



# **Kenya Shippers Council**

*The Voice of Cargo Owners*

**Kenya Shippers Council Quarterly Progress Report**

**Submitted to USAID-COMPETE Program**

**Reporting Period: October 1<sup>st</sup> - December 31<sup>st</sup> 2010**

**Grant Activity Title: "Achieving Logistical Competitiveness of Eastern Africa Cargo Owners through the Enhanced Capacity of the Shippers Council"**

**Grant Agreement No. KSC-STA-010-013**

**Duration: January 1<sup>st</sup> 2010 to December 31<sup>st</sup> 2010 with no Cost Extension to December 2011**

**Date of Submission: 18<sup>th</sup> January 2011**

## 1. Executive Summary

The end of the fourth quarter also coincided with the end of the 2010 financial year. This report highlights key achievements for the fourth quarter. A detailed more detailed report representing the cumulative achievements for the year 2010 will follow shortly. During the reporting period, the Kenya Shippers Council continued to provide a strong advocacy voice for cargo owners on major policy and operational issues in transport and logistics in East Africa.

Over the reporting period, KSC expanded its membership base by three more members to represent an array of major industry players in logistics and transport. During this period, the Council managed to stimulate some vigorous policy debate by publishing and widely circulating two major policy papers on industry related issues.

Through its member services program, the Council managed to successfully hold members open day forum that not only brought together the entire KSC membership but also attracted participation from major industry players including regulatory organs and service providers. A total of 70 participants attended the forum. KSC also intervened on a regular basis, and on behalf of its members to address the emerging policy and operational challenges facing the industry.

In this report, KSC provides a snapshot of the activities undertaken and the major achievements over the last quarter of the year 2010. The Council looks forward to continue with its work on a range of regional and global transport and logistics related issues, with the aim of achieving logistical competitiveness for Eastern Africa cargo owners.

## 2. Objectives of the Grant

The COMPETE grant to KSC is intended to enhance competitiveness of value chains, promote investments and trade between US and East and Central Africa and build the private sector capacity to be able to participate in policy reform processes.

As a result of COMPETE'S grant, KSC will:

- Assist KSC to transition from a Kenyan to Eastern Africa representative
- 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
- 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.

### Key Accomplishments

#### Membership Development

The Council membership base increased by 7.5%. The Council is currently pursuing a vigorous membership recruitment and retention strategy to ensure that it achieves its goal of increasing its membership to 300

by the end of the Strategic Plan period – 2012. The strategy begins by ensuring that the policy and operational issues affecting members are addressed in a timely manner. The following 30 companies have been invited to join the Council and have give their strong indication that they will register within the quarter: Mid land Global, Tri-Clover Industries, Kuehne- Nagel, River cross Tracking, Rift Valley Railways, Hi-Plast, Chair Limited, Colgate Palmolive, Co-operative bank, Aeromarine (K) Litd., Canon Chemicals, DB Schenker, BAT, Sadolin, Basco, Manji Ltd, Athi River Mining, Cadbury (K) Ltd., PATCO, Ufanisi Freight Limited, Syngenta east Africa, Apex Steel Ltd.,Express Cargo Serv. Brookside, Umoja Rubber, Global Nvocc, Sher Karuturi, CMA CGM Kenya Ltd., Interfreight E.A Ltd. New members include the following: Airflow, SGS, Inter freight (EA) Ltd

During the period in review, some of the issues that the Council successfully intervened on behalf of its membership to ensure a 98% retention level included the following:

- Successfully partitioned KPA to grant waiver to Speedex Logistics
- Petitioned KRA over the Orbus system
- Intervened on behalf of the Members on operational issues relating to movement of containers from the port to container Freight Stations
- Promptly responded to enquiries from members in relation to their interaction with service providers and regulatory agencies
- Sought waivers for Clients paying unnecessary storage costs due to delays occasioned by other port operators
- Sought KMA's intervention on the proposed General Rate Increase by Maersk Sealand
- Contested the decision by KPA to convert Berths 4 and 11 to handle container vessels at the expense of bulk cargo.
- Contested Out of Service Charge (damage to Containers) by Maersk
- Consultative meeting held with Container Freight Stations on October 22, 2010 at the Royal Hotel where 37 industry players attended to discuss a variety of issues ranging from delays in transfer of containers, pilferage, tariff application, congestion at port, operating hours, unavailability of equipment, invoices etc (see attached report)



**Participants at the CFS workshop held on October 22 2010 in Mombasa**

In working towards improving the availability of industry related information, the Council invited and evaluated bids for publishing a regional directory of logistics service providers. It is hoped that this directory will provide quick access to information on logistics service providers to cargo owners.

In addressing most of these challenges, the Council benefitted a lot from the support and co-operation from key industry players namely, the Kenya Ships Agents Association, the Container Freight Stations Association and the goodwill from Kenya Ports Authority, Kenya Maritime Authority and Kenya Revenue Authority. The Council strongly proposes the need for further structured dialogue and interaction with respect to the Government regulatory agencies.

Over the reporting period, KSC has earned the recognition of being the authoritative voice of cargo owners in the region. As a result, the Council earned representation in key private and public sector organs including the KEPSA Transport Sector Board, Ministerial Sector Forums (MSFs), the Prime Ministers Round Table and Chair of the National Single Window Stakeholders Forum. In all these forums, the goal of the Council is to ensure that issues relating to transport and logistics permeate to the highest level of decision making in the country and region.

#### **Member Services**

The goal of Member Services is to ensure that all KSC members enjoy efficient and competitive services across all modes of cargo movement. The Council has achieved this through the provision of services along three (3) major lines namely:

- i. Information dissemination through awareness workshops and consultative forums, brochures, media and e-newsletters

- ii. Provision of firm level and timely operational and arbitration interventions to issues affecting KSC members
- iii. Communication and Publicity

In the fourth quarter of the year 2010, the Council managed to provide to its membership and other players in the industry an array of information through forums and publications. The KSC members open day held in the month of December managed to bring together a total of 70 participants, both members and non-members to review the year 2010 and chart a mutual way forward to the year 2011. (A copy of the members' day report is attached; Presentations made on the Open Day also available on KSC website)

The "Logistics Buzz", which is the Council's newsletter was also published and distributed within the fourth quarter. ALL issues of the buzz are available online at [www.kenyashippers.org](http://www.kenyashippers.org).

KSC also strengthened its presence in mainstream electronic and print media by highlighting topical issues in transport and logistics. During the year 2010, the Council ran a supplement in the Daily Nation Newspaper issue of September 30<sup>th</sup> 2010.

In line with dealing with sector specific issues, KSC engaged Bamburi Cement Ltd on the issue of compliance with axle load regulations. The company has one of the strictest enforcement measures as regards overloading and speeding by trucks carrying its product.



**Member Services Officer, Christine Munywe, (middle) interviews Bamburi Cement Ltd's Supply Chain Director,(left) Tariq Iqbal on the cement maker's compliance to Axle load regulations. KSC will be launching a major TV campaign on impacts of overloading and enforcement of axle load regulations, in collaboration with KenHA, in the coming weeks.**

KSC also received mileage in the press in the Standard Newspaper of 17<sup>th</sup> January 2011 as a result of holding a Members Open Day forum on 3<sup>rd</sup> December 2010 which was attended by 70 members and non members. Stories appeared in the media resulting from interviews held with key participants at the said forum (see attached story-DN, Tuesday 7<sup>th</sup> December 2010.)



**Participants who attended the KSC Members Open Day on 3<sup>rd</sup> December 2010. They represented cargo owners, service providers and industry regulators.**

### **Knowledge Management and Advocacy**

The goal of the KSC Knowledge Management Programme (KMP) is to make KSC a knowledge powerhouse on transport and logistics information. The programme is designed to generate, collect, distil, and package industry related (transport and logistics) knowledge resources and make it accessible to development practitioners, policy makers, KSC members and the private sector for application and adoption in development interventions. Under the knowledge management pillar, two industry-related policy papers were developed, published and circulated. They are the Kenya Shippers Council policy paper on Implementation of the Electronic Cargo Tracking System (ECTS) and the Policy Position on Implementation of the National Single Window System. It is hoped that these policy papers will provide a greater understanding among the industry stakeholders on how they should go about implementing these two policies.

The KSC Knowledge Management programme supports and informs the KSC advocacy agenda. In pursuing its advocacy program, the Council has successfully organized events to bring together industry players to interact, discuss and provide proposals for recommendations to some of the major challenges facing the transport and logistics sector in the region. In October, 2010, the Council held a meeting which brought together Ships Agents, Cargo Owners and Clearing and Forwarding Agents. The meeting discussed and

deliberated on major issues affecting cargo owners in respect to their interaction with ships agents. Proposals for providing solutions to the identified challenges were made and an action plan was agreed thereof.

## **ICT**

ICT cuts across all pillars of the Council. It is a support function that compliments all processes of the secretariat. During the year 2010, the Council developed a robust and highly interactive and informative website at [www.kenyashippers.org](http://www.kenyashippers.org). The key objective was to ensure that we serve our members across all mediums of communication while also maintaining a strong official online brand for the Shippers' Council. Some of the benefits accruing to members as a result of using this website include the following:

1. Unlimited access to the online resource centre that has a variety of information on transport logistics including policy/position papers, publications, reports and trade related information.
2. Online enquiries by members will ensure faster communication between our members and the Council secretariat
3. Members will be updated on the various events that the council could be holding in future. In addition, industry events are also carried on the website which helps members be informed about other events that will be instrumental in the daily running of their businesses and improve their operations
4. The KSC online press room will highlight news, stories and features that have been carried out in the mainstream media about KSC and any other news events that might affect the normal operations of KSC members.
5. The KSC frequently asked questions (FAQs) on the website will facilitate prompt response to members inquiries on emerging issues in the transport and logistics sector.

Having launched the website, updates are undertaken on a weekly basis. They include updating the CEO's message on various issues that are affecting the industry, events that the council could be having or other industry events that could be related to the industry, news and events to ensure that our members are aware of any activities that might affect or enhance their operations. In addition, development of an online marketing is currently underway that ensures that we keep members and other new members visiting the website on a regular basis. As we enhance our optimization on the same, we are looking further onto developing content that will purely meet the needs of our members and also how to respond to their online queries.

We are in the process of procuring server software to enhance security of our data. Our valuable resource is the information that we have on policy and regulatory matters. As we continue to grow our data bank, security will ensure that this data is available and accessible to our members at any given time.

As we seek to enhance efficiency, we are in the process of developing a needs assessment that will aid in the development of a member database. This will be a centralized system that allows any member of the secretariat to get access to our member database to obtain any information. This database will be stored on the server as a centralized access point securely.

## **Institutional Development and sustainability**

The KSC is focussed at establishing solid structure to enhance its administrative capacity. Towards this end the Council commissioned a consultancy to undertake and develop manuals in the following sections

1. Human Resources policy manual
2. Finance policy Manual
3. Procurement Policy manual
4. Information Technology Policy manual
5. Member services policy
6. Monitoring and evaluation policy

The draft policies were presented to the board on a retreat held on 10<sup>th</sup> December 2010 at Sarova Panafric, Nairobi. The board deliberated and gave their inputs. The final drafts will be submitted to the board on the Board meeting of 27<sup>th</sup> January 2011.

### **3. Planned Activities for the First Quarter of 2011**

- Identify policies, regulations and legislations that have an effect on transit cargo movement in the region
- Execute contracts and work closely with the contracted consultants to develop the directory of logistics service providers, the import and export handbook, and the shippers guide to indicative rates handbook.
- Recruit a suitable consultant to develop a regional logistics performance index (LPI). (To be directly funded by COMPETE)
- Hold an international best practices workshop for industry stakeholders
- Hold an anti-corruption and integrity issues in trade facilitation workshop for cargo owners, service providers and regulatory agencies.
- Hold meeting with Kenya Revenue Authority, Vendors of ECTS gadgets, transporters and cargo owners to address challenges arising out of ECTS implementation was planned but aborted at the last minute
- Hold one competitive forum in the month of March with the participation of key industry players with the aim of improving the competitive environment in the logistics and trade industry

### **4. Key challenges Encountered and Proposals for Future Programme Implementation**

- The Council found itself in a situation whereby the developed programme implementation plans for the second quarter were based on a budget that was re-casted without authority. Reverting to the original budget has destabilized programme implementation. It is hoped that in future all information relating to re-casting of budgets will be relayed on a timely basis to assist in planning
- Overreliance on external facilitators especially in regard to guest speakers at workshops and funding for workshops has caused numerous delays and subsequent postponements of some of our activities
- Lack of sufficient evidence to support the various irregular charges that have been levied on cargo owners has affected the effectiveness with which the Council has responded to such situations
- Delays in approving the cabinet memo on the National single Window has meant that the related activities have to be postponed