



ABOVE: Dakar port

REFORMING SENEGAL'S CUSTOMS

A public-private partnership has vastly improved the customs clearing procedures at Dakar port

BY PETER GUEST

The port of Dakar in Senegal is one of Africa's most important logistics hubs, serving major markets across the Economic and Monetary Union of West Africa. The port, which is expanding its container capacity as part of its 'Port du Futur' plan, developed in conjunction with Dubai Ports World, has ambitions to become even more central to the region's economy.

However, the port, like others on the continent, was also a major bottleneck for goods entering and leaving its region. This was not simply due to infrastructure. Hold ups in customs pre-clearance meant that it could take 15 days for documents to be released. In 1997 the government formed a committee of public and private sector players, including the customs authorities, shipping agents and brokers, to come up with a solution to reduce the waiting times and streamline procedures.

"We made a trip all around the world to see how people are dealing with this difficulty, and we saw in Singapore a very good system. When we came back to Senegal, we didn't buy the Singapore system, but we began to set up a team in order to build our own

system," explains Amadou Mbaye Diop, director of international relations at Gainde 2000, the public-private partnership that was the result of these deliberations. The company designed a so-called "single window" – a system which allows traders to submit all their required documentation through one point.

"What we see is that there is no big technical challenge in the single window. What is the most important is the organisational challenge," Mr Diop says. Not least, this involved changing the culture amongst public officials.

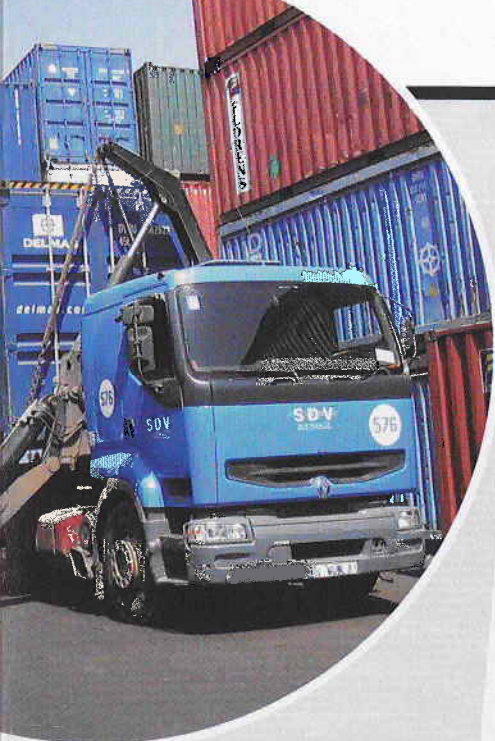
"You know, in Africa, the public officers are powerful. They are not used to having pressure from users saying: 'give me my documents, I need them'. So when you have the single window, they have to cooperate with businessmen," he explains. "They have to be able to work to some performance standards. So for example, you have to be able to say, 'I need you to be able to process the document in one hour. This is a kind of contract between you and the user.' And you see now the users putting pressure on the public officers."

To achieve this, Gainde 2000

Trading across borders ranking

- 1 Mauritius
- 2 Senegal
- 3 Cape Verde
- 4 The Gambia
- 5 Ghana
- 6 Togo
- 7 São Tomé and Príncipe
- 8 Seychelles
- 9 Tanzania
- 10 Madagascar

Source: World Bank



THE REBIRTH OF THE EAST AFRICAN COMMUNITY

A new report from brewer SAB Miller, "The East African Community: Why this time is different," gives a cautiously optimistic assessment of the East African Community's prospects in building a coherent regional economic and political framework at the second attempt.

The EAC was re-established in 1999 following its collapse in 1977. Ethan Kapstein, chair in political economy at Insead and author of the report, argues that the factors that contributed to the organisation's earlier demise have in the most part been addressed, which accounts for the significant strides that the organisation has taken since 1999.

Pointing out that the exact reasons for its collapse are still a contentious issue, he nevertheless identifies three central hypotheses on which there is some level of consensus

The first is that Kenya was simply too big relative to its neighbours in the 1970s, thus capturing all the gains of regional integration for itself. Secondly, significant differences in the political systems of member states led to a lack of trust between leaders that is fundamental to deeper integration.

The third hypothesis is that the underlying economic structures of the member-states, which were mainly agricultural at that time, did not enable them to gain much from integration.

On all three counts, Mr Kapstein argues that the landscape has undergone considerable change.

"In terms of the relative scale argument, the fast growth of Uganda and Tanzania in comparison to Kenya over the past ten or twenty years has not only narrowed the gap between them and their larger neighbour, but it has given these smaller nations confidence in their competitive abilities."

On the political front, Mr Kapstein argues, "all three countries are much closer politically than they were thirty years ago in important respects.

"Finally, changes in the economic structures of these countries, coupled with a growing middle class that has increasingly sophisticated product demands, suggest that the benefits from trade may be much greater than at earlier times when the commodity structures of all these countries were mainly agricultural."

These new realities do give some reason for optimism that the EAC will fare better this time, when it comes to the gains that each country can expect from deeper regional integration.

He does however caution that this leaves little room for complacency, and that the EAC's continued success is contingent on a deep commitment by all of the stakeholders of regional integration.

"Regional elites must become committed to collective investments in, among other things, infrastructure to facilitate regional trade, along with improvements in governance that give investors and traders confidence in the political-economic environment for business," says Mr Kapstein.

"Foreign direct investors will also have a role to play in the EAC's success by committing capital and technology to this expanded economic arena. Finally, the international community needs to ensure progress in world trade negotiations so that competitive enterprises based in East Africa meet with a 'level playing field' when their products seek global markets."

STATS: Senegal

Pop: 12.9m

2009 GDP growth: 1.5%

2010 GDP growth: 3.4% (est)

Exports: \$2.1bn

Main export markets: Mali, India, France, The Gambia, Italy

Imports: \$4.26bn

Main import sources: France, UK, China, Belgium, Thailand, Netherlands



The EAC



Population: 126.6m (2009)

GDP: \$73bn (2009)

GDP per capita: \$580

01 BURUNDI

GDP: 1.427\$bn **GDP per capita:** \$300

GDP real growth rate: 3.2%

02 KENYA

GDP: 30.57\$bn **GDP per capita:** \$1600

GDP real growth rate: 2%

03 RWANDA

GDP: 5.07\$bn **GDP per capita:** \$900

GDP real growth rate: 5.5%

04 TANZANIA

GDP: 22.42\$bn **GDP per capita:** \$1400

GDP real growth rate: 4.9%

05 UGANDA

GDP: 15.84\$bn **GDP per capita:** \$1300

GDP real growth rate: 6.6%

worked to reduce the cost burden for public agencies, Mr Diop explains, as well as to incentivise officers. "We finance all the material in order for them to connect to the single window. We pay for the computer, we pay for the network, we pay for the internet connection, and we pay also incentives," he says. Hitting targets is rewarded by a monthly incentive payment of 35,000 CFA - around \$70.

In 2007, the Senegalese government and Gaiende 2000 began working with the Investment Climate Facility for Africa to speed up the customs clearing procedure at the port. Between them, they have reduced the processing time for pre-customs declaration to 3-7 hours, down from two days when the project began. A second phase of the project, begun in 2009, aims to the operating hours of the port so that it is able to offer a round-the-clock service and to reduce the custom clearance process from 18 to nine days, which would bring the port to the same level as those in France or Spain. A third phase, announced in December 2009, intends to make the entire customs process paperless.

The reforms do appear to be having an effect. While Senegal is ranked 26th in Africa in the World Bank's annual *Doing Business* report, it is second only to Mauritius in the "trade across borders" criteria.