in the interest of their agencies and not in support of cross-border traders, and certainly not with regional trade and the nation's economy in mind. The mindset is largely inward-looking, focused only on incentives and objectives of that particular agency, each competing to be "the boss," wielding the most influence over cross-border operations.

With no lead agency responsible for oversight in Malaba, accountability was low and corruption unchecked. Agents were accountable only to their supervisors in Nairobi, themselves, largely disconnected from border-level operations. Border officials frequently felt unsupported by headquarters. Under-resourced and with limited oversight there were few incentives to improve efficiency. Agents freely engaged in rent-seeking behavior and corruption.

### **Private Sector**

In Malaba, transporters and clearing agents would often find government offices empty, understaffed or frequently closed during business hours. Offices did not respect standard operating hours and any given office could be closed for hours with no indication of why or when transporters could expect it to re-open. As a result, inspections of cargo were carried out haphazardly, forcing drivers and clearing agents to open and re-open cargo for different inspections. Clearing just one container could take up to three days.

Waiting for cargo to be cleared affects the livelihood of drivers who are already undercompensated for their grueling schedule. For Mohammed Nasi, a Mombasa-based truck driver, lengthy delays at the border means more money out of pocket on food and lodging, sometimes leaving him with little or no cash for the remainder of his journey.

As Deogratus Otia, clearing agent for the Malaba-based company Multiple Solutions explained, “you could finish today with KRA (Kenya Revenue Authority), tomorrow you go finish with Kenya Bureau of Standards, the next day you go and finish with another department, and all that was causing a delay at the border.” They also encountered extra, unjustified transit fees.

Smaller-scale traders used informal trade routes, or *panya* routes to avoid extortion by border officials. According to Melissa Omumia, chairperson of Malaba Women’s Cross-border Traders Association (CBTA) and trader for the last 15 years, “before JBCs, we were smuggling. We didn’t know our rights. We used to fear the police and the KRA officers and we weren’t informed. That’s why we were smuggling. But when the JBCs came, we are now informed. We pass to the KRA offices, we pay the taxes, and we pass with our goods smoothly.”

*“Those days, you could finish today with KRA, tomorrow you go finish with Kenya Bureau of Standards, the next day you go and finish with another department, and all that was causing a delay at the border.”*

Similar examples were routine with no mechanism of accountability or recourse for those treated unfairly by the system, breeding mistrust of government officials. Trading informally made it impossible for small traders to address issues with customs authorities or advocate for themselves when problems arose. As a result, they remained vulnerable to harassment and extortion from middlemen.

Using *panya* routes on the outskirts of an official border point is not only dangerous for traders, particularly women, but increases risks of damaging goods during transport. According to Joseph Ojiambo, who has traded with Uganda for the past 10 years and is currently the Chairman of the Malaba CBTA, traders took great risks to enter Uganda, “traders had to smuggle and endangered their lives. They used *panya* routes and crossed rivers to penetrate the other country which resulted in water damage of goods and endangered traders when water levels were high.”

Joseph Kosure, Senior Assistant Director of Trade for the Kenyan Ministry of Trade sums up the



*Transporting goods via informal panya routes leaves cargo vulnerable to damage*

business environment at the border: “For a long time, operations at our borders created a lot of disunity. Everyone did business differently. The business community, whether formal or informal ended up being exploited by the systems that be, that never talked to each other.”

### **Pilot JBC in Malaba**

As illustrated above, before JBCs, the public and private sector operated in a perpetual state of conflict. While it was clear that operations at the border required considerable hard infrastructure to absorb and handle growing trade volumes, the EA Trade Hub saw an immediate need for improved coordination and cooperation in Malaba. The EA Trade Hub’s four-person transit team drew on two decades of their own private sector experience to develop the concept of JBCs.

In JBCs, they saw a feasible and tangible solution that would provide a platform for stakeholders involved in trade at the borders to deal with local challenges causing barriers to trade and also to provide a mechanism of collaboration, and a tool for pursuing issues on the national level when needed.

In July 2010, one year after the Mombasa conference, the EA Trade Hub hosted a meeting in Malaba on border efficiency for all stakeholders involved in cross-border trade. More than 60 people attended and the atmosphere was tense as participants were unsure of each other’s intentions. Mutual mistrust prevented stakeholders

from the public and private sector to convene at meeting of this kind. The EA Trade Hub made presentations on how to manage a border efficiently. The presentations boldly put the spotlight on government agencies and gave specific examples of how public officials in Malaba thwarted cross-border trade. This approach was intended to provoke straightforward dialogue.

For example, the team singled out Customs authorities as the main cause of delays in Malaba. To this, customs responded and “came out fighting,” remembers an EA Trade Hub transit team member. Customs representatives responded that they often received declaration documents filled with mistakes like inaccurate valuation of goods with incorrect duty amounts, explaining how such errors forced them to repeat the entire process multiple times before clearing cargo. It was mistakes in declaration forms, explained a KRA representative, that wasted the time of customs agents.

Customs then went on to point the finger at the Kenya Plant Health Inspectorate Service (KEPHIS) for holding up the clearing process. KEPHIS then had a turn to explain and clarify their specific constraints to smooth border operations. The meeting continued in this way with stakeholders ardently engaged.

After hours of candid discussion, stakeholders understood their roles in contributing to delays at the border.

The EA Trade Hub took the opportunity to propose a solution to the issues raised during the meeting and explained the JBC concept. The proposal was met with enthusiasm, namely from the private sector and participants decided to nominate interim officials then and there. KRA was chosen as Chair, Immigration as Treasurer and a private clearing agent as Secretary of the newly formed Malaba JBC. Stakeholders agreed to meet twice a month and begin tackling Malaba’s biggest challenges.

**What do JBCs do?**

**Multi-sectoral collaboration** of key government agencies and the private sector involved in the clearance of cargo for the purpose of:

- **Creating a trade facilitation mind set**
- Defining critical operational challenges at the borders
- Enhancing inter agency collaboration at border post
- Promoting the sharing of available resources at the border
- Defusing tension and conflict between public and private sector
- Eliminating the disconnect with HQ
- Rationalizing control and regulation at the border

The idea of establishing a JBC in Malaba was well received by most as a tangible means to reform soft infrastructure at the border. However, not all stakeholders were on board. Some agencies, like the Kenya Bureau of Standards and KEPHIS resisted the initiative for fear of being taken to task in JBC meetings. But there was already too much momentum from the private sector; opposing the JBC was simply not an option.

The Malaba JBC was formulated through an informal gentlemen’s agreement between private and public sector actors operating at the border. The committee favoured informal status because official institutionalization of the public-private committee would require months to approve and ratify on the part of member agencies. The initial challenge was thus to gain credibility and translate discussion during meetings into action plans.

**Achievements**

At the first JBC meeting, members signed a Memorandum of Understanding to confirm their commitment to the JBC and its objective of trade facilitation. The first order of business for the newly formed Malaba JBC was joint verification of cargo. Officials involved in inspecting cargo entering and exiting Kenya agreed to conduct verifications together to cut down waiting time for transporters.

The next priority for the Malaba JBC was to ensure 24/7 operations at the Kenya border. Only customs, migration and the national police operated around the clock which prevented cargo from crossing the border between 6pm and 8am when most agencies were closed. This caused significant delays in Malaba

as trucks queued overnight.

Establishing 24/7 operations of all government agencies took longer to implement than joint cargo verification because it required a considerable increase in staff at the border. The unified voice of the Malaba JBC was vital to put collective pressure on relevant ministries to increase necessary human resources in Malaba to ensure 24/7 operations.

## Impact

In the absence of improved hard infrastructure on roads and at the border itself, border operations in Malaba today are much more efficient than they were in 2009 proving that ‘soft’ reforms through improved coordination and collaboration can have a lasting impact on regional trade. Kosure notes, “With JBCs we have now been able to create a platform where public servants and the private sector who are business operators are able to sit together, and appreciate each other’s mandate, and strengthen the operations of formalization of trading activities across our borders.”

### Formalization of Cross-Border Trade

The number of small-scale traders crossing borders formally has increased since 2009. Elizabeth Ofundo, Enforcement Officer for the KRA in Malaba, describes a “leap in compliance as far as cross-border trading is concerned.” Participating in JBCs has empowered the CBTA and its large membership of small traders, “With JBCs, we can bring our problems and concerns to meetings and our concerns and problems are addressed. This has made our work a lot easier,” says Lonah Okitoi who has traded

plastics and cosmetics with Uganda for the past seven years. “Business is fair at the border nowadays and we’re happy about it. We hope that as time goes by, we’ll be big business people.”

### Culture of Cooperation Across Border Agencies

Cooperation among government agencies in the form of joint operations but also resource sharing has also contributed to improved efficiency. “Without cooperation amongst the stakeholders in Malaba, nothing can work well. JBCs have made our work so much easier—we don’t imagine that we are different agencies but we imagine that we are one and the same thing together,” explains Ofundo.

### Reduction in Crossing Times

**Today, trucks can cross the Malaba border in as little as three hours, compared to several days a few years ago.** According to a 2012 study done by the Sub-Saharan Africa Transport Policy Program (SSATP)<sup>1</sup>, crossing times at the border dropped from 24 hours in 2011 to less than 4 hours in 2012. Time is money: with the reduction in delays, trucking companies can complete more round trips per year which increases revenue. As trucks reach destinations faster, traders receive their goods earlier saving on inventory. **The study estimates that, thanks to improved management and coordination in Malaba, the corridor now saves over \$69 million per year because of this reduction in time.**

Victor Mwanga, Transport Manager for Bolloré logistics, the largest logistics service provider in East Africa has observed a “huge transformation and build up of momentum in removing challenges to regional transportation in the Northern Corridor” since 2009. “The journey from Mombasa to Kampala that took 12 days in 2009 now only takes four days.” For Mwanga, 24/7 operations at the border and joint verification of cargo by government agencies have been key to these improvements.

Malaba 2009	Malaba 2012
<ul style="list-style-type: none"> <li>650 trucks per day</li> <li>Frequent power outages</li> <li>Single lane bridge</li> <li>Corruption</li> <li>Insecurity</li> <li>Turf wars</li> <li>Multiple inspections (up to 12 separate inspections)</li> <li>Delays up to 3 days</li> </ul>	<ul style="list-style-type: none"> <li>1,000 trucks per day</li> <li>Frequent power outages</li> <li>Single lane bridge</li> <li>Greater transparency</li> <li>Improved security</li> <li>Collaboration among agencies</li> <li>Joint inspections</li> <li>Border open 24/7</li> <li>Border crossing time: 3 hours</li> </ul>

<sup>1</sup> Fitzmaurice & Hartmann, (2013, April). “Border crossing monitoring along the Northern Corridor.” The International Bank for Reconstruction and Development/ The World Bank.

## TIME IS MONEY

### Monetary costs of delays before JBCs

Costs of delays per 24 hrs. for a truck	\$247
	+
Costs of delays per 24 hrs. for goods	\$137

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Total cost per 24 hrs. for every loaded truck **\$384**

### Monetary savings of border crossing time reductions

Time savings of 20 hrs. / day per truck	\$320
	x
Trucks outbound from Malaba, Kenya to Uganda / day	631

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**Total Savings per day \$192,000**  
**Total Annual Savings \$69,120,000**

While improvements in hard infrastructure such as better roads and improved facilities at border posts remain an important need in East Africa, JBCs have shown that addressing soft infrastructure has significantly contributed to trade facilitation in the region.

### **Sustainability and Moving Forward**

An EA Trade Hub study conducted in 2012 found that over half (58 percent) of the challenges faced by stakeholders working at regional borders were domestic rather than bilateral or regional. Bilateral issues accounted for just 25 percent of challenges negatively impacting trade, underlining the importance of resolving domestic obstacles before challenges can be tackled bilaterally. JBCs have, in this way, paved the way for the widely anticipated One-Stop Border Posts (OSBP).

The EAC plans to transform the Northern Corridors busiest borders into OSBPs so that agencies on both sides of the border can coordinate border management activities and reduce clearing time. JBCs have not only laid the foundation for OSBPs, but remain essential to their operations. With JBCs at every OSBP, officials will have a single point of contact to influence up to 14 agencies. Already legal instruments in Kenya and Tanzania, JBCs will enhance the efficiency of OSBPs as they continue to resolve domestic issues.

Since the first Malaba Joint Border Committee meeting in 2010, JBCs have been established at 16 East African borders. As membership and capacity grows, through a shared commitment to trade, JBCs will continue to improve efficiency in regional trade. As Otia explains, “JBCs will continue because we have seen so many fruits out of it.”