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Analysis of customers complaints, 1995-1999, for the improvement of port services in Mombasa [Kenya]

Rose Atieno Nyalwal
World Maritime University

WORLD MARITIME UNIVERSITY
Malmö, Sweden

ANALYSIS OF CUSTOMERS COMPLAINTS 1995 - 1999

For the improvement of port services in Mombasa

By

ROSE ATIENO NYALWAL
The Republic of Kenya

A dissertation submitted to the World Maritime University in partial fulfillment of the requirements for the award of the degree of

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in

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DECLARATION

I certify that all the material in this dissertation that is not my own work has been identified, and that no material is included for which a degree has previously been conferred on me.

The contents of this dissertation reflect my own personal views, and are not necessarily endorsed by the University.

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Supervised by:
Dr. Shuo Ma
Course Professor, Port and Shipping Management
World Maritime University

Assessor:
Dr. Bernard Francou
Associate Professor, Port Management
World Maritime University

Co-assessor:
Mr. Jacques Sublet
Secretary General
U.P.A.C.C.I.M. – A.D.P.F.
Les Ports Fracais

DEDICATION

To my daughter Martina, for tolerating my absence at her very tender age, for 17 good months while I pursued my studies.

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ABSTRACT

Title of Dissertation: **Analysis of customers' complaints 1995 – 1999**

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The dissertation is a study of Mombasa port's customer relationship with reference to Kenya Port Authority's corporate direction, the customers perception of KPA's services and how they can be linked to the port of Mombasa through information control.

A brief look is taken at KPA's reaction in relation to the public outcry on the decline in traffic, with particular reference to Northern Corridor customers. They are said to have shifted their business interests to the neighbouring ports due, to the deplorable state of facilities and unsatisfactory services impeding the customers from using the port.

A broad range of complaints derived from the port users meetings have been analysed as an attempt to expose the response of KPA's management towards the problems experienced by the customers using the port. Turn around time, productivity, security, costs and other problems are perceived as the contributing factors affecting the shipping industry in Kenya.

An in-depth analysis has been carried out on the above problems by quantifying them using the cost benefit analysis method, from which proposals have been made for KPA to take measures and rectify the situation.

A challenging marketing mechanism that creates a differentiated relationship with the customers is proposed for immediate implementation by KPA to give the port a real chance to regain its status as one of the leading hubs in Africa.

The concluding chapter offers recommendations for KPA's way forward, to be considered and implemented at all, levels of the organisation.

KEY WORDS: Competition, Customer focus, Cost benefit, Mombasa port, Management assessment.

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LIST OF ABBREVIATIONS

ASK	Agriculture Society of Kenya
CIF	Cost Insurance and Freight
CMT	Consultative Meeting of Transit Traffic
COs'	Companies
CRM	Customer Relationship Management
DPA	Dubai Ports Authority
EDI	Electronic Data Interchange
ICD	Inland Container Depot
IT	Information technology
JMTF	Joint Marketing Task Force
KEPHIS	Kenya Plant Health Inspectorate Service
KFA	Kenya International Freight and Warehousing Association
KPA	Kenya Ports Authority
KPP	Kenya Port Police
KRA	Kenya Revenue Authority
KRC	Kenya Railways Corporation
KSA	Kenya Ships Agents Association
NTTFC	National Trade and Transport Facilitation Committee
RTG	Rail tyred gantry
SSG	Ship to shore gantry
SWIPCO	Swiss Procurement Company
TEUS	Twenty feet equivalent units
THC	Terminal Handling Charges
TRC	Tanzania Railway Corporation
UFA	Uganda Clearing and Forwarding Association

UNCTAD	United Nations Conference on Trade and Development
URA	Uganda Revenue Authority
URC	Uganda Railways Corporation
US$	United States Dollar

CHAPTER 1

INTRODUCTION

1.1 General overview

The time where ports could sit down and wait for cargo is long gone. Transformation in the shipping industry has had a tremendous impact on ports worldwide. Today's ports are market-oriented ports, and the market decides their future. Ports are confronted with challenges, as the market demands quality delivery of services at competitive prices.

Marketing of ports is something new which has changed the technological structure of the port industry to a competitive economic environment. Ports are no longer administrative, but commercial entities and must prove to be financially viable. The regional market is changing so fast due to the economic globalisation. The networking approach is vital for market oriented ports since the traditional port to port routes have been replaced by networking of routes, where different trade routes intersect and interconnect they have to look for trade routes and not only the shipping lines. Ports are under immense pressure from their customers' needs and desires to respond with expensive expansion and development projects. Villalon (1998,82) says, " the focus should be on the needs of customers - terminal and warehouse operators, carriers and tenants, as well as importers and exporters who may dictate the routing of cargo through specific routes."

While ports continue to spend a great deal of time and energy trying to remain competitive in the global market, the issue of supplying a competitive service to the customer is

dormant in many ports. Therefore, it is essential not only for ports to acknowledge the basic name and address of their customers but to know how important the individual customer is to their business and the possibility of the same customer conducting business with other competitors instead. Majority of ports have the tendency to believe that customers always want one solution such as low prices while from the customer's point of view they are more interested in flexibility.

In this aspect, the current global trend in international trade and transport envisages port managers to assume the role of customers and determine ways and means of overcoming their difficulties. For instance, the flexibility of the port in assisting problems pertaining to immigration or custom authorities.

1.2 Aim and scope of the study

The author's choice for this topic is the grief surrounding KPA's port users' meetings, on grounds that the customers needs are being ignored unfairly with particular reference to ICD Kisumu meetings held on a quarterly basis. Complaints raised during the meetings are often referred to the respective departmental heads for attention. Despite the attendance by a marketing officer as the secretary to the meeting, no follow up is ever done to obtain feed back from the customers on actions taken by the concerned departments. More often than not, similar problems are mentioned yet again after three months hence persistent complaints. Ports in Europe such as the port of Malmö no longer have port users meetings because of the fact that the participants always put forward their own interests. Likewise in Mombasa, as well as the inland container depots (ICDs) the situation is worse in the sense that potential customers couldn't care less to attend the meetings. They could still travel to Mombasa to clear their consignments upon citing the delays to receive them.

This paper is designed with a focus to carry out an analysis of preparing a marketing mechanism and commercial strategy, as a solution to the future development of Kenya Ports Authority. This analysis goes in parallel with a practical study of complaints derived from the minutes of port users meetings held in Mombasa. The high rate of complaints from customers calls for a more systematic way of addressing the delivery of service. The paper is organised in three sections covered over four main chapters.

The first section is about the current developments of Mombasa port with particular reference to its concern on the decline in transit traffic. The aim is to study the marketing strategy adopted by the port community to convince customers on the improved services. The analysis on the port will be carried out to determine the performance in terms of cargo throughput for both Mombasa and Dar es Salaam ports and the cause of customers shifting to neighbouring ports.

The second section is divided into two parts. Chapter 3 being the first part identifies the problems derived from the port users meetings to be studied throughout the analysis. The problems are classified and grouped into 5 major groups.

Chapter 4 being the second part, is to carry out an in depth analysis of the problems to determine the evolution of the problems over a period of time. The composition of the complainants is equally important in the sense that customers do not only complain on KPA's inefficiency but other state corporations are affected too. The analysis on persistence determines KPA's effectiveness in solving the problems.

Finally, section three, Chapter 5 is the conclusion of the analysis with a cost benefit analysis solution. First, select priorities, recruit the appropriate staff and then propose the strategy to be implemented on the basis of the research.

Chapter 6 is to draw conclusions and make recommendations to overcome the current problems facing the customers.

The success of KPA to stand a chance of being a market oriented port is not only dependent on its efficiency, but requires a marketing strategy that will recognise long term relationships with customers and earn them customer ownership. Further more, it will enable KPA to learn its customers in a more consistent manner and provide them with a made to measure service with fast turn around time, reduced costs and a friendly and reliable distribution centre.

1.3 Methodology

The author was fortunate to meet the present managing director during the break in December 1999 and attended his first meeting with the customers. Contacts were made with the senior executives of Kenya Ports Authority in Mombasa, Nairobi, Kisumu and Kampala to obtain the relevant data pertaining to the general information on the port and the port users meetings. Importers and exporters based in Kampala were interviewed with the intention of determining their reasons for shifting their business priorities to the port of Dar es Salaam. Relevant books and articles were researched regarding the evolution of ports, which have gone hand in hand with rapid growth of the economy. A substantial amount of data was obtained from the Internet on the fast changing pace of the market focus, in relation to customers' requirements. Lecture notes conferred at the World Maritime University, Malmö, Sweden, and practical experiences gathered from field trips conducted during the 17 months of study have also been incorporated to bring about the success of this study.

CHAPTER 2

CURRENT DEVELOPMENTS OF MOMBASA PORT

2.1 Introduction

The aim of the present chapter is the study of KPA's market strategy used in meeting the customers ever changing demands with particular reference to Northern Corridor. Analysis of the performance for Mombasa and Dar es Salaam ports will be carried out to determine the cause of shifting to neighbouring ports.

2.2 Kenya Ports Authority's marketing strategy

KPA does not have a well-defined marketing strategy but it ensures customer care services by co-ordinating its activities on a daily basis in liaison with the port users.

2.2.1 Port users' meetings

Initially, the authority conducted an advisory productivity council meeting under the chairmanship of the managing director. The purpose of this meeting was for the authority to review and analyse its performance in response to changes of demand from customers. Ideally, this meeting was supposed to be conducted on monthly basis, but on going through the minutes illustrated in Appendix C it is noted that no proper system was followed to schedule the meetings. However it has now been replaced by the consultative meeting on movement of transit cargo along the northern corridor, with effect from 5th March 1999. A similar meeting is also conducted at the inland container

depots chaired by the manager in charge of the depots, with the objective to strengthen the relationship and harmonise co-operation between the port and its users. The meetings also serve as familiarisation sessions in those problems experienced by shipping lines; shippers and potential customers are also discussed.

The newly instituted consultative meeting at the port is on a monthly basis for all stakeholders, to help iron out difficulties associated with the movement of transit cargo along the northern corridor. This meeting has been initiated following persistent complaints from the port users who have now turned to the Tanzanian port citing inefficiency, red tape, corruption and dilapidated infrastructure at Mombasa in particular, Uganda coffee exporters and some major cargo handling companies. As at December 1999, four consecutive consultative monthly meetings had taken place.

The consultative group includes senior officers from Kenya Ports Authority, Kenya Railways Corporation, Uganda Railways Corporation, Kenya Revenue Authority, Uganda Revenue Authority, Uganda Clearing and Forwarding Association, Kenya International Freight and Forwarding Association, Kenya Shipping Agency, permanent Secretariat of the Transit Transport and Kenya Police under the chairmanship of Commissioner General of Kenya Revenue Authority. Issues raised in this meeting assume the priority they deserve and have been addressed with all the keenness. The meeting takes place either in the morning or afternoon for approximately 4 hours.

2.2.2 The impact of symposiums

In December 1999, the Kenya Ports Authority was represented at a high-level sub regional symposium held in a luxurious hotel in Mombasa for 3 days, on transit transport policies and operations. The meeting was organised by the permanent secretariat of the Transit Transport Co-ordination Authority of the Northern Corridor, an organisation that

brings together the five principle users of the port of Mombasa namely Kenya, Uganda, Rwanda, Burundi and the Democratic Republic of Congo.

The symposium was also attended by the following participants as illustrated below:

- The ministers, permanent secretaries and other relevant senior government officials in the Ministries of Transport, Public Works and Trade, as well as other relevant state institutions in the five member states;
- Senior officials from the offices of the revenue authorities in the member States;
- Senior officials from the security agents such as police and the Central Investigation Department;
- Senior executives from the Railway administrations;
- Senior managers from the Association of Road Transport;
- Senior managers from clearing and forwarding agencies;
- Senior managers from insurance and banking institutions providing financial services to transit transport operators;
- Senior managers from relevant export and import companies;
- Senior managers from international shipping agencies including other related agencies involved in the control of export and import companies;
- Senior managers from public information agencies and companies;
- Senior representatives from relevant United Nations agencies and other relevant international and regional organisation.

Basic technical reports were presented to facilitate the deliberations of the symposium covering the following aspects:

- An overview of the current transit transport situation in the sub region;
- Issues related to port facilities, management and operations and the development and management of dry ports;

- Customs transit procedures and regulations;
- Rail transit traffic and road transit traffic including the enforcement of axle load limits.

The symposium was a unique opportunity to attract all stake holders from the public and private sectors involved in activities that are directly or indirectly relevant to the development of the transit traffic operations along the Northern Corridor. It fostered regional co-operation and also provided a forum for the stakeholders to express their views and explain their problems to the decision-makers.

2.2.3 KPA's liaison office

KPA has extended its services by establishing a liaison office in Kampala to cater for Uganda and the Great Lakes region market. An interview with KPA's resident representative based in Kampala, Mboya, I (1999, December) revealed the following: The office opened its doors on the 1st December 1996, and was officially commissioned on the 8th October 1997. Since its inception, the Kampala office has done a great deal in updating port users on latest developments at the port, for example on information about the discharging and loading vessels and dates of arrivals. The office serves as a functional arm of the port users and can always be reached within 24 hours. Claims can now be lodged through this office unlike in the past, when follow up of claims proved to be difficult due to lack and flow of information and communication. Previously, customers had experienced problems for paying for charges that are not related to KPA by various stakeholders, but through this office, they are now conversant with export/import shipping procedures and the port tariffs that are currently on concession.

Mboya further said that the Kampala office has enhanced the relationship between Kenya Ports Authority management and the port users from the region, and has also

helped to boost trade by participating in the annual Uganda International Trade Fare. He adds that the office has helped in updating customers on what steps Kenya Ports Authority has taken to improve efficiency at the port, particularly at this time with a lot of speculation on loss of traffic to Dar es salaam. Consultative meetings are held in conjunction with the Kenya Railways, Uganda Railways, shipping representatives and forwarding agents to chart out the strategies on where improvements can be done to match the port users demands. The office also works in close liaison with Kenya's commercial attaché to Uganda in promoting business between Kenya and Uganda, which has proved beneficial to the business community using the port of Mombasa. The office has also harmonised the complaints, which were initially being channelled to the High Commissioner.

The authority has intentions to establish other liaison offices in Kigali and Bujumbura to educate shippers in cargo documentation and port operations, in an effort to promote regional economic co-operation and integration.

2.2.4 KPA's Objectives.

The two noble objectives that KPA is concerned with in order to facilitate international and national maritime trade in the most efficient manner are, the reduction of cargo dwell time in the port and the minimisation of ships working time in the port. Kenya's vision for the port of Mombasa is calls for a restructured organisation that will entail a highly motivated labour force, and a more commercially oriented management. The way ahead for KPA is to have a network link with overseas ports and neighbouring ports in order to respond quickly to fast moving global market developments. KPA's mission is to develop the port's infrastructure at the most economically and financially viable cost to operators and to ensure that it provides high quality, timely and cost efficient services to the customers.

2.3 Challenges that face the port of Mombasa.

Kenya Ports Authority starts the 21st century with major challenges ahead of it, the toughest being marketing to attract more business through the port and keep the existing traffic too. One of the major challenges facing KPA is the port's performance levels and its productivity as it has a rated capacity to handle 22 million tonnes per year.

Francou (2000) of the World Maritime University provides information that,

> In order to improve the port performance and to cope with the quick development of the shipping industry, there is need to identify indicators to measure how the port operations can be done better. 2/3 of the total maritime cost happen in the ports, mainly wharfage, handling and storage operations hence the port should be a low cost provider by reducing its operational costs. Turn around time should be short in terms of total cost per tonne handled.

Although KPA envisages the possibility of being a world class landlord port handling a minimum of 9.8 million tonnes by the year 2000, its present utilisation is still low at 45%.

In recent years, the port of Mombasa has been faced with numerous problems, which have adversely affected its operational performance. This aspect has also led the shipping fraternity especially importers from Uganda, Rwanda, Burundi and the Democratic Republic of Congo to take up the option of using the port of Dar es Salaam in Tanzania and Durban in South Africa. These problems are attributable to high costs, poor services, low efficiency and unreliability as expressed by the customers, whose details will be elaborated in the next chapter. However, the above factors are considered symptoms of a problem rather than causes.

2.3.1 Position of Mombasa and Dar es Salaam ports.

Mombasa and Dar es Salaam ports are situated in East Africa along the Indian Ocean. (See map attached in appendix A). For a while the two ports have been resistant to change but today the environment in these ports seems to have changed due to globalisation. Almazan & Mundy (2000) comments on the landmark decision by the port of Dar es Salaam to lease its container terminal on concession to a Manila-based International Container Terminal Services in conjunction with its Tanzanian partner, Vertex Financial Services for a period of 10 years. Prior, to this the two ports have experienced similar operational problems such as cumbersome documentation procedures, backlog of boxes not cleared hence constant congestion at the terminals, and ships not calling the ports directly. Critchton, (1999,41) confirms that, " CMBT which used to run a multipurpose North Europe/East Africa service abandoned it due to poor port conditions in East Africa. Instead, it offered a service to Dar es Salaam via Durban, pre-carrying on Europe/South Africa ships". Turn around time is between 4 to 5 days compared to the standard time in other ports, which is 2 days. The two ports are not fully automated apart from having had new computerised billing systems installed in the revenue departments respectively. However, comparison of the two ports is not the best scenario to assess the current situation at the port of Mombasa. KPA's main concern should be concentrated on the decline of traffic with particular reference to transit traffic.

2.4 Port throughput.

Through put is the volume of traffic passing through the port that also acts as a measure portraying the functions and the relative importance of a port, and a reflection of the combined effects of the various factors influencing port operations. This study will only analyse data for 1991 – 1998, since the latest statistics for the port are not available.

2.4.1 Dry cargo traffic.

Tables 1 and 2 illustrate the dry cargo traffic through the ports of Mombasa and Dar es Salaam respectively. The total throughput of Mombasa port rose from 7.10 million tons in 1991 to 8.46 million tons in 1998. The highest recorded throughput was in 1996 with a record of 8.58 million tons with an average throughput of 8.05 million tons. The port operations have been dominated by imports with an average share for the period of 73 % while 30 % of the imports is comprised of transit traffic.

Table 1. Dry cargo traffic - port of Mombasa ('000 Tonnes).

	1991	**1992**	**1993**	**1994**	**1995**	**1996**	**1997**	**1998**
Imports	5040	4827	4288	5182	4259	3700	5454	5648
Exports	1535	1854	2503	1391	1722	2041	1461	1680
Transit	528	1210	1131	1706	1938	2835	1344	1127
Total traffic	**7103**	**7891**	**7922**	**8279**	**7919**	**8576**	**8259**	**8455**
% change of total traffic	**0**	**11**	**0**	**5**	**-4**	**8**	**-4**	**2**

Source: Annual Bulletin of Port Statistics 1998

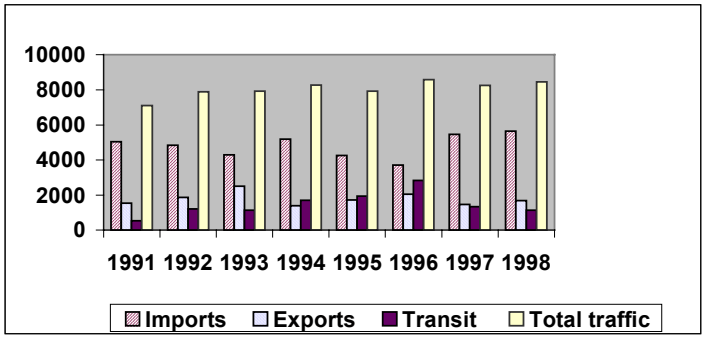

Figure 1. Dry cargo traffic - Mombasa port

Table 2. Dry cargo traffic-port of Dar es Salaam ('000 Tonnes).

	1991	1992	1993	1994	1995	1996	1997	1998
Imports	564	678	855	795	836	645	947	901
Exports	266	289	314	252	357	311	294	315
Transit	1075	1379	1284	1024	891	706	596	541
Total traffic	**1905**	**2346**	**2453**	**2071**	**2084**	**1662**	**1837**	**1757**
% change of total traffic	**0**	**23**	**5**	**-16**	**1**	**-20**	**11**	**-4**

Source: Tanzania Harbours Authority Annual Report, 1998

During the same period, the port of Dar es Salaam recorded the highest throughput of 2.45 million tons in 1993 with an average throughput of 2.02 million tons. The volume is also dominated by imports with an average share for the period of 64 % while 120 % of the imports is comprised of transit traffic.

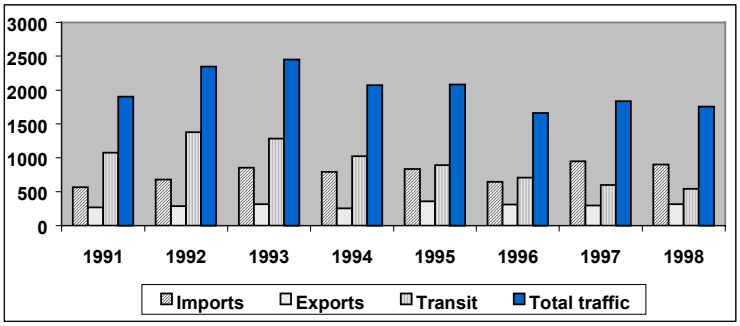

Figure 2. Dry cargo traffic - Dar es Salaam port

2.4.2 Container traffic

The port of Mombasa is the main container port in the region serving the landlocked countries of Uganda, Rwanda, Burundi and the Democratic Republic of Congo as well as Kenya itself. Container traffic rose from 135,540 twenty feet equivalent units (TEUS) in 1991 to 248,451 by 1998 indicating a growth rate of 8.13 %. The increase in box throughput has been attributed to containerisation of general cargo as illustrated in table 3.

Table 3. Container traffic-port of Mombasa (TEUS).

	1991	**1992**	**1993**	**1994**	**1995**	**1996**	**1997**	**1998**
Full	107584	107645	112646	126633	153748	165752	172742	183989
Empty	27956	27679	31491	33660	46789	51276	57956	64462
Total traffic	**135540**	**135324**	**144137**	**160293**	**200537**	**217028**	**230698**	**248451**
% change of total traffic	**0**	**0**	**7**	**11**	**25**	**8**	**6**	**8**

Source: Annual Bulletin of Port Statistics 1998.

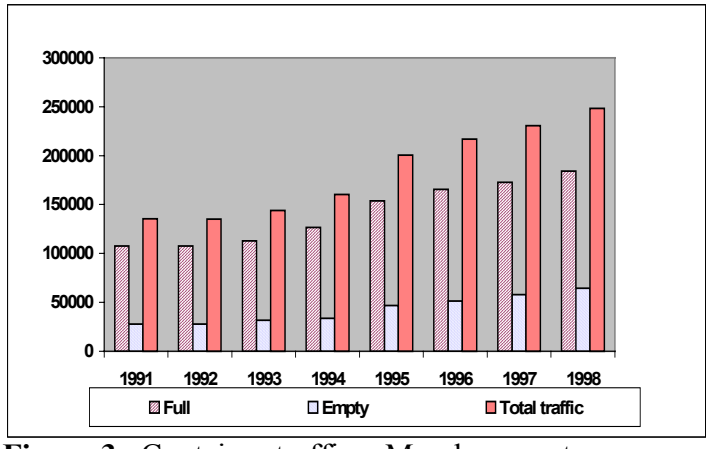

Figure 3. Container traffic – Mombasa port

The port of Dar es Salaam also shares the same hinterland as the port of Mombasa. Table 4 illustrates between 1991 and 1998 the port recorded a growth rate of 4.88 %. The share of empty containers to the total traffic is relatively high. The average in both ports had a record of 23 % and 22 % respectively, the latter being Dar es Salaam port. This scenario indicates the imbalance of trade.

Table 4. Container traffic- port of Dar es Salaam (TEUS).

	1991	**1992**	**1993**	**1994**	**1995**	**1996**	**1997**	**1998**
Full	60832	67963	74327	75407	73082	69382	71198	83916
Empty	15564	18892	23466	20480	21027	24246	27472	26426
Total traffic	**76396**	**86855**	**97793**	**95887**	**94109**	**93628**	**98670**	**110342**
% change	**0**	**14**	**13**	**-2**	**-2**	**-1**	**5**	**12**

Source: Tanzania Harbours Authority Annual Report, 19

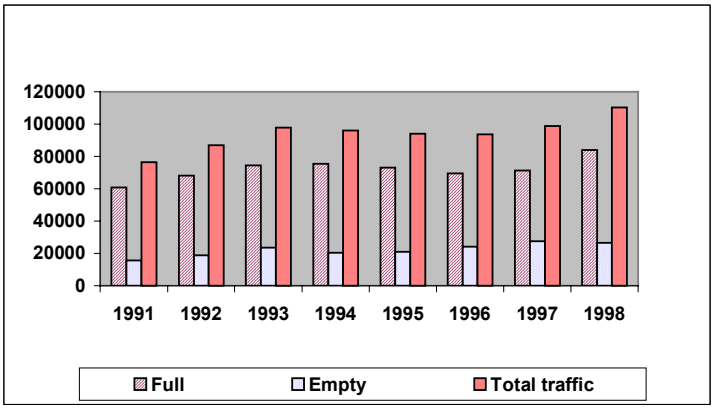

Figure 4. Container traffic – Dar es Salaam port.

2.4.3 Transit traffic

Today, transit traffic is of major concern to the port of Mombasa. About 18.3 % of Mombasa's traffic comprises of transit cargo with Uganda accounting for 50 %, Burundi is 1.5 %, Rwanda is 17.5 % and D.R. of Congo is 9.4 % of the transit traffic. As illustrated in table 5 the highest recorded throughput of 2.83 million tons was in 1996 the with a share contribution of 33 % of the total cargo throughput. However, since

1996 share of transit traffic has considerably dropped to 16.2 % in 1997 and 13.3 % in 1998 respectively. The port of Mombasa is speculated to have lost a substantial amount of this trade to the port of Dar es Salaam.

Table 5. Transit traffic - port of Mombasa ('000 Tonnes).

Particulars		**1991**	**1992**	**1993**	**1994**	**1995**	**1996**	**1997**	**1998**
Uganda	Imports	154	321	336	711	910	962	595	651
	Exports	149	146	146	205	146	250	277	191
	Total	**303**	**467**	**482**	**916**	**1056**	**1212**	**872**	**842**
Tanzania	Imports	16	10	17	134	76	344	65	41
	Exports	2	5	7	9	16	19	24	17
	Total	**18**	**15**	**24**	**143**	**92**	**363**	**89**	**58**
Burundi	Imports	11	33	18	35	45	12	0	1
	Exports	2	9	3	1	3	0	0	0
	Total	**13**	**42**	**21**	**36**	**48**	**12**	**0**	**1**
Rwanda	Imports	54	77	56	169	475	770	155	83
	Exports	48	37	68	9	19	26	12	11
	Total	**102**	**114**	**124**	**178**	**494**	**796**	**167**	**94**
Sudan	Imports	2	35	36	70	26	11	20	52
	Exports	0	0	0	0	0	1	0	0
	Total	**2**	**35**	**36**	**70**	**26**	**12**	**20**	**52**
D.R. Congo	Imports	14	80	44	226	116	259	94	43
	Exports	56	31	34	34	27	25	12	17
	Total	**70**	**111**	**78**	**260**	**143**	**284**	**106**	**60**
Others	Imports	20	426	347	93	78	144	44	18
	Exports	0	0	19	10	1	12	46	2
	Total	**20**	**426**	**366**	**103**	**79**	**156**	**90**	**20**
Total Imports		271	982	854	1438	1726	2502	973	889
Total Exports		257	228	277	268	212	333	371	238
Total Traffic		528	1210	1131	1706	1938	2835	1344	1127
%change total traffic		**0**	**129**	**-7**	**51**	**14**	**46**	**-53**	**-16**

Source: Annual Bulletin of Port Statistics 1998

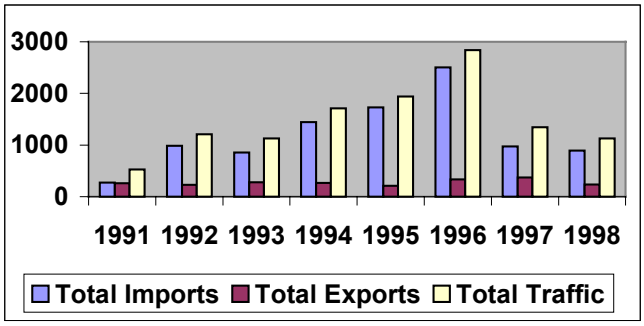

Figure 5. Transit traffic – Mombasa port

At Dar es salaam, between 1991 and 1998 transit cargo was 7.50 million tons, which accounted for 46.5 % of its total throughput. Uganda accounts for 5.1 %, Burundi is 13 %, Rwanda is 9.7 % and D.R. of Congo is 11.7 % of the transit traffic. From figure and table 6 there is an indication that since 1991 to 1994 the share contribution was above 50 % but declined thereafter to 31 % as recorded in 1998.

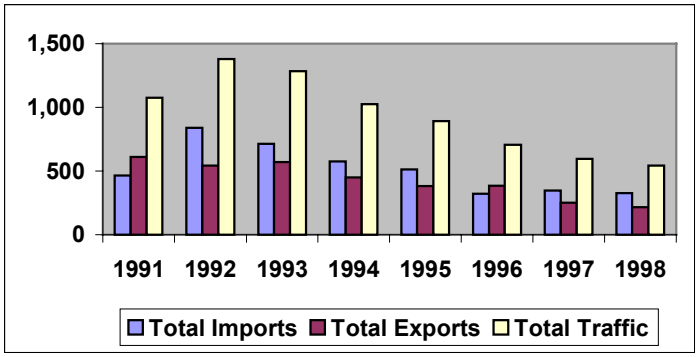

Figure 6. Transit traffic – Dar es Salaam port

Table 6. Transit traffic- port of Dar es Salaam ('000 Tonnes).

Particulars		1991	1992	1993	1994	1995	1996	1997	1998
Uganda	Imports	12	3	3	13	51	30	63	40
	Exports	32	14	14	32	5	42	21	12
	Total	**44**	**17**	**17**	**45**	**56**	**72**	**84**	**52**
Burundi	Imports	103	77	121	212	134	46	32	31
	Exports	41	47	42	37	38	19	0	0
	Total	**144**	**124**	**163**	**249**	**172**	**65**	**32**	**31**
Rwanda	Imports	47	46	159	99	97	92	103	52
	Exports	0	0	0	1	6	12	5	9
	Total	**47**	**46**	**159**	**100**	**103**	**104**	**108**	**61**
D.R. Congo	Imports	46	33	47	49	98	60	65	60
	Exports	100	61	89	23	27	93	21	3
	Total	**146**	**94**	**136**	**72**	**125**	**153**	**86**	**63**
Kenya	Imports	0	0	0	1	0	0	2	0
Others	Imports	256	679	383	201	131	92	81.00	143
	Exports	438	419	426	356	304	220	203.00	191
	Total	**694**	**1098**	**809**	**557**	**435**	**312**	**284**	**334**
Total Imports		464	838	713	575	511	320	346	326
Total Exports		611	541	571	449	380	386	250	215
Total traffic		**1,075**	**1,379**	**1,284**	**1,024**	**891**	**706**	**596**	**541**
% of total traffic		**0**	**28**	**-7**	**-20**	**-13**	**-21**	**-16**	**-9**

Source: Tanzania Harbours Authority Annual Report, 1998

There is potential growth for transit traffic given the high percentage of 30 % registered in 1996 at Mombasa and 60 % in 1992 at Dar es Salaam respectively. However, the continued decline in both ports since 1996 may reflect on problems affecting the Northern Corridor. The Kenyan economy has slowed down; hence the decline in imports from Europe. Far East and South Africa while the decline in exports due to the

extreme bad weather in 1998, which affected the agricultural exports, was felt. Tanzania also suffered from similar economic crisis

2.5 Operational constraints

According to the United Nations Conference on Trade and Development (UNCTAD) (1995, p.5) survey, "when it comes to problems experienced by the port users, the infrastructure and the cargo handling equipment are often the prime elements considered to be at fault. If ports have the right infrastructure and necessary equipment, the cause of the problems may be the lack of appropriate management or of modern management know how." However, KPA has continually upgraded its facilities, acquired more equipment and rehabilitated the old ones to handle cargo more efficiently and effectively. The same sentiments are also shared in the article, *Sudan, Uganda peace deal a boon for port* (2000), Mudavadi, the Kenyan Minister for Information, Transport and Communication says that, "no effort should be spared to ensure that the port infrastructure and operations remain at a leading pace in order to continue attracting the business of the sub region."

2.6 Conclusion

In essence, the two ports are different in a number of aspects, thus not easy to compare their performances despite the general decline in traffic. Therefore, much as KPA strives to value its customers by offering quality services, it is under obligation to treat the problems to be addressed in the next chapter with utmost seriousness by correlating its performance levels and the various facilities.

CHAPTER 3

IDENTIFICATION OF THE PROBLEMS

3.1 Introduction

The main objective of this chapter, is to identify the problems derived from the port users meeting covering the period from May 1995 to November 1999 as illustrated in Appendix C. The classification of these problems is vital for the purpose of the analysis to be studied in the next chapter.

3.2 Classification of the problems

These problems are classified and grouped in 5 major groups as will be seen later in the chapter**.** On going through Appendix C, one will note that not all problems originate from KPA despite the hue and cry common among many port users. There are also problems related to Kenya Railways Corporation, Kenya Revenue Authority and Kenya Police etc. The problems have again been divided into 5 major groups as illustrated by the following tables:

3.2.1 Problem Group 1: Turn around time

The problems pertaining to turn around time illustrated in table 7, are KPA's major stumbling block on the movement of transit cargo along the northern corridor hence the loss of business to the port of Dar-es-Salaam. This problem has resulted to longer turn round time and higher costs for the customers. The factors contributing to this problem are as follows:

Table 7. Problems pertaining to turn around time.

Code	Problem	Code	Problem
UC	Undocumented containers	**SD**	Stripping delays
RL	Railing of containers	**LS**	Lack of storage space
DP	Documentation procedures	**TC**	Tracing containers
OD	Operational documents		

Source: Appendix C

3.2.1.1 Port procedures and documentation.

In any port environment, the movement of ships and cargoes involve a number of procedures, each involving a number of actors. Most of the procedures involve commercial relationships, administrative functions and government institutions that are outside the scope of the port authority. Due to the financial and legal liabilities involved, 99% of port procedures require documents of some kind. The use of different documents required by the port procedures, means that more time is spent sometimes inside or outside the port community to prepare them, which frequently consists of copying information from one document to another to present it in a different way.

The slow, cumbersome and haphazard administrative procedures involving KPA, KRA, KRC, the ignorance and incompetence of some of the clearing and forwarding agents and KPP has always been blamed for delays in moving cargo through the port. Employees of the Swiss Procurement Company (SWIPCO), an agency contracted by the government to audit imports interfere with port/clearing operations by verifying the value of goods already determined by pre-shipment inspection companies. The importers are compelled to pay additional money, which ends up in individual pockets, thus encouraging corruption. This system is rampant at the motor vehicle section, hence the delay to obtain motor vehicle inspection reports.

KPA lacks a proper system of handling claims, or rather complicates issues when it comes to compensating the port users. Under normal circumstances, claims will be repudiated due to the delays encountered by the shipper to obtain the out turn reports, motor vehicle inspection reports and short landing certificates. Apparently in the article, *Sh40m cost of port cargo theft* (1999), it is believed that KPA pays large sums of money as compensation for lost goods. The documentation crisis at the port has eased up lately as a result of the new computerised billing system. However, the new system is expected to eradicate the problems but the port users still have to go through many repetitive checks and reconciliation on documents, as well as physical verification before the actual release of cargo to the consignee. Unlike the Southern Corridor, the requirement by KRA for shippers to execute a customs bond on transit traffic is also a bottleneck that increases the cost of transiting through the Northern Corridor. The working hours are not harmonised in such a way that the three teams, KPA, KRA and KPP can work together. A typical example for documentation procedures for transit cargo (Northern corridor) passing through the Mombasa port requires at least 25 different steps with an impressive volume of stamps and numbers affixed on documents. As mentioned earlier the impact of the whole system results in the wastage of time and resources, and reduces the competitiveness of the port.

3.2.1.2 Undocumented containers

Delays in lodging the relevant documents for the containers by the shippers is a major concern in terms of cost and time factors for the authority, resulting in longer cargo dwell time. In the article, *What Ails Clearing and Forwarding in Kenya?* (1998), it is noted that the number of undocumented containers lying in the port between May and June 1998 increased up from 1,800 to 3,400. KPA is unable to operate commercially as is expected by the port users, thus straining storage capacity for the containers that do not attract any storage charges. The situation has also frustrated KPA's efforts aimed at making port operations more fluid.

3.2.1.3 Lack of storage space

The port is congested as a result of back log of undelivered cargo that builds up, when the rate at which the cargo is discharged from ships into the port area is higher than the rate which the cargo is delivered out. The customs officers have not been able to perform as expected, due to the limited space in the working areas and open storage. Mechanical equipment moving cargo between ship's side and storage on land cannot move freely, turn round is slowed and the discharge of ships is affected, the chance of landed cargo being over stored, and possibly damaged is increased.

3.2.1.4 Pier to pier operations

The above operations are related to the stripping or stuffing of containers, and are carried out in an open area. Some of the delays encountered such as the rains are beyond KPA's control. The delays are normally caused by lack of stripping tallies.

3.2.1.5 Railing of containers

Kenya Railways has not been able to supply block train services as agreed with the shipping lines and KPA due to insufficient wagon availability. The slow cargo off take as the rail and road links are often unable to cope has resulted in longer dwell times estimated at 22 days compared to the projected 10 days. A number of containers have been diverted to rail as most countries have enhanced their axle load control mechanisms. However, this caused a lot of problems as rail transport did not have the capacity to cope with a sudden increase of traffic resulting to 28 days transit time from Mombasa to Kampala. One of the key contributing factors to the delay in the movement of rail borne transit cargo was the requirement of tally sheet which was later withdrawn and replaced by a packing declaration to be signed by the agents. Table 8 illustrates the duration to clear and transport transit cargo by rail from both the ports of Mombasa and Dar-es -Salaam to final destination in Kampala.

Table 8. Comparison of transit time

	Port of Mombasa	**Port of Dar es Salaam**
	Number of days	Number of days
Long room processing (KRA)	5	The meeting was
KPA Revenue office (KPA)	2	informed that the time
Verification (KRA & KPA)	4	it took transit cargo to
Loading (KPA & KRC)	3	be cleared at
Mombasa - Malaba (KRC)	3	Dar es Salaam and
Delays in Malaba (KRA&KRC)	3	transported by rail
Delays in Tororo (URC)	3	to Kampala averaged
Tororo - Kampala (URC)	2	fifteen (15) days
TOTAL NUMBER OF DAYS	**28 DAYS**	**15 DAYS**

Source: Minutes of Consultative Meeting 1999.

3.2.2 Problem Group 2: Productivity

Table 9. Problems pertaining to productivity

Code	**Problem**	**Code**	**Problem**
PF	Port facilities	**LAE**	Low availability of equipment
SL	Shortage of labour	**SW**	Supply of wagons
CK	Misplacement of keys	**CO**	Customs officers
RF	Reefer facilities		

Source: Appendix C

The port productivity in the past was below average due to the congestion of port facilities, inadequate equipment and the lack of strategic planning hence low competitiveness of the port. Due to recent changes in handling techniques as well as technological progress, numerous port budgets are now devoted to the purchasing, the operating and the maintenance of handling equipment. In this aspect, table 10 illustrates that KPA's budget in mechanical and electrical sections is relatively high due to hard currency rendering the high expenditure on maintenance being between 17 % - 25 % of the budget allocation. Likewise expenditure on maintenance in the port of Tanjung Priok in Jakarta is between 9 % - 14 %. However, Sen (2000) of Malta Freeport

Corporation recommends that the cost of maintenance should not exceed 3 % of the budgeted volume of business.

Table 10. Mechanical and electrical engineering sections.

Year	BUDGET ALLOCATION US$	MAINTENANCE EXPENDITURE US$	CURRENT STAFF
1994 / 95	10,254,206	2,062,840	Management - 83
1995 / 96	10,415,019	2,120,102	
1996 / 97	10,463,938	1,807,206	Union staff - 397
1997 / 98	10,528,415	2,122,758	
1998 / 99	10,435,650	2,405,408	
1999 / 00	4,481,655	1,129,457	

Source: Port Annual Budget Bulletin 1999.

3.2.2.1 Equipment availability and efficiency

KPA has an old inventory of equipment, whose performance has been low on account of age. Table 11 illustrates the position of the handling appliances/equipment with an exception of four reach stackers acquired in early 1999. 3 ship to shore gantry cranes (SSGs) were delivered in December 1982 and commissioned in January 1983, 1 SSG was assembled in Mombasa in 1990 and 7 rail tyred gantry cranes (RTGs) were bought in 1985 respectively. However, the personal assistant to the Managing Director, Ndua (1999 December) comments that the 4 SSGs have never been in service simultaneously. He further confirms the lack of maintenance resulting to poor availability levels: 46 % for RTGs against a target of 65 % and 65 % for SSGs against expected 90 %. One way to reduce time in port is to increase the quantity and quality of port equipment that is available to work a vessel simultaneously. The overall efficiency of the port has adversely been affected due the repetitive occurrence of equipment break down.

The Executive Secretary of the Transit Transport Co-ordination Authority of the Northern Corridor, Kanamugire (1999, June) indicates that,

> Lack of spare parts is a major stumbling block to the maintenance of the old equipment. The ones whose spare parts are available also delay in being serviced due to lengthy tendering procedures for maintenance contracts. This situation increases the equipment's down time leading to vessel delays and longer cargo dwell time of which have occasionally degenerated in port congestion.

He continues to say that,

> KPA's inventory is unable to cope with the demand for general cargo handling operations such as shore handling, transfer of cargo from quays to warehouses and yards as well as within yards and delivery onto trucks and rail wagons. The old SSG cranes have been one of the major drawbacks on productivity at the container terminal. The poor conditions of the equipment have occasionally compelled the users of the northern corridor to pay for delay surcharges imposed by the shipping industry. Despite the agreement on productivity guarantee between KPA and the shipping lines on the performance of SSG's, there has never been a record of more than 200 moves per day with an exception of the month of March 1998, with a record of 150 to 170 moves per day.

Customs clearance operations at Malaba are normally disrupted due to frequent power black outs. Lack of cargo handling equipment has also hampered the return of railway wagons from Kampala to Mombasa.

Table 11. Handling appliances

(a)	**Container Terminal**	
No.	**Type of Appliances**	**Capacity**
4	ship-to-shore gantry cranes	40 tonnes
11	rubber tyred gantry cranes	40 tonnes
2	rail mounted gantry cranes	40 tonnes
7	toploaders	40 tonnes
3	Prime movers - PPMs	40 tonnes
64	Tugmasters and 6 shunters	
(b)	**General Cargo Berths**	
53	Portal electrical travelling cranes	3-20 tonnes
9	portal electrical fixed cranes	2-5 tonnes
19	electrical fixed cranes	1-15 tonnes
43	mobile cranes	5-40 tonnes
3	multi-purpose forklift trucks	40 tonnes
2	overhead belt conveyors for bulk soda ash	110 tonnes/hr

Source: Annual Bulletin of Port Statistics 1998

The current performance of Mombasa port in comparison to other ports in Europe in 1991 except for the port of Aarhus, as illustrated in figure 7 is an indication of poor productivity due to lack of maintenance. The current performance of the port of Aarhus has enabled it attain the 2nd position in the Scandinavian region.

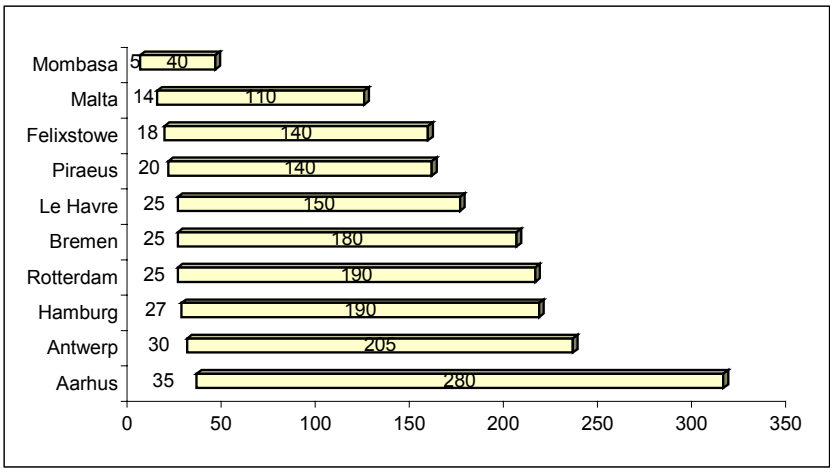

Figure 7. Average container movements per gantry per shift.

Source: Marconsult SpA, Genoa as given in Hinterland 16 (1), 1994, 9.

3.2.2.2 Labour productivity

Despite the cash incentives and bonuses paid only to operations and technical staff, as motivation to achieve higher productivity, KPA's average performance is only 23.43 tonnes a day. However, Horck, (2000) of the World Maritime University emphasises on UNCTAD's recommended productivity of 640 tonnes a day that cannot be compared to KPA'S performance. The poor relationship between the stevedores and management staff has seriously affected KPA's productivity.

The system does not adequately reward hard work, for instance the staff processing the documents in the Revenue section. No actions are taken on staff neither for non-performance nor to enforce accountability. The issue of staff misplacing car keys causing delays is a clear indication of poor supervision and laxity in KPA staff.

The situation at Kenya Railways is no better either. Lack of discipline in KRA staff has been observed. The article, *New Steps Boost KR Cargo Business* (2000) the former Kenya Railways Managing Director, Nyamunga, E, says that, "during the days of monopoly, we became relaxed as we waited for customers to come to us instead of approaching them. Because of the laxity they never bothered to repair wagons and containers." Delays have also been caused at Malaba for Kampala bound train services due to frequent absence of KRC personnel from their place of work.

KRA personnel too cause delays at Malaba up to 9 hours owing to the slow clearance. KRA staff mostly works during office hours thus unavailable after normal office hours and during weekends.

3.2.2.3 Berthing delays

In the last two years, vessels calling at the Mombasa container terminal have incurred heavy losses due to delays encountered, following the rehabilitation of the container yard and reconstruction of the two berths (Nos16 and 17). There was also repair work of the fenders at berth No 18 which is too small for most vessels that call at the port. The ships operations were constrained due to the civil works at the container terminal. Container vessels were then allocated to conventional berths (Nos13 and 14) which have no proper quay side and back up equipment for container operations. The average waiting time for a berth of a container ship during December 1997 was 60 hours as illustrated in Appendix B.

3.2.3 Problem Group 3: Security

Security for cargo at the port of Mombasa has been a major challenge. Millions of shillings worth of cargo has been reported stolen from the port every year despite the presence of a fully-fledged police division.

Table 12. Problems pertaining to security.

Code	Problem	Code	Problem
RC	Rail borne cargo	**SDC**	Security on dual carriage
PS	Port security	**PE**	Police escort
EC	Excessive checks		

Source: Appendix C

It is believed that some port security officers and an established ring of cargo thieves are masterminding these thefts, a factor, which is seen to be encouraging the theft of parts of all sorts of machinery. A lasting solution to the problem does not seem to be in sight and the port is no doubt losing business to rival ports in the region. A number of cases were noted where containers were pilfered while on wagons in the port. There were also incidences of greasing railway tracks to slow down the train movement to ease up the pilferage of containers outside the port.

One of the key contributory factors to the increase of cargo theft is the introduction of strict measures by the government to curb diversion of transit goods from the port. The syndicate has now resorted to out right theft of cargo from the port hence potential port users particularly Ugandan businessmen are discouraged and have lost confidence in the port services. The security of transit cargo in the port is one of the areas where the stakeholders have called for changes. The following weaknesses have been observed as the main causes of this situation:

- Inappropriate handling causing damage to cargo;
- Verification of containers exposing their content and leading to identifications and targeting high value cargo;
- Inadequate stevedores to handle cargo out of vessels leading to overtime work under lower security conditions;
- Cumbersome procedures delaying cargo within the port and creating congested areas (trucks delivering cargo out of the port) at the exit gates;
- Laxity in port security personnel resulting in a lot of unauthorised persons entering the port.
- Delays on the movement of transit cargo to the border points were caused due to laxity Kenya police force.

3.2.4 Problem Group 4: Cost

Table 13. Problems pertaining to cost.

Code	Problem	Code	Problem
PC	Penalty charges	**KL**	Kenya Plant Health Inspectorate Service Levy
ANT	Application of new tariff	**THC**	Terminal handling charges
CSD	Cost of shipping documents	**COC**	Customs overtime costs
RT	Rail Tariff		

Source: Appendix C

3.2.4.1 Port charges

An expensive port is a port offering a poor quality of services, and not necessarily high tariffs. The charges in the port of Mombasa are determined by the 1995 tariff, based more closely on the services provided by KPA and less on the value of cargo being moved. The port users experience difficulties in interpreting the tariff which is denominated in United States dollar (US$) while, the port charges are actually paid in Kenya shillings. As Figure 8 illustrates, KPA's container tariffs are relatively high in comparison to other ports around the world. However, the port users have no option but to comply with the tariff rates due to the monopolistic position of KPA. In most cases the shippers pass on these costs to the customers, as they are more concerned about the port in delivering their goods quickly, rather than cost.

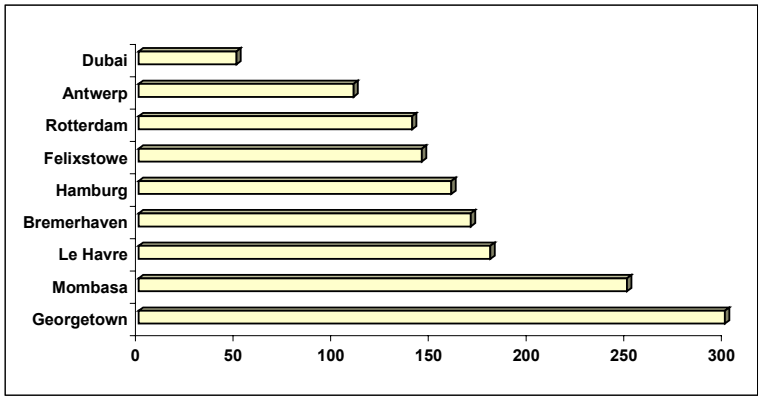

Figure 8. Comparative Container Charges[1]

[1] Report done by Hickling Corporation in association with Mwaniki Associates Consultants for KPA, 1995.

3.2.4.2 Terminal handling charges (THC)

Some shipping agents are still charging their clients' terminal handling charges, which contributes to the cost of shipping through the port of Mombasa. The port users complained that terminal handling charges of US$ 70 per container paid by the users of the northern corridor was making the port of Mombasa more expensive compared to the port of Dar-es-Salaam.

3.2.4.3 KRC Tariff rates

Castellano, T (1999, July), Managing Director of Oceanfreight (K) Ltd confirms that KRC's tariff for transportation of containerised traffic between Mombasa and Malaba is US$ 930, while Tanzania Railways Corportation (TRC's) tariff between Dar es Salaam and Mwanza is US$ 724. However, from Malaba to Kampala and from Mwanza to Kampala the tariff is uniform at US$ 429. Therefore Northern Corridor route is more expensive by US$ 206 hence the diversion of Uganda traffic to Dar es Salaam port.

3.2.4.4 KRA Tariff rates

The port users complained of high customs overtime cost charged per truck carrying export cargo from Uganda at the Malaba border. KRA also charges high warehouse rents at the rate of US$ 30 per day for a 20-ft container and US$ 60 for a 40-ft container.

3.2.5 Problem Group 5: Others

The following issues are not related to problems pertaining to the movement of cargo but were raised in the consultative meeting.

Table 14. Problems pertaining to others.

Code	Problem	Code	Problem
TB	Telephone booths	**HCP**	Harassment of cruise ship passengers

Source: Appendix C

3.2.5.1 Telephone services

Majority of the port users found it difficult to communicate to their offices while at the port due to insufficient telecommunication facilities in the port.

3.2.5.2 Treatment of cruise ship passengers

Harassment of cruise ship passengers is another way of de-marketing the port especially when KPA has intentions to establish a cruise ship hub of Indian Ocean region. It appears that the matter was not even attended to, as there was no feed back from the marketing department.

3.3 Conclusion

However the above-mentioned problems facing Mombasa port do not reflect the mission statement in the previous chapter hence lack of competitive advantage. These problems are not borne and neither can they be solved by KPA alone but require the co-operation of all the stakeholders. The analysis in the next chapter portrays the role of other parties towards these problems and attempts to determine the cause of management being separated from its clients.

CHAPTER 4

CRITICAL ANALYSIS OF THE PROBLEMS

4.1 Introduction

The main objective of this chapter is to carry out an in-depth analysis of the problems discussed in the previous chapter. The first step will be to analyse the evolution of the problems over the period under review. Thereafter, to look at the composition of the problems in relation to the participants of the meetings, then a study to ascertain the persistence of these problems. Finally, to analyse the consequential effects of the problems for the port and the community.

4.2 Evolution of the problems

During the period under review, the problems related to turn around time had the highest recorded number of complaints as illustrated in figure 9.

Figure 9. The Evolution of the Composition of the problems in percentage

Source: Appendix D

4.2.1 Analysis for 1995

Two meetings were held in the months of May and November respectively. The year under review had a total of 17 complaints analysed as follows:

8 of the complaints pertained to turn around time, 6 to productivity, 1 to security, and 2 to cost respectively. There was none for others.

1.May 1995 meeting

This meeting had a record of 12 complaints analysed as follows:

7 of the complaints pertained to turn around time, 4 to productivity and 1 to security respectively. The 1st meeting was concluded with a promise to the port users on the basis of the following:

KPA was to look into issues of documentation procedures, convert berth no 14 for use of container operations, to rehabilitate the equipment at Mombasa port and ICD Nairobi, additional land for stacking containers and to issue out turn reports and final bills on time.

2.November 1995 meeting

This meeting had a record of 5 complaints analysed as follows:

1 complaint pertained to turn around time and 2 to cost respectively. The remaining 2 complaints, pertained to productivity of the previous meeting. The 2nd meeting was concluded on the basis of the following:

KPA was to provide a list of undocumented containers to the customs, a committee was established to look into documentation procedures, and the issue of storage space at the CWH would be solved immediately.

4.2.2 Analysis for 1996

Three meetings were held in the months of April, July and November respectively. *Internal environment:* a new management team including a managing director had been appointed.

External environment: KPA was exempted from the State Corporations Act.

The year under review had a record of 24 complaints, an increase by 25 %, analysed as follows:

13 of the complaints pertained to turn around time, 3 of each to productivity, security, and cost and 2 to others, respectively.

1.April 1996 meeting

This meeting had a record of 10 complaints analysed as follows:

4 of the complaints pertained to turn around time, 1 to productivity, and 1 of each to cost and others respectively. The remaining complaints pertained to turn around time of the previous meeting of May 1995. The 1st meeting was concluded on the basis of the following:

Improvement in equipment availability, KPA and KRA to computerise documentation procedures, there were no immediate plans to convert berth No.14, contracting of management of container terminal, impose higher punitive charges for the shippers to curb on dwell time of cargo and to open up a liaison office in Kampala.

2.July 1996 meeting

This meeting had a record of 8 complaints analysed as follows:

2 of the complaints pertained to turn around time, 1 to productivity and 2 to security respectively. Of the remaining complaints, 2 pertained to turn around time of May 1995 meeting and April 1996 meeting and 1 to cost of April 1996 meeting. The 2nd meeting was concluded on the basis of the following:

Satisfactory level of performance had been attained following the ongoing refurbishment exercise 4th ship to shore gantry crane. A suitable firm was identified to contract the management of container terminal. Need for comprehensive training for KPA security personnel to discharge their duties satisfactorily. KPA to adopt container park planning and tracking system and a liaison officer for Kampala office was appointed. Restructuring of operations at the motor car section to facilitate quicker delivery of motor vehicles. Upgrading of port police to cope with added challenges. KRA to open gate No. 18 facilitate flow of container traffic.

3.November 1996 meeting

This meeting had a record of 6 complaints analysed as follows:

1 of each complaint pertained to turn around time, productivity, security, cost and others respectively. The remaining complaint pertained to turn around time of May 1995 meeting. The 3rd meeting was concluded on the basis of the following:

A team from Felixstowe port was contracted to manage Mombasa container terminal. A new KPA head of security services had been appointed. The security situation at the port had improved markedly by beefing up security and safe guard cargo. Port Louis planning and tracking system was not beneficial to the port. A task force was set up by KPA to facilitate processing of claims. A review to be on documentation system to facilitate speedy clearance and flow of containers. KPA received a number of new trailers being part of an aid package from the Dutch government.

4.2.3 Analysis for 1997

Two meetings were held in the months of September and November respectively.

Internal environment: A new managing director had been appointed.

External environment: The general elections were to be held during the year under review.

The year under review had a record of 19 complaints a decrease by –26.3 %, analysed as follows:

7 of the complaints pertained to turn around time, 1 to productivity, 7 to security, 3 to cost and 1 to others respectively.

1.September 1997 meeting

This meeting had a record of 12 complaints analysed as follows:

1 complaint pertained to turn around time, 4 to security and 2 to cost respectively. Of the remaining 5 complaints, 2 pertained to turn around time of May 1995 and 1 of April

1996 meetings, 1 to security of May 1995 meeting and 1 to cost of November 1995 meeting respectively. The 1st meeting was concluded on the basis of security measures undertaken by KPA to reduce cases of theft / pilferage of cargo.

2.November 1997 meeting

This meeting had a record of 7 meetings analysed as follows:

4 of the complaints pertained to turn around time and 1 to security. The remaining complaints, 1 of each pertained to security of September 1997 meeting and others of April 1996 meeting. The 2nd meeting was concluded that delays experienced during stripping were set to improve by 1/12/97.

4.2.4 Analysis for 1998

Four meetings were held in the months of May, June, November and December respectively. The year under review had a record of 35 complaints an increase by 45.7 %, analysed as follows:

15 complaints pertained to turn around time, 11 to productivity, 6 to security and 3 to cost. There was none for others respectively.

1.May 1998 meeting

This meeting had a record of 10 complaints analysed as follows:

2 of the complaints pertained to turn around time, 4 to productivity and 4 to security respectively. The 1st meeting was concluded on the basis of the following:

KPA was to provide motor vehicle checklist. KPA to convene a meeting to be attended by KRC, KPP and KPA internal security on the safety of rail bone cargo. KPA to convene a meeting on railtainer delays to be attended by KRC and KRA. KPA to avail sufficient gangs in line with operational requirements. 4 reach stackers were in the process of being acquired. KRC was in the process of increasing its carriage capacity by rehabilitating its wagons.

2.June 1998 meeting

This meeting had a record of 9 complaints analysed as follows:

3 of the complaints pertained to turn around time, 2 to productivity and 1 of each to security and cost. Of the remaining 2 complaints, 1 of each pertained to productivity of July 1996 meeting and turn around time of May 1995 meeting. The 2nd meeting was concluded on the basis of the following:

KPA was to advertise notices in the media for port users to hasten the clearance of their cargo from the port. Port users were advised to bring forward for discussion, only those issue that could not be effectively discussed in other forums. The installation of a watchtower at the G section was complete. KRC undertook to increase its railing capacity through additional trains between Mombasa container terminal and ICD's. KPP under took to increase police patrols along the dual carriageway. KRC was to facilitate the operation of express trains to Uganda.

3.November 1998 meeting

The cause of the time lapse between the previous and the current one was not explained. However, the meeting had a record of 9 complaints analysed as follows:

4 of the complaints pertained to turn around time and 1 of each to security and cost respectively. Of the remaining 3 complaints, 2 pertains to turn around time and 1 to productivity of May 1995 meeting. The 3rd meeting was concluded on the basis of the following:

Watch towers at the G section were still not operational. The construction of a locker to cater for storage requirements of motor vehicle keys was not complete. PAPC meetings were to be held every 2 months. KRC are not able to run express trains to Kampala due to logistic problems.

4.December 1998 meeting

This meeting had a record of 7 complaints analysed as follows:
3 of the complaints pertained to turn around time, 3 to productivity and 1 to cost respectively. The result of the 4th meeting was KPA to look for a stand by generator due to the break down of computers in Revenue section.

4.2.5 Analysis for 1999

Six meetings were held in the months of March, April, September, October, November and December 1996 respectively. The year under review had a record of 41 complaints an increase by 14.6 %, analysed as follows:
22 of the complaints pertained to turn around time, 6 to productivity, 4 to security and 9 to cost. There was none for others respectively.

1.March 1999 meeting
This was no longer to be a PAPC meeting but was referred to as consultative meeting with particular reference to the movement of rail borne traffic from the port. This meeting had a record of 7 complaints analysed as follows:
3 of the complaints pertained to productivity, 2 to security and 2 to cost respectively. The 1st meeting was concluded on the basis of the following:
A task force was formed comprising of members from KPA container terminal, KRC, KSA, KFA, KRA and KPP to fully address and streamline cargo operations pertaining to the movement of rail borne cargo between the port and Nairobi, Kisumu ICD's and other hinterland destinations. A joint marketing task force was formed comprising of members from KPA, KRC, KRA, KSA and KFA to pursue and come up with recommendations on how the northern corridor route can be more efficient and competitive cost wise. KRA had established an anti theft unit.

2.April 1999 meeting

This meeting had a record of 5 complaints pertaining to turn around time, but 1 pertained to the meeting of November 1998. The 2nd meeting was concluded on the basis of the following: A URC resident representative was to be co-opted into the marketing task force. There was an improvement in the railing of cargo from the port despite insufficient supply of empty wagons, equipment availability, wagon placing, shunting and documentation. KRC to commence block train services.

3.September 1999 meeting

This meeting had a record of 10 complaints analysed as follows:

6 of the complaints pertained to turn around time, 1 to productivity and 2 to cost. The remaining 1 pertained to cost of September 1997 meeting. The 3rd meeting was concluded on agreement that a technical committee to be set up comprising of KSA, KRA, KFA, KPA KRC and URC to come up with a composite rate for cargo destined to transit countries with an aim of increasing traffic through the northern corridor.

4.October 1999 meeting

Internal environment: A new managing director had been appointed.

This meeting had a record of 7 complaints analysed as follows:

4 of the complaints pertained to turn around time while the remaining 3 complaints, 1 of each pertained to turn around time of April 1999, security of September 1997 and cost of September 1999 meetings respectively. The 4th meeting was concluded on the basis of the following:

KPA was to set up a fax hotline to receive feed back from port users on services offered and designate a liaison office to co-ordinate and designate information concerning block train services between Mombasa and Kampala. KRC confirmed improvement in block train services with transit a time of less than 60 hours.

5.November 1999 meeting

This meeting had a record of 12 complaints analysed as follows:
5 of the complaints pertained to turn around time, 2 to productivity and 2 to cost respectively. Of the remaining 3 complaints, 1 of each pertained to turn around time and cost of September 1999 and security of September 1997. The 5th meeting was concluded on the basis of the following:
KPA's fax hot line was operational, and a liaison office had been set up at the terminal manager's office. KPA agreed to accept payment of port dues in US dollars. Improvements on northern corridor as a result of the consultative initiatives were to be publicised. The strategy of a joint marketing campaign to visit the transit countries with aim of sensitising current potential customers of the new developments along the northern corridor emanating from the port of Mombasa was proposed. KRC reduces its tariff rates by 11.4 % and are also responsible for damaged containers transported by rail, while URC is to review its tariff rates. Technical sub committee agreed on a minimum composite rate of US$ 1495 (Mombasa - Kampala) for a 20-ft container going by rail, including port charges, KRC, URC, THC and delivery order charges.

6.December 1999 meeting
Internal environment: The newly appointed managing director was formally a member of the joint marketing task force and is well aware of the port users problems.
However, the minutes for this meeting are not available but the author did not record any complaints from the port users other than improvements on issues pertaining to minutes of the previous meeting. The 6th meeting was concluded on the basis of the following:
Review of URC tariff rates was to be carried out in the month of March 2000. Customers were to be informed in advance of any problem that pertains to railing of cargo. The issue of THC is undergoing discussion by inter governmental standing committee on shipping. The issue of Kenya Plant Inspectorate Service (KEPHIS) levy on transit goods was referred to the permanent secretary for discussion with the Minister for Agriculture. The joint marketing mission was scheduled early this year. Port users

were urged to conduct business on a transparent basis, as it adds value to move goods through the port. KPA's managing director was keen on the deplorable state of the port but assured the customers to manage the port on a customer friendly basis by walking through the system.

4.3 Composition of the problems

Two major associations, namely the Kenya International Freight and Warehousing Association and the Kenya Ships Agents Association participate actively in these meetings. Apart from these 2 associations state corporations and other individual companies participate too as illustrated in table 15.

Table 15. Members of port users meetings.

Code	Organisation	Code	Organisation
KFA	Kenya International Freight & Warehousing Association	**UFA**	Uganda Clearing &Forwarding Association
KSA	Kenya Ships Agents Association	**URA**	Uganda Revenue Authority
KPA	Kenya Ports Authority	**CMT**	Consultative Meeting of Transit Traffic
KRA	Kenya Revenue Authority		
KRC	Kenya Railways Corporation	**JMTF**	Joint Marketing Task Force
KPP	Kenya Port Police	**COs'**	Individual companies
URC	Uganda Railways Corporation		

Source: Appendix C

4.3.1 Turn around time

Figure 10 is comprised of 83 % of the participants in table 15. The period under review had a record of 65 complaints analysed as follows:

In 1995, 5 complaints originated from KFA, 2 from KSA and 1 each from KPA and KRA respectively.

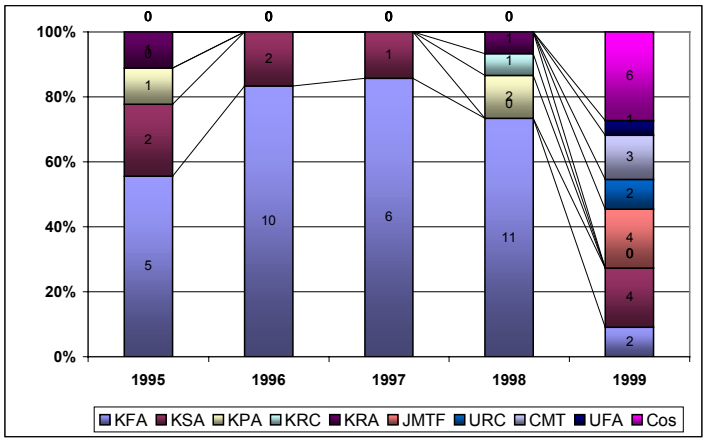

Figure 10. The participants for problems related to turn around time

Source: Appendix E.

In 1996, the number of complaints raised by KFA increased to 10 while KSA had 3 complaints. The increase was as a result of the change in the internal environment and 3 meetings were held in the year under review compared to the 2 in the previous year.

In 1997, the number of complaints raised by KFA decreased to 6 and by KSA to 1. The decrease was as a result of the time lapse of 9 months before the next meeting was held. The decrease could have also been caused by change in the internal environment

In 1998, the number of complaints raised by KFA increased to 11 while no complaints originated from KSA despite their presence. 2 complaints originated from KPA and 1 of each from KRA and KRC. The cause of increase was the concern of decline in transit traffic by-52.6 % in 1997 and -16 % in 1998.

In 1999, there was a wind of change, with the appointment of 2 managing directors in the year under review. The meeting was no longer dominated by KFA hence the decrease of the number of complaints to 2. The pattern of conducting the meetings changed with particular reference to movement of transit cargo. Complaints were either

to be raised through joint marketing task force or consultative meeting and individual companies who did not raise complaints on behalf of either KFA or KSA associations. 6 complaints originated from the individual companies, 4 of each from KSA and JMTF, 3 from CMT, 2 from URC and 1 from UFA respectively.

4.3.2 Productivity

Figure 11 is comprised of 41 % of the participants in table 15. The period under review had a record of 27 complaints analysed as follows:

In 1995, KFA raised 5 complaints while KSA raised only 1. In 1996 the number of complaints raised by KFA decreased to 1, apparently KRC raised 2 complaints. The decrease was due to change in the internal environment hence improvement in equipment availability, refurbishment of ship to shore gantry crane and the aid package of trailers from Dutch government.

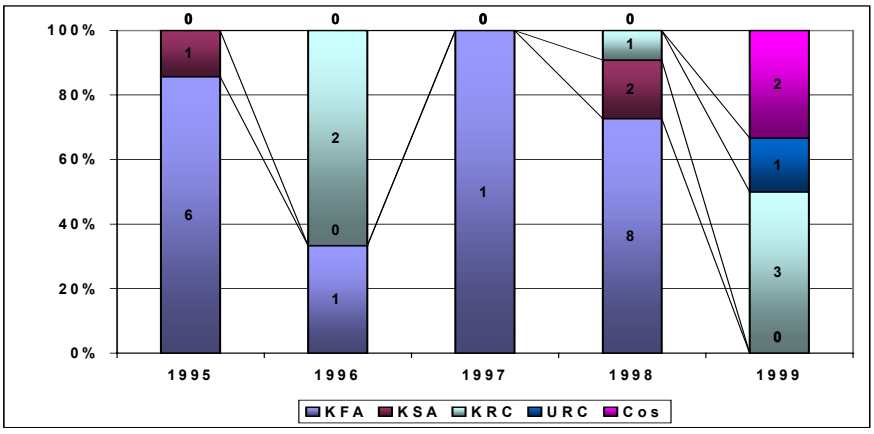

Figure 11. The participants for problems related to productivity

Source Appendix E.

In 1997, there was only 1 complaint from KFA. In 1998, the number of complaints raised by KFA increased to 8 while 2 complaints originated from KSA and 1 from KRC.

The concern of frequent break down of equipment and dilapidated infrastructure caused the increase of complaints.

In 1999, KFA had no complaints but 3 complaints originated from KRC, an increase by 66 %. The individual companies raised 2 complaints while URC raised 1 complaint.

4.3.3 Security

Figure 12 is comprised of 25 % of the participants in table 15. The period under review had a record of 21 complaints analysed as follows:

In 1995, only 1 complaint originated from KFA. In 1996, the number of complaints raised by KFA increased to 3. This was due to change in the internal environment, with a lot of emphasis on beefing security in the port.

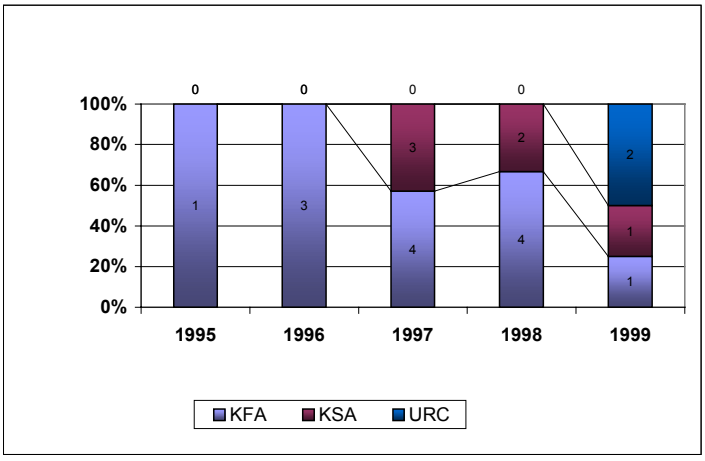

Figure 12. The participants for problems related to security

Source: Appendix E.

In 1997, the number of complaints raised by KFA increased to 4 with 2 complaints originated from KSA. The increase was due to the high rate of theft/pilferage experienced by the users and the general security of the port.

In 1998, the number of complaints raised by KFA remained at 4 and by KSA remained at 2. Apparently, the complaints for the year under review did not reflect complaints for the previous years.

In 1999 the number of complaints raised by KFA and KSA each decreased to 1 while 2 complaints originated from URC. This is a clear indication of more participation from Uganda.

4.3.4 Cost

Figure 13 is comprised of 50 % of the participants in table 15. The year under review had a record of 20 complaints analysed as follows:

In 1995, only 2 complaints originated from KFA. In 1996 the number of complaints raised by KFA were 2 while KSA had 1 complaint.

In the 1997, the number of complaints raised by KFA increased to 3 and in 1998 3 complaints originated also from KFA.

In 1999 due to participation from other companies the number of complaints raised by KFA decreased to 2. 3 complaints originated from the individual companies and 1 of each from KSA, KPA, CMT and KPA respectively.

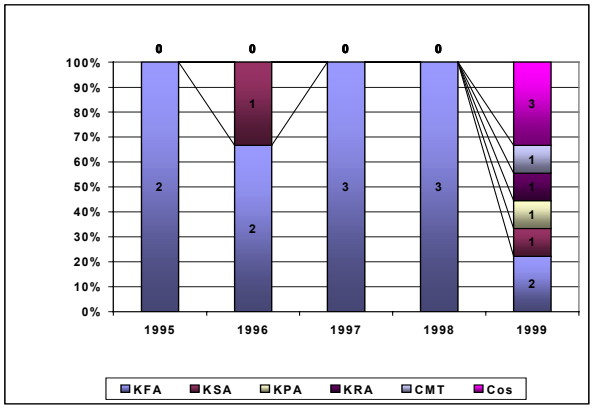

Figure 13. The participants for problems related to cost

Source: Appendix E

4.3.5 Others

Figure 14 is comprised of 8 % of the participants in table 15. The period under review had a record of 3 problems from KFA analysed a follows:

The year 1995 had no complaints but there were 2 complaints in 1996 and 1 complaint in 1997. No complaints were raised in the years 1998 and 1999 respectively.

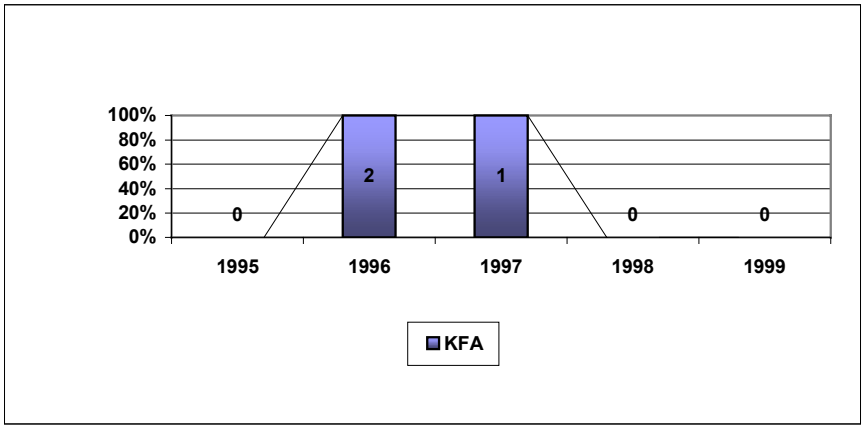

Figure 14. The participants for problems related to others

Source: Appendix E

4.4 Persistence of the problems

Since the meetings were not conducted on a monthly basis, it has been noted that the concerned authorities neither paid serious attention in solving the problems, nor

responded to them. Despite the fact that some problems could have re-occurred as illustrated in the following figures, only some were persistent.

4.4.1 Turn around time

Figure 15 illustrates the persistence of problems pertaining to turn around time.

- Documentation procedures have been persistent for 5 years due to the cumbersome procedures in KPA, KRA, KRC and URA. The year 1999 had the highest record with 68 % of the complaints since the users were keen on the movement of transit cargo.
- Delay in railing of cargo was mentioned in 1995 and 1996 respectively. Apparently, in 1997 the problem was not mentioned. The poor services on movement of rail borne transit cargo and undisciplined staff of KRC drew the port users' attention in 1998. The year 1999 had the highest record of 32 % of the complaints arising from inefficient services.

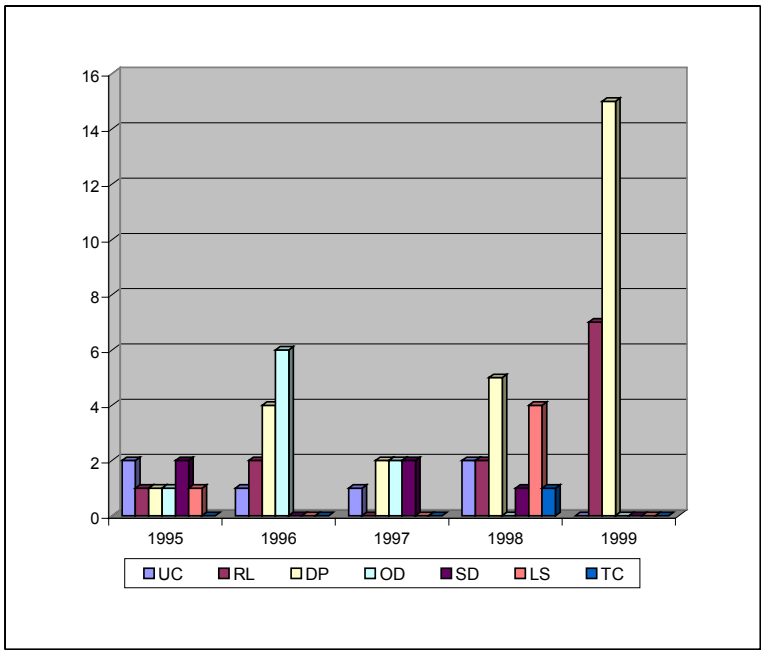

Figure 15. Persistence of problems related to turn around time

Source: Appendix F

- Undocumented containers were persistent up to the year 1998, with no solution from KPA and were not mentioned in 1999.
- The complaints of lack of operational documents were persistent up to the year 1997 with the highest record of 50 % of the complaints in 1996. This problem may have ceased as a result of a task force set up by KPA to facilitate quick processing of claims.
- Stripping delays was mentioned in the 2 meetings of the year 1995. The problem was not mentioned in 1996 but re-surfaced in the 2 meetings of the year 1997. It was mentioned once again in the 1998 meetings with still no solution from KPA.
- The problem of lack of storage space was only emphasised in the year 1998 when KPA expressed its concern on the pile up of cargo by urging the port users to enhance the clearance of cargo from the port.
- Tracing containers was only mentioned once in 1998.

4.4.2 Productivity

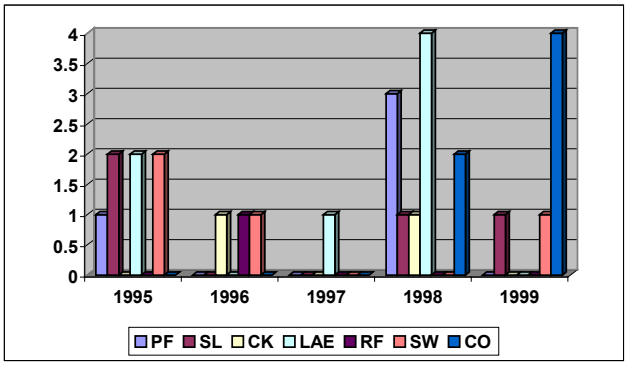

Figure 16. Persistence of problems related to productivity

Source: Appendix F.

Figure 16 illustrates the persistence of problems pertaining to productivity.

- The problems pertaining to the port's infrastructure was only mentioned once in 1995 and re-surfaced in 1998 after a lapse of 2 years with a record of 27 % of the complaints. Not only the berths were congested but the roads too, with unserviceable trucks.
- The low availability of equipment was mentioned in 1995 and re-surfaced in 1997. There was a record of 36 % of the complaints in 1998 due to the poor services at the container terminal. Lack of equipment both in KPA and KRC hampered the movement of transit cargo.
- The persistence of the shortage and laxity of customs officers reached the peak in 1999 with the highest record of 67 %. The port users encountered a lot of delays at Malaba the border during railing of transit cargo.
- Shortage of KPA staff was mentioned in the 2 meetings of the year 1995. After a lapse of 2 years the problem deteriorated in 1998 due to delays experienced by the customers and worsened in 1999.
- Poor supply of wagons was mentioned in the 2 meetings of the year 1995 with no solution from KRC. There was no solution from KPA to the problem of damaged wagons by KPA's equipment mentioned in 1996. After a lapse of 2 years the problem deteriorated in 1999 due to the increasing number of sick wagons.

4.4.3 Security

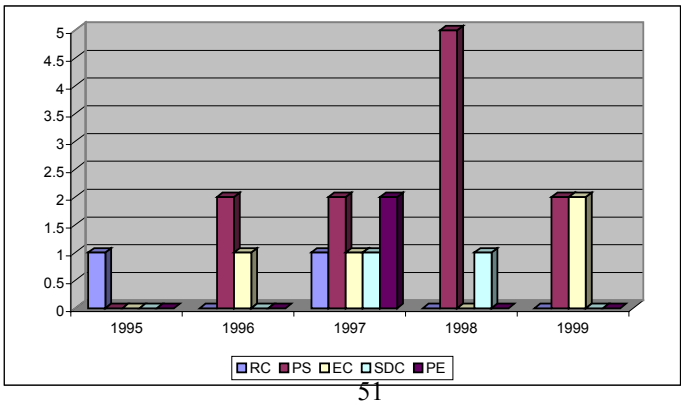

Figure 17. Persistence of problems related to security

Source: Appendix F

Figure 17 illustrates the persistence of problems pertaining to security. The appalling port security system has been persistent for the period under review from the year 1996. The year 1998 had the highest record of 84 % of the complaints.

- The issue of theft on rail borne cargo was curtailed due to the bone of contention on responsibility between the port police and the port security personnel.
- The port users not only encountered the persistence of excessive checks at the gates but also at Malaba border. The year 1999 had the highest record of 50 % of the complaints.

The authority had no comments on security on dual carriage, as it is not within port security's reach thus requires the attention of Kenya police.

The problem of police escort was only mentioned in the 2 meetings of the year 1997, its persistence comprising 33% of the complaints.

4.4.4 Cost

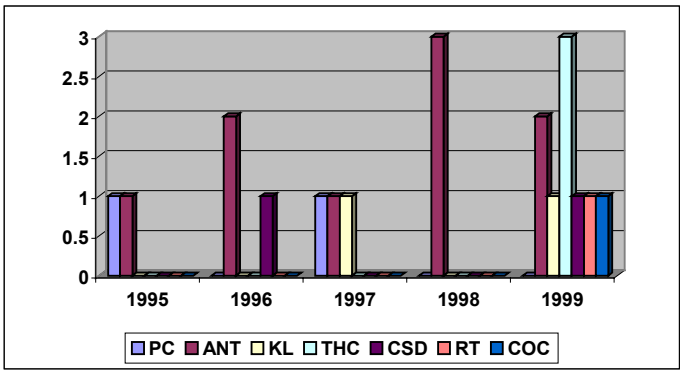

Figure 18. Persistence of problems related to cost

Source: Appendix F.

Figure 18 illustrates the persistence of problems pertaining to cost.

- Application of new tariff was persistent for the period under review with particular reference to storage charges, payment of port charges in $ and tariff interpretation. The year 1998 had the highest record of 100 % of the complaints.
- Terminal handling charges were mentioned in the last 3 meetings for the year 1999 the most affected being the shippers with a record of 33 % of the complaints.
- The penalty charge was imposed in 1995 by KPA as a result of complaints from the customers to enhance the clearance of containers. In 1997 the customers wanted the charge to be withdrawn even though it was never mentioned in the later years.
- Port users, particularly those based in Uganda complained on the imposed KEPHIS levy on imports in 1997. However, the problem became a major concern in 1999 when a number of users resorted to diverting their cargo shipments through the neighbouring port of Dar es Salaam.
- The following problems were only mentioned once on different occasions hence cannot be termed as persistent. The cost of shipping documents comprised of 33 % in 1996, and 11 % in 1999. Rail tariff and customs overtime charges mentioned once each comprising of 11 % respectively.

4.4.5 Others

Figure 19 illustrates the persistence of other problems, which were only mentioned, once with an exception of the issue of telephone booths which caused an uproar in November 1997, as the port users could not bear it any longer.

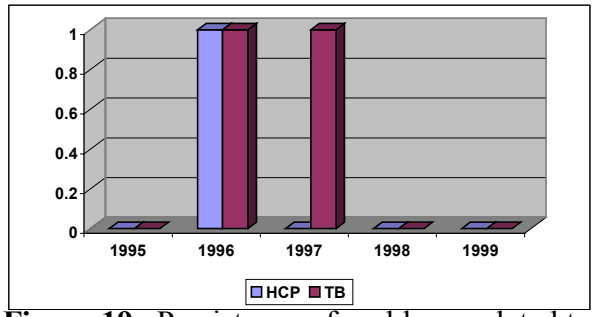

Figure 19. Persistence of problems related to others

Source: Appendix F

4.5 Consequences of the problems

The following conditions have been observed in KPA inconsequent of the analysis:

4.5.1 Decline in transit traffic

Table 2 of dry cargo throughput illustrates that Mombasa port experienced a sharp decrease of transit traffic by -52.59 % in the year 1997 and -16.14 % in 1998. About 18.3 % of Mombasa's traffic consists of transit cargo, with Uganda accounting for about 51.9 %.

4.5.2 Loss of Uganda cargo

The volume of Ugandan cargo passing through the port of Dar es salaam is bound to increase from the current 15,000 tonnes to 30,000 tonnes per month by December 2000, compared to the tonnage handled in 1996/1997 of 4,000 to 5,000 tonnes on average. Nkini (2000).

Approximately 50 % of the Ugandan coffee exports are now being routed through Dar es Salaam due to higher rail charges on the Northern Corridor.

4.5.3 Loss of customers

Most importers are now shifting to the ports of Dar es salaam and Durban to avoid making losses through cargo pilferage**.** While some of the Ugandan businessmen illustrated in Appendix G had resorted to use Dar es Salaam port, others still considered it to be an alternative port which could not be compared to Mombasa port.

4.5.4 Decline in trade

Trade in Kenya has declined due to frustration of port users by KRA. This situation has forced a number of clearing and forwarding firms out of business.

4.5.5 Poor services

The port of Mombasa has lost a lot of Rwandan and Ugandan cargo business to Dar es Salaam port because of inefficiency in its operations. With scant attention paid to customer requirements, the port passes on the high cost of inefficiency to their customers.

4.6 Summary and conclusion

The above analysis justifies KPA's practice of undemocratic style of management. Much as KPA tries to justify their actions with promises to the port users, their needs are ignored as demonstrated in the recurrence of problems. However, a change was noticed in October 1999 when the managing director who lasted for 2 months fulfilled his promise within a month by setting up a fax hot line for the port users and a liaison office to co-ordinate block train services. During the period under review, KPA has been faced

with managerial and operational practices, which could have had direct effects on its performance. It is rather difficult for KPA to implement its long-term policies within a span 5 years under 5 different chief executives and 3 different chairmen. Decision-makers were often more responsive to a political or administrative hierarchy than to market requirements, and thus were interested in non-commercial objectives. The remedial actions are to be read in the next chapter.

CHAPTER 5

COST BENEFIT ANALYSIS

5.1 Introduction

The present chapter represents the conclusion of the analysis to the previous chapters, which identified 5 major problems experienced by the port users by evaluating how KPA can solve the deficiencies. Therefore, KPA should identify the problem it should tackle first, the relationship between the problem and its root causes, by performing a cost benefit analysis to find out where the probabilities are the biggest.

5.2 Measures

The current developments undertaken by KPA's management, being measures introduced by the Kenya government to sustain its competitiveness are its reactions to the threats posed by the port of Dar es Salaam. Even though the roles of these measures are to remove impediments frustrating regional trade, they could be temporary depending on the circumstances surrounding the external environment. The following measures are among the measures introduced to ensure the smooth flow of transit cargo from the port of Mombasa pertaining to the 5 major problems as follows:

5.2.1 Turn around time

Verification of transit containers, which was previously the main cause of delays in the clearance of cargo at the port, is now free of charge. Inspection reports to all cars in

transit to other countries are now available. A special window at the KPA revenue office, has been allocated for processing clearance documents for transit. Designated sheds have been identified for the storage and stacking of transit cargo. Other measures include the provision of a proper list of items set aside for auction to the relevant authorities in the transit countries, and removal of security bonds on transit cargo, hence easing the documentation problem. The entire shipping community strongly supports the current management for having undertaken drastic measures to improve operations and service delivery for Kampala bound transit cargo, which is now done in 2 days from the previous 28 days. (Rissik, 2000) [1.]

5.2.2 Productivity

The following measures have been undertaken by the authority to enhance its productivity levels:

- KPA intends to buy new equipment and spare parts worth approximately US$ 20 million to improve cargo-handling services. (Abele, 2000). [2]
- Practically, Ondego, O, the current managing director of KPA is striving to upgrade the container crane moves from 5 an hour to 10 per hour with an aim to offer clients 15 moves an hour. (Rissik, 2000). [3]
- In addition, the authority's management has set up permanent gangs that are performing an average of 180 tonnes a day with a set target of 200 tonnes per gang. (Ogodo, 2000). [4]

[1,2 and 3] as quoted from an interview given by the Managing Director Kenya Ports Authority

[4] as quoted from the Managing Director's office, Kenya Ports Authority

5.2.3 Security

KPA plans to enhance the security of goods by fencing off all areas used for container handling. The authority has intentions of meeting the port users to decide on security measures, which include ensuring that all cargo deliveries are undertaken by KPA personnel without interference from clearing and forwarding clerks, and that containers are stacked door-to-door. There will be a great improvement of escort arrangements for transit traffic trucks. The symposium held in December 1999 resolved that both URC and KRC should take insurance policies to cover damage, theft and loss of goods while in their custody.

5.2.4 Cost

Tariffs are in the process of being simplified and rationalised to be more customer oriented. KRC has effected tariff rate reductions for Kampala bound containers by 11 % to reduce the costs of transiting through the Northern Corridor by rail, and to encourage more transit traffic to be routed through the port of Mombasa. Apparently, the rates applied in Mombasa are still higher compared to those for Dar es Salaam rate 13 %. The Kephis levy on cost insurance and freight (CIF) goods, has been reduced from 0.75 % per cost of importation, to 0.5 %. In the article, *Kenya Ports to replace equipment* (2000), Ondego, O confirms that, "storage charges for empty containers will be reduced with effect from August this year as an added incentive to its customers. The 20-ft containers will be charged at $4 down from $6.50 per day. The 40 ft container will charged at $8 from $12 per day."

5.2.5 Others

KPA has intentions to develop a cruise ship terminal as one of its future business strategies to maximise income generation, even though the issue of harassment of cruise ship passengers was not addressed. Further to the above, Mturi, J (1999), KPA's non

executive chairman, indicates that, "the current strategic thinking envisages the port becoming an industrial distribution centre in its own right, as well as a cruise tourist destination of international standing."

However, pressures from the port community on KPA's management are collateral and the amount it can solve is often very limited. Therefore, issues pertaining to customs tariff and documentation procedures and terminal handling costs charged to shippers can only be tackled outside KPA's periphery. In view of the circumstances, UNCTAD's growth package recommends the establishment of a consultative body known as National Trade and Transport Facilitation Committee (NTTFC) as illustrated in figure 20. (1994,p.8).

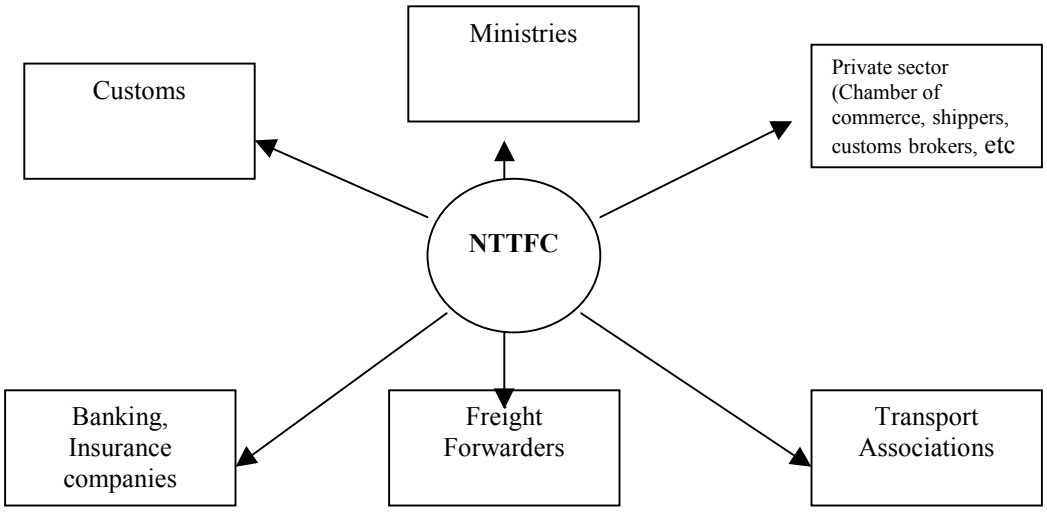

Figure 20. Unctad's growth package

Source: United Nations Conference on Trade and Development

Its success will be based on the high level of commitment from the government (including Ministries of Finance, Trade and Transport), who are well placed to tackle long outstanding issues pertaining to bureaucratic customs procedures to propose needs

for improving the trading environment. This forum also has the support from the trading community, that is the users and providers of the transport service whose queries would be solved immediately, instead of raising them during the port users meetings where the concerned officers are unable to provide solutions.

5.3 Strategy

A suitable approach for KPA to change the image of the port from an alleged outpost of corruption and pilferage, into a clean and efficient transport system prerequisite to benefit the whole economy is to build a strategy. The fact that the process of building a strategy may be a long process, therefore it may be a more difficult and lengthy task to regain the customers that have left the port than to keep the existing ones. Under such circumstances, KPA needs to have a strategic plan compatible with its mission and business plan before it embarks on its marketing trips to identify the exact organisation, business or person to tackle the issue. In the absence of a strategic plan, KPA will not be able to achieve a competitive advantage for the deployment of its existing resources. Instead of imitating other ports KPA, should adopt a differentiated relation with the customers to increase its sustainability. UNCTAD (1992, p.40) indicates that, "in today's business world, one of the principles of management is to treat a customer like a king."

On going through the analysis in the previous chapter, figure 9 illustrated that the first problem KPA should tackle is the turn around time followed by productivity. These 2 problems are compatible in the sense that a shorter turn around time will lead to a higher productivity, hence the need to solve them simultaneously. Further more, the composition of the problems during the period under review revealed that 66 % of the problems, were raised by KFA, 11 % by KSA, 16 % by individual companies, 3 % by URC, 2 % by KRC and 1 % each by KPA and KRA respectively. Indeed, the most important selling point of for any organisation is to know and remember its customers.

In order to ensure its success with such an initiative, KPA should focus on the following questions:

- How does KPA view its customers?
- How does KPA segment its markets?
- How does KPA allocate its resources?

Even though the above analysis illustrates that KPA's strategic customers, are the clearing and forwarding firms it does not analyse their individual profitability which can be apportioned to the ratio of 1:3 in the same manner they have been segmented as illustrated below:

- 78 % of the companies being members of KFA give KPA 68 % of the total business.
- 2 % of the companies being members of KSA give KPA 27 % of the total business.
- 20 % of the companies being individual companies give KPA 5 % of the total business.

Therefore, KPA should utilise 100 % of its time on the clearing and forwarding firms as follows:

- They should be fully attended to by the frontline staff customer service;
- The sales representatives, negotiators, etc should be proactive and not reactive to competition by utilising 100 % of their time on these customers;
- The management should spend 100 % of its time focussing on their contracts.

5.3.1 Implementation of a Customer relationship management.(CRM)

CRM is a new marketing technique that seeks to establish and maintain individualised relations with customers in order to enhance loyalty and retention. This technique is a key business measure to understand the historical behaviour of customers, their preferences and complaints and to identify the important ones. However, CRM requires a transformation of KPA, which is not easy, unless it has a strong information technology (IT) capability in place. The use of IT will enhance KPA to stay abreast of

its customers' concerns and make timely and appropriate response to the customers' calls. Francou, B (1999), states that, "information is the key of the efficiency for all the partners of the logistic chain." In the light of the above, KPA's biggest challenge is to solve the cumbersome documentation procedures being the major stumbling block resulting to longer turn around time. Reynolds T, (1999) of the Port of Le havre in France recommends that, it is more economical to improve procedures rather than to undertake huge financial operations to build quays, storage areas and warehouses solely because the present installations are saturated by the incapacity of the port system. If the goods were cleared more quickly from the storage areas and warehouses, the same installations could probably handle twice as much cargo.

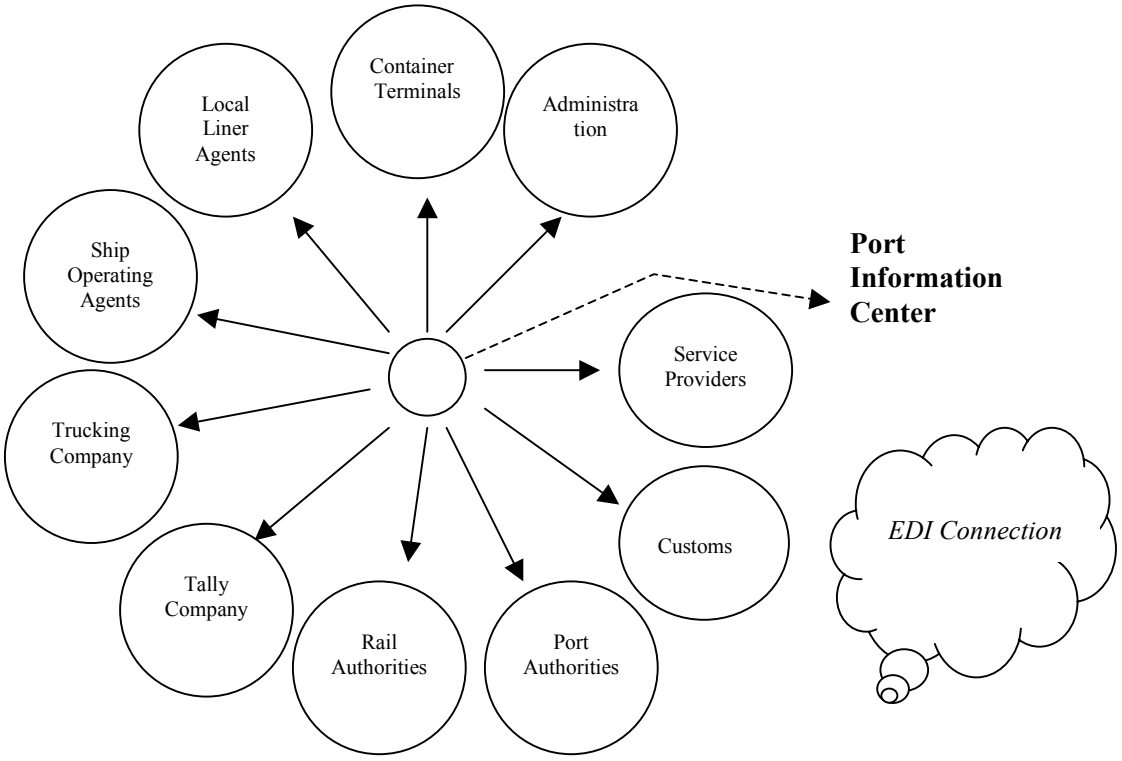

Figure 21. Terminal operating management system

Source: Cargo Service Aarhus A/S

KPA's wheel of success is to institute a port information centre or rather initiate a multimodal system similar to the one at the port of Aarhus in Denmark as illustrated in Figure 21 at a cost of US$ 0.2 million comprising of the software, equipment and training. However, the major port users being KFA and KSA, are bound to benefit from this system based on the following analysis:

5.3.1.1 Turn around time

The analysis in the previous chapter proves that delaying a large ship is a tremendous expense for the shipping industry. For instance incase of a shipping agency engaging the services of his ship to ply the Mombasa – Durban route with a capacity of 100 TEUS per sailing with a transit time of 5 days; the freight earned is US$600 per TEU at a profit of US$50 per TEU. The turn around time in Durban port is assumed to be the standard of 2 days. The frequency is 4 calls a month that is 1 weekly call.

Table 16. Comparison of ships' turn around time

	Current	**Standard**
Mombasa port	5 days	2 days
Sailing	5 days	5 days
Durban port	2 days	2 days
Sailing	5 days	5 days
Mombasa port	5 days	2 days
Sailing	5 days	5 days
Durban port	2 days	2 days
Sailing		5 days
Mombasa port		2 days
Total	**29 days**	**30 days**

Source: Shipping agency services.

The analysis in table 16 indicates that currently, it takes the port of Mombasa approximately 4- 5 days to turn the ship around compared to the standard time of 2 days;

therefore the ship can only call the port twice a month at a profit of US$ 40,000 per month. Therefore, a shorter turn around time which greatly depends on productivity would enable the ship to make the 4 calls at a profit of US $ 80,000 per month, taking into consideration the number of TEUS is relatively small, hence the ship can sail the same day it calls. The above scenario would not only encourage this particular shipping agent to engage more ships on this route but the frequency of other shipping companies who are approximately 25 in number to use the port will definitely increase. Under this system, there would be no room for poor planning resulting to berthing delays suffered by the shipping industry due to congestion as illustrated in Appendix B amounting to losses worth US$ 25,000 per ship call.

Prior to the decline in trade as a result of customers shifting to the neighbouring ports the major clearing and forwarding firms could handle approximately 150 containers per week on a regular basis, but now some of them handle even less than 10 containers. Therefore improvement in documentation procedures will make a company clearing 100 (20') containers earn US$ 36,000 per month in the form of commission as opposed to a commission of US$ 1,800 when only 5 (20') containers are cleared. With KRC soon leasing its facilities on concession, the transit time for transiting through the Northern Corridor will be maintained. The skyrocket charges of US$ 3,200 for local containers and US$4,200 for transit containers being charged by the shipping agents as container deposits will be reduced to the original charge of US$1,000. The analysis in Table 17 clearly shows the losses these firms have incurred due to inefficiency in Mombasa port thus forcing them to reduce their costs considerably. However, in the article, *Kenya Ports to replace equipment* (2000), Ondego, O confirms that, "improved efficiency will save importers and exporters an estimated US$300 per 20ft container."

Table 17. Clearing and forwarding agents (CFA) charges in Kenya

	US $ 20'	US $ 40'
KPA shore handling charges	150	180
Terminal handling charges	70	80
Verification	75	150
Govt., taxes, duties, VAT, survey	at cost	at cost
Delivery order fee / B/L	35	35
Customs/port documentation per B/L	40	40
Agency, doc / handling	90	105

Source: Rates from CFA in Kenya, 1999.

5.3.1.2 Productivity

This system focuses on equipment with low investment and maintenance costs a higher quality of services and improved productivity. Figure 7 illustrates that the average container movements for the port of Antwerp in 1991 were 206 per shift. With the same type of equipment they have achieved a higher productivity of 240 moves per shift and the number of containers have doubled as a result of stacking 3 high. The number of container moves is an important factor for shipping lines. With proper maintenance KPA's 4 Reach stackers acquired early last year at an approximate cost of US$ 1.2 million can achieve the above productivity. Losses suffered by the shipping industry due to gantry breakdowns and poor tugmaster availability amounting to approximately US$ 0.15 million per month as illustrated in Appendix K will be reduced. Toubhans, (1999) of the port of Le Havre confirms that, "failure to maintain equipment in good working order can lead to low availability, low productivity and performance, additional investment, additional operating costs and low competitiveness of the port." With lower maintenance costs, KPA's expenditure on maintenance is not likely to exceed 3 % of the budgeted volume of business. On the basis of the above factors, KPA may not need to

invest in an extra terminal but expand into a big port to achieve economies of scale thus attracting more cargo and ships.

Despite KPA's large workforce of 7000 employees, this system warrants the authority to invest approximately a minimum of US$ 0.08 million on training. The essence of training and the crucial elements for KPA to consider in implementing the CRM strategy to reach its goal or mission should be focused on quality, market, technology including IT, finance and human resources. Well-trained staff including the professionals will work well together towards the common goal of improved efficiency and therefore achieve UNCTAD's recommended productivity of 640 tonnes a day with better results of increased cargo volume as illustrated in table 1 thus contributing to the success of the port. The rate of accidents will be minimal due to enhancement of KPA's supervisory capabilities both at the equipment maintenance and cargo handling operations.

5.3.1.3 Security

KPA's annual expenditure of US$ 0.5million on goods theft will reduce since all parties are in possession of advance information pertaining to cargo, which can easily be monitored upon landing. Since the information from the port information centre can be sold to other parties, the question of slow processing or lack of documents pertaining to claims should not arise. The port information centre ensures high data security and the assurance that it is available. Cargo surveillance can be done by investing in a similar security system used in Malmö oil port comprising a minimum of 3 video cameras, including a recorder at a cost of US$ 7,800. Priority should be given to transit cargo that can be consolidated and stored in one shed, as opposed to storage in various sheds.

5.3.1.4 Cost

KPA's port information centre will have an electronic data interchange (EDI) link connecting its billing system, with the payment processing system of the shipping agents

and major clearing and forwarding companies. The introduction of an EDI connection for invoicing will in turn enable the customers to enhance their payment processing workflow. The link will in turn enable KPA to process documents faster and reduce its monthly overtime costs of US$ 0.5 million and increase efficiency as invoices and detailed transaction records will be sent directly to the customers' computer systems.

5.3.1.5 Others

The EDI system will ease the customers' problems in communicating with other parties, since they will be on line and the concerned parties can always attend to their queries. The customers' savings on cost will be incorporated in the turn around time costs.

5.3.2 CRM analysis

However, the CRM model can as well be initiated at ICD Kisumu as it is capable of identifying its potential customers from the total number of 56 customers' today. In order to be effective in implementing a CRM strategy the following dimensions of CRM should be considered:

- Classify the customers in terms of cargo volume and distribution;
- Classify the customers on the basis of the life span of their companies;
- How recent KPA's services the customers have used;
- The importance of KPA's services to the customers;
- The idea is to have the above analysis on line.

Once the port of Mombasa can identify 5 % its top customers the same format recommended for identifying ICD Kisumu's customers by using the previous years' cargo traffic figures illustrated in Appendices H and J should apply. Figure 22 illustrates that Foam Mattress and Prafulla Enterprises including transit traffic being clearing and forwarding agents have been using the depot since its inception in 1994. These customers warrant 100 % of KPA's attention. Figure 23 illustrates that Mackenzie

Maritime, a shipping agent's representative and an exporter should get 100 % of KPA's attention not forgetting Transami a potential exporter, while Kenfreight dealing with both imports and exports have made use of the depot since 1998, hence the need to be attended to as well.

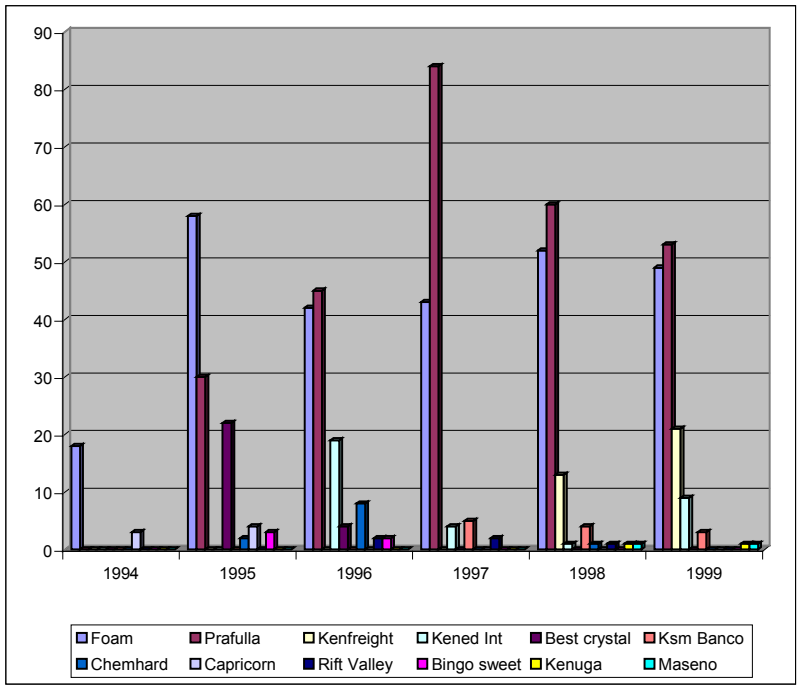

Figure 22. ICD Kisumu importers.

Source: Appendix H

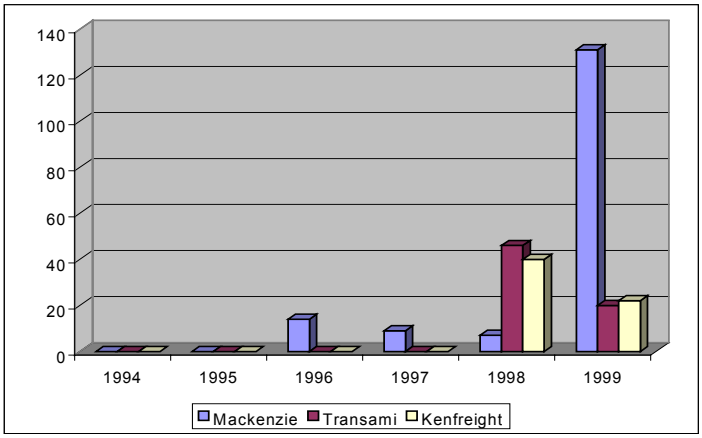

Figure 23. ICD Kisumu exporters

Source: Appendix H

The art of selling is for KPA to be in the customers' shoes in the sense that KPA is the first person a customer calls. In view of the above KPA can then prioritise its efforts to improve its relationship with these customers on the basis of the following:

- Call them and say "hello" and make sure they are happy with KPA's services and make them know every single detail of the company intimately;
- Have everyone of the senior managers send out one hand written thank you note a week to KPA's most valuable customers;
- KPA should ask its valuable customers what they could differently to improve its services;
- KPA must comply with what customers suggest, follow up, and do it again.

KPA should find out if any customers have complained about its services more than once in the past year and continue to baby-sit their orders in the future. Call them back and check on their progress, and put a product or quality person in touch with them. KPA should increase its share of customers from firms who use the port every once in a

while, such as Maseno and Kenuga who are importers and have used the depot once in 1998 and 1999 respectively. Make a compelling offer to them to try several other services the organisation offers. Or, find those customers who cost the organisation money and implement measures to cut costs with these customers through direct marketing by guiding them to a different business channel, which is the internet. Alternatively, they are referred to a well-known freight forwarder. The internet option is to get away the sale focus from these customer.

5.3.2.1 Human behaviour

Human behaviour is critical to the successful implementation of a CRM strategy. Communicating change to all port employees is important and should be involved in the following changes:

- Priority should be given to the individuals who will be affected by the change involved from the inception of the project. Tell them about the initiative, what KPA is expecting to accomplish from the change, how the customer will be affected, and, most importantly, how the change will affect their work. Ask for their input into the project, not only at the beginning, but also through out the project.
- Communicate regularly, with appropriate messages and provide an easy way for employees to voice comments.

5.3.2.2 Benefits

The benefits of CRM would enable KPA to determine exactly who its important customers are, and to develop integrated marketing data bases that would help the organisation to know them better and in turn improve its bottom line. In this regard, the marketing manager would be able to detect whether the operational complaints have been solved or not. The employees should have access information and processes to know about their customers, the ability to understand their needs, and efficiently build relationships between the organisation, its customer base and distribution partners.

However, Ma (2000) comments that, " the organisation should not try to accomplish everything overnight. If it is unable to provide the service then CRM service is undermined based on that the organisation can create good relationship with the customers."

5.4 Establish joint operating companies

KPA is of the view that in future there would be less concentration on conventional cargo, as most of the services would be commercialised therefore its main focus is on expanding the container terminal. In view of the above as an alternative, KPA needs to involve the role of private operator in its operations in order to improve efficiency and to obtain greater loyalty from the port users.

It should be noted that a 2-year contract signed by KPA and the port of Felixstowe in 1996 to run the Mombasa container terminal was terminated prematurely on KPA's failure to provide adequate equipment and spare parts. However, with the reorganisation of KPA's management, its current elite cadre could encourage the idea of operating the container terminal as a joint venture concession arrangement, probably on a revenue sharing basis with a strategic partner to perform the stevedoring services. The success of port of Aarhus and Malta Freeport Corporation evidences the involvement of private operators' leading to higher productivity, and expansion levels as well as a reduction of costs.

Similarly, the shipping industry will benefit from the services of a private operator who is also capable of instituting a port information centre at the container terminal. The private operator can easily tackle the 5 major problems experienced by the customers pertaining to turn around time and productivity based on analysis in tables 16 and 17

respectively. KPA would remain responsible for the remaining problems pertaining to security, cost and others to be recommended in the next chapter.

5.5 Conclusion

This chapter concludes the final part of the analysis of the problems pertaining to the port users, the measures and the proposed actions to be undertaken by KPA's management. The outcome of the proposals has revealed that benefits to be accrued by all concerned parties in the long run outweigh the costs to be incurred by KPA. However, Sunguh, G (1999) comments that, "in order to give the port of Mombasa a new life, Kenya should borrow a leaf from the Dubai Ports Authority (DPA) – the world's fastest growing port."

The next chapter will give some recommendations with the biggest probabilities for KPA to implement and the conclusions of the research.

CHAPTER 6

CONCLUSION

Successful customer ownership is the key line to the interface between the port and the customers, as it will create a competitive advantage and result in improved customer retention and profitability. Therefore, KPA's success can only be assessed based on the value created and delivered to its customers. Otherwise, the authority would have neither legitimate reason to exist nor the ability to accomplish its corporate objectives. Furthermore, the customer relationship management strategy would prove an exceptional marketing technique that would enable KPA react to business competition promptly.

6.1 Results

The 2 proposals identified to resolve the 5 major problems experienced by KPA's customers not only emphasised on the ports need to achieve efficiency, but also focussed on sustainable relationships with the customers. The cost benefit analysis in the previous chapter revealed that losses suffered by the shipping industry are mainly incurred due to the problems pertaining to turn around time. In view of the above KPA should first tackle the problems based on the following findings:

6.1.1 Turn around time

KPA can easily solve the problems pertaining to turn around time if it implements the CRM as a viable means of integrating and co-ordinating all the activities of the organisation by instigating a clear focus to all departments within KPA. This system is beneficial to the custom officers in order to perform risk analysis as practised in the Swedish ports. One of its critical success factors is the re-use of information that would save money, time and eliminate human errors for the authority. Despite the facts that the private operator can also institute a port information centre, his services are only concentrated on the operational activities.

6.1.2 Productivity

Much as the need for new equipment is a priority for the port of Mombasa, acquisition for the same from overseas may be hampered by the current procedures through the Central Bank, which are long and cumbersome. Therefore, KPA can still solve the problems pertaining to productivity by adopting the CRM especially by training its employees and also engaging the services of a private operator to handle the equipment issues who will not have to rely on government mechanisms to make decisions.

6.1.3 Security

Despite the high rate of cargo theft in the port, privatising security services might not be effective since KPA has to maintain the KPP division for reasons of national security. However, CRM is ideal, as it will enhance the quick clearance of cargo from the port thus limiting the chances of pilferage.

6.1.4 Cost

The role of the private operator is to negotiate competitive prices with KPA. KPA will have the opportunity to co-operate with the port of Dar es Salaam since they share the same hinterland and avoid offering dumping prices to the customers. Beth (2000, 37)

shares similar sentiments that, "there is no competitive situation between the ports handling the same cargo and customers are identical." CRM will take care of documentation problems encountered by the customers due to ignorance.

6.1.5 Others

KPA will have an in depth knowledge of its customers through the application of CRM. In the words of Olsson (2000) "getting the market share in the transport economy is not as difficult as getting the customers but recommends interaction and socialising with customers to make good use of them where value can be added to the industry."

6.2 Recommendations

With regard to the above conclusion and findings, the following recommendations have been made for KPA's management to adopt the CRM strategy.

6.2.1 Objective

- KPA should focus on a system, which can contain all activities pertaining to the port to make it earn money and remain competitive, boost productivity and can provide a number of services to the customers.

6.2.2 Resources required

- The chief executive should ensure the involvement of top management by appointing a senior, committed and charismatic manager/leader probably his personal assistant to initiate the CRM strategy and to ensure its successful implementation across KPA.
- KPA should seriously consider the customers' interests by linking them to its computer system, with the other stakeholders involved in stevedoring and transport services and ensuring that the information is limited to each individual,

which can also be sold to other parties. It should also maintain standardised procedures by acquiring the right handling equipment.

- The human resources division should prepare and provide sufficient training packages especially for those who deal with customers directly, giving the employees the skills necessary to fit in the new systems and processes KPA will be implementing. It should also develop the training programmes and make a follow up based on the following questions:
  - What does KPA intend to achieve?
  - What are the results of the achievement?
  - What are the causes of non-achievement?
  - What does KPA intend to do for the future?

The CRM strategy is not an instant action but it is meant to be an ongoing and constant process, therefore actions to be implemented in the short, medium and long term are recommended as follows:

6.2.3 Short term

- KPA should consider signing performance guarantee contracts with government security agencies deployed at the port, which would make them accountable for cargo stolen in their watch.
- The number of Agriculture Society of Kenya (ASK) shows should be reduced to probably one and instead have the chance be utilised by the chief executive under the guidance of the marketing manager to visit the customers based in the hinterland. KPA should encourage its participation in trade fairs.
- The responsibility for understanding customers and contributing to the delivery of value to them should be charged to all KPA members of staff rather than to marketing department only.

- The marketing department should set a competitive tariff for the private operator, reflecting market prices comparable to the invisible costs related to ships time in port and the invisible costs related to the disbursements linked to it. The level of tariff should be compatible to the level of services offered to the customers. The marketing manager should be free to meet the customers at least once a year to negotiate prices probably offer tariff rebates on special cases.

6.2.4 Medium –long term

- KPA should consider the crucial elements to implement the CRM strategy to reach its goal or mission by focussing on quality, market, and technology including IT, finance and human resources by participating in extensive use of the IT, programmes and maintaining quality management that will earn the port the following advantages:
  - every one follows the same system;
  - improves efficiency;
  - customers demand quality;
  - fewer customer complaints;
  - marketing benefits are constant services;
  - greater staff involvement.
- Quality should be in the eyes of the customer to see KPA as a
  - S – simple
  - M – measurable
  - A – achievable
  - R – reasonable
  - T – target oriented organisation.
- Since the port of Mombasa has a potential market to become a cruise hub, which would create value added for the economy, the marketing department should

strive to either outsource the research on clients' demands as in the case of Valleta port in Malta, or subscribe G.P. Wild magazines. Alternatively the ports of Mombasa and Dar es Salaam can co-operate since they have the same strategy of cruise lining to find out what each port intends to offer its clients.

- The finance division should ensure that KPA is financially sound to invest in a system with reasonable payback period with sufficient number of computers to be used in implementing the CRM strategy.

6.2.5 Expected outcome

- The implementation of the CRM strategy, is the exclusive prerogative of KPA's management to eliminate superficial documentation, non-committed workforce, management without authority, poor documentation control and poor internal audit procedures. Therefore, the cost of replenishment as a result of loses of customers through lack of attention and indifferent servicing is high, thus CRM strategy has a responsibility to account for that investment.

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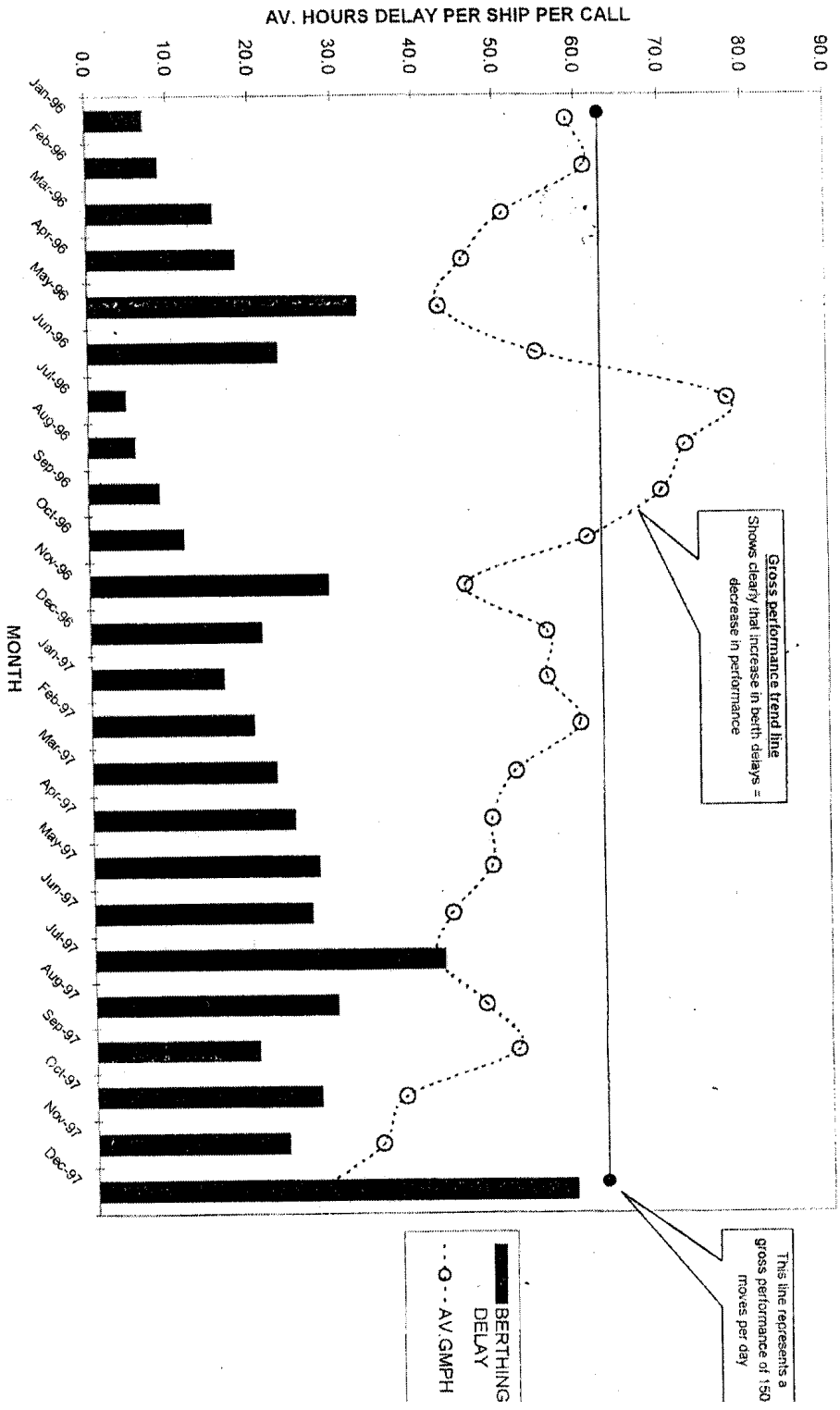
APPENDIX A

The map indicates where the ports of Mombasa and Dar es Salaam are situated and the common hinterland.

APPENDIX B


MOMBASA CONTAINER TERMINAL BERTHING DELAYS 1996 and 1997
AV. HOURS DELAY PER SHIP PER CALL
0.0
10.0
20.0
30.0
40.0
50.0
60.0
70.0
80.0
90.0
MONTH
Jan-96
Feb-96
Mar-96
Apr-96
May-96
Jun-96
Jul-96
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Jan-97
Feb-97
Mar-97
Apr-97
May-97
Jun-97
Jul-97
Aug-97
Sep-97
Oct-97
Nov-97
Dec-97
Gross performance trend line
Shows clearly that increase in berth delays = decrease in performance
This line represents a gross performance of 150 moves per day
BERTHING DELAY
AV.GMPH

APPENDIX C

Minutes of the port users meetings

				GROUP 1										GROUP 2					GROUP 3			GROUP 4						G5	
Time	**Code 1**	**Problem**	**Code2**	**KFA**	**KSA**	**KPA**	**KRC**	**KRA**	**JMTF**	**URC**	**CMT**	**UFA**	**Cos**	**KFA**	**KRC**	**KSA**	**URC**	**Cos**	**KFA**	**KSA**	**URC**	**KFA**	**KSA**	**KPA**	**CMT**	**KRA**	**Cos**	**KFA**	**Organization**
18.5.95	**UC**	Undocumented containers	**G1**	1																									Kenya freight Assc
	RL	Railage of ICD Nrb boxes	**G1**	1																									Kenya freight Assc
	LS	Clearance of copper yard	**G1**	1																									Kenya freight Assc
	OD	Delay in out turn reports	**G1**	1																									Kenya freight Assc
	SL	Shortage of labour	**G2**											1															Kenya freight Assc
	LAE	Low equipment availability	**G2**											1															Kenya freight Assc
	SW	Supply of wagons	**G2**											1															Kenya freight Assc
	RC	Theft on rail borne cargo	**G3**																1										Kenya freight Assc
	DP	Forged MPRO's and C10's	**G1**			1																							Kenya freight Assc
	SD	Request for age analysis-L.C.L boxes	**G1**	1																									Kenya freight Assc
	PF	Insufficient berths plans	**G2**													1													Kenya ship Assc
	SD	Lack of export boxes	**G1**		1																								Kenya ship Assc
2.11.95	**UC**	Request for list of undocumented conts.	**G1**					1																					Kenya Revenue Auth
	PC	Higher penalty-uncleared containers	**G4**																			1							Kenya freight Assc
	SL	Poor planning on labour	**G2**											1															Kenya freight Assc
	SW	Supply of wagons	**G2**											1															Kenya Railways Corp
	ANT	Improper application of new tariff	**G4**																			1							Kenya freight Assc
23.4.96	**RL**	Railage of ICD Nrb boxes	**G1**		1																								Kenya shipAssc
	DP	Delay in verification	**G1**	1																									Kenya freight Assc
	UC	List of undocumented containers	**G1**		1																								Kenya Ports Auth
	OD	Issue of motor vehicle inspect report	**G1**	1																									Kenya freight Assc
	DP	Delays at the cash office KRA	**G1**	1																									Kenya freight Assc
	DP	Request for a dedicated motor cycle	**G1**	1																									Kenya freight Assc
	ANT	LDC for South Africa imp.	**G4**																			1							Kenya Freight Assc
	OD	Delay in issuance of out-turn interchange reports & loading tallies.	**G1**																										Kenya freight Assc
	SW	Damage to wagons-KPA equipment	**G2**												1														Uganda Railways Corp
	TB	Lack of telephone booths	**G5**																									1	Kenya freight Assc

Minutes of the port users meetings

				GROUP 1										GROUP 2					GROUP 3			GROUP 4						G5	
Time	**Code 1**	**Problem**	**Code2**	**KFA**	**KSA**	**KPA**	**KRC**	**KRA**	**JMTF**	**URC**	**CMT**	**UFA**	**Cos**	**KFA**	**KRC**	**KSA**	**URC**	**Cos**	**KFA**	**KSA**	**URC**	**KFA**	**KSA**	**KPA**	**CMT**	**KRA**	**Cos**	**KFA**	**Organization**
30.7.96	**PS**	Theft of motor vehicle items	**G3**																1										Kenya freight Assc
	OD	Delay to obtain inspection reports	**G1**	1																									Kenya freight Assc
	ANT	LDC for South Africa imp.	**G4**																			1							Kenya freight Assc
	CK	Misplacement of car keys	**G2**											1															Kenya freight Assc
	OD	Late delivery of out-turn	**G1**	1																									Kenya freight Assc
	EC	Excessive checks by Police	**G3**																1										Kenya freight Assc
	DP	Forged delivery orders	**G1**		1																								Kenya ship Assc
	OD	Delay to act on claims	**G1**	1																									Kenya freight Assc
7.11.96	**PS**	KPA drivers party to theft	**G3**																1										Kenya freight Assc
	CSD	Cost of hologram-for shipping doc	**G4**																				1						Kenya ship Assc
	RL	Staff in KRA lack discipline	**G1**	1																									Kenya freight Assc
	HCP	Harassment of cruise ship passengers	**G5**																									1	Kenya freight Assc
	OD	No Improvement for out turn reports	**G1**	1																									Kenya freight Assc
	RF	Request to upgrade reefer facilities	**G2**												1														Kenya Railwasys Corp
22.9.97	**OD**	Delayto get motorvehicle inspection.	**G1**	1																									Kenya freight Assc
	OD	Claim process is slow	**G1**		1																								Kenya ship Assc
	SDC	Security on dual carriage	**G3**																1										Kenya freight Assc
	PS	Security at the port	**G3**																	1									Kenya ship Assc
	LAE	Frequent breakdown-equipment	**G2**											1															Kenya freight Assc
	SD	Delays in stripping	**G1**	1																									Kenya freight Assc
	RC	Theft on rail borne cargo	**G3**																1										Kenya freight Assc
	ANT	Double charges on rent	**G4**																			1							Kenya freight Assc
	KL	KARI levy on imports	**G4**																			1							UgandA freight Assc
	PC	Withdraw Punitive charges	**G4**																			1							Kenya freight Assc
	PE	Delays by Port police-escort	**G3**																1										Kenya freight Assc
	EC	Excessive checks	**G3**																1										Kenya freight Assc

Minutes of the port users meetings

				GROUP 1										GROUP 2					GROUP 3			GROUP 4						G5	
Time	**Code 1**	**Problem**	**Code2**	**KFA**	**KSA**	**KPA**	**KRC**	**KRA**	**JMTF**	**URC**	**CMT**	**UFA**	**Cos**	**KFA**	**KRC**	**KSA**	**URC**	**Cos**	**KFA**	**KSA**	**URC**	**KFA**	**KSA**	**KPA**	**CMT**	**KRA**	**Cos**	**KFA**	**Organization**
28.11.97	**DP**	Reallocation of G-section offices.	**G1**	1																									Kenya freight Assc
	PE	Delay in escort of transit	**G3**																	1									Kenya ship Assc
	DP	Slow process of railage doc.	**G1**	1																									Kenya freight Assc
	UC	Dwell time analysis request	**G1**	1																									Kenya freight Assc
	SD	Stripping delays requested	**G1**	1																									Kenya freight Assc
	PS	Fund to repair marine crafts	**G3**																	1									Kenya ship Assc
	TB	Insufficient telephones	**G5**																									1	Kenya freight Assc
4.5.98	**LAE**	Lack of low bed trailers	**G2**													1													Kenya ship Assc
	PS	Port prone to piracy	**G3**																	1									Kenya ship Assc
	PS	Closure of gate No 20	**G3**																	1									Kenya ship Assc
	SDC	Ambush of loaded trucks	**G3**																1										Kenya freight Assc
	LAE	Poor services at the terminal	**G2**											1															Kenya freight Assc
	PS	Constriain in cargo movement	**G3**																1										Kenya freight Assc
	DP	Delay to deliver blue copy	**G1**	1																									Kenya freight Assc
	DP	Harmonise working hours	**G1**	1																									Kenya freight Assc
	SL	Delay in change in shift	**G2**												1														Kenya Railways Corp
	PF	Frequent break downs of trucks	**G2**											1															Kenya freight Assc
4.6.98	**CK**	Handling of car keys	**G2**											1															Kenya freight Assc
	PF	Trucks scout for business	**G2**													1													Kenya ship Assc
	PF	Widen the fly over	**G2**											1															Kenya freight Assc
	LS	Pile up of cargo	**G1**			1																							Kenya Ports Auth
	UC	Undocumented containers	**G1**	1																									Kenya freight Assc
	LS	Advertise customs auctions	**G1**	1																									Kenya freight Assc
	RL	Possibility of accidents-port users cars	**G1**				1																						Kenya Railways Corp
	ANT	Invoices not the true picture - VAT	**G4**																			1							Kenya freight Assc
	PS	Security attacked at night	**G3**																1										Kenya freight Assc

Minutes of the port users meetings

				GROUP 1										GROUP 2					GROUP 3			GROUP 4						G5	
Time	**Code 1**	**Problem**	**Code2**	**KFA**	**KSA**	**KPA**	**KRC**	**KRA**	**JMTF**	**URC**	**CMT**	**UFA**	**Cos**	**KFA**	**KRC**	**KSA**	**URC**	**Cos**	**KFA**	**KSA**	**URC**	**KFA**	**KSA**	**KPA**	**CMT**	**KRA**	**Cos**	**KFA**	**Organization**
24.11.98	**PS**	Different seal upon arrival	**G3**																1										Kenya freight Assc
	LAE	Low availability of equipment	**G2**											1															Kenya freight Assc
	UC	Undocumented conts.to be analysed	**G1**	1																									Kenya freight Assc
	LS	Transfer conts. to CWH	**G1**					1																					Kenya Revenue Auth
	LS	Selective-conts.to transfer	**G1**			1																							Kenya Ports Auth
	DP	Interference by SWIPCO	**G1**	1																									Kenya freight Ass
	RL	Delay of loaded wagons	**G1**	1																									Kenya freight Assc
	ANT	Interpret-clause 16-tariff	**G4**																			1							Kenya freight Assc
	SD	Request for stipping tally	**G1**	1																									Kenya freight Assc
21.12.98	**DP**	Delays at long room KRA	**G1**	1																									Kenya freight Assc
	ANT	Pay port dues in US-bank	**G4**																			1							Kenya freight Assc
	TC	Problem in tracing containers	**G1**	1																									Kenya freight Assc
	CO	Conts.sealed different custom officer	**G2**											1															Kenya freight Assc
	DP	Loading tally-KPA unsigned by KRC	**G1**	1																									Kenya freight Assc
	CO	Lack of custom sealing clerks	**G2**											1															Kenya freight Assc
	LAE	Lack of break vans	**G2**											1															Kenya freight Assc
5.3.99	**PS**	Laxity in port security	**G3**																	1									Kenya ship Assc
	ANT	Tariffs & Doc/Clearance	**G4**																				1						Kenya ship Assc
	SL	Laxity in KPA workers	**G2**															1											Cos - dedicated-Wgs
	SW	Increasing Nos-sick wagons	**G2**															1											Del monte
	CO	Unavailability-custom officer	**G2**												1														Kenya Railways Corp
	RC	Theft cases -increase	**G3**																1										Kenya freight Assc
	CSD	Delivery order charges-high	**G4**																			1							Kenya freight Assc
9.4.99	**DP**	Delay to process C35	**G1**		1																								Kenya ship Assc
	DP	Delay in rail documentation	**G1**						1																				Joint market task force
	RL	Railways to designate specific days	**G1**						1																				Joint market task force
	RL	Advertise rail service	**G1**						1																				Joint market task force
	DP	Delays caused by SWIPCO	**G1**						1																				Joint market task force

Minutes of the port users meetings

				GROUP 1										GROUP 2					GROUP 3			GROUP 4						G5	
Time	**Code 1**	**Problem**	**Code2**	**KFA**	**KSA**	**KPA**	**KRC**	**KRA**	**JMTF**	**URC**	**CMT**	**UFA**	**Cos**	**KFA**	**KRC**	**KSA**	**URC**	**Cos**	**KFA**	**KSA**	**URC**	**KFA**	**KSA**	**KPA**	**CMT**	**KRA**	**Cos**	**KFA**	**Organization**
3.9.99	**DP**	Delay at border-change of load post	**G1**							**1**																			Uganda Railways Corp
	RL	Diversion-different exit-pts	**G1**										**1**																Afro-freifght forwarders
	CO	Officers avail on sundays	**G2**														**1**												Uganda Railways Corp
	RT	High rail tariff N / Corridor	**G4**																								**1**		Mediterranean Co
	RL	Irregular rail schedules	**G1**		**1**																								Kenya ship Assc
	DP	Manifest to have final destination	**G1**								**1**																		Consult meeting
	THC	High terminal handling charges	**G4**																					**1**					Kenya Ports Auth
	DP	Documentation procedures transit	**G1**								**1**																		Consultative meeting
	KL	Levy discourged-customers	**G4**																						**1**				Consultative meeting
	DP	Delays in service points	**G1**	**1**																									Kenya freight Assc
1.10.99	**RL**	Advertise rail service	**G1**		**1**																								Kenya ship Assc
	DP	Desks to capture data-transit	**G1**										**1**																Afro freight Ltd
	RL	Requirements-URA	**G1**									**1**																	Uganda freight Assc
	EC	Lengthy commodity checks	**G3**																		**1**								Uganda Railways Corp
	RL	Change from Malaba route to Tororo	**G1**										**1**																Transami Kenya Ltd
	DP	Request for more photo copies-C632	**G1**										**1**																Transami Kenya Ltd
	THC	Charges high than Dar port	**G4**																							**1**			Kenya Revenue Auth
5.11.99	**CO**	Delay slow KRA personnel	**G2**												**1**														Kenya Railways Corp
	CO	Lack of KRA personnel	**G2**												**1**														Kenya Railways Corp
	COC	High overtime cost-Ug.exp	**G4**																								**1**		Coffeecare Kenya Ltd
	DP	Final destination included in manifest	**G1**		**1**																								Kenya ship Assc
	THC	Additional cost for port users	**G4**																			**1**							Kenya freight Assc
	DP	Malaba-lack of generator	**G1**										**1**																Coffeecare Kenya Ltd
	EC	Mandatory checks	**G3**																		**1**								Uganda Railways Corp
	DP	Causing delays form C634	**G1**								**1**																		Consultative meeting
	ANT	Port dues in US-Kampala	**G4**																								**1**		Coffeecare Kenya Ltd
	DP	Lodge entries at KPA	**G1**										**1**																Rakai Clearing Ltd
	DP	Delay to cancel bonds	**G1**							**1**																			Uganda Railways Corp
	DP	Delay to apply 2nd extension for transit	**G1**	**1**																									Kenya freight Assc

APPENDIX D

The composition of customers problems

	1995	1996	1997	1998	1999	Total
time	8	13	7	15	22	**65**
productivity	6	3	1	11	6	**27**
security	1	3	7	6	4	**21**
cost	2	3	3	3	9	**20**
others	0	2	1	0	0	**3**
	17	**24**	**19**	**35**	**41**	**136**

The above figures have been derived from Appendix C in which the problems are divided in 5 major groups. Figure 9 has been derived from the above table showing the evolution of the problems which clearly shows that majority of the problems pertains to turn around time, followed by productivity being the major stumbling block for KPA's operations.

APPENDIX E

The composition of the complainants

time	1995	1996	1997	1998	1999	Total
KFA	5	10	6	11	2	**34**
KSA	2	2	1	0	4	**9**
KPA	1	0	0	2	0	**3**
KRC	0	0	0	1	0	**1**
KRA	1	0	0	1	0	**2**
JMTF	0	0	0	0	4	**4**
URC	0	0	0	0	2	**2**
CMT	0	0	0	0	3	**3**
UFA	0	0	0	0	1	**1**
Cos	0	0	0	0	6	**6**
productivity	1995	1996	1997	1998	1999	Total
KFA	5	1	1	8	0	**15**
KSA	1	0	0	2	0	**3**
KPA	0	0	0	0	0	**0**
KRC	0	2	0	1	3	**6**
KRA	0	0	0	0	0	**0**
JMTF	0	0	0	0	0	**0**
URC	0	0	0	0	1	**1**
CMT	0	0	0	0	0	**0**
UFA	0	0	0	0	0	**0**
Cos	0	0	0	0	2	**2**
security	1995	1996	1997	1998	1999	Total
KFA	1	3	4	4	1	**13**
KSA	0	0	3	2	1	**6**
KPA	0	0	0	0	0	**0**
KRC	0	0	0	0	0	**0**
KRA	0	0	0	0	0	**0**
JMTF	0	0	0	0	0	**0**
URC	0	0	0	0	2	**2**
CMT	0	0	0	0	0	**0**
UFA	0	0	0	0	0	**0**
Cos	0	0	0	0	0	**0**
cost	1995	1996	1997	1998	1999	Total
KFA	2	2	3	3	2	**12**
KSA	0	1	0	0	1	**2**
KPA	0	0	0	0	1	**1**
KRC	0	0	0	0	0	**0**
KRA	0	0	0	0	1	**1**
JMTF	0	0	0	0	0	**0**
URC	0	0	0	0	0	**0**
CMT	0	0	0	0	1	**1**
UFA	0	0	0	0	0	**0**
Cos	0	0	0	0	3	**3**
others	1995	1996	1997	1998	1999	Total
KFA	0	2	1	0	0	3

Figures 10 to 14 have been derived from the above table, which illustrates that KFA and KSA, are the major complainants apart from the year 1999.

APPENDIX F

The persistence of the problems

Time		UC	RL	DP	OD	SD	LS	TC
	1995	2	2	1	1	2	1	0
	1996	1	1	4	6	0	0	0
	1997	1	0	2	2	2	0	0
	1998	2	2	5	0	1	4	1
	1999	0	7	15	0	0	2	0
		6	**12**	**27**	**9**	**5**	**7**	**1**
Productivity		**PF**	**SL**	**CK**	**LAE**	**RF**	**SW**	**CO**
	1995	1	2	0	1	0	2	0
	1996	0	0	1	0	1	1	0
	1997	0	0	0	1	0	0	0
	1998	3	1	1	4	0	0	2
	1999	0	1	0	0	0	1	4
		4	**4**	**2**	**6**	**1**	**4**	**6**
Cost		**PC**	**ANT**	**KL**	**THC**	**CSD**	**RT**	**COC**
	1995	1	1	0	0	0	0	0
	1996	0	2	0	0	1	0	0
	1997	1	1	1	0	0	0	0
	1998	0	3	0	0	0	0	0
	1999	0	2	1	3	1	1	1
		2	**9**	**2**	**3**	**2**	**1**	**1**

Security		RC	PS	EC	SDC	PE
	1995	1	0	0	0	0
	1996	0	2	1	0	0
	1997	1	2	1	1	2
	1998	0	5	0	1	0
	1999	0	2	2	0	0
		2	**11**	**4**	**2**	**2**

Others		HCP	TB
	1995	0	0
	1996	1	1
	1997	0	1
	1998	0	0
	1999	0	0
		1	**2**

Figures 15 to 19 are derived from the above table, which illustrates the persistence in the 5 major groups of problems.

APPENDIX G

KPA'S 10 MAJOR CUSTOMERS BASED IN UGANDA

1.IMPORTERS

- MUKWANO INDUSTRIES
- ROOFINGS LTD
- INTERFREIGHT
- HOUSE OF DAWDA
- ALAM GROUP OF COMPANIES

2.EXPORTERS

- PANALPINA
- UGACOF LTD. COFFEE EXPORTERS
- OLAM UGANDA
- NSAMBA COFFEE WORKS
- TRANSAMI

APPENDIX H

ICD Kisumu's potential importers

	IMPORTS 1994-1999			Revenue
No	**Firm**	**Commodity**	**Tonnage**	**in US$**
1	**Foam Mattress Ltd**	Polyol	5750	46045
		Toluene	3450	24387
		Printed fabric	2300	16258
		Vegtable oil	1359	9606
		Reel paper	1150	8129
		Rice	644	4552
2	**Prafulla Enteprises Ltd**	Clear float glass	5640	28105
		Sewerage fitting	2300	11117
		Agricultural machinery	230	1149
	Prafulla Enterprises Ltd(Transit)	General merchandise	2465	11169
		Motor vehicle parts	345	2702
		Clear float glass	735	1278
		Vegetable oil	414	849
		White refined sugar	506	756
3	**Kenfreight (E.A) Ltd**	Bitumen	920	4935
		Clera float glass	782	2949
		Disk brake pad	690	2922
4	**Kened International Ltd**	General merchandise	995	4394
		Used clothing	46	254
		Bicycle tyres	46	242
5	**Best Crystals**	General merchandise	449	1964
		Unassembled bicycles	92	457
		Motor vehicle spares	69	334
		Automobile batteries	23	122
6	**Ksm Banco Manufacturers**	Zinc coated	188	834
		Roofing nail	150	716
		Ox-plough wheel	92	390
7	**Chemhard Agencies**	Caustic soda	161	916
		Non ferric Aluminium	153	551
		Stable bleaching powder	92	368
8	**Capricorn Trading Co**	Aluminium sulphate	276	1044
		Vegetable oil	184	645
		Phosphoric Acid	163	727
9	**Rift Valley Product Ltd(transit)**	General merchandise	230	1658
10	**Bingo Sweets Ltd**	Raw material for gums	159	477
		Food processing mach.	46	333
11	**Kenuga Enterprises (transit)**	Medicated cream soap	290	1310
12	**Maseno Hospital**	Hospital equipment	46	660

APPENDIX J

ICD Kisumu's potential exporters

	EXPORTS 1994-1999			
1	**Mackenzie Maritime Ltd (transit**	Coffee	5750	16234
		Bales of cotton	4140	11688
		Tobacco	3450	9740
		Hides	851	2403
		Coffee	3963	10543
2	**Transami**	Tobacco	552	860
3	**Kenfreight (E.A) Ltd**	Coffee	1834	649

Importers frequency in using ICD Kisumu

	1994	1995	1996	1997	1998	1999	Total
Foam Mattress	18	58	42	43	52	49	262
PrafullaEnterprise	0	30	45	84	60	53	274
Kenfreight	0	0	0	0	13	21	34
Kened International	0	0	19	4	1	9	33
Best crystals	0	22	4	0	0	0	26
Kisumu Banco	0	0	0	5	4	3	12
Chemhard Agencies	0	2	8	0	1	0	11
Capricorn Trading	3	4	0	0	0	0	7
Rift Valley	0	0	2	2	1	0	5
Bingo Sweets	0	3	2	0	0	0	5
Kenuga	0	0	0	0	1	1	2
Maseno Hospital	0	0	0	0	1	1	2

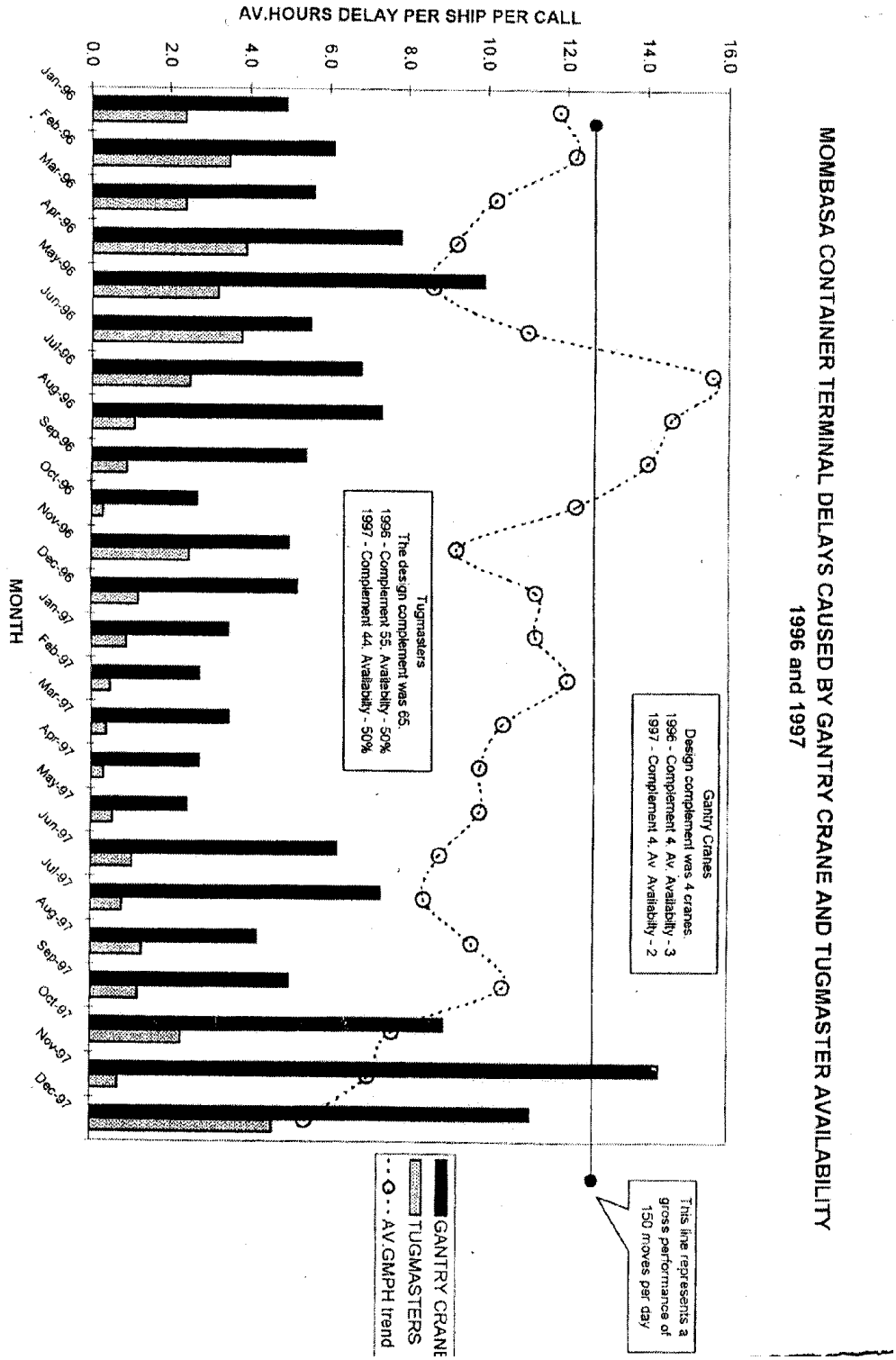
Figure 22 has been derived from the above table

Exporters frequency in using ICD Kisumu

Mackenzie maritime	0	0	14	9	7	131	161
Transami	0	0	0	0	46	20	66
Kenfreight	0	0	0	0	40	22	62

Figure 23 has been derived from the above table.

APPENDIX K


MOMBASA CONTAINER TERMINAL DELAYS CAUSED BY GANTRY CRANE AND TUGMASTER AVAILABILITY
1996 and 1997
AV.HOURS DELAY PER SHIP PER CALL
0.0
2.0
4.0
6.0
8.0
10.0
12.0
14.0
16.0
Jan-96
Feb-96
Mar-96
Apr-96
May-96
Jun-96
Jul-96
Aug-96
Sep-96
Oct-96
Nov-96
Dec-96
Jan-97
Feb-97
Mar-97
Apr-97
May-97
Jun-97
Jul-97
Aug-97
Sep-97
Oct-97
Nov-97
Dec-97
MONTH
Gantry Cranes
Design complement was 4 cranes.
1996 - Complement 4, Av. Availability - 3
1997 - Complement 4, Av. Availability - 2
Tugmasters
The design complement was 65.
1996 - Complement 55, Availability - 50%
1997 - Complement 44, Availability - 50%
This line represents a gross performance of 150 moves per day
GANTRY CRANE
TUGMASTERS
AV.GMPH trend