



**Federation of East African Freight Forwarders Associations  
(FEAFFA)**

Building the capacity of clearing and forwarding agents to enhance professionalism and ease trade across the borders in East Africa.

P F Tracking Number: FEA-STA-012-028

Period: March 2012 – December 2012

**Final Grant Report**

***Submitted to:***

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## **EXECUTIVE SUMMARY**

FEAFFA, the umbrella East Africa freight forwarding private sector association, received a second grant from USAID-COMPETE to build the capacity of clearing and forwarding agents to enhance professionalism and ease trade across the borders in East Africa in March 2012. The grant was a follow up to a previous grant awarded in 2010 that was aimed at strengthening FEAFFA institutional capacity and therefore discharge its mandate of professionalizing the sector, providing information and advocating for a better business environment which was successfully implemented.

With the grant, FEAFFA sustained its earlier established secretariat and supported the clearing agents' training programme in the region (the East Africa Customs and Freight Forwarding Practicing Certificate). The Federation also continued with the implementation of a regional code of conduct, a critical tool for regulating the conduct of freight forwarders and started on new areas among them, publication of policy papers on key industry issues, publication of Standard Trading Conditions and a Border Clearance guide. FEAFFA embarked further on its self sustainability and published its first ever directory and started work on the business plan. These are envisaged to go a long way in kick starting FEAFFA's journey to self sustainability.

The Federation however decries delays in completion of many of the project activities. This has been a key hindrance to the success of this project. A little more time was required to take all the project activities to completion. It will therefore be vital for USAID COMPETE to facilitate the completion of these activities. Direct support will be a much easier approach as it will circumvent the intricacies of going into a contract extension which may not be feasible given the time limitations.

The Federation is grateful to the American People for their support through USAID COMPETE. The cooperation was worthwhile. Further collaboration will be welcomed as the industry continues to pursue its journey to a fully professional business sector. The federation is also grateful to the USAID COMPETE programme for nurturing it and seeing it grow to win confidence of other development partners. Without the COMPETE programme, it goes without saying that FEAFFA would not be what it currently is.

## **PART 1. BACKGROUND**

Trade across borders in East Africa has been plagued by a multitude of challenges, a significant portion of which is attributed to poor infrastructure and non conducive regulatory environment. This has however only been half of the equation. The East Africa Customs Community Management Act (EACCMA) requires that all formal trade in goods across EAC borders be carried out through a licensed clearing and forwarding agent. This presents the second part of the problem since clearing and forwarding agents have had their own share of problems. They are faced with low levels of competence, limited access to information, corruption and adversarial relationships with relevant public and private sector players. This situation has contributed to East Africa having one of the highest costs of moving goods across borders. This needed to be addressed if trade in the region was to grow. FEAFFA has been working hard to enhance competence and compliance of freight forwarders through development and implementation of training programmes, development and implementation of a code of conduct, development of a website and E-portals to disseminate critical industry information among other initiatives. FEAFFA's ability to sustain these initiatives was being challenged due sustainability challenges. FEAFFA therefore sought support from USAID COMPETE to address these issues through provision of support towards self institutional growth, advocacy, compliance to regulations and knowledge management.

Upon appreciating this, USAID COMPETE awarded a grant to FEAFFA aimed at building the capacity of clearing and forwarding agents to enhance professionalism in order to ease and speed trade across borders in East Africa. The grant was implemented from March 2012 to December 2012 and covered a number of areas for the Federation.

This report is an account of all the grant activities summarizing the objectives and achievements, the implementation process, lessons learnt and recommendations, description of project impact and results basing on the indicators that were presented in the grant application among others.

## **PART 2. PROJECT OBJECTIVES**

Specifically, the objectives of the grant were:

- Enhance compliance of freight forwarders to laws and regulations.
- Enhance institutional sustainability of FEAFFA by expanding its revenue base.
- Entrench the self regulation mechanism of freight forwarders.
- Reduce corruption in the freight forwarding sector.
- Increase access to information to facilitate faster cargo clearance across the EAC region.
- Advocate for reform of specified problems that hinder cargo flow across the main borders of the region

## **PART 3. PROJECT ACTIVITIES**

This section summarizes the activities that were implemented by the Federation under this project from March 2012 to December 31<sup>st</sup> 2012. It gives a description of the major project activities and the results thereof, the challenges encountered, the lessons learnt and the way forward. For ease of comprehension, the activities have been clustered into four key areas namely;

- Sharpening FEAFFA's Advocacy Capacity
- Enhancing compliance to laws and regulations among clearing agents
- Enhancing FEAFFA's revenue base for self sustainability
- Institutional support

Each of these activities had several sub activities as enumerated below.

### **3.1 SHARPENING FEAFFA'S ADVOCACY CAPACITY**

#### **3.1.1. Research and develop white papers on three key advocacy issues**

The Federation identified three critical issues that required redress in order to ease cross border movement of cargo. Consultancy services were sought to develop position papers, which would be published and used for advocacy with respective public sector agencies. The three issues included Collection of Revenue at the first point of entry in the Customs union, Mutual recognition of customs agents licensing and Self regulation of freight forwarders.

Two consultants were hired to undertake research on the issues of mutual recognition of customs agents licensing and Self regulation of freight forwarders. The consultants were guided around the region collecting data from key stakeholders. The consultants submitted their draft reports to USAID COMPETE.

The next step was to validate the reports before extracting the position papers for publication and follow up engagement with relevant policy organs for the desired change. The consultants' reports are however yet to be validated by the FEAFFA Executive Board before the next action can be undertaken.

This activity was directly handled by USAID COMPETE.

## **3. 2. ENHANCING COMPLIANCE TO LAWS AND REGULATIONS AMONG CLEARING AGENTS**

### **3.2.1. Develop a Freight Forwarders guide to clearing goods across key borders**

USAID COMPETE hired a consultant to draft the border cargo clearance guide on behalf of FEAFFA. The consultant collected all the required data from all major borders in the region and prepared a draft border clearance manual. The draft manual is yet to be validated by FEAFFA before it can be printed for publication and distribution to the clearing and forwarding agents in the region. The guide is intended to act as a quick reference point providing critical information on the requirements of clearing the cargo through the main regional borders.

### **3.2.2 Developing guidelines on Standard Trading Conditions for freight forwarders**

A short –time consultant was hired by USAID COMPETE to develop draft Standard Trading Conditions (STCs) for freight forwarders in the EAC region. STCs are an essential business tool that defines the rights and obligations of freight forwarders and shippers. The STCs were intended to enlighten shippers on their rights and improve the contractual capacity of freight forwarders especially the small and medium size firms. The draft STCs are ready for validation by FEAFFA board before being printed and published for distribution to clearing and forwarding agents across East Africa. The follow up actions are yet to be implemented.

FEAFFA intends to charge a nominal fee for freight forwarders that will subsequently use the STCs.

### **3.2.3 Operationalisation of the enforcement mechanism of the regional Code of Conduct for freight forwarders**

FEAFFA intended to operationalize the enforcement mechanism of the FEAFFA Code of Conduct as stipulated in Articles 6 and 7 of the Code. In particular, national and regional Code of Conduct implementation committees would be established. The code would also be publicized widely by taking it closer to the operators at key borders in the region. This would target clearing and forwarding agents, shippers and other government agencies. The activity was however not directly financed through the grant. FEAFFA utilized all available opportunities to publicize the code of conduct among others it website, other stakeholder events and key border activities by USAID COMPETE.



*Key stakeholders during the launch of the FEAFFA Code of Conduct at Malaba border*

The code of conduct was officially launched at Namanga in an event

that was attended by clearing agents from Kenya and Tanzania. Agents were taken through the key content of the code and willingly signed to adhere to the provisions of the code of conduct. This function was attended by representatives of the two national associations, Kenya and Tanzania revenue authorities, and officials from the ministry of Trade of the Republic of Kenya, Northern Corridor Transit Transport Coordination Authority (TTCA), Kenya Transporters Association (KTA) and Kenya Trade Network Agency KENTRADE. Promotional materials were widely distributed. In total more than 60 clearing agents attended the launch.

The second major event was held at Malaba border and was attended by clearing and forwarding agents from Uganda and Kenya. The sensitization seminar on the code of conduct was facilitated by officials from UFFA, KIFWA and FEAFFA. The half day seminar aimed at raising awareness on the Code of Conduct among the clearing agents. Over 60 participants attended the seminar with more than 50 being clearing and forwarding agents. The seminar was part of the border assessment activities by USAID COMPETE. Other agencies present at the seminar were officials from the Ministry of Trade of the Republic of Kenya, TTCA, KTA and KENTRADE.

The Code of conduct has been widely distributed specially in areas where FEAFFA has had an opportunity to participate in other stakeholder events. It is important to note that the earlier envisaged committees despite being very important were not established due to financial limitations on the part of FEAFFA.

### **3.2.4 East Africa Customs Freight Forwarding Practising Certificate (EACFFPC)**

FEAFFA continued to operate as a secretariat for the EACFFPC programme during the project period. With the support of USAID-COMPETE, FEAFFA provided effective regional coordination as well as operational support to ensure success of the programme. In particular during this period, the following milestones were achieved:

#### **i. Accreditation and mainstreaming of EACFFPC training programme under the EAC Directorate of Customs.**

The Directorate of Customs organized two major meetings with FEAFFA aimed at harmonizing the EACFFPC training programme with the EAC expectations as a step towards

its accreditation. The Directorate also continued to provide support to FEAFFA in the curriculum review and development of training materials to ensure the final output was of a standard acceptable by the EAC. The curriculum and training materials will now be submitted to the EAC to kick start the next process.

## **ii. Expansion of the EACFFPC training capacity in all the five countries of EAC**

During the project period, the training programme continued its expansion plan across the region. Eight new training centers and or classes were established across the region with three in Kenya, two in Tanzania, two in Rwanda and one in Burundi. All these centres were equipped with the requisite facilities to make them suitable for learning. As a result of this development, 734 clearing agents completed the course in 2012.



*Representatives of FEAFFA Member Associations pose with EACFFPC graduands at Hotel Club Du Lac Tanganyika in Burundi after the first graduation. Seated from right are the Director Trade Facilitation/Transport TMEA, FEAFFA President, The Commissioner General OBR and the Representative of the Ministry of EAC – Burundi.*

## **iii. Revision of the EACFFPC Curriculum and training materials**

The Federation finalized the revision of the curriculum and training materials. This was through a series of retreats by subject experts seconded by the revenue authorities, national associations and the EAC. The curriculum and training materials are now ready for use starting with the January 2013 intake across the region. The materials have also been identified as a key source of income for the Federation through their sale to all students enrolling for the course.



*Members of CIC during the validation of EACFFPC training materials at Whitesands Hotel in Mombasa*

#### **iv. Training of EACFFPC Trainers**

The Training of Trainers (TOT) did not take off as had been envisaged due to delays in finalizing the revision of training materials. Only Uganda was able to mount the course during the project period. A total of 22 new trainers were taken through the basics of training and re-oriented on the revised EACFFPC curriculum and training materials. Other countries are expected to mount their TOTs in the first quarter of 2013. A total of 150 trainers have been targeted regionally.



*Participants pose for a group photograph during one of the KIFWA TOTs held in Mombasa*

#### **3.2.5 Roll-out the FEAFFA Certificate of Competence**

The FEAFFA Certificate of Competence (COC) is a transitional professional certification tool for elderly/experienced operators who may not have been able to go through the EACFFPC training

programme yet require certification for licensing by Customs administrations in the EAC region. The activity was affected by the delay in finalizing the review of training materials that preoccupied all stakeholders. The CIC however reviewed the 2012 deadline and urged all countries to work towards end of 2013. Subsequently, all countries started mobilization for the COC and started receiving applications from eligible freight forwarders. The respective NCICs are now vetting the applicants and preparing the respective seminars before the COCs can be issued. About 90 applications were received across the region. The activity is expected continue until end of 2013.

### **3.3. ENHANCE FEAFFA'S REVENUE BASE FOR SELF SUSTAINABILITY**

#### **3.3.1 Market the EACFFPC programme**

The activity involved publicity of the training programme through the media to attract students both from the industry and those starting their careers. It was intended to sustain demand for the training hence providing a steady revenue line for the Federation and the affiliate national associations. A consultant was hired in December 2012 to May 2013 to spearhead the intensification of the program's marketing and publicity across the East Africa region. The communication campaign will ensure that the details, results and benefits of the EACFFPC training program are widely known by all interest groups. This is also expected to boost the demand for the program and hasten the enrolment of clearing agents. The activity is being directly supported by TMEA.

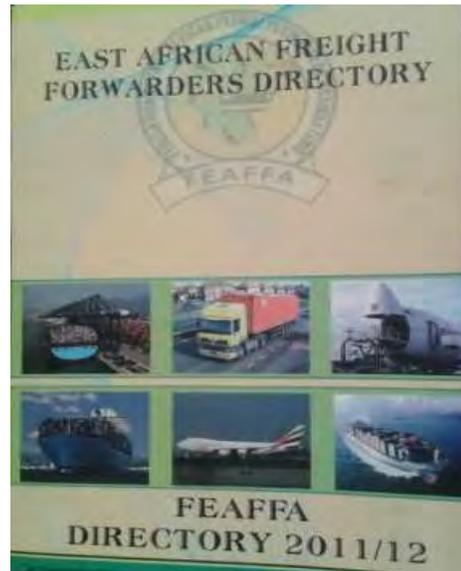
#### **3.3.2 Develop a business plan for the EACFFPC programme**

USAID COMPETE engaged a short term consultant to develop a business plan for the Federation. The consultant presented a draft which is now awaiting validation by FEAFFA Board. The business plan builds on the entire institutional sustainability strategy developed by FEAFFA secretariat as a requirement for direct funding by TMEA. To this effect, it focuses on the entire Federation without bias to the training programme as had earlier been envisaged. The business plan will also provide a base for the yet to be developed FEAFFA strategic plan 2013 – 2015. The business plan will be completed in the first quarter of 2013.

#### **3.3.3 Publishing the East Africa Directory of Freight Forwarders**

FEAFFA printed the first edition of the East African freight forwarders' directory. The publication though with a number of challenges was largely a success. The second edition required intensive marketing hence required a proven publisher. Having experienced some hiccups with the first consultant, FEAFFA identified another consultant with substantial

understanding of the freight logistics industry having done similar work for a sister organization. With their experience, the new consultant recommended a review of the entire strategy including introducing a magazine section within the directory as a value add as well as exploring increasing the number of issues per year. The consultant is in the final stages of producing the second but rebranded edition which is hoped to firmly reposition the directory into the market. The new strategy is expected to enhance the quality of the product and thus make it more attractive to intended advertisers. This will enhance FEAFFA's chances of generating more resources from the publication. The directory will be in the market in the first quarter of 2013.



*A front view of the first FEAFFA directory*

### **3.4 INSTITUTIONAL SUPPORT**

#### **3.4.1 Secretariat operation**

The grant provided support to keep FEAFFA secretariat operational. Administrative, staffing and other relevant capacity was provided.



During this period, the secretariat staffing was enhanced by adding an IT officer and a Transport research officer. These added more capacity to the Secretariat in these key areas. The secretariat also procured more equipment including furniture and computers that made it easy for the staff to operate. These enhanced the secretariat's capacity as the focal point that steered all other activities of the

Federation.

*Office furniture that was procured from the grant*

#### **3.4.2 Board meeting**

During the project period, the Executive Board continued to play an oversight role to the secretariat. Three meetings were held in Bujumbura, another two in Nairobi. The board sanctioned key project activities including among others the recruitment of new staff, expenditures thresholds etc. the Board also received and reviewed monthly management reports that largely dwelt on the project activities. This kept them informed on what was happening at the secretariat. This became a basis for their input whenever they were called upon.

### 3.4.3 Development of Organizational manuals

With support from TMEA, FEAFFA developed key policy and procedure manuals to guide its day to day operations. The policy and procedure manuals were approved by the Executive Board and are currently in use. They include; Human Resource, Procurement, Accounting, Communications, Data Back-up and Code of Ethics (Leadership Code). The Secretariat also developed abridged versions of all its policy manuals, which were adopted and consolidated into one handbook.

### 3.4.4. Annual General Meeting

FEAFFA held its general assembly for the year 2012 at Hotel Club Du Lac Tanganyika in Bujumbura on 18<sup>th</sup> May 2012. The meeting was attended by representatives of all the national associations affiliated to FEAFFA. The general meeting elected a new Executive Board and addressed governance issues within some of the national associations. The new Board was also



inaugurated in a colorful handover ceremony witnessed by the Commissioner General of Burundi Revenue Authority.

*Handing over office: FEAFFA's Immediate past President Mr. John Bosco Rusagara handing over the office to the new President Mr. Mathieu BIZIMANA at Club Du Lac*

*Tanganyika, Bujumbura.*



### 3.4.5 TMEA grant

The Federation received a grant of USD 495,850 from TMEA as supplementary support to the EACFFPC training program. The grant covers institutional support from 1<sup>st</sup> November 2012 to December 2013. It also includes the professional fees for the program's consultants assisting in the coordination of the program at national and regional level.

The grant was signed by the FEAFFA president Mr. Mathieu Bizimana and the TMEA Director Trade Facilitation/Transport Mr. Silas Kanamugire. The function was witnessed by FEAFFA board members, FEAFFA and TMEA staff.

*The FEAFFA president Mr. Mathieu Bizimana receiving a cheque from the MEA director of Trade Facilitation/Transport Mr. Silas Kanamugire at TMEA offices in Nairobi*

## Part 4. CHALLENGES

The Federation FEAFFA faced some challenges that impacted on the implementation of the project. The key handicaps are detailed below.

- **Delays in recruitment of new project personnel**

Due to the regional nature of the Federation and its requirement to recruit staff from all over the region, there were delays in bringing the two members of staff on board. The Transport Research Officer position was left for Tanzania and Burundi. Given the capacity limitations in these countries, it was not easy to find suitable candidates. Besides, the available resources as well as duration of engagement made it even more difficult to attract some candidates. These delays affected the amount of time the new staff were with the Federation which ultimately affected their level of output as they required some time to settle in yet the contracts were really short.

- Most activities implemented by consultants were delayed due to tight schedules. USAID COMPETE also had a busier schedules which made it difficult to schedule some of the activities and hence the delay. The activities requiring direct involvement of COMPETE were unfortunately more. This affected their completion and thus the entire project.

- **Uncompleted but yet continuous project activities**

The project involved many continuous activities that unfortunately were not finalized by the end of the project period. Most of the activities involved a series of sub activities. Failure to mount all these sub activities almost renders many of these activities ineffective as their ultimate results could not be realized. This has significantly affected the performance of the project. Among the yet to be concluded activities include the advocacy studies for eventual publication of white papers on the industry's position, the standard trading conditions, and the border clearance guide.

- Some of the project activities could not be mounted because the grant was approved when it was already a bit late. FEAFFA had planned to accredit the EACFFPC training programme internationally in order to raise its profile and recognition. Through this activity, the programme would be accredited to the International Federation of Freight Forwarders Associations (FIATA) based in Zurich. Upon attaining international recognition, FEAFFA would introduce a system of registering professional practitioners in the region who would pay annual professional fees, adhere to professional ethics and remain updated with new developments in order to remain on the register of professionals. The funds would go towards the sustainability of the Federation.

FEAFFA hoped to start engaging FIATA at its March 2012 congress in Egypt. Unfortunately at the time of project approval, it was late for FEAFFA to quickly organize the necessary logistics to make it to that meeting. This therefore meant a halt to this very important activity. Subsequent delay was also because the revised training materials and curriculum were not ready in time for FEAFFA to engage FIATA.

- Inadequate institutional resources to provide the matching grant to finance some of the project activities. While FEAFFA was a co-funder of the project, the Federation was not able to raise some of the budgeted resources and this affected the implementation of the project significantly. This ultimately affected the realization of some of the project objectives. This largely affected activities on the FEAFFA code of conduct.

## Part 5. FINANCIAL SUMMARY

The total grant budget was USD 193,060.00

Total disbursement from USAID COMPETE was USD 192,500.00

Total Grant expenditure was USD 191,924.72 as per the breakdown below.

NO:	ACTIVITIES	BUDGET (\$)	ACTUAL EXPENDITURE (\$)	BALANCE (\$)
1	Accreditation of FEAFFA EACFFPC's training program internationally with FIATA	5,000.00	-	5,000.00
2	Marketing and advertising the EACFFPC training programmes international accreditation	5,000.00	-	5,000.00
3	Production of the East African Freight Forwarders Directory	14,000.00	13,798.11	201.89
4	Secretariat Administration Expenses	47,810.00	38,416.91	9,393.09
5	Staff Salaries	115,500.00	115,527.67	(27.67)
6	Office infrastructure	5,750.00	5,778.03	(28.03)
	TOTALS	193,060.00	173,520.72	19,539.28
<b>BALANCE FUNDS As at 18<sup>th</sup> March 2013</b>				
	AMOUNT RECEIVED FROM COMPETE	174,096.00	173,520.72	
	EXPENDITURES PAID DIRECTLY FROM COMPETE	18,404.00	18,404.00	
	TOTAL AMOUNT RECEIVED	<b>192,500.00</b>	<b>191,924.72</b>	575.28
	STALE CHEQUE AMOUNT			48.54
	EXCHANGE GAINS IN THE ACCOUNT			378.99
	TOTAL AMOUNT IN THE ACCOUNT			1,002.81

## **PART 6. LESSONS LEARNT**

1. Institutional sustainability needs to be approached as a gradual process. Much as FEAFFA is working towards a fully self sustaining organization, its important to undertake the process gradually.
2. Need for more indepth interaction with the grass root industry operators is critical in order to provide more thought through value-add services. Thorough consultations with the grassroots will aide bringing out their views on the sort of services that FEAFFA should be providing to meet their needs and priorities. Their buy-in is vital in ensuring that the Federation provides services valued by the end users and therefore a boost to revenue generation
3. Staffs require long term engagement to effectively contribute to the organization. The project brought on board new staff, some for as little as 7 months. This was such a short period to start making meaningful contributions towards the operations of the Federation. Any such short engagements would have to be high level skills personnel capable of making an immediate impact.
4. Program success requires planned review process. There were sufficient review activities which made it difficult to identify any lapses in a timely and helpful manner.
5. Partners need to be directly involved in the procurement of services meant for them. This enhances accountability to the beneficiary on part of the service provider.

## **PART 7. WAY FORWARD**

1. The period of official engagement may have come to an end as per the grant agreement It is however important to appreciate that FEAFFA is willing to see these activities come to a final and logical completion. An action plan detailing how to finalize these activities is critical. This mainly applies to the advocacy studies, the border clearance guide and standard trading conditions and the Business plan where substantial resources have been invested yet if left at their current stage would not be a good value for the money so far spent.
2. The USAID COMPETE program should recommend FEAFFA for further USAID support to ensure a successful completion of the initiatives started under this project.
3. Consider engaging FIATA at its next conference to ensure the FEAFFA training program gets accredited as this forms a core pillar in the FEAFFA's self sustainability.

## **PART 8. CONCLUSION**

The project was yet another learning moment for FEAFFA. It went a long way in strengthening FEAFFA's capacity in some of the areas where not much emphasis had been placed particularly issue and evidence based advocacy. It is critical to note that much as the will was there from both parties, unavoidable circumstances made it impossible to accomplish all project activities and this had a significant bearing on the project results. A lot of ground work has been done. It would be in the interest of FEAFFA and the entire freight logistics industry in the region that a bridging mechanism be instituted to ensure the unfinished project activities are brought to conclusion. It is also important to note that the grant positioned FEAFFA to attract direct funding from TradeMark East Africa for institutional support until end of 2013. Support for other program activities previously funded by USAID COMPETE still remains a challenge.