



# Kenya Shippers Council

*The Voice of Cargo Owners*

## GRANT COMPLETION REPORT

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**USAID**  
FROM THE AMERICAN PEOPLE

**COMPETE** →  
The Competitiveness and Trade Expansion Program

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## 1. ACRONYMS AND ABBREVIATIONS

KSC	Kenya Shippers Council
KAM	Kenya Association of Manufacturers
EATTA	East Africa Tea Trade Association
FPEAK	Fresh Produce Exporters Association of Kenya
EACPA	East Africa Cement Producers Association
PIEA	Petroleum Institute of East Africa
KCTA	Kenya Coffee Traders Association
EAC	East African Community
USAID	United States Agency for International Development
COMPETE	Competitiveness and Trade Expansion Program
REC	Regional Economic Corporation
SCEA	Shippers Council of East Africa
HMCTC	Harmonized Model Commercial Transport Contract
DRC	Democratic Republic of Congo

## 1. INTRODUCTION

KSC is a private membership organization whose mission is to enhance logistical competitiveness in East Africa through the provision of relevant and proficient research based advocacy and value-add advice to cargo owners. Through its advocacy initiatives, KSC provides a platform to articulate the concerns of cargo owners as pertains to their interaction with logistics service providers and government regulatory agencies.

KSC was launched in 2006 by leading business organizations including the Kenya Association of Manufacturers (KAM), Fresh Produce Exporters Association of Kenya (FPEAK), East Africa Tea Trade Association (EATTA), East Africa Cement Producers Association (EACPA), Kenya Coffee Traders Association, (KCTA), and the Petroleum Institute of East Africa (PIEA). The formation of KSC was out of the need to address key issues that are characteristic of the logistics and trade environment in the EAC region. These include:

- High and uncompetitive transport and logistics costs despite the global demands for rapid and timely delivery of goods.
- The lack of a unified voice of the shippers and enormous gains that can be achieved.
- Recognition that trade liberalization and regional integration can only be realized if trade facilitation logistics and related challenges are effectively addressed.
- Integrity and reliability of our supply chain systems and cargo interventions.

To deliver its mandate KSC has set out the following strategic objectives that need to be achieved by the end of the 2010 – 2012 strategic period:

- Advocate for appropriate policies, regulations and administrative frameworks that facilitate competitive logistics in Eastern Africa.
- Become a knowledge powerhouse on transport and logistics by undertaking research that informs advocacy.
- Ensure KSC members enjoy efficient and competitive services for all modes of cargo movement
- Develop a strong membership base that affirms KSC as the preferred organization through which cargo owners, regulatory authorities and service providers engage in the EAC region
- Develop appropriate institutional capacities to ensure sustainability of the council

KSC has just concluded a **one** year funding partnership with the USAID – COMPETE project. Through this partnership, COMPETE **advanced KSC a grant** of USD 249,024, and KSC made available from its resources, USD 73,650 towards strengthening the capacity of KSC to provide member services, lobby regional governments and regional economic corporations (RECs) to reduce the cost of transportation and enhance the competitiveness of the transport and logistics chain in the Eastern African region. The COMPETE grant, which came to completion at the end in December 2011, was geared towards implementing activities that would yield the following key results:

- Transition from a Kenyan to Eastern Africa representative - SCEA
- Increase membership numbers from current 37 to 100
  - Hold 4 trainings workshops in at least two countries, training shippers on how to effectively and efficiently manage transport logistics

- Develop “**Shippers Guide To Import/Export in Eastern Africa**” ( handbook)
- Develop a member complaints form
- Increase the number of membership services from two to five (bi-monthly newsletter, membership satisfaction index, training & awareness workshops, feedback tool, publishing reports on website)
- Increase and improve website content
- Publish member satisfaction survey
- Develop the Harmonized Model Commercial Transport Contract (HMCTC)
- Launch the new revamped website
- Scoping workshops held in Uganda, Rwanda, DRC, Burundi & Sudan to sensitize importers and exporters in the region on the need to have a single voice of private sector to advocate, negotiate, inform and provide information on regulatory, policy and international conventions as well as service providers
- Hire a knowledge management expert

This report is a detailed account of the COMPETE grant objectives, activities and their implementation process, key achievements, project results and impacts based of prior agreed indicators, and the lessons learnt and recommendations thereof.

## **2. OBJECTIVES OF THE GRANT**

The cost of logistics in the Eastern Africa region is among the highest in the world today. Logistics costs account for about 42% of the total import value of commodities in this region. This scenario is seriously undermining business through increased costs and rendering the region’s commodities uncompetitive on the international market. The less than sufficient transport policies of the individual EAC member states, coupled with the lack of harmonization of these policies together with the poor adoption of best practices by shippers’ has resulted in an inefficient, unreliable, and costly transport and logistics environment in the region.

The lack of a unified voice of cargo owners and the enormous gains that could be achieved with such an arrangement was one of the greatest motivations for the formation of KSC. However, the ability of KSC to effectively advocate for the concerns of importers and exporters in the region is greatly hampered by its deficient institutional capacity. A strong KSC will effectively advocate and positively influence change in the regulatory, policy and business environment, provide knowledge through training in logistics services and global trends and engage with service providers to ensure an efficient and cost effective logistics environment. This in turn will translate to:

- Higher return on investment
- Employment creation,
- Poverty reduction

The objective of the COMPETE grant is to strengthen KSC’s institutional capacity to regionally provide member services, lobby governments and RECs for an efficient and cost effective transport, logistics and trade facilitation environment in the EAC region. By doing so, KSC is expected to expand its membership which will eventually lead to greater recognition and sustainability for the Council. The services provided by KSC will support the import and export industry in reducing the cost and time of transport and logistics. Reduced costs and faster delivery of goods to their

intended destinations will lead to enhanced competitiveness of the Eastern African region including Eastern DRC and Southern Sudan. This will subsequently lead to economic growth and poverty reduction.

### 3. GRANT ACTIVITIES, DELIVERABLES AND ACHEIVEMENTS

In this section the report highlights the status of all the grant deliverables/results which are mentioned in the introduction section. The twelve (12) major deliverables listed in the grant agreement are discussed in the table below.

<b>Deliverable</b>	<b>Deliverable Description</b>	<b>Current Status</b>	<b>Notes</b>
Transition from a Kenyan to Eastern Africa representative	To transition from KSC to SCEA	SCEA name is reserved with the registrar of companies	Transition to SCEA requires approval from AGM which is scheduled for 2012
Increase membership from current 37 to 100	KSC to become a strong and authoritative voice of cargo owners by reaching a recruitment level of 100 new ordinary members	KSC currently has a membership base of 62 members	Membership is steadily increasing
Trainings workshops for shippers on how to effectively and efficiently manage transport logistics	Training workshops in at least two EAC states on the following: <ul style="list-style-type: none"> <li>• Incoterms</li> <li>• Automated Systems</li> <li>• Implications of the MSA 09</li> <li>• International best practices</li> </ul>	Four (4) workshops were conducted at national level: <ul style="list-style-type: none"> <li>• Incoterms with KMA</li> <li>• Implications of the MSA 09</li> <li>• Best practices in transport and logistics</li> <li>• Integrity workshop in weighbridge management</li> </ul>	A review of the budget resulting from the no cost extension diverted some of the monies meant for workshops to administrative expenses
Develop a <i>Shippers Guide To Import/Export handbook</i>	1000 copies of an East Africa's handbook for regional and international trade	Activity was directly funded and implemented by COMPETE	Copies of handbook are yet to be printed and delivered to KSC by COMPETE
Develop an East Africa's directory of logistics service providers	1000 copies of an East Africa's directory of logistics service providers	Activity was directly funded and implemented by COMPETE	Copies of directory are yet to be printed and delivered to KSC by COMPETE

Develop a member complaints form	A form to collect and collate the logistics challenges facing KSC members	Member complaints form developed to capture key issues facing members	
Publish bi-monthly newsletter	Newsletter to inform KSC members on key issues in the transport, logistics and trade sector in the region	Bi-monthly e-newsletter published and distributed through a frequently updated mailing list	
Undertake a customer satisfaction survey	An annual index detailing the level of satisfaction of the KSC membership	KSC membership satisfaction and needs assessment report published	KSC members are satisfied with the current services and their needs to be incorporated in the 2012-2017 strategic period
Develop a harmonized Model Commercial Transport Contract (HMCTC)	A contract to guide shippers on how to effectively interact with transport service providers in order to minimize losses	Activity was undertaken. It was replaced by an activity to develop commercial maritime regulations of the Merchant Shipping Act 2009	Activity was to be directly funded by COMPTE
Launch the new and revamped KSC website	An informative website to fill the information gaps and create awareness for shippers and members	A revamped and vibrant KSC website with useful information for shippers and members at <a href="http://www.kenyashippers.org">www.kenyashippers.org</a>	<a href="http://www.kenyashippers.org">www.kenyashippers.org</a>
Scoping missions to Uganda and Rwanda	Missions to create strategic partnerships and MOUs with other BMOs and PSOs in the region	Partnerships created with USC and PSF	
Hire a knowledge management expert	To assist in the knowledge management function of KSC	Knowledge management officer hired	

### 3.1. MILESTONES RESULTING FROM THE ONE YEAR NO COST EXTENSION

The COMPETE project was extended by one year on a no cost extension agreement as a result of savings from the first year of project implementation. The specific deliverables under this no cost extension period include the following:

- **Hold a women in logistics seminar**

Event was postponed to February 2012 by COMPETE sighting lack of appropriate preparation mechanisms.

- **Hold a freight into east Africa logistics conference and exhibition**

Event was postponed indefinitely resulting from lack of an agreement between COMPETE and the KSC Board on the most suitable way of implementing this event

- **Publish policy papers**

Three policy papers were published namely; the KSC position on implementation of ECTS, KSC's position on implementation of the National Single Window System and Container Freight Stations and Inefficiencies at the Port of Mombasa. These policy papers have led to government institutions adopting and implementing some of the proposals.

#### **4. KEY PROJECT RESULTS**

The following broad results have been achieved as a result of implementing the COMPETE project:

- Commercial Maritime Regulations have been developed and gazette. These regulations are expected to streamline operations in the maritime transport sector, improve compliance and help reduce the cost of doing business in this sector
- KENTRADE, an entity that has been established to manage the National Single Window System has been gazette and is expected to soon procure and manage the system that will facilitate faster clearance of goods using on electronic platform
- The harmonization of EAC axle load regulations will result in faster movement of goods across the EAC region and minimize delays
- KSC membership has increase by more than 100% making it a strong and authoritative voice of cargo owners in the region
- KSC has earned recognition as an authority by being granted representation on the Boards of various state corporations namely, KENTRADE and KENHA
- KSC has gone into an agreement with Uganda Shippers Council towards establishing a regional shippers council. Currently the two institutions are about to sign an MOU leading to a more robust Regional institution. Same is in the pipeline with Rwanda Private Sector federation

#### **5. KEY CHALLENGES IN PROJECT IMPLEMENTATION**

Lack of a duly constituted project implementation team significantly affected the pace at which project activities were undertaken and the delivery of intended results. On many occasions, the KSC team received communication and instructions from different persons from COMPETE and it was not clear to whom the project progress reports and requests were to be submitted at COMPETE. This often resulted in conflict, misunderstanding and lack of effective communication between the two teams.

The requirement that KSC makes requests for funds disbursements on a monthly basis proved to be an impediment to project implementation. This period proved to be very limited as both the request and disbursement turnaround time constituted approximately two weeks, leaving just about two extra weeks to implement project activities.

The KSC offices were broken into in the month of October 2011 resulting in the loss of some project equipment and vital information. This slowed down the implementation of some of the project activities.

Many of the project activities that were to be funded directly by COMPETE, and were purposed to assist in the sustainability of KSC, have not been delivered by the COMPETE team. They include the following:

- The Transit to Go conference and exhibition
- The directory of East Africa Logistics Service Providers
- The Harmonized Model Commercial Transport Contract
- East Africa Handbook for Regional and International Trade

## **6. KEY LESSONS LEARNT**

Successful implementation of future grant activities will require the following:

- i. The formation of a mutually agreed project implementation team from both parties – the grant provider and the grantee. This team will be responsible for project implementation and reporting to all stakeholders in the project
- ii. The requirement to have funds disbursed on a monthly basis is not feasible as it puts a strain on the pace of implementation of project activities. In some months, it was noted that there was even nothing to report about except for a few administrative expenses
- iii. Whenever there results in a no cost extension, the grant provider and the grantee must agree in written on what activities the additional funds shall be used for. This will help in avoiding a situation whereby the budget is constantly under review leading to non implementation of prior agreed activities
- iv. Communication is key to the success of any project. This particular project constantly suffered from collapse of communication channels leading to a strain in the relationship between the grant provider and the grantee

KSC appreciates the support that the grant gave to the institution and its role in building a robust organizations. Though the institution still has funding gaps in its projects, it is our hope that the partnership will continue. With the strategic planned that was gracefully funded through the support of COMPETE for period 2010- 2012 being in its 3rd year of implementation KSC is in its final stride to achieve the objectives and seek further support for the next phase and review of the

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