

ANNUAL REPORT 2018



Federation of East African Freight
Forwarders Associations (FEAFFA)

1. BACKGROUND

BOARD MEMBERS



Stephen Ngatunga (TAFFA)
Late President



Fred Seka (RWAFFA)
1st Vice President



Philippe Ndikumana (ABADT)
2nd Vice President



Roy Mwanthi
(KIFWA)
Secretary General



Paul Higirot
(UFFA)
Treasurer



Theogene Rukundo
(RWAFFA)
Member



Waheed Saudin
(TAFFA)
Member



Hussein Kidedde
(UFFA)
Member



Floribert Nzoyihera
(ABADT)
Member



Masaad Salim Breik
(ZFB)
Member



Omar Mussa
(ZFB)
Member



William Ojonyo
(KIFWA)
Member



Aunali Bhajji (KIFWA)
Immediate Past
President

BRIEF ON FEAFFA

The Federation of East African Freight Forwarders Associations (FEAFFA) is a private sector apex body of freight forwarders' associations in the Eastern Africa region that was established in 2006. It is registered and domiciled in the United Republic of Tanzania with a Secretariat in Nairobi, Kenya.

VISION

A professional and competitive Eastern Africa Freight Logistics Industry

MISSION

To promote a professional freight logistics industry for trade facilitation and regional economic growth

FEAFFA EXECUTIVE BOARD

	Name	Title
1	Stephen Ngatunga (TAFFA)	President
2	Fred Seka (RWAFFA)	1st Vice President
3	Philippe Ndikumana (ABADT)	2nd Vice President
4	Roy Mwanthi (KIFWA)	Secretary General
5	Paul Higiroy (UFFA)	Treasurer
6	Theogene Rukundo (RWAFFA)	Member
7	Waheed Saudin (TAFFA)	Member
8	Hussein Kidedde (UFFA)	Member
9	Floribert Nzoyihera (ABADT)	Member
10	Masaad Salim Breik (ZFB)	Member
11	Omar Musa (ZFB)	Member
12	William Ojonyo (KIFWA)	Member
13	Aunali Bhajji (KIFWA)	Immediate Past President

SECRETARIAT

	Name	Title
1.	John Mathenge	Executive Director
2.	Elias Baluku	Program Manager
3.	Samuel Mbucho	Accountant
4.	Andrew Onionga	ICT Officer
5.	Njeri Kenyaggia	Administrator
6.	Canton Onyino	Office Assistant

MEMBERS ASSOCIATIONS

1. Association Burundaise des Agenciers en Douane et Transitaires (ABADT)
2. Kenya International Freight & Warehousing Association (KIFWA)
3. Rwanda Freight Forwarders Association (RWAFFA)
4. Tanzania Freight Forwarders Association (TAFFA)
5. Uganda Freight Forwarders Association (UFFA)
6. Zanzibar Freight Forwarders Bureau (ZFB)

DEVELOPMENT PARTNERS

- USAID East Africa Trade and Investment Hub (EATIH)
- TradeMark East Africa (TMEA)
- Japan International Cooperation Agency (JICA)
- Family Health International 360 (FHI360)
- Commonwealth Secretariat (COMSEC)



BANKERS

Kenya Commercial Bank
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AUDITORS

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2. 2018 PERFORMANCE OVERVIEW

STRATEGIC PRIORITY 1: PROVIDE SUPPORT SERVICES TO STRENGTHEN NATIONAL ASSOCIATIONS (NAS)

- **FEAFFA Website**

The website remained active with many updates passed to our stakeholders. The online version of the magazine has been enhanced and is now providing more regular industry updates. Development of the online Learning Management System continued with numerous improvements made throughout the year.

- **The East African Directory of Freight Forwarders and Magazine**

Two editions of the Freight Logistics magazine were published in the course of the year. The magazine has been heavily affected by hard times in our main catchment area (Kenya) largely due to the emergence of the Standard Gauge Railway. Membership contact data is slowly being updated to enhance the value of the directory to the industry.

- **The Global Logistics Convention 2018**

FEAFFA worked closely with UFFA to organize the Global Logistics Convention 2018 in Kampala. This involved mobilizing stakeholders with emphasis on the national associations as well as other organizations based away from Kampala, speakers, sponsors and partners, providing publicity as well as secretarial support among others. FEAFFA participated in planning meetings including one steering committee meeting in Kampala. The convention brought together hundreds of freight logistics stakeholders from across the globe. It involved a conference, break away sessions, exhibitions, B2B and B2G sessions. The conference was another opportunity for the industry in the region to appreciate the progress it has made, the opportunities available and the challenges it is facing. Regional conferences will continue to be held with the next one expected to take place in Rwanda.



STRATEGIC PRIORITY 2: ENSURE PROFESSIONALIZATION OF THE CLEARING AND FORWARDING SECTOR

(i) Curriculum Implementation Committee (CIC) activities

The Federation continued to provide secretarial support to the Curriculum Implementation Committee (CIC).

- ***Regional EACFFPC strategy meeting***

A regional EACFFPC strategy meeting hosted by URA was held in Kampala to devise strategies to facilitate implementation of previous CIC resolutions

and the sustainability of the program. The meeting formed taskforces on EACFFPC restructuring and drafting the Continuous Professional Development (CPD) policy.

- ***Technical experts' meetings on Continuous Professional Development (CPD) and restructuring of the EACFFPC curriculum***

Two Experts meetings were held to restructure the EACFFPC program and draft a policy framework for Continuous



Constitutional Review meeting at The BOMA Hotel, Nairobi, August 2018



EAC Heads of Customs training Institutions meeting in Kampala, September 2018

Professional Development (CPD). The experts prepared draft documents that were later reviewed and adopted by the full CIC.

- ***CIC meeting***

A CIC meeting was held to review progress of training activities and the implementation of the sustainability strategy. It adopted the recommendations of the technical experts on restructuring the EACFFPC program and the proposed continuous professional development program (CPD). The meeting also provided inputs toward revision of the EACFFPC policy in preparation for the

EACFFPC High Level Policy Meeting.

- (ii) **EACFFPC High Level Policy Meeting (HLPM)**

- ***Visits to key EACFFPC stakeholders***

A high level FEAFFA delegation led by the FEAFFA President paid courtesy visits on all the Commissioners of Customs, the EAC Directorate of Customs and national associations to brief them on the progress made in capacity building of the industry, seek their input on expected industry role in enhancing compliance and mobilize them to pronounce themselves on the EACFFPC interventions during the EACFFPC High Level Policy Meeting (HLPM). They all expressed their support and commitment to EACFFPC.

- ***Host the EACFFPC High Level Policy Meeting (HLPM)***

The EACFFPC High Level Policy Meeting (HLPM) was held in Zanzibar, Tanzania. The meeting adopted the revised implementation framework for the EACFFPC. The new framework increased to three (3) the number of EACFFPC graduates in a firm as a requirement for licensing of customs



agents and bonded warehouse operators. At least one of the three will be a Manager or CEO or Director. The meeting also endorsed the curriculum review process to address limitations of progression, duration, equivalence and entry requirements, development of a Continuous Professional Development (CPD) programme and recognition of training of the Customs agents and Customs bonded warehouse keepers in the East African Community legal instruments.

(iii) Graduations

Several graduation ceremonies were held across the region including the very first one for Zanzibar. Others included graduations in Kenya, Tanzania and Rwanda. The FEAFFA President attended the graduation in Rwanda.

(iv) EACFFPC training materials

- ***Print EACFFPC training materials***

EACFFPC training materials were reprinted for distribution to national association to sell to EACFFPC students as per the sustainability strategy. Owing to the ongoing restructuring of the programme, only 500 copies were printed. The new training materials include the new

unit on HIV/AIDS and Health developed under the Cross-Border Health Integrated Partnership Project (CB-HIPP).

- ***Finalize development of the EACFFPC Unit on HIV/AIDS***

Development of the additional unit on HIV/AIDS for inclusion in the basic management module was finalized. The training materials were piloted in Burundi, Rwanda and Kenya. The unit has been incorporated in the training program. Development of the unit was supported by USAID through the Cross-Border Health Integrated Partnership Project (CB-HIPP) implemented by FHI360. The materials are also available on the FEAFFA Online Resource Centre (FEAFFA).

(v) Engage TMEA on funding the next phase of EACFFPC activities

A breakthrough for a follow-up project with TMEA was reached. An action plan towards securing written commitment of the regulatory authorities was developed and implemented. It included meeting individual Commissioners of Customs, the EAC Directorate of Customs, drafting of the CPD policy, preliminary review of the EACFFPC curriculum, the CIC meeting and the High-Level Policy Meeting.



Panelists & Delegates during the Global Logistics Convention Kampala, Uganda in September 2018

(vi) Develop the online training Platform

Development of the FEAFFA Online Resource Centre (FORCE) to provide training on Rules of Origin and HIV/AIDS and health continued. The platform was developed with support of USAID East Africa Trade and Investment Hub. The training materials were converted to a digital format, trainers oriented, and a French version of the site developed. Several pilot online classes were conducted and provided feedback that was utilized in making further improvements to the platform. The platform was officially launched during the 2018 Global Logistics Convention in Kampala. The platform remains work in progress and currently provides training on rules of origin and HIV/AIDS and health.

(vii) Members capacity building project on Authorised Economic Operator (AEO) program

FEAFFA has been negotiating a regional capacity building with the Commonwealth Secretariat (COMSEC). A regional meeting to start off the project was held in Dar es salaam, Tanzania. The meeting validated the project concept and developed an action plan which was submitted to COMSEC for funding. The meeting was attended by revenue authorities, industry leaders and selected AEOs from Uganda, Kenya, Rwanda and Tanzania. The project is expected to be implemented jointly with the EAC secretariat and the revenue authorities.



STRATEGIC PRIORITY 3: ENGAGE IN EVIDENCE-BASED ADVOCACY AND LOBBY ON BEHALF OF THE MEMBERS AND THE INDUSTRY

- **Participated in meetings organized by partners**

FEAFFA continued to participate in meetings organized by key partners especially the EAC, the Tripartite Transport Facilitation project where FEAFFA represents the private sector, AU, COMESA especially RCTG and Revenue authorities.

- **Regional Customs Transit Guarantee (RCTG) premium rates**

FEAFFA joined Uganda in mobilizing the EAC region to raise concern on the proposed increase of the RCTG premium rate from 0.5% to 0.6%. A memorandum was submitted to COMESA objecting the proposal and recommended a reduction to 0.3% instead. The RCTG Management Committee meeting discussed the issue and referred it to the Council of RCTG. The Council endorsed the proposal of conducting an actuarial study to determine the most appropriate rates. The Council retained the rate 0.5% pending the actuarial study.



Sensitization of KIFWA members on EU-REX System at BOMA Hotel, Nairobi, August 2018

- **Advocacy on Container deposits**

The Federation continued its advocacy on a sustainable and more business-friendly solution to container security. Negotiations with shipping lines for acceptance of container guarantee as alternative security for containers instead of cash deposits continued. The industry also started discussions with International Road Transport Union (IRU) for an alternative container guarantee scheme.



AEO Capacity Building Project inception Meeting at Serena Hotel, Dar, November 2018

- **Sensitization on the EU REX system**

The secretariat together with national associations held national sensitization seminars on the EU Registered Exporter system (REX) to build capacity of the freight forwarders in facilitating EU bound exports under the new system. The activity was one of the key activities under the USAID supported capacity building project on rules of origin.

- **Domestication of the model bill on self – regulation**

The Federation continued efforts to domesticate the model bill in Rwanda. A legal expert was hired and started drafting the national bill. FEAFFA secretariat also secured some funding from the Business Advocacy Fund (BAF) to kick start the process in Kenya. The support will cover drafting the Kenyan bill and a few engagements with critical stakeholders including KIFWA members,

Customs, Treasury and Parliament. All countries are getting internally prepared for the process.

- **The Women in Logistics program**

TMEA secured funding for the initiative on women in logistics. It will start as a pilot project in Kenya before gradually expanding to the rest of the region. The program aims at increasing participation of women in the logistics sector in East Africa. It intends to develop industry-wide guidelines to promoting gender equity in the region's logistics industry; establish an industry-led secretariat to implement the pilot program, expose young women to opportunities in the logistics sector, establish a Regional Logistics Industry Gender Equality Awards among others. The program will be coordinated by a technical assistant who will initially be hosted at FEAFFA before the stakeholders agree on an appropriate host institution.

- **Challenges and opportunities on expedited shipments in the region**

FEAFFA on behalf of the EAC secretariat organized a two days meeting on the challenges and opportunities on expedited shipments in East Africa. The meeting enumerated the challenges and opportunities in relation to expedited shipments in the region and made key policy

recommendations to the EAC. The meeting was attended by logistics companies, clearing agents largely from Kenya (members of KIFWA) and a few from the other member associations, courier services companies, humanitarian organizations, senior Customs officials, EAC secretariat and development partners.

- **Courtesy visits on Commissioners of Customs**

The FEAFFA President paid courtesy visits on all the Commissioners of Customs, the EAC Directorate of Customs and national associations largely to discuss training issues. The visits were also to introduce the new FEAFFA president to the Commissioners and wider membership of the associations and provide an opportunity to engage on industry issues including the self-regulation initiative, Regional project on Authorized Economic Operator (AEO) and institution of alternative customs securities to the Regional Customs Transit Guarantee system (RCTG) among others.

STRATEGIC PRIORITY 4: INSTITUTIONAL STRENGTHENING AND SUSTAINABILITY

- **Review the FEAFFA Constitution**

Two regional constitutional review retreats were held in Nairobi and Zanzibar. The retreats brought together delegates from all National associations and some Past Presidents. The retreats considered the draft and adopted the new the constitution. The new constitution includes major changes including on term of office for the board, composition of the board, introduction of an advisory council, introduction of corporate membership, and a new format of membership subscription.

- **Secretariat operations**

The secretariat continued to coordinate the operations of the Federation. This was however on cost saving measures. The team remained lean in an attempt to match the available resources. Staff remuneration remained low commensurate with the limited resources.

- **Board Operations**

The Federation's Executive Board continued to provide oversight. Periodic board meetings were held in line with the constitution. The board



CIC Meeting at Sheraton in Kampala, December 2018

was also involved in addressing any emerging issues especially those affecting industry business operations. The Board was kept up to date through monthly management reports and other briefs to enable it to continually perform its oversight function.

- **Annual General Meeting**

The Federation held its AGM for the year 2017 in Nairobi, Kenya. The meeting reviewed and adopted the annual report, financial report for the year 2017. The meeting also re-appointed the auditors for the year 2018. A new executive board was elected during this meeting. The meeting also reaffirmed the revised annual subscription fees structure from the traditional fixed amount per national association to membership size-based fees as had been adopted in the previous AGM.



Courtesy Visit to OBR Headquarters in Bujumbura, October 2018

- **Fundraising**

The secretariat continued to approach various development partners for potential funding. Selling of training materials continued in three countries (Kenya, Rwanda and Uganda) targeting EACFFPC studies. Remission of the 7.5% of the EACFFPC fees also continued. Burundi and Tanzania committed to start paying.

- **Finalize development of a new strategic plan for the Federation**

FEAFFA finalized review of its strategic plan. The strategy covers the period 2019 -2022. A regional strategic retreat was held at Manzooni lodge to review the draft and finalize the strategic plan. The retreat brought together participants from all national associations including past FEAFFA Presidents and founder members.



RAME Conference in Younde Cameroon in May 2018

CHALLENGES

- **Inadequate financial resources**

The Federation continued to operate on limited financial capacity. This limited the number of activities that could be implemented. The focus therefore remained on donor funded projects.

- **Lean secretariat**

The secretariat team remained lean in an attempt to match the available resources. Staff remuneration also remained low commensurate

with the limited resources. This led to overstretching of staff.

- **Non-Remittance of fees and levy's**

Some of the national associations did not submit their annual subscription fees, while others delayed remitting the training and capacity building contributions to the Federation. This was a setback to the sustainability initiative that had been put in motion. The secretariat continued to engage them.



Late FEAFFA President Mr. Ngatunga and newly elected Chairpersons of National Associations during AGM 2018 at BOMA Hotel, Nairobi



WAY FORWARD

- **Domestication of model bill on self-regulation**

FEAFFA will continue engaging national associations and other key stakeholders on domestication of the model customs agents and freight forwarders management bill in all EAC states.

- **Engage development partners**

The Federation will continue engaging existing development partners for other areas of possible collaboration. The secretariat will also explore ways in which to work with new partners.

- **Institutional sustainability**

The Federation will continue pursuing self-sustainability by working with national associations and ensuring national associations and the industry derives more value from FEAFFA and the national associations. Focus will remain on generation of service-based revenue.

- **Review of the EACFFPC training program**

Significant effort will be invested in updating the EACFFPC curriculum to make it responsive

to present day industry dynamics including addressing issues of accreditation, progression and equivalence.

- **Governance**

FEAFFA will embark on registration of the new the constitution and development on other support regulations and tools to ensure full implementation of the new constitution.



Regional EACFFPC Strategy Meeting Kampala, August 2018

APPRECIATION

FEAFFA is very thankful to all development partners for the support to its cause during the year especially TMEA, USAID EATIH, FHI360 and JICA. Special appreciation also goes to the Executive Board, staff and management for the oversight and management of the Federation's activities. To the member associations

and the industry at large, your commitment remains the reason for our existence. Lastly all stakeholders including EAC and COMESA secretariats, revenue authorities, shippers, other industry associations and transporters, with whom FEAFFA collaborated. We thank you all.

CONCLUSION

FEAFFA continued to grow stronger and her commitment to cause of the freight forwarding industry in the region. 2018 saw the end of successful implementation of the USAID supported ROO and CB-HIPP projects. The success and lessons learnt will go a long way in shaping future interventions. The year also saw the renewal of the existing relationship with TMEA

to strengthen training and professionalization activities.

The reality that the Federation cannot continue to rely entirely on donor funding alone continues to reinforce the need for self-sustainability. Interventions by the executive board in the coming years should lead to a more sustainable Federation.



AEO Capacity Building Project inception Meeting at Serena Hotel, Dar, November 2018



3. FINANCIAL REPORT

INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2018

	2018 US\$	2017 US\$	2018 KSh	2017 KSh
INCOME				
Subscriptions	45,640	6,000	4,648,256	619,380
Grant income	246,623	152,056	25,117,589	15,696,772
Directory advertisement income	21,204	27,654	2,159,565	2,854,733
Training fees and materials	67,567	53,517	6,881,480	5,524,552
Other income	464	9,417	47,294	972,132
Gain from compensation of assets stolen	-	2,103	-	217,093
Total income	381,499	250,747	38,854,184	25,884,661
EXPENDITURE				
Audit fees	1,044	1,044	106,327	107,772
Accommodation and subsistence	73,146	39,520	7,449,677	4,079,635
Bad debts written off	1,059	-	107,832	-
Bank charges	1,326	1,135	135,029	117,168
Communication	3,192	2,818	325,124	290,854
Cost of books	5,890	2,209	599,823	227,986
Consultancy fees	27,449	33,376	2,795,574	3,445,446
Directory expenses	16,075	23,569	1,637,220	2,433,010

Insurance	41	395	4,180	40,737
Impairment	-	1,059	-	109,321
Office running	1,352	2,454	137,700	253,371
Printing and stationery	5,536	8,574	563,866	885,090
Rent and utilities	13,223	13,249	1,346,687	1,367,656
Repairs and maintenance	186	11	18,920	1,137
Salaries and wages	134,834	101,996	13,732,291	10,529,031
Traveling & transport	25,979	1,658	2,645,814	171,129
	310,332	233,065	31,606,061	24,059,340
Exchange rate fluctuations	541	(937)	55,109	(96,732)
Total expenditure	310,873	232,128	31,661,170	23,962,609
Surplus for the year	70,626	18,619	7,193,014	1,922,053



STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2018

	Notes	2018 US\$	2017 US\$	2018 KSh	2017 KSh
ASSETS					
Non-current assets					
Computers, furniture & equipment	3	5,727	5,688	583,307	587,157
Current assets					
Inventory of training material	4	5,711	8,834	581,669	911,941
Accounts receivable	5	84,741	46,304	8,630,528	4,779,916
Cash and cash equivalents	6	34,095	15,853	3,472,430	1,636,533
		124,547	70,991	12,684,626	7,328,390
Total assets		130,274	76,679	13,267,934	7,915,547
MEMBERS FUNDS AND LIABILITIES					
Capital fund and reserves					
Revenue reserve	7	97,396	26,770	9,919,390	2,763,466
Capital fund	8	5,396	7,267	549,596	750,157
		102,792	34,037	10,468,986	3,513,623
Current liabilities					
Accounts payable	9	27,482	42,642	2,798,948	4,401,924
		27,482	42,642	2,798,948	4,401,924
Total funds and liabilities		130,274	76,679	13,267,934	7,915,547

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	2018 US\$	2017 US\$	2018 KSh	2017 KSh
Operating activities					
Cash generated from / (used in) operations	10	20,152	(6,100)	2,052,393	(629,745)
Net cash generated from / (used in) operating activities		20,152	(6,100)	2,052,393	(629,745)
Investing activities					
Purchase of assets	3	(1,910)	-	(194,558)	-
Net cash used in investing activities		(1,910)	-	(194,558)	-
Net increase / (decrease) in cash and cash equivalents		18,242	(6,100)	1,857,836	(629,745)
Movement in cash and cash equivalents					
At the start of the year		15,853	21,954	1,614,594	2,266,278
Increase / (decrease) in cash and cash equivalents		18,242	(6,100)	1,857,836	(629,745)
At end of the year	6	34,095	15,853	3,472,430	1,636,533

4. PICTORIAL



Mr. Stephen Ngatunga elected as FEAFFA President during AGM at BOMA Hotel, Nairobi, June 2018



Advocacy on Container Deposits by Will Petty - IRU, June 2018



Courtesy visit to RWAFFA Offices in Kigali Rwanda, October 2018



4th Graduation of EACFFPC Students at Hotel in Rwanda, 20th December 2018



Launch of the 14th Intake at Mutukula Border, Uganda, July 2018







Official Launch of FORCE Platform at Sheraton Hotel, Kampala, September 2018



Federation of East African Freight
Forwarders Associations (FEAFFA)

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