



CONCEPT NOTE

TECHNICAL WORK PLANNING MEETING

Accelerated Transit Efficiency Improvements On East African Corridors

MOMBASA, KENYA
JULY 15th – 16th July , 2009

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1 OBJECTIVE

The objective is to bring together key partners who are directly involved in the Transit Transport Logistics Chain (TTLC) to explore practical measures for accelerating transit efficiency improvements on East African corridors.

A related objective is to enable identification of opportunities to strengthen partnerships with key players to enhance their capacity to play a pro-active role in addressing transit transport constraints on the Northern Corridor through technical assistance support from COMPETE or direct support under the Partnership Fund.

2 EXPECTED OUTPUTS

The outputs of the work planning meeting are:

- I. Prioritization of actions to be taken to address constraints on the Northern and Central Corridors in the short to medium term in line with the mandate of COMPETE.
- II. Identification of specific areas for collaboration between potential collaborators and COMPETE.
- III. Definition of a practical and results-driven action plan with a clear identification of roles and responsibilities including timeframes for delivery of envisaged outputs.

3 CONDUCT OF THE WORK PLANNING MEETING

3.1 Approach

The planning meeting will be held over a period of 2 days on the 15th and 16th July 2009. A selected list of presenters will be asked to make a presentation on behalf of an industry sector using Power Point.

Under the guidance of a facilitator, the delegates, through the use of strategic planning tools, will develop problem statements in order to establish clear and concise descriptions of the issues that need to be addressed. Based on these problem statements; the causes, and possible solutions will be derived. COMPETE will utilize this input in developing an action plan to Accelerated Transit Efficiency Improvements on East African Corridors

This meeting will aim to establish what the real issues are. By putting together all the industries stakeholders we aim to actively identify the relevant problems. These problems will be the basis of our opportunities for change and improvement. Problems may be obvious, or will be flushed out during the interactive presentation phase.

3.2 Presenters

ORGANIZATION	TOPIC
1. USAID EAST AFRICA REGIONAL MISSION OFFICE	USAID
2. COMPETE	Setting The Scene
3. COMPETE	About COMPETE
4. HELLMANN WORLD WIDE LOGISTICS	Traders Perspective On Challenges In Transit Trade On East African Corridors.
5. TNT	Transporters Perspective On Challenges In Transit Trade On East African Corridors.

ORGANIZATION	TOPIC
6. SDV TRANSAMI	Freight Forwarders Perspective On Challenges In Transit Trade On East African Corridors
7. KPA	Ports' Perspective On Challenges In Transit Trade On East African Corridors.
8. KRA	Regulators' Perspective On Challenges In Transit Trade On East African Corridors.
9. EAC	Regional Trade Integration : What Can Be Done To Improve Interface with The Private Sector

4 FACILITATION

This is a high-level consultative meeting and should be attended by members of senior management.

Two participants are invited from your institution. Names of nominees should be submitted to COMPETE by **30th June 2009** to facilitate finalization of travel arrangements.

USAID will pay for one round trip economy class fare for up to two participants using the most direct route for participants outside Nairobi, Kenya.

For participants coming from outside Mombasa, COMPETE will also pay for per diem payments at the prevailing USAID rates and in line with USAID regulations. However, it should be noted that most meals will be provided directly to the participants and thus per diem will not be paid for those meals.

5 BACKGROUND AND CONTEXT

a. Issues in East and Central Africa Surrounding Trade and Transportation Corridors

b. Inefficiencies along trade and transit transport corridors impact negatively on the trade and overall economic competitiveness of the countries of Eastern and Central Africa (ECA) and therefore their ability to be effective players in regional trade and in the global market place.

The inefficiencies are caused by, among others, poor condition of physical transport infrastructure (ports, roads, railways, and border posts), poor transit facilitation, limited use of both technology and transport logistics solutions and limited political will to transcend national interests in favor of broader regional solutions.

c. Impact of Transit Transport Inefficiencies

These inefficiencies result in the following:

- High transaction costs with studies showing that up to 40% of the cost of landed imports can be attributed to transit inefficiencies with land-locked countries being further disadvantaged;

- High costs of inputs and therefore production leading to export prices that are at least 30% higher than they should be (average ratio of transport cost/product for developing countries is about 11%) not only impacting negatively on the exports of ECA countries, but also considerably reducing profits for businesses;
- Transfer of resources which would otherwise be used for business growth and expansion to mitigating against high transport costs;
- Delays in the movement of goods particularly for sensitive commodity value chains such as coffee, dairy and horticulture (congestion and delays in transit links to airports) leading to potential loss of quality and markets;
- Limited intra-industry trade (sourcing of inputs by industries from within the region) resulting in limited growth of regional value chains and value addition;
- Potential reversal of gains from tariff reductions under regional trade arrangements such as the Free Trade Area (FTA) as well as preferential trade arrangements such as AGOA as a result of high transaction costs (studies by the World Bank have shown that high transportation costs are a far greater threat to African exports than tariffs);
- Limited intra-regional trade flows particularly of agricultural products due to poor infrastructure linkages leading to an undue dependence by ECA countries on extra-regional food imports to address food security;

6 MEASURES AND CHALLENGES

A number of measures have been taken by governments of the ECA region individually and regionally via economic groupings such as COMESA and EAC. Donors also play and continue to play a catalytic role in efficiency improvements along the transit corridors.

6.1 Measures

These measures have included:

- Investment in infrastructure rehabilitation and upgrading particularly for roads and ports (railways have received a disproportionate amount of funds);
- Implementation of transit facilitation instruments such as the Yellow Card (Third Party Motor Vehicle Insurance), Common Carriers License, Harmonized System of Road Transit Charges and Harmonized Axle Loads;
- Implementation of innovative transit solutions include, among others, such things as One-Stop-Border Posts, Customs Modernization (RADDEX) and Road Customs Transit Guarantee (RCTG) with the potential of significantly reducing delays and therefore transaction costs;
- Convening of national and regional consultative forums most of which have had a positive impact on reaching common consensus on key issues but limited impact on actual implementation;

6.2 Challenges

Major challenges have been:

- A discrete (such as tackling only roads or ports) approach by donors and governments in dealing with transit transport issues as opposed to an integrated holistic approach;
- Limited coordination by donors leading to sub-optimal allocation of resources and potential overlap of effort;
- Reversals by governments on agreed regional positions/instruments due to national considerations leading to slow pace of implementation – overall limited political will to embark on decisive, long-term measures to address transit constraints;
- Absence of neutral catalysts to drive change;
- Limited capacity of key government ministries to champion change (Ministries of Transport, Ministries of Trade and others);
- Limited capacity of key implementing agencies such as the Northern and Central Corridor Secretariats to take the lead in spearheading the implementation of agreed measures;

7 WAY FORWARD

COMPETE provides the “Neutral Catalytic Tool” to drive the process of change and provide the necessary technical capacity support to operators, governments, key institutions, business/trade associations and to leverage donor efforts to maximize impact and results.

The following key approaches are proposed:

- i. An integrated, holistic approach to addressing transit transport constraints with a focus on through transport logistics solutions along the entire transit transport chain;
- ii. Adopting technology based innovative solutions such as customs automation, cargo tracking systems, One-Stop-Border Posts, RCTG, and others;
- iii. Adopting a “value chain approach” to addressing transit transport constraints and working closely with relevant business/trade associations and private sector players as champions for advocating for policy changes;
- iv. Forging results driven partnerships with key private sector institutions so as to position them to play a pro-active role in working with relevant national and regional institutions to find sustainable solutions to addressing transit inefficiencies along major trade corridors;
- v. Improved donor coordination along major transit transport corridors so as to optimize impact of interventions and resource allocation (such as the proposed Task Coordination Group – TCG of the Northern and Central Corridors);
- vi. Enhanced capacity of governments and key agencies to spearhead implementation of the various transit measures through defined transit efficiency policy platforms;
- vii. Re-orienting various national and regional forums from merely consensus building to a results-driven implementation approach;
- viii. Putting in place information systems to track impact of interventions and measure results and in particular, impact of interventions on reducing transaction costs and therefore trade and economic competitiveness.

8 INVITED PARTICIPANTS

8.1 Partners – Intergovernmental/Public Sector

- 8.1.1 Directorate of Roads and Bridges
- 8.1.2 Inter-Governmental Standing Committee of Shipping
- 8.1.3 Kenya Ports Authority
- 8.1.4 Kenya Revenue Authority
- 8.1.5 Kenya Roads Board
- 8.1.6 Port Management Association for Eastern and Southern Africa
- 8.1.7 Transit Transport Coordination Authority of the Northern Corridor
- 8.1.8 Transit Transport Facilitation Agency of the Central Corridor
- 8.1.9 Uganda Revenue Authority

8.2 Partners – Private Sector

- 8.2.1 East African Business Council
- 8.2.2 Federation of East African Freight Forwarders Associations
- 8.2.3 Federation of East and Southern African Road Transport Associations
- 8.2.4 Hellmann World Wide Logistics
- 8.2.5 Kenya Association of Manufacturers
- 8.2.6 Kenya International Freight and Warehousing Association
- 8.2.7 Kenya Plant Health Inspectorate Services
- 8.2.8 Kenya Transport Association
- 8.2.9 SDV Transami

8.3 Partners - Existing Private Sector

- 8.3.1 African Cotton and Textiles Industries Federation
- 8.3.2 Eastern African Fine Coffees Association
- 8.3.3 Eastern African Grain Council

8.4 Partners - Other

- 8.4.1 Regional Centre for Mapping of Resources for Development
- 8.4.2 Regional Strategic Analysis and Knowledge Support System
- 8.4.3 Rift Valley Railways
- 8.4.4 The East Africa Tea Trade Association
- 8.4.5 World Customs Organization, East and Southern Africa

9 TENTATIVE PROGRAM OF EVENTS

TUESDAY 14th JULY 2009		
ACTIVITY	RESPONSIBLE PERSON	TIMING
1. ARRIVAL OF DELEGATES	o Ms Fredah Murugu Mputhia (Program Coordinator COMPETE)	1700
2. NETWORKING COCKTAIL	o Ms Fredah Murugu Mputhia (Program Coordinator COMPETE)	1800 - 2100
WEDNESDAY 15th JULY 2009		
REGISTRATION	MODERATOR	0830-0900
3. WELCOME REMARKS	o Transit Transport Coordination Authority of the Northern Corridor o Chief of Party COMPETE o Regional Trade Advisor USAID East Africa Regional Mission Office)	0900-0930
4. SETTING THE SCENE	o Senior Transit Facilitation Advisor COMPETE	0930-1000
COFFEE BREAK	MODERATOR	1000-1015
5. SECTOR PRESENTATIONS		
5.1. TRADERS (IMPORTERS/EXPORTERS)		1015-1100
5.1.1. Traders Presentation	o Hellmann World wide logistics	15 min
5.1.2. Panel Response	o Bulk Grain Handlers) o Kenya Shippers Council o Kyagalanyi Coffee Limited	5 min
5.1.3. Plenary response	o FACILITATOR	25 min
TOTAL TIME		45 MIN
5.2. TRANSPORTERS & FREIGHT FORWARDERS		1100-1200
5.2.1. Transporters & Freight Forwarders Presentation	o SDV Transami o TNT	30 min
5.2.2. Panel Response	o Kenya Transport Association o Kenya International Freight and Warehousing Association o Federation of East African Freight Forwarders Associations	5 min
5.2.3. Plenary response	o FACILITATOR	25 min
TOTAL TIME		60 MIN
5.3. PORTS AND CONTAINER TERMINALS		1200-1245
5.3.1. Ports and container terminals Presentation	o Container terminal Manager KPA	15 min
5.3.2. Panel Response	o Tanzania International Container Terminal Services o Port Management Association for Eastern and Southern Africa	5 min
5.3.3. Plenary response	o FACILITATOR	25 min
TOTAL TIME		45 MIN
LUNCH	o MODERATOR	1300-1400
6. REGULATORS PERSPECTIVE		1400-1445
6.1.1. Regulators Perspective Presentation	o Kenya Revenue Authority	15 min

ACTIVITY	RESPONSIBLE PERSON	TIMING
6.1.2. Panel Response	<ul style="list-style-type: none"> ○ Uganda Revenue Authority ○ Rwanda Revenue Authority 	5 min
6.1.3. Plenary response	○ FACILITATOR	25 min
TOTAL TIME		45 MIN
7. DEFINING THE PROBLEM (BREAKOUT SESSION)		1445-1700
7.1.1. Training on Problem definition	○ FACILITATOR	45 min
7.1.2. Breakout Groups (Coffee during session)	○ FACILITATOR	90 min
DINNER ON THE TAMARIND DHOW		1830-1030
THURSDAY 16th JULY 2009		
8. GROUP PRESENTATIONS		0830 – 1030
8.1. Objectives Traders (Importers/Exporters) Group	○ FACILITATOR	10 min
8.2. Plenary Discussions On Objectives	○ FACILITATOR	30 min
8.3. Ports And Container Terminals Group	○ FACILITATOR	10 min
8.4. Plenary Discussions On Objectives	○ FACILITATOR	30 min
8.5. Regulators Group	○ FACILITATOR	10 min
8.6. Plenary Discussions On Objectives	○ FACILITATOR	30 min
COFFEE BREAK	MODERATOR	1030-1100
9. COMMON MARKET ADDRESS		1100-1200
9.1. EAC	○ EAC SECRETARIAT	20 min
9.2. COMESA	○ COMESA SECRETARIAT	20 min
10. WAY FORWARD AND CLOSING REMARKS	○ Mr. Stephen Walls (Chief of Party COMPETE)	1240-1300
LUNCH	○ MODERATOR (Partnership Fund Director (COMPETE))	1300-1400
11. VISIT TO KILINDINI HARBOR	○ Mr. Yusuf Majan and Ms Fredah Murugu (COMPETE)	1500-1700
END		

10 ABBREVIATIONS

ACTIF	African Cotton and Textiles Industries Federation
EABC	East African Business Council
EAFCA	Eastern African Fine Coffees Association
EAGC	Eastern African Grain Council
FEAFFA	Federation of East African Freight Forwarders Associations
FESARTA	Federation of East and Southern African Road Transport Associations
GSS	Director of Roads and Bridges, Ministry of Transport and Roads, Southern Sudan
ISCOS	Inter-governmental Standing Committee of Shipping
KAM	Kenya Association of Manufacturers
KIFWA	Kenya International Freight and Warehousing Association
KPA	Kenya Ports Authority
KRA	Kenya Revenue Authority
KRB	Kenya Roads Board
KTA	Kenya Transport Association
PMAESA	Port Management Association for Eastern and Southern Africa (PMAESA)
RCMRD	Regional Centre for Mapping of Resources for Development
ReSAKSS	Regional Strategic Analysis and Knowledge Support System
TTCA-NC	Transit Transport Coordination Authority of the Northern Corridor
TTFA-CC	Transit Transport Facilitation Agency of the Central Corridor
URA	Uganda Revenue Authority
WCO	World Customs Organization, East and Southern Africa

11 LOGISTICS FOR THE MEETING

- TIMING** - Mombasa, Kenya, Monday, 14th July 2009 to 17th July 2009
- VENUE** - The **Serena Beach Hotel, Mombasa, Kenya**. Delegates are requested to arrive on **14th July** and depart the morning of **17th July 2009**.
- AIR TICKETS** - Return economy class airfares will be provided to sponsored delegates. Ticket details will be advised. Please remember to retain your boarding pass stubs
- AIRPORT TRANSFERS** - Airport transfers will be provided by the Mombasa Serena Hotel. Look out for signboards on arrival at the airport.
- PER DIEM** - Standard USAID per diem rates for Mombasa will apply only for those participants coming from outside of Mombasa and sponsored by COMPETE.
- LODGING** - This will be paid directly to the hotel
- M&IE** - Each sponsored person will receive per diem payment in cash, based on the number of days and meals provided. Per diem will be paid at the USG rate. Most meals will be directly provided and no per diem payment will be paid for meals provided.