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**Q1: Respondent details**

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**Q2: Country or Customs territory**

EGYPT

**Q3: Organization**

Public sector

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**Q4: Title of case story**

Trade Facilitation between Arab Republic of Egypt and Sudan.

**Q5: Case story focus**

Trade Facilitation.

**Q6: Case story abstract**

Qustol is the crossing point between Arab Republic of Egypt and Sudan in the South of Egypt (North of Sudan). Facilitation of access for trade in goods, services and movement of people, as indicated in the bilateral agreement between Egypt and Sudan, has been prioritized by Governments of Sudan and Egypt and further emphasized in early 2014.

Furthermore, strengthening border management and collecting revenues and taxes on imports and exports across border are key for two countries in their efforts of enhancement of governance and of securing resources for development programmes.

This priority was communicated to UNDP as the implementing agency of Aid for Trade Initiative for Arab States, or AFTIAS, in (2014) and becomes one of the first interventions on the ground.

A partnership has been undertaken between Egypt Customs Authority and Trade Agreement Sector, Ministry of Trade, the General Administration of Exports and Imports Control, Ministry of Trade and sponsored by the UNDP to design and activate the operations at border post of Qustol as key stakeholders.

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**Q7: Who provided funding?**

Other (please specify)

The activity was funded by participating donors to Aid for Trade Initiative for Arab States, among them, Egypt, Kingdom of Saudi Arabia, UNDP, Swedish International Development Agency, Kuwait and Islamic Development Bank/ITFC.

**Q8: Project/Programme type**

Regional

**Q9: Your text case story**

Establishing a safe, secure flow of goods, services, means of transport between Egypt and Sudan is of particular importance to the two countries that live next to each other for centuries. Opening of the border crossing at Qustol (in Egyptian side) and Ishkate (in Sudanese side) has been identified as a prioritized activity by Governments of Egypt and Sudan in their joint efforts of improvement of socio-economic and commercial relationships in early 2014. It serves to facilitate movements of goods, passengers, and factors of production required for national building while taking into account traditional linkages between people. Consequently, this will enhance the implementation of the bilateral agreement conducted between both countries

The land border post at Qustol is located 300 km from Aswan, South Egypt, and separated from the border crossing of Ishkate (North of Sudan) by less than 1 km. For centuries, there was informal trade by residents who live in communities next to the borders; common goods are agro products, textiles, clothing, shoes, chemicals, fertilizers, cements and building materials. Most of goods coming from Sudan are agro and animal products while those originating from Egypt are manufacture, chemicals and industrial goods. On daily basis, there are regular bus services that transport traders and tourists in connecting Cairo (the capital of Egypt) and Khartoum (the capital of Sudan).

In efforts of facilitation of these movements and in the interest of two countries in strengthening traditional collaboration, putting into place a modern system of border management based on the partnership of all concerned authorities, Ministry of Trade and Industry, Government of Egypt and Ministry of Commerce of Sudan requested the technical assistance by UNDP within the Aid for Trade Initiative for Arab States (AFTIAS). Specific activities were undertaken in giving adequate attention to particularities of Egypt and Sudan with regard to operational conditions and regulatory practices.

In the middle of March 2014, the First Under Secretary of Trade Agreement Sector held the first consultative meeting on the activation of the border crossing at Qustol, attended by Heads of several agencies, ministries in charge of border management at Qustol, among them the Director-General of Egypt Customs Authority (ECA), the Under Secretary of General Organization of Exports and Imports Control (GOEIC), representatives of Land Port Authority and others. UNDP participated to the consultation as resource person and presented the overall concept of application of procedures and practices, aligned to international standards and conventions. All agencies supported the pilot to be conducted at Qustol and in order to optimize effects of modernization of practices, active participation of Sudan would help to multiply positive impacts of facilitation operations.

With substantial experiences in support to countries in modernization of customs procedures and practices of border management, UNDP, in collaboration with concerned agencies of the Government, initiated a series of preparations and analysis of the current conditions on the ground and reviewed pertinent international standards that could suit to operational needs of Egypt and Sudan. To that end, the Steering Committee (SC) of Egyptian Government on facilitation of cross border operations was activated with clear Terms of Reference and Work Plan. The SC met in the middle of October 2014 and made important decision such as the adoption, in principle the technical model, designed with technical support by the technical team of UNDP. Subsequently, respective consultations were held with Ministry of Commerce of Sudan as the focal point of AFTIAS and concerned authorities, such as the Customs Department.

In this regard, the technical proposal was prepared on the basis of international conventions, comprised of the WTO Trade Facilitation Agreement, GATT/WTO, Revised Kyoto Convention as well as international standards by UNECE and UNCEFACT. Important references of the international supply chain and modernization of border management have been used for the preparation of the technical note. In order to prepare this model, the technical team had reviewed the Sudanese and Egyptian legislations and visited the border posts in Egypt and Sudan. Interviews with officials and with traders helped to understand challenges in terms of lacking essential necessity such as water, electricity and telecommunication services.

In fact, the technical models and proposals were jointly adopted by Egypt and Sudan at the joint meeting in early January 2015 between the delegations of Egypt and Sudan, chaired by the First under Secretary of Ministry of Trade of

Egypt and the Under Secretary of Ministry of Commerce of Sudan. A detail program of activities was also endorsed for implementation by concerned authorities of the two countries.

#### The role of the Egyptian Customs Administration in Trade Facilitation

Egypt Customs Authority issued a new decree in December 2014 that institutionalizes new procedures of facilitation applicable to goods in transit from Sudan through Egyptian territories. At the same time, internal consultations were carried out in order to identify the most suitable organizational structure to manage the flow across Qustol. The administrative decree to institute an independent unit of Egypt Customs at this border crossing was issued accordingly. After all preparatory works completed with support by the technical team of UNDP, operations have substantially improved as of October 2015.

From political decisions, technical features of the operational model and protocols were accordingly refined and finalized by implementing agencies of Egypt and Sudan at their meeting held in the end of January 2015. Assessment of needs of ICT equipment was also conducted with a view of procurement of certain equipment for automated processing of information.

An important part of preparatory works consists of design of operational rules, laying down organizational structure, appointment of competent officials to operate at Qustol, and securing technical preparedness of officials. To that end, with technical support by UNDP, Egypt Customs Authority issued a new decree to institute the Customs office of Qustol on permanent basis. More than 70 officials of the ECA and GOEIC were trained on operational procedures and protocols for clearance and release of shipments through Qustol.

Egyptian authorities also collaborated with the technical team of UNDP to design mechanisms of consolidating information and data related to operations in Qustol, in electronic format, with a view to input them into the national systems of control of respective agencies. Options of exchange of data and information were also consulted with Department of Customs of Sudan in January 2015; and it was agreed that Egyptian and Sudanese authorities would progress to this stage after the 1st phase of operation of the joint pilot.

The activity has been carried out by joint efforts of officials of Egyptian authorities, mainly the Egypt Customs Authority and General Administration for Exports and Imports Control with substantial coordination by Trade Agreement Sector of Ministry of Trade and Industry. The technical team of UNDP partnered with officials of respective agencies in the design of the technical model, operational procedures and implementation modalities. The pilot introduced modernized practices and facilitating measures to be applied by officials in complementing to current national procedures.

The main difficulties encountered during the implementation of the pilot

- 1- Lack of ICT infrastructure, which impeded the internet services in the post
- 2- Logistics problems due to the geographic nature of the two posts, which led to difficulties in moving to and from the location.

The outcomes of this pilot

The pilot contributed substantial facilitation to the flow of goods and means of transport from Sudan to Egypt and vice versa. According to views from officials of Sudanese Government, opening of the border post at Ishkate (in the Sudanese side) helped to reduce the transportation costs by truck from US\$ 1,000 to around US\$ 500. Local community in Ishkate also benefits of this new facility in terms of jobs; it was estimated hundreds of jobs that were created to provide services to operations taking place at Ishkate.

This pilot contributes significantly to operationalize the political commitments of Governments of Egypt and Sudan to enhance their economic relationship and promote good neighborhood policies. In concrete terms, the pilot supported realization of specific decisions of two Governments in creating more convenience, better economic efficiency, better management of flows of goods and commodities, collection of revenues and securing border areas against terrorism.

Effectively, it enables the people-to-people connections in formal ways as part of mainstreaming trade for development. Since the entry into operation in 2015 of Qustol, passengers and traders benefit of more convenience in crossing borders at Qustol.

In operational terms, the pilot assisted concerned authorities to streamline their intervention for further reduction of trade and transport costs, and time – key for better competitiveness. While giving first priority to modernization of control practices, UNDP assisted Egypt in the review of key provisions of the draft Customs Law and promoted adoption of

practices, UNDP assisted Egypt in the review of key provisions of the draft Customs Law and promoted adoption of electronic processing of data and information to facilitate trade, transport. Introduction of e-Customs was also made and essential ingredients such as digital signature have also been made.

From preliminary results, it is expected that UNDP and Aid for Trade continue to assist Egypt in the modernization of administrative practices as well as upgrading the trade policy framework in the light of international conventions and agreements.

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#### **Q10: Lessons learnt**

Success of the implementation of the joint pilot at Qustol (Egypt) is due to the following:

- a. Strong political commitments of the Government that are translated into effective coordination (undertaken by the First under Secretary of Ministry of Trade, Industry and SMEs in charge of Trade Agreement Sector). Constructive attendance by Heads of all related Agencies responsible for border management (Commissioner of Egypt Customs Authority, Chairman of GOEIC, Head of the Security Agency and others) enables specific discussions and timely decisions for the implementation.
  - b. Strong collaboration and partnership of the Government of Sudan and its respective agencies are essential for the joint pilot since it requires high level of synergy and synchronization of interventions.
  - c. Institutional and personal commitments by the Commissioner of Customs, by the Chairman of GOEIC and the Ministry of Trade, Ministry of Transport help to translate political decisions into concrete actions on the ground. For such modernization, new decrees and regulations have been issued in order to provide a legal framework for the reform.
  - d. Strategic planning, detailed preparations and inclusive consultations and commitments to a better service by Egyptian authorities to the public at the border crossing of Qustol are essential for the success of the pilot.
  - e. Proper institutional framework has been established with clear work distribution and identification of responsibilities. The Steering Committee was activated with participation of representatives of all agencies.
  - f. The technical model and operational protocols were prepared on the basis of international standards with customization to be suitable to operational circumstances of Egypt.
  - g. Qualified human resources are determinant to the success of the pilot; to that end, the project delivered specific trainings to approximately 70 officials of agencies operating in Qustol.
  - h. The quality of technical support by the technical team of UNDP and experiences in projects of customs modernization and trade facilitation plays an essential role to the success of the pilot at Qustol. The dedication of the experts and technical knowledge help to resolve a number of challenges and concerns of agencies during the design and implementation of the joint pilot.
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