



AID-FOR-TRADE CASE STORY

ZAMBIA

AID FOR TRADE CASE STORY ON
THE CHIRUNDU ONE STOP BORDER POST



REPUBLIC OF ZAMBIA

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Abbreviations

COMESA	Common Market for Eastern and Southern Africa
DFID	Department for International Development
EAC	East Africa Community
JICA	Japanese International Cooperation Agency
OSBP	One Stop Border Post
SADC	Southern Africa Development Community
WCO	World Customs Organisation
ZIMRA	Zimbabwe Revenue Authority
ZRA	Zambia Revenue Authority
TLC	Transport Logistics Consultants
FESARTA	Federation of East and Southern African Road Transport Associations
SSATP	Sub-Saharan Africa Transport Policy Program
PSD RP	Public sector Development Reform Programme
TEWG	Trade Expansion Working Group
NWGTF	National Working Group on Trade facilitation
NSC	North South Corridor
REC	Regional Economic Commissions

1.1 ISSUES ADDRESSED

The Chirundu border post borders Zambia and Zimbabwe. It is the most preferred entry point for commercial traffic into Zambia from South Africa and other commercial ports to the South, or through to and from Central and Eastern Africa. It is also used by return traffic in the opposite direction.

On a typical day, Chirundu was handling an average of 270 trucks a day, making it the busiest port in Zambia and one of the most utilised inland border points in the Eastern and Southern Africa region. It was characterised by congestion, duplicated efforts and delays in processing of goods and people with average transit times for trucks for north bound traffic ranging from 26 to 46 hours, while transit times for southbound traffic ranged from 6 hours to 17 hours.

Aside having poor infrastructure, the border facility has had over twenty Government agencies in total for both governments enforcing various pieces of legislation individually. The business community was legally compelled to comply with all the various pieces of legislation separately on both sides of the border. Considering that the requirements by both countries were largely the same, the processing of commercial and passenger traffic was repetitive and bureaucratic, resulting in inevitable delays, congestion and confusion within the border facility and surrounding areas and communities.

Due to the aforementioned issues, multiple overlapping bottlenecks at the main freight terminal into the country carried heavy costs. Most visible were the direct costs to shippers: in 1995, Standing Costs for freighters in Zambia were estimated at US\$224 per day. Together with other bureaucratic hold-ups, the typical two-day delay at the Chirundu border post added an average of US\$84 to the cost of shipping one ton of goods between Johannesburg and Lusaka. Such high costs hobbled the competitiveness of Zambian businesses and added unnecessarily to the prices paid by Zambian consumers.

But these highly visible and direct costs to shippers are only the tip of the iceberg. Though delays at the border averaged two days, far longer delays were not uncommon - nor, in fact, were shorter waits. The unpredictability of wait times at Chirundu badly hampered the ability of Zambian businesses to participate in modern supply chains, with their emphasis on just-in-time inventory management and short lead times.

Unable to rely on timely deliveries across the Chirundu Border, businesses that depended on supply routes that used it were forced to keep large, costly buffer stocks to protect themselves from delivery disruptions, further undermining their competitiveness. Shippers and shipping agents unable to guarantee delivery on any kind of reasonable time-schedule found themselves facing little incentive to upgrade their technological capabilities and could not investing in the kinds of sophisticated barcode and RFID-based track-and-trace information systems needed to guarantee to-the-minute deliveries as their shipments could take anywhere from a couple of days to over a week to clear the border.

The project therefore, sought to address the aforementioned issues.

1.2 OBJECTIVES PURSUED

The Chirundu OSBP overarching objective is to improve efficiency in border management and operations, thus reducing the time and cost of crossing the border.

The Chirundu OSBP project therefore, sought to improve physical infrastructure, streamline the repetitive clearance procedures, and generally improve the management of systems at the border post.

Specific objectives are:

- i. To combine the activities of Zambian and Zimbabwean border agencies at a single location by redesigning the border infrastructure and establishing a Common Control Zone (CCZ);
- ii. To reduce the number of stops and period of stopping in cross border trade and transit transactions;
- iii. To streamline procedures, systems and establish a framework for joint processing thereby enhancing trade facilitation and reducing the waiting time and cost of passing through the Chirundu border; and
- iv. To simplify traffic flow and facilitate easy movement of both commercial and passenger traffic thereby preventing traffic jams

1.3 PROJECT DESIGN AND IMPLEMENTATION

The design and implementation of the project has been consultative using broad based stakeholders' meetings. Various stakeholder meetings involving both the public and the private sectors were held prior to project commencement with the objective of getting buy-in and ownership of the project from all stakeholders.

With the support of the DFID funded Regional Trade Facilitation Programme (RTFP), a dedicated Project Manager was recruited under the COMESA Secretariat to coordinate activity implementation and ensure delivery of project objectives. The Manager has also been responsible for coordinating donor support to the project.

In addition to the Project Management Unit hosted by COMESA other structures of the project have included the Zambia-Zimbabwe Chirundu One Stop Border Post Project Steering Committee, National Committees in the two countries and four sub-committees dealing with procedures, legal matters, facilities and information and communication technology, respectively.

The Steering Committee comprises Permanent Secretaries responsible for the various border operations and agencies from the two governments, and representatives from relevant private sector apex bodies from both countries and meets quarterly.

The National committees have been facilitating stakeholder dialogue and consensus building in country on the OSBP and have facilitated smooth inter-country negotiations.

The four sub committees have been supporting the Steering Committee. The Procedures Sub Committee has had the task of developing Common Control Zone procedures while the Legal Sub Committee was responsible for developing the one stop border post legal framework. The Facilities Sub Committee was charged with the task of ensuring that facilities at the border were adequate and properly shared between the two countries. The Information Technology Sub Committee was responsible for developing IT solutions that would enhance efficiency in CCZ. The various sub-committees worked with consultants and were required to consult widely with all stakeholders.

Recently, Inter-agency committees comprising heads of government agencies operating at the border have also been established in both countries and have been holding inter-agency meetings that are proving to be a major input into the smooth implementation of the project.

To facilitate exchange of views and ideas on how best certain aspects of the project can best be handled, an inter-agency consultative/operations structure between Zambian and Zimbabwean agencies has also been established. The structure is looking into operational issues and instituting changes or make recommendations to further efficiency. The agencies have been working closely with the OSBP Project Manager to ensure their observations and suggestions are incorporated in project implementation.

1.4 PROBLEMS ENCOUNTERED

Convincing all the stakeholders and ensuring they bought into the initiative and supported it was a challenge. This was partly due to fears of losing power and relevance to border operations among some border agencies in the face of the OSBP. Invariably, there was a long delay in galvanising support for and passing enabling legislation, especially on the part of Zambia. Despite signing the bilateral Agreement on the Establishment and Implementation of the Chirundu OSBP in 2007, it took Zambia another two years to pass the Zambia OSBP Control Act.

The sequencing of activities was also a challenge. For example buildings were constructed independent of systems and procedures. As such in certain instances some adjustments have had to be made to re-align the structures with the OSBP Concept.

Matching financial resource requirements and disbursements to facilitate activity implementation has also been a challenge. In most instances disbursements have been slower.

Considering the big number of border agencies and their parent ministries involved in the OSBP process, coordination of at both intra and inter country levels has been a challenge.

Until recently when the two Governments designated lead agencies at either side of the CCZ, there was no institution taking the lead and guiding day to day operation. With the designation of Zambia Revenue Authority as the Lead agency on the Zambian side and the Zimbabwe Revenue Authority as the Lead agency on the Zimbabwean side, operations have improved.

Despite the establishment of the OSBP however, some border agency staff have not completely adjusted to the new development and the new way of doing things. To address this issue training and capacity building activities meant to accelerate mindset change for border staff, clearing agencies and some business entities are being undertaken.

1.5 SUCCESS FACTORS

The Chirundu OSBP represents an innovative way to address these problems. Because it sets out to address a series of problems increasingly recognised by both government of Zambia and the government of Zimbabwe, as well as by private sector firms that do business across the border, regional organisations and the donor community, the Chirundu OSBP has enjoyed substantial political buy-in from a wide array of stakeholders.

Consequently, commitment from the two Governments has been unwavering and is the cornerstone of the success scored in the development of the Chirundu OSBP. The signing of the Bilateral Agreement on the Establishment and Implementation of the OSBP at Chirundu and the passing of enabling legislation namely the Zimbabwe OSBP Control Act No. 21 of 2007 and the Zambia OSBP Control Act No. 8 of 2009, were milestones in the process. The inter-state law in the case of Zambia paves way for the establishment of all future one stop border posts along the common border in Zambia.

Success can also be attributed to the ongoing conviction by all stakeholders that they stand to gain from the project's success: governments, in terms of increased revenue collection; donors, in terms of fulfilling their multilateral obligations on Aid for Trade; regional institutions (such as SADC), in terms of advancing towards their goal of forming a customs union; and private business (such as the Federation of Zambian Hauliers - FedHaul), in terms of improved predictability and efficiency, as well as cost reduction.

This has been further augmented by technical and financial support from a number of cooperating partners at bilateral, regional and international levels has contributed to the progress made thus far in the implementation of the project.

The overwhelming support for the initiative from the private sector covering transporters, importers and agents and civil society activists dealing with trade and HIV and AIDS, among others, has also contributed to the success scored up to this point.

Formation of four sub Committees with specific terms of reference and agreed workplans focusing on deliverables critical to the success of the project contributed to the implementation of agreed activities on schedule and contributed to the development of the Chirundu OSBP.

Furthermore, the designation of the Chirundu OSBP as a pilot within the North South Corridor aid for trade pilot project and Tripartite (COMESA, SADC and EAC) Corridor Trade Facilitation Initiative also acted as a catalyst for success as all parties involved in implementation of the OSBP project worked hard to ensure that the pilot did not fail.

In addition, full engagement of the media and maintenance of good rapport with them has been critical to building widespread awareness and assuring ownership of the OSBP project among the business community and ordinary citizens hence contributing to its success.

Constant communication on developments of the project to all stakeholders has also been cardinal in keeping the momentum for the project.

1.6. RESULTS ACHIEVED

Although Chirundu is still work in progress, a number of things have been achieved up to this point. Border infrastructure has improved significantly with the construction of a new road and bridge – linking the Zambian and Zimbabwean sides of the CCZ – separating the passenger and commercial traffic and putting up of new commercial and passenger terminals housing freight inspection facilities, and border agency offices. This has resulted in increased efficiency and capacity to effectively handle larger volumes of traffic within a shorter space of time thereby reducing congestion. Coupled with the fact that processing times have been greatly reduced, the turn around of the trucks has also significantly increased. Aside resulting in increased volumes of trade, the OSBP has also increased the revenues collected and reduced the cost of doing business in the region.

The OSBP has contributed to the reduction of fraud due to more thorough checks, using scanners and joint inspections, based on risk profiles backed by collaboration and sharing of information among the two countries' border agencies.

The facility has been further supported by a microwave link to facilitate communication and linkage of systems across the two sides of the border. Others interventions including constructions of access and ring roads, upgrading of telecommunication infrastructure (laying of optic fibre and putting up necessary connectivity) are yet to be undertaken.

Traffic circulation and flow has also greatly improved as coaches and other passenger vehicles now use the old bridge while the commercial traffic (trucks) uses the new bridge. The success of the OSBP has been more visible in terms of passenger processing where many passengers have expressed satisfaction with the reduced processing times.

Due to the fact that all forms of traffic crossing the border only stop once, there has been a significant reduction in the length of time spent at the border and consequently the volume of both passenger and commercial traffic passing through the border has significantly increased. For example, prior to the establishment of the OSBP only two coaches used to pass through the border per day. With the OSBP, this number has increased to about twelve as passenger traffic from less efficient borders has shifted to Chirundu.

With the introduction of the gate pass which has led to full accountability on the number of trucks entering and exiting the CCZ, there has been increased tax compliance (reduction in smuggling).

The OSBP Ordinary and Fast Track Procedures have recently been agreed. The procedures are expected to increase efficiencies in the operations and improve performance of the Chirundu OSBP. The fast track procedures will enable the clients profiled as less risky to get the full benefits of expedited clearance.

However, there are outstanding issues that need to be addressed to make Chirundu an efficient OSBP. These including power supply and distribution within the CCZ, lighting of the facility, ring roads, packing, manpower improvement both in terms of numbers and capacity, efficient communications infrastructure, complete systems set up, linkage and operationalisation and implementation of procedures, among others.

While modern premises are now installed at both the Zambian and Zimbabwean sides of the border post, some agencies still lack adequate equipment to facilitate smooth operations in accordance with agreements and commitments to simplify and harmonize border procedures. Further, customs officials are working in an environment of often-changing procedures. In some cases, procedures are not well understood by officers and agents. Customs rules are therefore, often interpreted in different ways.

It should also be stressed that in order for the Chirundu OSBP to fully succeed, there will be need to fully include private sector customs agents (often known as "clearing agents") into capacity building activities. Clearing agents - private parties who specialise in obtaining the paperwork needed to move cargo across borders - play a pivotal role in the success of any trade facilitation initiative, serving as the primary point of contact between state border authorities and hauliers. In this regard, there will be need to systematically regulate clearing agents, thus reducing disparities in the technical abilities, knowledge and level of professionalism of agents engaged and customs officials. There will also be need to fully integrate clearing agents into its data-sharing processes and to create mechanisms and facilities to allow clearing agents to perform pre-clearance duties remotely, without the need to physically travel to the border.

1.7 LESSONS LEARNED

Dedication and commitment by Governments to not prioritise and allocate financial and human resources but also provide an enabling environment is cardinal for the success of projects such as OSBPs. More so that they involve more than one country and because the actual implementation of such projects depends on an enabling legal framework which only legislators and governments can deliver.

Early and full engagement and involvement of all stakeholders is critical to ensuring ownership and smooth implementation of projects such as the OSBPs.

Leadership at local border agency level is important for efficient implementation of OSBPs initiatives involving many agencies.

To successfully improve trade facilitation, all efforts to improve physical infrastructure should be supplemented and accompanied by supporting soft interventions. The construction of a modern new bridge across the river Zambezi in 2002 and the construction and separation of terminals did little to expedite cross-border trade, as massive queues of vehicles waiting to cross accumulated on both sides of the border, and crossing times could still stretch to more than a week. The tackling of soft aspects of the project is supplementing the infrastructure and progressively yielding results.

The human factor is the key success factor in the successful establishment and operationalisation of OSBPs and improving trade facilitation. Social and cultural issues need to be addressed specifically as well. The project is addressing this through “Change management trainings” and joint social events that are currently on-going.

Monitoring and benchmarking project implementation and ensuring that corrective action is taken where necessary is an important ingredient in the successful implementation of OSBPs.

Visits to the project site for stakeholders are also an important aspect in the process of developing and successfully implementing OSBPs as they provide stakeholders an opportunity to appreciate the challenges at the border and the urgency to resolve them.

Full engagement of the media and maintenance of good rapport with them in countries undertaking projects such as OSBP development is critical to building widespread awareness and assuring ownership of the OSBP projects among the business community and ordinary citizens.

Constant and effective communication on developments on the project to all stakeholders is cardinal to keeping the process live and ensuring that all stakeholders are permanently engaged in the process.

1.8 CONCLUSION AND APPLICABILITY

In conclusion, it can be stated that despite the progress made, human capacity constraints and some infrastructure constraints - particularly regarding electricity supply, reliability of telecommunication links - have continued to hindered full implementation of the OSBP concept.

Until a fully functioning integrated data-sharing and pre-clearance platform is operational at Chirundu - and until Clearing Agents are trained and comfortable with using it - some of the age-old problems of overland transport will continue to plague the Chirundu border post, particularly in dealing with non-standard shipments.

Perhaps the most significant gains associated with a One Stop Border would flow from systematically unifying the reporting requirements clearing agents face into a single,

electronic form bringing together all agencies in both countries with responsibilities over the border. Ideally, clearing agents would input all relevant data just once - preferably remotely - and obtain pre-clearance for consignments before trucks physically arrive at the Border Post. A single, integrated data-sharing platform could then be used to generate both Exportation documents for the originating country seamlessly translated into Importation documents in the receiving country. With most bureaucratic formalities sorted out formally in advance, the process at the border itself could be radically streamlined, and reduced basically to physically checking that the contents of the lorry match those in the pre-clearance documents.

With regard to applicability, other countries intending to develop or those in the process of developing OSBPs can learn from the experience of Zambia and Zimbabwe in the establishment of the Chirundu OSBP and avoid mistakes made. Zambia itself is applying and has benefited greatly from its experience in Chirundu to advance development of the Nakonde-Tunduma OSBP.