

**MOMBASA PORT COMMUNITY CHARTER  
2<sup>ND</sup> STAKEHOLDERS THINK TANK FORUM  
AND MOMBASA PORT CHARTER ANNUAL  
REVIEW.**

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**From a Great Past to a Greater Future**



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# KENYA RAILWAYS MANDATE

- ❖ Kenya Railways was established in 1978 under the Kenya Railways Corporation Act (Cap 397)
- ❖ The Act was amended through Kenya Railways (Amendment) Act 2005 which allowed the Corporation to enter into a Concession Agreement
- ❖ KR is currently implementing the 2017-2022 Strategic Plan
  1. Review of the legal, institutional and regulatory framework
  2. To construct 498 km of SGR and develop 165 km of commuter lines by 2022
  3. To move annual freight of 22 m tonnes by 2022, 8 million commuter passengers, and 2 million long distance passengers
  4. To raise Kes. 33.6b revenue from internal resources and maintain a sustainable debt revenue ratio
  5. To develop capacity in 2500 railway sector labour force and 100% work force annually

# METER GAUGE RAILWAY (MGR) OPERATIONS

# TERMINATION OF THE CONCESSION

- The Kenya Concession to Rift Valley Railways Kenya (RVRK) was terminated by a Court Order on 31<sup>st</sup> July 2017 due to underperformance by the Concessionaire in regard to;
  - Undercapitalization of Concessionaire
  - Inadequate Technical management
  - Inadequate funds for investment
  - Freight volume performance below targets
  - Default in payment of concession fee and rent
- The service is currently being run by Kenya Railways;
- A diagnostic study to harmonise MGR / SGR Rail services being finalised.

# REFORMS ON MGR OPERATIONS

- Between 2017-2022 the Corporation has planned to undertake the following;
  - Complete the Nairobi Commuter Rail master plan by 2018
  - Complete construction of 10 station by 2019; Kikuyu, Embakasi Village, Dandora, Mwiki, Donholm, Githurai, Ruiru, Kahawa, Pipeline and Athi River currently under construction
  - Secure financing and commence construction of 75km of NCR lines by 2022
  - Secure financing and commence construction of JKIA line by 2018
  - Secure financing and rehabilitate 90km of track within Nairobi by 2022

# MGR OPERATIONS

- Update of feasibility and study preparation of a detailed design of 30km of selected lines from Mombasa by 2018
- Secure financing and commence construction for selected lines in Mombasa by 2019
- Move 8 million urban commuters per annum by 2022 for Nairobi-Embakasi, Nairobi- Kikuyu, Nairobi- Ruiru and Nairobi-Syokimau
- Refurbishment of 40 coaches has been done

# SGR OPERATIONS TARGETS AND INITIATIVES



# SGR FREIGHT OPERATIONS AND SYSTEMS INTERGRATION

- SGR Phase 1 (Mombasa- Nairobi) operations have been enhanced due to;
  - Construction of port relief lines
  - Modernization and expansion of ICDN-launched on 16<sup>th</sup> Dec, 2017
  - Construction of access roads to ICD ongoing for Road A, Road B and C completed
  - **Systems Integration-** ICMS (KRA) is integrated with KWATOS (KPA). KWATOS is integrated with Container Yard Operations System (CIYOS)(KR) which is then integrated with Freight Management System (FMS)(KR). Integrations of ICMS with FMS is pending because KRA needs to authorize cargo manifest.

# SGR FREIGHT OPERATIONS

## ▪ SGR Freight Targets

- Move minimum 5 million tonnes by June, 2018
- Move minimum 8 million tonnes by December, 2018
- Achieve 18 Million tonnes by 3 years

## ▪ SGR Freight performance (current)

- During the trial period between 1<sup>st</sup> June 2017 and 31<sup>st</sup> December 2017 over 200,000 tonnes was moved.
- Since the launch of the service on 1<sup>st</sup> January, 2018 the performance upto 28<sup>th</sup> February, 2018 has been as follows;

	Number of freight trains per month	Tonnage carried per month	Loaded TEUs moved	Empty Boxes moved
February y 2018	94	79,978	4,488	442

# SGR\_MGR FREIGHT OPERATIONS

- **Current SGR Operations**

- First mile being done from GBHL to Port by Mc Kenzie
- Transshipment done directly from Trucks to SGR
- Last mile: Discussions with KTA and Members ongoing to use last mile service from ICDN

- **SGR\_MGR partnership**

- First Mile: KR currently in discussions with APM terminal and all CFS's that are rail served in order for MGR to offer first mile in Mombasa.
- Last Mile: KR evaluating all sidings in Nairobi. Plans in place to have MGR provide last mile solution to SGR onto existing clients' sidings.

# CURRENT STATUS OF RAIL PERFORMANCE

OPERATOR	BY DEC 2014	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
RVR	1.8	2.62	3.54	5.12	5.73	6.35	6.96	
SGR	-	-	-	-	5	8	5	18
TOTAL FOR RAIL	1.8	2.62	3.54	5.12	5.73	6.35	11.96	
ARCHIVED (RVR)	1.10	1.17	1.10	1.04				

- SGR commenced freight operations on 1<sup>st</sup> January 2018.
- SGR has moved 280,000Tonnes to ICD Nairobi
- Currently three (3) freight trains & by end of March four (4) trains.
- MGR has moved 321,223 Tonnes for the half year period.

# CURRENT CAPACITY (SGR)

Type	C70 (Open Top)	P70 (Box/ Covered)	NX70 (General Purpose Flat Car)	X70 (Single Stack Flat Car)	X2K (Double Stack Flat Car)	TOTAL
Quantity Delivered	330	-	150	400	60	940
Quantity expected to arrive 10/03/2018	-	60	-	200	-	260
To be inspected in China from 27/02/2018	160	20	-	212	28	420
<b>Total</b>	<b>490</b>	<b>80</b>	<b>150</b>	<b>818</b>	<b>88</b>	<b>1620</b>

# CURRENT CAPACITY (MGR)

Measure	Kenya	
	FY 2013/14	FY 2016/17
Average Total MGR Freight wagons (Fit and Repairable wagons)	2467	2,579
Average Total Wagons available for service	1172	1,306
Percentage availability	47.5	50.6

# SGR OPERATIONS INITIATIVES

- To ensure that the targets are met KR has put in place the following initiatives
  - i. Promotional tariff from USD 500 to USD 250 for 20 ft container and USD 700 to USD 300 for 40 ft container
  - ii. Engaging stakeholders to arrive at a framework on last mile tariff
  - iii. Development of a bulk cargo and transshipment facility in Athi River
  - iv. Handling of conventional cargo at Nairobi Freight Terminal (NFT)- loose cargo and merchant haulage
  - v. Extension of SGR rail service lines to Shimanzi area
  - vi. Marketing and stakeholders engagements

# FUTURE DEVELOPMENTS

- **Phase 2A (Nairobi- Naivasha)**
  - The 120 km line was launched on 19<sup>th</sup> October 2016
  - Acquisition of land for the project and for Special Economic Zones (SEZs) at Suswa ongoing
- **Phase 2B & C (Narok-Kisumu-Malaba SGR)**
  - Financial proposals on funding for the project under discussion between The National Treasury and Exim Bank of China
  - The target is to secure 366B and sign financing agreements by end of this year (2018) for Phase 2B



THANK YOU