KENYA TRADE NETWORK AGENCY (KENTRADE)

REPORT ON

KENYA NATIONAL VALIDATION WORKSHOP ON INTEGRATED BORDER MANAGEMENT AND ELECTRONIC SINGLE WINDOW SYSTEMS

HELD AT THE

WHITESANDS HOTEL, MOMBASA

FEBRUARY 15-16, 2012

1.0   ENHNACING COMPETITIVENESS OF THE KENYA ECONOMY

Trade procedures in Kenya are inefficient, lengthy and slow an aspect which has led to negative impact on the economy due to high cost of trade transactions. This has been an issue of major concern for both Government and the private sector for several years now.

The inefficient trade transaction processes have led to a relatively high cost of doing business in Kenya which has in turn led to a poor ranking of Kenya in the World Doing Business Report. In 2010 for instance, Kenya was ranked 95 and in 2011 the country dropped to position 115

In addition, the inefficient trade processes have for a long time had a negative impact at the Port of Mombasa and other entry/exit points leading to perennial congestion at the port, delays in cargo clearance at the international airports and long truck queues at the border posts. The congestion has led to underutilization of port facilities due to unnecessarily long cargo dwell time.

To address this problem, the Government of Kenya (GoK) has established a state corporation, Kenya Trade Network Agency (KENTRADE) to implement the Kenya National Electronic Single Window System as a possible solution to lengthy, corrupt, manual and uncoordinated trade processes and procedures.

The electronic Single Window System (e-SWS) will provide an electronic platform for exchange of trade related documentation electronically by stakeholders involved in international trade. All manifests and cargo declarations will be lodged through the Single Window System which will then transmit the same to the various Government Agencies for processing/approvals. Similar projects have been successfully implemented in various countries in the World such as Singapore, Mauritius, Ghana, Senegal, and Mozambique.

The Single Window System model being implemented by KENTRADE is an automated Information Transaction System through which a trader can submit electronic trade declarations to the various authorities for processing and approval in a single application. Approvals will be transmitted electronically from governmental authorities to the trader's computer.

The Single Window System will be implemented into two phases. Phase One will automate the cargo documentation processes by integrating the Systems of all the Key stakeholders involved in cargo clearance in the public and private sectors. Phase Two will involve integration of the Single Window System with the National Payments System (NPS) via a National Payment Gateway to ensure an end to end electronic solution in trade logistics.

It is estimated that the implementation and operationalisation of the Single Window System will save the Kenyan economy between US$250 million and US$300 million after the first year of operation mainly through eradication of inefficiencies and delays in cargo clearance process in Kenyan ports.

2.0   OBJECTIVE OF THE KENYA SINGLE WINDOW SYSTEM PROJECT

The Single Window System (e-SWS) Project is being funded by the GoK with counter funding from the World Bank and other donors. The Single Window System is one of the Government flag ship Projects under vision 2030.

The overall objective of the Project is to facilitate external trade in Kenya by reducing delays & lowering costs associated with clearance of goods at the Kenyan borders, while maintaining the requisite controls and **collection of levies, fees, duties and taxes**, where applicable, on imports or exports.

The Project intends to reduce cargo clearance times at key trade nodes like the port of Mombasa, Jomo Kenya International airport (for airfreight) and borders. This will be achieved by implementing the **Electronic Single Window platform** for submission, receipt and processing of trade related cargo clearance documentation.

It will integrate the electronic systems of stakeholders involved in the cargo clearance process e.g. KRA, KEBS, KEPHIS, KPA, Port Health etc. In addition, the System will be integrated with the National Payments System (NPS) via the National Payments Gateway to provide an end to end electronic trade logistics solution in Kenya. The System will be   accessible 24/7 nation-wide to facilitate the flow of goods in and out of Kenya's borders.

3.0   CONSOLIDATING INTEGRATED BORDER MANAGEMENT

USAID-COMPETE (Competitiveness and Trade Expansion Programme) and KENTRADE has been working together to reduce the cost of doing business and facilitate trade in Kenya and the EAC for some time. USAID COMPETE is a regional program based in Nairobi, Kenya, covering east and central Africa whose objective is to work with key public and private sector partners to address constraints to issues impacting on trade competitiveness.

The partnership has seen significance improvement in cargo clearance procedures and the doing business environment in the region. Key achievements realized from the partnership so far   include:

- Training/ sensitization of key stakeholders involved in cargo clearance at the borders on the IBM/OSBP and the Single Window System operations. This exercise has created awareness to the key players at all the entry/exit borders in the EAC region through training and sensitization workshops.

- Signing of memorandum of Understanding (MOU)/ interagency agreements by all the Government Agencies involved in cargo clearance at the borders through the establishment of Joint Border Committees (JBCs) which commit Border Agencies to cooperate and coordinate their operations with respect to cargo clearance and joint inspections. The JBCs can be termed "Physical Single Windows and have been established at a number of border in East Africa including, Busia, Malaba, Namanga, Gatuna/Katuna, Rusumo, Mutukula and Kabanga.

In view of the above the Kenya Trade Network Agency (KENTRADE) held a Kenya National validation workshop on Integrated Border Management and National Electronic Single Windows System from 15th-16th February 2012 at the Sarova

Whitesands Beach Hotel and Spa in Mombasa. This workshop was fully sponsored and supported by the USAID COMPETE program.

The objective of the workshop was to bring together key public and private sector stakeholders to review the status of the implementation of the National Electronic Single Windows System (e-SWS) and progress in the operations of the Integrated Border Management (IBM) at select Kenyan orders as a precursor to full implementation of the e-SWS.

4.0   PARTICIPANTS TO THE WORKSHOP

The following institutions/agencies attended and participated in the workshop:-

A) Government Ministries/Agencies/Inter-Governmental

1.   The Ministry of Trade
2.   Ministry of Public Health
3.   The Kenya Police Service
4.   The Kenya Revenue Authority
5.   The Kenya Maritime Authority
6.   The Kenya Ports Authority
7.   The Kenya Bureau of Standards
8.   The Kenya Plant Health Inspectorate Services
9.   The Kenya National Highways Authority
10.   Pharmacy and Poisons Board
11.   Transit Transport Coordination Authority of the Northern Corridor (TTCA-NC)

B) Private Sector Representatives

1. Federation of East Africa Freight Forwarders Associations – FEAFFA
2. Kenya Shippers Council (KSC)
3. Kenya International Freight Forwarders & Warehousing Association (KIFWA).
4. Fresh Produce Exporters Association of Kenya

C) Border Committees
1.   The Joint Border Committee – Malaba border
2.   The Joint Border Committee – Busia Border
3.   The Joint Border Committee – Namanga Border

Full details of the participants to the Workshop is herewith attached as Annex 1

RECOMMENDATION S OF THE WORKSHOP

During the workshop, participants representing various institutions, Government Agencies and Private Sector Stakeholders made informative, policy, procedural and logistical presentations in line with the topic of the day and other pertinent issues relating to trade facilitation.

 The following resolutions /recommendations were realized from this workshop:-

1. KENTRADE, an entity established by the government to implement, operationalise and manage, the National Electronic Single Window System (e-SWS) as well as facilitate trade to take a leading role in coordination and facilitation of trade.

2. In taking up the role outlined in No. 1 above, KENTRADE is required to develop a clear work and action plan with specific time frames for implementation of the National Single Window System in consultation with other institutions and agencies and share it with the rest of stakeholders upon signing the implementation contract with the vendor.

3. KENTRADE to consult and involve all key stakeholders from various sectors during the introduction, development, fast-tracking, piloting and implementation of the National Electronic Single Window System.

4. The introduction, development, fast-tracking, piloting and implementation of the National e-SWS to be undertaken in a phased approach. This will encourage acceptance and support and will help reduce/remove resistance from stakeholders and other ultimate users.

5. The first step towards adoption of the e-SWS is to operationalise the IBM model through the existing Joint Border Committees (JBC) structure established with the support of USAID COMPETE program.

6. JBCs should be institutionalized at the national level and given the legal framework under which to operate. USAID-COMPETE to be requested to facilitate this exercise.

7. JBCs to be fully mandated to coordinate the operations at the borders to ensure continued coordination of all Government Agencies and private sector stakeholders involved in cargo clearance processes at the borders and the entire trade logistics chain.

8. The JBCs to be the contact/focal points at the relevant borders for the purposes of achieving the objective of no. 7 above.

9. An organisation with similar functions and mandate as JBCs should be formed at Mombasa Port and other gazetted borders.

10. KENTRADE to convene a meeting with CEOs of all GoK agencies involved in cross border trade to sensitize them and obtain their buy-in to facilitate adoption and institutionalization of the JBCs concept on the ground. The USAID COMPETE to be requested to facilitate this meeting and support the process.

11. KENTRADE to coordinate donor activities involved in trade facilitation at all sectors in order to avoid duplication of efforts.

12. There is an urgent need to address the infrastructure challenges (information system connectivity, power, roads etc.) facing the borders and trade in general by respective government agencies.

13. KIFWA in collaboration with FEAFFA to develop programs that will help professionalize cargo clearance processes by having continuous training programs for their members up to the border level and also by enforcing codes of conduct.

14. All institutions to ensure that there is a functional monitoring and evaluation system of performance at the borders including the various initiatives being undertaken to facilitate trade. There is need to progress implementation of the items contained in the Memorandum of Understanding (MOUs) signed by the various Government Agencies under the JBC initiative.

15. The service providers at all levels to work towards encouraging a change of mindset by all people involved in trade facilitation in order to realize efficiency, reductions in time, costs and procedures.

16. There is a need to provide adequate security, housing, social amenities and other safety requirements especially for Government Agents and other stakeholders at the borders. Currently some officers are residing in houses owned by members of cartels operating at the borders.

17. There is a need to adopt the 24/7 working arrangement by all government agencies and private sector stakeholders to ensure smooth and continuous operations at the borders round the clock.

18. Regional JBCs should sensitize the Cargo owners/Shippers to work out and put in place a modality to allow clearing and forwarding agents to be allowed to pre-lodge documents for cargo entering/transiting Uganda.

Compiled By:

KENTRADE/USAID-COMPETE