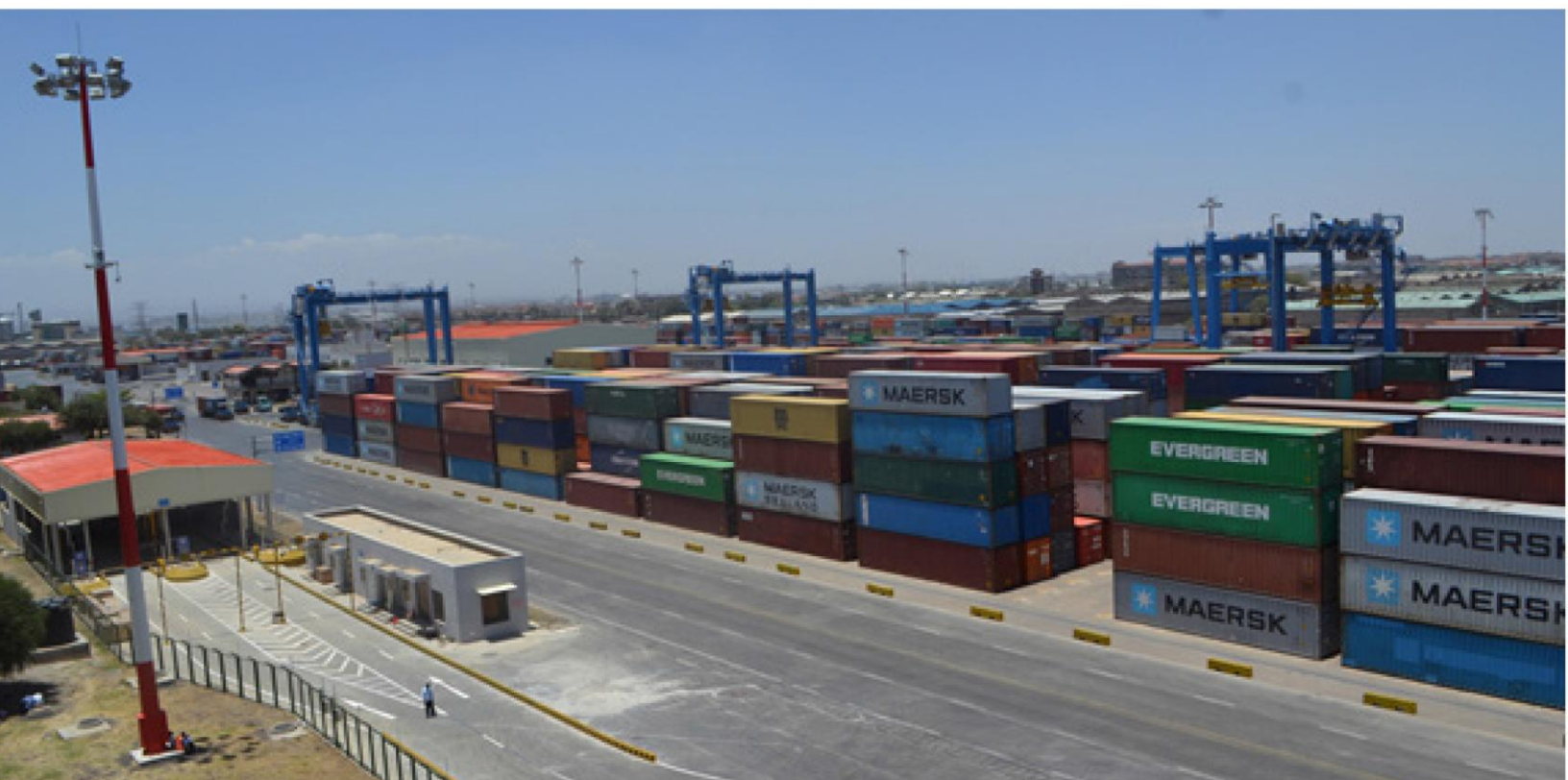




NORTHERN CORRIDOR STAKEHOLDERS' RAILWAY TRANSPORT LOGISTICS SURVEY : MOMBASA-NAIROBI TRANSIT SECTION

MARCH 2019





LIST OF ABBREVIATIONS AND ACRONYMS

ACA	Anti Counterfeit Agency
AEO	Authorized Economic Operator
ASYCUDA	Automated System for Customs Data
C2	Customs Form issued by Customs for release and transit of cargo by road
CoC	Certificate of Conformity
CFS	Container Freight Station
CiYOS	Container Information Yard Operating System
CMS	Customs Management System
DO	Delivery Order – issued by shipping lines
DPC	Document Processing Center
DRC	Democratic Republic of Congo
DWT	Dead Weight Tons
EAC	East African Community
EAC-CMA	East African Community Customs Management Act
EAC-SAD	East African Community Single Administrative Document
ECTS	Electronic Cargo Tracking System
e-SWS	Electronic Single Window System
FMS	Freight Management System
HVO	Head Verification Officer
ICD	Inland Container Depot
ICDN	Inland Container Depot – Nairobi
ICMS	Integrated Customs Management System
ICO	International Coffee Organization
ISCOS	Intergovernmental Standing Committee on Shipping
KEBS	Kenya Bureau of Standards
KeNHA	Kenya National Highways Authority

KENTRADE	Kenya National Trade Network
KEPHIS	Kenya Plant Health Inspection Services
KMA	Kenya Maritime Authority
KNPS	Kenya National Police Service
KR	Kenya Railways
KSAA	Kenya Ship Agents Association
KTA	Kenya Transporters Association
KIFWA	Kenya International Freight and Warehousing Association
KM	Kilometer
KPA	Kenya Ports Authority
KRA	Kenya Revenue Authority
KWATOS	Kilindini Waterfront Operating System
MMS	Manifest Management System
MSL	Merchant Shipping Levy
NC	Northern Corridor
NCTO	Northern Corridor Transport Observatory
NCTTA	Northern Corridor Transit and Transport Agreement
NCTTCA	Northern Corridor Transit and Transport Coordination Authority
NFT	Nairobi Freight Terminal
OBR	Office Burundais des Recettes
OCC	Operations Control Center
OGEFREM	Office de Gestion du Fret Multimodal
OSBP	One Stop Border Post
OSC	One Stop Center
PIN	Personal Identification Number
PVoC	Pre-Verification of Conformity
QR Code	Quick Response Code
RCTG	Regional Customs Transit Guarantee

R-ECTS	Regional Electronic Cargo Tracking System
RRA	Rwanda Revenue Authority
RRU	Rapid Response Unit
SAD	Single Administrative Document
SAP	System Applications Products
SCT	Single Customs Territory
SGR	Standard Gauge Railway
SL	Shipping Line
SSRA	South Sudan Revenue Authority
T1	Document issued by Revenue Authority's for release of goods to transit
TANCIS	Tanzania Customs Integrated System
TEU	Twenty Foot Container Equivalent Unit
TBL	Through Bill of Lading
TIN	Tax Identification Number
TRA	Tanzania Revenue Authority
UCR	Unique Consignment Reference
URA	Uganda Revenue Authority
USD	United States Dollar
VO	Verification Officer

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The NCTTCA would like to sincerely thank the Northern Corridor Member States for their continuous support to the Trade and Transport Logistics Surveys along the Northern Corridor. We would like to extend our gratitude to the Agencies and stakeholders that participated in the Northern Corridor Railway Transport Logistics Survey of the Mombasa – Nairobi Transit Section, the stakeholders visited during the surveys and those involved in drafting and validation of the survey report.

The stakeholders' invaluable support and contribution has enabled us to broaden our understanding of the issues affecting the performance of the Corridor and the monitoring framework of the Corridor which is vital for improvement of performance.

The successful delivery of this report would never have been made possible without the priceless contribution and support from our stakeholders who have provided information, shared their experiences and proposals for improvement of the railway transport logistics along the Northern Corridor.

The NCTTCA Secretariat would like to sincerely thank Kenya Ports Authority and Kenya Railways for facilitating the Survey Team to meet with the various stakeholders at the terminals visited during the surveys. Special thanks go to Kenya National Police Service who actively participated in the Surveys and ensured that we travelled and conducted the surveys safely.

Finally, we would like to extend our sincere gratitude to all those that have assisted us either in their corporate or individual capacities in taking us through the business processes, having interviews and discussions with the Survey Team. The success of developing the report primarily depends on the observations and discussions with stakeholders in the field.

We remain deeply indebted to you all,

The NCTTCA Secretariat.

REPORT OF THE RAILWAY TRANSPORT LOGISTICS SURVEY OF THE MOMBASA –NAIROBI TRANSIT SECTION

EXECUTIVE SUMMARY

1. The Northern Corridor railway transport logistics survey was carried out from 11th to 14th March, 2019 by a survey team comprising of both the public and private sector stakeholders involved in the handling and clearance of goods along the Northern Corridor.
2. The Survey followed a directive from the NCTTCA Executive Committee during its 45th meeting held in July 2018 where the Secretariat was directed to update stakeholders about the status of the railway transport logistics following commencement of operations of the Standard Gauge Rail in Kenya. This came against the backdrop of a section of stakeholders reporting facing challenges when they transport their goods by railway.
3. The objective of the survey was to assess the railway transport logistics along the Mombasa-Nairobi transit section and come up with a status report and recommendations for addressing any challenges identified.
4. The institutions which participated in the survey including those visited are: KPA, KRA, KMA, KEBS, KEPHIS, KR, KeNHA, KENTRADE, Kenya National Police Service, OBR, OGEFREM, DGDA, URA, KSAA, KIFWA, KTA and the Anti-Counterfeit Agency. The Survey Team was led by the NCTTCA Secretariat. The Team visited MGR and SGR railway stations and facilities along the Mombasa – Nairobi transit section and met with the public and private sector stakeholders operating at these facilities.
5. The survey methodology involved making a literature review, observations of the physical infrastructure and facilities in place, interactive discussions and interviews with key players in the logistics chain at selected intermediary railway stations and at the ICD Nairobi.
6. The survey was concluded with a wrap up of the observations made by the Survey Team which were presented to the Nairobi ICD Stakeholders during the Weekly ICDN Stakeholder’s Meeting. The observations and recommendations made were validated during the Public Private Partnership Committee stakeholder’s workshop organized by the NCTTCA Secretariat attended by both the public and private sector stakeholders from all the six Member States of the Northern Corridor.

Highlights of observations, challenges and recommendations made during the Survey

7. In general, the operations of the SGR have been improving since its commencement in June 2017. In the year 2018, between Mombasa and Nairobi 2,524 SGR cargo trains carrying a total of 2.9 million metric tons of goods were run for both upstream and downstream operations. In regard to the SGR passenger train, a total of 1.7 million passengers travelled using the SGR train between Mombasa and Nairobi generating a revenue of USD 16.1 million for the year 2018 from the passenger service alone.
8. Despite the general improvement in railway transport infrastructure and facilities brought about by the development of the SGR, there are a couple of facilities lacking at SGR passenger and cargo terminals which include;
 - a. Poor access roads to some SGR cargo and passenger terminals as seen at Voi and lack of space for parking trucks awaiting entry into the cargo terminals as is the case for ICDN and the Nairobi Freight Terminal.

The Government of Kenya is urged to support efforts by KPA to acquire land adjacent to ICDN for development of a parking yard for trucks awaiting entry to take exports and empty containers as well as to collect cargo from ICDN.

- b. Despite the big number of passengers transported by SGR there are no facilities for healthcare at the passenger terminals for the travelling public.

It is recommended that Kenya Railways Corporation should provide space/room for healthcare facilities (clinics) at its passenger terminals for the County Governments or private sector to provide atleast first aid to the public travelling by railway.

- c. Lack of sheds for verification and handling of cargo during offloading, loading and clearance by regulators at the SGR Freight Terminals.

It is recommended that KR/KPA installs sheds at SGR freight terminals to protect cargo from damage by bad weather during offloading/loading or temporary storage while awaiting discharge from the terminals.

- d. There was a general observation of lack of basic maintenance of the railway infrastructure and facilities visited, both for the MGR and SGR which may reduce their lifespan.

The Governments in the region are argued to ensure that periodic maintenance of the railway infrastructure and facilities is carried out to prolong the lifespan of the infrastructure and facilities being developed and those in existence.

9. Lack of R-ECTS gadgets at ICDN for sealing trucks transiting to foreign destinations; traders are as such required to use seals of private vendor's which are often not readily available and therefore delays release of transit cargo. These seals are also

costly and do not cover the goods from origin to destination. The vendors seal are disengaged when the goods reach the border station.

10. **Transporters should be allowed to acquire and own R-ECTS gadgets to allow for timely arming of trucks carrying transit goods and exports, and the Revenue Authorities should be left with the function of arming and disarming the seals as well as the general management of the usage of the seals to monitor and track the flow of goods along the Corridor.**
11. **High cargo dwell time at ICDN;** the Survey Team looking at statistics available in the weekly reports observed that computation of cargo dwell time at ICDN includes dwell time for containers which have overstayed at the ICDN and the reasons for whose stay may have nothing to do with the regulators at ICDN.

The Survey Team examined the report on cargo dwell time at ICDN as at 06th March, 2019 in the table below.

DWELL TIME IMPORTS	SUMMARY OF IMPORTS AGE ANALYSIS AS AT 06.03.2019			
	20 ft	40 ft	Units	TEUs
0 – 4 Days	804	594	1,398	1,992
5 – 10 Days	496	479	975	1,454
11 – 21 Days	434	370	804	1,174
Over 21 Days	1,202	987	2,189	3,176
Total	2,936	2,430	5,366	7,796

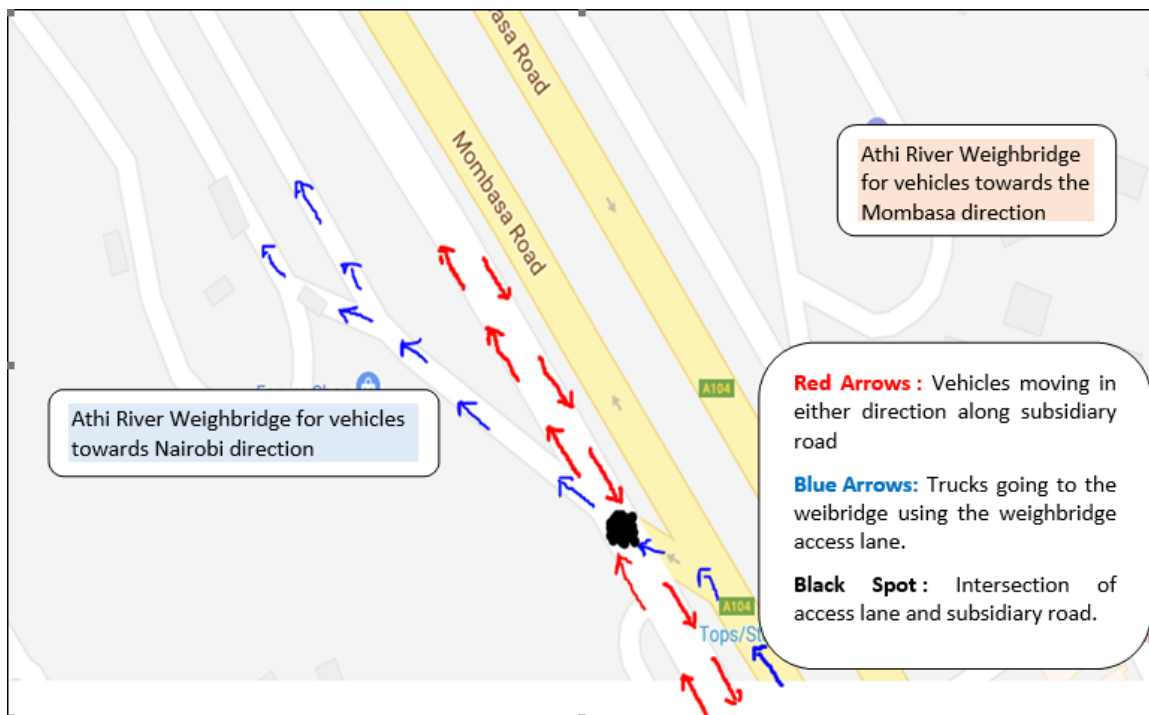
12. It was observed that over 40% of the import containers had stayed at ICDN for more than 21 days. The average import cargo dwell time for all the cargo at ICDN was reported to be 11 days out of which 8.5 days was a result of overstayed containers (containers that had stayed for over 21 days contributed 8.5 days to the average dwell time for each container at ICDN).
13. Including the dwell time for overstayed containers in computation of the average cargo dwell time at ICDN may not reflect the operational efficiency of ICDN since the reason for their overstaying is largely attributed to the cargo owners.
14. The causes of the high cargo dwell time at ICDN include;
 - i. Cargo owners taking long to lodge customs declarations for their imported goods. For some of the goods which had overstayed at ICDN there was no customs declaration made. During the time of the survey over 1,000 containers lay at ICDN for weeks without any declaration made by the owners.
 - ii. Trader’s needs for storage facilities prior to delivery of cargo to their premises; the alternative facilities being offered by the private sector in Nairobi are too expensive compared to the storage rates levied by KPA and the rates the traders were paying at the Mombasa CFS’s.
 - iii. Delay by traders to take delivery of their goods out of ICDN after payment of taxes and release by KRA to exit the ICD.

- iv. Time taken for results of inspection by the standards agencies to be released; some of tests take long before the results can be obtained, for commodities like foodstuffs some take 1 week, others 2 weeks and commodities such as cement take a minimum of 3 weeks after commencement of physical tests before KEBS can obtain the results.
- v. Inadequate roads providing access to the ICDN and inadequate number of entry and exit gates at ICDN.
- vi. Shippers seeking tax exemption from Government after the goods have arrived in the country.
- vii. The private sector players have not generally embraced working 24/7. According to statistics, pick up of cargo is at its peak between Tuesday and Friday but decreases on weekends. Furthermore, the Survey Team observed that in the morning hours there are few trucks collecting cargo from ICDN, the number picks up towards mid-day. However, Government Agencies do not conduct verification of goods on 24/7 basis; no verification of goods at night.
- viii. Difficulty in compelling the private sector players to perform their roles efficiently. The only tool used at ICDN to compel importers to fast track clearance and collection of their cargo from ICDN are KPA storage charges, which were reported to be lower than the storage charges that the owners of cargo pay when goods are deposited in private facilities.

15. Recommendations

- i. The regulatory agencies should consider allowing goods to be deposited at owner's premises pending obtaining of laboratory test results, especially for the AEO traders. A mechanism should be put in place to secure the goods at owner's premises pending release of laboratory test results;**
- ii. Overstayed cargo in ICDN should be transferred to a gazetted storage facility to decongest ICDN. The facility should operate as an extension of ICDN applying the same charges for the services offered.**
- iii. Regulatory agencies should devise a mechanism of delegating some of their powers to other regulators during their absence, with a view to minimizing delays in verification of goods in case of difficulty to have the presence of all the intervening agencies at the same time;**
- iv. Private Sector Professional fraternities such as KIFWA should sensitize their members about the implications of not picking their cargo from the cargo terminal during the cargo storage grace period; a self-regulatory code should be observed;**
- v. Adequate access roads and parking yards should be put in place by the Ports Authorities to facilitate the pick-up and drop off of cargo by trucks.**

- vi. **The Port Authority should complement the current client Web-IP Gate Access System with a queueing Module to schedule, notify clients (drivers) and allocate maximum allowable time for loading or offloading a truck within the ICDN Yard .**
 - vii. **KPA is urged to fast track the development of extra entry and exit gates to ICDN.**
 - viii. **Considerations should be made to allow for warehousing under bond for those seeking tax exemptions after the goods have arrived in the country.**
 - ix. **Some of traders constrained with storage for their goods in Nairobi, proposed an arrangement where they pay for the railway freight in advance but be allowed to keep their goods in the Mombasa CFS's until a time they need them in Nairobi.**
16. **Black spot at Athi River Weighbridge Station;** The Survey Team observed that the design of the access lane to the Athi River Weighbridge for vehicles moving towards Nairobi has an intersection with a subsidiary community road. There is a high risk of accidents between trucks accessing the weighbridge and vehicles using the subsidiary road.
17. **It is recommended that KeNHA redesigns the access lane to the weighbridge and the subsidiary road crossing the access lane to remove the intersection.**



REPORT OF THE NORTHERN CORRIDOR RAILWAY TRANSPORT LOGISTICS SURVEY, MOMBASA TO NAIROBI – MARCH 2019

The East African Standard Gauge Railway Master Plan



The NCTTCA Multidisciplinary Joint Stakeholders Railway Transport Logistics Survey Team at ICDN

REPORT OF THE NORTHERN CORRIDOR RAILWAY TRANSPORT LOGISTICS SURVEY, MOMBASA TO NAIROBI – MARCH 2019

Observations Made During the Survey

A. Survey of the Changamwe MGR Railway Station

18. The Changamwe MGR Station is located about 8km from Mombasa Port. It has the biggest railway yard in East and Central Africa; has 12 loading bays and 24 railway lines, with the main conventional cargo line having a capacity of 60 wagons.
19. Changamwe is the terminus for all trains carrying exports, local traffic and empty containers from Nairobi. It is also the marshalling yard for goods from the Mombasa Port, Mombasa Island and its environs that are transported inland by the MGR. The MGR is able to operate 4 trains a day between Mombasa and Nairobi. Worth noting that most wagons for bulk cargo and conventional cargo are loaded at the Port.
20. The Changamwe yard currently has three active railway sidings namely; Total Oil, a siding for loading bagged rice and wheat and the Mombasa Island siding used for grain bulk which has a capacity of 25 wagons. The yard used to handle 500TEU's per day, currently it handles less than 100 TEU's.
21. Exports from Kenya and transit exports received at Changamwe by MGR are routed directly to the Port by the MGR. Furthermore, all cargo cleared from the CFS's and local traffic from Mombasa area is loaded at Changamwe MGR Station. Kenya Railways also runs seamless trains from Changamwe to Kampala and for clients especially those with single item consignments.



Changamwe MGR Station: A train carrying oil products at Changamwe getting ready for takeoff to Nairobi. Using a single engine, the MGR train can haul between 18 to 22 wagons of oil products to Nairobi.

22. In case of oil products, the MGR can haul between 18 to 22 wagons per day to Nairobi using a single engine. On the other hand, the SGR trains can haul 40 wagons, capacity 2,000 tons using a single engine and 50 to 58 wagons with tonnage of 4,000 tons using two engines working in tandem. The MGR train can haul between 40 and 50 empty wagons. Along the transit section, interchange of trains is synchronized in such

a way that the longer trains are held at the interchange stations to allow the shorter trains pass through the station first.

23. Payments for containerized cargo transported by SGR is made to the railway operator by KPA; KPA pays the railway operator on a monthly basis for the volumes of cargo transported by SGR. It is then KPA that bills the owner of cargo for the SGR freight charges. In case of conventional cargo, the client pays directly to the KRC escrow account.
24. Before wagons are transported by railway, payments must have been done. For the case of TBL Shipping Lines send a daily report and they are charged directly by KPA. For the non TBL containers nominated by KPA for Nairobi, KPA is the one billed and in turn bills the owners of the cargo before taking delivery of the cargo.
25. In case of DRC cargo moving by railway it terminates in Kampala and it is transhipped onto trucks to its destination, but payments for railway freight is done the same way like cargo destined to Kenya or Uganda.



The Changamwe MGR yard is in a poor state, the potential of the yard in handling and storage of cargo and empty containers awaiting repatriation by sea has not been exploited. The Uganda locomotives that were being operated by RVR were returned. The Uganda sick wagons are repatriated back to Uganda at the expense of UIRC.

26. The MGR transport service operations in Kenya are divided into three regions; Mombasa – Mtito Andei, Mtito Andei – Nairobi – Naivasha and Naivasha – Malaba. The capacity of the MGR train is about 2,000 tons, currently the MGR train can only transport 1,200 tons of cargo.



Tractors waiting to evacuate empty containers from Changanwe MGR yard to the Mombasa empty container depots. The yard is not in good state during the rainy season it is difficult to maneuver through the yard. **The customers bring their own loading equipment at Changanwe MGR to load and offload containers.**

27. Due to the poor state of the MGR permanent way, speed and weight restrictions have been imposed on some sections of the line as such the MGR is performing far below its designed capacity. From Mombasa to Nairobi a distance of about 500km, the MGR trains haul 44 TEU's and takes 20 hours whereas the SGR trains can haul 106 TEU's and takes 10 hours.
28. KRC is digitalizing its services, currently customers can log onto the KRC system to access both the MGR and SGR services. Train manifests are sent online to clients. Update on import cargo loading at the port and update export arrival at the port as well and update on import cargo leaving Port Reitz as well export arrival and empty container arrivals at Port Reitz can be obtained online. The Uganda locomotives that were being operated by RVR were returned. The Uganda sick wagons are repatriated back to Uganda at the expense of URC.

B. Survey of Voi SGR and MGR Terminals

29. There are both MGR and SGR operations at Voi. The SGR passenger terminal is operational but the cargo terminal is yet to commence operations. In case of the MGR, the station currently does not handle any passenger services or cargo services. The station is just a transit station for trains plying between Mombasa and Nairobi. At Voi there is a MGR branch line which runs to Taveta/Holili up to Arusha-Tanzania, however, the line has been out of service for some time now.



Above Voi SGR Terminal: The Survey Team pose for a photograph after a discussion with officials at the SGR Voi Passenger Terminal. The access road to this terminal needs to be developed, at some points vehicles wind through residential houses and two vehicles cannot bypass each other. **Below Voi MGR Terminal :** The Survey Team tours the MGR Voi Passenger Terminal and KR Offices. The MGR Terminal is in a state of abandonment.



Operations at the Voi MGR and SGR Cargo Terminals

30. The construction of the Voi SGR station provided for a Cargo Terminal where loading and offloading of cargo can take place. The terminal was designed to handle both containerized cargo and non-containerized cargo. It was observed that currently the SGR cargo terminal is not operational, there are no cargo handling equipment and the offloading/loading bays do not have shelters to protect goods from bad weather during offloading or loading.



Above - SGR Voi Cargo Terminal: The terminal is currently not operational in addition to cargo handling equipment and facilities it will also require construction of an access road to the terminal for its operations.

Below - Voi MGR Station: The MGR Stations visited are not in good state, the railway lines are covered by grass and can hardly be seen. It was observed that Kenya Railways pays Road Maintenance Levy, none of this levy is apportioned for railway maintenance considering that KR uses railway for transportation of virtually all its cargo notwithstanding that its MGR transport infrastructure is in dire need of maintenance.



31. The MGR terminal at Voi also has provisions for handling cargo. However, currently the station serves as interchange station for trains plying between Mombasa and Nairobi. The next station after Voi towards Nairobi with provisions for loading and offloading of cargo transported by MGR or SGR is Kibwezi.
32. Notwithstanding the observed lack of maintenance of the MGR stations and facilities. It was reported that there is vandalism and theft of MGR transport hardware along the permanent way. Kenya National Police Service designated a force of 1,500 personnel for Kenya Railways which Kenya Railways is urged to make use of to protect its assets.
33. The MGR permanent way, facilities and equipment are too old and generally in poor working condition and operationally inefficient and costly to maintain. With the dilapidated infrastructure, facilities and equipment, maintenance of the MGR operations may be much more costly in the long run than switching to SGR. It was reported during the validation workshop of this report that the Member States of Kenya and Uganda are to maintain operations of the MGR and SGR lines.

Survey of Nairobi Inland Container Depot Nairobi, ICDN

C. Kenya Ports Authority – ICDN

34. ICDN was established in 1984 mainly to handle cargo transported between Mombasa and Nairobi by railway.



ICD Nairobi: With containers staked 5 high, ICDN can accommodate up to 14,770 TEU's at ago. The ICD is equipped with 4 Railway Mounted Gantry cranes, 8 Rubber Tyred Gantry cranes, 10 Reach Stackers, 30 Terminal Tractors, 67 Trailers and 16 Fork lifts to support loading and offloading operations at the ICD.

35. In preparation to handle increased volumes of cargo, developments were undertaken at ICDN and its capacity was increased from 180,000 TEU's to 450,000 TEU's per year.

Following the commencement of SGR operations, the cargo handled by the ICD increased from an average of 30 TEU's per day to currently 800 TEU's per day.

36. On average ICDN receives 7 trains per day carrying an average of 106 TEU's of imports from Mombasa, the target is 12 trains per day upstream. Downstream, the ICD handles 4 – 5 trains daily, however, $\frac{3}{4}$ of the wagons on the train are railed back to Mombasa without cargo.
37. The ICD's throughput for last year, 2018 was 257,000 TEU's against an installed capacity of 450,000 TEU's. It is observed that within a period of just 1 year after commencement of operations of the SGR cargo train, the ICD's performance is over 57% of its installed annual capacity. This means ICDN is likely to be inadequate to handle the demand within a few years from now and there is need to re-think strategies of handling the ever-increasing volumes of cargo along the Northern Corridor transported by SGR.
38. The ICD receives on average 780 trucks per day picking imports from the ICD and delivering exports and empty containers to the ICD for transportation by railway to Mombasa. It was observed that there is lack of a designated area for trucks to park while awaiting entry into the ICD. Furthermore, there is lack of a designated lane along the City road for queuing by trucks as they access the ICD.



Trucks park outside ICDN awaiting to be called in to pick cargo. The drivers are charged Kshs. 3,000 per day by the Nairobi County Government for parking, an amount that is rather too high. Under the prevailing circumstances the truck drivers maintain a high level of discipline otherwise, this ICDN access road would be totally blocked.

39. For a truck to access the ICD to pick a container it must have a position slip. If the truck is bringing an empty container for transportation to Mombasa by SGR, the driver or the Agent is required to have the following documents; pre-advise, guarantee form and railway consignment note. For exports brought to the ICD they should have the customs export documents prepared and a railway consignment note. The container is only allowed into the ICD after paying for freight and any other relevant fees.

40. The ICDN currently has two entry gates and two exit gates. Given the volume of cargo and traffic at the ICD, the number of gates is inadequate to support expeditious receipt of trucks into the ICD and evacuation of cargo from the ICD. At the time of the Survey it was reported that KPA was in the process of opening two more gates to support evacuation of cargo from the ICD.
41. KPA is also in the process of implementing a truck scheduling system, where trucks will be called to proceed to ICDN after the necessary documentations have been finalized. The system will allocate trucks time for picking up or dropping cargo in the ICD. The system is expected also to address congestion of trucks at the gates.



ICDN Automated Entry-Exit Gates: The limited number of entry and exit gates at the ICDN constrains the process of receipt of trucks into the ICD and evacuation of cargo from the ICD. KPA is in the process of opening more automated gates.

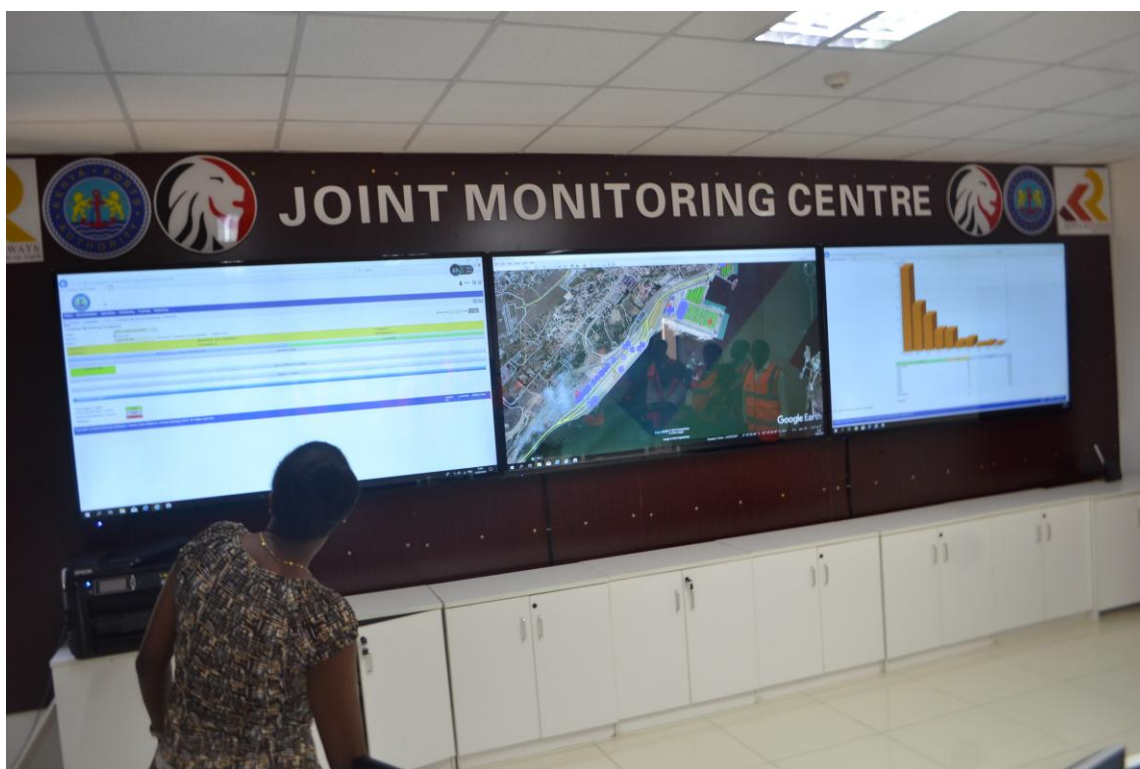
42. The other factors highlighted that affect the speed of evacuation of cargo from ICDN included;
 - Traders/Clearing Agents not lodging declarations for their goods in time,
 - Traders delaying to pay KPA charges after customs has released the goods for delivery out of the ICD,
 - Goods released by customs and KPA fees paid but the transporter is nowhere to take delivery of the goods,
 - Delays in generating Form C2 and sealing of goods by KRA for goods in transit,
 - Transporters having the truck loaded with goods after which they disappear from the ICD,

- Clearing Agents absence to facilitate the loaded truck exit the gates of the ICD.
 - The traders have to wait for all cargo on a Bill of Lading to be received at the ICD before clearance is done.
 - There is no designated parking space for trucks awaiting to access ICDN. KPA reported that it had initiated efforts to acquire land next to ICDN to develop a parking yard for trucks awaiting entry into the ICD.
 - The access road to the ICD is only two lanes limiting the number of trucks that can access the ICD at time.
 - The Survey Team also observed that few trucks come to collect cargo in the morning hours especially before 11:00am.
 - Verification of goods is not 24/7; i.e. no verification of goods is done at night.
43. **The Government of Kenya is urged to support efforts by KPA to acquire land to develop a parking yard for trucks awaiting entry into ICDN.**
44. **Kenya Ports Authority should complement the current client Web-IP based system and Gate access with a truck queueing Module to schedule, notify clients (drivers) and allocate maximum time allowable for loading or offloading a truck within the ICDN Yard .**
45. KPA is automated and it is currently using KWATOS, SAYOS, FMS and SAP for billing its clients. The KPA automated systems can be accessed online by clients that wish to clear their goods or have their containerized goods transported by SGR.
46. KPA and KRC systems are fully integrated and continue doing enhancements to improve service delivery. Furthermore, KPA has integrated with some key banks such as National Bank and Equity Bank. KPA shares reports with KR and KRA relating to transportation, handling and clearance of cargo handled through the Port of Mombasa transported by railway every eight hours.

D. Joint Monitoring Center - ICDN

47. The Joint Monitoring Center is operated by KPA, KR and KRA. The automated system was set up by a private company called BSMART. The current level of automation enables KPA, KR, and KRA to monitor the movement of a container right from the time a tracking device is attached on it upon being offloaded from a vessel at the Mombasa Port to the time it is cleared out of ICDN for delivery to owner's premises. The systems in place also enable monitoring the progress of clearance of a container by different players.
48. The containers are tracked by a cargo tracking device similar to the R-ECTS. Using the device, it is possible to know the number of days a container spends at a particular location, time taken for the container to move from one point to another and also the system can be interfaced to monitor the progress of processing documentation used in the clearance of cargo.

49. The lifespan of the battery for the cargo tracking device is about 30 days, when the battery runs out before a container is cleared out of the ICD. The container is located to recover the device to for recharging the battery before replacing it back on it.



ICDN Joint Monitoring Center : Has eased the process of tracking movements of containers, identifying containers whose evacuation is delayed, tracing location of a container in the yard and identification of overstayed containers at ICDN and at the Mombasa Port.

E. KPA Operations Control Center (OCC) - ICDN

50. The Operations Control Center enables to monitor the activities that are ongoing at each operational area of ICDN. In case of any problem or delay at any operational area it is timely detected and the responsible stakeholder contacted to address the issue. The Operational Control Center staff are in contact with staff in the operational areas of ICDN. Shares reports with KRC and KRA every eight hours about containers being handled.
51. KPA has installed smart gates where the driver has to swipe the QR code on his gate pass/position slip/pre-advice form for the gates to open to allow him entry into ICDN to collect or deposit a container. When exiting ICDN the driver still has to swipe the QR code for the gates to open for him to exit.
52. Currently there is still a challenge by a good number of drivers who do not know how to swipe the QR code for the gates to open for them at entry and exit. The drivers need to be briefed how to swipe the QR code before accessing the gates to minimize delays at the gates. Furthermore, some trucks call at the gates before the

documentary processes are completed causing congestion at the gates in the process of diverting them back.



KPA Operations Control Center (OCC): One of the photos taken from the screens at the OCC. Staff at the OCC are able to monitor activities taking place at ICDN and where necessary call for quick intervention in case of an identified problem.

F. ICDN Joint Verification:

53. The stakeholders at ICDN have scheduled the times when joint verification of goods takes place. The verification is in three shifts and scheduled to be conducted commencing at 08:00am, 11:00am and 14:50pm every day. Failure to verify goods on 24/7 basis partly contributes to delays in evacuation of cargo from the ICD. **It is recommended that Government Agencies roll out verification of goods 24/7**
54. A marshalling memo is prepared for the field officers to transfer containers from the yard to the verification bay. The same information is communicated to the Clearing Agents who go to the KRA office for allocation of staff and time for verification of their goods. Clearing agents register the consignments for verification at the KPA verification office at the verification shed. The KPA verification office knows how many containers are approved for verification and how many are to be verified during a particular day or time schedule.
55. All import containers handled by ICDN are scanned before being stacked in the yard. Risk Management is used to target goods for verification. Goods targeted for verification may be partially verified if the scanner images clearly show the contents of the container, if not, 100% verification is done.
56. Plans to verify the containers are drawn with the shift managers, the plans will consider number of handling equipment and gangs needed; labor and fork lifts. The verification target is 4 containers per day per shift per gang. There are 4 gangs and three shifts per day. On average 80 containers are verified per day at ICDN.

57. One of the key challenges affecting expeditious verification of goods is absence of private sector representatives to participate in the verification exercise. A container cannot be opened for verification without a representative of the owner of the cargo (Clearing Agent) participating in the verification exercise.



ICDN Verification Shed: Containers de-stuffed for verification. On average 80 containers undergo 100% verification at ICDN. The containers for verification are chosen based on risk assessment. Commencement of verification of a container positioned for verification depends on the presence of all interested parties. A container cannot be opened for verification without a representative of the owner of the cargo which often delays the verification process.

G. KPA-ICDN Import Container Release Process:

58. The process for release of import container by KPA in brief is as follows;
- Trader/Clearing Agent obtains a Release Order from KRA for the goods.
 - Trader pays his KPA fees, books a truck to access ICDN to collect the goods and obtains a position slip for the container.
 - Truck queues for entry into the ICD, currently KPA entry gates are automated; the truck driver has to swipe the QR Code on the machine at the gate, if all clearances and payments are in order the gate will automatically open for the truck.
 - The truck driver proceeds to the area (block) in the yard where the container is located as per the position slip for the container.
 - Truck proceeds to exit gate, clearing agent facilitates the release of loaded truck to exit ICDN. Driver swipes QR Code and if every clearance is in order the gates open for the truck to exit ICDN.

H. KPA-ICDN Export Process:

59. The export process and process for receipt of export containers at ICDN in brief is as follows;

- Exporter enlists a clearing agent to clear his goods for export, and avails the Clearing Agent with the following documents; copy of Certificate of Incorporation, copy of Company PIN certificate, Copy of Identity Card and commercial invoice,
- Clearing agent lodges a customs entry in the SIMBA and entry is passed at DPC, documents needed include, invoice, packing list/weight note, for coffee one needs a phytosanitary certificate and an International Coffee Organization (ICO) certificate and a Certificate of Origin including the documents in the paragraph above.
- Clearing agent submits request (stuffing request letter) to KRA to load cargo for export. KRA assigns a verification officer to supervise the loading of the cargo, cargo is stuffed in a container and sealed by KRA.
- Trader/Clearing agent pays merchant shipping levy (MSL) – obtains KRA-eslip as evidence for payment. The MSL is charged at US \$0.75 per ton.
- Clearing agent obtains a customs entry from KRA which has been passed.
- The container is scanned – Clearing Agent obtains a copy of the scanned image.
- Goods are physically released for export.
- KPA entry – pre-advise prepared by agent online before the truck proceeds to ICDN.
- Goods gated in at ICDN, KPA takes over the transportation of the container to Mombasa by railway.
- Gate in - rotation number is given to the container; container is formally received and seal activated.



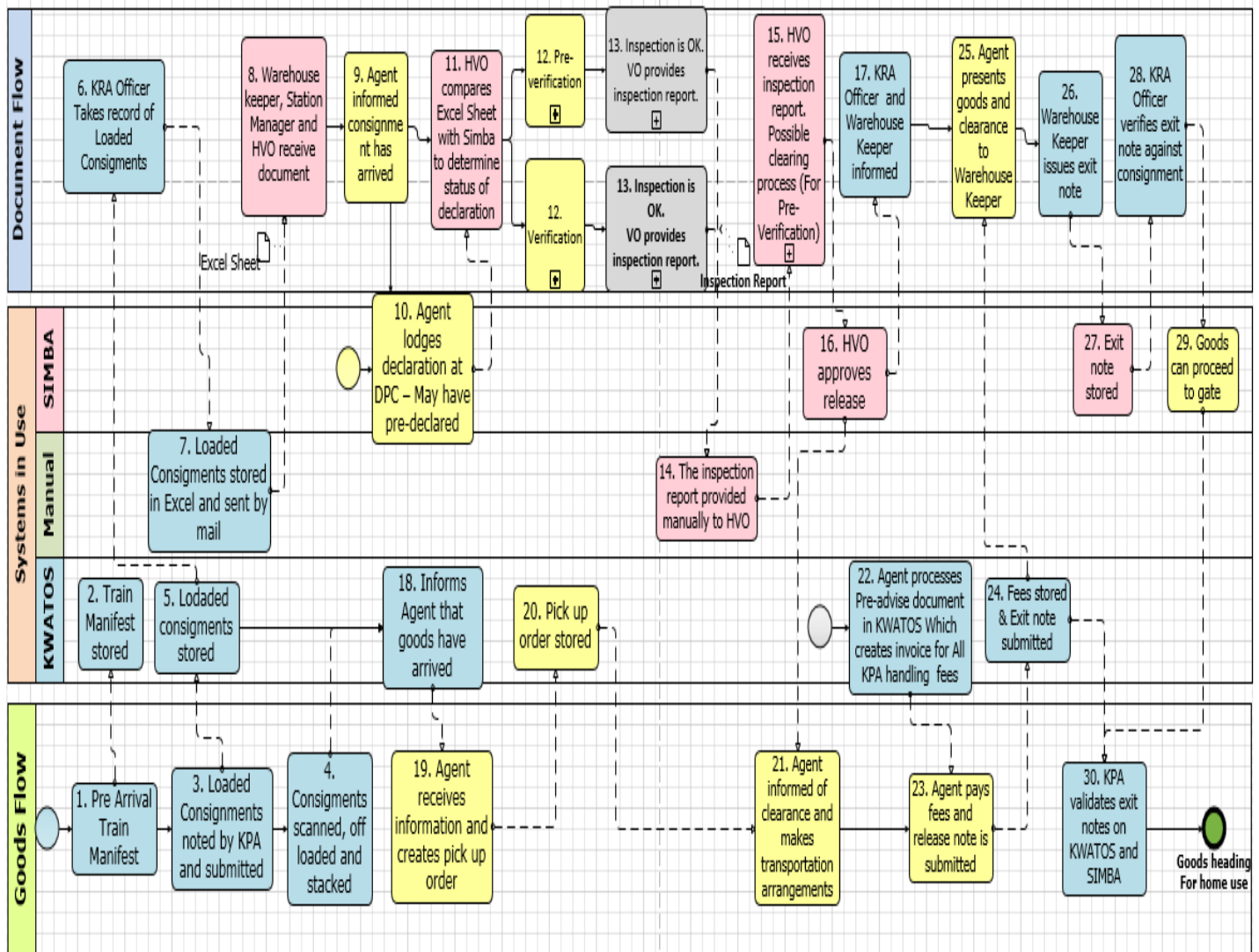
ICDN: Only 40% of the containers that are brought by SGR from Mombasa to Nairobi are returned back to Mombasa by SGR. The question is, what happens to the other 60%? In the past shippers complained about delays in

return of empty containers booked for transportation by SGR sighting challenges in their receipt and evacuation from ICDN which now appears to be addressed. However, the Survey Team observed that at destination (Mombasa) there are still challenges at Port Reitz of handling empty containers returned to Mombasa by SGR.

I. KRA-ICDN Import Clearance Process:

60. KRA officer receives a train on arrival at ICDN and tallies the containers and wagon numbers on the train manifest submitted by KR to confirm that all the containers/wagons manifested at departure destined to ICDN have been received.
61. Prior to departure all cargo imported by sea is manifested by the shipping lines and once the manifest is approved by KRA it is uploaded on its SIMBA system to enable customs declarations to be made by clearing agents for the manifested goods.
62. In brief the KRA clearance process is as follows;
 - Clearing Agents declares goods to customs through the SIMBA, makes a self-assessment of taxes and pays the taxes in a Bank,
 - KRA does a documentary check of the entry lodged by the clearing agent,
 - Cargo targeted for verification is verified by KRA as well as inspected by the Standards Agencies. If compliance is certified, cargo is released for Home Use.
 - It should be noted that all containerized cargo is driven through a scanner on arrival at ICDN. Below is a comprehensive process flow for cargo and documents for imports at ICDN

ICDN IMPORT CARGO HANDLING AND CLEARANCE PROCEDURE



J. Kenya Bureau of Standards – KEBS, ICDN

63. The role of KEBS is to enforce compliance to the relevant Kenyan quality standards of imported goods. KEBS has an arrangement with PVoC Partners which entails that most goods imported are pre-inspected in the country of export and come with a Certificate of Conformity (CoC). KEBS may release goods based on the CoC but also it is mandated to intervene and carry out an inspection of the goods when necessary. Some situations which may prompt KEBS to inspect a consignment with a CoC includes;

- Long time has passed after issuance of PVoC and CoC under question,
- Long time has passed (six month) since KEBS last inspected the product under concern,

- Product was tested and had failed the test previously.
64. Over 90% of the goods with CoC are released without any further intervention by KEBS. Goods without CoC cannot be released until tests are done. However, there are some goods that may not require PVoC and it is not required by KEBS to inspect them, such as;
- Certain raw materials used in manufacturing other goods,
 - Personal effects for people returning home,
 - Goods in transit unless upon request by destination country.
 - Goods from non PVoC Partner States, however, these are inspected in Kenya by KEBS.

Please, refer to Legal Notice 128 of Kenya that lists goods exempted from CoC.

65. The intervention by KEBS commences after a customs entry has been prepared by the trader/Clearing Agent. The customs entry with supporting documents are submitted by the C/agent to KEBS for allocation of officer to inspect the goods. If entry is flagged for inspection then the KEBS officer draws samples from the consignment during the joint verification of goods with the other agencies.
66. The time taken by KEBS to release test results varies, some tests can take hours, others days and others weeks such as foodstuffs which may take 2 weeks and cement which takes a minimum of 3 weeks. Other agencies like KRA also rely on the test results to properly describe some products; proper harmonized system classification.
67. If the goods are rejected, a seizure notice for the goods is issued by KEBS and a letter of notification issued to the importer through the Clearing Agent. KRA is also informed about the rejected goods. The rejected goods may be destroyed or the importer may be ordered to re-export them, in whichever case KEBS is notified by KRA.
68. During the time of the survey, KEBS reported holding 282 containers at ICDN on standards inspection related matters out of which 189 were for brown sugar and 30 did not have CoC at the time of importation.
69. The challenges faced by KEBS includes;
- Inadequate staffing, KEBS has only 11 officers at ICDN and requires double this number.
 - Traders not lodging declarations for their goods,
 - Forged documents (CoC and payment receipts).
70. **Traders are advised to do PVoC before importation of goods in Kenya and ensure that the goods are imported and cleared within the validity period of the CoC which is six months, otherwise, the goods are expected to be subjected to re-inspection by KEBS.**

K. Kenya Plant Health Inspection Services – KEPHIS, ICDN

71. KEPHIS enforces compliance to laws relating to importation of plants, plant materials and plant products through enforcement of compliance to Chapter 324 and 326 of the laws of Kenya.
72. It is a requirement that before one imports a plant or plant material has to first obtain an import permit and when exporting must obtain an export permit. Plants and plant materials are inspected in the countries of origin and issued with phytosanitary certificates.
73. The phytosanitary certificates are issued to plant and plant products that meet the quality standards. The certificate issued to goods imported in Kenya specifies the particulars of inspection carried out by the exporting country before the goods are consigned to Kenya based on the guidelines by Kenya Government.
74. KEPHIS carries out documentary checks for goods under its jurisdiction after the shipper has declared the goods to Customs. KEPHIS has officers at all border stations and goods are inspected by its staff upon entry into the country. When there is need for testing of the goods, a sample is collected and the rest of the consignment is quarantined until the results of the testing are out.
75. At ICDN mainly the KEPHIS staff pick samples of the goods to be tested, however, the testing is done at Nakuru. The results from the testing normally take about 14 days. It worth noting that importers of plant materials such as seeds are pre-qualified by KEPHIS.
76. Goods in transit with phytosanitary risk are treated before being allowed to transit through the country to prevent spread of invasive pests and diseases. It should be noted that GMO's are banned in Kenya; it is illegal to import GMO's in Kenya.
77. Automated system integration is under way with KENTRADE to support data exchange among the stakeholders.

L. Kenya Anti Counterfeit Agency – ACA, ICDN

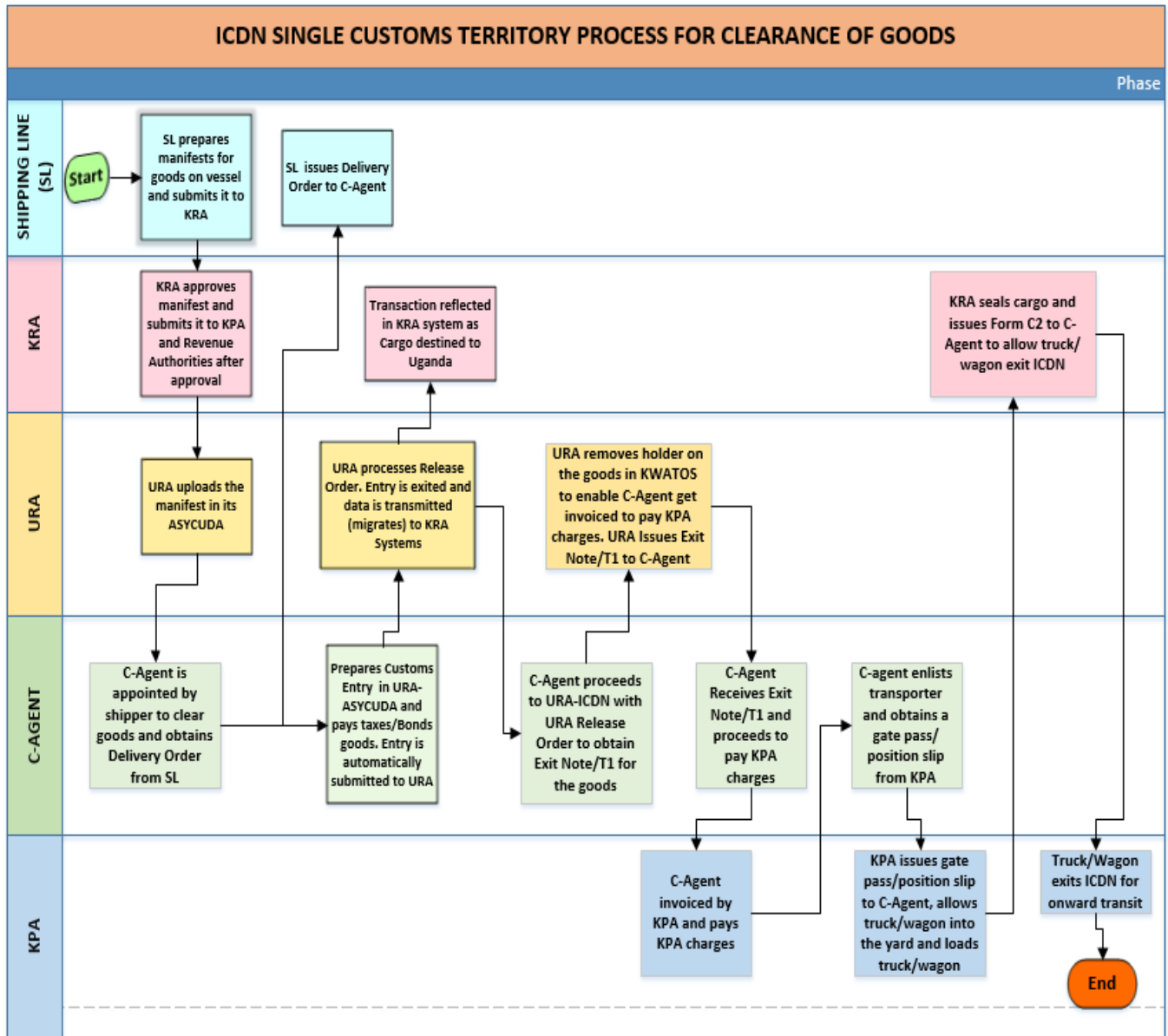
78. The role of Kenya ACA is to protect intellectual property rights, promote fair trade practices, promote innovation and protection of society from consumption of goods that may endanger their health, safety and security through combating counterfeits.
79. The Kenya Anti-Counterfeit Act Agency was established under the Kenya Anti-Counterfeit Act No. 13 of 2008 which gives the Agency mandate to; enlighten and inform the public on matters relating to counterfeiting; combat counterfeiting; combat counterfeit trade and other dealings in counterfeit goods; promote training programs to combat counterfeiting; co-ordinate with national, regional or international organizations involved in combating counterfeiting.
80. The intervention by ACA currently mainly relies on the goods identified by KRA for verification. The ACA officers in the field join the KRA officers in the verification of

goods to check for counterfeits. In case of any specific intelligence on counterfeits this information is shared with KRA and KPA and a hold is put on the consignments in their business systems (SIMBA and KWATOS) for the consignments not to be cleared and released without the intervention of ACA.

81. In case of consolidated containerized cargo, the container is stripped and goods that are counterfeits are deposited in the nearest Customs Warehouse and the container released to its owners. The rest of the goods in the container which are not counterfeits are released to their owners after fulfillment of all the other regulatory obligations enforced by the agencies. However, if all the goods in a container are counterfeits, the container and its contents is detained by ACA.
82. The goods that are detected to be counterfeits are seized by ACA which goes on to engage the importer or his agent for prosecution or dispute resolution.
83. **ACA is urged to pursue its partnership with KEBS regarding factoring the parameters geared towards fighting counterfeits in the PVoC requirements. Furthermore, encouraged to engage importers to record all trademarks for goods imported in Kenya to ease the work of identifying counterfeit goods being imported in the country.**
84. **It is further, recommended that KPA and KRA shares advance information of the cargo being imported with ACA to enable it profile consignments for checking and to support early detection of counterfeit goods.**
85. In case of goods in transit which are suspected to be counterfeits, e.g. to Tanzania or Uganda. ACA alerts and collaborates with the neighboring country so that the goods are transported under seal, escorted to the border and handed over to their counterparts across the border with Kenya.
86. **The general public is urged to join ACA in the fight against counterfeit goods. Complaints about suspected counterfeit goods can be reported to the Executive Director ACA.** The particulars of the complaint where possible should reflect;
 - Name of the owner of intellectual property – e-mail/phone contacts and physical address.
 - Name of intellectual property owners agent – e-mail/phone contacts and physical address.
 - Description of suspected counterfeit goods and place where the goods are situated or intended destination.
 - Particulars of the consignment or packages, means of transport where applicable.
 - Identity of the importer, exporter, holder, distributor or manufacturer, place where goods are produced, if known, means of production where applicable.
 - Nature of complaint, description of the genuine goods or copyrighted works, samples of the genuine product if available.

M. URA-ICDN SCT Cargo Clearance Process

87. It should be noted that the URA Office at ICDN handles release of goods which have been already entered by the trader in the URA ASYCUDA and a document release order obtained by the trader/clearing agent. The process flow for clearance of Uganda destined cargo at ICDN in brief is as follows;



- In case of imports from Mombasa railed for clearance at ICDN, the trader/clearing agent has to indicate in his declaration that ICDN is the first point of clearance in Kenya.
- After processing documents, an e-mail is sent to trader and transporter for the trucks to collect the goods. URA-ICDN issues a T1 and Exit Note respectively for

warehoused goods and tax paid goods to facilitate the Clearing Agent obtain a Form C2 from KRA.

- Before a C2 is generated KRA attaches an electronic seal on the container. It was reported that lack of e-seals is one of the challenges affecting evacuation of cargo in transit from ICDN, sometimes it takes 2 to 3 days before cargo is sealed. It was further observed that at ICDN there are no R-ECTS they are using vendors e-seals.

88. Currently for cargo in transit to Kampala transported by railway, it requires the shipper to pay his railway freight to three different entities; to KPA for SGR transport charges from Mombasa to Nairobi, to KR for MGR transport charges from Nairobi to Malaba and to URC for MGR transport charges from Malaba to Kampala. In essence it will require the shipper to make a follow up with three different entities to have his cargo transported by railway from Mombasa to Kampala, a scenario that may not be attractive for one to use railway.
89. It should be noted that payment of freight for containerized cargo transported by SGR is made to KPA, for cargo transport by the MGR in Kenya payment is made to KR whereas for the MGR transportation in Uganda payment is made to URC. The Survey Team was informed that there are negotiations between KR and URC to have a joint tariff for cargo transported by railway to minimize the multiple centers a client pays railway freight charges to, the negotiations are not yet concluded.



The MGR line leading to ICDN: On average per week between 50 and 100 TEU's of transit cargo destined to Kampala is transshipped from SGR to MGR at ICDN.

90. Transit and local cargo containers are stacked together and both transit and local cargo queue in the same line. There is need for a designated area at ICDN for stacking transit cargo.

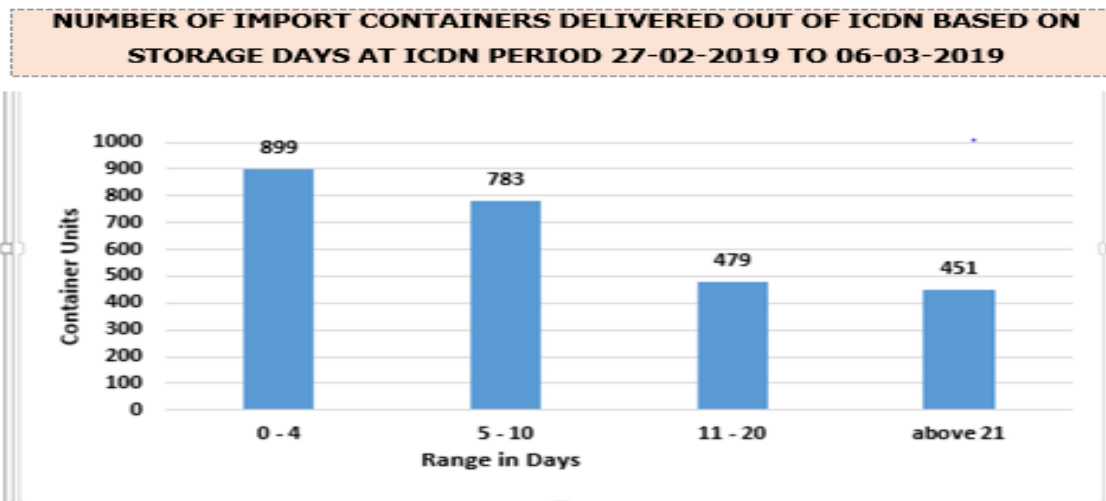
N. ICDN Cargo Dwell Time

91. The grace period given for traders to evacuate their containers from ICDN before storage charges start accruing is;
- 4 days from the time a container is deposited at ICDN in case of Kenya bound imports,
 - 9 days for transit cargo (imports in transit from Mombasa to other countries) and
 - 14 days for exports brought at ICDN for transportation to Mombasa by railway.
92. The cargo dwell time for imports at the ICD is currently approximately 11 days which apparently seems to be high. However, the Survey Team observed that the dwell time has been reducing progressively due to a number of initiatives being implemented at ICDN.
93. **High cargo dwell time at ICDN;** the Survey Team looking at statistics available in the weekly reports observed that computation of cargo dwell time at ICDN includes dwell time for containers which have overstayed at the ICDN and the reasons for whose stay may have nothing to do with the regulators at ICDN.
94. The Survey Team examined the report on cargo dwell time at ICDN as at 06th March, 2019 in the table below.

DWELL TIME IMPORTS	SUMMARY OF IMPORTS AGE ANALYSIS AS AT 06.03.2019			
	20 ft	40 ft	Units	TEUs
0 – 4 Days	804	594	1,398	1,992
5 – 10 Days	496	479	975	1,454
11 – 21 Days	434	370	804	1,174
Over 21 Days	1,202	987	2,189	3,176
Total	2,936	2,430	5,366	7,796

Source: KPA Weekly Report for ICDN Stakeholders Meeting

95. It was observed that over 40% of the import containers had stayed at ICDN for more than 21 days. The average import cargo dwell time for all the cargo at ICDN was reported to be 11 days out of which 8.5 days was a result of overstayed containers (containers that had stayed at ICDN for over 21 days contributed 8.5 days to the average dwell time for each container at ICDN).



Source KPA Weekly Report for ICDN Stakeholders Meeting: The graph above shows that increasingly containers are being evacuated from ICDN within the first 4 days of their arrival. Those that have stayed long are likely to stay even longer.

96. Including the dwell time for overstayed containers in computation of the average cargo dwell time at ICDN may not reflect the operational efficiency of ICDN since the reason for their overstay is largely attributed to the cargo owners.
97. **It is recommended that cargo that has stayed at ICDN for more than 45 days be reported separately and the reasons for overstay be highlighted. If the intention of reporting the weekly cargo dwell time is to measure operational efficiency of ICDN to guide decision makers, inclusion of overstayed cargo whose stay is primarily not attributed to the operators at ICDN may be misleading.**
98. The causes of the high cargo dwell time at ICDN include;
 - a. Traders taking long to lodge customs declarations for their imported goods. For some of the goods which have over stayed at ICDN there is no customs declaration made. During the time of the survey over 1,000 containers lay at ICDN for days without any declaration made by the traders.
 - b. Trader's needs for storage facilities prior to delivery of cargo to their premises; the alternative facilities being offered by the private sector in Nairobi were reported to be expensive compared to the storage rates levied by KPA and the rates the traders were paying at the Mombasa CFS's.
 - c. Delay by traders to take delivery of their goods out of ICDN whose taxes are paid and released by KRA to exit the ICD. During the visit by the survey team there were some 117 containers that had been released by KRA on 12/03/2019 to exit ICDN but by the time of our meeting with KRA the next day. The agents had not yet shown any signs of clearance with KPA to have the goods delivered out of ICDN. Furthermore, 274 containers were ready for release but the agents had not submitted their files to KRA.

- d. Time taken for results of inspection by the standards agencies to be released, some tests take long before the results can be obtained, for commodities like foodstuffs some tests take 1 week, others 2 weeks and commodities such as cement take a minimum of 3 weeks after commencement of physical tests before KEBS can release the results.
- e. Inadequate roads providing access to the ICDN.
- f. Inadequate number of entry and exit gates at ICDN.
- g. Shippers seeking tax exemption after the goods have arrived in the country.
- h. The private sector has not generally embraced working 24/7. Pick up of cargo was reported to be at its peak between Tuesday and Friday but decreases on weekends. Furthermore, it was observed that in the morning hours there are few trucks collecting cargo from ICDN, the number picks up towards mid-day.
- i. Difficulty in compelling the private sector players to perform their roles efficiently. The only tool that the ICDN can use to compel them to fast track the clearance and exit of cargo is port charges, which prove to be lower than the storage charges that the owners of cargo may pay when goods are deposited in private facilities at Nairobi.

99. **The recommendations proposed to address the observed challenges include;**

- a. Adequate access roads and parking yards should be put in place by the Ports Authorities to facilitate the pick-up and dropping of cargo by trucks at ICDN.**
- b. The regulatory agencies should consider allowing goods to be deposited at owner's premises pending the obtaining of laboratory testing results, especially for the AEO traders. A mechanism should be put in place to secure the goods at owner's premises pending release laboratory test results;**
- c. Overstayed cargo in ICDN should be transferred to a gazetted storage facility to decongest ICDN. The facility should operate as an extension of ICDN and consider applying the same charges for the services offered.**
- d. Regulatory agencies should devise a mechanism of delegating some of their powers to other regulators during their absence, with a view to minimizing delays in verification of goods in case of difficulty to have the presence all the intervening agencies at the same time;**
- e. Professional fraternities such as KIFWA should sensitize their members about the implications of not picking their cargo from the cargo terminal during the storage grace period; a self-regulatory code should be observed;**

- f. The Port Authority should complement the current client Web-IP Gate Access System with a queuing Module to schedule, notify clients (drivers) and allocate maximum allowable time for loading or offloading a truck within the ICDN Yard.**
- g. KPA urged to fast track the development of extra entry and exit gates to ICDN.**
- h. Considerations should be made to allow for warehousing under bond for those seeking tax exemptions after the goods have arrived in the country.**
- i. Some of the traders constrained with storage for their goods in Nairobi, proposed an arrangement where they pay for the railway freight in advance but be allowed to keep their goods in the Mombasa CFS's until a time they need them in Nairobi.**
- j. The 24/7 operations at ICDN should also encompass verification of goods.**

O. ICDN Private Sector Operators

100. In addition to some of the issues relating to the private sector stakeholders operating at ICDN already mentioned in the earlier parts of this documents, other issues raised by the private sector included;
- Challenges in communication between the private sector and public sector still exist and business systems downtimes.
 - Ignorance of procedures and processes of clearance of cargo. There is need for periodic training of the private sector stakeholders and also give them refresher training to operate efficiently especially when there changes in business processes and systems.
 - Trucks in transit overstay in ICDN due to lack of R-ECTS, they end up being billed for storage during the time the trucks are waiting for seals. A situation that is in not in the control of the private sector.
 - High parking fees charged by Nairobi County Government; trucks pay Kshs 3,000 per day for parking at ICDN. The amount is too high compared to the perceived service received.
 - KPA takes 5 minutes to effect an alteration of a truck number, but URA takes 20 minutes and one has to pay in Uganda to effect alteration of a truck number for cargo at ICDN which is taxing. It becomes even more complicated at night for such payments to be effected when the banks have closed. Diamond trust bank Malaba/Busia is open up to midnight to receive payments for URA.
 - Absence of key staff at night required in the clearance of goods.
 - Due to the challenges and costs encountered in last mile transshipments there is need to revisit the railway transport rates if railway is to become attractive.

Transport costs by railway from ICDN to Kampala was reported to be about USD 1,500 without last mile charges in Kampala.

- Delays in handling applications submitted to KPA for waivers of storage charges
- Levying of storage charges on containers held at ICDN awaiting results from laboratory tests instituted by the standards agencies. Some of the tests take more than two weeks yet the grace period given by KPA is 4 days.

101. **It is recommended that;**

- **Periodic refresher courses organized by the Government Agencies be run for the benefit of the private sector.**
- **The Revenue Authorities at ICDN should embrace the use of the Regional Electronic Cargo Tracking System (R-ECTS) agreed by the EAC Partner States.**
- **Revenue Authorities should put in place a mechanism for the private sector to operate Gross Payment Accounts especially for paying of small fees such as alteration fees which may arise any time during the process of clearance of goods to minimize delays.**
- **There is a joint SGR Committee chaired by the PS transport that looks into the challenges being faced at ICDN which the private sector is encouraged to take advantage of to air their views.**
- **24/7 working schedule at ICDN should also include verification of goods by the Government Agencies.**

P. Waiver of KPA Storage Charges

102. KPA set up a Committee comprising of 7 members to handle applications for waiver of demurrage charges for containers that overstay at ICDN for stakeholders that could have been constrained to take delivery of their cargo for reasons not in their control; attributed to public agencies. The threshold for application for waivers that can be handled by the Committee at ICDN is Kshs 0.5m, waivers above Kshs 0.5m up to Kshs 1m referred to the Mombasa Committee, Above Kshs 1m up to 3m referred to the MD and those above Ksh3m are referred to the KPA Board of Directors.

103. If there is a delay in handling applications for waivers it may be due to lack of quorum for the Committees. KPA is in the process of having waivers handled by an automated electronic system. The initiative is awaiting Cabinet to accent to the proposal.

Q. SGR Nairobi Freight Terminal – NFT:

104. The Nairobi Freight Terminal has an area of about 35 acres, NFT handles conventional cargo. The terminal has four railway lines; Line 1 with capacity 10 wagons handles steel products, Line 2 - capacity 10 wagons is for Grain, Line 3 - capacity 15 wagons is for steel coils and has a 20 ton RMG, the SGR wagons can carry up to 65 tons, line 4 - capacity 20 wagons is for grains. The offloading of bagged grains is done by human labor, in a day they can offload about 10 wagons.



NFT: The capacity utilization at the terminal is currently about 10%. The terminal is used for handling bagged items such as grains, rice sugar and fertilizers and steel products such as coils. The terminals does not have shelters, in case of bad weather the items being loaded or unloaded from the wagons get exposed to damage.

105. **KR is urged to expedite building of shelters and warehouses at the terminal to protect sensitive goods from being damaged during offloading and loading of the wagons when the weather is bad.**



SGR-NFT: At the time of the visit by the Survey Team, there were overgrown bushes along the perimeter walls of the SGR Nairobi Freight Terminal. Just like for the MGR facilities there is need for national budgets to provide for basic maintenance of the SGR infrastructure and facilities to prolong their lifespan.

106. The Survey Team also observed that there is another SGR freight terminal in the Nairobi area, the Athi River Terminal, but has only 1 SGR line with a capacity of 10 wagons. The Athi River Terminal is on an area of about 5 acres.

R. General Observations made by the Survey Team at ICDN

- 100% verification of goods at ICDN



ICDN: 100% verification of rice. KEBS attaches a sticker on each bag; a mark to approve quality of the rice in the bag after inspection. Attaching a sticker on each bag is a time consuming exercise and contributes to the dwell time at the ICD. A trader importing a big consignment of such merchandise is likely to incur a lot in storage costs as a result of the time taken in the clearance process of cargo by the regulators. **When it rains verification of goods is affected due to the inadequate verification areas with shelters.**

- Health and Safety Measures at ICDN



Above Left: ICDN has a clinic which handles health emergency cases of people working at the ICD. **Above Right:** ICDN is also equipped to handle emergencies of fire out breaks at the ICD. It is recommended that border stations and other cargo terminals equip themselves to handle emergency health and safety cases. Virtually all the border stations along the Northern Corridor lack these critical facilities including the OSBPs that are being developed, notwithstanding that they operate 24/7 and handle large volumes of people and dangerous cargo such as petroleum fuels.

- Handling of blockages to the flow of traffic around ICDN



ICDN access road off Mombasa Road: The blue truck in the photo broke down along the access road leading to ICDN in the early morning hours. By the time the Survey Team left ICDN in the evening the truck had not yet been removed. There is need to have a mechanism in place of expediting removal of trucks which break down along the access roads/lanes leading to the ICD to minimise traffic blockages.

- ICDN Weekly Stakeholder's Meeting



ICDN Weekly Stakeholders Meeting: Survey Team members pose for a photograph with members of the ICDN Stakeholder's Forum after their Thursday weekly meeting. The Team observed that that Public sector at ICDN has put in place a lot of initiatives to improve ICDN operations but appears being let down by the Private sector. The ICDN Stakeholder's Forum is challenged to devise a mechanism to bring the private sector onboard to play their roles effectively at ICDN towards minimizing delays in evacuation of cargo and reduction in ICDN cargo dwell time.

- What next for Railway Transport Logistics

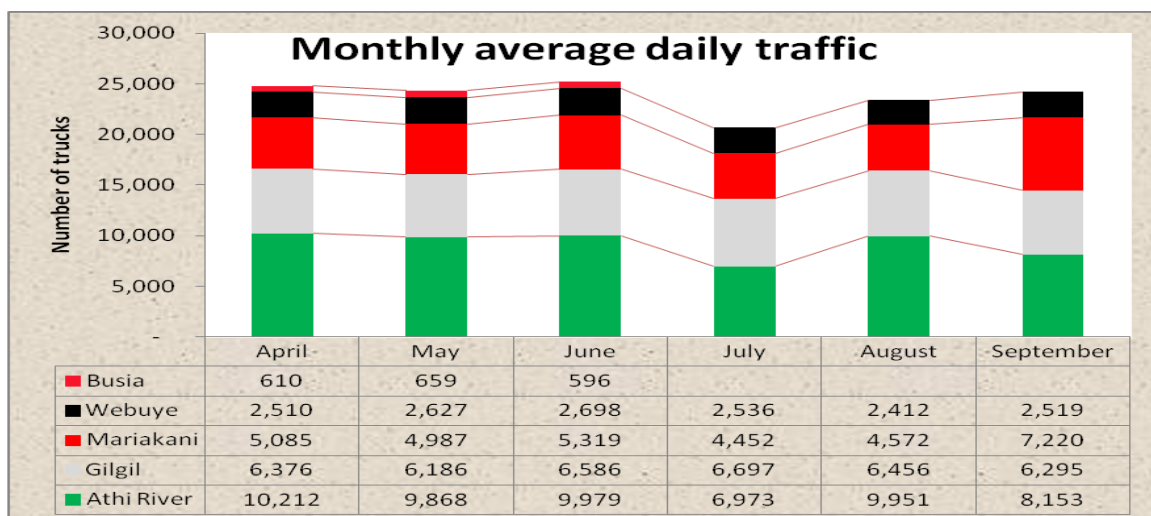


Piggy Back Wagon: It is recommended that SGR includes in its fleet, Piggy Back Wagons which can be used to transport containers, conventional cargo such as steel billets and trucks whether loaded or empty. The loaded trucks just drive onto the wagon and at destination they drive off the wagon and proceed to the last mile destination. Furthermore, other than driving an empty truck all the way from Nairobi to Mombasa to collect cargo, one can opt to use a Piggy Back Wagon it is faster and likely to be less costly than driving the truck.

S. Highlights of observations along the Mombasa – Nairobi road section

- Athi River Weighbridge Station

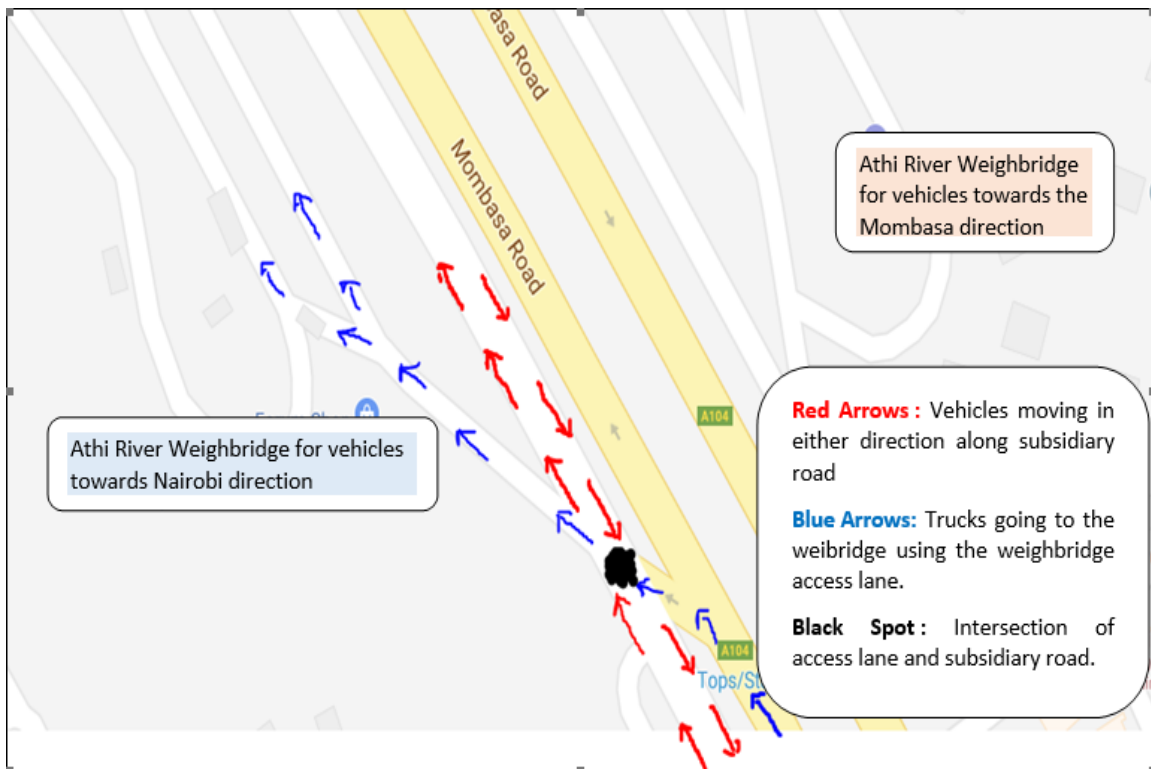
107. Athi River weighbridge station is the busiest weighbridge along the Northern Corridor and in East and Central Africa. It handles on average over 9,000 trucks per day and compliance rate is over 98% for vehicles weighed through the weighbridge.



- **Athi River Weighbridge – Black Spot**



Athi River Weighbridge station : A motor cyclist crossing the lane used by trucks accessing the Weighbridge Station. This **is a Black Spot**, during the Survey, the Survey Team witnessed near accidents between trucks going to the weighbridge and motorists crossing the lane leading to the weighbridge station. Much as there are indications of blockage of this road motorists travelling in either direction continue to use it. Given the high traffic at this weighbridge KeNHA needs to address this black spot to avoid accidents. Below is Traffic flow diagram



- **Dangerous loads along the Northern Corridor**



Transporting wide loads without lead cars: The Survey Team encountered several trucks carrying wide loads without lead cars to notify other roads user about an oncoming vehicle with a wide load to slow down and clear the way. This is potentially dangerous, vehicles carrying such loads should have lead cars to escort them to minimise risks of accidents emanating from the wide loads.

- **Accident at Kiima Kiu** – along the Northern Corridor located between Machakos Junction Turn Off and Salama



Kiima Kiu Black Spot: The accident above had just occurred shortly before the Survey Team arrived at this spot. This is a **reknown Black Spot**, the cause of the accident was attributed to the badly damaged truck in the photograph above which is said to have been **speeding and could not brake**. Occupants of the damaged truck survived with injuries. KeNHA should redesign **this section of the road** to minimize head on collisions.

RECOMMENDATION IMPLEMENTATION MATRIX

NORTHERN CORRIDOR RAILWAY TRANSPORT LOGISTICS SURVEY

	Observed Challenge	Recommendation	Responsibility Center
1.	Poor access roads to some SGR cargo and passenger terminals such as seen at Voi	The Government of Kenya is urged to develop access roads to cargo and passenger terminals which are undeveloped.	KenHA
2.	Lack of space for parking trucks awaiting entry into the cargo terminals as is the case for ICDN and Nairobi Freight Terminal.	Government of Kenya is urged to support efforts by KPA to acquire land adjacent to ICDN for development of a parking yard for trucks awaiting entry into the ICDN to drop exports and empty containers as well as to collect cargo.	Ministry of Transport - Kenya
3.	Despite the big number of passengers transported by SGR there are no facilities for healthcare at the passenger terminals for the travelling public.	Provide space/room for healthcare facilities (clinics) at railway passenger terminals for the County Governments or private sector to provide atleast first aid to the public travelling by railway.	Kenya Railways
4.	Lack of sheds for verification and handling of cargo during offloading, loading and clearance by regulators at the SGR Freight Terminals.	Install sheds at SGR freight terminals to protect cargo from damage by bad weather during offloading/loading or temporary storage while awaiting discharge from the terminals.	Kenya Railways/KPA
5.	There was a general observation of lack of basic maintenance at most of the railway infrastructure and facilities visited, both for the MGR and SGR which may reduce their lifespan.	The Governments in the region are urged to provide for periodic maintenance of the railway infrastructure and facilities to prolong the lifespan of the infrastructure and facilities being developed and those in existence.	Member States – Transport Ministries
6.	Delays for transit trucks and trucks carrying exports to commence their journeys due to lack of R-ECTS	Transporters should be allowed to acquire R-ECTS Gadgets and Revenue Authorities retain their operations – Sealing of trucks and tracking cargo.	Revenue Authorities
7.	High Cargo Dwell Time at ICDN caused by a number		

	<p>of factors which included:</p> <ol style="list-style-type: none"> Traders not lodging entries on time. Delay by traders to take their cargo after clearance and release by the Regulators. Long duration before laboratory tests results are released by the Standards Agencies. Inadequate access roads to ICDN. Inadequate number of entry/exit gates at ICDN. Shippers seeking tax exemptions from Government after arrival of the goods in the country. Lack of storage facilities by shippers at their premises Failure by stakeholders to embrace 24/7 work schedules especially the private sector. Exclusion of verification of goods from the 24/7 work schedule. 	<ol style="list-style-type: none"> Goods not declared after the regulatory time period should be processed for auction. Enforce time limits during which one is expected to pick cargo after release by regulators. Consider depositing goods at owner's premises under seal pending outcome of test results by the standards agencies, especially for the AEO's. Develop more access lanes to ICDN. KPA urged to expedite process of opening new entry/exit gates at ICDN. Allow warehousing of the goods pending outcome of tax exemption application. Explore modalities to make use of the Mombasa CFS's to store cargo and SGR to transport tax paid goods from the CFS's. The Private Sector umbrella organizations should sensitize their members to expedite pick up of cargo at ICDN. Government agencies should institute 24/7 verification operations for goods at ICDN 	<ol style="list-style-type: none"> KRA/Shippers KPA/KRA Regulatory Agencies – KEBS/KRA KURA/KeNHA KPA KRA/Shippers KPA/KR/CFS's KIFWA/KAM/SCEA/KTA Revenue Authorities/ KPA/Standards Agencies
8.	<p>Black spot at Athi-River Weighbridge Station. It is at the intercession of the access lane created for trucks going to the weighbridge with subsidiary road running parallel to the Mombasa – Nairobi highway.</p>	<p>Redesign the path of the subsidiary road to remove the intersection between the weighbridge access lane and the subsidiary road.</p>	<p>KeNHA</p>
9.	<p>Some of goods imported with PVoC are re-inspected by KEBS</p>	<p>Traders are advised to do PVoC before importation of goods in Kenya and ensure that the goods are imported and cleared within the validity period of the CoC which is six month, otherwise, the goods are expected to be subjected to re-inspection by KEBS.</p>	<p>KIFWA/SCEA/Shippers</p>

10.	<p>There are several reports of importation of counterfeit goods as such there is need to fight importation of counterfeit right from the country of importation.</p>	<p>ACA is urged to pursue its partnership with KEBS regarding factoring the parameters geared towards fighting counterfeits in the PVoC requirements.</p> <p>Engage importers to record all trademarks for goods imported in Kenya to ease the work of identifying counterfeit goods being imported in the country.</p> <p>KPA and KRA should share advance information of the cargo being imported with ACA to enable it profile consignments for checking and to support early detection of counterfeit goods.</p> <p>The general public is urged to join ACA in the fight against counterfeit goods. Complaints about suspected counterfeit goods can be reported to the Executive Director ACA</p>	<p>ACA/KEBS</p> <p>ACA/KIFWA/SCEA</p> <p>KRA/KPA</p>
11.	<p>Including the dwell time for overstayed containers in computation of the average cargo dwell time at ICDN may not reflect the operational efficiency of ICDN since the reason for their stay is largely attributed to the shippers.</p>	<p>Cargo that has stayed at ICDN for more than 45 days be reported separately and the reasons for overstay highlighted.</p>	<p>ICDN Stakeholders Forum</p>
12.	<p>There is lack of packing areas for trucks in Mombasa while awaiting collection of cargo from the port or preparing to set off on their transit journeys. Truckers are often penalized by different agencies for packing in areas not designated for packing, safety and security concerns also come into play.</p> <p>Furthermore truckers reported being penalized by KRA when they branch off the main road to re-fuel</p>	<p>KRA should allow trucks to re-fuel at Premium Energy and Shell Bonje and park for a regulated period of time at these yards to enable the drivers refresh before commencing their transit journeys from Mombasa.</p> <p>The private sector is encouraged to invest in development of Road Side Stations in areas that have already been identified and earmarked by the Member States for Road Side Stations development. They may contact the NCTTCA Secretariat for information regarding areas agreed and earmarked by the Member States for development of Road Side Stations.</p>	<p>KRA</p> <p>Private Sector</p>

	<p>and refresh themselves as was the case for Premium Energy and Shell Bonje.</p>	<p>Given its strategic location for accessing the Port of Mombasa, there is need for an RSS at Bonje.</p> <p>The Secretariat should share with the Member States information about the indicative costs for development of the different sizes of RSS</p>	<p>Ministry of Transport – Kenya/KeNHA</p> <p>NCTTCA Secretariat</p>
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