

Monthly Port Community Charter Report

May 2017



Northern Corridor
Transit and Transport
Co-ordination Authority



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1. SUMMARY

Sea Ports play important roles in the development of trade as they serve as gateways and transit points through which imports and exports flow into and out of a country. As such, seaports are critical elements of global supply chains. Global trade enhances economic development, and many countries have taken advantage of this linkage by reducing or eliminating obstacles that slow down the movement of cargo through their seaports. Slow moving cargo often results in high dwell times that lower seaport efficiency, and negatively impact on the cost of trade and the competitiveness of a country.

The port of Mombasa is the busiest port in East and Central African Coast. Excellent accessibility is of vital importance to the port of Mombasa. Stakeholders of the port charter are committed to ensuring that the port remains accessible by developing and improving the four modes: inland shipping, rail, road and pipelines. This is achieved through infrastructural improvements and by collaborating with other parties that play a role in the freight flows to the hinterland. Improving the performance is a necessary ingredient for growth and integration into the regional and global economy. The economic function of a corridor, or transit corridor in the case of landlocked countries, is to promote both domestic and international trade by providing efficient transport and logistics.

This report presents the status of progress achieved on various indicators that are used to track the smooth flow of cargo and movement of traffic along the northern transport corridor for the month of May 2017.

The report tracks changes in performance and identifies areas requiring improvement and evaluation of the effectiveness of programs designed to improve competitiveness of the corridor. Where possible, a comparison is made with the results from the previous periods of 2015 and 2016. Nine of the indicators that are reported on are categorized into Maritime, Port and Corridor indicators. In addition, an analysis of container freight stations is given.

The table below presents a snapshot of achievements for the month of May 2017. The content of this report is also available online at <http://top.ttcanc.org>.



Table 1: Monthly status summary, May 2017

Category	Indicator	Target	May 2017 Status/Progress		
Maritime Indicators	Vessel turnaround time (Hrs)	72	101.6		
	Vessel waiting time before berth (Hrs)	24	34		
Port Indicators	Containerised Cargo Dwell time (Hrs)	72	108.1		
	One Stop Centre Time (Hrs)	24	56.4		
	Delay after customs release (Hrs)	36	49.5		
	Document Processing Centre Time (Hrs)	1	2.2		
Corridor Indicators	Transit time in Kenya in Hrs (from Mombasa to Malaba (Hrs)	72	99		
	Transit time in Kenya in Hrs (from Mombasa to Busia (Hrs)	72	137		
	Weighbridge traffic (Average No. of trucks weighed daily)	All	Mariakani	2,434	
			Athi River	5,471	
			Gilgil	4,479	
			Webuye	1,304	
			Busia	592	
	Weight compliance at weighbridge (%)	100	Mariakani	93.83	
			Athi River	92.03	
			Gilgil	93.59	
Webuye			99.79		
Busia			77.74		



2. PERFORMANCE OF INDICATORS FOR MAY 2017

The discussion below gives status of the Mombasa Port Charter Indicators as at May 2017 compared with the performance for the same month in previous two years. The indicators range from maritime, port and corridor indicators. These indicators are part of the over 31 indicators on the Northern Corridor transport observatory portal. Measuring the performance of the port is relevant for interaction with policy makers and other stakeholders. Furthermore, it also can assist port development initiatives and contribute to the competitiveness of the port.

2. 1 MARITIME INDICATORS

This indicator is measured from the time the vessel arrives at the Port area (Fairway Buoy) to the time it leaves the port area demarcated by the fairway buoy.

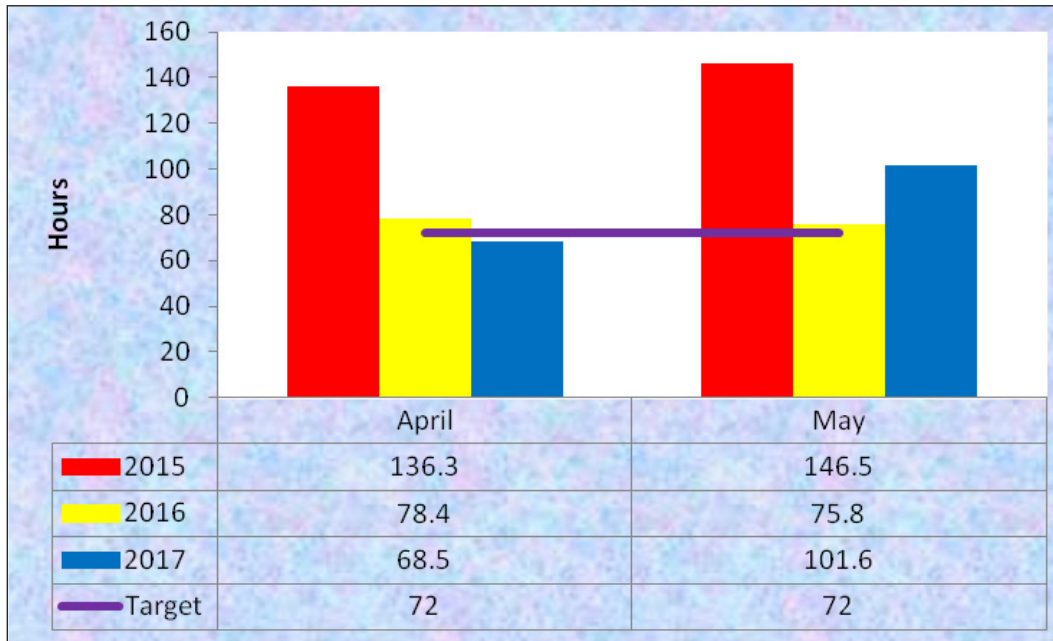
2.1.1 Ship Turnaround Time

Delays in the transfer of cargo and in berthing are among the factors that impact negatively on vessel turnaround time. However, congestion has been eased after construction of the second container terminal which was launched in September 2016. Figure 1 above shows that average ship turnaround time at the port of Mombasa significantly decreased to 75.8 hours in May 2016. However, current data shows that turnaround time has increased to 101.6 hours in May 2017, a significant increase of 33 hours from the 68.5 hours registered in April, 2017.



Higher productivity doesn't just mean faster turnaround times for ships. It also means cargo moving quicker through the port, which benefits shippers' supply chains and improves the overall flow of trade.

Figure 1: Ship Turnaround Time (Hrs)



Source: KPA data

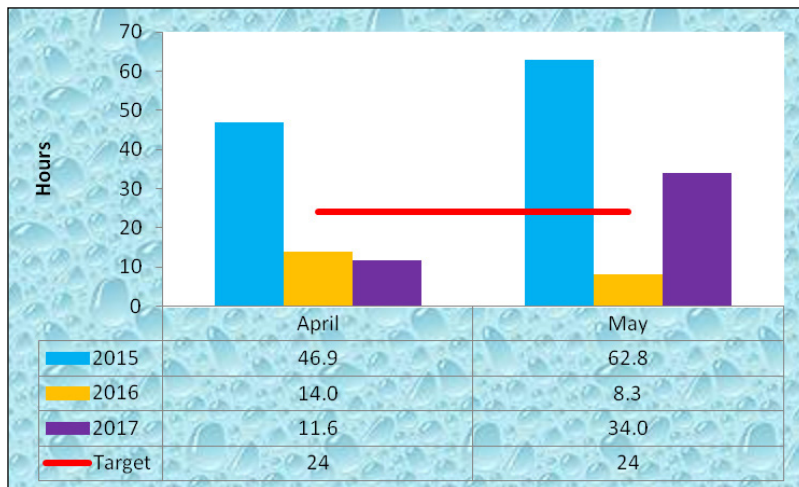


2.1.2 Vessel Waiting Time before Berth (hours)

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

The vessel waiting before berth which is a subset of the ship turnaround time was registered as 34 hours in May 2017 indicating a significant increase from 11.6 hours in April 2017. A comparison with the previous years shows that in May 2015 the waiting before berth time was 62.8 hours and 8 hours in 2016 against a target of 24 hours. From the figure above, it is clear that waiting before berth time has considerably deteriorated in 2017 compared to the same period last year. Ideally, an efficient port system should have a waiting time before berth near to zero as possible. Therefore, the port authority should further enhance corrective measures to realize improvement in performance.

Figure 2: Vessel waiting time before Berth (hours)



Source: KPA data



2.2 PORT INDICATORS

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

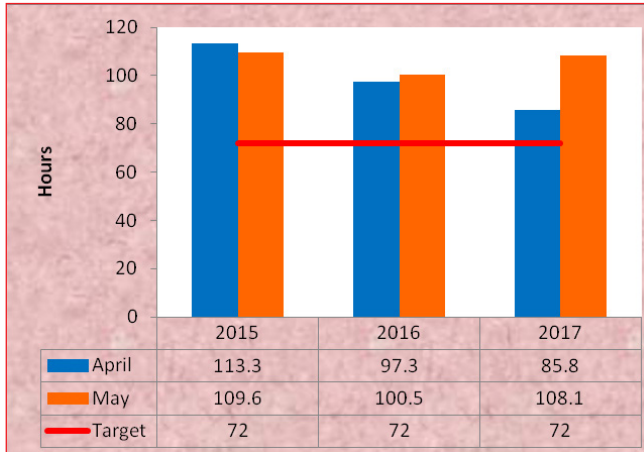
2.2.1 Containerized Cargo Dwell Time

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 critical factor influencing port capacity. Data obtained from Kenya Ports Authority (KPA) shows a decrease in the level of performance from 86 hours in April 2017 to 108 hours in May 2017. This duration is still way above the targeted 72 hours which could be partly explained by persistent delays in evacuation of cargo after customs release. Delays within the port arising from factors under the control of shippers or delays related to incomplete links between SIMBA system (which is a custom system used by KRA) and ASYCUDA++.

This trend can be improved if policy measures and interventions enshrined in the port charter are fully implemented. In addition, harmonizing the free period time with the cargo dwell time target will also see an improvement in this target. This means there is still need to pursue strategies aimed at improving port efficiency.

Figure 3: Containerised Cargo dwell time (Hours)



Source: KPA data

2.2.2 One Stop Centre Clearance Time

One Stop Centre Clearance Time measures the average time between passing of customs entry after its registration and issuance of a release order.

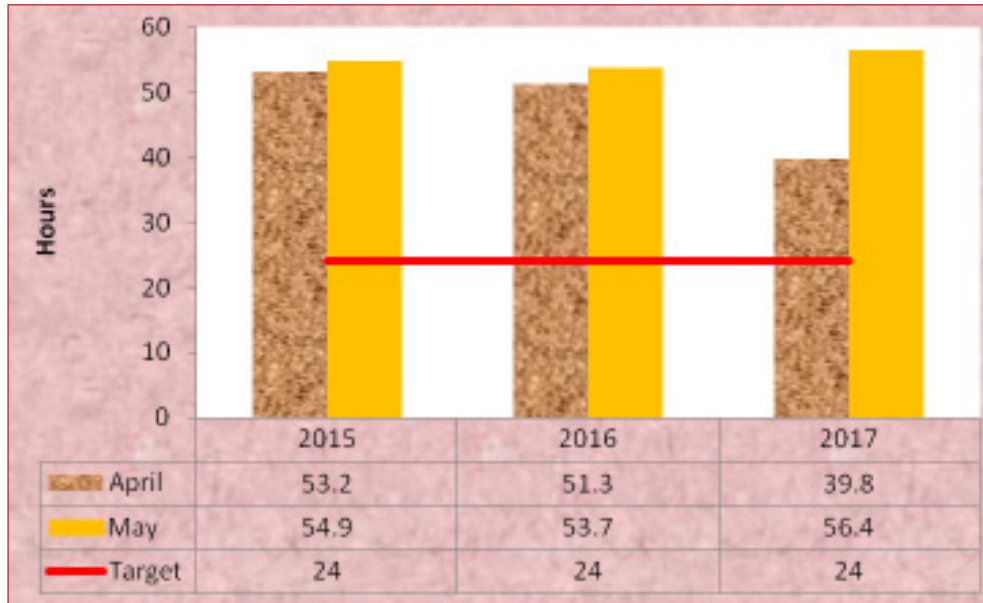
The one stop center clearance is critical in trade facilitation by enhancing faster clearance and interventions by various agencies under one roof which in turn cuts down on cost and time.

Time spent at One Stop Centre considerably increased from 39.8 hours in April 2017 to 56.4 hours in May 2017 as shown in figure 4 above. The set target of 24 hours has still not been met. This could be partly attributed to late submission and revision of documents by clearance agents and uncoordinated joint verifica-



tion of cargo that results in delays. Implementing mechanisms for speeding-up clearance of cargo processes by all the stakeholders involved to realize the target of one day is paramount. Conducting joint verification will also go a long way in attaining the target.

Figure 4: One Stop Centre Clearance Time for Transit

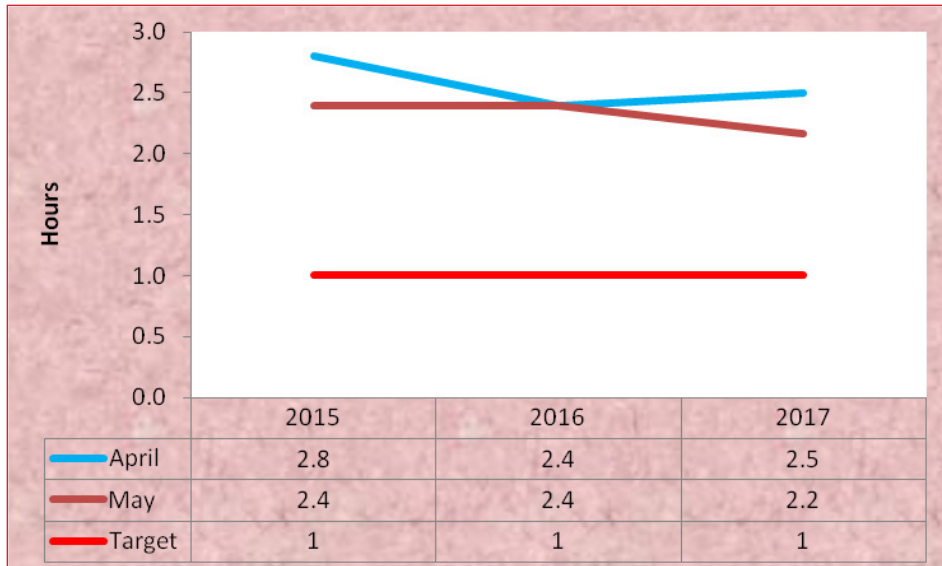


Source: KRA data

2.2.3 Time Taken at the Document Processing Centre (DPC)

This is the time it takes to have an entry lodged by a clearing agent passed by Customs. The time at DPC has an effect on port dwell time though minimal.

Figure 5: Time Taken at the Document Processing Centre (DPC)



Source: KRA data

Kenya Revenue Authority (KRA) commitment was to establish a system of pre-arrival clearance to clear 70% of the cargo within a span of 48 hours before docking of vessels, within 3 months after the charter signing. As shown in figure 5, performance for document processing center improved from 2.5 hrs in April to 2.2



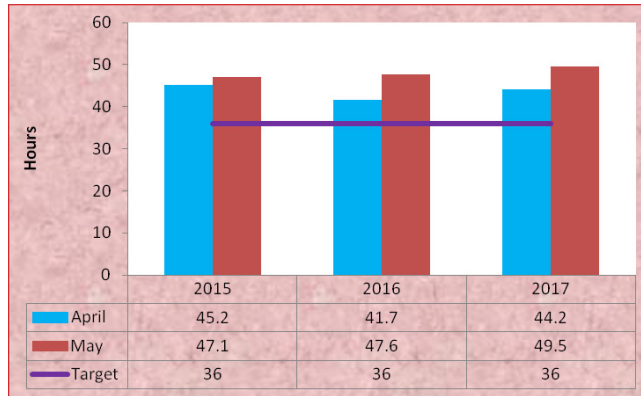
May 2017. However, this performance is still way above the set target of one hour which could be attributed to the SIMBA system stability during the reporting period, document volumes awaiting processing in between the shifts among others.

2.2.4 Delay after customs release

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

Time taken after customs release increased marginally from 44 hours in April to 50 hours in May 2017 as shown in figure 6. The response time is still high which has made the 36 hours target remain elusive and points to prevailing inefficiencies associated with processes leading cargo evacuation after Customs have authorized release. Improvement in cargo evacuation process and infrastructure will be key to minimizing these delays after customs release.

Figure 6: Delay after Custom Release



Source: KRA, data



3.3 CORRIDOR INDICATORS

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

Corridor performance can be measured in terms of average transit time, direct and indirect costs. Improvements in terms of reducing both the time that cargo takes inside the port and in transit from the port gate to final destination will have a greater influence in partly reducing the cost of doing business.

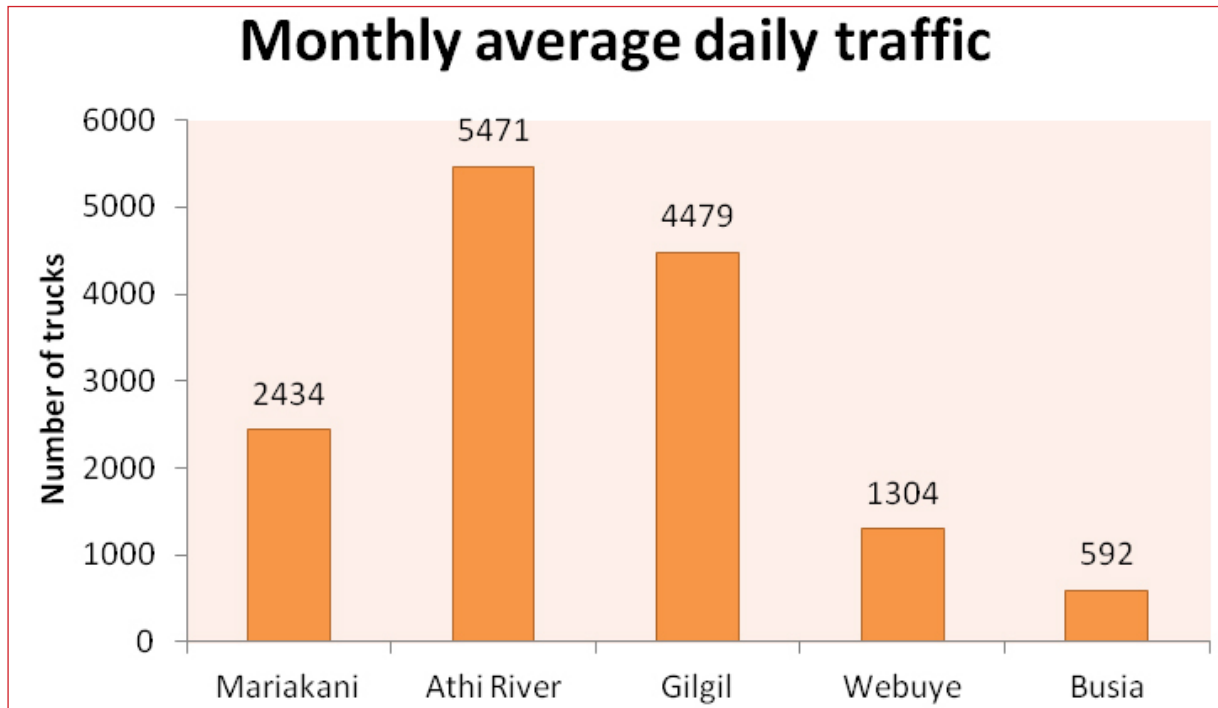
3.3.1 Weighbridge Traffic

This refers to the number of trucks crossing the weighbridges. The indicator measures the average number of trucks weighed per day at a particular weighbridge in Kenya along the northern corridor.

Figure 7, shows the monthly average daily traffic weighed for the month of May 2017. Athi River recorded the highest traffic over the period which is attributable to cargo originating from the Namanga route, Nairobi and its environs. This traffic further reduces substantially at Gilgil weighbridge partly due to cargo being offloaded in Nairobi which is one of the main destination centres. Busia registered the least traffic over the period under review. The low traffic at Busia weighbridge could be due to the fact that sections of the route are under construction posing delay to cargo transport. In addition, Busia weighbridge has not adopted the high-speed weigh –in- motion.



Figure 7: Monthly average daily traffic volume in May 2017



Source: KeNHA, data



3.3.2 Weight Compliance at the Weighbridge

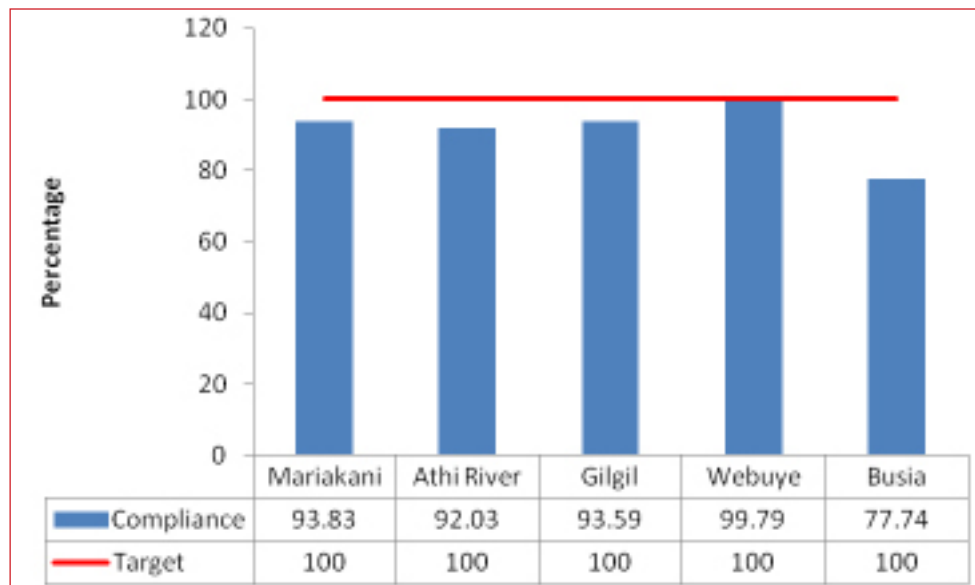
Weight compliance measures the percentage of trucks that comply with the vehicle load limits before and after re-distribution of the weights.

The management of axle-loads for heavy trucks is a very important aspect of the road policy. Exceeding axle-load limits leads to faster deterioration of the road pavement while exceeding vehicle load gross limits destroys bridges. Therefore, trucks are expected to comply with the set vehicle load limits to protect the road infrastructure. In general, all the trucks weighed should achieve a target of 100% compliance.

Figure 8 show that, weighbridges recorded a steady performance in terms of compliance levels of over 90 percent except for Busia weighbridge whose compliance level was 78 percent for the month under review.



Figure 8: Weighbridge Compliance in the month of May 2017



Source: KeNHA, data

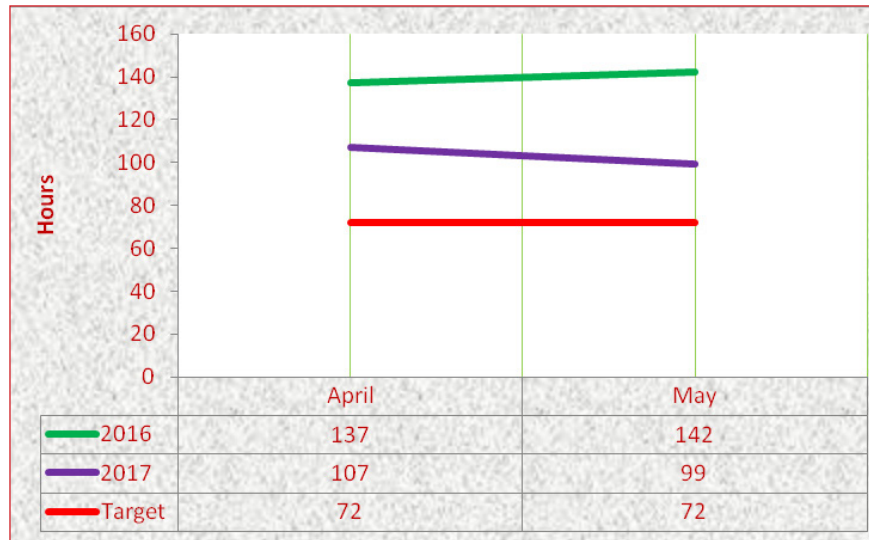


3.3.3 Transit Time

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

For longer distances, transport via rail is more attractive. Nevertheless, road transport remains indispensable in intermodal logistics planning. Currently, more than 80 percent of the regional imports via the port of Mombasa are carried by trucks. However, this is to change with the implementation of freight movement via the Standard Gauge Rail in January 2018.

Figure 9: Transit time from Mombasa to Malaba

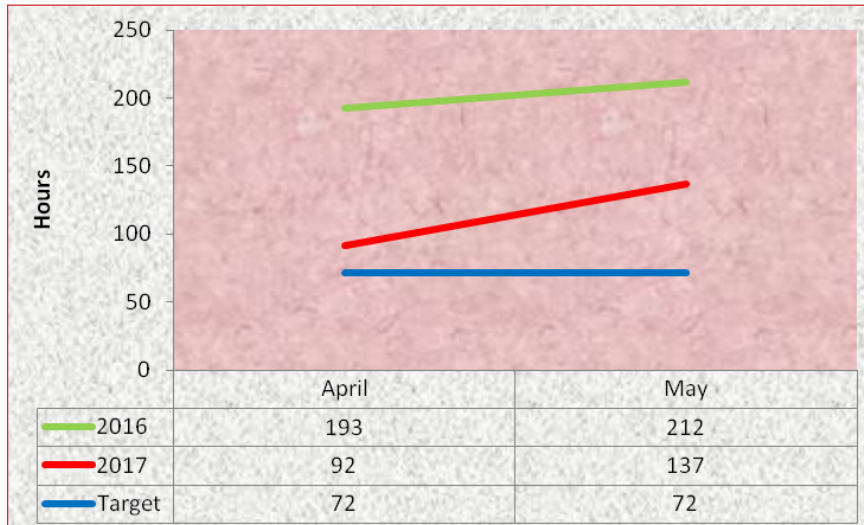


Source: KRA data



From figure 9, Transit time from Mombasa to Malaba has averagely decreased from 142 hours in 2016 to 99 hours in 2017 in the months of May. A similar trend is observed in the month of April. Despite the improvements, transit time target of 3 days has not yet been met. The underperformance could be attributed to delay of cargo at the port after release, border clearance procedures and drivers delays along the way due to personal reasons. With the full implementation of the single-customs territory and with customs officials now working at the Port of Mombasa to clear goods, processing times will be significantly reduced.

Figure 10: Average Transit from Mombasa to Busia



As shown in figure 10 above transit time from Mombasa to Busia (947 Km) indicates a significant increase from 92 hours to 137 hours in April and May 2017 respectively. In general, transit time is still beyond the expected 72 hours. Therefore, activities geared towards attaining this key performance indicator should be implemented to the latter.

Source: KRA data

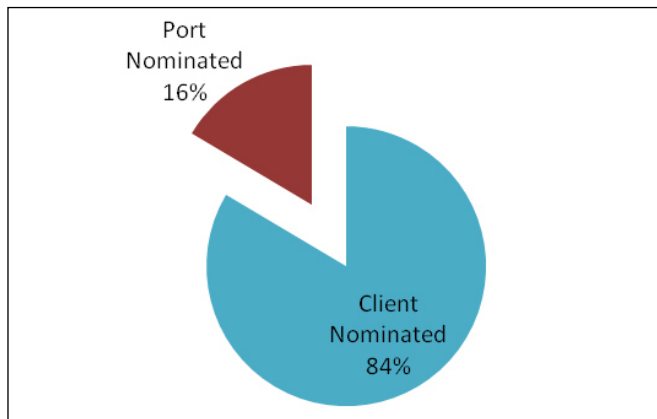


4 CONTAINERS UPTAKE FROM THE PORT TO THE CFS

Container Freight Stations (CFSs) are an extension of the port and are privately managed. CFSs have continued to play a key role in facilitation of storage of cargo prior to clearance through customs. Decongestion of the port of Mombasa enormously depends on the efficient cargo pick up from the Port by CFS's and efficient cargo clearance process at the CFS's. Cargo to the CFSs is either client nominated or KPA nominated. According to the Port Charter policy commitment, where 70% pre-clearance of goods prior to arrival of vessels is targeted, goods should not overstay at CFSs unless CFS's are also specialized to be used as Warehouses for Shippers. The time taken for import pickup and customs release at CFS's should be comparable with that of the Port.

As shown in figure 11 below, 84% of the cargo to CFSs was nominated by clients compared to 16% that was nominated by KPA.

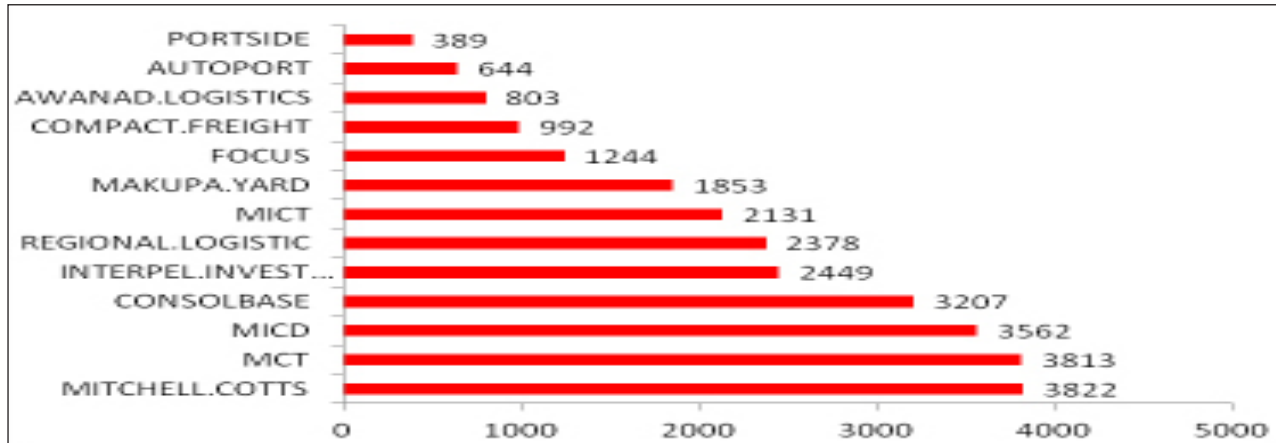
Figure 11: Container Nomination at the Port of Mombasa



Source: KPA, data



Figure 12: Monthly Container Deliveries to CFS (TEUs)



Source: KPA, data

The summary presented below reflects only 13 out of 24 CFSs registered under the CFSAs and KPA policies. The data is transmitted by KPA to various stakeholders, and only accounts for approximately 20% of the total cargo handled by the CFSs. The remaining 80% are not submitted to the KPA system as they are private and individual businesses. There is need to bring all the 24 CFSs on board to transmit their data to KPA in order to give the overall picture of Port operation and efficiency.

Figure 12 shows that Mitchel Cotts had the highest uptake with 3822 TEUs followed closely by MCT with 3813 TEUs and MICD with 3562 TEUs in the month of May 2017. The three CFS remain the dominant ones and have recorded the highest container uptake



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