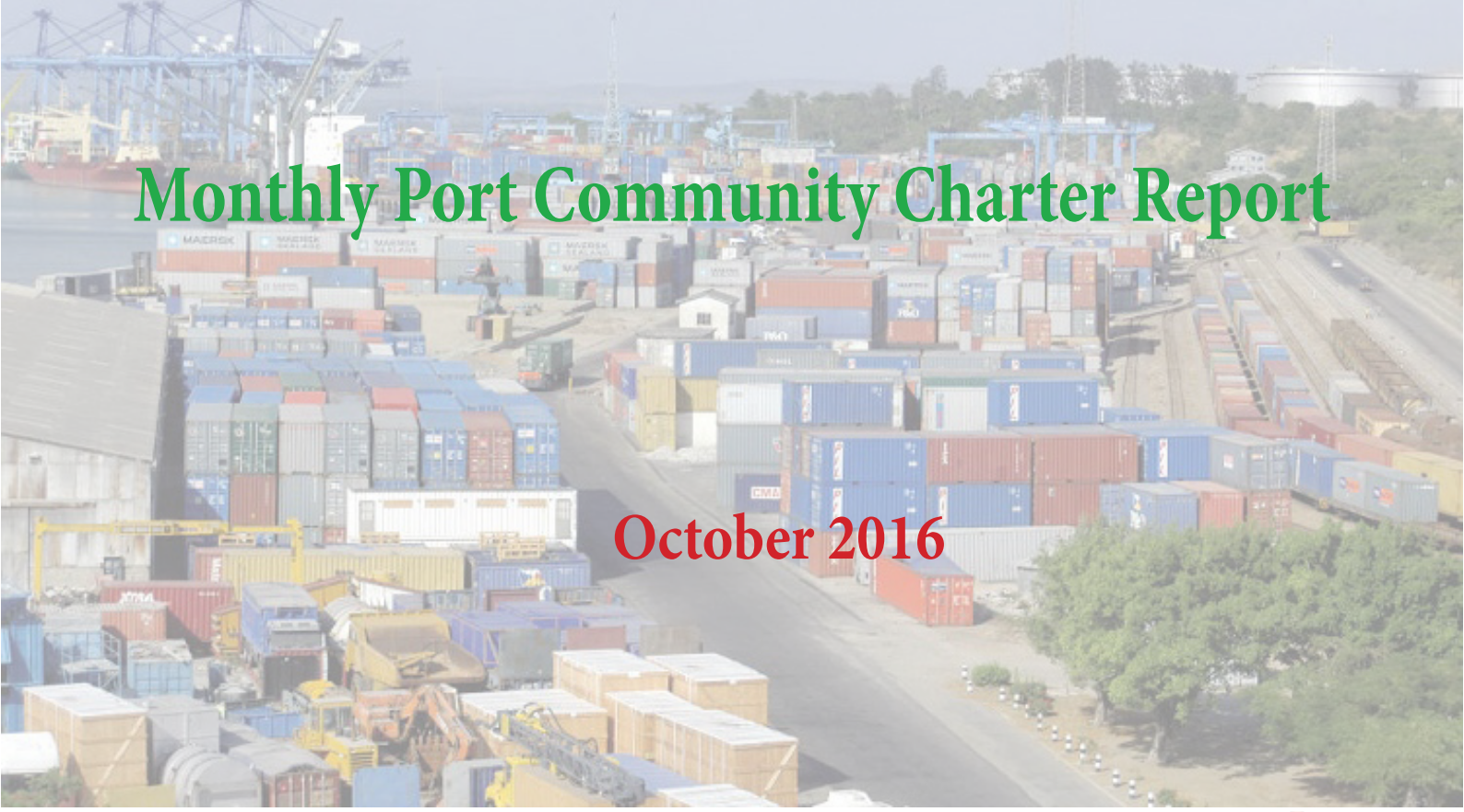

Monthly Port Community Charter Report

October 2016

MOMBASA PORT COMMUNITY CHARTER

NORTHERN CORRIDOR TRANSPORT OBSERVATORY
RELIABLE PERFORMANCE DATA

Northern Corridor Transit and Transport Co-ordination Authority

"You cannot improve it if you have not measured it"

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1. SUMMARY

The Northern Corridor links the land locked Countries of Burundi, DRC, Rwanda, South Sudan and Uganda to the Mombasa Sea Port in Kenya. Ports have the potential to contribute enormously to the Country's GDP and create employment opportunities. Therefore, Mombasa Port is not an exception of this principle, as a consequence, private and public stakeholders developed the Mombasa Port Community Charter that aims at an efficient Northern Transport Corridor which will offers safe, fast and competitive transport and transit services that will secure regional trade, stimulate investments, encourage sustainable development and reduce poverty in the region.

The objective of this report is to analyze performance of key Port Charter indicators in the month of October 2016. It looks at issues such as efficiency of Maritime, Port and Corridor indicators as well as providing recommendations for removal of impediment to trade and transport facilitation.

Currently, over thirty million tons are moved along the Corridor by various transport means: road, rail, pipeline and inland waterways. The growth throughput requires that Port operations should keep pace with the needs of the shipping and trading Communities. Therefore, a close performance monitoring of critical indicators of the Port Charter helps to institute checks and balances and identifies areas of weakness and non-tariff barriers that need to be corrected. This will be helpful in achieving an efficient and competitive seaport while providing the necessary momentum to identifying and addressing the weakest areas.

Since inception of the Port Charter in June 2014, there have been great strides achieved towards a productive and efficient Port. In particular, the maritime indicators have recorded consistent positive trends performing exceeding well against the set targets. This implies that the initiatives in place are bearing fruit and should be sustained. Some of key the key undertakings include; construction of the 2nd Container terminal at the Mombasa Port, improved productivity of the crane and the implementation of Fixed Berthing Window.

Despite these achievements transit time along the Corridor are still shy from the set targets. Moreover, the Port is still grappling with delays in cargo evacuation after. All these challenges if not addressed will affect negatively attainment of desired results.

This report gives status of the Port Charter indicators as at October 2016 comparing with the previous performance for the same month in year 2014 and 2015. The choice of year 2014 is because it is the year the Port Charter was implemented.

Table 1 below gives a review on performance of key indicators for the month of October 2016 against the set targets. The targets indicated here are as per the commitments set in 2014 Mombasa Port Community Charter.

Table 1: Monthly Status Summary October 2016

Category	Indicator	Unit of measure	Target	October Status/ Progress
Maritime Indicators	Vessel turnaround time	Hrs	72	62.8
	Ship waiting time before berth	Hrs	24	8.2
Port Indicators	Containerized Cargo Dwell time	Hrs	72	76.07
	One Stop Centre Time	Hrs	24	32.53
	After customs release	Hrs	36	37.99

	Document Processing Centre Time	Hrs	2	2.9
Corridor Indicators	Weighbridge traffic	No of trucks weighed		Athi-River – 5897 Mariakani- 2687 Gilgil – 2998 Webuye - 1025 Busia-427
	Weight compliance at weighbridge	%	100	Gilgil – 89% Busia-78%, Other weighbridges had over 90%
	Transit time (Mombasa to Malaba)	Hrs	72	106.08
	Transit time (Mombasa to Busia)	Hrs	72	147.14

Note: Implies target has not yet been met

Target has been surpassed

2. INTRODUCTION

The Transport Observatory was set up to enable Northern Corridor Transit and TransportCoordination Authority (NCTTCA) achieve its objective of making the Northern Corridor the most competitive Corridor among the five Corridors in the region and address the specific challenges faced by landlocked developing Countries. As a result, performance indicators must be assessed in order to determine if they are indications of deeper dysfunctions or are measures for increasing Corridor efficiency.

The October 2016 Monthly Mombasa Port Community Charter Report provides an overview of key performance trends within the port, as well as the Northern Corridor Transport Observatory. It is of great interest to track the performance of the Northern Corridor so as to gauge whether measures to improve efficiency are yielding the desired outcomes. The indicators range from port indicators, maritime indictors, corridor indicators, CFSs, rail market share and average number days of container stay inland by country of destination. It is equally important to highlight the uncertainties in delays which may increase the cost of transportation.

The Mombasa Port Community Charter envisions various targets to be achieved. Key among them which affect the nine indicators being monitored by the dashboard are:

- Achieve a dwell time below 3 days (72 hours) within 120 days after signing the Port Community Charter;
- Achieve 70% cargo throughput through the green channel;
- Paperless cargo clearance by integrating community systems into the KNESWS by December 2014;
- An improvement of 900 moves per day in 90 days after the Charter was signed.

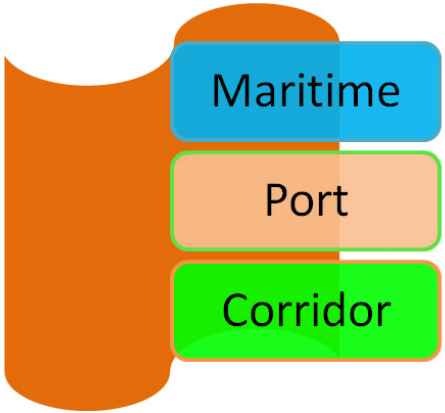
These key indicators which are tracked by the Northern corridor performance dashboard as stipulated in the Mombasa Port Community Charter may be accessed via *http://ttcanc.org/documents/Port_Comm_Charter_Final.pdf.*

The monitoring of the implementation of the Mombasa Port Community Charter is done through the Northern Corridor performance dashboard which can be accessed via *www.kandalakaskazi.or.ke* or *http:/top.ttcanc.org*

3. PERFORMANCE OF INDICATORS IN OCTOBER 2016

The discussion below gives status of the Port Charter indicators as at October 2016 comparing with the previous performance same month in year 2014 and 2015. The year 2014 gives the baseline status upon the Port Charter coming into effect.

Port Charter Indicators



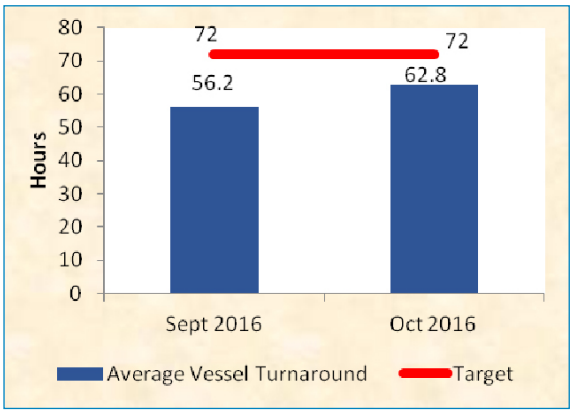
3. 1 MARITIME INDICATORS

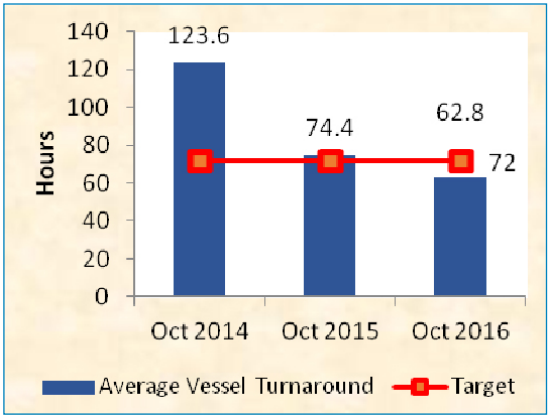
These indicators include container vessel movement from the arrival of the ship at the port area, until exit of the vessel from the Port area. The report focuses on performance of the container vessel movements (waiting time before berth and the average monthly turnaround time) at the port of Mombasa in the month of October 2016.

3.1.1 VESSEL TURNAROUND TIME

Vessel turnaround time is the time from ship entry in port to exit from the port area. It is measured from the time the vessel arrives at the fairway buoy to the time it leaves the port area demarcated by the fairway buoy.

Figure 1: Vessel Turnaround in Hours





Source: KPA data

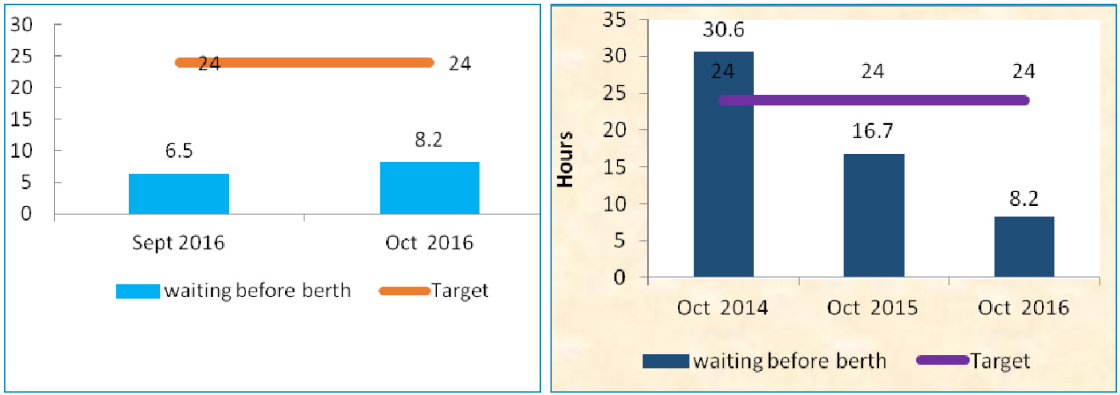
Figure above shows an increase in vessel turnaround from 56.2 hours in September, 2016 to 62.8 hours in October 2016, which is commendable compared to the 72 hours set target. Comparing performance for October 2014 to 2016, data indicates positive significant improvement in vessel turnaround performance.

The trend in performance has been improving positively from 123.6 hours in 2014 to 74.4 hours in 2015 and further to 62.8 hours in 2016. The creditable achievement could be attributed to the implementation of the fixed berthing window from August 2015, availability of equipment and provision of additional berthing space which is estimated to handle capacity of 600,000 TEUs per annum. This achievement suggests that there is room for review of the target to further enhance the Port competitiveness.

3.1.2 VESSEL WAITING TIME BEFORE BERTH (HOURS)

This time is measured from the time the vessel arrives at the fairway buoy to the time at its first berth.

Figure 2: Waiting before berth Time in Hours



Source: KPA data

Figure 2 shows that vessel waiting before berth time has tremendously improved, decreasing from 30.6 hours in October 2014 to 16.7 hours in 2015 and further to 8.2 hours in 2016. When compared to the month of September 2016 there was a slight increase by 1.7 hours.

The ship waiting time before berth is less than the port Charter target of one day suggesting the target was met in 2015. Some of the factors for this positive performance include; introduction of Fixed Window Berthing, improved crane productivity and adequate terminal capacity.

3. 2 PORT INDICATORS

These indicators measure efficiency of the port by gauging how effective port operations are in minimizing the time cargo spends at the port from the time of offloading.

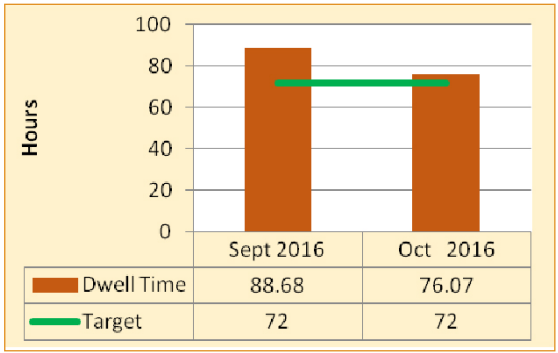
3.2.1 CONTAINERIZED CARGO DWELL TIME AT THE PORT OF MOMBASA

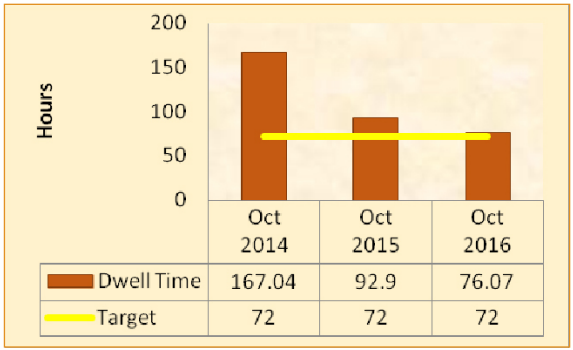
Average Dwell Time is the measure of time that elapses from the time cargo is offloaded at the port to the time it leaves the Port premises after all clearances have been obtained.

Figure 3 indicates an average containerized cargo dwell time for the month of October from 2014 to 2016 at the port of Mombasa.

Cargo dwell time decreased from 88.68 hours in September to 76.07 hours in October 2016. Results also show tremendous improvement in dwell time standing at 76.1 hours for the month of October 2016, a decrease from 167 hours registered in October 2014 and 93 hours recorded in October 2015.

Figure 3 Containerized Cargo Dwell Time in Hours





Source: KRA data

Although dwell time has been reducing, it still lies above the set benchmark of 72 hours (3 days). The free period of 9 days for transit cargo and 4 days for domestic cargo contradicts the attainment of lower dwell time as stipulated in the port Charter.

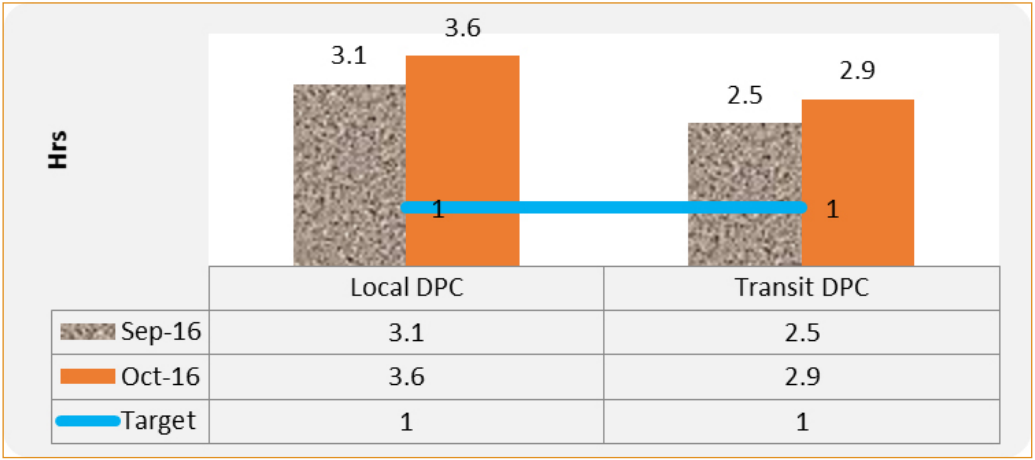
In order to achieve the set target, stakeholders should fully adopt Pre-arrival cargo clearance concept, streamlining container nomination and evacuation to CFS among others will go a long way in reducing the dwell time.

3.2.2 TIME TAKEN AT THE DOCUMENT PROCESSING CENTRE

This is the time taken by customs to pass an entry lodged by a clearing agent.

The document processing centre involves clearance by Customs. According to the 2014 Mombasa port Community Charter, Kenya Revenue Authority (KRA) commitment was to establish a system of pre-arrival clearance to clear 70% of the cargo within a span of 48 hours before docking of vessels, within 3 months after the Charter signing.

Figure 4 DPC time in hours



	Local DPC	Transit DPC
Sep-16	3.1	2.5
Oct-16	3.6	2.9
Target	1	1

Source: KRA data

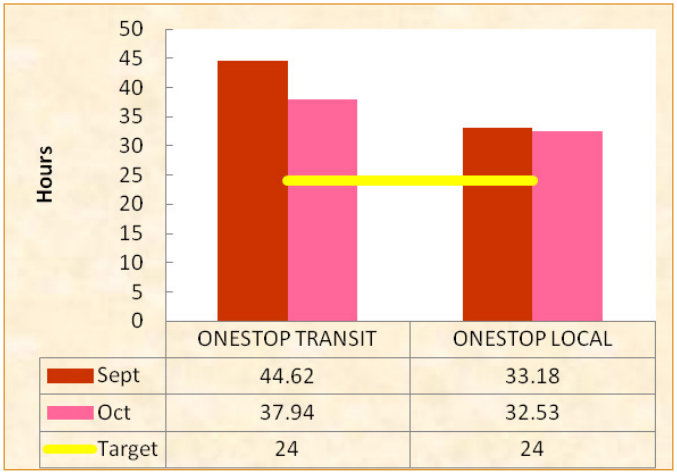
From the figure above average DPC time in October stood at 3.6 hours for local and 2.9 hours for transit cargo. DPC time has been higher compared to the previous month and it is above the set target.

DPC time heavily relies on the stability of SIMBA system, integrity of clearing agents, quality of declaration by the relevant agents and Document volumes waiting processing. It is also important to note that the Integrated Customs Management System (which is meant to replace SIMBA) is expected to be rolled out in March 2017 and will address some of the impediments and delays associated with passing of entries.

3.2.3 ONE STOP CENTRE CLEARANCE TIME

One Stop Centre Clearance Time measures the average time between passing of Customs entry registration and issuance of release order.

Figure 5: One stop centre clearance time in hours



	ONESTOP TRANSIT	ONESTOP LOCAL
Sept	44.62	33.18
Oct	37.94	32.53
Target	24	24

Source: KRA data

Time spent at One Stop Center significantly decreased for transit cargo from 44.62 in September to 37.94 in October 2016 and from 33.18 hours to 32.53 hours between September and October 2016 for local cargo.

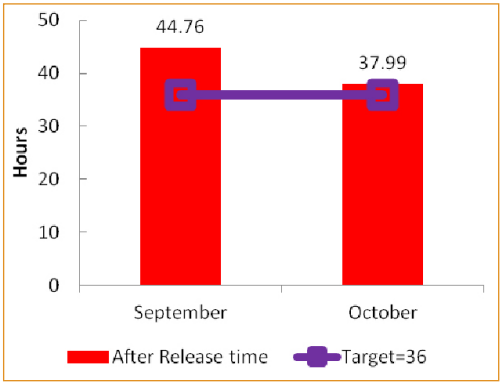
The target 24 hours target for this indicator has not yet been achieved. The Port Charter required that the agencies involved in the clearance processes achieve a joint, effective and efficient physical verification of cargo to boost the clearance processes. However, there are still delays in physical verification and joint inspection of cargo and sometimes absence of clearing agents.

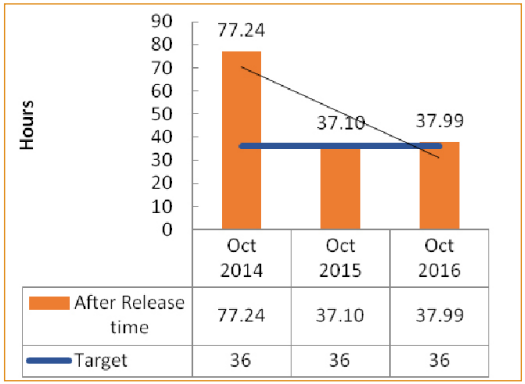
The One Stop Clearance time can further be improved if all agencies involved take the lead role in their respective clearance stages and continuous adhering to the 24/7 port working system.

3.2.4 DELAY AFTER CUSTOMS RELEASE

Refers to the period traders/transporters takes to evacuate the cargo from the port after it's officially released.

Figure 6: Delay after Custom Release





Source: KRA data

Data shows that delays after Customs release has dropped significantly by 6.77 hours from 44.76 hours in September to stand at 37.99 hours in October 2016. Figure 6 above also indicates that Time taken after Customs Release has significantly improved from 77.24 hours in 2014 to 37.99 hours in 2016 against set target of 36 hours.

This time component forms the biggest proportion of the port dwell time. In October 2016, time taken to evacuate cargo from the Port after release by customs accounted for 33 percent of the cargo port dwell time. This calls for concerted efforts from respective stakeholders to reduce this time as stipulated in the Port Charter.

The ongoing improvements of road infrastructure around the Port and construction of the standard gauge railways are expected to improve this indicator. Transporters should also speed up cargo pick up from the Port.

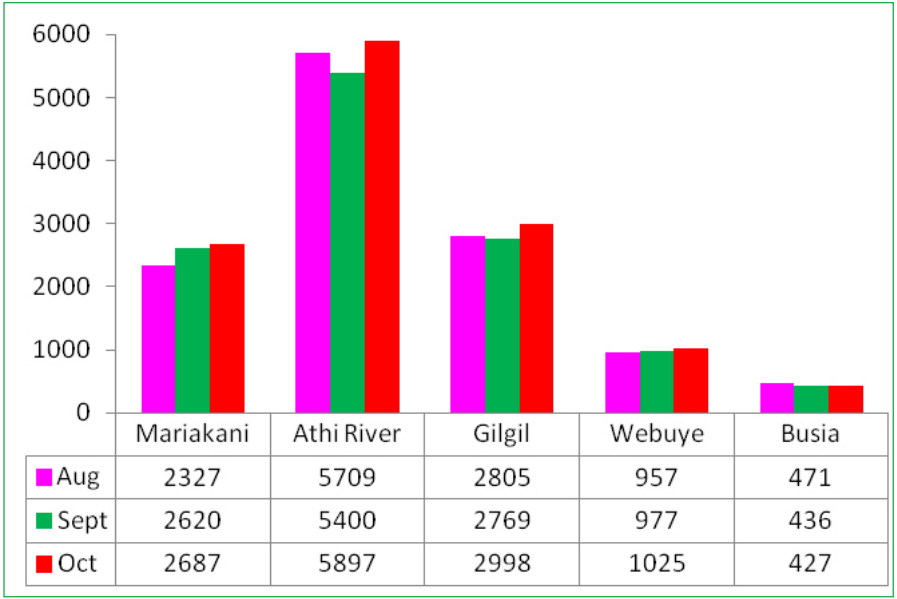
3. 3 CORRIDOR INDICATORS

Corridor Indicators cover the period from the time goods are released from the Port up to exit at the border. The indicators of interest are compliance levels at weighbridges, volume of traffic and transit time from the Port to the borders.

3.3.1 WEIGHBRIDGE TRAFFIC

The indicator measures the average number of trucks weighed per day at the various weighbridges in Kenya. This report focuses in the month of October 2016.

Figure 7 : Monthly average daily traffic volume



	Mariakani	Athi River	Gilgil	Webuye	Busia
Aug	2327	5709	2805	957	471
Sept	2620	5400	2769	977	436
Oct	2687	5897	2998	1025	427

Source: KeNHA, data

Data shows that Athi river weighbridge recorded the uppermost monthly average daily traffic weighed followed by Gilgil and Mariakani weighbridges. The higher traffic weighed at Athi River may be due to cargo that are originating from Namanga route, Nairobi City and its environs.

This traffic further reduces almost by half as registered at Gilgil weighbridge partly due to cargo being offloaded in the City which is one of the main destination centers. Busia registered the least traffic.

Source: KeNHA, September2016

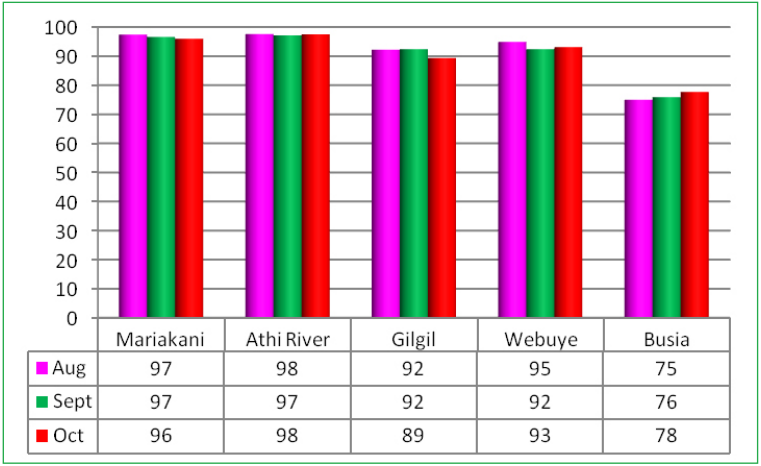
3.3.2 WEIGHT COMPLIANCE AT WEIGHBRIDGE

Weight compliance measures the percentage of trucks that comply with the vehicle load limits before and after re-distribution of the weights.

Results for the month October 2016 show that most weighbridges recorded over 90 percent performance in terms of compliance level except for Gilgil and Busia weighbridge with 89% and 78% level of compliance respectively.

The performance from August to October 2016 was not steady for all the other weighbridges except for Busia which recorded improvement in compliance levels moving from 75% in August to 78% in October. Nonetheless the Athi River weighbridge recorded the highest compliance level after redistribution.

Figure 8: Weighbridge Compliance



	Mariakani	Athi River	Gilgil	Webuye	Busia
Aug	97	98	92	95	75
Sept	97	97	92	92	76
Oct	96	98	89	93	78

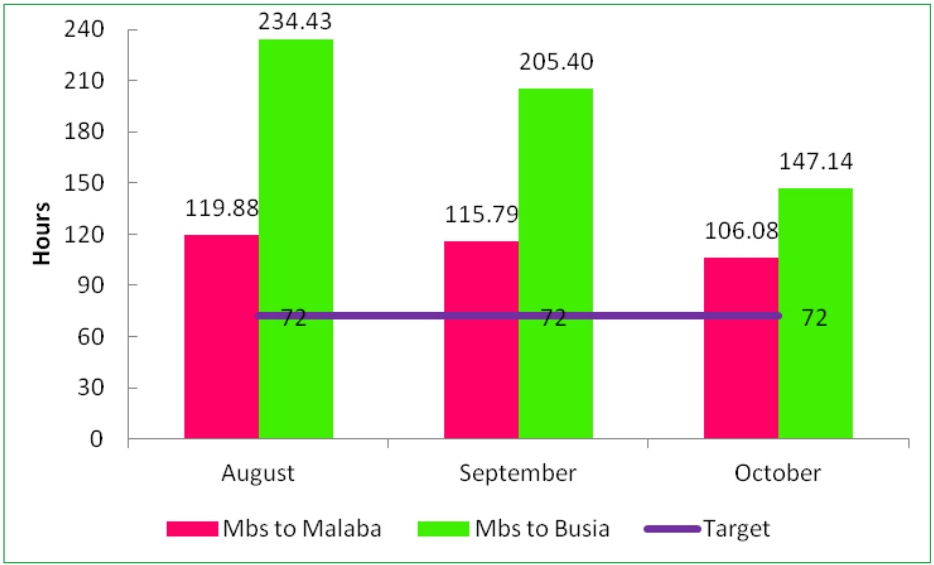
Source: KeNHA, data

3.3.3 TRANSIT TIME IN KENYA

Transit time in Kenya is an estimate of the period from the time cargo is released from the port of Mombasa to the time the export certificate is issued after crossing the border at Malaba or Busia.

This indicator includes delays after Customs release before the cargo is evacuated from the port. Figure 9 below presents the transit time in Kenya from Mombasa to Malaba and Busia for the month of October 2016.

Figure 9: Transit Time in Kenya



Source: KRA data

On the route from Mombasa to Malaba which is 933 km; the transit time is relatively constant at around 4.7 days from August to October 2016. This reflects a slight decrease from 119.9 hours to 106.1 hours in the months of August and October 2016 respectively.

On the same note, transit time from Mombasa to Busia (947 Km) decreased significantly from of 234 hours in August to 205 hours in September and further to 147 hours in October 2016.

Particularly transit time is still beyond the expected 72 hours which could be attributed to; delays by transporters to pick cargo after port after release, high frequency of stoppages by drivers for personal reasons, ongoing road construction among others.

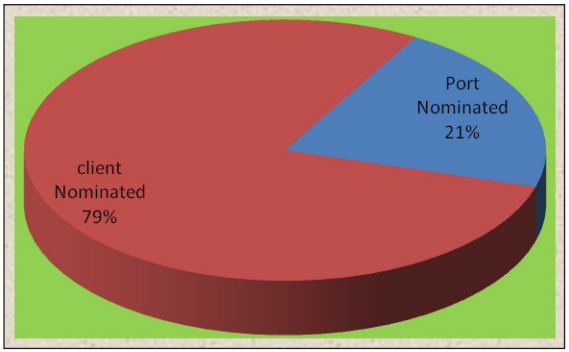
For this target to be attained, stakeholders need to put concerted efforts in place aiming to reduce delays during cargo transit. This may include: reducing number of police roadblocks, enhancing security for transporters along the Corridor and improved physical infrastructure.

3. 4 CONTAINERS UPTAKE AT THE CONTAINER FREIGHT STATIONS (CFS)

Container Freight Stations (CFSs) are privately managed and decongestion of the Port of Mombasa enormously depends on the efficient performance of the CFS cargo clearance process. Cargo to the CFSs is either client nominated or KPA nominated.

As per the Port Charter requirement (70% preclearance), goods should not overstay at CFSs unless CFS's are also specialized to be used as Warehouses for Shippers. Therefore, time taken for import pickup and customs release should be comparable with that of the Port. The figure 10 provides a summary of CFS nominations in the month of October 2016 at the Port of Mombasa.

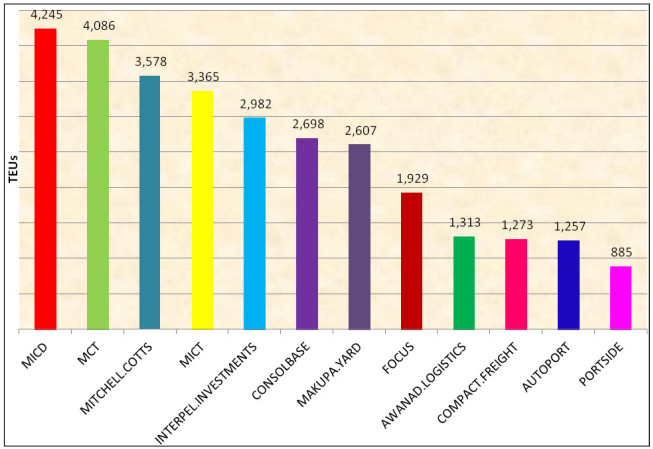
Figure 10: CFS Nomination in October 2016



Source: KPA data, October, 2016

Results indicate that about 79 percent of the containers received at the Port are client nominated and 21 percent represents port nominated. This is an increase when compared with September 2016 from 67% for client nominated. On the same note the Port nominated decreased from 33 percent same period

Figure 11: Container Uptake by CFSs (TEUs)



Source: KPA data, October, 2016

Figure 11 shows that MICD had the highest uptake of 4,245 TEUs followed by MCT with 4,084 TEUs and Mitchell Cotts with 3,578 TEUs.

4. PERFORMANCE OF OTHER PORT CHARTER INDICATORS

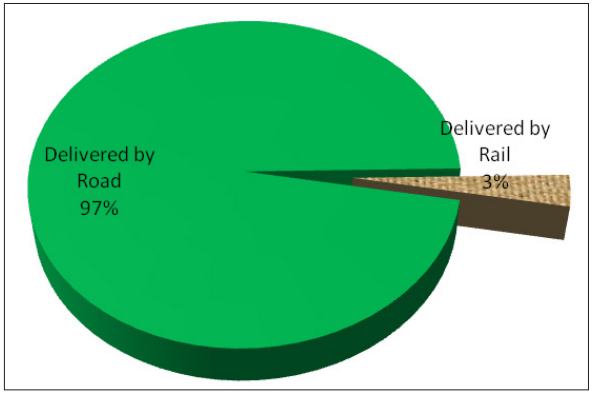
4.1 CARGO OFF TAKE BY ROAD AND RAIL

After all port procedures are complete, cargo is evacuated and delivered to respective destinations using various intermodal means such as rail, road or pipeline. Cargo delivery by modal combination is a critical parameter for transport costs. Incorporating road and rail will offer substantial opportunities to reduce logistics costs, improve efficiencies and enhance trade for northern corridor member states.

As observed in figure above, road transport remains the preferred mode of shipment partly due to the currently unreliable rail services. The cargo offtake by the RVR concession as a percentage of the total cargo offtake was three percent in the month of October 2016 compared to 97 percent by road.

The performance for rail transport is way below the set target of 40 percent as per the Charter. However, there are current initiatives towards attainment of this target. Among the initiates is the construction of a Standard Gauge Railway from Mombasa to Malaba, along with the continued improvement of the Mombasa-Nairobi Superhighway.

Figure 11: Cargo off take intermodal transport, October 2016

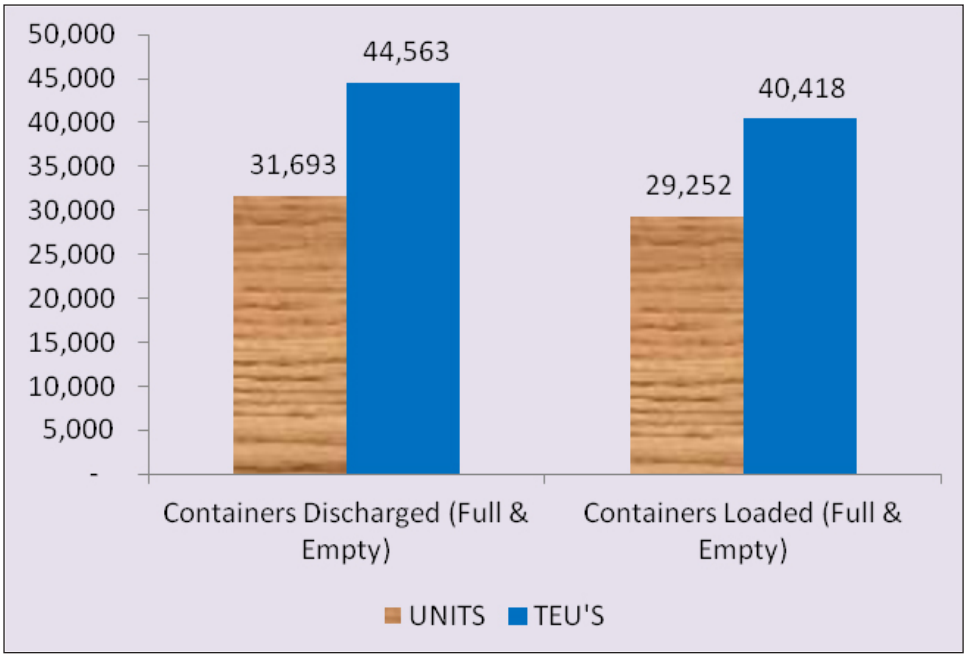


Source: KPA data, October, 2016

4.2 NUMBER OF CONTAINERS DISCHARGED AND LOADED

From figure 14 below, a total of 84,981 (TEUs) containers were discharged and loaded in the month of October 2016. Out of which 44,563 (TEUs) comprised of containers discharged and 40,418 (TEUs) containers loaded.

Figure 13: Number of Containers discharged and loaded



Source: KRA data, October, 2016

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