



Federation of East African Freight Forwarders Associations (FEAFFA)

2019

ANNUAL REPORT

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BOARD MEMBERS



Philippe Ndikumana
Vice President



Fred Seka
President



Roy Mwanthi
Secretary General



Aunali Bhajji
Immediate
Past President



Paul Higirot
Treasurer



William Ojonyo
Member



Theogene Rukundo
Member



Waheed Saudin
Member



Hussein Kiddedde
Member



Floribert Nzoyihera
Member



Masaad Salim
Breik
Member



Omar Musa
Member



John Mathenge
Technical Advisor

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 situated in Nairobi, Kenya.

Vision

A professional and a competitive Eastern Africa Freight Logistics Industry.

Mission

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

FEAFFA Executive Board

NO.	NAME	ORGANIZATION	TITLE
1	Fred Seka	RWAFFA	President
2	Philippe Ndikumana	ABADT	Vice President
3	Roy Mwanthi	KIFWA	Secretary General
4	Paul Higirow	UFFA	Treasurer
5	Aunali Bhajji	KIFWA	Immediate Past President
6	William Ojonyo	KIFWA	Member
7	Theogene Rukundo	RWAFFA	Member
8	Waheed Saudin	TAFFA	Member
9	Hussein Kiddeedde	UFFA	Member
10	Floribert Nzoyihera	ABADT	Member
11	Masaad Salim Breik	ZFB	Member
12	Omar Musa	ZFB	Member
13	John Mathenge	FEAFFA	Technical Advisor

Secretariat

NO.	NAME	ORGANIZATION
1	Elias Baluku	Ag. Executive Director & Program Manager
2.	Samuel Mbucho	Finance officer
3.	Njeri Kenyaggia	Program Assistant
5.	Moureen Mugeni	Administrative Assistant
5	Andrew Onionga	ICT Officer
6.	Canton Onyino	Procurement & Office Assistant

Development Partners



TradeMark East Africa (TMEA)



Business Advocacy Fund (BAF)



Japan International Cooperation Agency (JICA)



USAID East Africa Trade and Investment Hub (EATIH)



The Commonwealth

Commonwealth Secretariat

Bankers

Kenya Commercial Bank

P.O. Box 14959 – 00800, Nairobi

Tel: +254 20 3747576

Fax: +254 20 3747576

Email: contactcentre@kcb.co.ke

Auditors

RSM Eastern Africa LLP

Certified Public Accountants

1st Floor, Pacis Centre,

Slip Road, off Waiyaki Way, Westlands

P.O. Box 349 – 00606 Nairobi, Kenya.

2. 2019 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 kept industry stakeholders updated with the happenings within the industry. A separate twitter account for the freight logistics magazine was also created to further reach stakeholders with updates from the online newsletter.

- **Freight Logistics Magazine and Industry Directory**

The directory's design was enhanced as per the industry standard on publications. A single edition of the Freight Logistics magazine was published during the year. The focus of the publication is also shifting to the online newsletter which has been gaining traction throughout the year.



- **Regional Logistics Expo**

The second edition of the Regional Logistics Expo was also held at Hotel Sheraton, Kampala Uganda with the theme “Innovative and Sustainable Solutions for Freight Logistics”. The Expo was organized by the Uganda Freight Forwarders Association (UFFA) in partnership with the National Logistics Platform (under Private Sector Foundation Uganda), the Ministry of Works and Transport and Uganda Revenue Authority (URA). FEAFFA President attended the Expo. About 500 local and international guests attended the Expo.

Strategic priority 2: Ensure professionalization of the clearing and forwarding sector

(i) The Continuing Professional Development (CPD)

FEAFFA in partnership with TradeMark East Africa (TMEA) started working on a continuing professional development (CPD) program for customs agents and freight forwarders in the EAC region. The initiative aims at keeping customs agents and freight forwarders abreast with the industry dynamics and equipping them with requisite competencies for the provision of high end to end logistics services. It is part of the key activities under the EAC logistics skills enhancement program. A regional policy framework, implementation



Members of the Curriculum Implementation Committee (CIC) during a CPD Validation meeting in Kampala, October 2019



Members of the Curriculum Implementation Committee (CIC) during a CPD Validation meeting in Kampala, October 2019

guidelines and tools were developed and adopted by the Curriculum Implementation Committee (CIC). Uganda and Rwanda were selected to pilot the program and are making preparations to start pilot CPD activities under the framework of the National Curriculum Implementation Committees (NCICs). Their experiences are expected to inform rollout of the program in other countries of the region.

(ii) EACFFPC

a. Visits to key EACFFPC stakeholders

A high level FEAFFA delegation led by the FEAFFA President paid courtesy visits to the Commissioners of Kenya Revenue Authority and Tanzania Revenue Authority in Zanzibar and Dar 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 and other initiatives by the Federation that aimed at professionalizing the industry. Visits to other revenue authorities were done in 2018.

b. Host the EACFFPC High Level Policy Meeting (HLPM)

The EACFFPC High Level Policy Meeting (HLPM) was held in Zanzibar, Tanzania on 20th February 2019. 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.

c. Graduations

Three graduation ceremonies were held across the region including Kenya, Uganda and Zanzibar. The graduation Zanzibar was the second graduation since EACFFPC training started in 2017 by ZFB.



Second Graduation of EACFFPC Students in Zanzibar, November 2019

d. Organize the EACFFPC CIC meetings

- The first one in Zanzibar prior to the EACFFPC High Level Policy Meeting. The meeting finalized the draft policy framework. It was attended by the CIC chair, the EAC Principal customs officer – capacity building, the commissioner KESRA, ITA, URA, RRA and FEAFFA secretariat.
- The second CIC meeting held in Dar to review the proposed project workplan before its final submission to TMEA for funding. CIC made some key recommendations for incorporation in the preparation of the project workplan before it was submitted to TMEA.



EACFFPC Graduation Ceremony in Kampala Uganda, February 2019

- The third CIC meeting was held in Kampala to review and adopt the CPD working documents in preparation for the start of the regional CPD program for customs agents and freight forwarders in the region. The meeting adopted the regional policy framework, implementation guidelines and tools for the CPD program and identified the pilot countries.

e. Classes on the online training Portal

EACFFPC students across the region continued to study on the FEAFFA Online Resource center (FORCE). These programs include the 2015 revised EAC Rules of Origin (ROO) and HIV/AIDS and health. The portal was developed with support from USAID East Africa Trade and Investment Hub (the Hub).

f. EACFFPC baseline survey

The baseline survey by Africa Economic and Social Development Consultants (AESDC) started in September 2019 and was expected to provide baseline data on the impact of EACFFPC training, hints on the curriculum review, a sustainability model for the training activities, assess the readiness of the freight logistics industry for the expanded training capacity and to absorb newly trained freight forwarders and warehouse operators into the logistics job market; and develop an appropriate monitoring and evaluation approach and tools for effective implementation of the training activities.

(iii) Members capacity building project on Authorized Economic Operator (AEO) program

FEAFFA in partnership with Commonwealth Secretariat (COMSEC) has been exploring ways of enhancing the uptake of the AEO in the EAC region. A regional meeting was held in preparation for implementation of AEO project. Project partners come together to receive an update on the project alongside the AEO activities planned by the EAC secretariat. The meeting also firmed up the proposed activities and prepared an implementation calendar for the first year of the project.



Strategic priority 3: Engage in evidence-based advocacy and lobby on behalf of the members and the industry

(i) Participated in meetings organized by partners

FEAFFA continued to participate in meetings organized by key partners including Revenue Authorities, GIZ, Competition Authority of Kenya (CAK), the Northern Corridor, EAC, TMEA, COMESA, African Union, World Bank, EABC, ISCOS and FIATA among others.



Philippe Ndikumana during a Public Private Dialogue for Trade Investment Workshop in Arusha, July 2019

(ii) Domestication of the model bill on self-regulation

The Federation continued mobilizing its members and various industry stakeholders for in domestication of the regional Model Customs Agents and Freight Forwarders Management Bill in the EAC region. Several stakeholder meetings on self-regulation were held in all EAC countries. Kenya, Uganda, Burundi, and Tanzania finalized the drafting of their proposed bills.

The process in Burundi, Uganda and Tanzania are being supported by TMEA while BAF is supporting the process in Kenya.



A meeting with TASAC on Self-regulation in Tanzania, November 2019

(iii) RCTG Premium rate

FEAFFA participated in the 12th meeting of the Management Committee of RCTG Scheme and Council of RCTG that adopted the recommendations of the actuarial study on the RCTG rate was presented. The meetings adopted the Minimum and Maximum RCTG General Bond rates of 0.4% and 1.5% respectively and the Minimum and maximum rate on Particular Bond rate of 0.5% and 1.5% respectively.

(iv) The Global Logistics Convention 2019

FEAFFA worked closely with RWAFFA and other stakeholders to pull off the 3rd edition of GLC on 29th -30th September 2019 at Kigali Convention Centre under the theme “Logistics; The Engine of Economic Growth and Development. The convention brought together close to 500 delegates from across

the globe. The convention involved a conference, exhibitions, Business to Business (B2B) and Business to Government (B2G) sessions. It was graced by the Minister of Infrastructure Amb. Claver Gatete, the CEO of Rwanda Development Board Clare Akamanzi, Permanent Secretary Ministry for Trade and Industry (MINICOM) Michael Sebera, the Director General - EAC Customs and Trade Kenneth Bagamuhunda, key private stakeholder leaders among others. During the conference, FEAFFA officially signed the grant agreement with TMEA and two MOUs with Viaservice Limited and Ethiopia Freight Forwarders and Ship Agents Association (EFFSAA).

The conference was another opportunity for the industry in the region to appreciate the progress it has made, opportunities available and challenges it is facing as well as taking stock of best practice across the globe.



Michael Minenga Sebera (2nd right) PS Ministry of Trade & industry and other guests during GLC in Kigali, August 2019



FEAFFA AGM meeting at Hotel Panari Nairobi, July 2019

Strategic priority 4: Institutional Strengthening and sustainability

• Secretariat operations

The secretariat continued to coordinate the operations of the Federation. The Executive Director left although he was co-opted remains on the Executive board as a Technical Advisor to the Federation supporting both the board and secretariat. Given the additional workload as a result of the new TMEA supported project, most of the staff were assigned additional roles. The secretariat occasionally sought support from the board to beef up its capacity.

• Board Operations

The Federation's Executive Board continued to provide oversight. Periodic board meetings were held in line with the constitution. The board was also involved in addressing any emerging issues especially those affecting industry business operations. The Board was kept up to date through occasional briefs to enable the members to perform their oversight function.

- **Annual General Meeting**

The Federation held its AGM for the year 2018 in Nairobi, Kenya. The meeting reviewed and adopted the annual report, audited accounts for the year 2018, appointed new auditors, recalled the new constitution and appointed Trustees.

- **Institutional capacity strengthening**

FEAFFA successfully underwent a Delivery Capacity Assessment by Baker Tilly and Merali (BTM) as part of the processes before accessing direct funding from TMEA. The report pointed out a few risk areas that FEAFFA is progressively addressing including updating of some of the operational manuals as well as developing others. This has given the federation an opportunity to enhance her institutional capacity.

CHALLENGES

- Inadequate financial resources

The Federation continued to operate on limited financial capacity. There were limited number of activities that could be implemented without external funding. The focus therefore remained on donor funded projects.

- **Lean secretariat**

The secretariat team remained lean cognizant with the available resources. This led to over-stretching of staff.

- **Delays in remitting fees and levy's**

Delay in the remittance of annual subscription fees by some member national associations is still a challenge to the Federation. Some of the national associations did not submit their annual subscription fees. This was a setback to the sustainability initiative that had been put in motion. The secretariat continued to engage them.

- **Freight Logistics Magazine (Directory)**

Only a single edition of the magazine was published. The magazine's performance has been on a downward trend due to numerous factors key among them few advertisers.



WAY FORWARD

- **Implementation of TMEA project**

FEAFFA will start the implementation of the TMEA funded EAC logistics skills enhancement program. Through the program, FEAFFA intends to among other things, update the East Africa Customs and Freight Forwarding Practicing Certificate (EACFFPC) curriculum and training materials, develop a strong warehousing module, enhance the e-learning portal, training of trainers, start a continuous professional development program and support advocacy for enactment of national self-regulation laws for the management of customs agents and freight forwarders.

- **Development of self-regulation laws in all countries**

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. The progress made so far is impressive.

- **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 new partnership with TMEA offers a unique opportunity for the organization to establish a self-sustainable model of running the EACFFPC program. The Federation will however 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 also be on finalizing review of the new constitution after it was recalled by the last General assembly.

- **Visibility of the Federation**

The Federation will continue to enhance visibility of her efforts through mainstream and social media. The website and the magazine will be revamped to make them more attractive to the targeted stakeholders.

APPRECIATION

- FEAFFA is very thankful to all development partners for the support to its cause during the year. Special appreciation goes to TMEA, BAF, COMSEC, JICA and FHI360..
- The Federation is also thankful 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 for the commitment to the federation both financial and continuing to give the federation legitimacy.
- Lastly all stakeholders including EAC and COMESA secretariats, revenue authorities, shippers, other industry associations and transporters, with whom FEAFFA collaborated.
- The Federation is also thankful to all those who stood with us when our President the Late Stephen Ngatunga passed on. We remain indebted for the support that enabled us to move on.

CONCLUSION

FEAFFA continued to grow stronger and her commitment to cause of the freight forwarding industry in the region. 2019 saw the start of the implementation of the self-regulation initiative in Kenya. The year also saw the renewal of the existing relationship with TMEA to strengthen training and professionalization activities. The success and lessons learnt will go a long way in shaping future interventions.

With the new projects in place, the reality for the Federation in achieving self-sustainability in its operations will now be achievable. Interventions by the Executive Board in the coming years should ensure the realization of lead to a more sustainable Federation.



INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2019

Profit and Loss Account for The Year Ended 31st December 2019

	Notes	2019 US\$	2018 US\$	2019 KSh	2018 KSh
Revenue	4	268,421	292,263	27,382,549	29,765,845
Cost of sales		(11,761)	(5,890)	(1,199,780)	(599,823)
Gross surplus		256,660	286,373	26,182,769	29,166,022
Other income	5	75,854	89,235	7,738,127	9,088,339
Administrative expenses		(371,800)	(291,533)	(37,928,697)	(29,691,556)
Establishment expenses		(14,432)	(13,449)	(1,472,259)	(1,369,791)
(Deficit)/surplus before tax	7	(53,718)	70,626	(5,480,060)	7,193,014
Tax expense	8	-	-	-	-
(Deficit)/surplus for the year		(53,718)	70,626	(5,480,060)	7,193,014

Deficit for the year 2019 - US\$ **53,718**

Surplus for the year 2018 - US\$ **70,626**

STATEMENT OF FINANCIAL POSITION

AS AT 31ST DECEMBER 2019

Balance Sheet at 31st December 2019

	Notes	2019 US\$	2018 US\$	2019 KSh	2018 KSh
FUND BALANCES					
Revenue reserves		43,678	97,396	4,549,962	9,919,390
Non-current liabilities					
Capital grant	6	3,746	5,396	381,274	549,596
		47,424	102,792	4,931,236	10,468,986
REPRESENTED BY					
Non-current assets					
Equipment	9	5,040	5,727	510,736	583,307
Current assets					
Inventories	10	8,345	5,711	971,108	581,669
Trade and other receivables	11	28,451	84,741	2,883,125	8,630,528
Cash at bank and in hand	12	34,427	34,095	3,488,711	3,472,430
		71,223	124,547	7,342,944	12,684,627
Current liabilities					
Trade and other payables	13	28,839	27,482	2,922,444	2,798,948
Net current assets		42,384	97,065	4,420,500	9,885,679
		47,424	102,792	4,931,236	10,468,986

STATEMENT OF CASH FLOWS

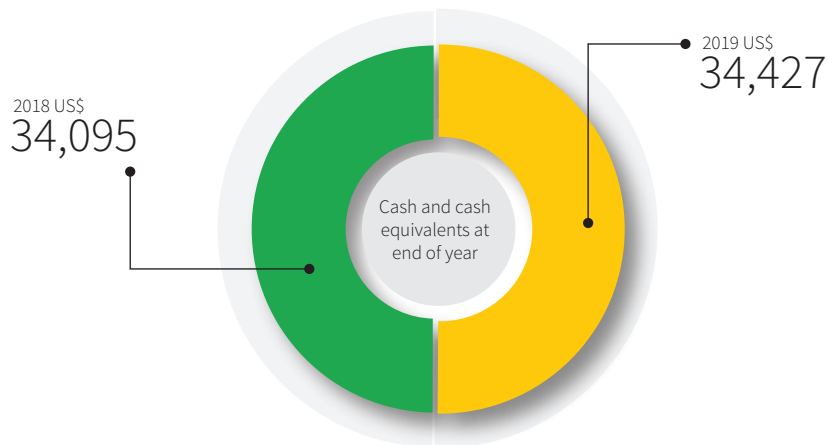
FOR THE YEAR ENDED 31ST DECEMBER 2019

Statement of Cash Flows for The Year Ended 31st December 2019

	Notes	2019 US\$	2018 US\$	2019 KSh	2018 KSh
Cash flows from operating activities					
(Deficit)/surplus for the year		53,718)	70,626	(5,480,060)	7,193,014
Adjustments for:					
		-	-	-	-
Changes in operating assets and liabilities:					
Decrease/(increase) in trade and other receivables		56,290	(38,437)	5,747,403	(3,914,691)
Increase/(decrease) in inventories		(2,634)	3,123	(389,439)	318,047
Increase/(decrease) in trade payables		1,357	(15,160)	123,496	(1,543,977)
Cash generated from operations		1,295	20,152	1,400	2,052,393
Income tax paid		-	-	-	-
Net cash generated from operating activities		1,295	20,152	1,400	2,052,393
Cash flows from investing activities					
Purchase of equipment	9	(963)	(1,910)	(95,751)	(194,557)
Net cash used in investing activities		(963)	(1,910)	(95,751)	(194,557)

Statement of Cash Flows for The Year Ended 31st December 2019

	Notes	2019 US\$	2018 US\$	2019 KSh	2018 KSh
Net increase in cash and cash equivalents		332	18,242	(94,351)	1,857,836
Effect of currency conversion during the year		-	-	110,632	-
Cash and cash equivalents at start of year		34,095	15,853	3,472,430	1,614,594
Cash and cash equivalents at end of year	12	34,427	34,095	3,488,711	3,472,430





TRIBUTE

In loving memory of the Late FEAFFA President

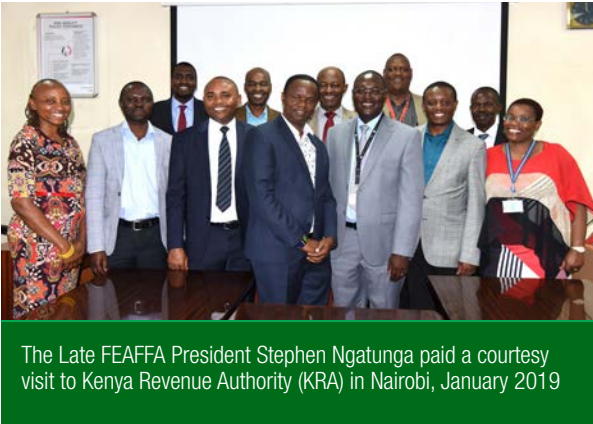
Mr. Stephen Joseph Ngatunga.

We will always cherish your devotion, commitment, hard work and leadership while advocating for a professional and compliant Freight Logistics industry in East Africa.

PICTORIAL



A meeting with KENTRADE on Self-regulation in Kenya, November 2019



The Late FEAFFA President Stephen Ngatunga paid a courtesy visit to Kenya Revenue Authority (KRA) in Nairobi, January 2019



Members of the Board during a meeting at Hotel Onomo Kigali, November 2019



CIC Meeting on EACFFPC Implementation plan in Dar es Salaam, April 2019



FEAFFA and TMEA sign a grant to support Skills enhancement program, Kigali, August 2019



FEAFFA Signs MOU with EFFSAA during GLC Kigali, August 2019

PICTORIAL



FEAFFA Signs MOU with ViaService Ltd during GLC Kigali, August 2019



Preparatory meeting with NCIC for piloting of CPD in Uganda, December 2019



Presenting the draft Self-regulation bill to KRA representatives, December 2019



FEAFFA receives the TMEA Regional Partner of the year 2019 award from Allan Ngugi, Ag. Dir. Private Sector Advocacy TMEA.



A meeting on Self-regulation at Roca hotel in Burundi, September 2019.



UFFA Chair and FEAFFA Board Member Hussein Kiddedde during a FIATA Congress meeting in Capetown SA, October 2019



Technical Experts Meeting on CPD at Maanzoni Nairobi, October 2019



Stakeholders meeting on Self-regulation in Kigali, November 2019

Member Associations



Association Burundaise
des Agencies en Douane et
Transitaires (ABADT)



Kenya International Freight
& Warehousing Association
(KIFWA)



Rwanda Freight Forwarders
Association
(RWAFFA)



Tanzania Freight
Forwarders Association
(TAFFA)



Uganda Freight Forwarders
Association
(UFFA)



Zanzibar Freight
Forwarders Bureau
(ZFB)



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