

TFAF PROJECT PREPARATION GRANT (PPG)

APPROVAL DOCUMENT

Project title	Diagnostic study on the status of implementation of TFA Article 7.1 - Pre- Arrival Process (PAP) in Kenya
TFAF Reference	TFAF/PPG/KEN/014
Budget requested from TFAF	USD 29,301
Full name and contact details of the requesting authority	State Department for Trade, Kenya National Trade Facilitation Committee of Kenya Telposta Towers, 03 Koinange St, Nairobi, Kenya
Contact person and details for the grant in the Member	National Trade Facilitation Committee Secretariat Daniel K. Wachira Kenya National Trade Facilitation Committee secretariat. Ministry of Investment, Trade and Industry P.O.Box 30430-00100 GPO NAIROBI TELEPOSTA TOWERS-19th floor Email: daniel.wachira@trade.go.ke alternate email: wachiradk@gmail.com tel: +254723155899,+254734916612
Date of grant application	20 June 2024

1. BACKGROUND

1.1. Rationale for the application

Kenya ratified the TFA on 10 December 2015, with the National Trade Facilitation Committee established on 16 September 2016 by the Cabinet Secretary responsible for International Trade. On 22 October 2019 Kenya notified 23 Category C measures including Article 7.1, notifying a definitive date for implementation of 30 June 2026.

In June 2023, the Kenya National Trade Facilitation Committee (NTFC), requested support from the WTO TFAF to identify a development partner for assistance and capacity building related to Article 7-1- Pre-Arrival Processing (PAP). The Trade Facilitation Agreement Facility (TFAF) circulated an expression of interest on 14 June 2023, but no development partner stepped forward with a proposal to assist Kenya. Following bilateral discussions between TFAF and Annex D organisations including the WCO and the World Bank, the State Department for Trade (Kenya), in collaboration with the NTFC launched an application for a Project Preparation Grant (PPG) from the TFAF on 20 June 2024.

The NTFC had adopted a planning document for the period 2017-2020. This workplan was designed to serve as a basis for engagement with development partners and for fundraising. It covered activities foreseen in view of the implementation of Article 7.1. In 2020, when this document was

updated, pre-arrival processing was recorded as 'partially implemented'. This partial record appears to relate to the ability to electronically lodge bill of lading with the Kenya Revenue Authority (KRA). In 2023, KRA introduced a new Customs declaration processing system, iCMS, that improves the technical ability to receive electronic data prior to arrival. It is unclear to what extent this functionality is currently used for pre-arrival processing.

1.2. Engagement with development partners

The KRA has received support from GIZ to facilitate the establishment and operationalization of a Multi-Agency Pre-Arrival Processing (PAP) Committee to coordinate implementation. The Authority also received support from GIZ to undertake a study on PAP which highlighted key issues such the uptake of PAP in Kenya, which currently stands at approximately 29% and challenges relating to the implementation of the PAP program.

Significant progress has been achieved under the partnership, but the GIZ exhausted the funds allocated to support PAP implementation at the end of the last quarter of 2023. KRA through the NTFC has expressed interest for support in remaining areas to seek full implementation in line with the TFA. No other donors have been identified who can assist with these needs.

The project preparation grant is necessary to build on the work that has already been undertaken, to maintain the momentum and to support Kenya towards implementation of the article.

2. TFA CAPACITY BUILDING ISSUES AND OPPORTUNITIES

2.1. Methodology

The project preparation grant (PPG) is requested for an analytical report to assess the feasibility and potential areas of intervention for a technical assistance project aimed at building the capacity for pre-arrival processing for at least two modes of transport (air and sea). Two consultants, an international technical expert, and a national technical expert, will provide technical and process advice to the KRA and assess the organisational capabilities and gaps. The approach consists of stakeholder interviews and desk review of the regulatory framework.

The PPG also aims to strengthen the dialogue between relevant stakeholders through the NTFC on the implementation of the measure. The experts will facilitate a technical discussion with the aim of reaching consensus on whether the necessary building blocks are in place to launch an implementation project on PAP.

Finally, if the NTFC identifies a scope of intervention that is technically feasible, the experts will draft a project document describing all aspects of a project, such as the project logic, outputs and objectives, stakeholders, activities, budget and time. This document will allow the NTFC to seek partner assistance and, if no partner is able to support, apply for a TFAF implementation grant.

2.2. Implementation capacity building challenge(s) and potential(s):

The introduction of pre-arrival processing was part of the main agenda items during the President's meeting with the Port Community held on 29th July 2023, which led to the publishing of a Presidential Decree on the subject demonstrating the high-level political commitment.

According to the Kenya NTFC, the following capacity-building needs for Article 7.1. remain:

- Build capacity and sensitization of stakeholders and border agencies on PAP;
- Undertake legal review to accommodate PAP; and
- Benchmark with other WTO members who have fully implemented PAP.

2.3. Impact of the PPG

The PPG will enable the NTFC in collaboration with the PAP stakeholders to assess whether the necessary information, stakeholder buy-in, and capacities and resources are in place and to undertake adjustments at the strategic, operational and border level to put in place a plan for the full implementation of PAP. The NTFC has a project plan for the implementation of the PAP that allows them to engage with partners for assistance.

3. ACTIVITIES TO BE CARRIED OUT

3.1. Activities to be carried out

The following activities will be carried out:

- a) Drafting a diagnostic report that captures, (a) the level of implementation of PAP by KRA, and other partner government agencies, (b) the nature and level of support provided by development agencies, and (c) highlights the remaining technical gaps to facilitate implementation of the PAP program in line with international practices and recommendations, such as the WCO SAFE Framework of Standards.
- b) Organise with mobilisation support from the NTFC Secretariat, a meeting of PAP stakeholders for validation of the diagnostic report. The purpose of the validation meeting will be to verify if all relevant information has been collected and to assess the buy-in and capacity of stakeholders to undertake an implementation project.
- c) Depending on the outcome of the validation meeting, to use the inputs gathered in the diagnostic meeting, as well as any additional information required to complete an application for a TFAF implementation grant.

3.2. Responsibilities:

The TFAF will directly manage the grant and be responsible for engaging one international consultant and one local consultant through a service contract who have worked with either the NTFC and / or the lead PAP agency, KRA to draft the diagnostic report and facilitate the validation meeting. If the validation meeting concludes that all necessary elements are in place, the consultants' contract will be extended to include the drafting of an application for a TFAF PG.

The international and national experts will be responsible for:

- Preparing an analytical framework, planning and conducting the interviews and assessment, and compiling the report identifying capacity gaps compared to good practices in phase I.
- In phase II the consultants will be responsible for drafting the project document.

KRA will directly contribute to the grant with in-kind expertise and be responsible for:

- Making available technical expertise to carry out the interviews;
- Sharing relevant background documents, such as regulatory documents; and
- Organise the small group NTFC meeting.

The State Department for Trade, in its role as Executive Secretariat of the NTFC will

- Act as a liaison between the consultant, the Kenya Revenue Authority and other government agencies, identified as PAP stakeholders.
- Provide substantive comments on the diagnostic report.
- Mobilise relevant stakeholders for the validation workshop.
- Reach a consensus decision on whether all elements are present (information, buy-in, capacity) to launch a TFAF PG application.
- Provide necessary inputs to support the implementing partner to draft a TFAF PG application.

3.3. Budget:

The total budget requested for the project is **USD 29,301**, which falls within the maximum limit of **USD 30,000** set by the TFAF for a PPG.

Cost item	Duration	Total
Consultants		19'600
International	Phase I 8 days Phase II 10 days (18 days * 800 USD)	14'400
National	Phase I 10 days Phase II	5'200

	3 days (13 days * 400 USD)	
Travel costs		5'702
1 air ticket		4'000
6 days in Nairobi	267	1'702
Other expenses		4'000
Workshop	1 (15 people) 1 day	4'000
Logistics and domestic transport		
TOTAL		29'302

Note: It is not possible to include all NTFC members in this activity, given that the NTFC has a representation of over 50 other government organisations. The meeting will be organised with the NTFC Secretariat and selected relevant stakeholders of the PAP process. The NTFC will carry out the selection in consultation with the national and international experts.

The PPG will be carried out in collaboration with the GIZ trade cluster in Kenya that previously carried out diagnostic work for the introduction of PAP in Kenya. This partner collaboration ensures the most economic allocation of TFAF resources as previous work can be consulted and re-used where possible. It also significantly strengthens the impact of the PPG as the GIZ trade cluster has a standing close collaboration with the NTFC and the KRA.

The grant funds will be utilized to ensure the successful delivery of key outputs, including the preparation of the diagnostic workshop, the benchmarking mission, and if applicable, the drafting of the TFAF project implementation grant application.

The allocation of funds ensures that the costs for accommodation, meeting facilities, consultancy fees, travel, and other minor expenses are covered, allowing the project to be completed within the grant's financial limits.

4. APPROVAL SIGNATURES

For the applicant Member:	For the WTO:
Daniel Kimani Wachira, Kenya NTFC coordinator and Contact Person on WTO TFA	 Birgit Viohl Head, TFAF
Place and date Nairobi	Place and date