A CALL FOR PROPOSALS

TERMS OF REFERENCE TO UNDERTAKE A STUDY ON COMPETITIVE ISSUES IN THE AIRFREIGHT SUB-SECTOR IN KENYA-WITH A SPECIFIC ADVOCACY ISSUES FOR SCEA

A. INTRODUCTION:
The Shippers Council of Eastern Africa (SCEA) is a business membership organization 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:
Air cargo logistics plays a vital role in the economic development of a nation. Globally, more than one – third of the value of goods traded internationally is transported by air and therefore Air Cargo industry is considered as a barometer of Global Economic Health. In Kenya, 18% of the total value of exports destined for international markets is transported by air, mainly, off-season high-value fresh vegetables (e.g. green beans); cut flowers; and freshwater fish from Lake Victoria (tilapia and Nile perch) (Source: KNBS, 2015). In addition, the import trade comprising mainly of electronic goods, medical and pharmaceutical goods, dairy products, luxury items and many other items that require just-in-time model, has boosted air cargo. It is thus apparent that Airfreight plays a major role in Kenya’s export and Import business.

Kenya is strategically placed to serve as the hub of air traffic for Eastern and Central Africa. However, the sub-sector have witnessed a myriad of challenges ranging from increasing fuel price, security threats, changing inventory policies/strategies, model shifting, too many and unorganized agencies to over reliance on other modes of transport among others. The country has in the recent past put measures in place to improve the efficiency and productivity in service delivery at airports through the introduction of performance
contracts. However, critical challenges still exist. Cargo dwell time at the airport is between 3 to 5 days and unlike the seaport of Mombasa, airports don’t offer free storage periods for the shippers hence, storage charges (demurrage) accrue. Lengthy customs documentation also delays cargo clearance while the existence of numerous regulatory agencies with overlapping mandates continue to challenge the ease of processing air freight and introduces unnecessary bureaucracy, thereby increasing delays and more costs. This encumbrance has negatively impacted on the shippers competitiveness in the global market and growth of the sector. Currently, the cost of doing business for fresh produce exporters at Jomo Kenyatta International Airport (JKIA) cargo centre accounts for close to 55% of the total export value of all Kenyan exports (Source: SCEA LPI survey, 2013)

It is against this background, that the Shippers Council of Eastern Africa (SCEA) intends to engage a consultant to undertake an audit (study) of Kenya’s airfreight policy, regulatory frameworks and operational procedures to ascertain appropriateness, identify inefficiencies, costs and competitiveness in airfreight. The findings of the study will inform reforms needed in the logistics chain as well as inform an advocacy agenda for policy reforms that the council would pursue.

C. OBJECTIVE OF THE STUDY

The objective of this study is to analyze the airfreight logistics structure in Kenya by identifying bottlenecks and areas of inefficiency that can be improved through strategic interventions, regulatory review, and policy interventions that will increase the competitiveness of international traders who use airfreight as their main mode of transport.

D. SCOPE OF WORK

The purpose of this assignment is to examine the existing business operating environment within the airfreight sector in Kenya with the view of recommending appropriate interventions aimed at enhancing competitiveness of the airfreight services; and of Kenyan exports / imports transported by air. The consultant is expected to come up with a more comprehensive assessment of the areas that need to be covered and the tasks that need to be executed in order to achieve the objectives of the study. More specifically, the study will include but not be limited to the following:

i. Review of the current regulatory and taxation regime of the airfreight sector and how they address the main challenges facing the industry. This will include review of the responsibilities and mandates of various agencies involved in the clearance of airfreight.
ii. Review of the existing capacities, security requirements, cargo dwell times, customs clearing and release, inspection of cargo, cargo handling and warehousing, to establish adequacy and associated costs for a seamless airfreight supply chain. The review will include analysing how the associated costs across the supply chain affect cargo owner’s competitiveness.

iii. Review of the gender and human rights issues in the airfreight sector.

iv. Analyze the major challenges facing the air freight sector in Kenya with respect to the following areas: cost time, cargo dwell times, Customs clearing and release, Government trade facilitation agencies, their roles and mandates, Inspection of cargo, Cargo handling, Warehousing and Air freight costs.

v. Objectively provide a position on the future of the air freight sector in Kenya, with respect to the challenges mentioned in (iv) above and proposals for redress.

vi. Proposed solutions and recommendations for Policy and Regulatory reforms needed to address the identified issues informing SCEA’s advocacy agenda for a conducive business environment in airfreight sector.

E. Deliverables:
The following will be deliverables of this study:

1) An Inception report on competitiveness of airfreight in Kenya within seven (7) days upon signing the contract.

2) A detailed draft report on the competitiveness of airfreight sector in Kenya containing key challenges, impacts and costs in the airfreight sector with specific advocacy issues to be taken up by SCEA, including a proposed implementation plan. This draft competitiveness report will be reviewed by SCEA team prior to finalization.


4) Final competitiveness reports submitted to SCEA team for adoption:
   i. A popular version of final report
   ii. A bridged popular version of the final report

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i Review of past, current and projected trends of air cargo movement trends for the East African region and the factors affecting these numbers/trends; Identification of the major cargo carriers, number of new callings over the past decade and the factors affecting the new calling.

ii All deliverables for this consultancy will be in form of An electronic copy and two hard bound hard copies.
iii. A separate policy research paper highlighting the key policy and regulatory gaps with proposed measures to address them. This paper should also contain a discussion on gender and human rights issues in the sector.

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, Economists or International Trade)
2) Professional experience of at least 5 years in air transport, logistics and trade facilitation

E. Submission of Bids
Manner of submission
a) The proposal shall be prepared in English language and should 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 (SCEA)
c) Attach copy of Certificate of Incorporation/Registration, Current Tax compliance Certificate and a VAT Certificate
d) Do not indicate the name of the consultant’s 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) Deliberables 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

Payment terms (provisions)

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

1. 1st payment 30% being mobilization fee upon signing of the contract
2. 2nd payment of 30% upon submission of draft reports which are acceptable by SCEA
3. 3rd and final payment 40% on submission of the final reports

N/B all payment 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@shipperscouncilea.org also not later than 18th April, 2017 at 1600hrs