

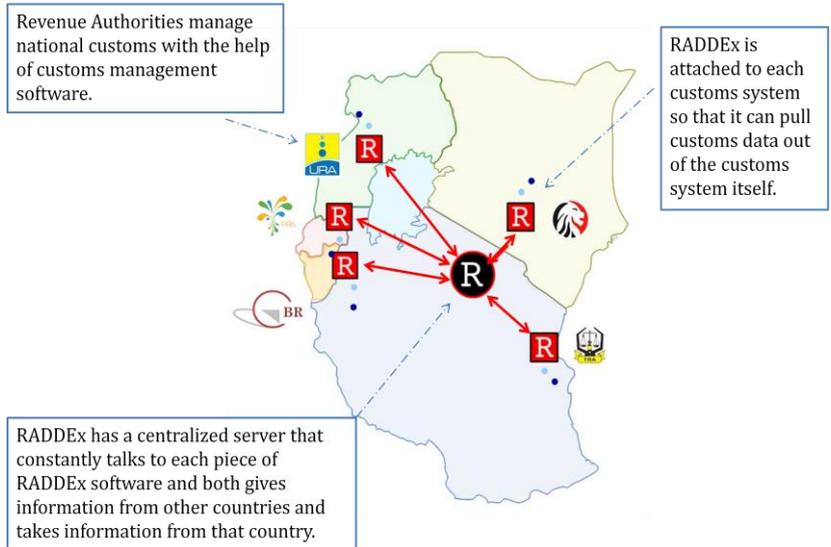
## Revenue Authorities Digital Data Exchange (RADDEx) – Customs Technology that Reduces the Cost of Doing Business

**What is RADDEx 2.0** - RADDEx 2.0 is a software platform for customs and transit data exchange, management and reporting. The platform allows for real-time transmission of customs documentation to authorized public and private sector users across the five countries of the East African Community (EAC).

**The Problem** - East African businesses are severely hampered by inefficient trade facilitation systems that include transport logistics, administrative cross-border entry and exit procedures and transit regulations.

**The Solution** - RADDEx 2.0 saves businesses and governments time and money by facilitating efficient cross-border trade and transit through an ICT platform. It shortens cargo processing times and reduces border delays.

### How RADDEx Works



### The Advantage of an ICT Platform

Trucks and their cargo travel on linear routes from city to city, country to country, as defined by the road network. The efficiency of transporting goods is limited by countless external factors including road conditions, vehicle condition, traffic laws, drivers, fuel capacity and very importantly, border agencies including customs.

In contrast, information traveling via the Internet is blind to such constraints. It does not see countries, roads, cities or borders, can travel globally instantaneously and exists in multiple locations at the same time. It is virtually limitless and unconstrained.

**RADDEx ensures that goods in transit are never delayed due to a lack of information or gaps in communication.**

## The Benefits of RADDEx are Far-Reaching

- **RADDEx reduces customs entry redundancy and processing time, and could save clearing agents up to two hours at every border.** The transit entry form for through transit has 38 information fields that clearing agents need to fill at every border. RADDEx reduces the number of fields that need to be filled to three.
- **RADDEx enables the advance clearing of goods across borders.** Once a truck has lodged its initial customs declaration at port of entry, all information regarding cargo is instantaneously relayed to the clearing agent at the border. That agent can immediately start clearing that cargo while the truck is still in transit. Advance completion of customs declarations can constitute a 50 percent reduction in time at borders. If the average clearance time at the Malaba border is four hours, truckers using RADDEx should be able to clear the border in two hours. Advance clearing is similar to checking-in online for a flight.
- **RADDEx reduces transit bond cancellation time by providing electronic proof that a consignment has exited the transit country.** Clearing agents no longer have to journey to borders or capital cities to gather export certificates and reports. Those reports are available to Customs through RADDEx. In addition to freeing up working capital sooner, electronic proof for bond cancellation saves clearing agents excess travel, time, and money.
- **RADDEx provides transparency.** It reduces corruption through item-level tracking, removal of false declarations, and customs user-audit trails. Accurate customs reports provide data for policy makers to make sound decisions on public expenditure allocation.

### TIME IS MONEY

An April 2013 World Bank analysis of cost and time to move goods on the Northern Corridor estimates that the total cost of delays per 24 hours for every loaded truck is \$384.<sup>1</sup>

The Northern Corridor Authority estimates that during high-traffic periods, an average of 1,000 trucks cross the Malaba border from Kenya to Uganda every day.

**Based on this analysis, RADDEx advance clearing (a reduction of 2 hours at the Malaba border) could save \$32,000 a day in transit cost across the Malaba border, or \$11.68 million in a year.**

### Deogratius Otia, clearing agent for the Malaba-based company Multiple Solutions

#### Without RADDEx:

“To get your bond canceled, you have to follow the officers and make sure they input the information into a report. Then you have to dispatch vouchers to Nairobi, buy stamp duties and wait for the report to be processed, which can take between three weeks and even up to six months.”

#### With RADDEx:

“Bond cancellation will be automatic and immediate at the exit point. Once all the information is confirmed at the exit point by the officer, he can cancel the bond with the push of a button and the money is immediately replenished into my account. This increases the volumes to be declared by the agent and the number of customers clearing agents can have. Because my money isn’t tied up, it increases my capacity to issue a greater number of bonds. With RADDEx, you don’t have to become like a beggar, begging for services, begging to get your bond canceled long after the cargo has exited.”

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