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THE NORTHERN CORRIDOR PERFORMANCE DECLINES MARGINALLY DUE TO COVID-19

Like every other economic sector, the Northern Corridor received its fair share of challenges brought about by the COVID-19 pandemic, with cross-border transit transport and trade almost grinding to a halt. The pandemic posed unprecedented questions as to how to facilitate the movement of goods while ensuring safety and preventing international transmission of the disease. Lack of harmonised mechanisms to respond to the challenges posed an even greater challenge. The Northern Corridor Performance Dashboard report reveals just how much the pandemic took a toll on activities along the corridor.



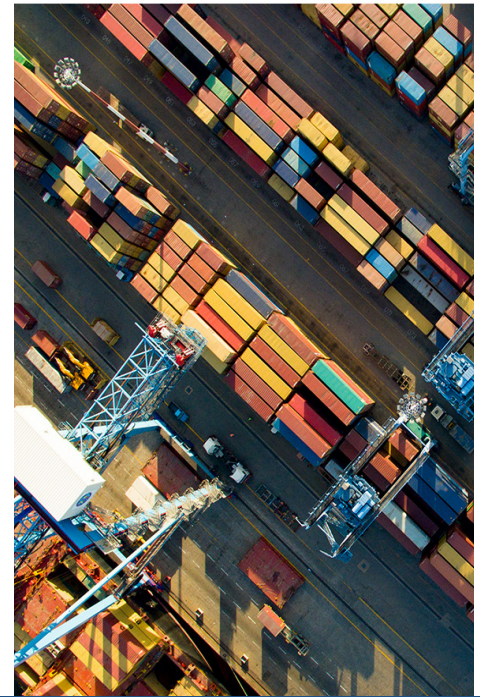
COVID-19 posed unprecedented challenges with cross-border transit transport and trade almost grinding to a halt.

The report covering the months of January to September 2020 reveals that the aggregate port throughput registered a marginal decline of 2% from 25.6 million Metric Tonnes (MT) in 2019 to 25.1 million MT in 2020, 10.3 million MT shy of the Mombasa Port and Northern Corridor Community Charter (MPNCCC) target for the year 2020. The decline was attributed to shrinking trade volumes occasioned by the reduction in economic activities in all countries due to the COVID-19 pandemic. Imports accounted for 82% of the total throughput for the period while exports accounted for only 13%, transshipments accounted for 6% and restows 0.3%. The share of exports increased by 10% in September 2020 compared to January 2020; an indication that import trade has been hard hit by the COVID-19 pandemic than export trade.

On port productivity and efficiency, the report indicates that Average Container Import

Dwell Time improved from 109 hours in July 2020 to 99 hours in September 2020, however a drop compared with the same quarter in 2019. Average ship turnaround time improved, fluctuating from 99 hours in January to 75 hours in September 2020. However, the month of April recorded the longest dwell time at 111 hours.

Along the corridor, statistics for the period January to September indicate that all destinations from Mombasa witnessed higher transit times. On the one hand, transit times from Mombasa to Malaba in Kenya, under RECTS regime, ranged from 152 hours in January to 132 hours in September, recording the highest in April, May and June with 243, 312, and 237 hours respectively. On the other hand, transit times from Mombasa to Busia varied from 90 hours in January to a high 108 hours in September 2020 with April May and June recording transit times above 300 hours, more than triple the Charter targets.



Aggregate port throughput registered a marginal decline of 2%

Photo: Containers stacked at the port of Mombasa, NCTTA file

Photo: Traffic jam towards Malaba border, NCTTA file

Traffic jams like this one were common at the borders.

All destinations along the Northern Corridor from Mombasa witnessed higher transit times.

Northern Corridor performance since January 2020 was adversely affected by the COVID-19 pandemic with regional and country-specific containment measures including lockdowns, curfews, social distancing measures, relay trucking, and mandatory testing for truckers precipitating delays.



Based on the Mombasa Port and Northern Corridor Community Charter, the set target for transit time from Mombasa to Malaba is 60 hours by December 2020; and from Mombasa to Busia is 65 hours by December 2020.

Transit times from Mombasa to Elegu increased from 91 hours in January to 161 in September. From Mombasa to Kampala fluctuated from 156 hours in January to 171 hours in September, and Mombasa to Kigali 167 hours in January to 225 in September 2020. Further, the reports reveal that transit times in Burundi went to a high of 282 hours.

The high transit times manifested due to increased traffic at the borders with increased times for processing COVID-19 attestation forms which were made a mandatory requirement for one to traverse in and out of the different territories.

The performance reports noted that the performance of the Northern Corridor since January 2020 was adversely affected by the COVID-19 pandemic with regional and country-specific containment measures including lockdowns, curfews, social distancing measures, relay trucking, and mandatory testing for truckers precipitating delays.

As a way forward, the reports have proposed among other interventions the need for increased coordination, cooperation and integration of information systems; harmonisation and simplification of documents, processes and procedures required for trade, transport, sanitary and phytosanitary inspection; and mutual recognition of licenses, certificates,

insurance and other transport and trade-related documents. Besides, data from the Transport Observatory will serve to identify bottlenecks and guide collective efforts and development of robust systems for early detection and interventions, to assist in the post-COVID-19 recovery process and making the Northern Corridor resilient to future disruptions.



Photo: A gantry crane loads a container on to a trailer in Naivasha ICD on arrival of the inaugural train, NCTTA file

THE PRIVATE SECTOR CALL FOR REDUCTION OF FREIGHT RATES TO ICD NAIVASHA

Naivasha ICD is a 45,000 square metre facility with a marshalling area having the capacity to hold over 700 trucks at any given time.

Source: Transport Observatory

Through a report from a study commissioned by The Kenya Private Sector Alliance (KEPSA) in partnership with Shippers Council of East Africa (SCEA), the Private Sector has called for a review of Kenya Railways freight rates to the Inland Container Depots to make them competitive. The report proposes the reduction of rates from the current USD 600 to USD300 for 20ft container, from USD 800 to USD 400 for 40ft container of up to 20.9 tonnes, and from USD 910 to USD 500 for 40ft container above 21 tonnes.

The multi-agency study was initiated to independently assess the situation of Naivasha Inland Container Depot (ICD) and how different Departments and Agencies can make the facility ideal for clearance of cargo. This was occasioned by an outcry by Private Sector on issues with operational efficiency and cost-effectiveness of the facility.

The study sought to; appreciate possible benefits to transit partner member countries and exporters; compare the total freight costs for the rail freight, from Mombasa to Naivasha and the EAC Partner States, with road freight costs considering

all shipping, last-mile and related costs; undertake a situational analysis of Naivasha ICD to advice on infrastructural gaps, and review supportive regulatory and policy environment for efficient operations.

With the launch of the facility in 2019, the ICD was expected to reduce transport costs, guarantee minimum non-tariff barriers (NTBs), facilitate fast and predictable cargo evacuation from origin to destination, and contribute towards the reduction of greenhouse gas emissions generated from the transport sector, amongst others.

The three days exercise, however, revealed that despite the infrastructural developments and economic advantages presented by the facility, some operational and efficiency concerns needed to be addressed. The team learnt that there were cases of lack of access cards and the process of application. Customers using the facility are required to travel to Mombasa for application, which is time-consuming and increases the cost of doing business.

Although Kenya Railways Corporation (KRC) had committed two (2) dedicated trains to haul cargo from Mombasa to Naivasha, the delivery of freight was experiencing delays. Due to these delays,

only a few shipping lines have supported the transfer of freight to Naivasha ICD. The report, currently on final validation stages, proposes that Kenya Ports Authority (KPA) and KRC considers implementation of First in First out (FIFO) framework to ensure timely delivery of cargo to Naivasha ICD from Mombasa.

Regarding incentives, KPA is implementing a 30 days free period for cargo clearance at the Naivasha ICD. Shipping lines, on the other hand, give up to 28 days. Further, Kenya Revenue Authority (KRA) charges customs warehouse rent for any cargo that delays beyond the 21 days as provided by the East African Community Customs Management Act (EACCMA ACT,2012). The variance, the report says, creates inconsistency on incentives making it almost impractical for cargo owners to benefit.

To enhance the operational efficiency of the facility, the report recommends full installation of support infrastructure and systems. Specifically, the report calls for addition of control gates for smooth movement to trucks; fast-tracking system configuration as well as weighbridge activation; construction of verification area to support processing of local cargo; completion of re-marshalling yard to the required standards; construction of a medical facility and establishment of COVID-19 isolation facility; and infrastructure to handle perishable goods.

Further, the report wants KPA to develop and implement Standard Operating Procedures (SOPs) for the smooth running of the facility and other ICDs in the country.

To enhance visibility, the report adds that a joint marketing team involving private sector be constituted. In the future, the report opines that the facility is commercialised and run by the private sector on completion when Public-Private Partnership (PPP) processes have been initiated and completed.

The report concludes that there is need to boost collaboration and coordination of Naivasha ICD public and private stakeholders for addressing operational challenges

Photo: ICD Naivasha gate with installed systems, NCTTCA file

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COORDINATION, COOPERATION AND INTEGRATION:

THE ROAD TO POST-COVID-19 SOCIO-ECONOMIC RECOVERY

The COVID-19 pandemic unexpectedly hit world economies at the beginning of the year, disrupting various economic sectors. Its impact on transit trade across the Tripartite region has been monumental. It is the disruptive happenings like COVID-19 that bring the efficiency of the transport corridors into sharp focus and highlight their level of resilience to disruptions.

The challenges faced during the pandemic necessitated measures and guidelines to protect health and ensure the cross-border movement of goods and essential services at the same time. Different partner States instituted tight national COVID-19 containment measures.

However, the lack of a harmonised response mechanism for the East Africa region saw delays in cross-border movement of goods. Traffic at the entry and exit points was witnessed, precipitated by the measures put in place.

As part of efforts aimed at reducing the international spread of the virus, and to mitigate the potentially crippling longer-term



consequences of the pandemic, the East African Community developed harmonised guidelines to facilitate cross-border movement of goods while observing the health protocols put in place. It was crucial to keep cross-border and transit trade flowing while ensuring that border agencies can safely undertake all necessary controls.

Along the Northern Corridor, performance reports during the pandemic period have revealed gaps and vulnerability of the existing trade facilitation policies. A special report on the Northern Corridor Performance under COVID-19 notes that many challenges experienced in facilitating cross border trade were due to unpreparedness and lack of existing trans-boundary disaster management strategies. The abrupt nature of the pandemic, coupled with the absence of tailored strategies affected and continued to affect the performance at the Port of Mombasa and the Northern Corridor at large.

The report, published in April 2020 recommends a detailed regional vulnerability assessment to put in place

both national and trans-boundary disaster mitigation measures. It calls on the Northern Corridor Member States to adopt harmonised disaster response mechanism to safeguard the Transport Corridor; share early warning systems intelligence; build the capacity of personnel involved in the Transport Logistics Chain; as well as revisit existing national and regional disaster response policies that affect trade, transport and all other related infrastructure.

The Northern Corridor quarterly Performance Dashboard reports April to June and July to September 2020 echo that to build resilience along the corridor and maintain a safe, secure and seamless transit transport trade, partner institutions in the Member States need to deepen their coordination, cooperation and integration of information systems.



Photo: Busia OSBP, NCTCA file

As the region ushers in the Africa Continental Free Trade Area (AfCFTA) in January 2021, digital integration will facilitate its uptake and steer the post-pandemic socio-economic recovery. The development of the Regional Electronic Cargo and Driver Tracking System (RECDTS) by the EAC with support from TradeMark East Africa (TMEA) to share COVID-19 results among partner States is a milestone towards increased integration.

Along the corridor, progress has also been made towards identification for designation of secure and safe roadside rest stations for drivers. Recently, a multidisciplinary stakeholder team proposed 12 parking yards for upgrading to roadside stations in Kenya. Such places with minimum

required facilities will improve the welfare of the truckers.

Responsive interventions notwithstanding, there is still need for harmonisation and simplification of documents, processes and procedures required for trade, transport, sanitary and phytosanitary inspection; and mutual recognition of licenses, certificates, insurance and other transport and trade-related documents.

Despite the negative impacts, the Coronavirus disease motivated the public and private sectors in Member States to work together to address different challenges, further deepening cooperation. Through online stakeholder meetings, the Northern Corridor sought to implement strategies and action items with the aim that the corridor is operated in

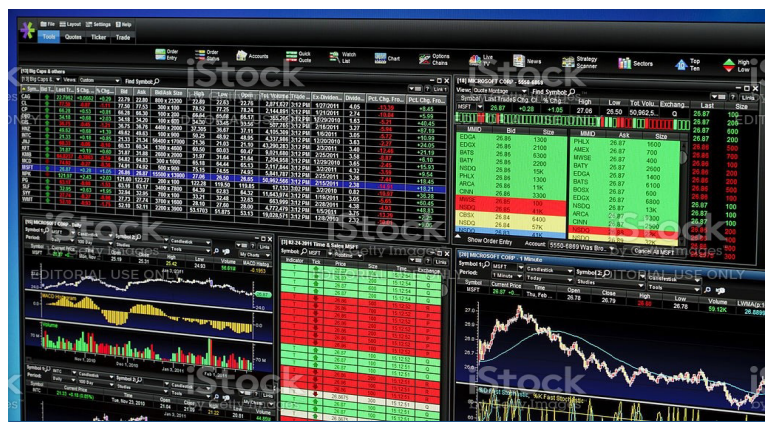
an efficient way that augments the economic benefits of the infrastructure works, maintaining health standards, and reducing operating costs. The experience shared serves as a learning tool to enable chart a roadmap towards socio-economic recovery as well as developing the resilience of the transport corridor.

In light of the preceding, dynamic structuring, integrating and maintaining programmes by all Agencies in all levels in the Member States will ensure that events such as COVID-19 will be far easier to manage. Deep cooperation and collaboration will enhance the ability to monitor progress reliably, and proactively identify and address any issues that may arise.

COMESA MEMBER STATES TO FAST-TRACK THE USE OF DIGITAL TRADE INSTRUMENTS

The 41st meeting of the COMESA Council of Ministers conducted via Video Conferencing from 26th to 27th November 2020 directed speedy digitalisation of trade instruments which include electronic trade (e-trade), e-logistics and e-legislation under the COMESA Digital

Free Trade Area initiative. The Council urged Member States to enhance investments in internet infrastructure and penetration to promote online supply of services and reduce costs of communication-mobile, internet and financial services to increase/expand the benefits of digital technology.



E-trade trading platform displaying an online stock trading programme Photo: iStock



COMESA Member States

In their decision, the Ministers also urged Member States to fast-track implementation of the protocol on free movement of persons and easing regional movement. Specifically, they cited the movement of professionals like medical personnel, engineers, technicians, essential goods and services across borders and the development of a regional strategy to encourage and promote domestic and regional tourism.

The Ministers recognised that in the area of market integration, several trade facilitation instruments were being implemented, although intra-COMESA trade had remained depressed. With support from development partners such as the European Union, and the World Bank, and COMESA Institutions, several Trade Facilitation Programmes were at various stages of implementation.

The said Trade Facilitation programmes not only help unlock cross-border business transactions but stand right at the centre of offering long-term solutions to the challenges brought about by the COVID-19 pandemic: they give room and opportunity to implement automation of customs operations and effectively upscale the use of technology and uptake envisaged in the COMESA Digital Free Trade Area.

COMESA Member States have made significant steps in making liberalisation commitments in the four prioritised sectors, namely Tourism & Travel, Transport Services, Communication and Services and Financial Services sector. This is important considering the complementary role services play in fostering trade and overall economic growth and development in COMESA region's economies.

Despite the significant milestones in dealing with Non-Tariff Barriers (NTB) issues- Rules, regulations, working procedures, online NTB monitoring systems-NTBs remain a major hindrance to growth and expansion of intra-COMESA trade. This has been escalated during the COVID-19 pandemic period

when countries are increasingly taking discretionary measures to contain the spread of the virus.

COMESA Member States were therefore urged to review and improve existing regulations and mechanisms, taking into account changing eco-systems and technological advancements.

At the regional level, COMESA has been instrumental in providing leadership in facilitating negotiations for the African Continental Free Trade Area (AfCFTA) which came into force on 30th May 2019. Additionally, COMESA continued to support negotiations on the implementation of the Tripartite Free Trade Area (TFTA) in partnership with SADC and EAC

KENYA PORTS AUTHORITY

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PUBLIC NOTICE

EXTENSION OF FREE STORAGE PERIOD

Following the expiry of the free storage period on 13th November 2020, we would like to inform our esteemed customers that we have extended the free storage period as follows:

Description	Current Free Period (Days)	New Free Period (Days)
Domestic Import Containers	4	5
Domestic Export Containers	9	15
Transit Import Containers Port & ICD Embakasi	9	14
Transit Import Containers ICD Naivasha	-	30
Transit Export Containers	15	20

The extension of free storage will be valid for 90 days with effect from 10th December,2020 at Mombasa Port and ICDN while for Naivasha ICD it will run for six Months.

We further notify you that the new volume-based transshipment rebates aimed at enhancing the transshipment volumes through our port will take effect from the date of this notice. The detailed information packs about the rebates are available at our customer care desk.

Please note that the extension period is subject to review after the validity period depending on the business dynamics.

Rashid K. Salim IEng.IMarEng
Ag. MANAGING DIRECTOR





During this season, we take time to reflect upon the progress we have made. Our sincere appreciation for your support and partnership.

We extend our very best wishes for a Merry Christmas and a Prosperous New Year 2021!

Omae NYARANDI
Executive Secretary



THE NORTHERN CORRIDOR **Digest**



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The Permanent Secretariat
1196 Links Road, Nyali
P.O. Box 34068-80118
Mombasa, Kenya



Telephone
+254 729 923574
+254 733 532485



E-mail:
ttca@ttcanc.org
Website:
www.ttcanc.org

