THE TRANSIT MONITOR

UNLOCKING THE NORTHERN CORRIDOR POTENTIAL

June 2018

All Imports and Exports to be cleared under Single Customs Territory regime

- Goods under Single Customs Territory are cleared faster than those under Home use and Transit regimes
- Coffee, Tea, Fish, Hides and Skins exports are already being cleared under Single Customs Territory

From 28 to 31 May 2018, more than a hundred Stakeholders and Delegates from the Northern Corridor Member States gathered in Mombasa, Kenya, for reviewing and validating the 12th issue of the Northern Corridor Transport Observatory Report and holding Back to Back joint Technical Committee Meetings on the Northern Corridor programs, namely; Transport Policy and Planning, Customs and Trade Facilitation, Infrastructure Development and Management and Private Sector Investment Promotion.

The Northern Corridor joint Specialized Technical Committee Meetings were also attended by a high level delegation from Maputo Corridor Logistics Initiative (MCLI) with the aim to share experiences and best practices from the two Corridors' activities and achievements.

GREEN FREIGHT PROGRAMME

EFFORTS TOWARDS A GREEN CORRIDOR

The ultimate goal of Northern Corridor Green Freight Program is to reduce fuel consumption and emissions by:

1. **Raising awareness on pollutant impacts and mitigation strategies: improved quality of fuel, vehicles and infrastructure.**
2. **Advocating for a shift of traffic to more sustainable freight transport systems and modes.**
3. **Streamlining transport activities: optimizing routes, consolidating loads and reducing empty runs.**
4. **Identifying areas of action and overcoming barriers by enhancing capacity and mobilizing support.**
5. **Improving scientific understanding of climate pollutant impacts and mitigation strategies and promoting best practices and showcasing successful efforts.**
6. **Awareness on Road Safety and accidents mitigation.**

SHORT - TERM TARGETS

1. **Improved fuel economy litres per ton-km for trucks by at least 5% by 2021.**
2. **Reduction in Particulate Matter (PM), black carbon emissions and Oxides of Nitrogen (NOX) grams per ton-km by at least 10% by 2021.**
3. **Reduction of CO_2 emission intensity grams per ton-km by 10% by 2021.**
4. **Reduction of road accidents by 10% per million truck-kilometer.**

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Joint Cross Border Committees: Multisector collaboration still needed

Five years after the Northern Corridor Council of Ministers' resolution made in December 2013 *" to support the Member States in strengthening/ formation of Joint Border Committees (JBCs) and Joint Cross-Border Committees"*, it emerged that constraints in functioning of Joint Cross Border Committees (JBC's) along the Northern Corridor still exist. These include communication gap between members of the Joint Border Committees and Policy makers, lack of lead agencies, composition of JBCs membership that leaves out the Private Sector representatives, lack of regular meetings, etc.

The rationale behind the institutionalisation of the JBCs was to formalize the multisector collaboration between the public and private sector stakeholders involved in the handling and clearance of goods at the border stations for the purpose of addressing operational challenges which may arise at the border stations.

At some border stations, Joint Border Committees do exist. However, their performance needed to be evaluated and measures taken to strengthen them whereas at some borders there are no JBCs and they need to be formed. Furthermore, there is need for formation of Joint Cross Border Committees where the public and private sector stakeholders operating in the adjoining States come together to discuss issues affecting their operations.

At the Kenya/Uganda border station of Malaba for example, each side has a Joint Border Committee. The JBCs at Malaba are chaired by Customs Authorities and expected to meet monthly. But it was observed that the meetings are not regularly held. Kenya has an institutional framework for formation of JBC's but Uganda does not have one.

Following a mission led by the Northern Corrior Transit and Transport Coordination Authority (NCTTCA) Secretariat to Malaba and Elegu/Nimule to evaluate the implementation of the five year resolution by the Council of Ministers and institutionalisation of JBCs at the Kenya/Uganda Malaba border stations. Members and stakeholders of the JBCs agreed that each side of the border would hold a JBC meeting on a monthly basis, the two JBCs to hold Joint Cross Border Committee meetings on a quarterly basis and minutes/ reports to be shared with higher authorities and the NCTTCA Secretariat.

At the Uganda/South Sudan Elegu-Nimule Border Station, it was observed that the current focus of the Border Management Committees at either side of the border is security. The Private Sector is also not part of these Committees. Joint Border Management Committee meetings at Elegu are held monthly whereas the meetings at Nimule are held when the need arises. Elegu Joint Border Management Committee meets regularly and chaired by the Border Internal Security Officer. The Committee comprises of government agencies. On the other hand Nimule also has and holds Border Management Meetings with membership drawn from Government agencies.

During the workshop for stakeholders from South Sudan and Uganda held at Elegu to strengthen the functioning of Joint Border Committees, it was agreed that Joint Border Management Committees at Elegu-Nimule formally evolve into Joint Border Committees as per the guidelines approved by the Northern Corridor Council of Ministers; the committees shall include the Private Sector and have working groups to address issues which are particularly for exclusive concern of the agencies such as security concerns. The two Joint Border Committees formed at either side of the border will form the Cross Joint Border Committee and should meet on a quarterly basis.

In putting the operationalisation of the JBCs at another level, the Revenue Authorities will collaborate with NCTTCA Secretariat to come up with Key Performance indicators to be reported periodically and also a mechanism for exchange of data needed to generate those performance indicators.

All Imports and Exports to be rolled out under Single Customs Territory regime by September 2018

The 14th Summit of the Northern Corridor Integration Projects (NCIP) held in Nairobi on 26th June 2018 commended the good progress made in the implementation of the Single Customs Territory and observed that Partner States have rolled out all imports into the SCT leading to a significant reduction of the cost of doing business. Leaders directed Partner States to fully roll out exports under the Single Customs Territory by September 2018, and implement measures to ensure efficient clearance and movement of cargo to and from the Port of Mombasa.

Goods under Single Customs Territory are cleared faster than those under Home use and Transit regimes

As reported by the Secretariat of the Northern Corridor Transit and Transport Coordination Authority (NCTTCA) at the 14th NCIP Summit, the Northern Corridor Time Release Study revealed among others that Goods under Single Customs Territory (SCT) are cleared faster at the Port of origin (Mombasa Port), One Stop Centre level, Document Processing Centre and Various Border Posts.

This has been clearly evident at the Port of Mombasa through the analysis of the time taken by Single Customs Territory goods from offloading to arrival at the exit gate.

During the 13th NCIP Summit held in Kampala, the Single Customs Territory (SCT) Cluster and the NCTTCA Secretariat were directed to closely follow up on the Time Release Study (TRS) and report to the next NCIP Summit. The NCTTCA Secretariat was at the same time directed to report on the Northern Corridor performances and to identify areas for improvements.

At the time of the Time Release Study, all imports to Rwanda were under SCT and only selected products to Uganda were cleared following the SCT procedures. Other Imports to South Sudan, Burundi and DRC were still using the previous transit regime.

Comparing times taken to move goods through three Customs regimes that were in place namely; Home Use,SCT and Transit Goods, Cargoes travelling under the Single Customs Territory are cleared and arrive at the Port Exit Gate within 13.5 hours of being offloaded; while those travelling under Home use and Transit regimes take over 72 hours (3 days) and 144 hours (6 days) respectively.

At the Malaba border post, the impact of the Single Customs Territory was also seen through the total time taken at the Malaba border crossing being substantially less than 7 hours for goods travelling under Single Customs Territory compared to 5 Days for Home Use Goods or 19 Hours for others goods in Transit.

The impact of the Single Customs Territory was also seen in the lower dwell times for trucks at the inland stations.

The NCTTCA Secretariat reported that recommendations from the Time Release Study were discussed with Revenue

Authorities and other Stakeholders (Road Authorities, Ports and Inland Container Depots) and a number of the recommendations have already been implemented.

Those recommendations/challenges include: Putting in place interconnected computer systems; Ensuring that when unplanned outages inevitably occur, electronic processing can still take place and so that there is no requirement to rely on manual processes; Establishing a regional "Authorized Economic Operators'' programme.

The Terms of Reference, for the Northern Corridor Time Release Study did not however include impact of the Single Customs Territory on the Cost of Doing business along the Northern Corridor.

The 14th Northern Corridor Integration Projects (NCIP) Summit held on 26th June 2018 in Nairobi directed once again the NCTTCA Secretariat to continue monitoring the Performance of the Corridor and report to every NCIP Summit.

Coffee, Tea, Fish, Hides and Skins exports are already being cleared under Single Customs Territory

From June 2018, regional exporters of coffee, tea, fish, hides and skins were set to enjoy faster transit times when exports of the commodities started being cleared under the Single Customs Territory.

The new regime seeks to minimise delays and associated costs for goods moving across borders to export markets by having them cleared at the point of origin.

This implies minimizing further customs controls at border points and ports when being loaded for shipping overseas.

East Africa Community member states agreed to begin with the five commodities, for which a pilot exercise was started on 10th May 2018.

This followed a directive of the 19th East African Community Summit meeting held in February 2018 which directed the Single Customs Territory regime to cover all products.

The 2018 World Bank *"Doing Business Report"* shows Uganda, Kenya, Tanzania, and Burundi scored poorly in the cross-border trade indicator.

Rwanda was in 87th position in the ease of facilitating cross-border trade, Kenya followed closely at number 106, Uganda at 127, Burundi at 164 while Tanzania was at position 182.

Trade experts say removing non-tariff barriers can reduce the cost of moving goods across borders by between 12.5 per cent and 17 per cent.

Progress has been made in the region with goods taking only about three to five days to get from the ports of Mombasa or Dar es Salaam to Kampala, Kigali or Bujumbura.

This has also reduced the additional costs transporters used to incur when a truck is stationary for a full day, estimated to be between $200 and $400.

The 14th NCIP Summit: Leaders reaffirmed their commitment to advancing regional integration

The 14th Summit of the Northern Corridor Integration Projects (NCIP) held in Nairobi on 26th June 2018 reaffirmed the Leaders' commitment to advancing regional integration while underscoring the importance of accelerating socio-economic transformation, industrialisation and employment creation. The Summit hosted by H.E Uhuru Kenyatta, President of the Republic of Kenya, was attended by H.E Yoweri Kaguta Museveni, President of the Republic of Uganda; H.E Paul Kagame, President of the Republic of Rwanda; and Hon. Aggrey Tisa Sabuni, Presidential Advisor on Economic Affairs, Republic of South Sudan. In attendance were the representatives of the Republic of Burundi, Democratic Republic of Congo, Federal Democratic Republic of Ethiopia and the United Republic of Tanzania. The Ag. Executive Secretary of the Northern Corridor Transit and Transport Coordination Authority (NCTTCA) and the Private Sector representatives from the Partner States also attended the 14th Summit of the NCIP.

During the summit which was preceded by a ministerial meeting, the leaders reviewed the progress made in the implementation of the various resolutions reached at the 13th NCIP Summit.

Among the key projects that featured prominently during the meeting is the Standard Gauge Railway (SGR); which is a flagship project aiming to connect the port of Mombasa to Kigali and Juba via Uganda.

On the SGR, the Summit directed that the concerned to expedite financing options for Kampala-Bihanga-Mirama-Kigali, Tororo-Gulu-Nimule/Gulu-Pakwach sections.

The Summit lauds the completion and commissioning of Mombasa-Nairobi section of the SGR in 2017 which is already transporting an increasing number of passengers and cargo.

President Kenyatta underscored the immense benefits of the joint interventions initiated under the NCIP since its inception in 2013.

" It is definitely good news for our citizens," said President Kenyatta as he cited joint actions such as the Single Customs Territory that has resulted in reduced transit times and cost of goods.

He assured his regional colleagues that Kenya would sustain the momentum in the implementation of the remaining phases of the SGR to reach the Kenya-Uganda border town of Malaba.

President Museveni emphasized to the Summit that, Uganda's economy relied largely on its neighbours such as Kenya that buy its excess produce such as maize and milk.

" I used to take milk from Kenya, but now it's Kenya and other East African countries that are consuming our milk. We have about 2.5 billion litres of milk but we can only consume 800 million litres, the remaining 1.7 million is being consumed by other East African countries," said President Museveni.

He directed Uganda Revenue Authority officials based at the port of Mombasa to ensure that there is no backlog of cargo destined to Uganda at the port.

President Kagame thanked President Kenyatta for reconvening the Summit after a two-year break. He called for the re-examining of the efforts required to enable the implementation of joint projects that will develop lives of citizens.

" We had made headway in bringing government, businesses, local and foreign investors in partnership to enable these projects that are important to the development of our citizens. We can now keep up the momentum in fashioning and implementing joint initiatives and projects for the benefit of our region," said President Kagame.

To ease the circulation of petroleum products in the region as a key source of industrial and domestic energy, the leaders agreed to come up with "the Lake Victoria intermodal transport system" pending consultations on re-scoping of refined petroleum products pipeline.

Further, the leaders agreed to allocate more funding for the development of centres of excellence to support creation of requisite human resource capacities needed for the implementation and sustenance of NCIP projects.

On the setting up of a commodities exchange mechanism, the Summit received an update on the harmonisation of standards for commonly traded commodities and directed partner states to fast track the process.

" The summit directs partner states to expedite development of interlined trading platforms," this was highlighted in the communiqué.

The summit also considered and adopted the Accession Treaty to the Mutual Defence Pact and agreed to finalise an agreement on the establishment of a Centralised Aeronautical Database for the Northern Corridor Airspace bloc.

The Heads of State were also briefed on the progress being made in ICT and were keen on the status of the One Network Area (ONA) for voice which is fully operational in all the partner states, while ONA for data is operational in Kenya, Uganda and Rwanda.

Operations at the Mombasa port, a key entry and exit point for cargo in the region, was also discussed, the leaders directed responsible agencies to ensure efficient and seamless clearance and movement of cargo. To this, Kenya was to convene a meeting of Stakeholders by 31st July 2018 to consider proposals to decongest and enhance efficiency at the Port of Mombasa.

The 14th NCIP Summit Directives as regards the NCTTCA's Mandate

1. On Standard Gauge Railway (SGR)

The 14th NCIP Summit directed the Ministers concerned to conclude the financing agreements for the Naivasha-Kisumu, Kisumu-Malaba, Malaba-Kampala sections by September 2018. They further directed that application for finance of Kampala-Bihanga-Mirama-Kigali, Tororo-Gulu-Nimule/Gulu-Pakwach sections be expedited.

The Summit directed Uganda and South Sudan to fast track the bankable feasibility studies for the remaining Northern, Western and Bihanga-Kasese-Mpondwe; Nimule-Juba sections.

2. On ICT Infrastructure Development

The Summit directed Partner States to expedite cross-border mobile financial services. In view of increased threats posed by cybercrime, the Summit directed that the MOU on Cyber Security be fully implemented. The Heads of States noted the One Network Area and directed States to ensure full compliance by all Operators. The Summit directed Ministers of ICT to consider establishing an East Africa Single Digital Market and Partner States owned Communication Satellite. In this regard, they directed their respective Ministers to carry out feasibility studies on these projects.

3. On financing of projects and private sector participation

The Summit noted the progress made in the sourcing of funding as well as the involvement of the private sector in the implementation of the Northern Corridor Integration Projects. The Summit directed the responsible Ministers to finalize bankable projects for implementation through Public-Private Partnerships.

4. On the development of refined petroleum products pipeline

The Summit decided that pending consultations on re-scoping of the refined products pipeline, Partner States will develop the Lake Victoria inter-modal transport system.

5. On Commodities Exchange

The Summit received an update on the harmonisation of standards for 18 commonly traded commodities. The Summit directed Partner States to expedite development of interlinked trading platforms.

6. On Human Resource Capacity Building

The Summit underscored the importance of developing the requisite skills for critical infrastructure such as SGR, oil pipelines and energy projects. In this regard, the Summit directed that Centres of Excellence be allocated adequate resources.

7. On Land for Infrastructure Corridor

The Summit noted the progress made in acquisition of land, geospatial data and valuation processes for the Northern Corridor Integration Projects.

8. On Single Customs Territory (SCT)

The Summit noted the good progress made in the implementation of the Single Customs Territory and observed that Partner States have rolled out all imports into the SCT leading to a significant reduction of the cost of doing business. The Summit directed Partner States to fully roll out exports under the Single Customs Territory by September 2018. The Summit directed Partner States to implement measures to ensure efficient clearance and movement of cargo from the Port of Mombasa.

9. Frequency of the NCIP Summit

The Heads of State decided to hold Northern Corridor Integration Projects Summit once every four (04) months. They directed their respective Ministers to ensure that Cluster meetings are held once every two (02) months to effectively follow up on implementation of Summit directives

Northern Corridor: Free movements of Labour and Services not yet achieved

During the 14th NCIP Summit held in Nairobi on 26th June 2018, it was noted that although free movement of people was guaranteed among Partner States, free movement of labour and services had not been achieved yet. Partner States were then requested to re-examine what has been done and what is still to be done in order to implement the agreements on immigration, tourism, trade, labour and services.

The biggest achievement in free movement of people is that citizens have been using national identification cards to travel between Rwanda, Kenya and Uganda since 2014.

Partner states also waived work permit fees for citizens. However, certain jobs in Member States are restricted to nationals on the basis of promoting local skills.

On tourism, the launch of the East African Tourist Visa in 2014, allowed travellers to visit Kenya, Rwanda and Uganda using a single visa over a 90-day period.

On trade, the implementation and developments of one-stop-border posts significantly easing the movement of trucks and goods.

Implementation of the Single Customs Territory (SCT) has been also praised for reducing the cost of imports though there is still a need to roll out all exports under the Single Customs regime to be cleared more quickly.

A deadline of September 2018 was agreed on for Partner States to fully roll out export-support mechanisms under the SCT.

Partner States were urged to hasten the implementation of liberalised air service agreements that will lead to reduced travel fares for citizens.

Currently, no significant progress has been made on lowering air travel costs in the region.

Protectionism among national carriers is blamed for exorbitant airfares, which have made travel in the region expensive, according to a survey by research firm InterVISTAS.

The survey showed that liberalisation of East Africa's airspace would contribute $200 million to the bloc's annual GDP, increase passenger traffic by 46 per cent each year and create 46,000 new jobs.

TMEA commits $1.05m for strengthening and enhancing the Northern Corridor Transport Observatory

On 17th April 2018, in Nairobi, TradeMark East Africa (TMEA) and the Northern Corridor Transit and Transport Coordination Authority (NCTTCA) signed a 3 year period (2018-2021) grant extension agreement worth US$ 1.05 million for Strengthening and Enhancing the Northern Corridor Transport Observatory.

Ahmed Farah, TMEA Country Director for Kenya and Fred Tumwebaze Hunter, the NCTTCA Ag. Executive Secretary, after appending their Signatures to the Financing Agreement

The Northern Corridor Transport Observatory is a performance monitoring tool with an online portal to track and monitor the performance of the Northern Corridor. The observatory has three components namely the main observatory, the GIS component, and the orthern corridor performance dashboard.

The main Transport Observatory tool monitors 35 performance indicators on a regular basis while the dashboard is used in monitoring the implementation of the Port Community Charter that commits various stakeholders, both public and private to increase efficiency at the Mombasa Port and along the transport logistics chain in Kenya on a weekly, quarterly basis.

Through these monitoring tools, the NCTTCA Secretariat is able to track the performance of the Corridor as per indicators categories namely; Volume and capacity, Transport rates/ costs, Transit time/delays, Efficiency and productivity, Intra-regional trade and Road safety and provide evidence-based recommendations to the stakeholders and policymakers.

The Northern Corridor, a multimodal transport system which includes the Port of Mombasa, roads, railways, pipeline, inland waterways, border stations, weighbridges, transit parking yards and inland container depots designated by the Member States, links the landlocked countries of Burundi, Democratic Republic of Congo (DRC), Rwanda, South Sudan and Uganda to the sea port of Mombasa-Kenya.

With the new financing, the Northern Corridor Transit and Transport Coordination Authority will improve monitoring of the Northern Corridor performance with regards to movement of people and goods. The expected outputs from the grant are, but not limited to the following;

- Operationalization of the Transport Observatory Information Platforms;
- Operationalization of the Transport Observatory Data Collection frameworks;
- Wide Dissemination of the Transport Observatory Information;
- Formulation and Implementation of the Transport Observatory Communications and Advocacy Strategy;
- Establishing the Transport Observatory Engagement Forums.

Collected and analysed Data will continue to support evidence-based policy formulation, advocacy and decision making in the Northern Corridor Member States.

TradeMark East Africa has been supporting the Transport Observatory project since 2012.

Consistent positive trend on most Performance indicators

The Northern Corridor Transport Observatory which is a performance monitoring tool with an online platform that tracks over 35 performance indicators reveals that the Northern Corridor region has consistently been registering positive trend on most indicators, with maritime indicators performing particularly well. However, there still are rooms for more improvements thus all initiatives in place should be enhanced.

The improvement enablers include the ongoing roads infrastructure development around the Port of Mombasa and beyond, the launch of the SGR cargo train and the full implementation of the Regional Electronic Cargo Tracking System along the Northern Corridor which will help in in collecting better and accurate data in tracking transit time.

The performance of the Corridor is measured through a range of indicators whose data is obtained from multiple sources. The main sources of the Transport Observatory data include Electronic data from Stakeholders' business systems; Global Positioning System (GPS) Surveys; Geographical Information System (GIS); Road Transport Surveys; mobile phones surveys and secondary data from existing reports and policies.

The Northern Corridor Transport Observatory indicates that during the period between October 2017 and March 2018, average **Ship Turnaround Time** was 77.9 hours which is an improvement from an average of 102.7 hours registered during the previous six months period (April-Sept. 2017).

The Ship Turnaround performance is partly attributed to availability of equipment, improved productivity of the gangs and the implementation of Fixed Berthing Window by Kenya Ports Authority (KPA).

Ship Turnaround Time is an indicator which is measured from the time the ship arrives at the port area (Fairway Buoy) to the time it leaves the port area. It comprises of the ship waiting time and the ship working time (time when the vessel is being offloaded or loaded with cargo).

The average **Ship Waiting Time before Berth** for the period Oct 2017-March 2018 was 20.5 hours. During the same period (Oct. 2016 - March 2017), the average Ship waiting time was 22.8 hours. However, in March 2018, the vessel waiting time before berth increased up to 47.83 Hours.

Ship Waiting Time before Berth is an indicator which is measured from the time the Ship arrives at the fairway buoy to the time of its first berth. It is a subset of the Ship turnaround time.

On **Cargo Dwel Time at the Port of Mombasa** which refers to the period from the time cargo is offloaded at the Port to the time goods leave the port premises after all clearances have been obtained, the target of 72 hours (3 days) is about to be achieved. Congestion, inefficiencies and multiple interventions by various agencies at the Port are the main causes for increase in the port dwell time. It is expected that this performance will improve as soon as the SGR operations are streamlined.

For the period between October 2017 and March 2018, **Delay after Customs Release** which refers to the period it takes to evacuate the cargo from the port of Mombasa after it is officially released by Customs, its average time was 42.97 hours. The previous similar period between October 2016 and March 2017 was 43.33 hours. These delays are mainly attributed to the owners of cargo and their agents. The roads infrastructure improvements around the Port together with the launch of SGR are expected to also improve further this indicator.

On **Road Condition Status along the Northern Corridor**, between 2012 and 2017, the total length of the Northern Corridor Road Network increased from 11, 217 km to 13,264 km. In general, the percentage of roads in Good and Fair conditions increased and those in bad condition decreased. Following on the next page is the table of highlights from the comparison of the Northern Corridor Road conditions in Member States between 2012 and 2017.

COMPARISON OF NORTHERN CORRIDOR ROAD CONDITION (KM) BETWEEN YEAR 2012 AND YEAR 2017

Country	2012				2017			
	Total	Good	Fair	Bad	Total	Good	Fair	Bad
Burundi	400	80	247	73	567	418	92	57
DRC	3,932	1,824	1,193	915	3,857	1,562	1,386	909
Kenya	1,030	330	206	494	2,440	1,407	406	627
Rwanda	624	607	17	2	785	644	141	-
South Sudan	3,543	192	0	3,351	3,543	0	192	3,351
Uganda	1,688	956	446	286	2,072	871	974	227
Total (Kms)	11,217	3,989	2,109	5,121	13,264	4,902	3,191	5,171
%	100	36	19	46	100	37	24	39

Average **Daily Traffic Volume per Roads in Kenya** is particularly high at Athi-River weighbridge with 10,949 trucks, followed by Gilgil with 6,586 and Mariakani with 4,973 trucks daily. Without a system such as High Speed Weighing-In-Motion (HSWIM), it could be impossible to weigh all these trucks using static weighbridges. However, any incident is likely to cause serious delays in traffic.

Compliance with Vehicle Load limits (both Gross Vehicle Weight & Axle Vehicle Weight Limits) in Kenya has been above 90% all the time except at Busia weighbridge where compliance has been on the decline (below 80%). This performance is attributed to various reasons including the implementation of the Self-Regulatory Charter on Vehicle Load Compliance and the sensitization campaign.

Transit Time is an other key indicator of efficiency on the Corridor. Between October 2017 and March 2018, the average **Transit time in Kenya from Mombasa to Malaba and from Mombasa to Busia** was 2.6 days (64.2 h) in Malaba and 2.9 days (71.3 h) in Busia. Transit Time in Kenya is measured from the time the truck starts the journey in Mombasa to the time it reaches the border at Malaba (933 Km) or Busia (947 Km).

In March 2018, the average **Transit Time in Uganda between Malaba and Katuna** (668 Km) at the border with Rwanda has decreased from 61.8 hours (Oct. 2017) to 42.2 hours (Mar 2018). From Malaba to Kampala (236 Km) the average transit time is 38.7 Hours.

The average **Transit time in Rwanda** from Gatuna to Nemba (150 Kms) at the Border with Burundi was 0.9 days (21.7 hours) and 1.6 day (39.7 hours) to Akanyaru-Haut.

As **Stops Duration and Reasons** are concerned, the Northern Corridor Transport Observatory reveals that there are three least stop reasons namely; stops for police checks; weighbridges and road conditions. It mentions that three other major stop reasons include: Rest/Meals that take 6.2 hours, Border post procedures 6 hours and Vehicle breakdowns 5.1 hours respectively. Stakeholders should work towards minimizing stops duration under their control.

From November 2014 to March 2018, **Transport Rates and Costs per truck Load from Mombasa to Main Cities** in Northern Corridor Member States, have generally decreased except the route Mombasa-Bujumbura. This was mainly due to several initiatives such as reduction in transit times from origin to destination in each Member States, the Single Customs territory, Regional Electronic Cargo Tracking System, One Stop Border Posts Developments, Improved Roads Infrastructure, etc.

The Standard Gauge Rail (SGR) Cargo is also captured in the Northern Corridor Transport Observatory to measure **SGR Cargo Service Performance from Mombasa to Inland Container Depot (ICD) Nairobi.**

The SGR service commenced operation on 1st January 2018 with transportation of containerized cargo to and from the Mombasa Port and ICD Nairobi.

From Jan to April 2018, the number of Trains increased from 14 to 120 and the total tonnage increased from 16,581 to 184,486 Tons.

For the effective use of SGR Cargo train, there is still a need to enhance Stakeholders public awareness campaigns about operations and clearance of cargo through SGR in Nairobi.

Northern Corridor Performance Indicators explained

CORRIDOR PERFORMANCE INDICATORS

TRANSPORT OBSERVATORY
RELIABLE NORTHERN CORRIDOR PERFORMANCE DATA
top.ttcanc.org

TRANSIT TIMES & DELAYS

01 VESSEL WAITING TIME BEFORE BERTH
Description: The average time taken by the ship before Berthing. It is measured from the time the vessel arrives at the fairway buoy to the time at its first berth.
Formula: Time at Berthing minus Time of Arrival at Port Area.

02 SHIP TURNAROUND TIME
Description: The average time spent by the ship in the port area. It is measured from the time the vessel arrives
Formula: Time at Exit minus Time at Entry in the Port Area.

03 TIME FOR CUSTOMS CLEARANCE AT THE DOCUMENT PROCESSING CENTER DPC
Description: This is the time it takes to have an entry lodged by a clearing agent passed by customs.
Formula: Time of Passing of Entry Minus Time of Registration of Entry.

04 TIME TAKEN AT MOMBASA ONE STOP CENTER
Description: Average time of document processing at One Stop Center.
Formula: Time at Entry Release Order generation minus Time at Passing Entry.

05 AVERAGE CARGO DWELL TIME AT THE PORT
Description: It is the measure of time that elapse from the time cargo is offloaded from the vessel at the port to the time it leaves the port premises after all permits and clearances have been obtained.
Formula: Exit Time from the port Minus Arrival Time from the port.

06 TRANSIT TIME WITHIN THE INLAND CONTAINER DEPOT ICD / INLAND PORT
Formula: Departure Time from the ICD minus Arrival Time at the ICD.

07 TRANSIT TIME PER ROUTE PER MODE OF TRANSPORT
Description: Time taken by transit cargo to move from one node to another e.g. from Mombasa to Malaba Nodes are points along the corridors like weigh-bridges, border-posts, ports.
Formula: Time of arrival (Destination Node) minus time of departure (Node of Origin).

08 DELAY AFTER CUSTOMS RELEASE AT THE PORT OF MOMBASA
Description: Refers to the period it takes to evacuate cargo from the port after it is officially released.
Formula: Time at exit of cargo at the Port gate minus Time of Entry Release Order generation.

09 WEIGHBRIDGE CROSSING TIME
Formula: Departure Time from the weighbridge minus Arrival Time at the weighbridge.

10 BORDER POST CROSSING TIME
Description: Time taken by transit cargo to cross the Border
Formula: Departure Time from the border minus Arrival Time at the border.

11 TIME FOR CUSTOM PROCEDURE AT DESTINATION
Description: It's the average time taken to complete custom process at the destination after cargo arrival.
Formula: End Time of the last process minus start Time of the first process.

12 TRANSIT TIME
Description: Time taken by transit cargo to move from origin (Port) to destination country e.g. Uganda, Rwanda etc.
Formula: Time of arrival minus time of departure (Based on Road/GPS based Surveys data)

RATES & COSTS

01 TRANSPORT COST PER ROUTE AND PER MODE
Description: Summation of charge by transporter and other cargo handling charges incidental to transportation per Route and/or per section.

02 PORT TRANSIT CHARGES
Description: Published tariffs by Stakeholders.

03 ROAD FREIGHT CHARGE
Description: The indicator captures the different tariff charges by transporters per road and/or per section.

04 RETURN OF EMPTY CONTAINERS GRACE PERIOD, PENALTIES, AND DEPOSIT
Description: Published tariffs by Stakeholders.

05 RAIL FREIGHT CHARGE
Description: Tariff charged by railway operator per section and/or per route.

VOLUME & CAPACITY

01 MOMBASA PORT TOTAL CARGO THROUGHPUT VS TRANSIT TRAFFIC
Description: Mombasa Port Total Cargo throughput = Summation of weight of all cargo transported through the Port; Transit Traffic = Summation of weight all cargo transported through the Port destined to other countries. (It includes imports to and exports from other countries). Transit Traffic is part of the total Cargo throughput of the Mombasa port

02 VOLUME PER COUNTRY OF DESTINATION
Description: Summation of weight of all cargo (imports/exports) handled by the Port per country of destination/origin.

03 RATE OF CONTAINERIZATION OF TRANSIT TRAFFIC AT THE PORT OF MOMBASA
Description: Total weight of containerized transit cargo divided by Total weight of all transit cargo.

04 EVOLUTION OF LICENSED FLEET OF TRUCKS PER COUNTRY
Description: Summation of registered (Licensed) vehicles used for international/ transit cargo transportation per year and per country.

05 AVERAGE ANNUAL DISTANCE PER TRUCK IN KM PER YEAR
Description: Average distance traveled per truck per year.

06 TRANSPORT CAPACITY BY RAIL LOCOMOTIVE AND WAGONS
Description: Total number of operational locomotives and wagons Proportion of total cargo carried by railway.

PRODUCTIVITY AND EFFICIENCY

01 NUMBER OF CHECK POINTS PER COUNTRY PER ROUTE
Description: Summation of checkpoints (weighbridge, police, customs, Road Toll), by country, by route.

02 VOLUME OF CONTAINERIZED AND GENERAL CARGO HANDLED PER DAY/MONTH/ QUARTERLY AT THE PORT OF MOMBASA
Description: Summation of volume of Containerized Cargo Handled per day/month/year; Summation of volume of General Cargo Handled per day/month/year.

03 RATE OF FRAUD OR DECLARED DAMAGE FOR GOODS IN TRANSIT
Description: Number of Fraud or Declared Damage cases divide by total Fraud or Declared Damage cases at a node.
Formula:

$$\left\{\frac{\text{Number of Fraud or Declared Damage cases}}{\text{Total number of Fraud or Declared Damage cases at a node}}\right\}$$

04 WEIGHT COMPLIANCE
Description: The percentage of trucks that comply with the axle load limits before and after re-distribution.
Formula:

$$\left\{\frac{\text{Total compliant trucks in a weighbridge X 100}}{\text{Total trucks tra c in a weighbridge}}\right\}$$

05 NUMBER OF ACCIDENTS PER ROUTE
Description: Summation of the number of Accidents, Injuries and Fatalities by Category and Sub Category.

06 WEIGHBRIDGE TRAFFIC
Description: Average number of trucks passing a weighbridge in a day

07 GROSS MOVES PER SHIP PER HOUR AT THE PORT OF MOMBASA

INTRAREGIONAL TRADE

01 VALUE AND VOLUME OF TRADE BETWEEN THE NORTHERN CORRIDOR MEMBER STATES
Description:
- Formal trade between the northern corridor member states
- Informal trade between the northern corridor member states

EMISSIONS INDICATORS

Provides emissions levels for CO, VOC, NOX, PM, black carbon and CO2 along the northern corridor with the objective to undertake measures geared towards cutting down emissions levels

01 CORRIDOR EMISSIONS
Description: Considers only road transport emissions along the corridor such as Particulate Matter (PM), black carbon emissions and Oxides of nitrogen (NOX) and CO2 emission in grams per ton-km.

02 PORT EMISSIONS
Description: Total emissions at the port as summation of: -
a) Emissions from the ship on maneuvering
b) Emission by the ship at the port and on anchorage
c) Emissions by equipment at the port of Mombasa
d) Vehicles and trucks accessing the port of Mombasa
e) Rail locomotives accessing the port of Mombasa
f) Electricity usage at the port of Mombasa

EAC developing a tool to measure Border Crossing Efficiency

The East African Community is developing a tool to measure the performance of the 12 one-stop border posts (OSBPs) so far built across the region to spur intra-regional trade.

The 2016 EAC Trade and Investments Report says that the intra-regional trade is still low, as it constitutes only 9.4 per cent of the total trade, despite the implementation of the Single Customs Territory which provides for removal of tariffs and other barriers to trade among partner states.

The tool will involve a range of measurements for expected economic benefits of the OSBPs, including the reduction of time spent on administrative procedures, reduction of transport cost, reduction of inventory cost and increase of revenue collection and trade.

The EAC Committee on Customs further said the OSBPs performance measurement tool would be developed with the support from the East African Development Bank (AfDB), TradeMark East Africa (TMEA) and Japan International Cooperation Agency (JICA).

Currently, 10 out of the 12 constructed OSBPs are operational and Heads of State have launched four of them, namely Taveta/Holili, Mutukula, Busia and Rusumo.

Other OSBPs whose construction has been accomplished are Nemba/Gasenyi, Ruhwa, Lunga Lunga/Horohoro, Kagitumba/Mirama Hills, Kobero/Kabanga, Malaba and Isebania/Sirari.

TradeMark East Africa has so far spent over $117 million on the construction of OSBPs in the region.

US$100 million partnership agreements Between the US and Kenyan companies

Kenya signed multi-billion shilling partnership agreements with the US government and companies-the majority of them targeting H.E President Uhuru Kenyatta's growth pillars commonly known as the*' Big Four'.*

Mr. Kenyatta, who witnessed the signing of the deals, pledged to create a transparent and accountable business operating environment for investors.

The President said Kenya was working to improve trade ties with her peers in the East African Community to ensure that investors in the Big Four sectors have access to neighbouring countries such Tanzania, Uganda and Rwanda.

" Given our long and well-established relationship, we can do more together. I invite the US Companies to walk with us on the Big 4 journey," he said.

The US mission, led by Under-Secretary for Commerce Gilbert Kaplan, has been scouting for investment opportunities in Kenya with a key focus on priority sectors for Mr. Kenyatta's last term in office ending 2022.

" Kenya is first on the list of our priority countries in Africa," Mr Kaplan said.

Trade between Kenya nd the US was stood at Sh104 billion last year, making US the Seventh largest trading partner.

Mr. Kenyatta has allocated a big chunk of public resources to the Big Four Plan, which covers food and nutrition, manufacturing, universal healthcare and affordable and their enablers.

The plan, which requires heavy private sector investment, aims at ensuring access to medical services by all Kenyans and creating at least 800,000 new jobs for the youth in the manufacturing sector.

The plan is also targeted at enhancing food production and construction of at least 500,000 affordable housing units in major urban centres such as Nairobi, Mombasa, Kisumu, Nakuru and Eldoret.

About 12 deals worth more than $100 million (Sh10 billion) were signed on the second day of the three-day official visit by 60 US business executives from the US Presidential Advisory Council on Doing Business in Africa.

Most of the deals were negotiated during an economic summit that the American Chamber of Commerce held in Nairobi and diplomats said they are meant to show Nairobi's high ranking in President Donald Trump's economic agenda for Africa.

Six of the 12 agreements were signed during the Kenya-US summit at Nairobi's United Nations Complex and the remainder left for a later date, Trade principal secretary Chris Kiptoo said.

Ministry of Health signed a $20 million (Sh2 billion) agreement with Medtronic that will see a US private firm set up medical dialysis centres in Kenya, while the Ministry of Energy reached an agreement with USAid Power Africa to support the supply of electricity to every Kenyan by 2022 through undisclosed grants.

The USAid grants will be channelled through the Kenya Electricity Transmission Company (Ketraco), Kenya Power and the Energy Regulatory Commission.

Bottom-tier lender Victoria Commercial Bank also reached an agreement for a $10 million (Sh1 billion) credit line, guaranteed by US government-owned OPIC, for on-lending to the SMEs.

Also signed was a $1.3 million (Sh130 million) deal between US energy company Tesla and Mettle OfGen for 1,260 kilowatt battery system to be installed at the Serena Safari Lodge in Amboseli National Park, the largest off-grid solar and battery system in East Africa.

Kenya Tea Development Agency (KTDA), which manages farms for small-scale tea farmers, also signed $772,615 grant with US Trade & Development Agency (USTDA) for a feasibility study on a solar and battery storage project.

USD 27.3 million Project to Revamp Water Transport, Boost Cross-Border Trade

Rwanda Transport Development Agency (RTDA), revealed that there is an ongoing marine transport system project aimed at greatly improving water travelon Lake Kivu between Rwanda and the Democratic Republic of Congo and boost trade. The first phase of Lake Kivu water transport project would start later in November 2018.

The first phase of the project, under the Ministry of Infrastructure, will cost $27.3 million (about Rwf23 billion) and is expected to be completed by 2020. Whem completed, it is expected that the waterway on Lake Kivu will also connect Rubavu, Karongi and Rusizi districts. New ports and other facilities that will enable docking of bigger cargo and passenger vessels will also be catered for under the project.

Under the Lake Kivu water project, five ports will be established around the lake, starting with four ports in the first phase in Karongi, Rusizi, Rubavu and Rutsiro districts. The Ministry of Infrastructure, Rwanda, assured to ave secured almost 44 per cent of required funds and is mobilising the remaining resources from stakeholders and development partners.

The ports to be constructed will be equipped with different facilities, such as warehouses, offices, cold chain storage facilities for fish and horticulture produce, including vegetables; and police units, among others. Water transport on Lake Kivu will boost trade between Rwanda and DR Congo which is Rwanda's largest regional trading partner with 79.7 per cent of the export market. Rwanda's exports to the DR Congo accounted for 83.3 per cent of the country's total informal cross-border trade in 2017, according to central bank figures.

Traders in Western Province say that developing ports and cross-border markets, such as the one being constructed in Karongi, will boost business in the area.

The market is expected to accommodate over 600 people during market days, and it is these marketplaces where traders from DR Congo buy cattle, furniture, agricultural products like fruits and vegetables, as well as manufactured products.

There are over 331,800 Karongi residents in areas surrounding Lake Kivu, many of whom depend on the lake for their livelihoods.

According to officials in the Ministry of Infrastructure, it is expected that by June 2020 two big marine vessels with capacity to transport over 120 passengers will have been introduced to ply the Rubavu-Rusizi route.

"This requires investment of between $7 million and $10 million to buy the vessels that will have high capacity of engine and other modern elements, including VIP compartments," said the officials.The five ports will be constructed on the shores of Lake Kivu with the support of Trademark East Africa (TMEA).

There will be three major ports with capacity of about 1.5 million passengers per year in 2020, projected to reach 2.8 million by 2036, while a smaller one in Karongi will start with a capacity of about 300,000 passengers per year by 2020 and 400,000 passengers by 2036.

The port maximum cargo handling capacity is 580,000 tonnes, while the minimum is 270,000 tonnes.

On River Akagera, maritime transport will get another boost after completing an integral economic and technical viability analysis on developing inland water ways transport on River Akagera from Kagitumba (Rwanda) to Lake Victoria. An economical and navigability assessment as well as the required resources for the project is about to start. The result of the study will inform regional governments actions since the project is part of regional efforts to improve connectivity between Rwanda, Tanzania and Kenya with a view to easing cargo transport and promoting trade.

Other water transport projects in the country will be undertaken after completion of the current undertakings on Lake Kivu and River Akagera. A revised Legal framework was expected to be put in place by June 2018 to guide implementation of the waterways transport projects.

Vehicle Load Compliance over 90 per cent due to SGR Cargo Train Transporting Heavy Containers

In the first quarter of the year 2018, Vehicle Load Compliance along the Northern Corridor Weighbridges and High Speed Weigh-in-Motion Weighbridges was over 90% and Mariakani was registering the highest level of compliance of over 99 per cent.

This was revealed by Prof. Paul M. Maringa, Principal Secretary, State Department of Transport, Ministry of Transport, Infrastructure, Housing and Urban Development in Kenya and Vice chairman of the Northern Corridor Executive Committee during his official opening of the joint Northern Corridor Specialised Technical Committees, held in Mombasa, Kenya, from 28th-31st May 2018.

"Between 2013 and 2017", the Principal Secretary recalled, *"several initiatives have been undertaken by the Member States and Private Sector players towards the improvement of trade and transport facilitation along the Northern Corridor such as the Development and maintenance of the Northern Corridor Road and Railway Networks; in particular implementation of the Standard Gauge Railway (SGR); completion and operationalization of 10 out of 15 One Stop Border Posts (OSBPs) across the region, Installation of High Speed Weigh-in-Motion weighbridges along the Northern Corridor and harmonization of Vehicle Load Controls."*

The highest level of Vehicle Load Compliance along the Northern Corridor Road Network was partly due to implementation of the SGR which was transporting a big proportion of the heavy containers. Prof. Paul Maringa, commended the implementation of Soft infrastructure such as the Regional Cargo Tracking System (R-ECTS), Regional Customs Transit Bond Guarantee (RCTG), EAC Single Customs Territory

(SCT) and National Electronic Single Window Systems (e-SWS) which has eased the clearance of cargo at the port and border stations registering a border crossing time on average of less than 3 hours for goods cleared under SCT.

He also mentioned several improvements undertaken at the Port of Mombasa such as dredging of the Port, construction of a new berth to allow docking of larger vessels (i.e. those which carry 6,000 containers), construction of a new container terminal which increased the Port Annual Capacity by 550,000 TEUs as well as the construction of the Dongo Kundu road to ease the flow of traffic to and from the Port.

" Thanks to those initiatives at the Port of Mombasa, the Northern Corridor region has witnessed annual cargo throughput rise from 20 to 30 million tons; the port cargo dwell time drop from 6 days to an average of 3 days; transit time from Mombasa to Malaba drop from 2 weeks to an average of 3 days; border crossing time drop from 5 days on average to a couple of hours, and weighbridge crossing time drop from days to an average of less than 20 minutes".

Fred TUMWEBAZE, the Ag. Executive Secretary of the Northern Corridor Transit and Transport Coordination Authority (NCTTCA), commended Member States and Development Partners for the achievements and initiatives happening in the Northern Corridor region.

" Northern Corridor Member States are always committed to building a strong partnership towards improving trade, reducing costs of doing business and enhancing the excellent cooperation, as enshrined in the Northern Corridor Transit and Transport Agreement", recalled Fred TUMWEBAZE.

He requested Member States to support some key initiatives and programmes that are ongoing in the Corridor; namely, the rehabilitation and upgrading of roads, the development of One Stop Border Posts (OSBPs), the concept of Sustainable and Greener Corridor, the establishment of Roadside Stations along the Corridor, the Standard Gauge Railway, expansion of Port facilities and the development of regional Pipeline connectivity.

Only Exports by Rail will be allowed into Inland Container Depot Nairobi– Kenyan Government

Exporters using road transport will no longer be allowed to use the inland container depot in a move that is likely to drive more cargo to the standard gauge railway.

In a notice to exporters and clearing agents, the Kenya Revenue Authority and the Kenya Ports Authority say that only exports by rail will be allowed into the inland container depot in Nairobi, which is linked directly to the port via the standard gauge railway.

The government has made directives meant to drive cargo to the Mombasa-Nairobi railway, which was completed last year at a cost of Sh327 billion. Kenya Railways is also offering promotional freight charges until June 2018 in a bid to woo more shippers to use the railway.

" Exporters and clearing agents are notified that effective March 31, 2018, all trucks conveying intra trade cargo to Partner States and all other exports by road shall no longer be allowed into ICDN…only exports by rail will be allowed into ICDN," said KRA and KPA in the notice.

An estimated Sh23 billion has been spent on the upgrade of the Embakasi ICD, which now has the capacity to handle 450,000 20-foot containers annually.

Directives targeting imports have also been put in place, including a requirement that all un-nominated containers belonging to upcountry importers will be transported on the SGR to the Embakasi ICD for final clearance.

Head of Public Service Joseph Kinyua in March 2018 also ordered government departments and agencies to transport imports and exports cargo on the SGR, with the directive also covering cargo for projects undertaken by third parties.

The Kenya International Freight and Warehousing Association has, however, come out to oppose the directives saying they are being implemented without prior consultation with stakeholders.

SGR Cargo Train: Operation Successes and Challenges

In the period between January 2018 and April 2018, the Standard Gauge Rail (SGR) Cargo train moved a total of 33,046 TEUs and freight transit time between Mombasa and Inland Container Depot Nairobi (ICDN) improved to less than 9 hours, contributing to the reduction of the cost of transportation, delivery time and improving connectivity with the neighbouring land locked countries.

James Macharia, Cabinet Secretary of Ministry of Transport, Infrastructure, Housing, Urban Development and Public Works / File Photo

SGR Cargo not only increased efficieny at the Port of Mombasa and ICDN through fast movement of cargo but also contributed a lot in the decongestion process of the Mombasa-Nairobi Highway due to many containerized traffic moving by Rail; resulting in reduction of road carnage as well.

" The old train used to carry up to 30 containers, but now the new train can carry 216. Four trains will operate daily and we intend to increase these to eight," said Symon Wahome, the KPA Head of Inland Container Depots. He added: *" SGR Cargo train will revolutionise transportation of Cargo in Kenya"*.

Before the launch of the service in January, the government had indicated that four freight trains would run daily-with a future outlook of eight daily train-each carrying 216 TEUs.This would mean that on each day, the ICD would receive a minimum of 800 TEUs, making 5,600 TEUs weekly and 291,200 TEUs annually.

SGR Cargo Service Performance : Mombasa to ICD Nairobi

Month	No. of Trains	TBL TEUS	NON TBL TEUS	TOTAL	Tonnage
January 2018	14	854	110	964	16,581
February 2018	36	2,792	50	2,842	47,135
March 2018	93	9,242	-	9,242	141,174
April 2018	120	9,229	3,115	12,344	184,486
TOTAL	263	22,117	3,275	25,392	389,377

James Macharia, the Cabinet Secretary, Ministry of Transport Infrastructure, Housing, Urban Development and Public Works, was confident that the volumes will increase, pointing out that the new service is just struggling through an initial set of bottlenecks before it picks up.

" We will not compromise on cargo transportation to Nairobi's inland container depot. We are targeting to have six trains leave the port transporting cargo to the ICD daily beginning end of June. Currently we have 28 million tonnes of cargo arriving through the port, therefore, transporters should not be worried about loss of business when cargo is transported through the SGR. Nobody will be out of business. Even if you say eight million tonnes belong to Mombasa, 20 million tonnes will go to Nairobi and the maximum the SGR can take is 10 million tonnes. So we still have 10 million tonnes of cargo which can go by road," CS Macharia said.

At the outset, the country had planned to haul 4,000 tonnes per trip, peaking at 16,000 tonnes daily; 106,000 tonnes weekly and 5.5 million tonnes annually to break even and repay its construction and operational costs.

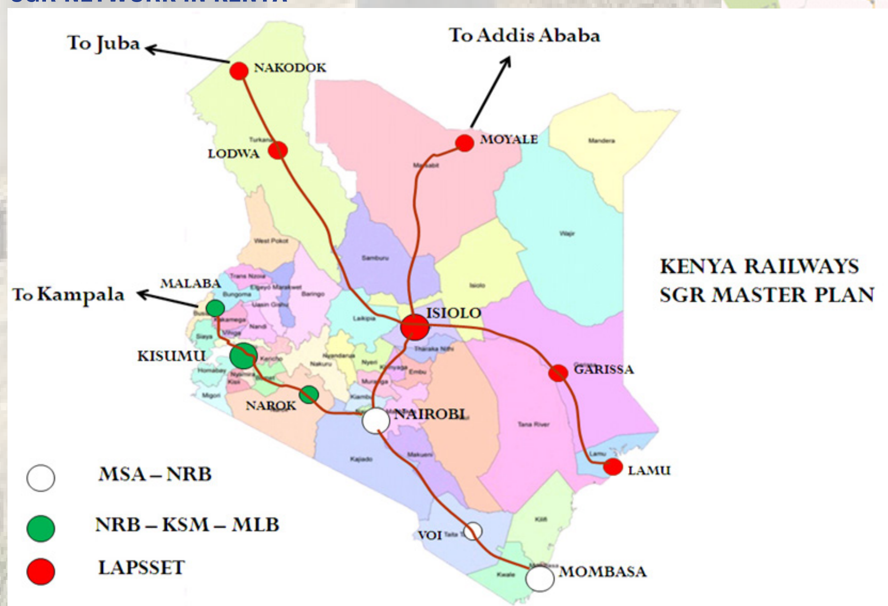
But, at the current 12,452 tonnes per week, the SGR will have hauled on average, a mere 647,504 tonnes by the end of the year, casting doubt on the viability of the project.

Across the world, rail transport dynamics are essentially market-driven, with the customer, and in the SGR case the cargo owners, having a major input. But the Kenya government directed that all imports coming in through the Mombasa port be transported by the SGR, setting off a round of protests from businesses.

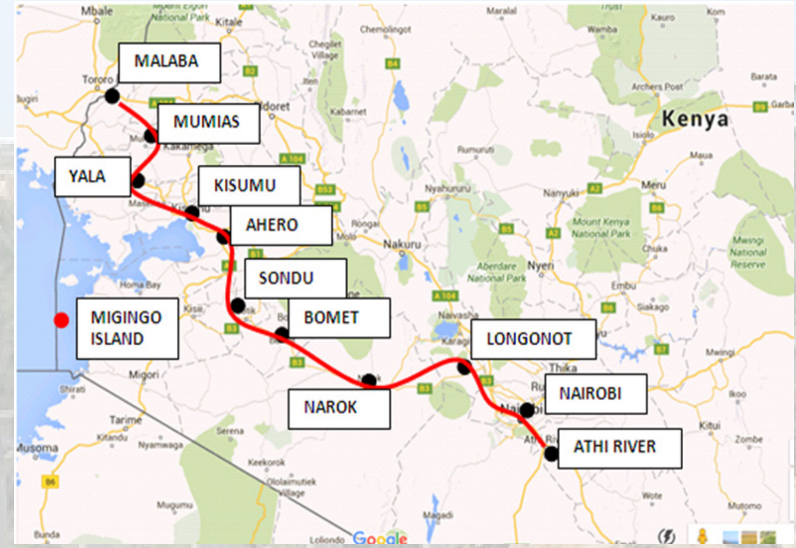
"We arrived at this decision after consulting with other players, including container freight station (CFS) owners, and agreed to have goods moved by train," said Kenya Railways managing director, Atanas Maina.

Other SGR Cargo Train Operation Challenges include: delays in evacuation of empty containers for return and exports at the port; clearing agents who are avoiding cash deposit payment requirement hence congesting the port; Delays in evacuation of import containers at ICDN by agents that has been slow affecting wagon turnaround and decongestion at ICDN; Guidelines for rail handling of Dangerous Goods (DG) which is yet to be finalized by the Operator; Challenges of systems integration between CIYOS, KWATOS and integrated Customs management System; Interface between Meter Gauge Rail (MGR) and SGR to ensure seamless connectivity of cargo for transit and Operational and Infrastructure challenges for exit of cargo on road access to Mombasa road and Southern by pass in Nairobi.

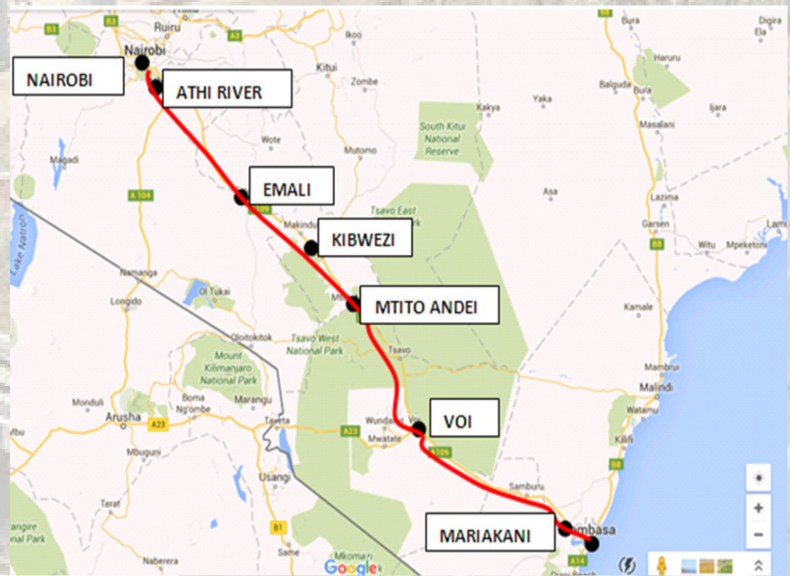
SGR NETWORK IN KENYA



SGR INFRASTRUCTURE PROJECT PHASE II



SGR INFRASTRUCTURE PROJECT PHASE I



More Cargo Trains to De-congest Mombasa Port in December 2018

In the ongoing push to create more logistics efficiency and cost effectiveness, the Northern corridor will see more cargo transported by SGR Cargo train. All Stakeholders, including Shipping lines and the Government of the Republic of Kenya agreed to carry out an intensive campaign awareness on the benefits and incentives for Northern Corridor freighters to use a new model, where cargo terminates at the Nairobi Inland Container Depot Nairobi (ICDN) as opposed to the Port of Mombasa.

The model dubbed the *"Through Bill of Lading"* (TBL), is a legal document that details type, quantity and destination of goods carried beyond the sea port of destination. Under Through Bill of Lading, importers designate cargo directly to the Nairobi ICD, while the model that is widely used today is the merchant haulage where goods are off loaded at the Mombasa port.

The new model is expected to help in ensuring that more containers are loaded onto the trains hereby decongesting the port of Mombasa. The main challenge, according to the Kenya Ports Authority (KPA) operations officials, was on return of empty containers. But they confirmed that if the destination of the goods is listed as the Nairobi ICD, this would solve the problem.

SGR freight service will increase the number of daily trains on the Mombasa-Nairobi route in the next five months from June 2018 to facilitate faster movement of cargo between the port and the inland container depot Nairobi.

According to Lu Shan, the Chairman of the China Communications Construction Company (CCCC), the trains will have increased to 28 by December 2018 from 12 freight trains currently operating on daily basis.

As of June 2018, the ICDN has capacity to handle 450,000 Twenty-Foot equivalent Units (TEUs) per year, up from its original design of 180,000 TEUs. It receives four trains daily, carrying 108 containers each.

As a hindrance to the use of the SGR Cargo trains to transport their goods to the 450,000 twenty-foot equivalent unit (TEUS) capacity Nairobi ICD, importers and agents were mentioning demands by shipping lines that empty containers be returned to designated yards in Mombasa.

Shipping lines charge USD 200 and USD 400 as deposit for the 20-foot and 40-foot containers respectively and to be refunded when the containers are returned within 11 days after arrival of the vessel. A fine is imposed beyond the deadline and damages attract fees.

The Shipping lines had also insisted the containers must be returned to the yards, presenting logistical nightmare for Kenya Railways which could only drop them at the port with importers incurring a cost of USD 100 to shunt each container to the designated yards.

The agreement between the shipping line and the importer using the through bill of lading model is that the container deposits will be refunded once the equipment is returned to the ICD in Nairobi.

Moving empty containers on SGR to designated yards has no extra costs to the importers and has no logistical nightmares for the shippers who have to ensure that empty containers make a quick turnaround thereby avoiding demurrage charges.

In the endeavour to encourage Northern Corridor Freighters to use the SGR Cargo trains, Kenya Railways lowered haulage rates to a flat fee of USD 350 for a 20-foot container and USD 400 for a 40-foot container from Mombasa to the Nairobi ICD.

High Transport Rates and Costs: Silent killers of Trade along the Northern Corridor

Since the year 2014, average Transport tariffs generally reduced on almost all the sections of the Northern Corridor Road Network except the route Mombasa-Bujumbura.

This was mainly due to several initiatives being implemented including the reduction of Transit Times in each Member State, Single Customs Territory regime, Regional Electronic Cargo Tracking Systems, One Stop Border Posts development, improved Road Infrastructure, etc.

Sub-Saharan Africa and the Northern Corridor region in particular, has seen massive trade liberalisation in the last three decades. But the success of translating reduced tariffs into increased international trade has been limited and geographically unbalanced. One of the main reasons for this is the high cost of moving goods within countries.

A study by the Wold Bank, 2007, revealed that *"the costs of moving goods within countries are generally higher in developing countries than in the rest of the world, and this is especially true in much of Africa. Transport in Africa is often unpredictable and unreliable, and the cost of transport is therefore often higher than the value of the goods being transported."*

In addition, the improvements in globalization's lower or free trade tariffs do not necessarily translate into equal outcomes within a country due to the high cost of transporting goods. This impact is notably different between urban and rural areas. So the prices of imported goods might fall in urban/port city areas but by not as much in rural locations. This exacerbates regional inequalities.

The Northern Corridor Transport Observatory data reveals the road freight charges are still high at approximately USD 2.23 per Km for containerized cargo between Mombasa and Kigali. Mombasa to Kampala is USD 1.79 per container per kilometre while Mombasa to Bujumbura recorded USD 3.07 per container per kilometre. Also, different countries charge different freight charges even though there are common rates established for Transport.

By comparing the freight costs of alternative transport modes to the journey times, researchers have been able to come up with measures of the value of time saved in transit. For instance, delays at borders along the Northern Corridor have been estimated to cost USD 250 per day for a truck company. Moreover, distribution and transportation costs along the Northern Corridor have been more than 35 or 40 percent of final product costs. It is estimated that the total indirect (hidden) costs per day for delays are approximated at USD 384.4 for a loaded truck along the Northern Corridor. Road condition also plays a vital role in transport rates and costs.

According to the *"12th Report of the Northern Corridor Transport Observatory",* the average transport charges from Mombasa to Nairobi in March 2018, was USD 832 for containerized cargo. For clinker whose destination is mostly Athi-river, the average rate is USD 25.2 per ton.

The average transport cost from Mombasa to Kampala was USD 2,165. However, larger companies serving to cooperate clients, charge up to USD 2,700. Road user charges only apply and they are paid to the countries where the trucks are not registered. For instance, Kenyan registered trucks transiting through Uganda would pay road user charges based on harmonized COMESA road user charges of USD 10 per 100Km for transit trucks. Kenya registered trucks travelling from Malaba to Kampala a distance approximately 250km pay a Road User Charge of USD 50 for the return journey to and from Kampala.

From Mombasa to Bujumbura and/or Goma, the transport rates per kilometre are higher with the road user charges taking about 8.1% and 11% of the total cost of transport.

High transport charges as internal trade barriers, not only hinder trade and dampen economic growth, they also distort the benefits of globalisation and increased trade. As tariffs fall and international transportation improves, the benefits from the consequent price changes may not accrue to all consumers equally. Remote locations are generally harmed more by the burdens of intranational trade costs than areas close to borders or ports.

Findings of a research by International Growth Centre (IGC), March 2018, revealed that *"the high cost of getting goods to and from borders or ports in Africa is restricting the continent's potential gains from international trade".*

In order to reduce Transport Costs along the Northern Corridor, different stakeholders have to tackle the problem of Insecurity in some parts of the Corridor. As for high insurance costs, fresh insurance cover are needed given that the Republic of South Sudan is not under COMESA Yellow Card Insurance Scheme. There is also a need to eliminate the requirement to have both local and COMESA Yellow Card Insurance Scheme in some jurisdictions.

Additionally, Northern Corridor Member States have to reduce the imbalance between imports and exports. VISA requirement between some Member states with fee ranging between USD 50 and USD 100 within the Northern corridor contravenes article 43 of the Northern Corridor Agreement which calls for abolishing VISA fees;

Last but not least, the Transit goods license of USD 400 per year follows the calendar year. Transit goods license should be charged pro-rata. This should be followed up with the East African Community (EAC) Secretariat.

AVERAGE TRANSPORT RATES PER ROUTE PER TRUCK LOAD

Route	Distance (Km)	Nov-2014 (USD)	March 2015 (USD)	March 2017 (USD)	March 2018 (USD)
Mombasa-Nairobi	480	1,023	1,057	800	832
Mombasa-Kampala	1,170	2,867	2,751	2,500	2,165
Mombasa-Kigali	1,680	4,833	4,350	3,300	3,000
Mombasa-Bujumbura	1,960	6,350	3,984	3,984	6,497
Mombasa-Goma	1,840	6,750	5,058	6,127	5,998
Mombasa-Juba	1,650	4,678	5,030	4,800	4,005

Member States of DRC and Uganda working together to boost Cross-Border Trade at Mpondwe-Kasindi border

The Northern Corridor Secretariat is working with the Road Authorities in the Democratic Republic of Congo (DRC) and the Republic of Uganda with the aim of bringing together the two countries to establish a framework of cooperation and joint fund mobilization for development of Trade facilitation infrastructure projects to boost cross border and intra-regional trade between the two countries. One of such projects is the development of the Mpondwe-Kasindi OSBP, the Bridge and the associated Road Infrastructures.

The USD 9.4 Million trade infrastructure project at Mpondwe border which include a bridge, a One Stop Border Post (OSBP) and a Modern Market is part of USD 14 Million fund from the World Bank (WB) to implement the Great Lakes Trade Facilitation Project (GTLF) which is aimed at facilitating cross border trade between Uganda and DR Congo at the three borders of Mpondwe, Bunagana and Goli.

The said fund was secured as a loan from the WB through the Ministry of Trade, Industry and Cooperatives, Government of Uganda, to facilitate intra-regional trade in general and to increase the capacity for commerce and reducing the costs faced by the cross border traders between DRC and Uganda in particular. The project will be coordinated jointly by the two countries and a joint implementation task force including the Northern Corridor Authority will be considered to harmonize and fast track the project.

Most of the trade between Uganda and DR Congo is done at the three major border points of Mpondwe in Kasese district, Bunagana in Kisoro district and Goli in Nebbi district, with Mpondwe being the busiest border point in terms of trade activities. Most of the trade is conducted by the cross border traders who cross to and from Uganda taking and bringing back merchandise. However, most of these cross border traders are facing challenges including poor market structures where they operate from at the borders, complicated border crossing procedures, mistreatment from unscrupulous individuals among others.

Uganda exports more to the Northern Corridor Member States with a sizable amount being attributed to informal trade. Informal cross-border exports products include livestock and agricultural products, clothes, shoes, sandals, timber, alcohol/spirits, salt, motorcycle parts, textile materials, bicycle parts, cooking oil, cement, perfume, fertilizers etc.

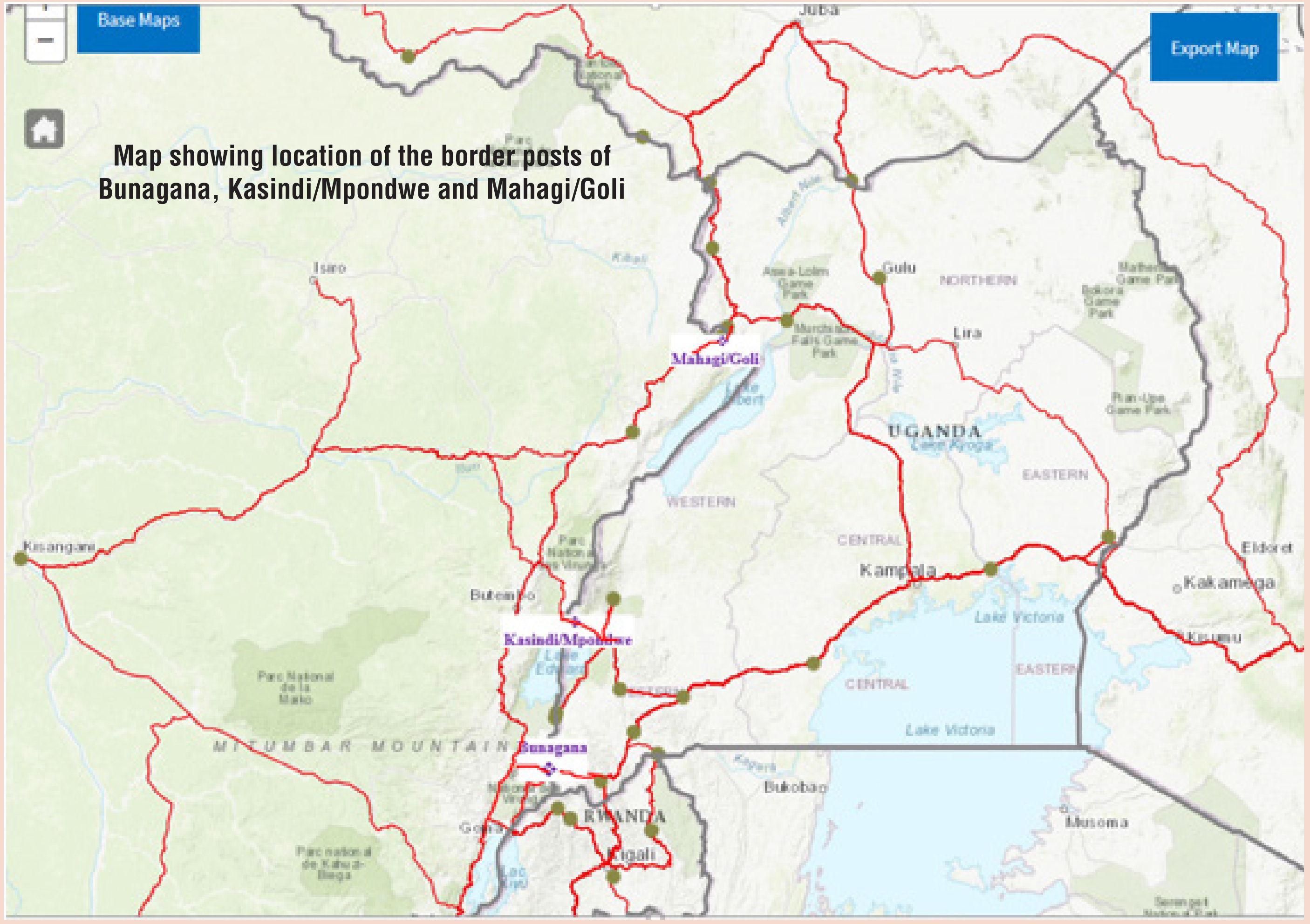
According to the *"11th Report of the Northern Corridor Transport Observatory",* from January to July 2017, informal exports from uganda to the Northern Corridor region contribute about 27.85% of total exports.

The Democratic Republic of Congo is one of Uganda's export destinations ranking number three within the COMESA region. Uganda informal exports to DRC registered a total of US$ 148,060,415 from January to July 2017, which gives an average of about US$ 21,151,488 per month; while the total formal trade from Uganda to DRC amounted at USD124, 428,805, from January to July 2017.

The above mentioned *"11th Report of the the Northern Corridor Transport Observatory"* reveals also that DRC is a net importer. Exports comprise only 2% of the total trade volume. Imports, on the other hand, make up 98% (USD 334, 940, 614) of the total volume traded in 2017.

From January to July 2017, Imports to DRC comprised mostly food products as well as industrial products. Some of the imported products include Aluminium strips, Cigarette paper rolls, artificial filaments Cables, acetic acid, cloths, plastics, vegetables, diesel Generators, vegetable fats and oils, tobacco, Salt, among others.

The DRC exports to Uganda are estimated to the values standing at USD2.5million and these are mainly essential oils, cosmetics and some iron and steel. Most of the DRC exports are minerals which are destined outside the region. There are plans underway for joint Road infrastructure development connecting the two countries from uganda through mpondwe to Kisangani in DRC. With conclusion of the planned boarder post structures and road infrastructure projects the trade between the two countries is expected to tripple in the future.



Time to get it right: Road safety is key to social-economic development along the Northern Corridor

A fatal accident at River Katonga along Masaka-Kampala highway that claimed the lives of 15 victims

Ever since the Northern Corridor Member States embarked on a long journey of integrating Sustainable Freight Transport (SFT) components namely; social, economic and environmental aspects in all infrastructure projects and trade facilitation and Transport Logistics initiatives, the Corridor registered some progress especially on the component of Green Freight transport by cutting down Port and Road transport emissions such as Particulate Matter (PM), black carbon emissions and Oxides of Nitrogen (NOX) and CO2 emission in grams per ton-km.

Despite the above achievements in Green freight transport, improvements of Road infrastructure and tremendous reduction of Non-tariff barriers along the Corridor; Road safety remains a big challenge for the Northern Corridor Member States.

Road safety statistics show that road crashes are on the rise. In the last decade alone, recorded road crash fatalities in Uganda rose from 2,597 to 3,503 in 2016 representing a growth of 25.9%. The accident severity index is 24 people killed per 100 road crashes. On average, Uganda loses 10 people per day in road traffic crashes, which is the highest level in East Africa. The overall annual cost of road crashes is currently estimated at approximately UGX 4.4 trillion ($1.2 billion), representing 5% of Uganda's gross domestic product (GDP).

In Kenya, over 3000 people are killed every year. In its 2015 Global Status Report on Road Safety, the World Health Organisation shows Kenya's roads are amongst the most dangerous in the world claiming an average of 29.1 lives per 100,000 people. Road crashes are among the top ten killers of Kenyans, account for between 45 and 60 percent of all admissions to surgical wards and cost the country up to 5 percent of GDP.

These statistics need to be multiplied and seen in the context of deep family tragedy, of unimaginable grief and anguish and of tremendous health and economic and disability costs. Huge sums of money are used in medical care: money that is desperately needed for preventative health care.

The main fatal road sections along the Northern Corridor Road Network being the 14-kilometre stretch between Salgaa and Sachangwan along the Nakuru-Eldoret highway in Kenya, which has been the scene of multiple horrific accidents involving trucks in recent months. In Uganda, according to the "Road Safety Performance Review, Uganda", February 2018, the Northern Corridor (Malaba/ Busia-Tororo-Jinja-Kampala-Masaka-Mbarara-Katuna; Tororo- Lira-Kamdini-Pakwach-Arua; and Kampala-Gulu Highway) in particular, has the highest fatalities compared with other roads. In 2016 for instance; the Masaka-Kampala corridor recorded over 200 fatalities over a distance of 120kms, making it one of the riskiest roads in Uganda that year.

People siphoning fuel following an accident at Kipkaren

On some occasions several fatalities or injuries have occurred following an accident when those expected to help the accident victims take advantage to loot their cargo especially accidents involving fuel tankers

Eliminating traffic deaths and injuries is an achievable goal. Stop the blame game. All Stakeholders in Northern Corridor Member States are urged to revolutionize their approach to the scourge and start putting Road Safety higher up on the list of priorities as Sustainable Freight Transport Systems are concerned.

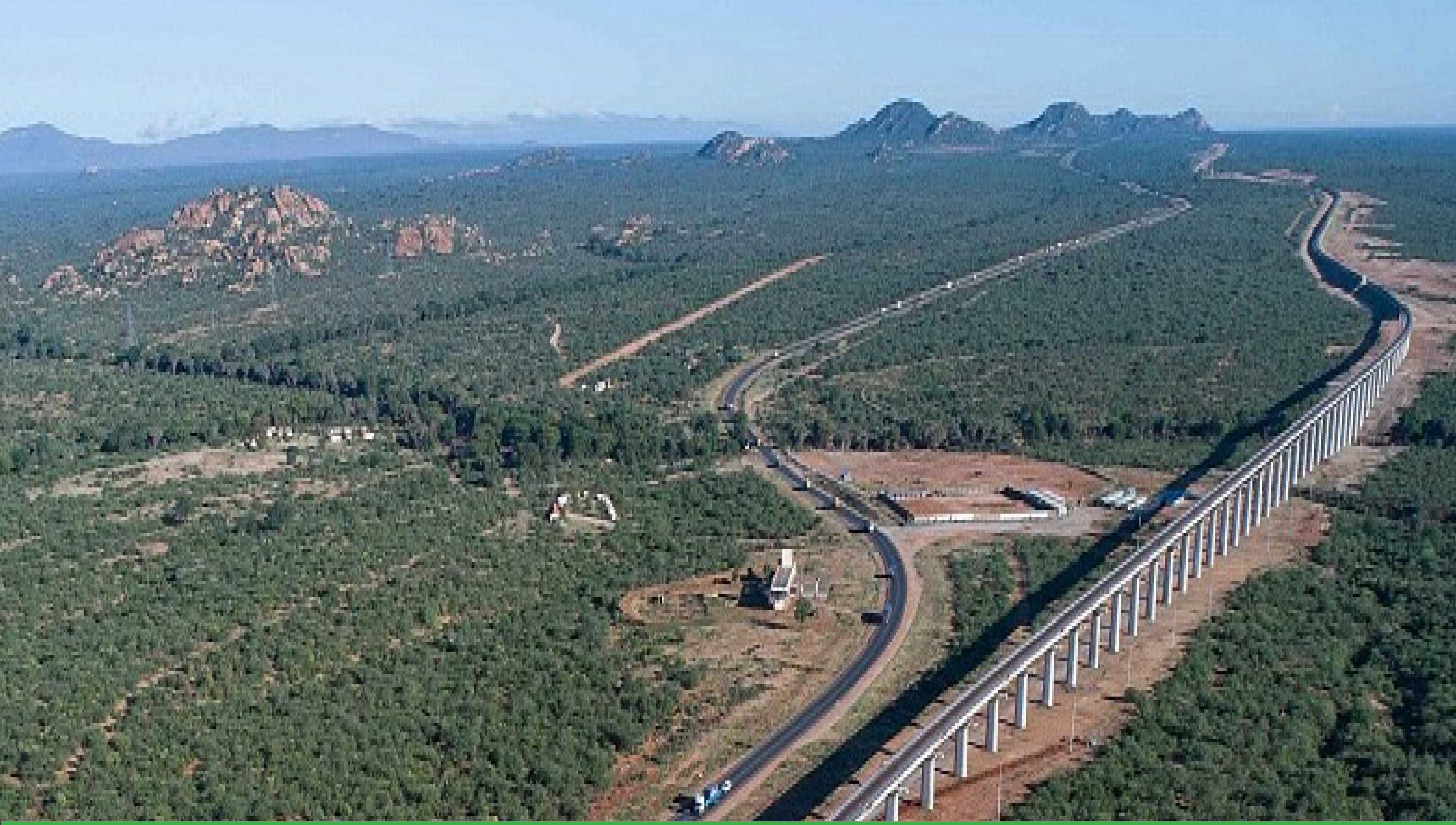
Deep change is highly required and Holistic and drastic measures to be taken. Not just traffic rules and law enforcement, road users' behaviour, capacity building but also engineers are required to always consider that Road Infrastructure must be there for growth, and most importantly, for human interest and safety. The Northern Corridor Road network is not designed to kill.

THINK!

Road Safety

INDICATIVE ROAD DISTANCES IN KILOMETERS BETWEEN THE NORTHERN CORRIDOR TRANSIT SECTIONS

	Bujumbura	Bukavu	Busia	Eldoret	Gasenyi	Goma	Gulu	Juba	Kampala	Kanyaru Haut	Katuna	Kaya	Kigali	Kisangani	Kisumu	Lasu	Mahagi	Malaba	Mariakani	Mbarara	Mombasa	Mpondwe	Nadapal	Nairobi	Nimule	Yambio	Yei
Bujumbura		165	990	1149	252	435	1134	1445	792	128	360	1373	279	864	1105	1496	1059	1028	1925	525	1961	700	1740	1480	1249	1761	1451
Bukavu	165		991	1150	349	184	1135	1446	793	157	361	1163	280	699	1170	1286	894	1029	1926	526	1962	701	1770	1481	1250	1551	1241
Busia	990	991		148	780	867	409	720	198	862	630	686	711	1495	119	809	585	33	905	465	941	640	768	460	524	1074	764
Eldoret	1149	1150	148		939	1026	503	963	357	1021	789	780	870	1654	158	903	519	121	776	624	812	799	620	331	618	1168	858
Gasenyi	252	349	780	939		225	924	1235	582	172	150	1163	69	1345	899	1286	1062	818	1715	315	1751	490	1559	1270	1039	1551	1241
Goma	435	184	867	1026	225		1011	1322	669	307	237	979	156	1114	986	1102	710	905	1802	402	1838	419	1617	1357	1126	1367	1057
Gulu	1134	1135	409	503	924	1011		311	342	1006	774	367	855	1162	528	490	266	382	1279	609	1315	784	606	834	115	755	445
Juba	1445	1446	720	963	1235	1322	311		653	1317	1085	234	1166	1399	839	201	577	693	1626	920	1662	1095	343	1145	196	466	156
Kampala	792	793	198	357	582	669	342	653		664	432	581	513	1297	317	704	480	236	1133	267	1169	442	948	688	457	969	659
Kanyaru Haut	128	157	862	1021	172	307	1006	1317	664		232	1245	151	1427	987	1368	1023	900	1797	397	1833	572	1612	1352	1121	1633	1323
Katuna	360	361	630	789	150	237	774	1085	432	232		1013	81	1195	749	1136	791	668	1565	165	1601	340	1380	1120	889	1401	1091
Kaya	1373	1163	686	780	1163	979	367	234	581	1245	1013		1094	1165	805	123	269	659	1556	848	1592	1023	577	1111	430	388	78
Kigali	279	280	711	870	69	156	855	1166	513	151	81	1094		1276	830	1217	872	749	1646	246	1682	421	1461	1201	970	1482	1172
Kisangani	864	699	1495	1654	1345	1114	1162	1399	1297	1427	1195	1165	1276		1608	1288	896	1533	2430	1030	2466	855	2245	1985	1277	1553	1243
Kisumu	1105	1170	119	158	899	986	528	839	317	987	749	805	830	1608		928	704	134	792	584	828	759	778	347	643	1193	883
Lasu	1496	1286	809	903	1286	1102	490	201	704	1368	1136	123	1217	1288	928		392	782	1679	971	1715	843	544	1234	397	355	45
Mahagi	1059	894	585	519	1062	710	266	577	480	1023	791	269	872	896	704	392		558	1455	747	1491	451	872	1010	381	657	347
Malaba	1028	1029	33	121	818	905	382	693	236	900	668	659	749	1533	134	782	558		897	503	933	678	741	452	497	1047	737
Mariakani	1925	1926	905	776	1715	1802	1279	1626	1133	1797	1565	1556	1646	2430	792	1679	1455	897		1400	36	1575	1396	445	1394	1944	1634
Mbarara	525	526	465	624	315	402	609	920	267	397	165	848	246	1030	584	971	747	503	1400		1436	175	1215	955	724	1236	926
Mombasa	1961	1962	941	812	1751	1838	1315	1662	1169	1833	1601	1592	1682	2466	828	1715	1491	933	36	1436		1611	1432	481	1430	1980	1670
Mpondwe	700	701	640	799	490	419	784	1095	442	572	340	1023	421	855	759	843	451	678	1575	175	1611		1390	1130	899	1108	798
Nadapal	1740	1770	768	620	1559	1617	606	343	948	1612	1380	577	1461	2245	778	544	872	741	1396	1215	1432	1390		951	491	809	499
Nairobi	1480	1481	460	331	1270	1357	834	1145	688	1352	1120	1111	1201	1985	347	1234	1010	452	445	955	481	1130	951		949	1499	1189
Nimule	1249	1250	524	618	1039	1126	115	196	457	1121	889	430	970	1277	643	397	381	497	1394	724	1430	899	491	949		662	352
Yambio	1761	1551	1074	1168	1551	1367	755	466	969	1633	1401	388	1482	1553	1193	355	657	1047	1944	1236	1980	1108	809	1499	662		310
Yei	1451	1241	764	858	1241	1057	445	156	659	1323	1091	78	1172	1243	883	45	347	737	1634	926	1670	798	499	1189	352	310	



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