



**ESA – REGIONAL PRIVATE SECTOR GROUP (ESA- RPSG):
FEEDBACK REPORT FOR THE 24TH GOVERNING COUNCIL
MEETING - 24 MAY 2019, (BOTSWANA) ON THE ACTIVITIES
TO DATE.**

About this report:

This report provides an overview of the progress made by the WCO ESA Region - Regional Private Sector Group (ESA-RPSG), as communicated at the 24th Governing Council Meeting held in Gaborone, Botswana on May 24, 2019.

The metaphor of building a safe house for its occupants was used to draw similarities to establishing the ESA-RPSG. A picture-style presentation with the theme of building a house from its foundations, through reading the plans, providing a communication platform and sourcing building materials within a timeframe illustrated the progress required for the formation of the ESA-RPSG, its working mechanism and the progress to date.

The ESA-RPSG key aspects in its building of a “house” or as the journey unfolds has Customs Administration and Trade related issues at the centre or foundation which is addressed within the regional context covering Customs-to-Customs collaboration, Customs-to-Business strengthening in the AEO programs, bond guarantees for cross- border movement, ease of doing business and the mandate of the region.

The ESA-RPSG mandate and its purpose:

The ESA-RPSG was formed for the purpose of verifying the implementation and monitoring with the provision of various instruments in the WCO Toolkit that will make trade easier without comprising or imposing a higher risk profile. This structure also allows the private sector to articulate their challenges in the regional integration journey with possible solutions for addressing the known obstacles. These obstacles need to be addressed effectively for ensuring we create a safe, fair and compliant environment for all. (Special note: Country specific issues are outside the scope the ESA-RPSG).

1. A better future for the ESA Region:

According to the World Bank, some countries within the ESA region were among the fastest growing economies globally in 2018. These include Rwanda (8.5%), Ethiopia (7.7%), Djibouti (6.5%) and Tanzania (6.5%). International trade has been a significant contributing factor to this economic growth in recent years, however it is paramount that the citizens within these countries can economically thrive in a safe and secure environment. For many countries within the ESA region, being part of and dynamically engaging in the global village is a relatively new phenomenon. Therefore, maintaining security while facilitating trade flows remains a key objective. The ESA-RPSG is focussed on playing a pivotal role in this objective. The aim is therefore promoting aligned platforms and other forms of ICT systems within the region as well as promoting and engaging in Mutual Recognition Agreement (MRA), especially from the perspective of customs administrations within the ESA region.

2. **A design within a functional structure**

To ensure a better future for the ESA region, ESA-RPSG is designed with a meaningful structure; namely a terms of reference (TOR) with a defined purpose and a documented mandate.

i. **Terms of Reference (TOR):**

The TOR defines the purpose and structures of the ESA-RPSG and its membership countries who have agreed to work together to accomplish a shared goal. The ESA-RPSG membership, its purpose and scope, key deliverables, operational structure, meeting proceedings, resources required and measurement of performance is set out in the TOR. The TOR has been circulated to all prospective participants before each Webinar.

ii. **Defined purpose:**

The purpose and scope of the ESA-RPSG is to inform and advise the WCO Regional Heads of Customs Administrations (Governing Council of the ESA Region), the Regional Vice-Chair, and in collaboration with the ROCB on Customs and International Trade, matters from the perspective of the private sector. It also informs the WCO PSCG as to Customs issues in the ESA region. The ESA -RPSG complements the vital contributions made by private sector in the WCO PSCG by following in the field the implementation of WCO standards and practices. The ESA- RPSG members will not be represented or participate as the “WCO PSCG” at non-WCO external events. The ESA- RPSG will also endeavor to mirror and/or make reference to the global Terms of Reference of the WCO PSCG as necessary.

iii. **Documented mandate**

The ESA – RPSG mandate is:

- to inform and advise the Regional Vice-Chair of the WCO ESA Region and the WCO Regional Heads of Customs Administrations on Customs and International Trade, matters from the perspective of the private sector;
- to support, monitor and assist in the adoption and effective implementation of agreed WCO and other relevant international instruments;
- to leverage business resources and government relationships to advocate for and implement programs developed and adopted by the WCO;
- to inform the WCO PSCG of the status and practical challenges of implementation of WCO programs in the region;
- to provide a written report for the WCO PSCG at the conclusion of each meeting.

3. **The ESA-RPSG is empowered through communication**

Good and effective communication is an essential tool in achieving productivity and maintaining strong, lasting working relationships, none as true as with a multi-country and multi-cultural platform such as the ESA-RPSG. It was agreed that the primary communication platform of the ESA-RPSG will be handled via a webinar conference. Other forms of communication include reports such as this one, as well as distributing the minutes of the meetings.

Affective communication within the ESA-RPSG will ensure that:

- progress will be monitored
- problems will be escalated
- solutions will be engaged upon
- implementation will be improved

4. **Various building elements that can be used within the ESA region**

Various important building ingredients are present within the ESA region, ensuring the journey is guided to bring about a fair, safe, secure and compliant society:

4.1 AEO Programs and their uptake in the ESA Region

4.2 World Bank Ease of Doing Business ranking for ESA membership countries with comparison to the rest of the World

a. With specific reference “trading across borders”

4.3 WCO Toolkit deployment and their impact in the Region

4.4 Database of private sector members in the ESA region with a view to end-to-end supply chain activities.

4.1 AEO Programs

It is important to the region to enable a structured trusted trader program to achieve improved compliance. The uptake of Authorized Economic Operators (AEO) within the region has been slow creating a need for these programs to expand. The benefits of AEO, especially SMEs are not clear. These benefits therefore need to be articulated and link with SAFE. Furthermore, the Mutual Recognition Agreements need to be communicated and monitored in order to realize their impact. Customs Administrations stand to gain greatly from any Mutual Recognition Agreements in the region while from the trade side there is no understanding why the lack of participation in this program is not addressed, with any creative inspiring drive for this critical instrument. AEO holds promise for the future as it is available to all in the extended supply chain (global value chains) and will ease the impact on cross border movements.

Note Annex B listing the various AEO programs currently within the region, as well as their respective levels of maturity.

4.2 World Bank Ease of Doing Business

The respective Ease of Doing Business – Trading Across Borders has been circulated to member countries. The low rankings of a number of the countries within the ESA Region point to the potential scope of influence of the ESA- RPSG. Note Annex C listing the respective Ease of Doing Business – Trading Across Borders rankings. In addition to the Trading Across Border, note the ranking on Documentary Compliance, which is listed in Annex D.

Movement across borders

Facilitating the movement of goods and services across borders has long been an important determinant in distinguishing countries in respect of international trade. This is especially true within the ESA region, since member countries have historically had cumbersome procedures in facilitating international trade.

4.3 WCO Toolkit

There is a call from the ESA-RPSG for member countries Customs Administrations to make use of various WCO Toolkit instruments and guidelines such as the RKC; the SAFE Framework of Standards and the WCO Data model among others. This will align work in the region and the pursuit of collectively creating a safe, fair and compliant trading environment to assist legitimate trade while clamping down on illicit trade transactions and protecting the region's citizens.

4.4. Database of private sector members

Unless private sector members within the ESA regions actively engage, they will not understand why an export clearance can't become an import clearance with a tested, approved, trust worthy middleware for sharing important data tables electronically among Customs Administrations. The sharing of data among Customs declaration on a scientific risk management profiling and screening methodology will remove the standing time at border crossings in the region.

To assist in the task as set out in this document, a private sector database has been set up with approximately 120 entries currently.

The aim is to further engage with prospective members and ultimately grow the private sector member database to ensure a holistic view can be obtained from them with a view to articulating possible solutions to ensure safe, fair, compliant and transparent trade.

The interaction of private sector is vital to ensure the region works to its optimum and creates an environment for investment and inclusive growth.

Customs Administrations have requested a strategic plan from the ESA – RPSG on how they view the region and the future with the identification of the gaps in the currently trading environment.

5. **Challenges within the ESA region**

As with any multi-country communications platform such as the ESA-RPSG, various challenges exist. The challenges that need to be overcome are:

- Changes in direction
- Lack of resources
- Illicit trade and illicit money flow
- Lack of data-sharing between Customs Authorities
- Alignment in risk profiles
- Effective WCO Toolkit implementation
- Lack of political will to make borders an acceptable experience
- Local focus vs regional alignment

6. **The ESA-RPSG Journey to date**

Constant communication is required to ensure that we are aligned in the region and deliver on the defined scope and mandate. . The engagement unfolding through this journey requires constant structural dialogue to ensure we stay committed to the task at hand. The process can be segmented in three phases

At the outset the goal was to create common understanding. Now we find ourselves at the halfway mark where the goal is to build and to collaborate.

It is unclear when we will complete this phase, but we are working towards and cultivating a belief that we can make small gains along the way in building a strong interactive region where legitimate trade will flourish.

The final phase is to facilitate trade in a safe, secure environment with high levels of compliance, seamlessly across borders, with all indexes as stipulated in this document.

- AEO (MRA)
- Ease of doing business
- Share of data fields,
- Aligned risk processes with a proper manageable guarantee on road cargo across borders

7. **Global ranking of ESA member countries**

Various important rankings are available to measure performance of countries including:

- AEO PT Programs
- Customs Interface Platforms
- Ease of Doing Business - Trading Across Borders
- Ease of Doing Business – Overall logistics index.

Note the Appendix which includes the rankings of ESA member countries.

8. **Conclusion**

In concluding this report it should be pointed out that, the ESA-RPSG is there to make a difference to the lives of all individuals within the trading environment of member countries.

As the representatives of the ESA region we have to:

- build and continue to build
- create small successes between all parties
- help and educate others
- keep engaging and working towards a common goal
- be persistent because what we are doing is making a difference to the lives of people within the region.



ANNEXURE A:

EAST AND SOUTHERN AFRICA

AEO/PT PROGRAMS

Country	Program Title	Maturity Level	Program Launched	Number of Operators
 Angola	Angola AEO Program	-	2019 (estimate)	-
 Botswana	Trans Kalahari Accreditation Scheme	Low	2010	-
 Burundi	AEO	Medium	2014	11
 Comoros	-	-	-	-
 Djibouti	-	-	-	-
 Eritrea	-	-	-	-
 Eswatini	-	-	-	-
 Ethiopia	-	-	-	-
 Kenya	AEO	High	2010	64
 Lesotho	Preferred Trader Programme pilot	Low	2014	-
 Madagascar	Accelerated Clearance Program	High	2011	108
 Malawi	-	-	-	-
 Mauritius	AEO	High	2007	33
 Mozambique	AEO	Low	2012	6
 Namibia	-	-	-	-
 Rwanda	Compliant Trader schemes	Medium	2008	22
 Seychelles	AEO	-	2019 (estimate)	-
 Somalia	-	-	-	-
 South Africa	Preferred Trader Program	Medium	2017	55
 South Sudan	-	-	-	-
 Tanzania	Compliant Traders' Scheme	High	2007	52
 Uganda	AEO	Medium	2013	36
 Zambia	Customs Accredited Clients Program	Medium	2012	12
 Zimbabwe	-	-	-	-

ANNEXURE B:

EAST AND SOUTHERN AFRICA

CUSTOMS INTERFACE PLATFORM (2019)

Country	Platform
 Angola	ASYCUDA
 Botswana	BURS Customs Management System (CMS) - Crimson Logic
 Burundi	ASYCUDA
 Comoros	ASYCUDA
 Djibouti	ASYCUDA
 Eritrea	ASYCUDA
 Eswatini	ASYCUDA
 Ethiopia	ERCA Electronic Customs Management System (acmes)
 Kenya	KRA Integrated Customs Management System (ICMS)
 Lesotho	ASYCUDA
 Madagascar	ASYCUDA
 Malawi	ASYCUDA
 Mauritius	MRA Customs Management System (CMS)
 Mozambique	Mozambique Customs Management System (MCMS)
 Namibia	ASYCUDA
 Rwanda	ASYCUDA
 Seychelles	ASYCUDA
 Somalia	-
 South Africa	SARS Interfront Customs and Border Management Solution (ICBS)
 South Sudan	-
 Tanzania	Tanzania Customs Integrated System (TANCIS)
 Uganda	ASYCUDA
 Zambia	ASYCUDA
 Zimbabwe	ASYCUDA

ANNEXURE C:

EAST AND SOUTHERN AFRICA

WORLD BANK: Ease of Doing Business (2019) - Trading across borders

Country	Rank (out of 190)	Score (out of 100)	Score Change (2018)
 Angola	174	36.15	10.87
 Botswana	55	86.65	-
 Burundi	169	47.34	0.32
 Comoros	118	66.87	-
 Djibouti	145	59.37	7.50
 Eritrea	189	0.00	-
 Eswatini	32	92.92	-
 Ethiopia	154	56.00	10.66
 Kenya	112	68.06	0.43
 Lesotho	38	91.86	0.26
 Madagascar	138	60.95	-
 Malawi	126	65.29	-
 Mauritius	69	81.00	1.10
 Mozambique	91	73.84	6.59
 Namibia	136	61.47	-
 Rwanda	88	74.98	2.54
 Seychelles	95	71.79	-
 Somalia	164	51.60	-
 South Africa	143	59.64	1.63
 South Sudan	180	26.19	-
 Tanzania	183	20.21	-
 Uganda	119	66.73	4.65
 Zambia	156	56.88	-
 Zimbabwe	157	54.34	-1.13

ANNEXURE D:

EAST AND SOUTHERN AFRICA

WORLD BANK: Ease of Doing Business (2019)

Country	Score 2019 (out of 100)	Change (2019 vs 2018)	Versus top	Rank (out of 190)
 New Zealand	86.59	0.04		1
 Mauritius	79.58	2.04	-7.01	20
 Rwanda	77.88	4.48	-8.71	29
 Kenya	70.31	5.16	-16.28	61
 South Africa	66.03	1.14	-20.56	82
 Botswana	65.40	0.46	-21.19	86
 Zambia	65.08	0.58	-21.51	87
 Seychelles	62.41	1	-24.18	96
 Djibouti	62.02	12.22	-24.57	99
 Lesotho	60.60	0.18	-25.99	106
 Namibia	60.53	0.59	-26.06	107
 Malawi	59.59	0.65	-27.00	111
 Eswatini	58.95	0.13	-27.64	117
 Uganda	57.06	0.12	-29.53	127
 Mozambique	55.53	1.53	-31.06	135
 Tanzania	53.63	-0.41	-32.96	144
 Zimbabwe	50.44	1.97	-36.15	155
 Ethiopia	49.06	1.29	-37.53	159
 Madagascar	48.89	1.22	-37.70	161
 Comoros	48.66	0.14	-37.93	164
 Burundi	47.41	-2.51	-39.18	168
 Angola	43.86	7.71	-42.73	174
 South Sudan	35.34	2.48	-51.25	185
 Eritrea	23.07	0.2	-63.52	189
 Somalia	20.04	0.06	-66.55	190