IMPROVING BORDER MANAGEMENT
LYNN HARMON, MANAGING DIRECTOR, CDC
TIME AND COST DISTRIBUTION (2009)
THE NEED – SPEED MATTERS

• Trade has been a major driver of African economic growth and receives increasing emphasis in national development plans.

• Shippers demand high performing corridors that reduce cost and time spent on transport and logistics and increase the reliability and predictability of the corridors.

• Developing countries generally hold double the inventory of industrialized countries. At 15-20% interest rates, high inventories can cost 2% of GDP.

• Trade facilitation is key to continued trade growth. WB Study indicated 75% of delays worldwide are facilitation, only 25% are infrastructure.
THE COST OF DELAYS

- Cost of 3-5 days at the border
  - Daily fixed cost per truck: US$250-600
  - Total 3 days: US$750- US$1800
  - Total 5 days: US$1250-US$3000

- Cost of increased inventory
  - Goods worth US$2-5000 per tonne
  - Cost of increased inventory per day per tonne: US$0.75-$2.5
  - Load of 28 tonnes, predictability hedge of 30 days
  - Unnecessary inventory cost: US$630 – $2100

- One day’s delay is estimated to reduce trade by 1% or the equivalent of distancing a country from its partners an additional 70 km.
MAKING THE MOST OF THINGS!
TIME TO EXPORT IN DAYS

- Angola
- Botswana
- DRC
- Lesotho
- Malawi
- Mozambique
- Madagascar
- Mauritius
- Namibia
- Seychelles
- South Africa
- Swaziland
- Tanzania
- Zambia
- Zimbabwe

- Inland transportation and handling
- Port and terminal handling
- Customs clearance and technical control
- Documents preparation
COST TO EXPORT (US$)
BORDERS

• Challenges
  • Increasing number of agencies at border each with its own controls and own management
  • Two national systems
  • Increasing traffic at borders
  • Little increase in staff levels
SADC RIDMP

SMART CORRIDORS 2027

IBM ↔ OSBP ↔ Single Window

Infrastructure  Procedures  ICT  Coordination/Management

Strategy and Legal Framework
TRADITIONAL BORDER CROSSING PROCEDURES
OSBP OBJECTIVES

• To reduce the number of stops incurred in a cross border trade transaction by combining the activities of both countries’ border organisations at a single location [in each direction for juxtaposed facilities].

• To increase the effectiveness of cross-border controls through greater data sharing and cooperation.
TRAFFIC FLOW

Southbound Traffic

[Diagram showing traffic flow with labels for Passenger Traffic and Cargo Traffic]
PROCEDURE FLOW

- Coaches
- Old Bridge
- New Bridge
- Accredited cargo
- Non-accredited cargo

Legend:
- Red: Passenger Traffic
- Green: Cargo Traffic
OSBP

**Hard Components**
- Purpose-built facility
- ICT single data entry

**Soft Components**
- Streamlined procedures
- Supporting legal framework

- Reduced forms
  - IT inspections
  - Swift handoffs
- Law: executing controls across borders
- Bilateral Agreement: establishing operating principles

Building a border management information system
Developing IT border applications

Seamless flow for user and agency officers

Corridor Development Consultants
LEGAL INSTRUMENTS

- East and West Africa can have a regional act that supersedes national law. In East Africa, the OSBP Act has been passed. Sets common principles of operation for all OSBPs. In West Africa in final stage of enactment.
- SADC legal frameworks must be on a bilateral or multilateral basis. Two instruments developed – one to be passed by national Parliaments which establishes the principle of extraterritoriality and foreign hosting at an OSBP and that this act supersedes the regulations of border agencies. One a bilateral agreement which covers details of operations.
- In SADC OSBP workshop October 2011, the strategy of creating an amendment to the Transport Protocol was agreed to establish common principles and to develop model legislation that can be adopted in the course of OSBP implementation.
BENEFITS

- At Chirundu, for example, clearances for buses and passenger cars is about half what it was previously.
- Freight times have also been reduced quite dramatically – from three days to one for most.
- There is greater sharing of information on risks
- Greater coordination of clearances
- Sharing of equipment
- Continual improvements in processing
- Remaining:
  - Improved signage
  - Complete shift from manual to electronic entry
  - Improving traffic flow
  - Increased use of preclearance, AEO, Fast Track procedures
  - Standardise measurement of clearance times
SOURCE BOOK OBJECTIVE

- Provides useful information on OSBP implementation and management
- Captures lessons learned to 2011 and case studies
- Presents them in a topical way for easy reference as specific problems are faced
- Will be updated as new information is available – an evolving source book
CBM/IBM

- Addressing factors affecting delays:
  - Intra-agency, including headquarters to border
  - Among agencies at border
  - Cross border, regional
- Analyze the existing roles of border agencies and communication systems among them. Agree on re-engineering processes, harmonization, Cross-border data exchange.
- Carry out border operations assessments, determine delay and cost factors, agree on improvements, a time frame for achieving them and a work plan. Monitor for results and refinements.
- Use of existing software to coordinate border agencies
DOMESTIC IBM

- OBAs access declarations in ASYCUDA
- OBAs’ risk selectivity profiles entered in ASYCUDA
- Alerts to OBAs on consignments of interest
- Coordinated, parallel interventions
- Systematic handling of clearance risks
- Integrate border and corridor transit systems
SINGLE WINDOW

• Depend on good ICT Connections
• Goal is a single ICT platform for obtaining and submitting requirements and for agencies to receive and process
• Automating clearances as much as possible, in Singapore 90% of clearances are done without human intervention
• Coordinating clearances among agencies
• Monitoring transit
• Insuring compliance and speed of transit
• Mozambique has implemented and other countries are in process
TRANSPORT CORRIDORS

- Approximately 22 Corridors under consideration for OSBP conversion.
- CBM initiatives underway.
- Mozambique has implemented SW; other countries are beginning.
- Important to connect corridor borders—“clearing in motion”
- Smart Corridors.
RIDMP

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