NORTHERN CORRIDOR QUARTERLY REPORT

JULY - SEPTEMBER 2018

FIRST QUARTER FY 2018/2019

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QUARTERLY HIGHLIGHTS

This report covers the performance of port community charter indicators for the period of three months from July 2018 to September 2018. Indicators discussed in the report presents the performance status on the implementation of the Mombasa Port Community Charter on quarterly basis. The performance indicators have been monitored to track various initiatives agreed upon since the Charter was signed in 2014 to enhance efficiency of the port.

Mombasa sea port is a gateway port for the land locked countries of Uganda, Rwanda, Burundi, South Sudan and Eastern DRC. Mombasa Port serves more than 30 shipping lines, which connect to more than 80 seaports worldwide. The rapid growth in the number of Ships making call at the Mombasa Port is an indication of the rising stature of the port in the region.

The major highlight for this quarter is the continued tremendous growth in cargo off-take by rail that has been driven by the Standard Gauge Rail (SGR) hauling cargo from the Port of Mombasa to the Inland Container Depot. The daily average for cargo off-take now stands at approximately 905 Twenty Foot Equivalent units (TEUs) compared to 108 TEUs recorded in January 2018. As a result, the Volume of cargo handled at the Nairobi Inland Container Terminal has increased to 26,391 TEUs in September 2018. This is a major step towards decongestion of the port's container terminals.

Data shows that productivity in Gross Moves Per hour has improved two-fold compared to the port charter baseline of 16.7 Gross Moves per hour in 2013. Generally, there has been improved performance on efficiency and productivity of the port. However, some of the indicators that did not meet the set target include; time taken at document processing centre and one stop clearance time.

QUARTER ANALYSIS OF INDICATORS PERFORMANCE

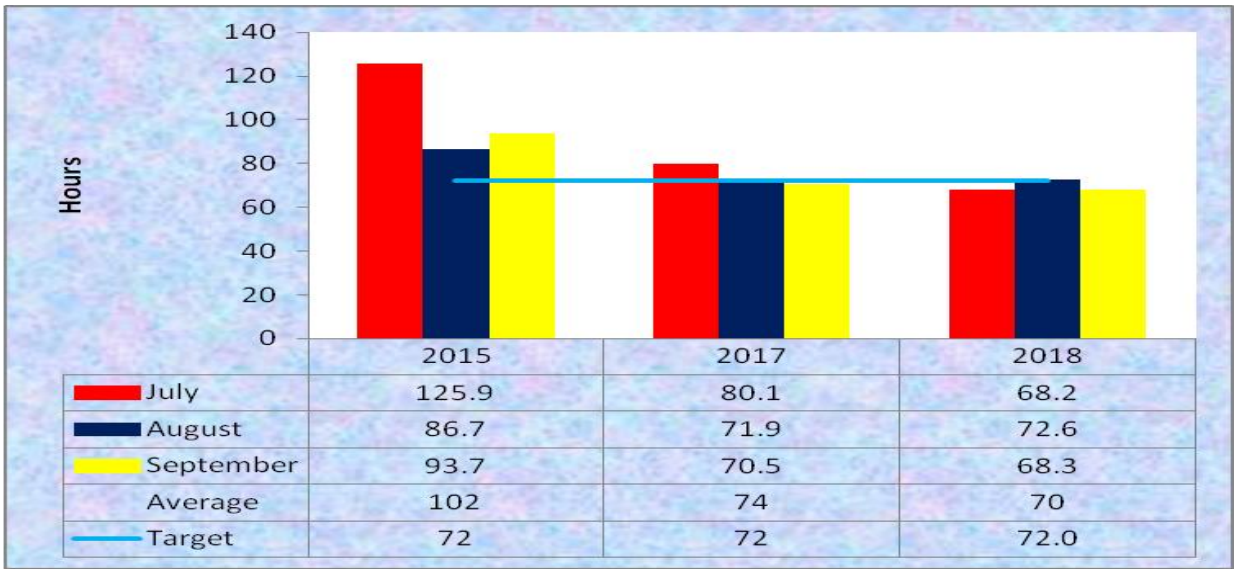
1 Maritime Indicators

Maritime indicators track container vessel movement from the time of arrival of the ship at the port area, until exit of the vessel from the Port area. This takes into account arrival from sea into anchorage, berthing time and pilotage outward movement. The report focuses on performance of the container vessel movements by looking at waiting time before berth and the ship turnaround time at the port of Mombasa in the quarter covering July, August and September 2018.

1.1 Ship Turnaround Time

Ship turnaround time measured from the time the ship arrives at the port area to the time it leaves the port area demarcated by the fairway buoy.

Figure 1 show that average ship turnaround time has improved significantly from 102 hours in 2015 to 70 hours in 2018 in the quarter under review against the set target of 72 hours suggesting increased productivity and efficiency at the port of Mombasa. Over the same period, the port received a total of 142 ships; 47 in July, 47 in August and 48 ships in September. The implementation of a number of initiatives has continued to increase efficiency levels in the port operations, reducing the ship turn-around time to an average of 68 hours in September 2018. The ultimate goal is to attain a 24 hours turnaround time benchmark. The positive performance can be related to a number of capacity improvement projects KPA has been implementing. They include the construction of berth 19, construction of the second container terminal and construction of an offshore Single Buoy Mooring among others.



	2015	2017	2018
July	125.9	80.1	68.2
August	86.7	71.9	72.6
September	93.7	70.5	68.3
Average	102	74	70
Target	72	72	72.0

Figure 1: Ship Turnaround Time (Hrs) at the Mombasa Port (July - September).
Source: KPA 2015, 2016, 2017 and 2018

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, including waiting at their own convenience. The target for this indicator is 12 hours.

Lower ship waiting time is one of the main determinants of competitiveness of Port terminals. Terminals with less waiting are likely to be preferred as opposed to those with longer waiting times. Effective management of ship waiting time enhances port efficiency. Figure 2 shows the performance in vessel waiting time at the Port of Mombasa for the period July- September 2018 compared with the same period in 2015. Ship waiting time recorded a low of 12.9 hours in July and September and high of 17.1 hours in August 2018. The average performance for the quarter was above the 12 hour target. This performance has improved greatly when compared to the average waiting time recorded in 2015. This improved performance is attributed to increase in the number container handling terminals at the port of Mombasa. In addition, increased investment in both shore and off shore equipment by the KPA heralds increased port efficiency. This includes acquisition of modern tugboats and pilot boats that have boosted berthing operations.

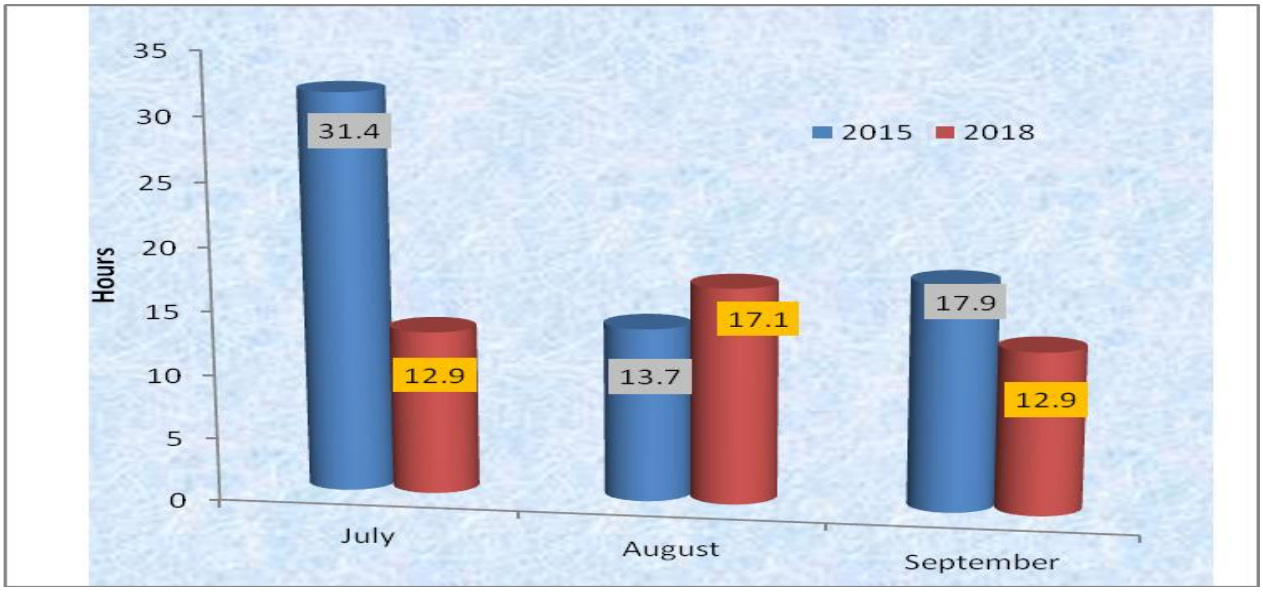


Figure 2: Vessel Waiting time at the Mombasa Port (July - September 2018)

Source: KPA 2015 and 2018

1.3 Vessel Productivity (Gross Moves per Hour)

The average Gross Moves at the Port of Mombasa for container vessels handled decreased from 36.37 in July 2018 to 30.99 in September 2018. The number of ships recorded was 142 during the quarter and the monthly call remained steady at 47 ships in July and August and 48 ships in September 2018 delivering a total of 327,822 TEUs. Productivity in Gross Moves Per hour has improved two fold compared to the port charter baseline of 16.7 Gross Moves per hour in 2013. The improved productivity has been occasioned improved investment and utilization of ship yard equipment by the KPA. This includes increase in number of Ship to Gantry cranes, Rubber Tyres Gantry (RTG) cranes, Terminal Tractors among others.

Table 1: Vessel Productivity (July to September 2018)

Month	No of ships	Moves	TEUs	Gross Moves per hours	Average TEUS Per ship
July	47	75,674	108,468	36.37	2,308
August	47	77,285	111,743	33.67	2,378
September	48	75,026	107,611	30.99	2,242
Total/Average	**142**	**227,985**	**327,822**	**33.68**	**2,309**

Source: KPA 2018

2 PORT INDICATORS

2.1 Containerised Cargo Dwell time

Refers to the total time spent by Cargo at the Port from when the Cargo is discharged from the vessel until it exits the Port (average number of days the container stays in the yard).

Dwell time is a port efficiency indicator and measures how fast the containerized cargo flows through the port terminals. In this quarterly report, the data shows that containers in July 2018 were picked up within an average of 4.1 days of arrival, but this rose to 4.7 days in September 2018. This performance is still way below the port charter target of 3 days' dwell time and 2 days international benchmarking standards. Some of the initiatives proposed in the charter to reduce dwell time include: 70% of cargo clearance under pre-arrival cargo clearance system, conducting joint verification and outsourcing of conventional cargo operators.

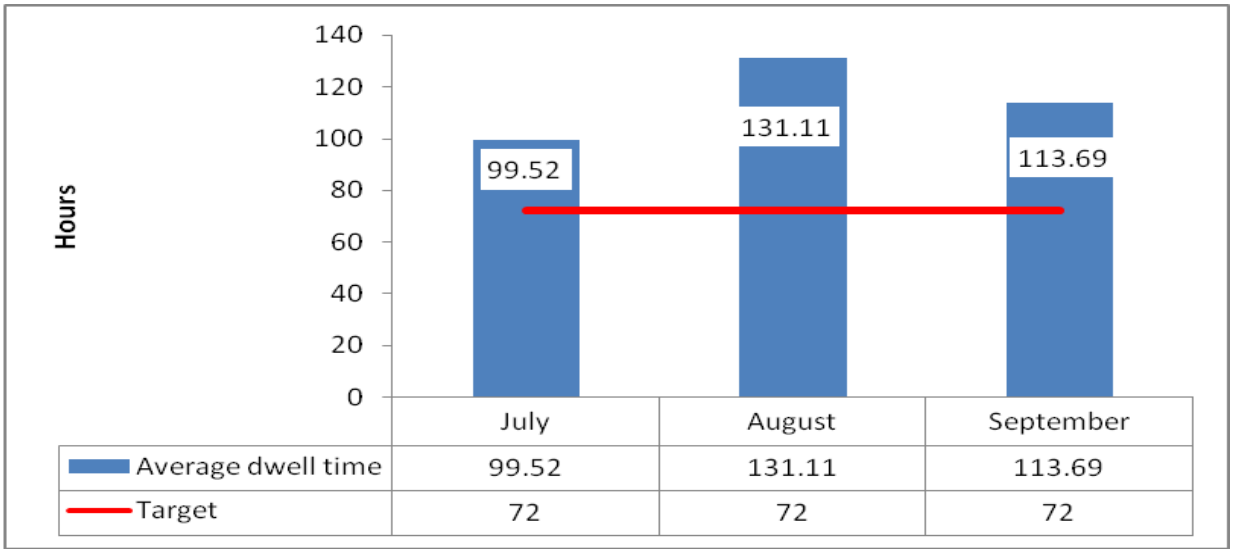


Figure 3: Average dwell time in Hrs July - September 2018.
Source: KPA 2018

2.1.1 Dwell time by Mode of transport

Dwell time data disaggregated by mode of transport shows that cargo that was hauled by railway has shorter dwell time of 2.6 days at the port in September compared to 5.7 days for cargo evacuated by road. However, cargo moved by the SGR to the Inland Container Depot Nairobi (ICDN) is subject to further clearance at the depot. Increased use of the ICDN has played a big role in decongesting the port and increasing port efficiency. Increasing of share of

cargo moving through the green channel and hastening the document processing at the port terminal would greatly reduce dwell time.

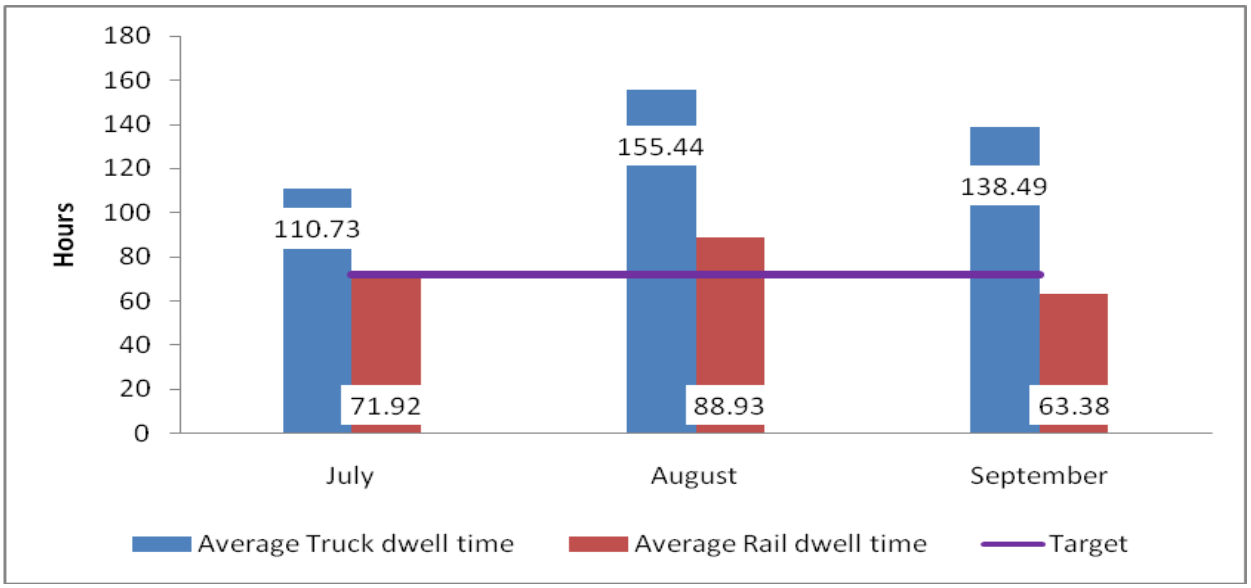


Figure 4: Dwell time by Mode of transport in Hrs July - September 2018.
Source: KPA 2018

2.2 Time Taken at the Document Processing Centre (DPC)

This is the time taken by customs to pass an entry lodged by a clearing agent. The document processing centre involves clearance by Customs.

Figure 5 illustrates an increase in DPC time from 1.8 hours to 2.3 hours and further increase to 3.1 hours in July, August and September 2018 respectively. The performance is beyond the set target of one hour and this could be attributed to the quality of declarations by the relevant agents. KRA's is in the process of establishing an Integrated Customs Management System (ICMS) to replace the SIMBA System to enhance efficient clearance. The ICMS system will have an automated risk module that will reduce clearance time by pre-arrival clearance of cargo within a span of 48 hours before docking of vessels. Other initiatives to improve DPC time include on the spot approval of manifest, allow partial manifest and simultaneous online submission of manifest.

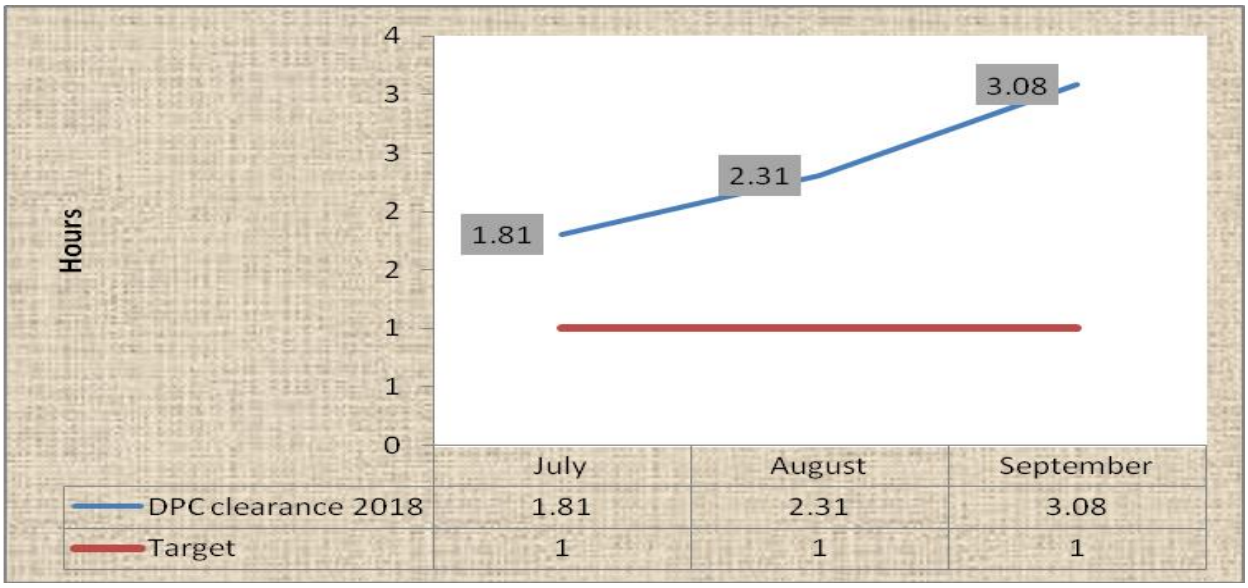


Figure 5: Time Taken at the Document Processing Centre in Hrs July - September 2018.
Source: KPA 2018

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 6 shows an increase in average time taken for clearance at one stop center. Average time spent at One Stop Centre increased significantly from 47 hours in 2016 to 50 hours in 2017 and further to 65 hours in 2018 during the quarter under review. A similar trend is witnessed in the months of July, August and September 2018 with August registering the highest one stop center clearance time of 78 hours. This indicates a decrease in the performance at the One Stop Centre where the trend seems to be moving far away from the set target of 24 hours. Uncoordinated joint verification of cargo, delays in physical verification and inspection of the cargo and late submission of documents by clearing agents are some of the reasons for the poor performance for this indicator.

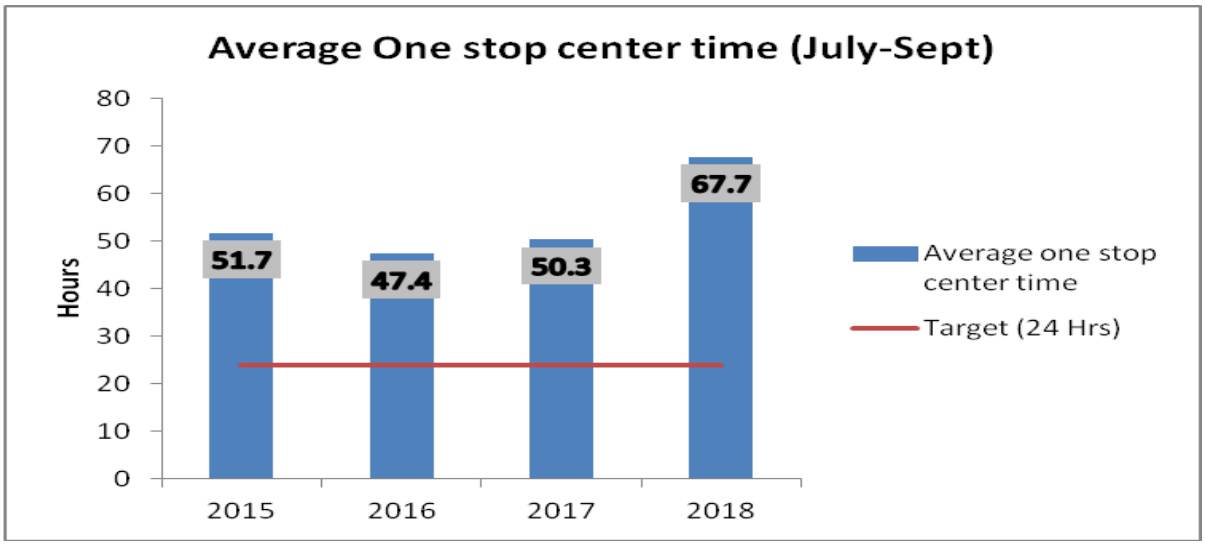
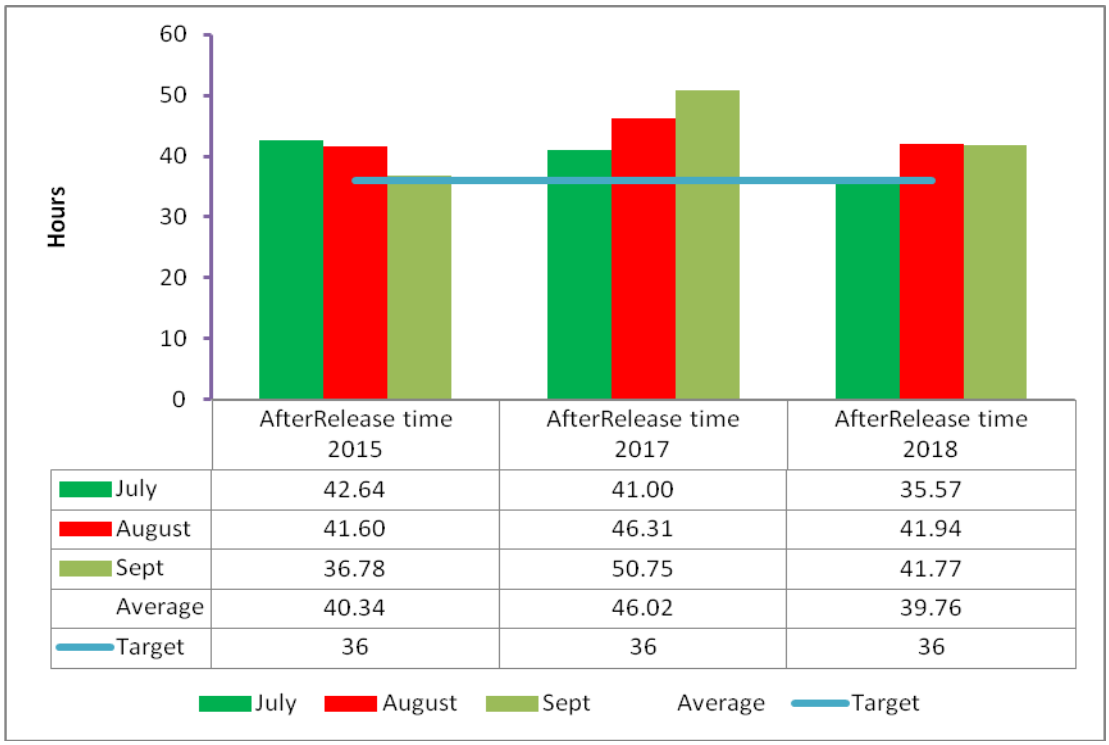


Figure 6: One Stop Centre Clearance Time in Hrs July - September.
Source: KRA 2015, 2016, 2017 and 2018

2.4 Time taken after customs release

Time taken after customs release refers to the period it takes to evacuate the cargo from the port after it is officially released by Customs.

Over the years data shows that delay after release time has not been steady. Figure 7 shows delays after customs release time increase to an average of 46 hours in 2017 quarter from 40 hours in 2015. Similarly, in 2018, time taken after customs release increased marginally from 36 hours in July 2018 to 42 hours in August and September 2018 registering an average of 40 hours for the quarter under review. The poor performance could be partly related to infrastructure status, slow rate of cargo pick-up by transporters and traders and delays in clearance at the gates which could contribute to the build-up of queues at the exit or entry gates among others.



	AfterRelease time 2015	AfterRelease time 2017	AfterRelease time 2018
July	42.64	41.00	35.57
August	41.60	46.31	41.94
Sept	36.78	50.75	41.77
Average	40.34	46.02	39.76
Target	36	36	36

Figure 7: Delay after Custom Release in Hrs July - September.
Source: KRA 2015, 2017 and 2018

3 CORRIDOR INDICATORS

3.1 Transit Time in Kenya

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

Table 2: Average Transit Time from Mombasa to Malaba

Month	Average Transit Mombasa to Malaba (hrs)	Target
July	99	72
August	113	72
September	124	72
Average	**112**	

The Mombasa-Malaba (933 Km) route has seen an increase in transit trucks and passenger vehicles which has led to congestion and longer travel time. There has been a lot of improvement on the road infrastructure along the route and some are still underway. These include KeNHA construction of Port Reizt- Moi International airport access road (18km),

miritini –Mwache Kipevu links road (39.2 Km), construction of 3 interchanges at Nakuru and dualling of Mombasa- Mariakani road (30Km) among others. Table 2 shows that the average transit time from Mombasa to Malaba for the period July-September 2018 stood at 112 hours which is way above the targeted 72 hours. The best recorded transist time for the quarter was in July 2018 at 99 hours which rose to 113 hours in August 2018 and further to 124 hours in September 2018.

The performance in 2018 shows a detoriating trend when compared to the same period in 2017 which had an average transit time of 107 hours as shown in figure 8. The long transit time could be attributed to border and customs clearances that prolong delays at the border. In addition, transporters make numerous stops due to personal reasons leading to longer transit time. This has consequence on related costs which leads to inefficiencies and hampers proportion of trade.

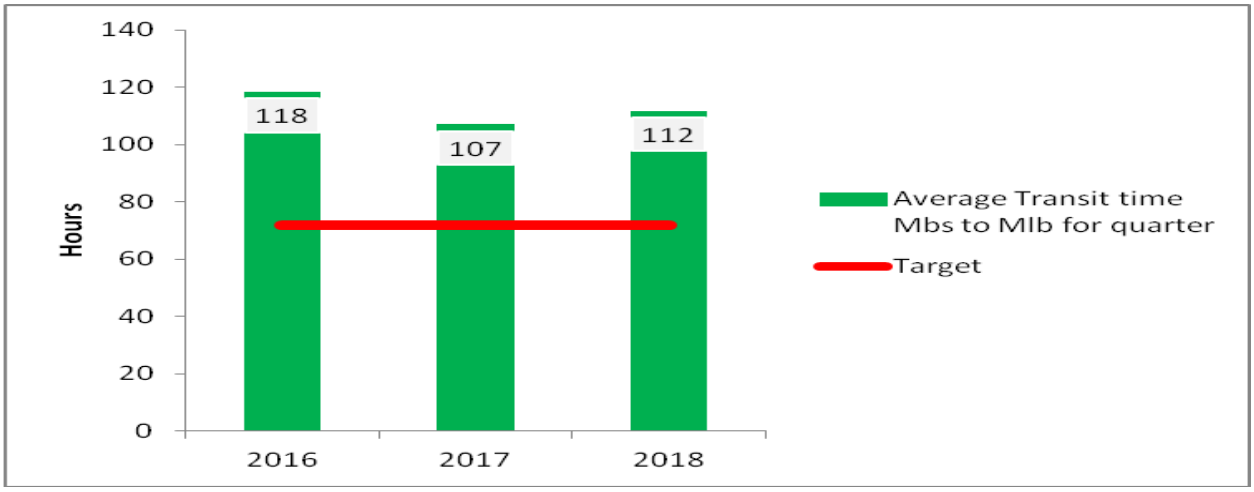


Figure 8: Quarterly Average Transit Time from Mombasa to Malaba (July-September)
Source: KRA 2016/2017/2018

Table 3: Average Transit Time from Mombasa to Busia

Month	Average Transit Mombasa to Busia (hrs)	Number of Trucks	Target
July	132	60	72
August	99	44	72
September	118	100	72
Average	117		

Transit time from Mombasa to Busia (947 Km) decreased significantly from of 132 hours in July 2018 to 99 hours in August 2018. Notably the number of trucks analyzed decreased from 60 to

44 which could have contributed to the decrease in average. As shown in table 3 above, average transit time from Mombasa to Busia for the period July to September 2018 stood at 117 hours. The poorest transit time performance for the quarter was recorded in July 2018 at 132 hours and the best was August 2018 which registered 99 hours.

Comparing with previous years same quarter (July to September), transit time decreased significantly from 217 in 2016 hours to 117 hours in 2018 as shown in figure 9. The ongoing improvements along the Mombasa – Busia route will enable smooth cargo movement in the coming months. Work is still ongoing on the Interchanges at Kaburengu and Webuye. These interchanges are expected to minimize traffic disruptions.

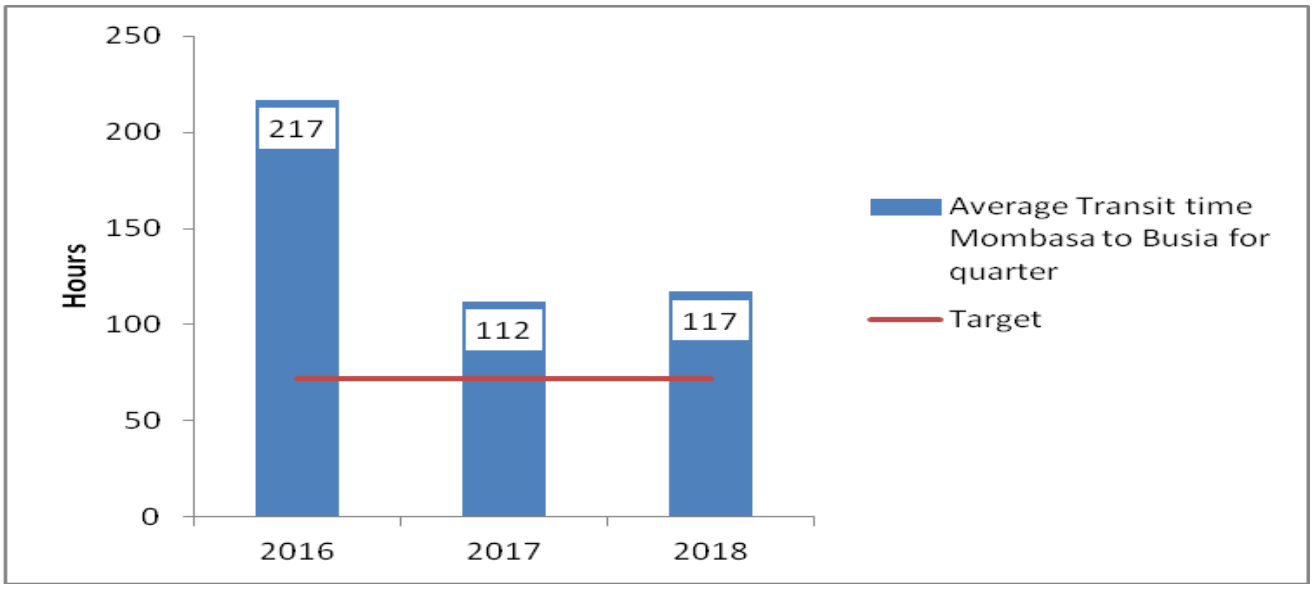


Figure 9: Quarterly Average Transit Time from Mombasa to Busia (July-September)
Source: KRA 2016/2017/2018

The performance on both the Mombasa – Malaba and Mombasa – Busia route indicates that there still some challenges to cargo movement along the corridor. These include; high frequency of stoppages along the Northern Corridor by drivers delays at the borders, road accidents and infrastructure bottlennecks among others. On the positive side, various initiatives are being implemented to enhance seamless and smooth flow of cargo. For instance, there are road construction work going on at Mombasa- Mariakani route and other sections along the corridor.

3.2 Transit Time in Rwanda

Figure 10 shows median transit time from Gikondo in Kigali Rwanda to the Port city Mombasa (Export bound route). This is a distance of about 1600 kilometers. The Analysis shows that average transit time reduced significantly from 164.96 hours in July 2018 to 147.95 hours in August 2018. The good performance could be attributed to the road condition which is mostly good or fair except for some sections, which are either under development or rehabilitation and implementation of implementation of the High-Speed Weigh in Motion (HSWIM) at weighbridges, one-stop border points and implementation of the Single Customs Territory (SCT).

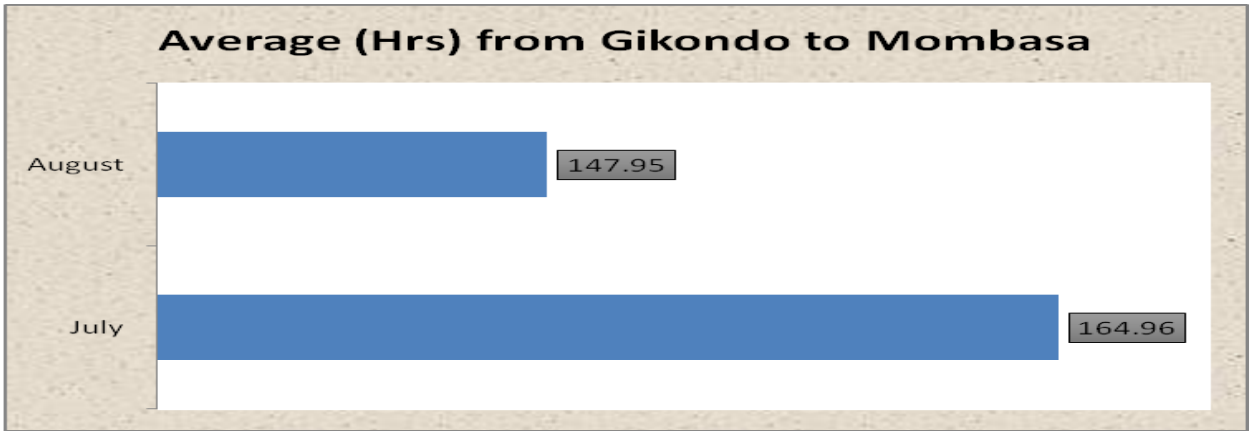


Figure 10: Median Transit Time from Gikondo to Mombasa
Source: RRA RECTS, July to September 2018

On the other hand, transit time from Gikondo to Gisenyi which is the border between Rwanda and Democratic Republic of Congo is shown in table 4 below. The distance from Gikondo to Gisenyi is 160 kilometers. It can be noted that time taken by trucks from Gikondo to Corniche is higher compared to transit time from Gikondo to Poids Lourds. This can be attributed to the delays caused by stoppages and custom check points on the route.

Table 4: Median Transit time Rwanda (July to September 2018)

Transit time Rwanda	July	August	September
Mean (Hrs) from Gikondo to Gisenyi Poids-Lourds	25.52	23.31	28.5
Mean (Hrs) from Gikondo to Gisenyi Corniche	39.02	30.81	28.40

Source: RRA RECTS 2018

3.3 Transit Time in Uganda

Table 5 shows the average time it takes for trucks to move from Kampala to various destinations in the Northern Corridor Member States. The average monthly transit time varies with the distance covered. The average transit time from Kampala and Mombasa (1,169 km) increased from 121 hours in July 2018 to 140 hours in September 2018. This could be due to delays at Malaba border, stoppages due to drivers' personal reasons, police checks, weighbridges, company checks, road conditions and custom checks. This calls for urgent need to address the challenges. From the analysis, transit time from Kampala to Busia takes longer despite the short distance compared to from Kampala to Malaba. Similarly transit time between Kampala to Gatuna is higher compared to Kampala to Elegu yet Elegu is longer in distance.

Table 5: Transit time in Uganda (July to September 2018) - Export route

Average Transit time (hrs)	Distance (Km)	July	August	September
Kampala to Mombasa	1,169	121.03	149.46	140.31
Kampala to Elegu	457	30.38	34.54	31.36
Kampala to Katuna	432	48.53	45.42	47.86
Kampala to Malaba	236	22.82	26.78	27.18
Kampala to Busia	198	29.13	20.19	40.77

Source: URA RECTS, April 2018

In addition, on the return trip Kampala to Mombasa (export route) takes longer time compared to the import route (Mombasa to Kampala) which takes an average of 4.7 days. Trucks from Mombasa to Kampala which are armed with RECTS are tracked and constantly monitored hence minimizing unnecessary stoppages and delays as opposed to those returning to Mombasa form Kampala.

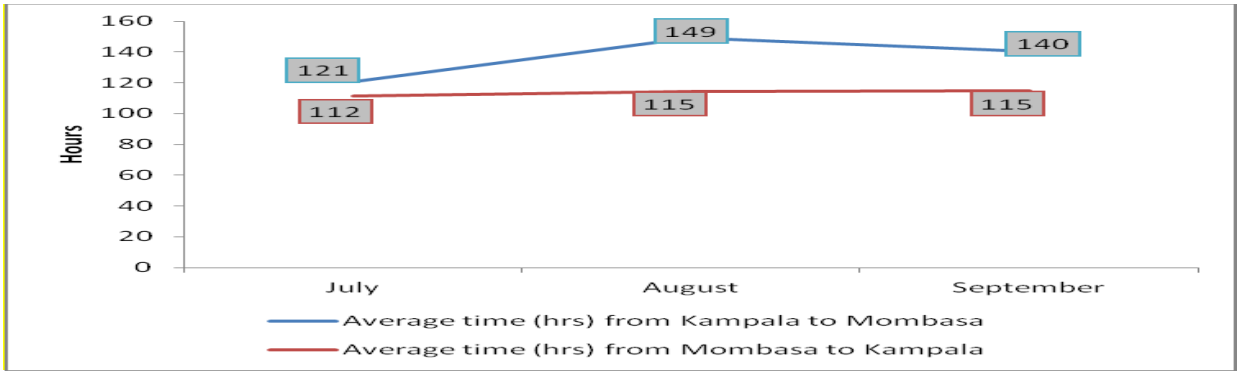


Table 6 shows transit time from Malaba and Busia borders to Kampala during the period under review.

Table 6: Transit time Uganda (July to September 2018) – Import route

Average Transit time (hrs)	July	August	September	Quarter average
Mombasa to Kampala (1,169 km)	111.66	114.59	114.68	113.34
Malaba to Kampala (236 km)	43.38	25.58	59.39	45.26
Busia to Kampala (198 km)	44.89	40.69	29.43	39.37

Source: URA RECTS, April 2018

4 Performance of the Inland container deports

The container terminal at the Port of Mombasa is linked to the Inland container deports (ICDs) by a rail-tainer service that is run by the Kenya railway corporation of both the standard gauge railway (SGR) and the meter gauge railway. The SGR is currently connected to the Nairobi Inland Container while the Kisumu and Eldoret Inland container deports are linked via the old meter gauge railway. The ICDs received imports directly from the port of Mombasa and also collect export cargo and empty containers to Mombasa.

The revitalization of the Nairobi Inland Container Depot (ICDN) was one of the strategic infrastructure development interventions envisaged in the port community charter. Upgrading of the ICDN increased is cargo handling capacity to 450,000 TEUs and its performance has been buoyed with the link to the SGR in January 2018. In addition, interagency efforts have seen the establishment of one stop centre that operates all days of the week to ensure efficient operations at the ICDN.

4.1 Volume of Cargo handled at Nairobi ICD (TEUs)

Since the launch of cargo haulage on the standard gauge railway from Mombasa to the ICDN, the volume of cargo received increased to 905 TEUs (Twenty-Foot Equivalent Units) in July 2018 for all cargo that includes imports, exports and empty containers. The daily average rose to 897 TEUs in August and slightly receded to 880 in the month of September. Over the period July – September 2018 the ICDN received a total of 82,250 TEUs and delivered 83,557 TEUs. The data shows that ICDN is able to clear and deliver cargo at fast rate which is a pointer to improved efficiency.

Table 7: Performance in cargo handling at the Nairobi ICD (Jul-Sept 2018)

Month	Total Cargo (TEUs)	Total TEUs Delivered Out	Daily Average Cargo Received (TEUs)	Daily Average Delivered Out (TEUs)
July	28,056	28,257	905	912
August	27,803	28,508	897	920
September	26,391	26,792	880	893
Total	**82,250**	**83,557**		

4.2 Profile of cargo Handled at the Nairobi ICD

Table 8 shows the profile of cargo handled at the ICDN. Over quarter under review import cargo took the largest share of cargo handled at ICDN 56,807 TEUs compared to 3,208 TEUs for export cargo. Over the same period the inland container depot handled 22,235 empty containers

Table 8: Profile of cargo handled at the Nairobi ICD

Month	IMPORTS	EXPORTS	EMPTY
July	18,825	1,134	8,097
August	19,143	1,080	7,580
September	18,839	994	6,558
Total	**56,807.00**	**3,208.00**	**22,235.00**

Table 9 presents cargo delivered out from ICDN over the period July to September 2018. Comparatively, there was a steady balance between total cargo delivered out and total cargo received in the quarter under review. However, data shows that in the month of September Yard population increased significantly which could be attributable to low pick up of cargo by importers and pile up from the previous quarters. Currently Kenya Ports Authority (KPA) offers cargo owners four days of free storage to enable them clear containers from the facility with the extra days attracting charges.

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