

AID-FOR-TRADE: CASE STORY

ZIMBABWE

CHIRUNDU ONE STOP BORDER POST: A REGIONAL TRADE FACILITATION PROGRAMME

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REPUBLIC OF ZIMBABWE

PAPER TITLE

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EXECUTIVE SUMMARY

The Chirundu One Stop Border Post (OSBP) is a pilot trade facilitation project under the North South Corridor (NSC) Pilot Aid for Trade Programme initiated by the COMESA-EAC-SADC Tripartite. The One Stop Border Post that was launched in December 2009 through a Bilateral Agreement between Zimbabwe and Zambia is the first functioning OSBP in Africa where the region can draw practical lessons for similar future initiatives.

The main objective of the establishment of the Chirundu OSBP is to facilitate trade by reducing the processing time at the border and hence reduce cross-border transactions which will enhance the region's competitiveness. A juxtaposed OSBP was implemented at Chirundu where a common control zone was created for border agencies to share facilities with the aim of eliminating duplication of procedures. A community based computerized system that will make the OSBP a single window processing facility is still being set up.

A number of challenges were encountered in establishing the Chirundu OSBP with the major one being the erratic and bureaucratic disbursement of funds for the project. The OSBP concept came after Zimbabwe and Zambia had commenced infrastructural construction work and this meant that modifications had to be done on the existing structures. However, the project became a reality because of the solid support and commitment at the highest level of Government in both countries.

The region has already started to experience the benefits of the OSBP through the significantly reduced processing times at the border. Periodic monitoring and evaluations that are conducted to establish the efficiency of the Chirundu OSBP reveal that the OSBP has managed to achieve efficiency and effectiveness in border operations.

The establishment of the Chirundu OSBP is a great attainment in the region where the COMESA-EAC-SADC region should draw lessons to allow faster implementation of similar projects along the North South Corridor.

INTRODUCTION

Zimbabwe has not been receiving external assistance to support economic growth and development since around 2000. The funds that the country has been receiving were mainly for humanitarian assistance. This therefore implies that Zimbabwe has not significantly benefited from the Aid for Trade initiative since it started. However, the country has managed to benefit from funds from development partners at the regional level with the Chirundu One Stop Border Post (OSBP) between Zimbabwe and Zambia being an example.

The Chirundu OSBP, which was launched in December 2009, is a pilot trade facilitation project under the North South Corridor (NSC), which is a tripartite initiative spanning across SADC, COMESA and the EAC regions. The NSC is a transport corridor (road and rail) that links the Dar es Salaam Corridor to the southern ports of South Africa through the Copperbelt. This Corridor services eight countries namely Tanzania, DR Congo, Zambia, Malawi, Botswana, Zimbabwe, Mozambique and South Africa. COMESA-EAC-SADC jointly initiated a North South Corridor Pilot Aid for Trade Programme which is aimed at reducing time of road and rail travel along the Corridor which is meant to significantly reduce the cost of doing business in the region.

The Chirundu OSBP project was initiated following a decision made by the COMESA Council of Ministers in 2005 which directed the COMESA Secretariat to implement One Stop Border Posts at key borders in the region. Chirundu, a border post between Zimbabwe and Zambia, is one of the busiest inland ports in the region with between 300 and 400 vehicles crossing the border each day.

Chirundu was selected to pioneer the introduction of the One Stop Border Post concept in the region together with two other border posts namely Kasumbulesa between DRC and Zambia and Malaba Tororo between Uganda and Kenya. The Chirundu OSBP is Africa's first functioning One Stop Border Post.

The project is being implemented through the Regional Trade Facilitation Programme (RTFP) with the financial support of the Department For International Development (DFID), the Japan International Co-operation Agency (JICA) and the World Bank.

OBJECTIVES PURSUED

The broad objective of the establishment of the Chirundu One Stop Border Post is to enhance trade facilitation through the efficient movement of goods and people within the COMESA, EAC and SADC regions. According to the World Bank, 25% of border delays are caused by infrastructure and 75% are caused by poor trade facilitation. This shows the importance of enhancing trade facilitation and thereby increasing trade competitiveness. The time delays and bureaucratic approach to trade make African transport, on average, three (3) times more expensive than South American transport and five (5) times more expensive than Asian transport. This definitely affects the competitiveness of African goods on the international markets.

The establishment of the Chirundu OSBP will enhance trade through, among other things:

- The reduction of transit times for traders and transporters leading to more effective use of available resources and assets resulting in lower costs;
- Improvement of competitiveness of goods in the region due to reduced processing times at the border which are assumed to translate into reduced costs;
- Enhanced reliability of the supply chain through streamlined and harmonized border procedures between Zimbabwe and Zambia resulting in predictable movement of goods;
- The development of better operational controls through shared and improved exchange of information among border agencies.
- Improved revenue collection at the border through a faster turn around time for transporters.

DESIGN AND IMPLEMENTATION

The One Stop Border Post concept entails the performance of border clearance extraterritorially through the creation of a designated common control zone where border agencies share facilities with the aim of eliminating duplication of procedures. The juxtaposed OSBP was implemented at Chirundu, which entails that all clearance is done in the importing country starting with exit formalities and then followed by entry formalities. Broad

based stakeholder consultations were undertaken in preparation for the implementation of the Chirundu OSBP. The consultations involved the COMESA and SADC Secretariats, the public sector and private sector in both countries. This resulted in the formation of sub-committees that were focused on specific project deliverables namely infrastructure facilities, legislation, procedures and Information Communication Technology.

In preparation for the implementation of the OSBP, the two governments enacted some legislative instruments required to operationalise the OSBP. These are:

- Bilateral Agreement Between the Government of the Republic of Zimbabwe and the Government of the Republic of Zambia Concerning the Establishment of a One Stop Border Post at Chirundu. This was the first process to be undertaken followed by the enabling legislations below.
- Zimbabwe One Stop Border Posts Control Act (No. 21) of 2007
- Zambia One Stop Border Control Act (No. 8) 2009

In addition to this, OSBP procedures were developed to allow all exit and entry formalities to be performed in sequential order in a one facility enabling clients to stop once at the border in either direction. These procedures were signed off by the respective Commissioner Generals and heads of immigration for Zimbabwe and Zambia in November 2010. Procedures Manuals will be developed for Government agencies and the private sector anchored on the signed off procedures. Training on OSBP operations was provided before the launch of the One Stop Border Post in December 2009. Further training on agreed procedures will be provided this year by Corridor Development Consultants. New office complexes were constructed to allow for the sharing of facilities by border agencies under the OSBP bilateral agreement.

The establishment of the Chirundu OSBP involved the designing of a community based computerized system that would be the ICT platform used to implement the OSBP. The system, which is still being set up, would accept all the required data from all the border agencies and allow authorized access to limited datasets by different users. This will enhance establishment of a single window processing system at the border.

CHALLENGES ENCOUNTERED

A number of challenges were encountered in undertaking the Chirundu OSBP project which resulted in the delay in its launch. One of the major challenges faced was the erratic disbursement and in some cases non disbursement of the much needed pledged funds which delayed the whole project.

Bureaucratic disbursement of funds and procurement procedures also led to the delay of the project. Agreed timelines on several occasions were missed owing to mismatches between financial inflows and planned activities, for instance, the delay in setting up the common ICT platform.

Chirundu was not physically designed as an OSBP in terms of building layouts and traffic plans which entailed the need for modifications of the existing structures.

The other problem was the compatibility challenges between Zimbabwe and Zambia's hard and soft infrastructure. For instance, with respect to border agencies, Zambia had more agencies compared to Zimbabwe. In Zambia, there were 12 agencies involved in the clearance process compared to 7 in Zimbabwe. In addition to this, on the Zimbabwean side, all border operations are conducted in one facility whereas on the Zambian side there are two separate passenger and commercial cargo clearance terminals.

Other challenges encountered include:

- Procedures anchored on high utilization of technology which was not available and this delayed the signing off of the procedures.
- Inadequate publicity and informative signage.
- Change management challenges since this is a new concept in Africa.
- Staff accommodation to allow additional human resources to be deployed.
- Different clearance procedures for the multiple border agencies at the border.
- Lack of comparable facilities e.g. scanning and air conditioning facilities.

FACTORS FOR SUCCESS

The establishment of an OSBP requires solid support and commitment at the highest level of Government in the member states involved. The whole process of the preparations for the implementation of the Chirundu One Stop Border Post received a lot of political support from the Governments of Zimbabwe and Zambia, which was critical in making the OSBP a reality.

All the border agencies and other key stakeholders including the public and private sectors were committed to the success of the project and hence participated effectively in all related activities. One of the critical success factors was getting the public sector and the private sector agreeing at national level in each country before bringing the two countries together at a bilateral level.

The overwhelming support by the COMESA and SADC regional blocs and other regional countries in the project can not be overemphasized. Development partners including DFID, JICA and the World Bank played a critical role in the project through financial and technical support.

RESULTS ACHIEVED

A baseline study was conducted 2008 to provide a measure of the benefits of the OSBP after implementation. The study revealed that an average of 321 vehicles were processed through the border per day with a daily average of 268 commercial trucks, 45 private vehicles, 8 passenger coaches and a significant number of pedestrians. Prior to the establishment of the OSBP, it used to take up to five (5) days for a commercial truck to be cleared at the border while passenger coaches took about two (2) hours. The major cause of lengthy transit times were the long procedures involved in passing through two sets of identical controls on each side of the border. The streamlining and harmonization of border procedures at Chirundu has resulted in the significant reduction of processing times. The clearance times for buses has been reduced by half while private vehicles now take 20 – 30 minutes compared to the previous one (1) hour. Commercial trucks which arrive at the border overnight and in the morning are now cleared within the following or same day respectively with those cleared under the fast lane facility taking at most five hours at the border. This has been achieved through joint

inspections, harmonization of procedures, introduction of commercial cargo gate pass, increased use of the pre-clearance trade facilitation initiative and establishment of fast lanes for fuel tankers, hazardous substances carrying vehicles, empty trucks and those vehicles not liable for scanning.

The reduction of clearance times play a crucial role in the reduction of transport costs which in turn has a positive impact on the competitiveness of the region.

On the social benefits, the establishment of the Chirundu OSBP is expected to contribute to the reduction of infections of HIV/AIDS in the Chirundu community. Truck drivers were left with nothing to do for almost five days while waiting for their documentation to be cleared. This attracted sex workers which resulted in high HIV/AIDS infections amongst the drivers and the Chirundu community. The reduction of the processing time should lead to a reduction of the infection rates. However, a study has not yet been undertaken to this effect. An HIV/AIDS prevention program driven by International Labour Organization (ILO) is underway since last year.

Periodic monitoring and evaluations that are conducted to establish the efficiency of the Chirundu OSBP reveal that the OSBP has managed to achieve efficiency and effectiveness in border operations. The Chirundu OSBP Steering Committee recommended carrying out of an OSBP evaluation this year which will come up with a performance charter for Chirundu OSBP.

LESSONS LEARNT

Lessons learnt from Chirundu could be very useful in future for similar initiatives and these include:

- a. A regional approach to infrastructure projects with involvement of Regional blocs is more effective especially when it comes to unlocking Aid for Trade funds.
- b. There are a number of challenges in implementing a One Stop Border Post on a border that was not designed as such from the on-set as there are some modifications to physical infrastructure that should be done in

order to adjust procedures to take account of the limitations of the physical infrastructure. This has implications for the coordination of the process of designing an OSBP. In the Chirundu project, sub-committees dealing with ICT, Facilities, Procedures and Legal were established but these should have been established even before the design work on an OSBP had started.

- c. All the work related to the project need to be guided by a work programme with a realistic budget. This budget can be financed by the countries concerned, the Regional Organisations or the donors or a combination of these but it is essential that the budget is available in a timely and non-bureaucratic manner to avoid delays.
- d. Solid support and commitment at the highest political levels is essential and there must be an agreed Memorandum of Understanding or an Agreement of some sort on the OSBP. This must be accompanied by a legal framework allowing extraterritorial authority for purposes of implementing an OSBP system.
- e. The process of introducing a One Stop Border Post should also be accompanied by a change management process and failure to adequately address this issue could lead to failure of the project.
- f. There is need for the Steering Committee responsible for the implementation of the OSBP to sign off on the procedures, preferably by putting these in the Memorandum of Understanding that has allowed the establishment of the OSBP, and to stick to these procedures. Failure to stick to agreed procedures delays implementation and necessitate multiple design and works contracts to be awarded. The establishment of Permanent Joint Commissions at the national level and at the local border level with clear mandates to deal with OSBP matters greatly adds value.
- g. It is important to involve the private sector in the design of the OSBP, and in the sub-committees from the very start of the process.

- h. Well funded sensitisation programs through the electronic and paper media are essential for the success of such an initiative.
- i. Adequate external and internal signage for public awareness is necessary before commencement of One Stop Border Post operations.
- j. Recognition and involvement of key stakeholders like revenue authorities and immigration authorities with a lead agency established on the basis of role performed is important.
- k. There is need to provide relevant infrastructure for extension of operational hours which take into cognisance of feeder border posts so that the One Stop Border Post operations are not a bottleneck.

CONCLUSION

The establishment of the Chirundu OSBP is an important achievement in the region where the COMESA-EAC-SADC should draw valuable lessons to allow faster and smoother roll-outs of OSBPs at other border posts along the North South Corridor. This is critical in reducing transport costs in the region which in turn contributes to improved competitiveness of regional producers. Plans are underway and baseline surveys have already been initiated to establish similar concepts at Beitbridge Border Post, Forbes-Machipanda Border Post, Kazungula and Nyamapanda-Cuchamano Border Posts. The region needs to mobilize resources under the Aid for Trade initiative to facilitate the establishment of OSBPs at these borders and reap the economic and social benefits associated with the concept.