

Shippers Council of Eastern Africa



A CALL FOR PROPOSALS

TERMS OF REFERENCE TO UNDERTAKE THE 2016 LOGISTICS PERFORMANCE SURVEY

A. INTRODUCTION:

The Shippers Council of Eastern Africa (SCEA) is a business membership organisation representing cargo owners in Eastern Africa. SCEA advocates for a reliable logistics environment and development of appropriate freight transport policies that will translate to reduced cost of doing business to improve the competitiveness of business entities in Eastern Africa. The Council also provides a platform for shippers to articulate their concerns and demands to logistics service providers and government regulatory institutions.

B. BACKGROUND:

Logistics is the integration of the transport, warehousing, freight forwarding and information services. Therefore, an improvement in the efficiency, reliability and lowering of costs related to logistics services makes a significant contribution by improving competitiveness of products and services. In this regard, transport and logistics services are a critical component of economic development and competitiveness of industries. Industry performance is wrapped around the movement of products and cargo within the supply chain from farm level, to firm level, to consumers. It is thus imperative that the competitiveness of any enterprise interested in regional and global trade lies in time, cost and quality.

In the Northern corridorⁱ, logistics costs range between 30-40% of the total cost of imports in terms of cost, insurance and freight inclusive-making it one of the highest in the World. Apart, from the actual high logistics costs, the region's logistics/transport chain systems are characterized by a myriad of problems ranging from inefficiencies, unreliability and unpredictability of transport and logistics services providers.

While a number of interventions both at regional and national level have been initiated, numerous challenges persist. Some of these initiatives and interventions include but not

ⁱ The Northern Corridor is a multi-modal transport network connecting landlocked countries of Burundi, Democratic Republic of Congo (DR Congo), Rwanda, South Sudan and Uganda to the port of Mombasa on the Kenyan Coast.

limited to the following: The construction of standard gauge railway, the implementation of single customs territory, implementation of the Regional Electronic Cargo Tracking System (RECTS), improvement of transport related infrastructure both at the ports and along the corridor, the implementation of National single window systems, the implementation of Mombasa port corridor charter and integrated Customs Management System (iCMS) currently being implemented by KRA among others.

The World Bank Logistics Performance Index (LPI) publishes a report that attempts to measure the efficiency of logistics services of 160 countries across the globe based on a set of indicators. However, these indicators are not domiciled to a specific region such as the EAC but have a general comparison. In the 2016 LPI report, Germany, Luxembourg, and Sweden are ranked as the countries with the best logistics performance at positions 1, 2 and 3 respectively. South Africa, Kenya and Egypt are the highest ranked African countries at positions 20, 42 and 49. Kenya is the highest ranked EAC country at position 42, while Rwanda, Burundi and Tanzania follow at positions 62, 107 and 61 respectively.

Unlike the World Bank's Index, SCEA undertakes an annual East Africa Logistic Performance Survey (LPS), which examines the cost, time and complexity aspects of the East African logistics chain.

The LPS provides the most comprehensive regional comparison tool to measure trade and transport facilitation friendliness of the EAC countries. The survey is also designed to identify specific bottlenecks on the logistics chain such as policy and regulatory frameworks, as well as operational challenges that impede the seamless flow of goods on the logistics chain. The recommendations inform the Council's core advocacy agenda. SCEA has already released four reports in 2012, 2013, 2014 and 2015.

C. OBJECTIVE OF TASK

The objective of this task is two-fold. Firstly, to review the 2014, 2015 LPS recommendations and status of their implementation and update the 2016 LPS to establish key performance indicators namely cost, time and complexity. The survey also intends to identify key factors affecting logistics performance in East Africa and propose a suitable ranking by comparing cost, efficiency, complexity and perception indicators. The LPS dataset will be instrumental in identifying emerging bottlenecks on the Northern Corridor and help frame needs and priorities in the trade facilitation and logistics reforms.

Secondly, is to prepare a policy research paper highlighting key policy and regulatory gaps and proposing recommendations for policy reforms needed to ensure a reliable corridor, efficient logistical procedures and a predictable business environment for shippers. The survey will make comparisons with better performing regions of the world, identify international best practices and make appropriate policy proposals that will be necessary to improve the logistics environment in East Africa and improve the competitiveness of shippers.

D. SCOPE OF WORK

The survey will cover sampled regional trade facilitation agencies, private companies and individuals engaged in international trade and logistics including transporters, shippers and freight forwarders operating in the five EAC Partner States – at major entry points (borders, ports and airports). The number should represent not less than 30% of the service providers in the East Africa Countries of Burundi, Kenya, Rwanda, and Uganda. Government Ministries, Departments, and Agencies (MDAs) involved in regulating activities that affect shippers should also be sampled

The study will include:

- I. Review of the policy and regulatory framework in the transport and logistics sector to identify gaps, propose policy interventions where required.
- II. Quantify and qualify the transport costs in the three modes of transport (Sea, Air, surface transport-road/rail) for imports and exports along the corridors in the region (northern and central corridor)
- III. Establish the timeline and efficiency to undertake import and export through the region's key ports and impending factors for formulation of interventions and reforms
- IV. Identify ongoing initiatives aimed at improving logistics performance in the corridors and their overall impact on trade and economic development in the region.
- V. Identify emerging performance indicators that are aligned to time, cost and complexity of trade transactions.
- VI. Review of the earlier surveys done to show improvement or outstanding challenges
- VII. Propose policy and operational recommendations to the identified issues informing SCEA's advocacy agenda
- VIII. Propose and recommend concrete policy and/or institutional measures meant to reduce costs and improve competitiveness in the transport and logistics sector
- IX. A review of gender and human rights issues in the industry

E. DELIVERABLES:

There will be three key deliverablesⁱⁱ of this study:

- 1) A draft abridged 2016 Logistics Performance Survey (LPS) for review by SCEA team prior to finalization
- 2) A draft long version of the 2016 LPS report which compares individual EAC partner states based on the efficiency, cost, complexity and perception of transport and logistics services providers and its environment, establish impact of on-going initiatives such as single window, SCT, Infrastructure development etc

ⁱⁱ All deliverables for this consultancy will be in form of An electronic copy and two hard bound copies

- 3) Policy research paper highlighting the policy and regulatory gaps with proposals on measures to address them. This paper will also include prioritized advocacy issues; and a discussion on gender and human rights issues.

F. TIME FRAME AND REPORTING :

The assignment is expected to be completed within 30 working days after the signing of the contract. Upon successful application and contracting, the Consultant will be expected to submit an inception report within one week (5 working days) outlining details of activities with proposed methodology and timeline. It is also expected that the Consultant will undertake validation of the reports and policy papers before submitting the final copies of the same.

The successful Consultant shall work closely with the SCEA Economist to ensure all the deliverables are reached. Overall reporting will be to the SCEA CEO.

G. REQUIRED EXPERTISE

- 1) At least a university degree in a relevant field (Business, Economics or International Trade)
- 2) Professional experience of at least 7 years in transport, logistics and trade facilitation
- 3) Thorough knowledge of the EAC protocol and the related regional economic corporation agreements

H. SUBMISSION OF BIDS

Manner of submission

- a) The proposal shall be prepared in English Language and comprise of
 1. Technical component
 2. Financial Component
- b) Each of the above components should be in a separate envelope clearly marked and indicating the name of the firm
- c) Certificate of Incorporation/ registration
- d) Attach copy of PIN certificate ,VAT Certificate, Current Tax compliance certificate
- e) Do not indicate the name of the firm on the outer envelope

Content proposal

i) Technical component

- a) Description of the firm and the firm's qualification
- b) Proposed approach and methodology
- c) Timing of activities and reports
- d) Deliverables and output including how to measure them

- e) Proposed team structure with detailed profiles and minimum qualification
- f) Please note that inclusion of such profiles constitutes a commitment to use those members and substitution in the event that the contract is awarded will lead to cancellation of the contract

ii) Financial (price component).

The price component shall have a cover letter where the firms authorized representative affirms the following:

- a) A summary price
- b) The period of validity

In addition, the price component must cover all the services to be provided and must be itemized as follows:

- a) Unit and total fees per person for each team member to be assigned to the field and a rate for office work, if any
- b) Other costs, if any (indicating nature and breakdown)
- c) Summary of the total costs for the services proposed
- d) Taxes

iii) Payment terms (provisions)

Payment of this consultancy will be made in three installments to ensure the assignment are conducted without interruption

- a) 1st Payment 30% being Mobilization fee upon signing of the contract
 - b) 2nd Payment of 30% upon submission of draft reports for review by SCEA
 - c) 3rd and Final Payment 40% on submission of the final reports
- N/B all payments will be subject to local taxes

Evaluation of proposals

Evaluation will first be done on technical component (70%) and scores awarded before evaluating the price (30%) component.

Timing

Interested Consultants are required to send **hard copies** of their technical and financial proposals by post ,courier or hand delivery (whichever is convenient) to the following address by **18th April, 2017 at 1600hrs**

**The Chief Executive Officer
Shippers Council of Eastern Africa
P. O. Box 1291-00606 Nairobi
9 The Crescent, Off Parklands Road, Westlands (After Kalson Towers)**

Soft copies should be emailed to info@shipperscouncillea.org also not later than **18th April, 2017 at 1600hrs**