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TradeMark East Africa – SHIPPERS COUNCIL OF EAST AFRICA

SUMMATIVE REPORT – 15 May 2015

Table of Contents

ABBREVIATIONS AND ACRONYMS	3
1. EXECUTIVE SUMMARY.....	4
2. RESULTS CHAPTER.....	5
2.1 Effectiveness	5
2.2 Impact.....	7
2.3 Relevance.....	8
2.4 Efficiency	9
2.5 Other notable achievements catalysed by the SCEA project	10
3. PROJECT APPROACH – Sustainability and Scaling-Up.....	13
4. FUTURE DIRECTION – Lessons Learnt and Recommendations	15
5. REFERENCES and APPENDICES	17

ABBREVIATIONS AND ACRONYMS

EATTA	East Africa Tea Traders Association
EAC	East African Community
FPEAK	Fresh Produce Exporters Association of Kenya
KAM	Kenya Association of Manufacturers
KENTRADE	Kenya Trade Network Agency
KEPSA	Kenya Private Sector Alliance
KSC	Kenya Shippers Council
KNESWS	Kenya National Electronic Single Window System
KPA	Kenya Ports Authority
KRA	Kenya Revenue Authority
LPI	Logistics Performance Index
NCTTCA	Northern Corridor Transit Transport Coordination Authority
PSOs	private sector organisations
SCEA	Shippers Council of Eastern Africa
TMEA	TradeMark East Africa
TOC	Theory of Change
VFM	Value for Money

1. EXECUTIVE SUMMARY

The evaluation of the Kenya Shippers Council (KSC) (*hereafter referred to as the Shippers Council of Eastern Africa (SCEA) based on its transformation in October 2012*), is part of the formative and summative evaluation of private sector organisation (PSO) programmes and projects supported by TradeMark East Africa (TMEA) between 2011 and the end of 2014. The programmes and projects were implemented at a regional and national level in all East African Community (EAC) countries. The SCEA programme was designed under the TMEA old theory of change (TOC).

The SCEA was registered in 2009 as the Kenya Shippers Council (KSC), with mandate to advocate for an improved policy and trade environment, educate shippers on their rights and obligations in import and export trade, interpret government regulations and procedures, and provide a platform for sharing of experiences by stakeholders involved in transport and trade logistics on the Northern Corridor. Its name was changed to SCEA in October 2012, aimed to widen the scope of trade logistics services to the wider Northern Corridor region countries. Based on this mandate, the organisation's mission is to enhance logistical competitiveness in Eastern Africa¹. Through its advocacy initiatives, SCEA provides a platform to articulate the concerns of cargo owners, transporters and transit logistics providers within the region, which has over the years been characterized by high transit logistics costs and low levels of transit services provision.

The TMEA support, which was originally planned to run between May 2011 and December 2012, was therefore formulated to enhance the capacity of SCEA to spearhead reforms that would enable the Eastern Africa region to increase the efficiency of transport and logistics systems.

The evaluation found that the SCEA project was successful in meeting its main identified objectives, namely, building the capacity of SCEA to address the necessary reforms in transport, transit logistics and trade facilitation; including cargo clearance process, transit and transport logistics, and the required port improvements (such as port expansion and modernization of cargo handling equipment).. These reforms contributed to the regional integration process. The evaluation also found that the project interventions were implemented efficiently, through transparent organisational processes and a consistent focus on the priorities identified by stakeholders. The project interventions thus demonstrated value for money (VFM).

The evaluation presents some useful lessons around reducing trade costs, increasing efficiency in trade facilitation, improving export competitiveness, and scaling up the efficiency of trade logistics services. These lessons can be considered when planning future interventions. In addition to consolidating the SCEA project's achievements through future follow-up support, it is also necessary to incorporate some emerging needs into the organisation's future interventions, specifically focusing on improving the region's multi-modal transport system, and on fostering relationships amongst all stakeholders involved in the areas of transport, transit logistics and trade facilitation. These measures are necessary in order to eliminate court injunctions by parties who have vested interests which threaten the effectiveness of the reform process.

¹ The Eastern Africa region in this respect is meant to refer to the Northern Corridor countries (Kenya, Uganda, Rwanda, Democratic Republic of Congo, and South Sudan

2. RESULTS CHAPTER

2.1 Effectiveness

As required by the terms of reference, the evaluation sought to establish whether the project interventions achieved their objectives as defined in the project design. Specifically, the effectiveness criteria sought to assess the extent to which the defined project objectives were pursued and achieved; the extent to which the recent changes in transport, transit logistics and trade facilitation, in Kenya and at regional level, could be attributed to the project's interventions; and whether such changes would have occurred without the project's interventions.

2.2.1 Assessment of project effectiveness at outputs level

Based on the expected outputs identified in the project proposal and monitoring plan, the evaluation shows that the SCEA project has achieved all the expected outputs; namely:

- SCEA advocacy work has facilitated the prioritisation of supply chain issues in the regional integration agenda. These include the bottlenecks experienced in the cargo clearance process (vessel dwell time, vessel and truck turn-around time, and port productivity) and transit logistics and transport priorities, especially for the Northern Corridor countries (Kenya, Uganda, Rwanda, DRC and South Sudan). The prioritisation of these issues has expedited the implementation of projects that had been identified as part of Kenya's Vision 2030 but whose delayed implementation was a cause for concern, due to the high cost of road transport. Examples of projects implemented as a result of the SCEA advocacy work include:
 - The Kenya National Electronic Single Window System (KNESWS);
 - The Electronic Cargo Trucking System (ECTS), implemented in Kenya and Uganda;
 - The modernisation of weighbridges in the Northern Corridor from static to weigh-in-motion technology; and
 - The expansion and modernisation of Mombasa Port in terms of vessel docking capacity, loading and offloading facilities, port dredging (to allow the handling of larger ships), the expansion of parking space for trucks, and the automation of port systems.
- The SCEA has expanded its membership² base from the original founder members of Kenya Private Sector Alliance (KEPSA), Kenya Association on Manufacturers (KAM), East Africa Tea Traders Association (EATTA) and Fresh Produce Exporters Association of Kenya (FPEAK), to include PSOs in the Kenya³ and Northern Corridor countries, and

² SCEA membership cuts across: (1) Cargo owners (manufacturers, producers, traders) involved in importation and exportation; (2) Logistics Service Providers - Companies that provide services to cargo owners; incl. transporters, clearing and forwarding agents, ship agents, banks, law firms, insurance companies, government agencies involved in trade facilitation, business memberships organizations (BMOs), etc; (3) Organizations concerned with the numerous challenges in trade facilitation in Eastern Africa; (4) Companies seeking research-based information in areas of logistics and trade facilitation; (5) Organizations which share the values of SCEA and want to be part of the positive change required in the logistics sector; (6) Organizations which want to build their logistics capacity through programs that the Council offers; (7) Business owners seeking a support body that can enhance their competitiveness; and (8) Businesses which seek networking opportunities with their counterparts in the transport, transit logistics and transport.

³ Kenyan PSOs that have joined SCEA memberships since its establishment include the East Africa Cement Producers Association, the Petroleum Institute of East Africa, and Kenya Coffee Traders Association

over 100 private companies engaged in manufacturing activities, clearing, freighting and forwarding logistics services. The aim of the expanded membership is to achieve sustainability. Furthermore, in October 2012, KSC was transformed into the Shippers Council of Eastern Africa (SCEA). This rebranding was precipitated by the need to strategically align the SCEA in order to engage policy formulators and industry regulators at the regional level with regard to transport, transit logistics and trade facilitation issues. The organisation's focus has therefore expanded to offer logistics services to the wider region covering all the Northern Corridor countries, as opposed to the period before October 2012 when it provided its services to only Kenyan logistics service providers. However, with regard to offering trade information, the coverage is still restricted mainly to the five EAC countries. This is because the process of registering shippers' councils in the other Northern Corridor countries has not yet been concluded.

- A one-stop information centre has been established at the SCEA, offering information on import and export regulations and documentation for all five EAC countries. The centre builds on earlier technical support provided by TMEA under the E-regulations portal. The information provided is continuously being populated to enable its effective use by the targeted users (importers, exporters, clearing and freight forwarders, manufacturers, shippers, and other transport and transit logistics providers). The SCEA has undertaken three Logistics Performance Index (LPI) Surveys (2011, 2012 and 2014). The surveys identified the transport and transit logistics constraints and have facilitated discussions and agreement between key stakeholders on the reforms required, including Key Performance Indicators (KPIs) set under the Mombasa Port Community Charter (MPCC) on container dwell time at Mombasa Port, transit times for trucks from Mombasa to the EAC inland towns on the Northern Corridor, and transit and turn-around time for vessels and trucks (see 2.5 below, bullet 1). The LPIs act as a monitoring tool on the performance of various service providers. Notable improvements that have been driven by the LPI findings and related discussions include the purchase of modern cargo handling equipment at the Port, Port expansion, development of the Standard Gauge Railway (SGR), implementation of the Electronic Cargo Tracking System (ECTS), KRA modernization process especially on customs management, improved service delivery by Ship Agents, and increased efficiency in handling cargo by Container Freight Stations (CFSs) in Mombasa.
- These stakeholders include the main government and private sector trade facilitation agencies in the region, including the Revenue/Customs Authorities, the Kenya Port Authority (KPA), The Kenya Trade Agency Network (KENTRADE), and logistics providers.

2.2.2 Assessment of project effectiveness at outcomes level

Based on the progress achieved as reported in the SCEA project monitoring plan (24th February 2015), the evaluation shows that the following outcomes were achieved:

- The 2013 SCEA membership survey found that an average of 75% of the e-portal users found the portal easy to use, thus achieving close to the set target indicator of 80%.
- Portal users maintained their compliance with trade procedures at a 75% compliance level as a result of using the e-portal. Portal users were thus able to maintain the efficiency recorded earlier in the submission and processing of trade documentation.

- By July 2012, the satisfaction level regarding the ease of finding information on trade procedures through the e-portal had increased to 83%, thus slightly surpassing the target of an 80% satisfaction level by July 2013.
- The July 2011-June 2013 SCEA monitoring plan indicates that by March 2013, 83% of SCEA members were finding the e-portal useful in helping to reduce the time taken to complete trade documentation, thus surpassing the set target of 80% by this date. However, no study has been done to evaluate the cost and time savings as a result of using the e-portal.
- The level of member satisfaction with the quality of SCEA advocacy initiatives increased from 62% (as recorded in December 2010) to 76% (in March 2013), thus beating the target of 70%.
- In 2013, SCEA generated a total of US\$110,861 from membership fees, thus going beyond the target of US\$93,317 set to be achieved by the end of 2013. This has also, in effect, increased the organization's sustainability.
- The number of SCEA paid members grew from 45 at the beginning of December 2012 to 77 at end of December 2012. This was a notable achievement, despite the target of 90 paid members by end of December 2012 not being achieved (most likely due to the period for achieving such a high target being too short).
- The set target of 48 media mentions by the end of March 2013 was surpassed, with 57 media mentions being recorded by the target date, thereby increasing the KSC's media presence. The media coverage highlighted key issues relating to transit, cargo clearance, transport and the logistics of using the Northern Corridor.

The expected signing and implementation of more than one Service Level Agreement (SLA) between SCEA and marine service providers was not achieved, although one SLA has been signed between Kenya Maritime Authority (KMA) and various service providers. SCEA has had consultative meetings with various service providers regarding the SLAs; namely CFSS, KPA and the Kenya Shipping Agents Association (KSAA). However despite these consultations, no other SLAs have been signed except the one by KMA, since SCEA does not have mechanism for enforcement of agreed decisions.

The SCEA therefore managed to achieve almost all the target outcomes set for the period 2011 to 2013, with the only exception being the target for Service Level Agreements (SLAs).

2.2 Impact

The evaluation sought to assess both the positive and negative, and the intended and unintended long-term effects of the SCEA project. There are a number of specific examples that were given during the interviews for this evaluation that demonstrated the success of the SCEA advocacy work on trade facilitation and transit reforms on behalf of the private sector in the region. While the newly introduced systems had been planned as part of Kenya's Vision 2030, the focused and sustained lobbying by the PSOs have fast tracked the implementation of the planned trade facilitation and transit systems; a finding which was confirmed by the KPA management. This demonstrates that it is possible to achieve concrete improvements in transport and transit logistics through focussed, well-researched advocacy campaigns. Some of the examples are:

- Savings by shippers: The findings show that the improvements and initiatives brought about by the SCEA advocacy work (in collaboration with other Kenyan PSOs such as KEPASA and KAM) through introduction of the national single window system, (NSWS), single customs territory (SCT) and faster cargo clearance at the Port have resulted in savings by shippers on transit logistics, trade facilitation and transport. For example, shippers have realised savings estimated at US\$ 200 for a 20-ft container (TEU) and

USD 400 for a 40-ft container (FEU) as a result of strong opposition by SCEA to introduction of vessel delay surcharge.

- Transit times: Transit times for trucks from Mombasa to the EAC inland towns on the Northern Corridor have reduced substantially. In this regard, transit time between Mombasa and Kampala has been reduced from 18 days to 4 days; between Mombasa and Kigali, transit time has been reduced from 21 days to 5 days.
- Container dwell time: There has been an increased efficiency in container dwell time at Mombasa Port, where time was reduced from an average of 7.2 days in 2012 to 5.8 days in 2013, and further to 3.7 days in 2014. This consequently translated to substantial savings on cargo dwell time charges, estimated by SCEA at about KES 1.3 billion between 2012 and 2013. In addition the reduced container dwell time resulted to a substantial drop in storage charges from KES 3.6 billion (US\$ 40 million⁴) incurred in 2011/12, to KES 2.8 billion (US\$ 31 million) in 2012/13 and further to KES 1.8 billion (US\$ 20 million) in 2013/14.
- Additionally, the vessel turnaround time of 3.4 days in 2013 was maintained in 2014, despite the increased number of ships and cargo handled by the Port over that period. The KPA has also automated substantial parts of the Port's systems, such as the Kilindini Waterfront Automated Terminal Operating System (KWATOS), in addition to continued investment in modern cargo-handling equipment.

To a large extent, the above port improvements are credited to the SCEA advocacy and lobby work, which also received substantial support from its founding PSOs (KEPSA, KAM, EATA and FPEAK). However, it is difficult to expressly credit these improvements to SCEA advocacy work alone, since many other public and private sector organisations were also involved in the reform process – including KPA, KEPSA, KAM, Northern Corridor Transit Transport Coordination Authority (NCTTCA), the Kenya Container Freight Stations Association, the Kenya Shippers Association, and the Federation of EA Freight Forwarders Association (FEAFFA), amongst others. It is, therefore, important to build solid and clear monitoring plans with SMART⁵ performance indicators to ensure that future SCEA advocacy work is effectively monitored and results are recorded on a continuous basis.

The evaluation also sought to assess the impact of the project on cross-cutting issues of gender and the environment. The project design (as elaborated on in the Programme Appraisal Report; May 2011) foresaw the need to focus on these cross-cutting issues during implementation and monitoring. As an organisation, SCEA is committed to mainstreaming cross-cutting issues of gender and the environment in transport and logistics, in line with the Kenya constitution, Vision 2030 and the positive shift in global policy relating to the environmental and climate change.

The project implementation and the monitoring of the impact on cross-cutting issues were, however, not well addressed, partly because the SCEA does not have a permanent member of staff nor a plan to monitor the impact of transport, trade facilitation and transit reforms.

2.3 Relevance

The evaluation sought to find out whether the SCEA project is consistent with TMEA policies and priorities as defined in the old TOC, and the extent to which the project responded to the evolving economic needs at both a national and regional level.

⁴ Exchange rate used is US\$/ KES 90 – current average rate as at May 2015.

⁵ Specific, Measurable, Applicable, Realistic and Time-Bound

The assessment shows that the project was anchored under the TMEA PSO programme, itself derived from TMEA’s overall goal in the old TOC. This was defined as providing support to EAC countries to improve their trade competitiveness through increased market access, an enhanced trade environment and improvements in the quality and price of their products. Specific project support – as part of the overall support to PSOs in the EAC region – was anchored under strategic outcome 3, which focused on supporting the private sector organisations in order to positively influence regional integration policies and practices for growth in trade.

Based on strategic outcome 3, the purpose of the SCEA project was defined as “to build the capability of SCEA to improve the effectiveness of transport, transit logistics and trade facilitation services in Kenya and at regional level”. The assessment specifically found that the project interventions actually cut across strategic outcome 1 and strategic outcome 3 of TMEA’s old TOC and all three strategic outcomes of TMEA’s new TOC, as summarised in table 1 below.

Table 1: Alignment of the SCEA project to TMEA old and new TOC

Old theory of change strategic outcomes	New theory of change strategic outcomes
<ol style="list-style-type: none"> 1. Reduction in transport and related costs along the key corridors 2. Increased implementation of regional integration policy 3. Private sector and civil society positively influence regional integration policies and practices for growth in trade 	<ol style="list-style-type: none"> 1. Increased physical access to markets 2. Enhanced trade environment 3. Improved business competitiveness

The assessment also found that the project purpose closely aligns with key priorities of the EAC regional integration process, including the aim of facilitating cross-border trade and reducing trade transaction costs, as defined in the EAC Treaty and the Customs Union Protocol.

The project interventions are also in line with the objectives that informed the establishment of the SCEA by its founder PSOs in 2006. The founder PSOs in Kenya (KEPSA, KAM, EATTA and FPEAK) sought to establish an umbrella body that would harness and consolidate efforts to address the numerous capacity challenges and inefficiencies involved in clearing logistics at the ports of entry and exit. This body also aimed to address transit difficulties experienced while transporting cargo on the Northern Corridor.

Challenges noted by the founder PSOs included frustrations and surcharges faced by the shippers whose import/export cargo must pass through the Kenyan port of Mombasa and the Northern Corridor transport route. It was realised that the Northern Corridor countries were at risk of pricing themselves out of the global market due to the high costs of moving goods through Mombasa Port and the Northern Corridor. By focusing on transport, transit logistics and trade facilitation, the project is closely aligned with the SCEA purpose.

The SCEA continues to collaborate closely with its founder PSOs, in addition to new PSOs from Northern Corridor countries that have joined the project since the transition from KSC to SCEA.

2.4 Efficiency

The evaluation’s efficiency criterion looked at the value-for-(VFM) aspect of the project. In this respect, the evaluation sought to assess whether the interventions were justified based on the number of inputs supported through TMEA and whether the SCEA could have achieved the same results with fewer inputs (including financial resources utilised for the project interventions). The SCEA has implemented a number of steps, including:

- The SCEA has a procurement manual that is used as the guiding framework for competitive procurement of goods and services. The manual prescribes procedures for procurement, which includes competitiveness bidding process, procedures for call for bids/quotations, and independence of the Procurement Committee (which is an established structure of SCEA policy organs). Efficient application of the manual by SCEA management thus guarantees high likelihood of TMEA funds being spent on least cost goods and services while observing adherence to high quality delivery. Diversion from the documented process is minimal as it would be picked up by consequent annual financial audits.
- The SCEA employed qualified and experienced staff, thus ensuring the organisation stays focused on logistics service delivery and the building of advocacy networks within the region. The SCEA Strategic Plan 2010-2012 also guides the prioritisation and setting of realistic timeframes for the implementation of any planned activities, while ensuring that project funds are not diverted into non-programmed activities.
- Additionally, SCEA only utilised external consultants to conduct the 2011 Logistics Performance Index Survey as a pacesetter, but has consequently utilised in-house staff to undertake the 2012 and 2014 LPIs as part of gathering evidence for its advocacy work, thus saving enormous financial resources which would have gone into related research contracts. In addition, the study on “causes of long stay containers” was also undertaken by in-house staff without involvement of external consultants. Also, all the SCEA advocacy work is undertaken by in-house staff, for example regarding development of policy briefs and engagement with various service providers.
- The SCEA project design focused on issues that were identified as priorities by its founding PSOs in 2006, including the numerous capacity challenges and inefficiencies in cargo clearance at Mombasa Port, transit logistics, and transport bottlenecks. The priorities consequently informed the programming of project interventions, which have been consistently implemented while ensuring emerging challenges such as court injunctions that threaten derailment of the reform process are efficiently handled.
- While the evaluation was not aimed to determine the monetary benefits of project outcomes, the recent *Cost-Benefit Analysis of TMEA funded SO3 projects* by Project Economics Consulting (Draft, 2015), found out that the SCEA project has a 149% rate of return.

Based on these considerations, the project’s VFM is rated as high. The SCEA recorded achievements against all key output areas, which demonstrates that TMEA’s funding was well-spent. In addition, the focused lobbying has been determined by the CBA report as having a high rate of return, which implies the TMEA funding to SCEA advocacy work is well justified.

2.5 Other notable achievements catalysed by the SCEA project

The project managed to achieve other positive unintended outcomes, therefore surpassing the expectations of the TMEA-funded interventions. These included:

- As a result of the advocacy work by SCEA, the Mombasa Port Community Charter (MPCC) was concluded and launched by the President of Kenya in June 2014. The implementation of the MPCC will improve efficiency at the Port, enhance infrastructural development, and improve the clearing of cargo at the Port. The MPCC commits various agencies to achieve Key Performance Indicators (KPIs), regarding cargo clearance, by set deadlines. All of the 26 trade facilitation agencies involved in developing the MPCC (and

the related KPIs) are held accountable for its progress, which focuses on reducing cost and time for clearing cargo, reducing transit and turn-around time for vessels and trucks, increasing growth in containerised traffic, increasing the usage of the Inland Container Depots (ICDs), and increasing the computerisation of the port systems. The SCEA provides the secretariat to the MPCC Steering Committee, thus demonstrating the level of mutual trust built over time between the public and private sector in delivering shared objectives. The setting of the KPIs was guided by international benchmarks on port, trade facilitation and trade logistics, which indicates that the deliverables are long-term goals. Some quick wins have also been recorded, based on the implementation of the KPIs. These include:

- The relocation of Commissioner of Customs Services from Nairobi to Mombasa;
 - Instituting 24-hour operations at the Port, and making the KPA Managing Director the administrative head of all Port operations;
 - Government support to transporters by allowing a 5% tolerance on the allowable axle load limits;
 - The upgrading of the SIMBA and KWATOS⁶ systems in preparation for integration into the Kenya National Electronic Single Window System (KNESWS);
 - The expansion of the Container Freight Stations' operations to include handling of exports, transit containers, and bulky cargo;
 - The KPA availing a trans-shipment yard at Berth No. 19 and the *Roro* area for use in warehousing cargo;
 - The agencies reaching an agreement to conduct daily joint-verification of cargo;
 - The removal of a number of road blocks and weighbridges, with the latter reduced to only two, at Mariakani (for entry of goods into the region) and Malaba (for exit of goods from Kenyan territory); and
 - The stationing of both Ugandan and Rwandan customs officials at Mombasa Port, with a view to fast-tracking the implementation of the EAC single customs territory (regarding the collection of duty at the first port-of-entry into EAC).
- The SCEA advocacy work has facilitated the introduction of the weekly Mombasa Port Community Stakeholders (MPCS) meetings, chaired by the Kenya Maritime Authority (KMA). These meetings have become a permanent feature for resolving short-term bottlenecks associated with the clearance of cargo. Amongst other issues, the meetings receive progress reports on the resolution of reported bottlenecks, the implementation of the Community Charter, traffic charges imposed by police officers, the congestion of trucks at the port and at weighbridges on the Northern Corridor, the warehousing of cargo at Container Freight Stations, the implementation of the EAC Single Customs Territory, the costs and times for transporting goods in the Northern Corridor, and the turn-around period for delivery vessels at Mombasa Port.
 - The SCEA advocacy work has become more focused when compared to the pre-TMEA period, guided by evidence-based proposals covering the clearance of goods at Mombasa Port by various government agencies, transit and transport on Northern Corridor, modern imports/exports clearance systems (e.g. Single Window System), and modern transiting systems (incl. Weigh-In-Motion weighbridges). The three Logistics Performance Index (LPI) Surveys (2011, 2012 and 2014) have expanded the scope of the World Bank LPI by identifying: a) the turn-around time for delivery ships and trucks; b)

⁶ *Kilindini Waterfront Automated Terminal Operating System (KWATOS)* is a software application system intended to increase efficiency of Mombasa Port. It aims to ensure accurate and real-time reporting of Port operations, thus enabling Port customers to transact with KPA in a secure, efficient, and faster environment.

cargo dwell time; and c) the impact of private Container Freight Stations on trade logistics costs. These indicators have facilitated on-going reforms at Mombasa Port, including the expansion of the Port berthing capacity and cargo loading facilities, and the modernisation of weighbridges from static to weigh-in-motion technology. The reforms have facilitated faster transit times on the Northern Corridor.

- Based on SCEA lobbying work, the KPA has designed a long-term plan to expand Mombasa Port. By 2020, KPA projects that the port will have the capacity to handle 2-million twenty foot container units if the current expansion trend continues. These projections are aimed at enabling the Port's users to make long-term plans with the assurance that their import and export needs will be met.
- The advocacy work by the SCEA has facilitated the implementation of KNESWS, which was launched in January 2011. This system is expected to facilitate trade, customs clearance, competitiveness, and the reduction of the cost of trade. SCEA has been appointed to the Board of KENTRADE, which is mandated to implement the system, thus ensuring that the trade facilitation, transit and transport needs of both importers and exporters will be well-represented.
- The SCEA has recorded the following achievements during its five years of existence, much of which can be credited to TMEA support:
 - The SCEA engaged with government agencies and service providers regarding the need to remove vessel delay surcharges, prioritise decongestion at the Port, address VAT on marine services, and reduce numerous police roadblocks on the Northern Corridor. Most of these challenges have been successfully resolved as part of the follow up on KPIs set under the MPCC, thereby reducing delays and costs in the movement of goods (see quick wins that have been recorded under bullet 1 above).
 - The SCEA has made cargo owners aware of their rights and obligations in international shipping. Between 2011 and 2013, the SCEA organised various capacity-building workshops on Incoterms, supply chain security, marine insurance, and customs classification and valuation. This resulted in substantial savings in shipping, warehousing and insurance for private companies and bulk importers. For example, the SCEA 2013 survey found out that beneficiary companies which had switched from foreign to local cargo insurers made cost savings estimated at KES1.5-million or US\$17,519 on insurance costs in 2013 (see annex 3 below). In addition, one of the beneficiaries of the capacity building programme (Rai Plywoods (K) Ltd) utilised the knowledge gained from the Intercoms training to negotiate for better shipping rates with shipping lines, better rail transport costs with the Rift Valley Railways, and to consolidate its cargo with other major buyers. This has enabled the Company to make substantial savings on shipping costs estimated at an average of 30%, and to reduce rail transport costs from the previous US\$900-2,500 to the current US\$650-700 for a 20ft container from Mombasa to Eldoret. In addition, the Company was able to switch from warehousing of its imports at the privately owned Container Freight Stations in Mombasa to the KPA Nairobi Inland Container Depot, thus enabling reduction of warehousing costs from an average US\$411 per day to US\$200 per day (See the SCEA case study for this evaluation).
 - The SCEA lobbied for the harmonisation of the permissible EAC axle load and Gross Vehicle Weight limits, and the enactment of the law and related regulations. The EAC Vehicle Load Control Act was concluded in 2013. Axle loads was a contentious issue prior to the conclusion of the Act, due to the severe

penalties charged for overloading when transiting through EAC territories. The implementation of the Act across the five Partner States will save transporters the penalties they have been incurring for overloading, and time wasted during the court process.

- The SCEA lobbied for the privatisation of Mariakani, Mlolongo and Gilgil weighbridges in 2012, with the aim of improving the efficiency in the vehicle overload weighing process. These three weighbridges now operate as private weighbridges on contract with the Government, which has enabled modernisation of the weighing process from static to weigh-in-motion technology.
- In 2014, the SCEA concluded a major study on the causes and effects of transport and logistics costs on the Northern Corridor, and charges levied by shipping lines that should be reduced or scrapped. These findings are now guiding SCEA advocacy work on lowering transport and transit costs in the Northern Corridor.

3. PROJECT APPROACH – Sustainability and Scaling-Up

The evaluation sought to assess the likelihood of continuing the realised project benefits after TMEA’s support has ended. In this regard, the sustainability of the SCEA was to be achieved by strengthening:

- The capacity of the SCEA to effectively lobby and advocate for competitive transport and logistics costs for cargo owners in the East African region;
- The institutional structures (including the transition from KSC to SCEA) to ensure a wider geographical coverage, expanded membership, and capacity enhancement to effectively lobby for the reduction of transport costs; and
- The capacity for evidence-based advocacy work, by procuring expertise from both the domestic and the regional market.

The SCEA has solid support from its founder PSOs, some of which are known to be the champions of change at a national and regional level. This guarantees that the SCEA focus will continue to be prioritised by reliable partners at the local and regional level. Furthermore, the SCEA has built concrete goodwill from the public sector, including the 26 agencies that have been given a mandate to implement all the MPCC KPIs. The SCEA provides the secretariat to the process of implementing the MPCC, and has responsibilities to follow-up on their progress and to make periodic progress reports at the steering committee meetings. The SCEA also sits on the Board of KENTRADE, which has the mandate of overseeing the successful implementation of KNESWS, a key flagship project of Kenya’s Vision 2030. The SCEA advocacy work is rated highly by partners from the public and private sector, and there is a strong likelihood that the SCEA will continue to influence changes in transport, transit logistics and trade facilitation reforms in the region.

The assessment found that, while SCEA has managed to influence reforms in the subject sector and that it has achieved most of the sustainability considerations identified by the project design, in order to reduce reliance on membership fees which alone cannot be relied upon to sustain the interventions thus far supported by TMEA. Due to the complexity and dynamism of trade logistics, the organisation is making efforts to increase its revenue sources, including increased membership recruitment, chargeable training, chargeable advertisements in internal publications and directories, and other competitive value added services (such as maintaining a fixed deposit bank account). The SCEA is also developing a 3-year business plan and a fund-raising strategy that will seek to professionally develop and execute a business model for marketable and profitable products and services, aimed to ensure sustainability of its activities after TMEA’s support has ended.

There have also been numerous court injunctions by business operators with vested interests (especially clearing and forwarding agents, transporters and their associations), which have risked to derail the gains made through the SCEA advocacy work. For example, court injunctions have been made since 2010 to halt the implementation of the Electronic Cargo Tracking System by KRA, the Maritime Regulations of 2010 by Kenya Maritime Authority, the EAC Vehicle Load Control Bill and subsequent Act of 2012, and the automation and computerisation of Mombasa Port systems. The SCEA decided to let the law take its due course, which culminated in transparent court rulings that favoured the completion of the reforms' implementation process, thus guaranteeing that the reforms will be long-lasting. The SCEA will, however, need to address future court cases that could threaten the reform process by fostering relationships with all stakeholders involved in the transport, transit logistics and trade facilitation sectors, so that the expected gains can be realised on a timely basis. The SCEA also needs to engage the Judiciary, the Legislature (National Assembly and Senate), and the EAC through the forums that have been created under KEPSA, to enhance private sector participation in the legislative process at national and regional level, and to fast track the process of legislating bills relevant to transit logistics whenever delays are noted. Some of the relevant forums driven by KEPSA which SCEA could use to guarantee the sustenance of the reform process in this regard include:

- The Speaker's Roundtables (SRT) which aim to engage both the National Assembly and the Senate on an annual basis in order to enhance private sector participation in Kenya's legislative process;
- The Attorney General's Forum and the Chief Justice Forum, both of which aim to provide an opportunity for the private sector to present petitions related to publishing of business-relevant Bills, and resolution of commercial and industrial disputes that impact on the business environment.
- The Ministers' Consultative Forums (MSFs), which enable KEPSA sector boards to engage Kenyan Ministers on a quarterly basis, or as the need arises, on specific priority issues related to policy, administrative and operational issues affecting business operations. Such issues could be of a national or regional nature.

In the past, the Northern Corridor countries paid too much attention to maritime transport, at the expense of other modes of transport. This was partly due to the serious congestion previously experienced in clearing cargo at Mombasa Port. A multi-modal transport system would, therefore, need to be prioritised in the future, incorporating maritime, rail, air and road transport as well as transport through Lake Victoria. Rail transport, especially completion of the standard gauge railway, will need serious attention in the future, since this is the single most important area that would contribute to reducing the transport costs in the Northern Corridor.

Prioritising liberalisation of regional air transport and reduction of air cargo transport costs also emerges as a potential future advocacy area for the SCEA. While the Council does not have competency to deal with air transport issues, it could utilise the findings of the study by EABC on air transport as part of efforts to lobby for implementation of reforms that would increase the efficiency of air transport logistics in the region.

Finally, the unutilised capacity of the Inland Container Depots at Eldoret and Kisumu, which are owned by KPA, will need to be addressed in order to enable the Northern Corridor countries to clear cargo from closer destinations rather than constantly relying on clearance from Mombasa Port.

4. FUTURE DIRECTION – Lessons Learnt and Recommendations

The evaluation sought to assess the lessons that are relevant to sustaining the achieved project benefits in the post-TMEA period. The findings show that:

- Advocacy/lobby work in the area of trade logistics is both complex and dynamic, due to the range of issues covered and the broad clientele with varied expectations. The SCEA will, therefore, need to continuously gather views from its members on the new transit, transport and trade facilitation expectations and challenges, in order to keep abreast of relevant issues that require the attention of policymakers and trade facilitation agencies.
- Effective lobbying and advocacy requires solid practical evidence in order to facilitate long-term solutions. However, gathering such evidence is expensive, as it requires in-depth research. In convincing the government of Kenya to implement the national single window system, for example, SCEA staff had to travel to Singapore to witness the Single Window System operations as part of their evidence-gathering.
- Reliance on membership subscriptions to fund advocacy work is not a sustainable financial source, as existing members sometimes delay payment of fees. Building a sufficient membership base is also not an easy process. It is, therefore, necessary that the SCEA urgently implements its proposed fundraising strategy for marketable and profitable products and services. Partners of goodwill need to continue supporting the organisation's advocacy activities, especially in areas facilitating trade development and promotion, including transit logistics, trade facilitation and transport.
- It is important to build good relationships with the relevant government and private sector agencies, so that necessary reforms can proceed without undue delays, although such relationships take too long to get solidified. Were it not for the good working relationships that the SCEA has built with various government agencies and PSOs, many of the recorded reforms on trade facilitation and logistics would not have occurred.
- It is difficult to attribute reforms in business and the trade environment to PSO advocacy work. In the case of the SCEA, many public and private sector organisations competed for the honour of taking the credit for the improvements observed. It is, therefore, important to build solid and clear monitoring plans with SMART performance indicators, in order to ensure that future SCEA advocacy work is monitored effectively and that the results are recorded on a continuous basis. This would also be a good basis for demonstrating the value-for-money of the SCEA to its members and supporting development partners. Such an approach would also be a selling point for the SCEA to development and government partners during programming for future interventions. Specific indicators for SCEA advocacy work should in this regard include the TMEA time and cost reduction indicators; and also those already set under the MPCC KPIs, including container dwell time at Mombasa Port, transit times for trucks from Mombasa to the EAC inland towns on the Northern Corridor, transit and turn-around time for vessels and trucks, usage of the Inland Container Depots (ICDs), and progress in computerisation of the port systems.

Based on the findings, the evaluation makes the following recommendations:

- The SCEA needs to be supported through a follow-up project to comprehensively cater for the wider East African region's information needs on transit logistics, transport and trade facilitation. The process will, however, require the completion of the registration of shippers' councils in the other countries within the Northern Corridor region. The SCEA needs to strengthen its partnership with affiliates in the region that have capacity

to fast track the registration of shippers' councils in the other Northern Corridor countries.

- A follow-up SCEA project is necessary to enable the organisation to fulfill its secretariat mandate to the steering committee of the MPCC. This would facilitate the implementation of the agreed-upon KPIs on a timely basis. It would also ensure that the reform process does not experience undue delays and guarantees the continued reduction in transit time and costs.
- The programming of future interventions in transport, transit logistics and trade facilitation needs to incorporate cross-cutting issues of gender, HIV/AIDS and informal cross-border trade during the project design, implementation and monitoring stages.
- The SCEA needs further support in order to consolidate the gains made through its evidence-based advocacy, since its membership revenue base is not sufficient to sustain the work. TMEA also needs to conclude an exit strategy that incorporates measures to ensure the sustainability of its supported interventions. Such measures could for example include establishment of a sustainability fund to support the interventions for a defined period, in order to enable SCEA to build satisfactory mechanisms for continued future implementation post-TMEA support; and commitment to implement the organisation's proposed fundraising strategy for marketable and profitable products and services.
- The SCEA will need to maintain the high standards of its advocacy work, so that members can realise value-for-money as part of the retention and sustainability efforts. The SCEA will also need to continuously gather views from stakeholders on emerging transit, transport and trade facilitation challenges so as to keep abreast of relevant issues.
- The SCEA will need to continue building good networking relationships with relevant government and private sector agencies so that the implementation of the desired reforms in transit logistics and trade facilitation can progress without undue threats.
- It is important for SCEA to focus on building solid performance indicators in order to ensure that its advocacy work is effectively monitored and the results recorded on a continuous basis. This would be a good means of demonstrating value-for-money and a good selling point for the SCEA to its members and development partners.
- It is important for future SCEA project interventions to focus on building a mechanism for continuous identification of emerging transport, transit logistics and trade facilitation needs, including prioritising:
 - Feasible measures to improve the region's multi-modal transport system.
 - Effective measures to deal with court injunctions that threaten to derail the reform process. This will require the SCEA to continue fostering relationships with all stakeholders involved in transport, transit logistics and trade facilitation.
 - Development of a regional network, building of regional partnerships and linkages that incorporate members of the other Northern Corridor countries into its board, in addition to those from Kenya.
 - Leveraging the fact that the port of Mombasa is a regional hub that serves the entire Northern Corridor region. This would entail developing partnerships with country-based shippers' councils in the Northern Corridor region so that their members can access efficient services from Mombasa Port, thus building the SCEA regional ability to resolve operational issues affecting transport logistics and trade facilitation.

5. REFERENCES and APPENDICES

KSC project appraisal report and project Proposal; May 2011

KSC project monitoring plan; February 2015

Maritime regulations; September 2011

KSC quarterly reports; 2011-2014

KSC project no-cost extension approval by TMEA; January 2013

KSC Singapore study tour; May 2012

KSC e-portal sensitization workshop report; May 2012

EAC vehicle Load Control Act; 2013

TMEA PSO/CSO programme; 2011-2013

TMEA partnership with business and civil society; February 2011

TMEA old and new theory of change

Annex 1: People Consulted

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Annex 2: Expected Outputs and Outcomes from the KSC Project

Expected Outputs <i>As defined in KSC project proposal</i>	Expected Outcomes <i>As defined in KSC project monitoring plan</i>
<ul style="list-style-type: none"> • Strategies implemented to reduce the cost of transport on the Northern Corridor; • Strengthened capacity of KSC to expand its membership base and achieve sustainability; • A one-stop information centre for transport, logistics, and trade information established at KSC, by building on earlier technical support provided by TMEA under the E-regulations portal; • KSC information portal populated and utilised by targeted users; • Transport and logistics constraints are identified, shared and agreed-upon with key stakeholders; and • KSC transformed into the Shippers Council of Eastern Africa (SCEA). 	<ul style="list-style-type: none"> • Economic operators and agency staff increase the levels of efficiency in the submission and processing of trade documentation. The indicator of success was defined as over 80% of users interviewed indicating that it is easier for them to find information on trade procedures, by July 2013. • Portal users increase their compliance with trade procedures. The indicator of success was defined as, increased compliance with trade procedures from a baseline of 75% achieved in December 2011 to over 80% by the end of July 2013 as a result of using the e-portal. • E-Portal users find information on trade procedures with greater ease. The indicator of success was defined as, increased ease in finding information on trade procedures from the 75% satisfaction level recorded in December 2010 to a satisfaction level of over 80% by July 2013. • KSC improves the implementation of quality advocacy. The indicator of success was identified as, an increased level of member satisfaction with KSC advocacy initiatives from 62% recorded in December 2010 to over 70% by March 2013. • KSC increases its organisational sustainability. The target indicator was set as, revenue generation from internal sources increases from KES1,516,725 recorded in December 2010 to KES8,398,558 by December 2012. • KSC expands its membership base. The indicator of success was identified as, an increased number of paid-up members, from 45 at the beginning of

	<p>December 2012 to 90 by end of 2012.</p> <ul style="list-style-type: none"> • KSC increases its media presence. The indicator of success was set as, an increase in the number of media mentions from 22 recorded by February 2012 to more than 48 by March 2013. • Marine service providers increase their service efficiency. The indicator of success was set as, signing and implementing more than one Service Level Agreement (SLA) between December 2012 and December 2010.
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Annex 3: Insurance cost savings in 2013 after Incoterms capacity building workshops

Ref.	Overseas Marine Cost	Local Marine Paid	Savings
K/98/2013	KES 19,179	KES 6,219	KES 12,960
K/139/2013	KES 30,337	KES 27,300	KES 3,037
K/137/2013	KES 231,320	KES 101,935	KES 129,385
K/60/2013	KES 196,292	KES 42,404	KES 153,888
k/87/2013	KES 31,720	KES 13,967	KES 17,753
K/96/2013	KES 71,425	KES 28,364	KES 43,061
K/65/2013	KES 89,879	KES 43,294	KES 46,585
K/29/2013	KES 80,083	KES 38,837	KES 41,246
K/50/2013	KES 70,532	KES 26,964	KES 43,568
K/27/2013	KES 81,125	KES 30,323	KES 50,802
k/11/2013	KES 105,317	KES 51,884	KES 53,433
K/18/2013	KES 206,982	KES 50,771	KES 156,211
k/20/2013	KES 206,982	KES 50,771	KES 156,211
k/22/2013	KES 196,462	KES 45,544	KES 150,918
k/34/2013	KES 107,437	KES 50,970	KES 56,467
k/11/2013	KES 31,723	KES 12,569	KES 19,154
k/107/2013	KES 9,999	KES 4,320	KES 5,679
k/105/2013	KES 67,544	KES 29,444	KES 38,100
k/69/2013	KES 88,312	KES 43,294	KES 45,018
k/55/2013	KES 11,667	KES 4,845	KES 6,822
k/58/2013	KES 72,792	KES 23,535	KES 49,257
k/64/2013	KES 71,989	KES 28,897	KES 43,092
k/35/2013	KES 104,173	KES 50,577	KES 53,596
k/13/2013	KES 36,847	KES 16,018	KES 20,829
k/75/2013	KES 2,460	KES 1,607	KES 853
K/26/2013	KES 278,935	KES 142,342	KES 136,593
		Total-KES	KES 1,534,518
		USD	\$ 17,519.33

Source: KSC data