

**TRANSIT TRANSPORT COORDINATION
AUTHORITY OF THE NORTHERN CORRIDOR**



**LINKING THE INDIAN OCEAN TO THE
ATLANTIC OCEAN THROUGH CENTRAL AFRICA**

THE RAILWAY SOLUTION

***Concept Paper Prepared by the Transit Transport
Coordination Authority (TTCA) of the Northern Corridor***

Mombasa, April 2004

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1. INTRODUCTION

1.1. General Considerations

1. The East and Central Africa region is among the regions with great economic potential, owing to the natural resources endowment. The realization of the full economic potential of the region had been hampered by poor political governance, which resulted in internal conflicts. However, recent political developments in the Great Lakes countries of Burundi, Democratic Republic of Congo and Rwanda, whereby the internal conflicts have either been fully resolved (as in the case of Rwanda) or are well on the way to full resolution, implies that the region is ready to embark on the path to economic recovery, growth and development. This calls for a rapid re-launch of economic activities through the promotion of regional integration and international trade.

2. It is common knowledge that the development of infrastructure is vital for any form of integration and economic growth, both at national and regional levels. It is, therefore, necessary to embark, in the immediate and medium term, on the improvement of the existing infrastructure and the development of new ones, in order to promote development, regional integration and trade. It is within this framework that the Permanent Secretariat of the TTCA, in collaboration with the ECA Sub-Regional Office for Eastern Africa, has prepared this concept paper in order to arouse a debate on the project to link the Indian Ocean to the Atlantic Ocean through East and Central Africa, with the railway forming the backbone of the transportation system. The project would entail the upgrading of the existing rail networks of Kenya and Uganda, improvement of terminal facilities and the extension of the rail network to the port of Kisangani in the Democratic Republic of Congo. Kisangani is already linked to the Atlantic Ocean via the river Congo and A railway link from Kinshasa to Matadi.

1.2. Background

3. Landlocked countries in the Great Lakes region, namely: Burundi, Rwanda, Eastern DR Congo and Uganda depend on the ports of Mombasa and Dar-Es-Salaam, through which their foreign trade (Imports and Exports) are handled, with the former port being the main one.

4. In the past and prior to the collapse of the former East African Community, Burundi, Eastern DR Congo and Rwanda were mainly served by the Eastern African railways network, to which their transport systems were linked. These countries were then using the Kasese railway terminal in western Uganda as the transshipment center for their imports and exports.

5. The socio-political tribulations that led to the collapse of the former East African Community and the subsequent breakup of the East African Railways Corporation resulted in the loss of operational flexibility and reliability of the railway system. In order to cope with the situation, landlocked countries of the Great Lakes region had to

resort to more expensive transport modes, namely: road and air transport. In their search for transit security, these countries had to resort to alternatives routes, which were not necessarily the most viable or cost effective.

1.3. The Northern Corridor Transit Agreement

6. The transport corridor linking the Kenyan maritime port of Mombasa to the hinterland is referred to as the Northern Corridor. The landlocked countries of the Great Lakes region, together with Kenya, are contracting parties to the Northern Corridor Transit Agreement signed in Bujumbura in February 1985. The Transit Agreement provides for, among other things, the development of transport infrastructure in order to facilitate transit transport. In particular, Article 1 of the Northern Corridor Transit Agreement recommends that member States should promote the development of transport infrastructure established in their respective territories. This can be done either individually or jointly. It is for this reason that the development of transit transport infrastructure is one of the main strategic objectives of the Transit Transport Co-ordination Authority (TTCA) of the Northern Corridor, which is aimed at reducing transportation costs along the corridor.

7. The development of rail infrastructure is an integral part of this strategy with the aim of making rail transports the predominant mode for conveying long distance bulk freight, within and between the territories of the TTCA member states, as well as to and from the sea. The objective is to provide the most cost effective transit transport system, which is also more environmentally friendly.

8. The government of Kenya and Uganda are at an advanced stage towards the concession of the Kenya Railways and Uganda Railways respectively. Kenya Railways and Uganda Railways have adopted policies aimed at adding value to the enterprises before concessioning which necessitates the carrying out of urgent rehabilitation works on the lines to improve traffic conditions on the two lines.

9. In this concessioning policy, the government remains the owner of the railways infrastructure and its focus will be to develop railway transport policies and programs and find a mechanism for funding mobilization. The role of Management in the future will be entrusted with the private sector.

2. PROJECT JUSTIFICATION

2.1. Facilitation of Transit Trade and Traffic

10. Since its establishment in the late 1980's, the Secretariat of the TTCA has undertaken several measures aimed at facilitating transit trade and traffic along the Northern Corridor. Achievements include: the streamlining of customs and documentation procedures at the port of Mombasa and at border posts; harmonization of transit transport policies and technical standards to facilitate inter-state movements of means of transport; and the elimination of non-service related charges, which used

to be imposed on traffic in transit. While the above measures have led to substantial progress, with regard to the reduction of non-physical barriers, the poor state of transport infrastructure and facilities impose severe constraints on transit traffic and need to be addressed.

2.2. Traffic Growth and the Strategic Importance of the Mombasa Port to the Great Lakes region

11. The port of Mombasa is the second largest port along the Indian Ocean coast, being only second to the port of Durban in South Africa (**Table 1**) and as such, it will continue to play a crucial role in the handling of the sea borne trade of the countries in the East and Central Africa region. The Mombasa port and hence the Northern Corridor, continues to be the preferred choice of the land locked countries (**Table 2**) of the region, due to the relatively more efficient transportation system.

Table 1: Ports Traffic throughput-Indian Ocean African Coast 2002 (Mn Tons)

Durban	Mombasa	Dar-Es-Salaam	Maputo	Djibouti	Beira	Nacala	Mtwara
31.788.020	10.600.000	4.217574	4.001.500	3.563.151	2.356.200	743.200	167.497

Table 2: Mombasa Port Transit Traffic by Country in Metric Tons

Country	Direction	1998	1999	2000	2001	2002	2003
UGANDA	Imports	650,529	777,442	898,850	1,452,341	1,426,772	1,676,918
	Exports	191,372	235,139	215,736	217,475	283,326	216,772
	Total	841,901	1,012,581	1,114,586	1,669,816	1,710,098	1,893,690
TANZANIA	Imports	40,987	50,979	78,699	126,125	134,809	161,466
	Exports	16,714	12,343	14,455	19,809	22,160	20,314
	Total	57,701	63,322	93,154	145,934	156,969	181,780
BURUNDI	Imports	1,169	3,403	1,783	2,939	24,738	2,791
	Exports	-	846	538	3,827	4,022	1,414
	Total	1,169	4,249	2,321	6,766	28,760	4,205
RWANDA	Imports	83,306	91,421	51,130	88,457	66,241	164,021
	Exports	11,066	17,866	20,584	20,610	14,581	12,781
	Total	94,372	109,287	71,714	109,067	80,822	176,802
SUDAN	Imports	51,832	46,349	45,030	67,197	92,836	75,019
	Exports	330	-	44	174	163	308
	Total	52,162	46,349	45,074	67,371	92,999	75,327
D.R. CONGO	Imports	42,707	42,250	26,875	57,220	85,575	57,129
	Exports	16,751	10,127	49,418	11,299	14,650	14,462
	Total	59,458	52,377	76,293	68,519	100,225	71,591
OTHERS	Imports	17,595	13,031	50,985	49,248	43,668	49,061
	Exports	2,474	8,795	198	121	1,416	135
	Total	20,069	21,826	51,183	49,369	45,084	49,196
TOTAL	Imports	888,125	1,024,875	1,153,352	1,843,527	1,874,639	2,186,405
	Exports	238,707	285,116	300,973	273,315	340,318	266,186
	Total	1,126,832	1,309,991	1,454,325	2,116,842	2,214,957	2,452,591
	% Transit	13%	16%	16%	20%	21%	21%

Source: Kenya Ports Authority (KPA)

12. The port has an intrinsic throughput capacity of 22 million tons per annum. Currently the port handles only about 50% of the intrinsic capacity of about 11 million tons. Cargo flow throughput has, however, grown by 24% in the last 5 years, with transit traffic being responsible for a substantial proportion of this growth (**Table 3**). With peace returning to the Great Lakes region, these growth rates will be surpassed in the next two to three years. This, therefore, calls for forward planning for improvement of infrastructure linking the port to the Great lakes region.

Table 3: Mombasa traffic throughput 1998 – 2003 (Mn Tons)

Year	1998	1999	2000	2001	2002	2003	% Change 1998/2003
Domestic	7.32	6.74	7.47	8.18	8.01	8.87	21%
Transit	1.13	1.31	1.45	2.12	2.22	2.45	117%
T/ment	0.11	0.14	0.20	0.30	0.34	0.61	
Total	8.56	8.16	9.13	10.60	10.56	11.93	39%

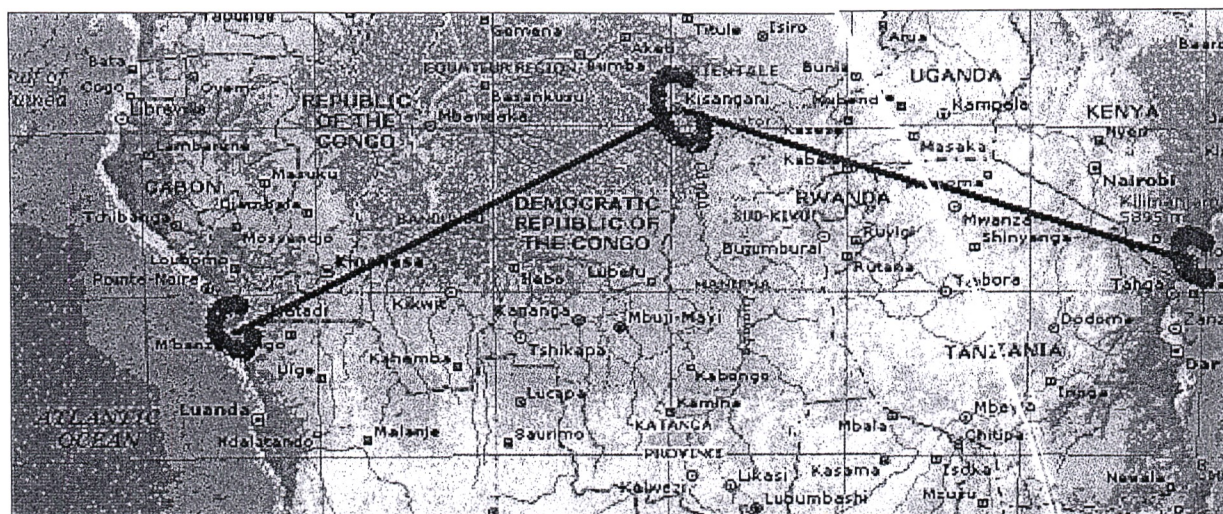
13. KPA has adopted measures aimed at improving the Mombasa Port throughput capacity and efficiency. This include the acquisition of new handling equipment such as the SGSs ,RTGS ,RMGs etc...KPA is also planning to invest in rail wagons in order to facilitate the transport of goods to Uganda and other landlocked countries. This will be achieved in conjunction with the establishment of a Through Bill of Lading (TBL) to Kampala. The same facility should be applied if the railways link to Kisangani is established.

Furthermore KPA is in the process of raising funds for the extension of the Mombasa port terminal container.

2.3. Kisangani Regional Hub and Port

14. The port of Kisangani, located half way between the two oceans (**Map 1**), is strategically placed to play an important role in the implementation of a multimodal transport system linking the two East and Central African coasts.

Map 1: Geographical location of Kisangani in Central Africa



15. As regards the Northern Corridor and other sub-regional and regional organizations (ECA/SRO-EA, CEPGL and KBO), the port of Kisangani has been designated as a potential regional port, which could play a focal role in the sub-region.

16. The linking of Kisangani to Mombasa by rail would stimulate economic activities in that part of the Democratic Republic of Congo, including mining, logging, etc., which remain underdeveloped due to the absence of a reliable transport system in the region.

2.4. Increasing Regional Trade and Reduction of Poverty

17. Trade among the countries of the region is estimated to be growing at an annual rate of more than 10%. This trade would further be enhanced by putting in place reliable and cost effective transportation systems. The extension of the rail network from Uganda to Kisangani would contribute in reducing transportation costs, which remain high in the Eastern part of the Democratic Republic of Congo. Needless to mention that DRC imports through Mombasa and from Kenya, Rwanda and Uganda, destined to Kisangani are transported by air from Bunia/ Beni/ Goma.

18. Poverty reduction would also be enhanced if the populations of the region could effectively participate in trade, through easier market access, once they have identified markets for their products, thereby improving their livelihood.

2.5. Regional Integration

19. Since every form of transport infrastructure has an impact on the trade structure, it has been recognized that infrastructure development is the most effective means to speed up the economic integration of the continent. As regards this part of the D R Congo, extension of the railway from Kasese or Pakwach in Uganda to Kisangani would provide an effective transport link that would enhance the integration of eastern D R Congo regionally.

2.6. Transformation of the Northern Corridor into an economic Development Corridor

20. One of the projects the TTCA Secretariat is currently pursuing is the transformation of the Northern Corridor into a development corridor. The objective of the transformation is to stimulate growth through the establishment of synergies between the transport sector and other sectors of the economy (Agriculture, Mining, Energy, Tourism, etc), in order to attract investments in the region.

21. The extension of the rail line to Kisangani would, therefore, be a key component of projects under the development corridor approach strategy.

3. REVIEW OF EXISTING INFRASTRUCTURE

22. Kisangani in Eastern D R Congo is currently linked to Mombasa, mainly by road. There is limited use of rail to Kampala and then transshipment to road.

3.1. Road infrastructure

23. There are two main routes linking Kisangani to the East African member states of the TTCA. From Kasindi (DRC/Uganda border), a 799 Km road section is serving Kisangani through Beni, Komanda, Mambasa and Niania. The road section is in poor condition and is not asphalted. The other route goes through Goma, Walikale and Lubutu. This road section, which is 680 Km long, is only asphalted on the Lubutu – Kisangani road section (250 Km).

24. The third route goes through Bukavu via Kalima, Kindu and Lubutu and is 1,150 Km long. Most of the stretch is a marram road.

25. In general, all road routes serving Kisangani are in very poor condition. While roads are vital for administration and provision of services, the railway system should be preferred for the conveyance of long distance and heavy goods.

3.2. Rail Infrastructure

26. Rail links from the North and South Kivu Provinces of D R Congo to the East African region are non-existent. The only existing rail link is from Ubundu to Kisangani, which links the latter to the DRC rail systems of Katanga and Kasai Provinces via the River Congo from Kindu.

27. As mentioned earlier, the rail link from Mombasa used to extend up to Kasese in western Uganda, from where transshipment to road was undertaken. Due to the poor condition of the Kampala-Kasese rail line, however, this operation ceased as this section of the rail network has been closed. The use of the rail transport mode, by Congolese traders, at least from Mombasa to Kampala is currently hampered by lack of adequate capacity by the Kenya-Uganda railway system as a whole. This situation is temporary as the governments of Kenya and Uganda are currently working on the revamping of their railways through concession. This is expected to result into a significant improvement of railway services, initially between Mombasa and Kampala and subsequently to Kasese, following the rehabilitation of the Kampala- Kasese line.

28. The development of a rail link between Kasese and Kisangani would, therefore, complete the link. Another possible link is to extend the railway from Pakwach in Northwestern Uganda to Kisangani, through Mahagi, Bunia and Mambasa. This paper discusses the possible alternative links to be considered.

3.3. River Transport

29. The River Congo is navigable from Kindu to Ubundu, from where there is a railway link to Kisangani. The river is then navigable from Kisangani to Kinshasa, thereby providing a cost effective transport link to the Congolese Capital. A railway link from Kinshasa to Matadi completes the link to the Atlantic Ocean.

3.4. Air transport

30. Due to failures and inefficiencies of the surface transport system, air transport from Beni, Bunia, Goma and Bukavu is used to ferry commodities to Kisangani. This option is certainly not the best economic option.

3.5. General Observation

31. In view of the foregoing, it is obvious that a more reliable transport system is required to serve the Eastern part of the DR Congo. A railway network linked to the East Africa railway system provides the most plausible solution to attain sustainable development of the economy of the region.

4. CONSIDERATION OF ALTERNATIVE RAIL LINKS

4.1. Possible Options

32. Four alternative ways of extending the railway link from Uganda to Kisangani are considered below. There are three options originating from Kasese and one option from Pakwach. These options are numbered A to D and are diagrammatically illustrated in the maps below.

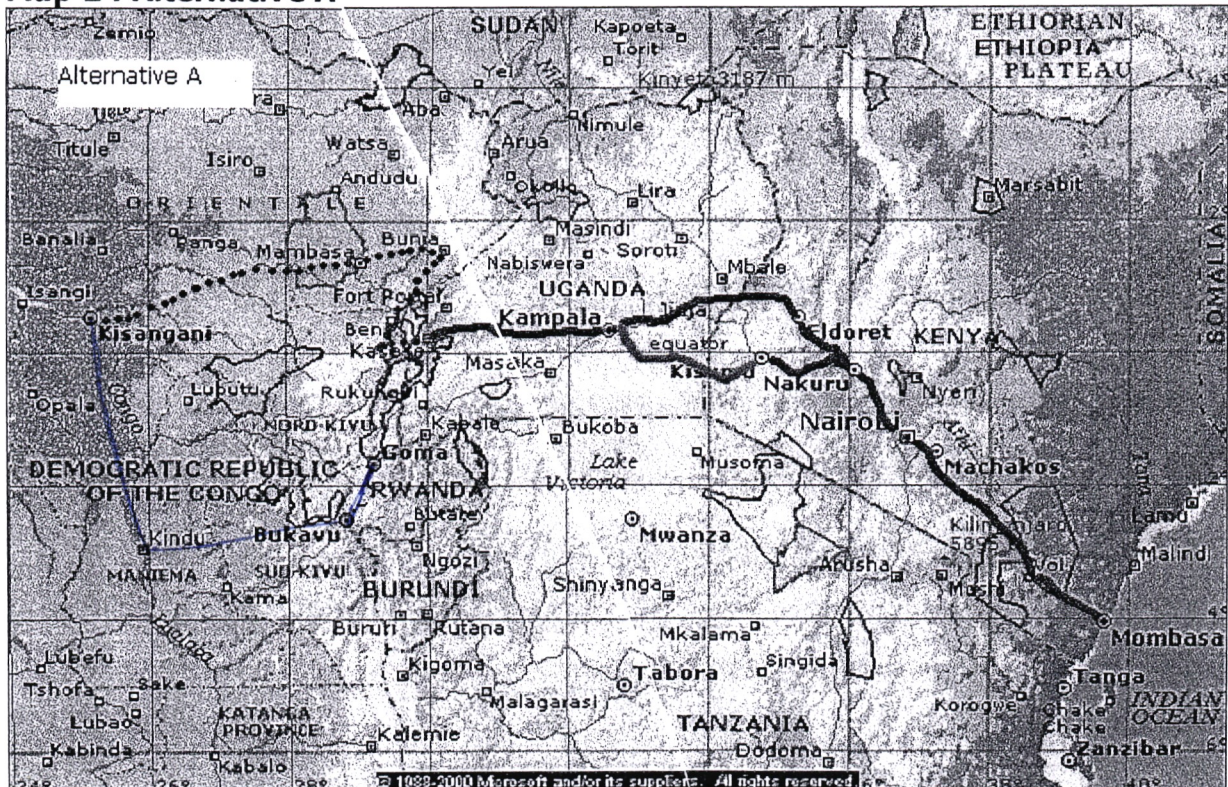
Option A: Mombasa – Nairobi – Nakuru - Malaba – Tororo – Jinja – Kampala – Kasese - Mpondwe/Kasindi – Beni - Komanda – Mambasa – Niania- Kisangani: (approx.2,465 Km)

Or

Mombasa – Nairobi – Nakuru - Kisumu – Port Bell - Kampala – Kasese – Mpondwe/Kasindi– Beni- Komanda – Mambasa – Niania- Kisangani: (approx.2,415 Km)

33. The Mombasa - Malaba (1080 Km) and the Malaba – Kampala rail section (250 Km) are in good condition but require rehabilitation works on some sections. The Kampala – Kasese (333 Km) line is in poor condition and is currently closed due to high derailment rates. The entire section requires reconstruction. Also requiring strengthening is the Nakuru-Kisumu section.

Map 2 : Alternative A



34. The Kasese – Mpondwe / Kasindi section (50 Km) would be a new line to be constructed. Similarly, the Kasindi – Beni – Komanda – Mambasa – Niania – Kisangani section, which is 800 Km long would also be a new line to be constructed.

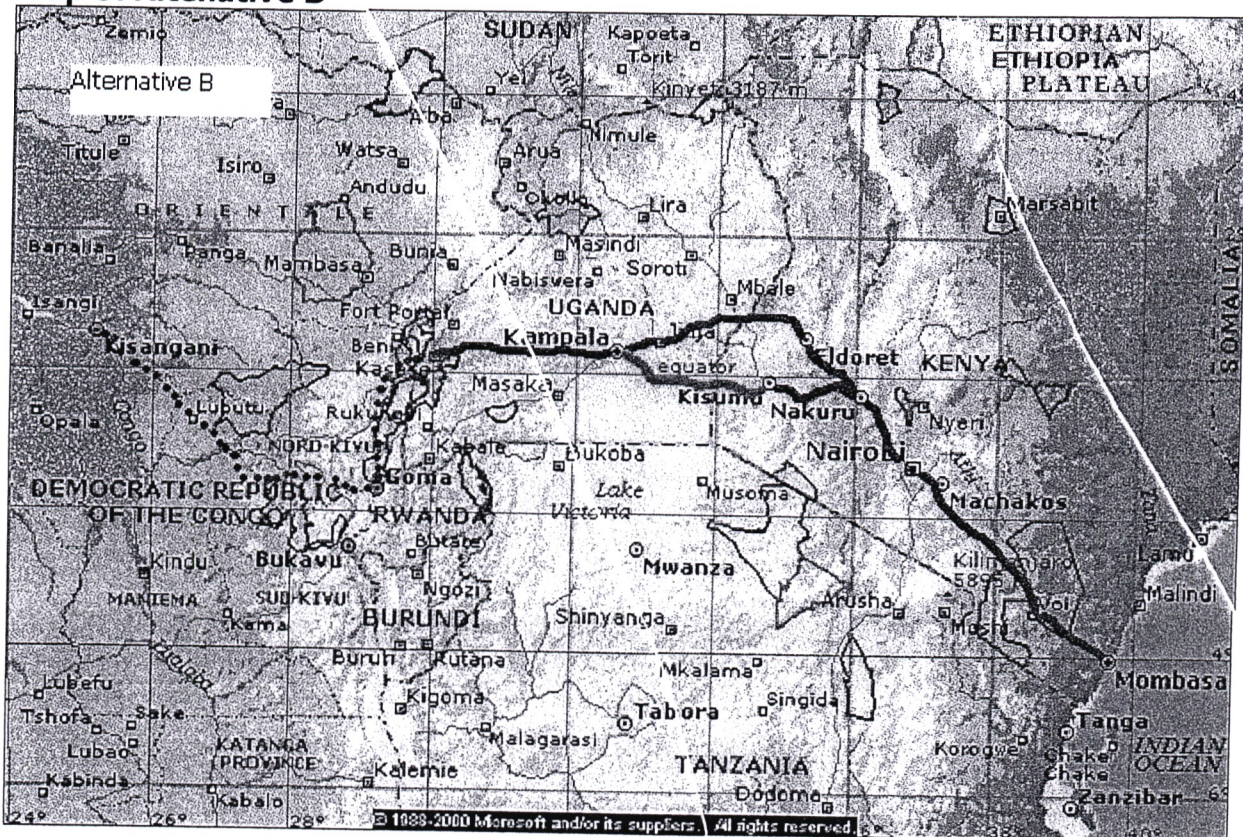
Option B: Mombasa – Nairobi – Nakuru – Malaba – Tororo – Jinja – Kampala – Kasese – Rutshuru – Goma – Walikale – Lubutu – Kisangani: (approx.2,680 Km)

Or

Mombasa – Nairobi – Nakuru – Kisumu – Port Bell – Kampala – Kasese – Rutshuru – Goma – Walikale – Lubutu – Kisangani: (approx.2,580 Km)

35. We have already discussed the Malaba / Kisumu – Kampala – Kasese rail section above. The Kasese – Goma – Walikale – Lubutu – Kisangani rail section (1,000) Km would be a new line, to be constructed.

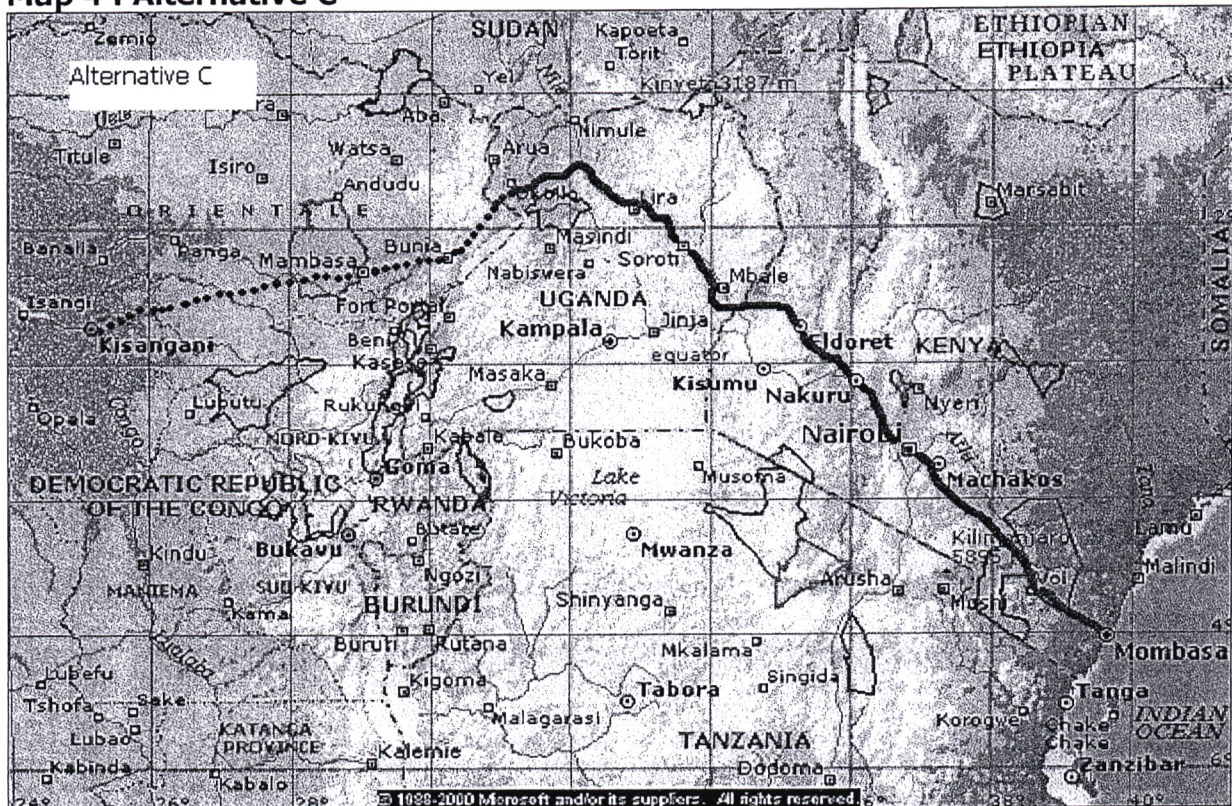
Map 3: Alternative B



Option C: Mombasa – Nairobi – Nakuru – Malaba – Tororo – Soroti – Pakwach – Mahagi – Bunia – Komanda – Mambasa – Kisangani: (approx.2,367 Km)

36. The Tororo – Soroti – Pakwach rail section in Uganda, which is 517 Km long already exists. It has been closed since 1996 due to its non- economic viability, caused by civil strife in Northern Uganda and Southern Sudan. As mentioned earlier, however, most of the conflicts in the region are rapidly being resolved, including the one in Southern Sudan.

Map 4 : Alternative C

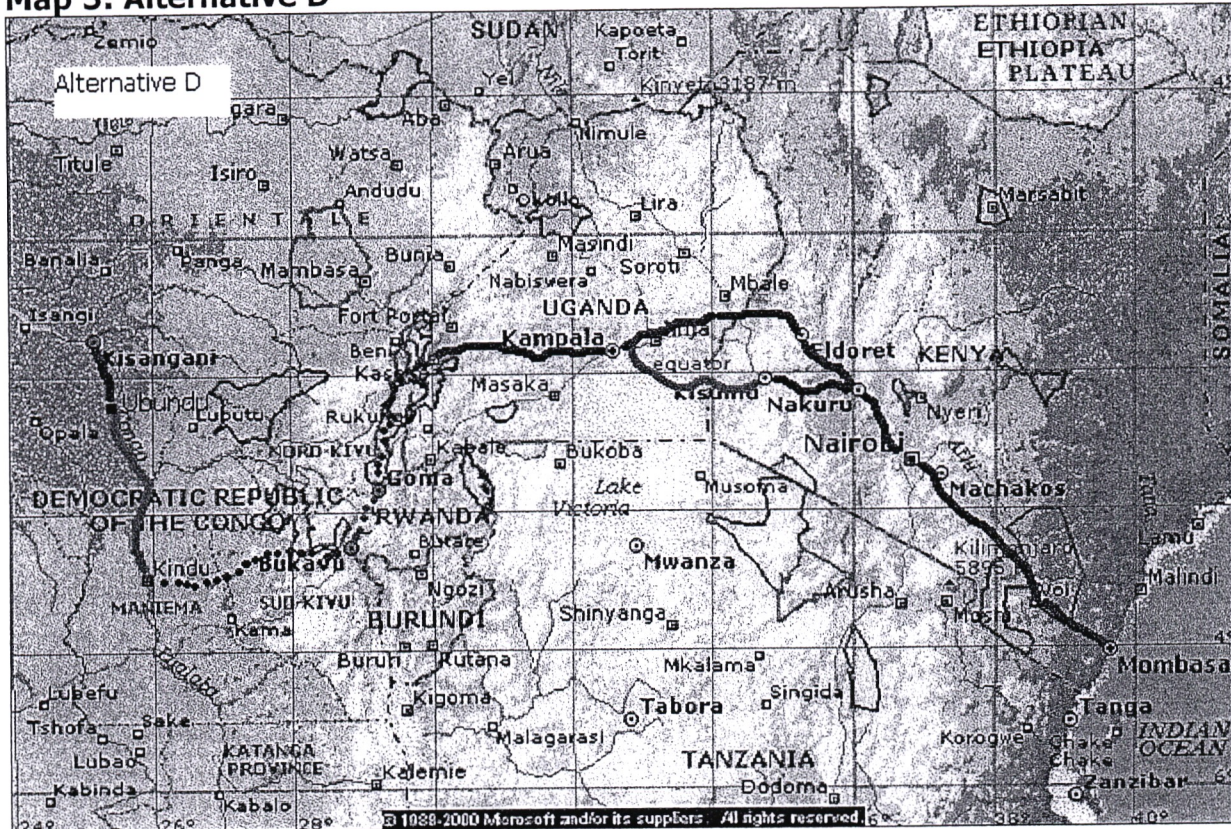


37. The line is 1m wide and will require strengthening. In order to cover the Uganda territory a 70 Km rail line would have to be constructed in order to link Pakwach to the border post of Goli. On the DR Congo territory, the Goli / Mahagi – Bunia – Komanda – Mambasa – Niania – Kisangani rail line, which is 800 Km long, would have to be constructed.

Option D: Mombasa – Nairobi – Nakuru - Malaba / Kisumu – Kampala – Kasese – Rutshuru – Goma – Bukavu – Kindu – Kisangani (approx.2,765 Kms)

38. The rail line Kasese – Rutshuru – Goma – Bukavu – Kindu – Kisangani (1,685 Km) would be a new line to be constructed.

Map 5: Alternative D



4.2. General Observations on the various alternatives

39. In all the above cases, the Kenya railway network is considered to be generally in good condition. Nevertheless, some sections will require strengthening.

40. Alternatives A, B and D comprise of the existing link Mombasa - Malaba/Kisumu – Kampala, which is operational but requires some investment for rehabilitation of some sections. This could prove to be advantageous. Regarding options B and C, the lengths of the sections located on the DR Congo territory, are almost the same from the border to Kisangani. However, the difference in topography and hydrological conditions would constitute the most cost determining factor.

41. Alternative B presents an additional advantage since it would be serving another landlocked country, Rwanda. It would, however, be 200 Km longer than alternatives A and C.

42. Alternative C includes an existing rail line, which is relatively in good condition. This refers to the Malaba – Tororo – Soroti – Pakwach rail line. Although it is not currently used, the line is being rehabilitated and will soon be open to traffic. The major advantage is that it would link both the D R Congo and the Sudan to the Mombasa port.

43. Alternative in D is longest although it presents an additional advantage of serving Burundi, in addition to Rwanda. The other advantage is that it involves multimodal transport links, utilizing the inland waterways of Lake Kivu and the Congo River.

5. OTHER REGIONAL INITIATIVES

5.1. Great Lakes Initiative

44. The United Nations Economic Commission for Africa through the Eastern Africa Sub-Regional Office in Kigali is promoting an initiative under the theme **"Infrastructure Development and Promotion of their Efficient Utilization for Peace, Stability and the Development of the Great Lakes Region"**. An initial program including the list of projects on infrastructure development was adopted within the framework of the Great Lakes Initiative and a network of experts in infrastructure development was established. A project to extend the railways link to the DRC, would also fit within the framework of the Great Lakes Initiative. Indeed it is for this very reason that the ECA Sub-regional Office in Kigali fully endorses the proposed project.

5.2. Great Lakes Railways

45. This initiative, which is being promoted by COMESA, is intended to link the Southern African railway networks to the East and Central African railway networks through Lakes Tanganyika, Kivu and Edward. Options B and D would overlap with the COMESA initiative, but only as far as the links from Kasese to Goma and Bukavu are concerned. The two projects would hence be complementary. It is, however, not clear whether the COMESA initiative has made any headway since it was conceived about four years ago.

5.3. Union of African Railways

46. The Union of African Railways has undertaken a project of elaborating a railways master plan. The link between Mombasa and Kisangani should be included in this project as it would constitute a link between East and Central Africa.

5.4. NEPAD Infrastructure Program

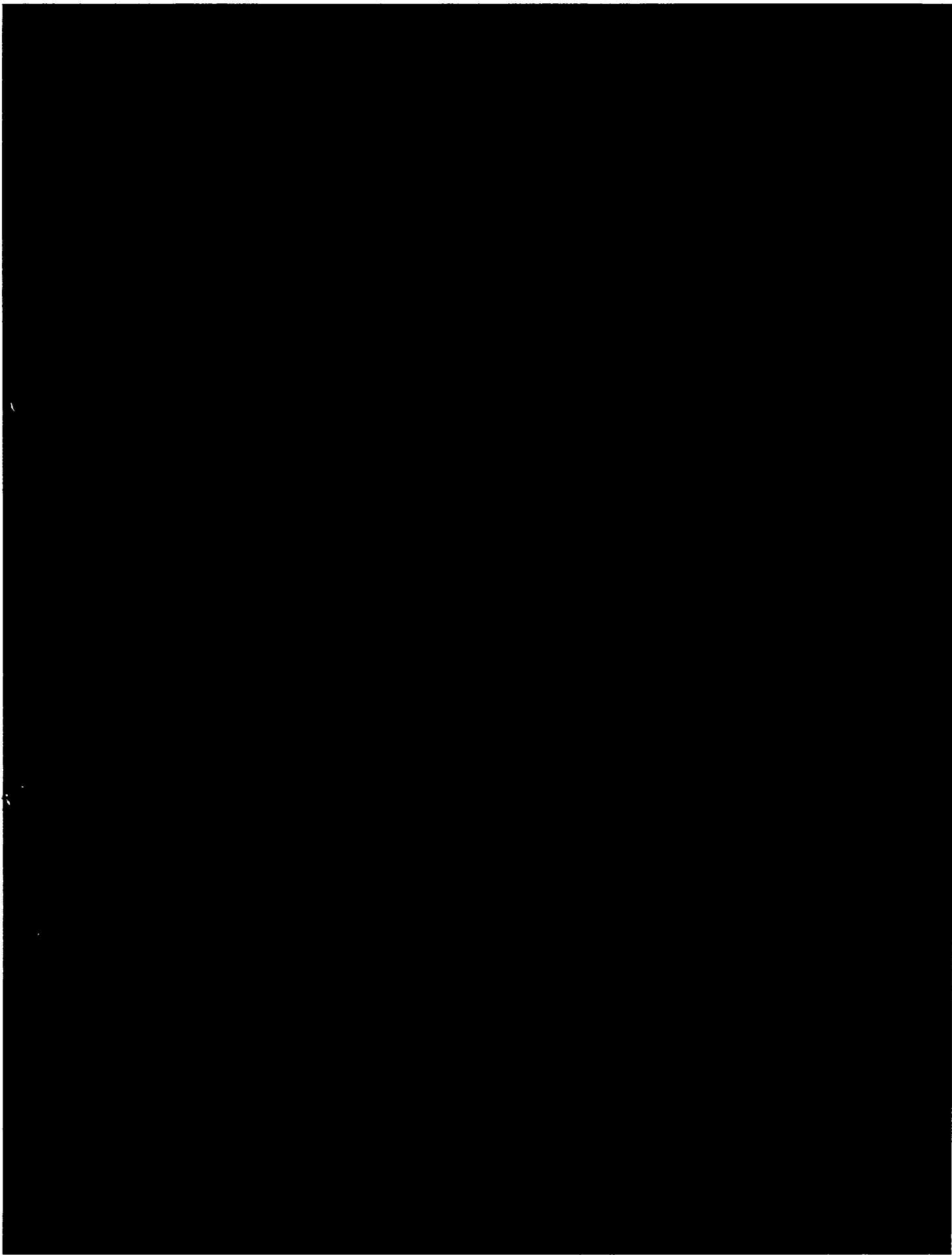
47. NEPAD has placed infrastructure development among its top ten priorities and reaffirms that "infrastructure development is a major parameter for sustainable economic development of the African continent". It is encouraging to note that the project described in this concept paper is in line with the NEPAD Infrastructure Development Master Plan.

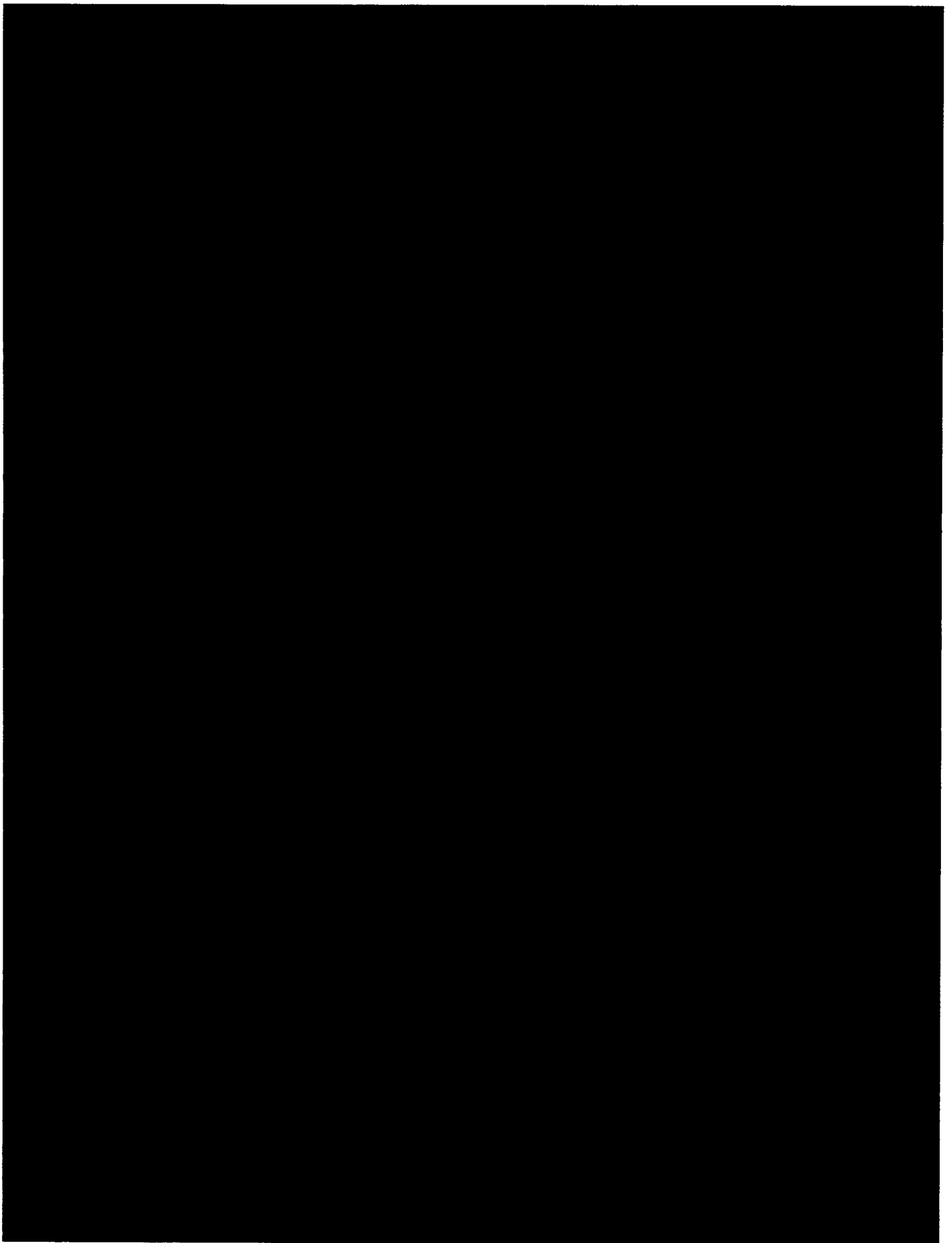
48. During the recent Authority meeting of the TTCA, held in Bujumbura, Burundi, in November 2003, the Council of Ministers resolved that the NEPAD should accord high priority to the improvement of transportation infrastructure of the Northern Corridor.

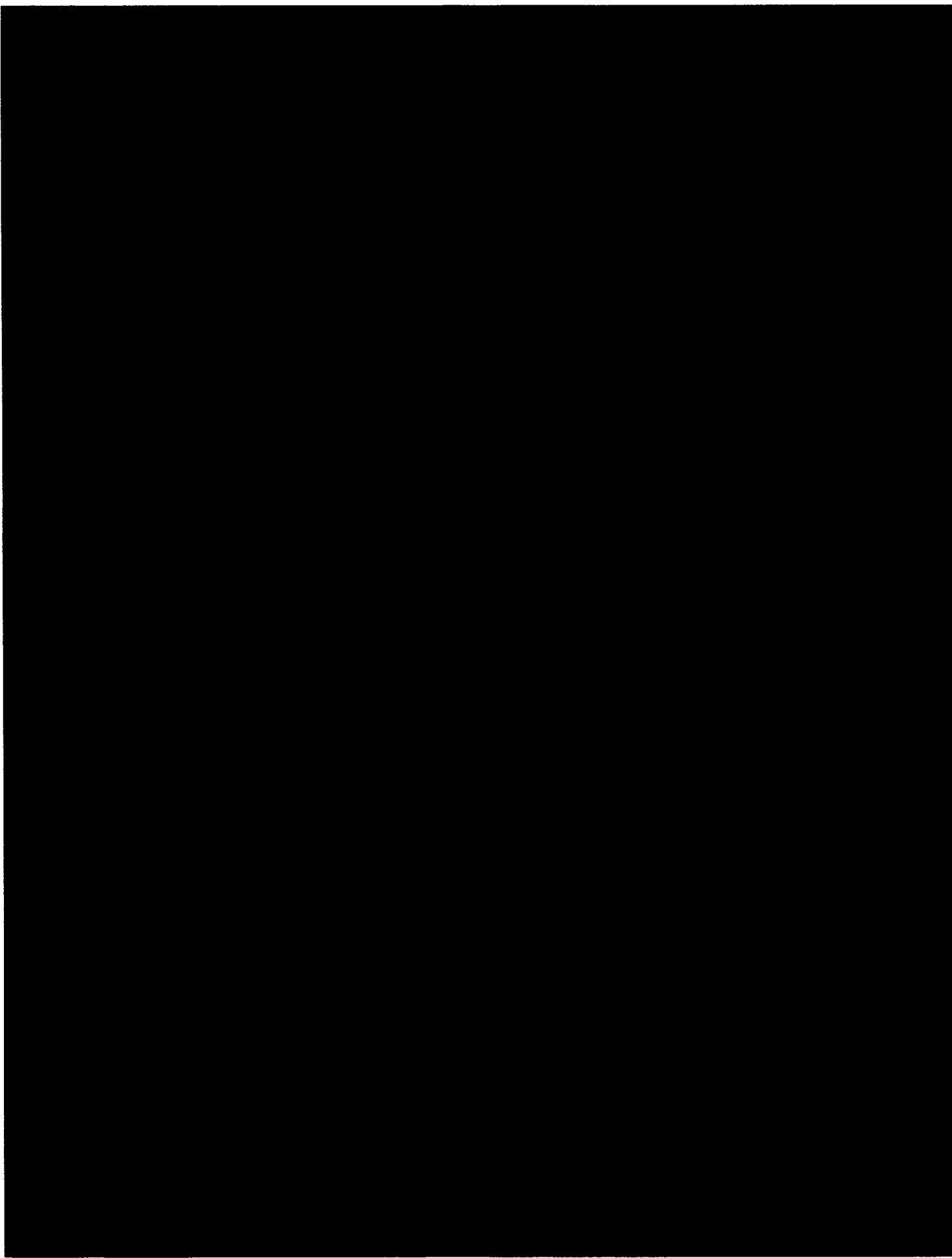
THE WAY FORWARD

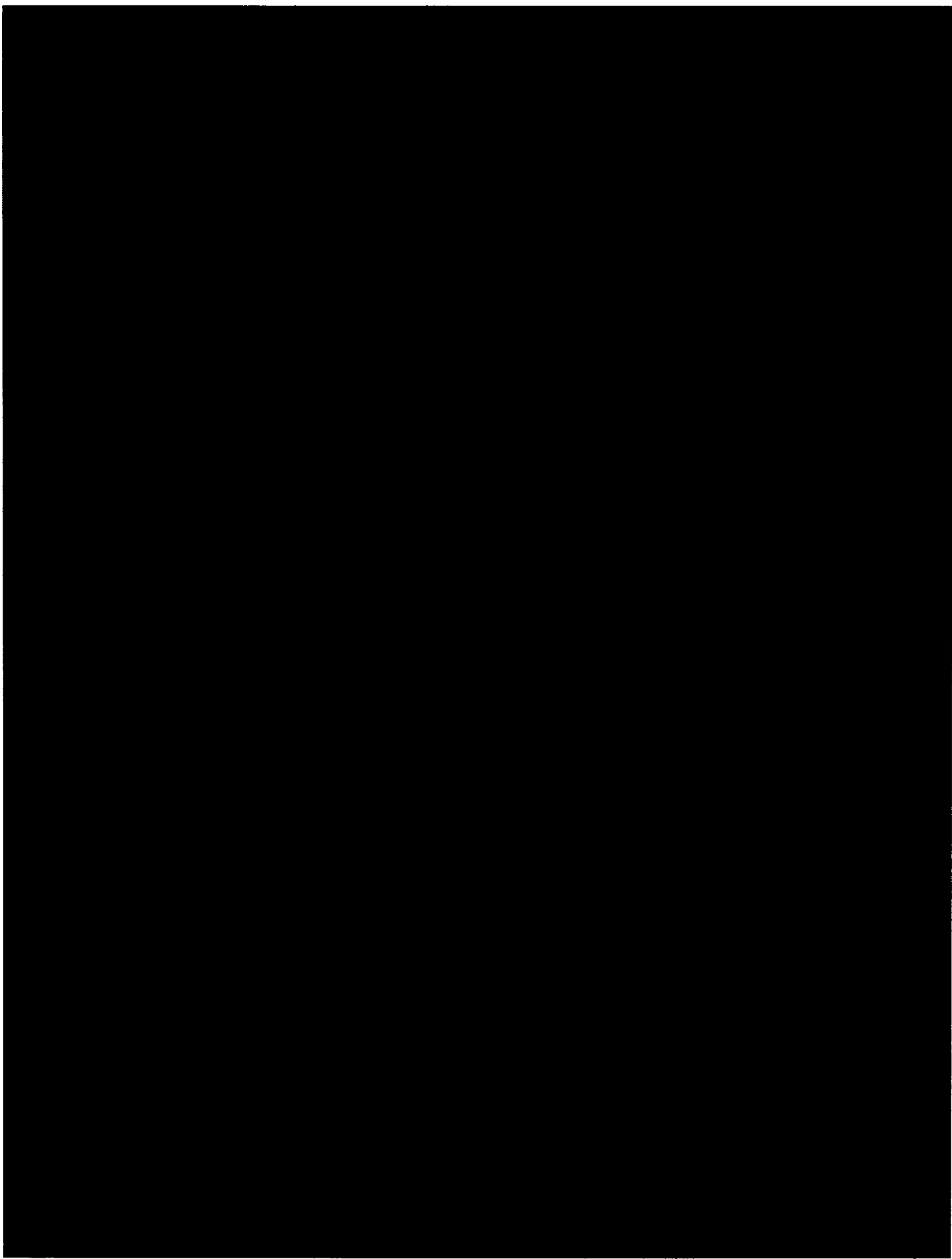
49. In pursuit of this project, the following course of action is recommended:
- a. A Ministerial Consultative meeting involving the ministers responsible for transportation and infrastructure development of the TTCA member states to review the concept paper and to give formal endorsement to the project;
 - b. Mobilization of financial resources for the necessary studies;
 - c. Setting up a project steering committee to oversee the studies and to advise or deal with any matters that may arise during the execution of the project; and
 - d. Undertaking of a pre-feasibility study in order to select the most "suitable option" for advancement to full economic and technical feasibility studies;
 - e. Undertaking economic feasibility and technical design studies for the selected option, with a view to establishing project costs and viability.
 - f. Convening of a conference for investors and donors.

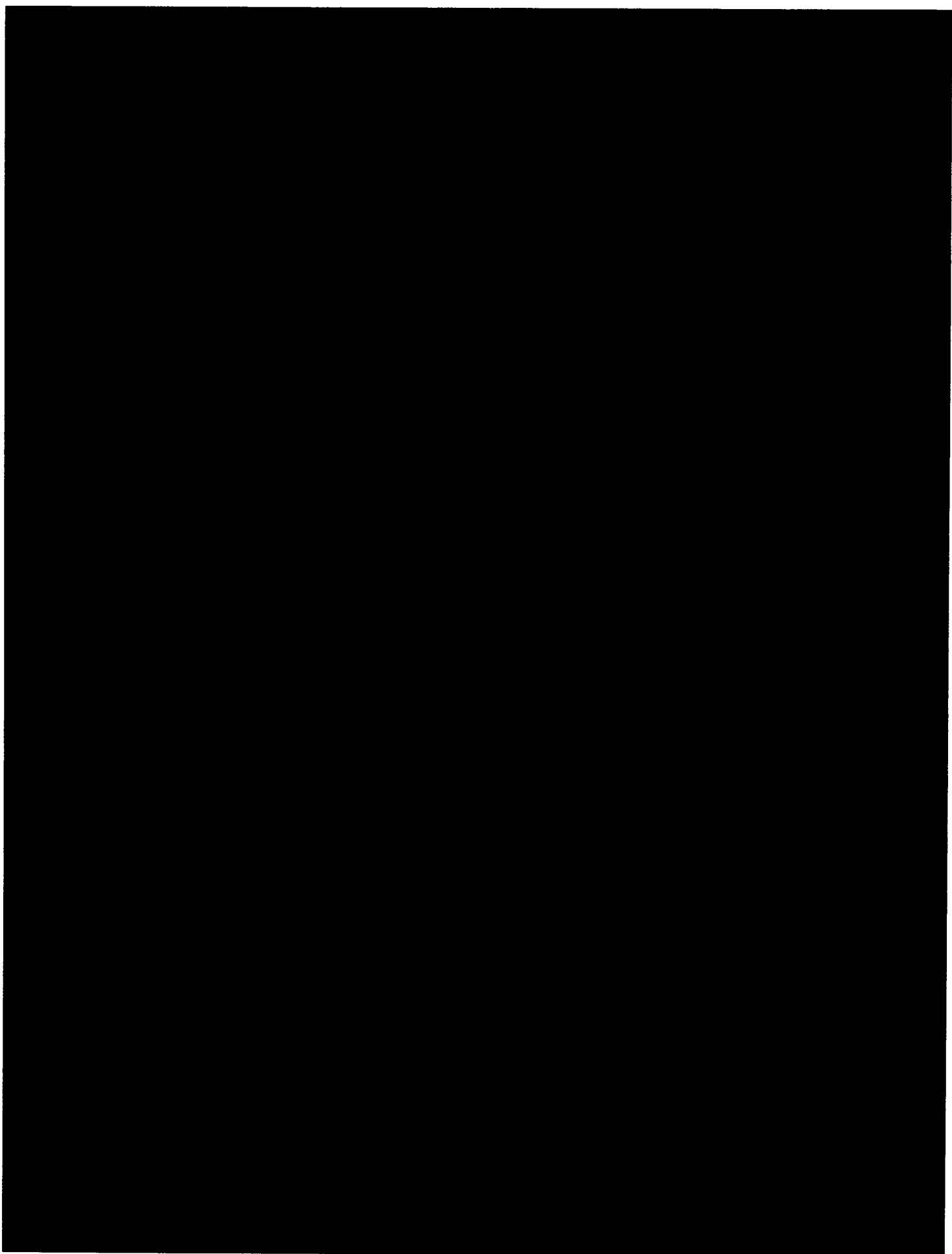


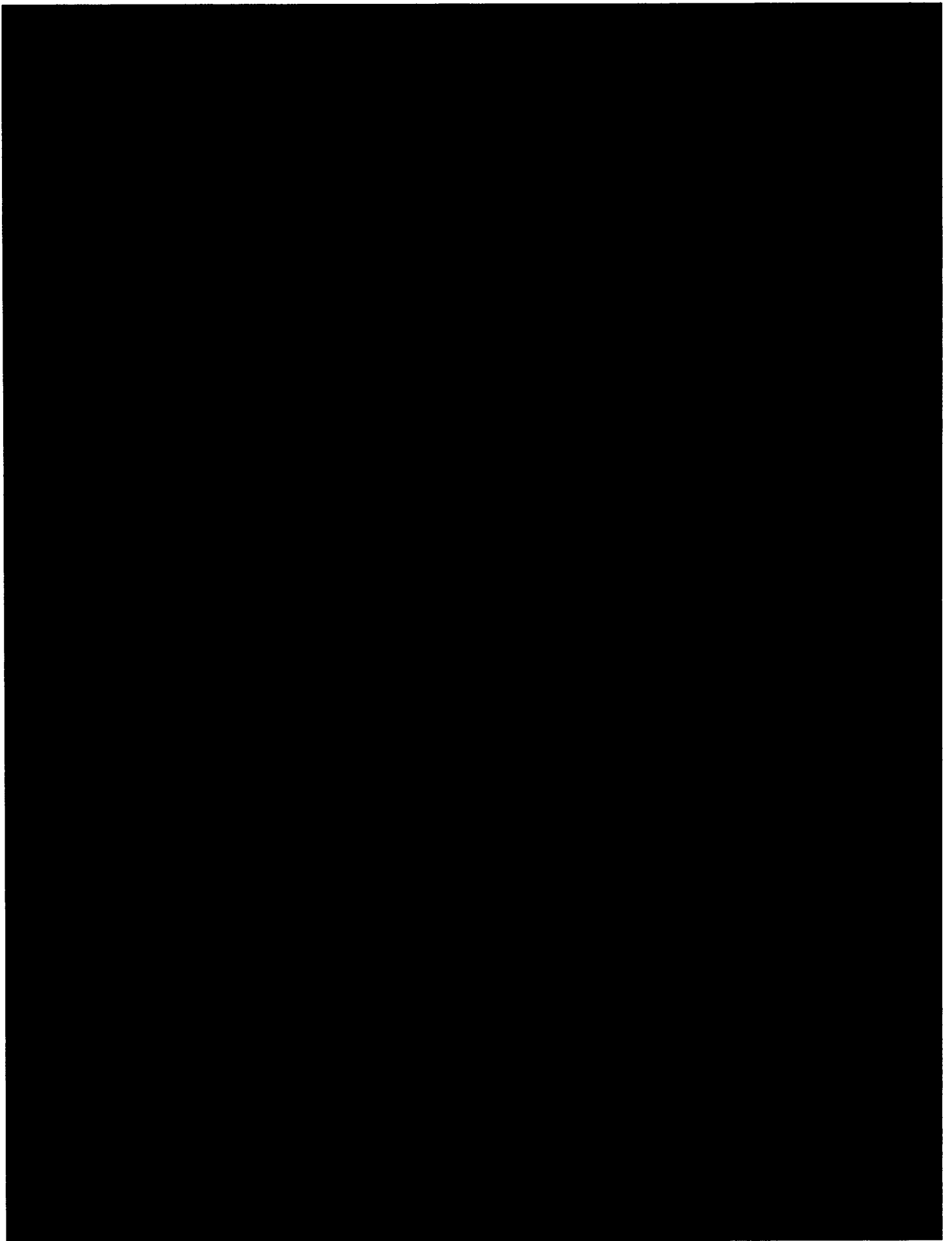


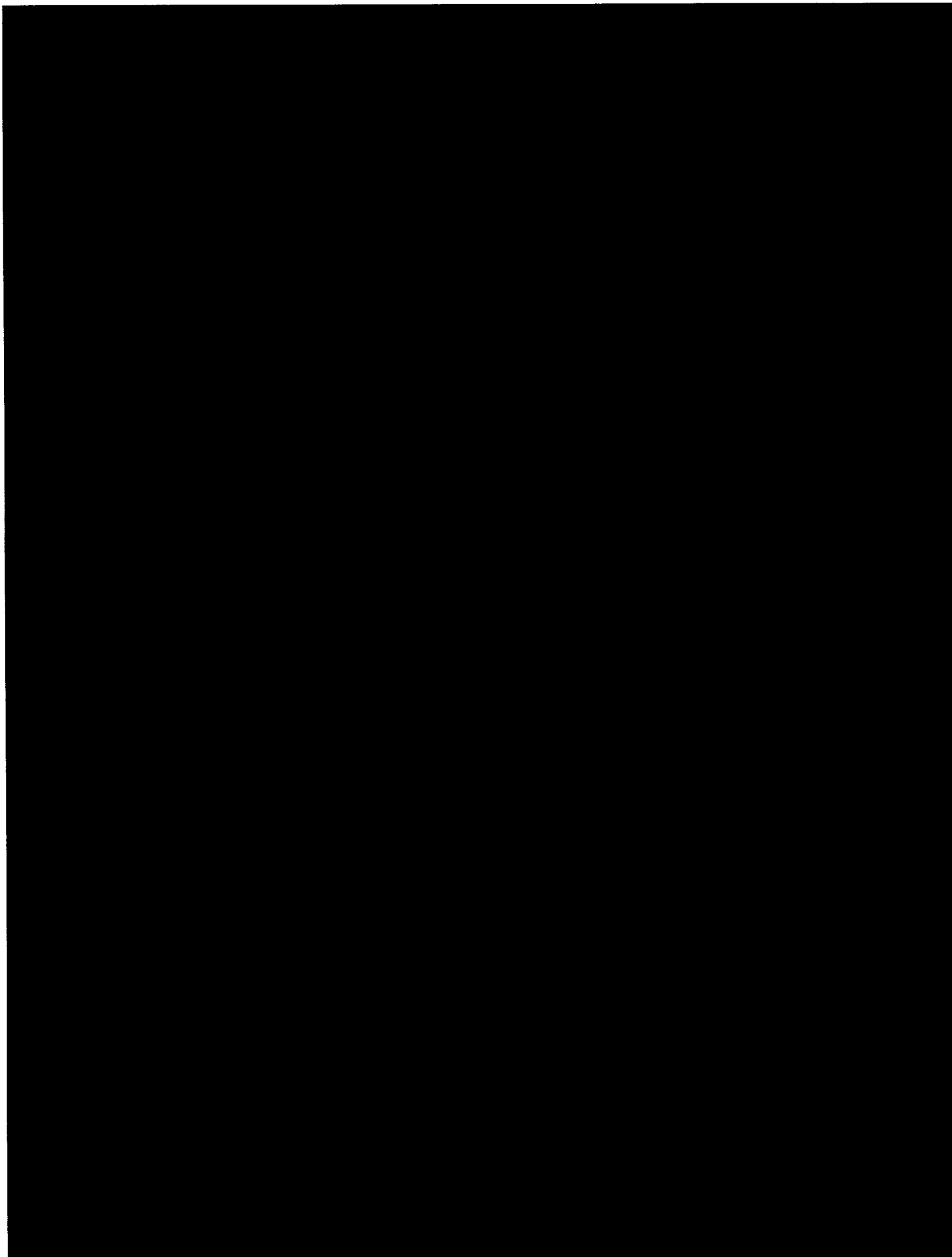


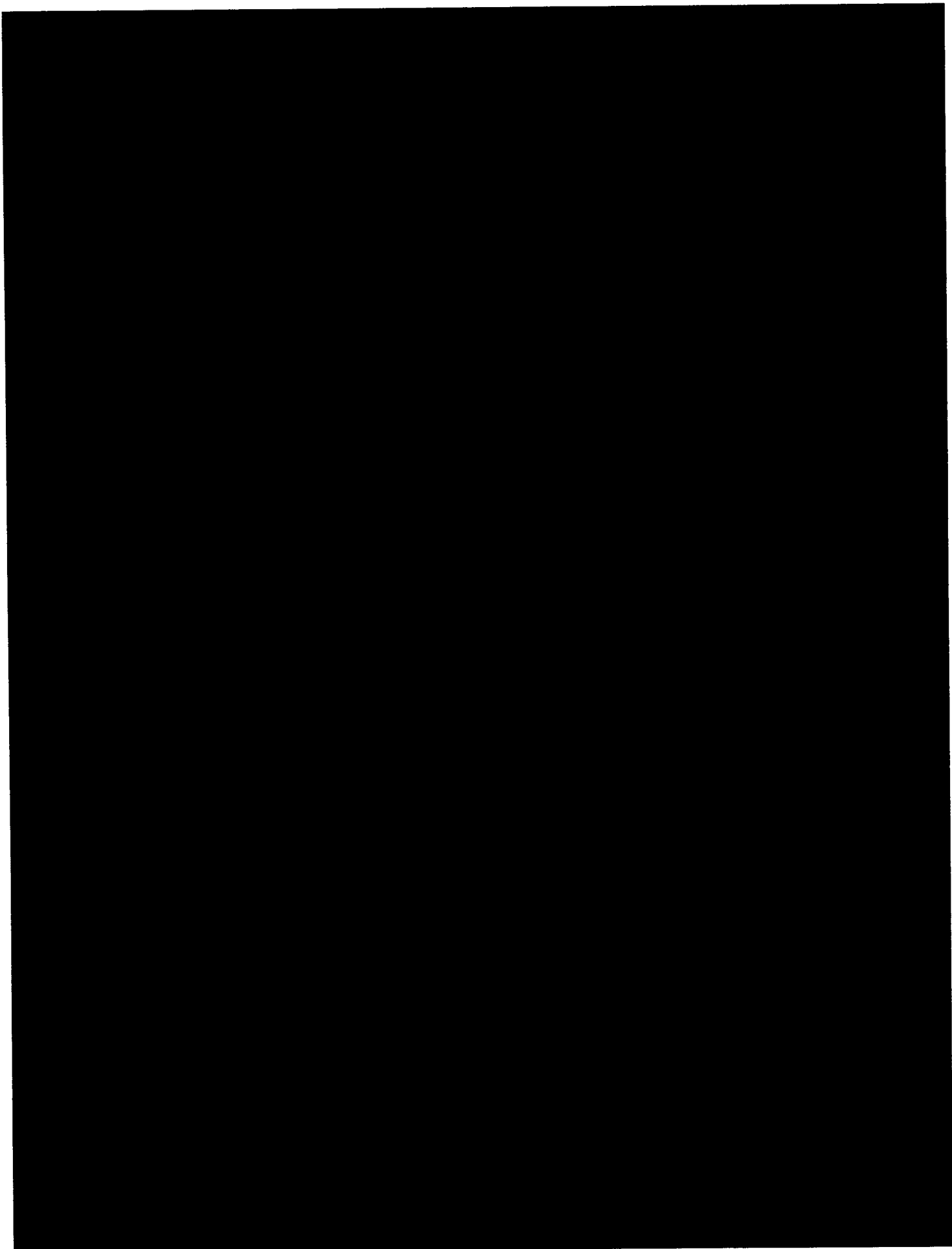


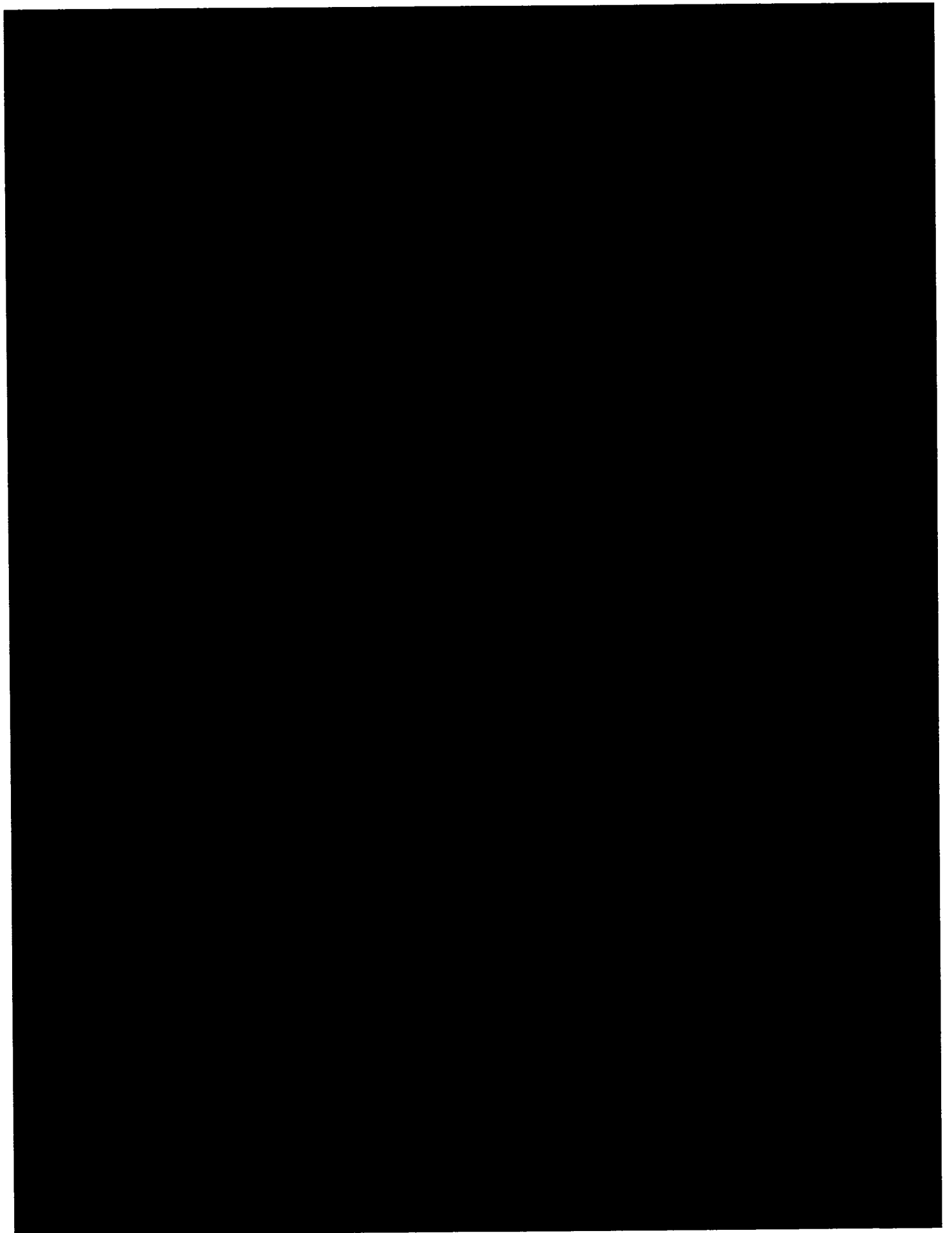


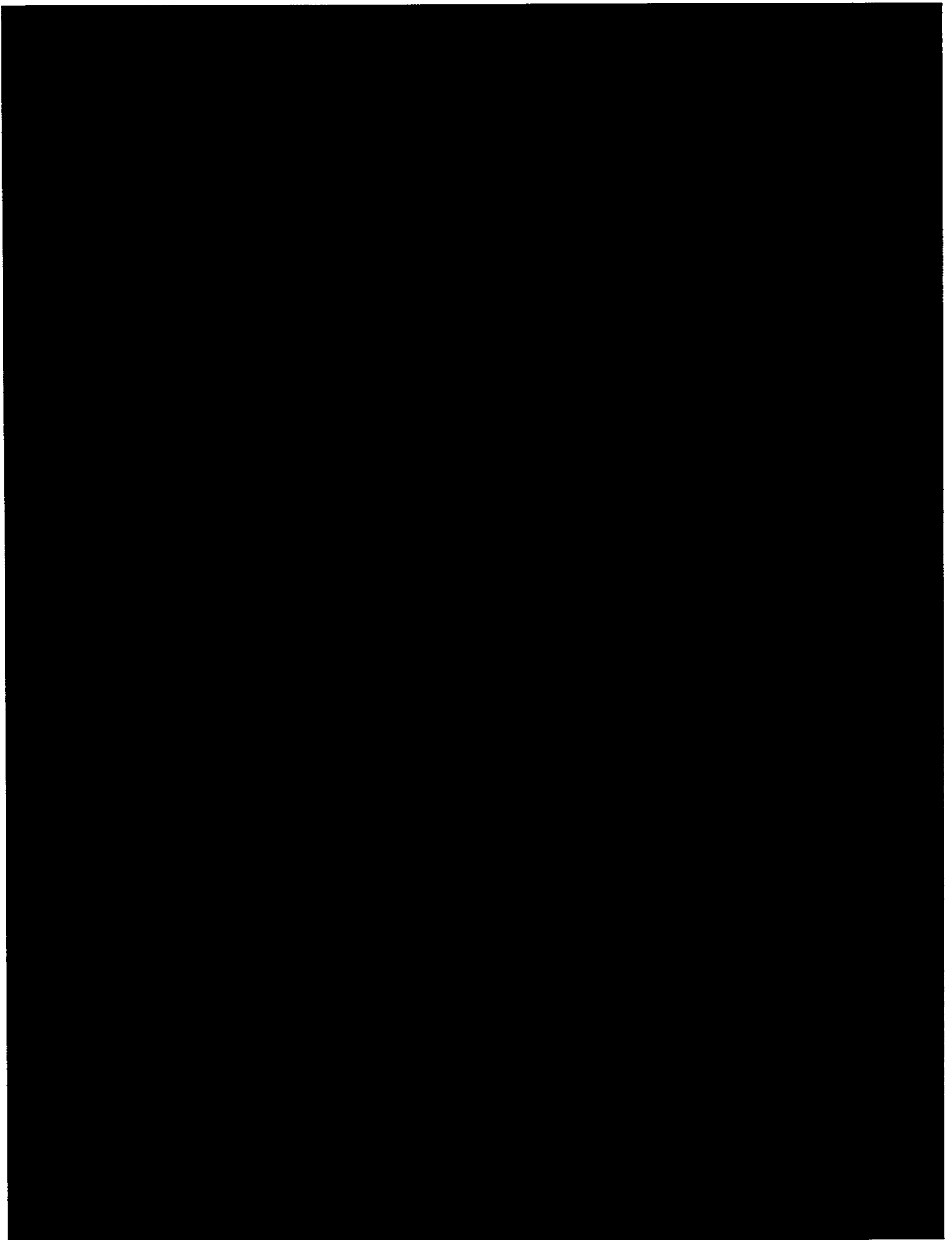


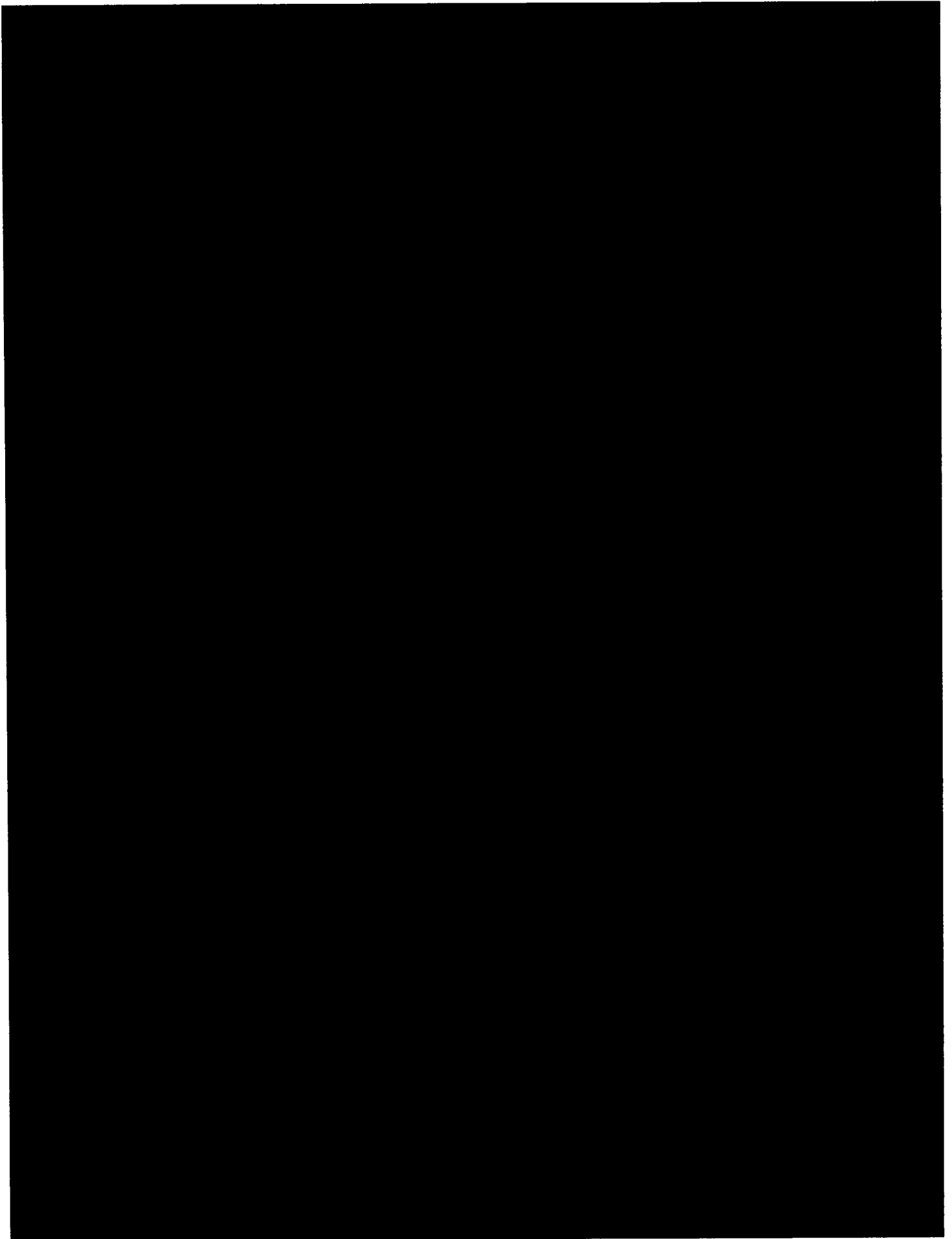


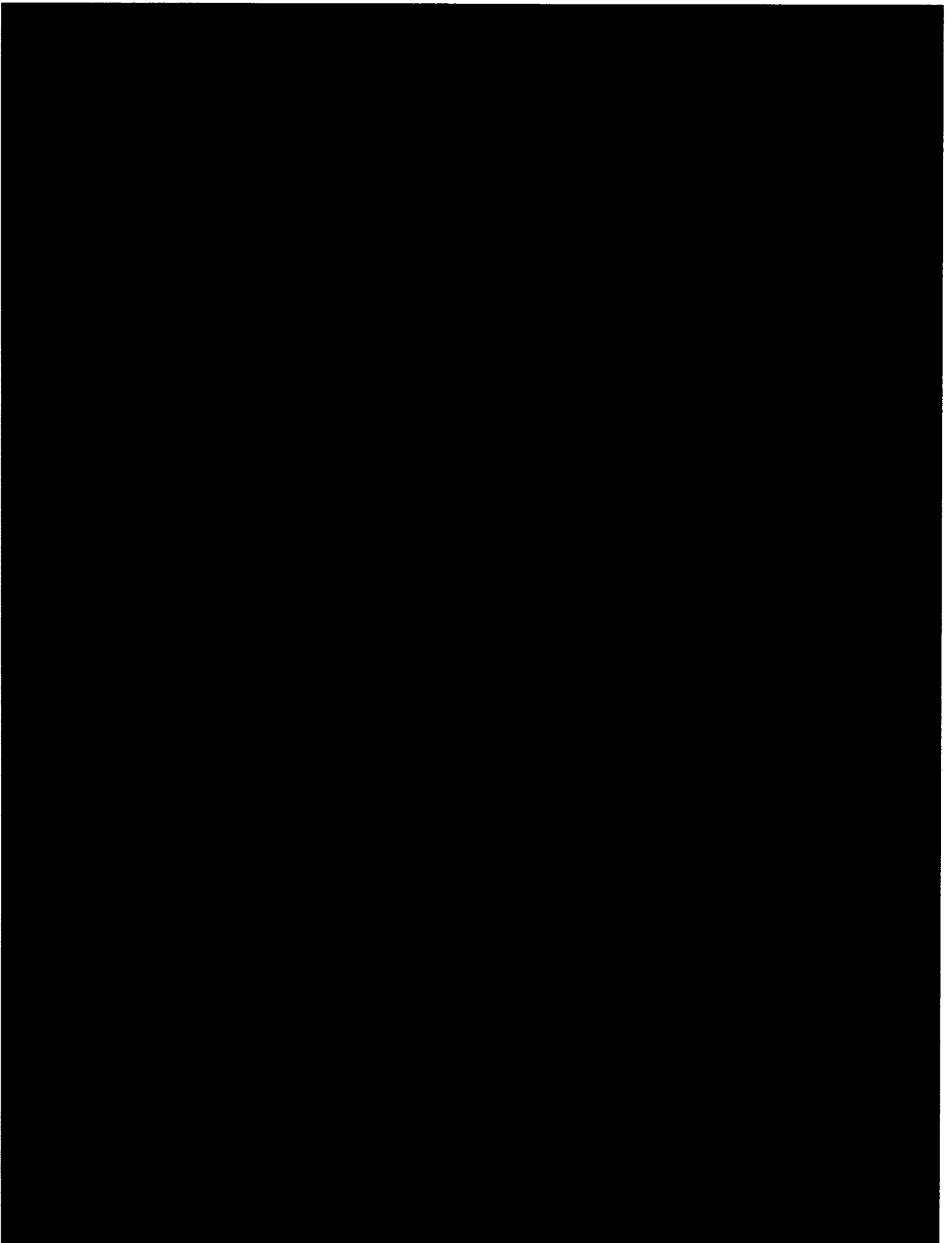


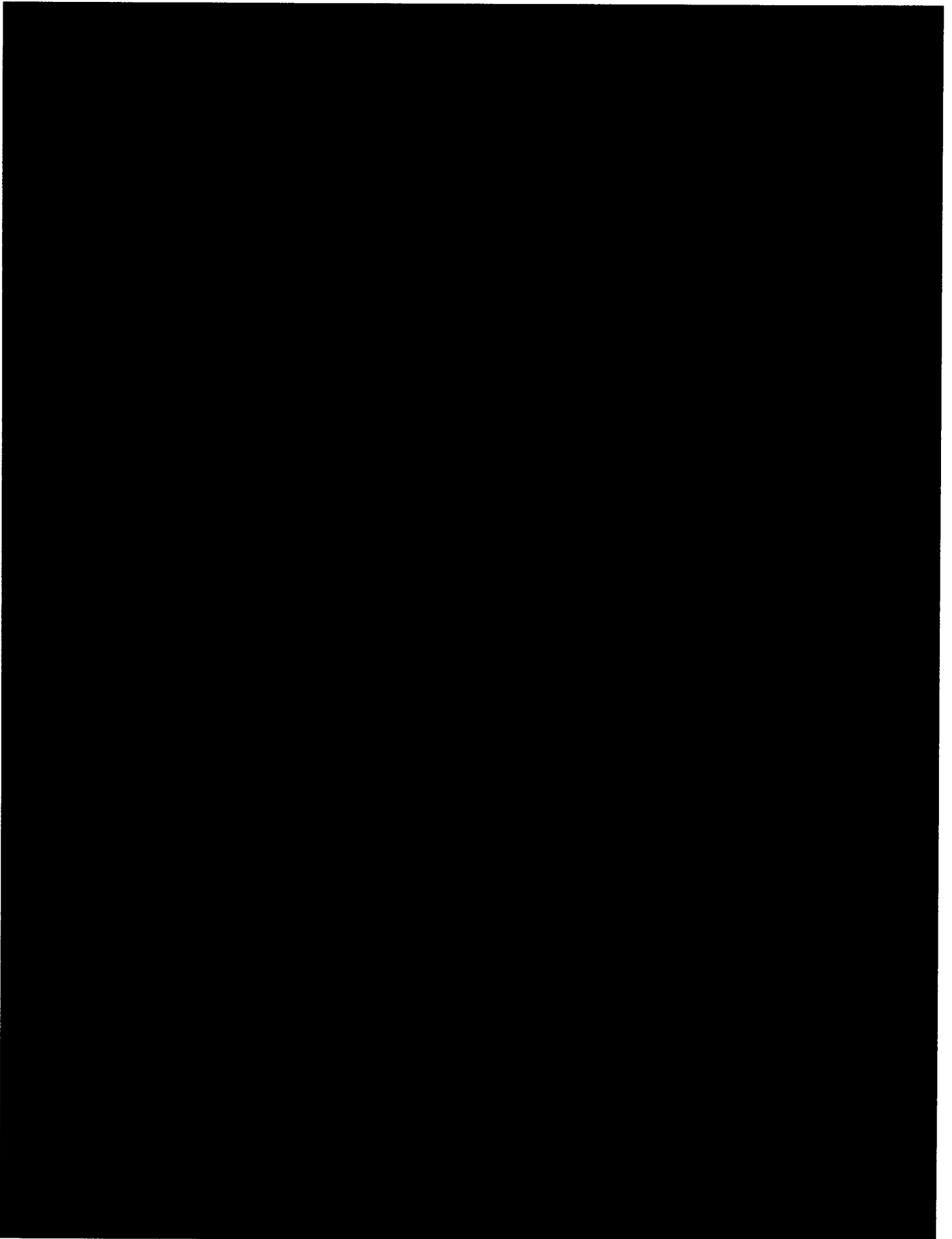


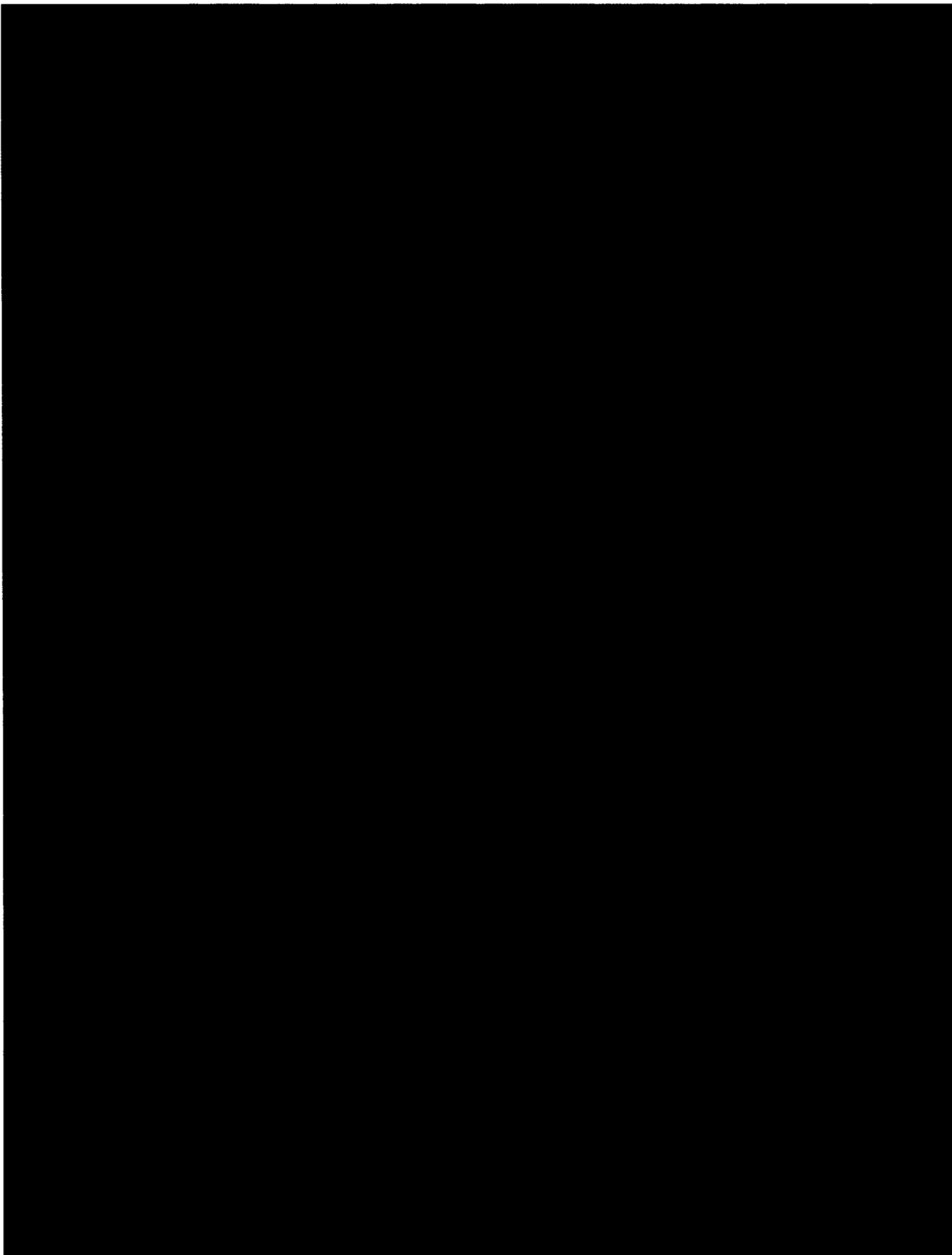


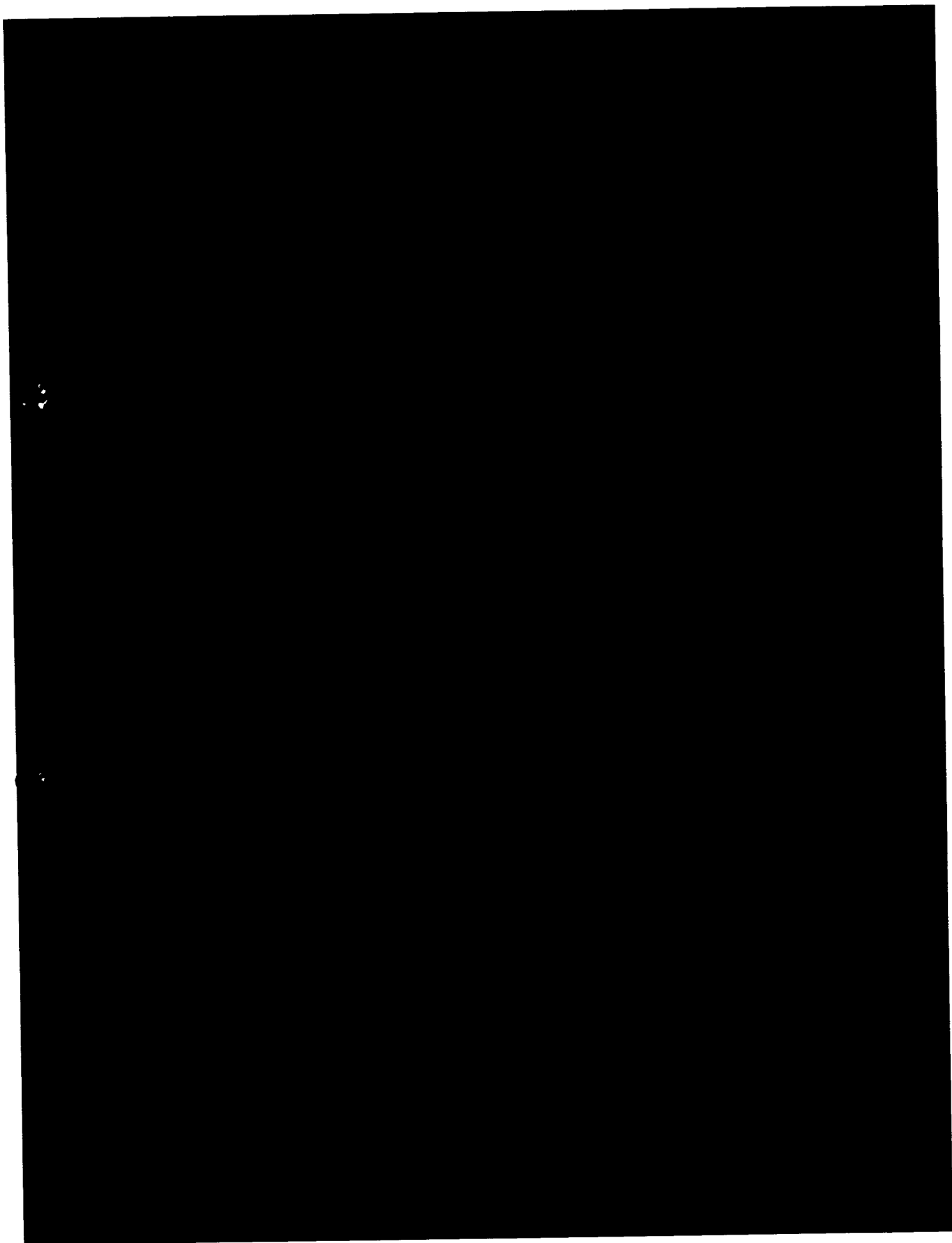












**REMARKS BY
MINISTER FOR TRANSPORT OF THE REPUBLIC OF
KENYA, HON. JOHN N. MICHUKI, MP,
DURING OPENING CEREMONY OF THE EXTRA-
ORDINARY MEETING OF THE TRANSIT TRANSPORT
CO-ORDINATION AUTHORITY OF THE NORTHERN
CORRIDOR**

AT THE HILTON HOTEL, NAIROBI, ON 5th AUGUST 2004

Your Excellency, Hon. Moody Awori, Vice President of the Republic of Kenya;

The Chairman of the Northern Corridor & Minister for Transport and Communications, Burundi;

Honorable Ministers;

Your Excellencies Ambassadors & High Commissioners;

Representatives of Development Partners;

Executive Secretary, the Transit Transport Co-ordination Authority of the Northern Corridor;

Distinguished guests;

Ladies and gentlemen;

May I welcome you all to this Extra-ordinary Session of the Transit Transport Co-ordination Authority of the Northern Corridor. I would like to thank you most sincerely for having found time to be with us during this important regional meeting.

Your Excellency, distinguished guests, today's session marks the beginning of the journey towards the proposed project linking the Indian Ocean to the Atlantic Ocean by rail and inland waterways. The idea of the proposed rail link was first mooted during the 15th meeting of Transit Transport Co-ordination Authority held in Bujumbura, Burundi, on 6th November 2003.

Your Excellency, ladies and gentlemen, the Northern Corridor hinterland is well endowed with fertile agricultural land and natural resources and therefore has an immense economic potential. This economic potential, however, has not been tapped for the benefit of the people of the region due to underdeveloped infrastructural facilities, political turmoil and internal conflicts, which have consistently disrupted development efforts, particularly in the Great Lakes Region.

It is however, gratifying that there are indications that the region is now ready to embark on economic recovery, if the recent political developments are anything to go by.

The development of transport infrastructure is vital for both regional integration and economic development. It is therefore imperative that Member States take it upon themselves to improve the existing infrastructure and develop new ones in order to promote trade and development in the region.

Your Excellency, it is with this in mind that we converge here today, to chart the way forward with regard to the proposed project.

Ladies and gentlemen, the proposed rail and inland waterway project would entail the up-grading of the existing railway networks in Kenya and Uganda, improvement of the terminal facilities, and the extension of the network to the port of Kisangani in the DRC. It should be noted that the port of Kisangani is already linked to Kinshasa via the River Congo and that there exists a railway link between Kinshasa and Matandi Port on the Atlantic Ocean.

However, up to 1980s, railways used to be the main mode of transport for long distance heavy and bulky freight as well as passengers in the country. This trend has been reversed over the recent years and the railway today has been relegated to the second most important mode of transport after roads.

Indeed, Kenya Railways transports only a third of the freight traffic handled at the port of Mombasa. This notwithstanding, Kenya Railways also serves the neighbouring countries through the marine and railway transit routes at Kisumu and Malaba respectively.

Your Excellency, distinguished guests, in order to complete the policy reforms with regard to the railways, the Governments of Kenya and Uganda in August, 2003 took a strategic decision to privatize their two Railways through a joint concession.

This move is expected to attract private capital and managerial skills that are much needed to turn-around the operations of the railways. It is expected that the concessioning process for the two Railways will be completed within the scheduled time for the concessionaire to take over the operations by the second half of 2005.

In tandem with these developments, the proposed ocean-to-ocean rail link, along with other proposed railway extensions to Ethiopia and to Southern Sudan will form the necessary backbone for regional integration and economic development.

Parallel to this concessioning process of the railway networks, the Kenya Government plans to turn the port of Mombasa into a landlord port where services will be provided by the private sector. There are also plans to turn Mombasa into an e-port with an established Community-Based Information System. Besides, there is a proposal to construct a second Container Terminal with an annual capacity of 1.0 million TEUs to cater for the port capacity projections for the year 2020.

In addition to these plans, concrete measures have been taken to decongest the port of Mombasa. Cargo destined to Nairobi and Kisumu Inland Container Depots is currently being loaded from ships directly onto trains. There is also a pilot project for cargo destined to Kampala since May this year in what already is now known as "seamless block trains".

With these few remarks, it is now my pleasure to welcome the guest of honour, His Excellency Moody Awori Vice President of the Republic of Kenya to officially open this meeting.

Thank you.

**SPEECH BY VICE PRESIDENT OF THE REPUBLIC OF KENYA, HON.
DR. ARTHUR MOODY AWORI, EBS, MP,**

**DURING THE OFFICIAL OPENING OF THE EXTRA-ORDINARY
MEETING OF THE TRANSIT TRANSPORT CO-ORDINATION
AUTHORITY OF THE NORTHERN CORRIDOR, ON LINKING OF PORT
OF MOMBASA ON INDIAN OCEAN TO PORT OF MATANDI ON
ATLANTIC OCEAN BY RAIL AND WATERWAYS AT THE HILTON
HOTEL, ON 5TH AUGUST 2004- 9.00 A.M.**

- The Chairman Transit Transport Co-ordination Authority and Minister for Transport and Communications of Burundi,
- Hon. Ministers of the Northern Corridor Transit Agreement Member States,
- Hon. Ministers of the Government of the Republic of Kenya,
- Your Excellencies, High Commissioners and Ambassadors,
- Development Partners,
- Distinguished Guests,
- Ladies and Gentlemen.

On behalf of the Government and people of Kenya let me take this opportunity to welcome all of you to Kenya. The Government of Kenya regards this meeting as an important milestone towards the development of the infrastructure in the Northern Corridor region.

Mr. Chairman, the Government of Kenya is committed to the provisions of the Northern Corridor Transit Agreement, especially Article I, that recommends that member states should develop transport infrastructure in their respective territories to facilitate movement of goods and services along the corridor.

Distinguished guests, ladies and gentlemen, as you are aware the promotion of regional integration remains one of our main priorities because of the smallness of our individual economies that cannot generate economies of scale.

Bridging the gap in the infrastructure is a crucial element of promoting regional integration. This has the positive implications of reducing costs and improving quality of services, increasing both public and private investment in transport infrastructure, removing barriers to movements of goods and people as well as supporting regional cooperation and integration of markets. Thus the job of developing the infrastructure in the region is critical for sustaining regional economic development and trade facilitation.

This job is not impossible and is within our capabilities to achieve. NEPAD, for example, has reminded us that there is considerable potential for developing infrastructure and promoting regional integration. The formula is by the sharing, amongst our beloved countries, of three fundamentals that include the production, the management, and the operations of the infrastructural facilities through hubs and development corridors.

You are also aware of the reform movement that is gaining momentum in the infrastructure sector, where our countries are moving away from a model of public sector monopoly. One of our greatest challenges in this momentum relates to the establishment of regulatory frameworks that foster fair competition and support emergence of regional markets.

Our success in addressing this challenge demands our collective determination in the mobilization and commitment of financial resources as well as political will, which is

necessary to implement the required policy and institutional changes. It also demands our determination in the mobilization of resources for regional projects and enlarging private sector participation in infrastructure financing and development.

Distinguished Participants, you will realize that these demands bring with them a new sense of urgency. Our determination and commitment to mobilize and harness political support and financial resources in support of the infrastructure development for regional integration and overall competitiveness is urgent. It is in this way that we can be sure of speeding up the regional economic growth and social development as well as reducing poverty amongst our peoples.

It is against this background that Kenya wishes to express its commitment to the project to link the Indian Ocean seaboard at Mombasa and the Atlantic Ocean Port of Matandi by rail and waterways, the subject of this meeting. The Governments of Kenya and Uganda have put a lot of emphasis on the rehabilitation of the Railway infrastructure. It is our view that rail transport provides the most cost effective way to transport heavy bulk goods. The rail will provide transportation of the goods without incurring huge costs that are associated with the damaging of our roads.

It is for this reason that the Governments of Kenya and Uganda are in the process of jointly concessioning their two railway networks to improve performance and make both railways competitive in the Northern Corridor.

Mr. Chairman, extension of our rail link, will provide an invaluable bridge particularly amongst our countries in the Northern Corridor region and generally with the rest of the world. The sea transport, on the other hand, will remain pre-dominantly important due to its competitively low freight rates. Essentially, the link between the rail transport and the water transport is complementary and will provide faster and efficient movement of high value cargo and effective promotion of regional trade.

More importantly, ladies and gentlemen, the link will not only contribute to poverty reduction and inter-state trade facilitation in the region, but will also promote the region to internationally competitive levels. This is in line with our policies in the Northern Corridor Transit Agreement.

The efforts by our Governments in forging closer political as well as economic and social integration are encouraging and should be promoted by all means. The implementation of the Northern Corridor project of bridging the Indian Ocean East Coast seaboard with the Atlantic Ocean in the Central- West Coast of Africa is a profound move in the right direction and a beacon of hope and expectations for the entire region.

Distinguished Participants, Ladies and Gentlemen, I would like therefore to take this opportunity to request all our esteemed development partners to be with us as we ponder ways and means of implementing the proposed project. We hope this will be a matter of priority as well as part of our continued collaboration in the development area.

With these remarks, I wish you fruitful deliberations as you discuss this landmark project in the development of the region. It is now my pleasure to declare this meeting officially opened.

Thank you.

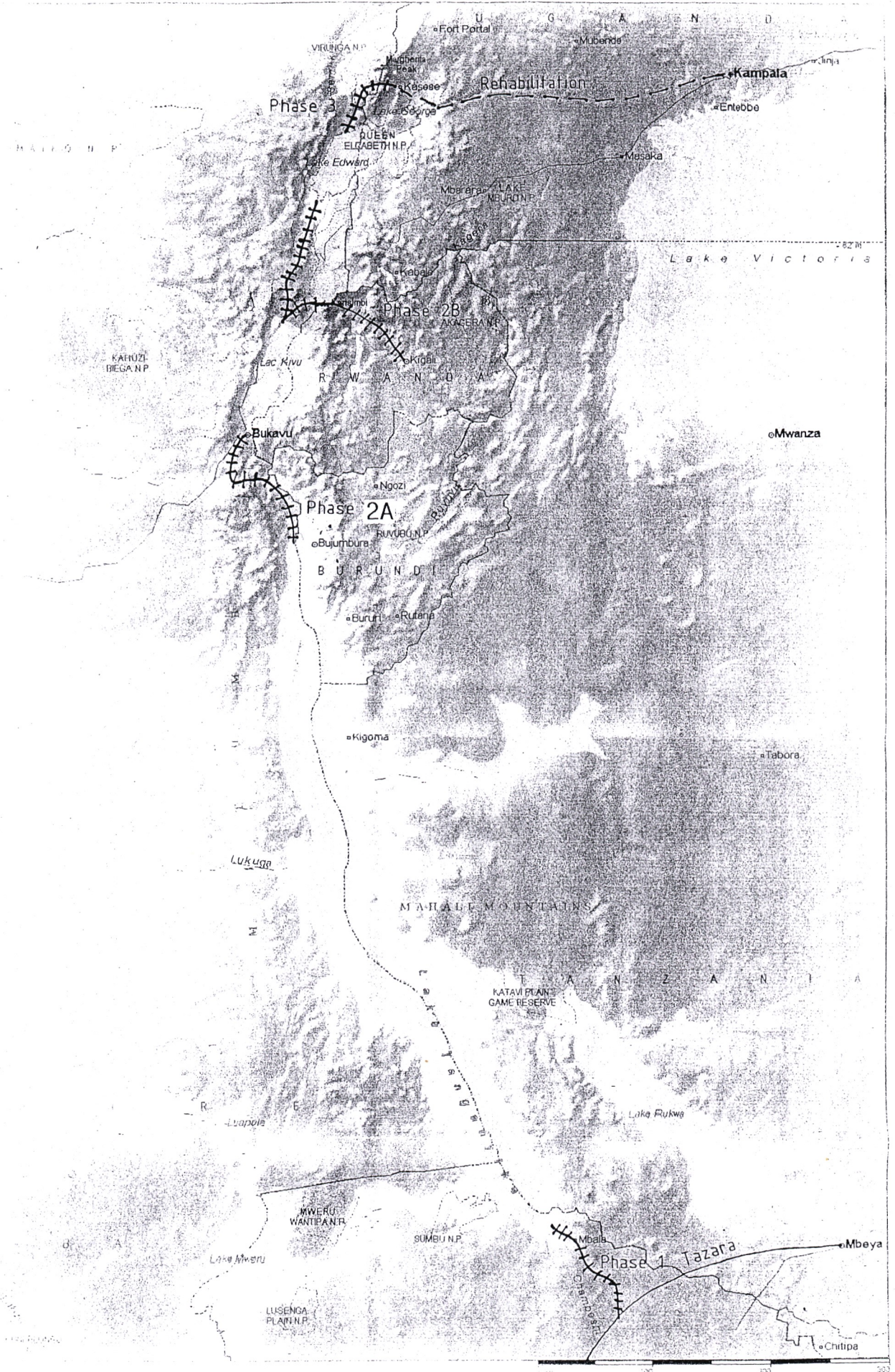
PRIORITY PROJECTS IN RAILWAY, PORTS AND WATER TRANSPORT - COMESA

Sector	Submitting Country	Project Title	Estimated Cost (US\$)	Status and Comments in COMESA Records	Scope of regional coverage
Railways	Burundi	- Feasibility study on the construction of the Kagera Basin Railway Network	"	No information available on the status of this project	Linking Great Lakes member states
Railways	Egypt	- Project of railway line connecting Asia with Africa - Upgrading the railway line (El-Qadafi/ Marouh/ El-Saloum) 300km - Connecting Railways network with north African countries 560 km length width 1,435 - Connecting Railways network towards Southern Africa countries 500 km length, 450 inside Egypt & 50km inside Sudan	40 m US\$		Linking Egypt to Sudan and North Africa
Railways	Eritrea	- Reconstruction of the Massawa/Asmara line	Not available	No information available	Regional Links between Ethiopia and Eritrea
	Ethiopia	- Rehabilitation of the Ethio/Djibouti Railway	Not available	No information available	Regional Links between Ethiopia and Djibouti
Railways	Kenya	- Realignment of Mombasa-Nairobi line (534 km) - Upgrading Nakuru-Kisumu branch line - Yard expansion and rail access to Kisumu container depot - Provision of concrete sleepers for KR network	Not available 13 million 0.14 million Not Available	Funds not yet secured. Financiers are being sought The line had been upgraded to Kadowa and stopped due to lack of funds No information available	Regional links for East African and Great Lakes countries
Railways	Malawi	- Improvement of Malawi railway communications systems - Extension of the station yards of Mudi and Blantyre: provision of more tracks and sidings - Reconstruction of Rivivivi rail bridge	0.8 million 0.25 million 1.7 million	Funding being sought Funding being sought. ODA has shown interest DFID contacted	Regional Links between Malawi and Mozambique
Railways	Malawi	Emergency repairs to the Railways Bridges and Culverts between Balaka and Kanengo	0.6 million	Funds being sought	
Railways	Sudan	- Construction of Suakin-Sallom line (50 km) - Construction of Damazine-Kurmuk (150 km) - Construction of Wau-Tumbwa line (250 km) - Rehabilitation of Sennar-Damazine line (240 km)	18 million 45 million 75 million 67 million	Funds not yet secured Funds not yet secured Funds not yet secured Funds not yet secured	Linking Sudan with neighbouring countries

		<ul style="list-style-type: none"> - Modernisation of signalling and telecommunications systems - Mechanisation of Track Construction and Maintenance equipment 	37.6 million	Study completed but funds for modernisation not yet secured	
		10 million	Funds not yet secured		
Railways	Swaziland	<ul style="list-style-type: none"> - Study for dieselisation of 19 locomotives of Swaziland railway - Rehabilitation of Swaziland railway lines Matsapha to Phyzumoya and Mpaka to Mozambique border - Study on purchase of rolling stock for Swaziland railways 	0.3 million	The project was under review pending the implementation of long term strategy for Swaziland railway	Regional Links covering Swaziland, Mozambique and South Africa
		23.4 million	Project that had not attracted any financing yet. Negotiations were ongoing with Italy		
		20.8 million	Not yet started. Local cost (0.80 million) secured		
Railways	Zambia	<ul style="list-style-type: none"> - Track renewal by re-sleeping with concrete sleepers - Replacement of breakdown cranes - Supply of 110 wagons - Purchase of track maintenance equipment - Feasibility study on Zambia-Namibia railway line - Purchase of inspection and Gang trolleys - Replacement of Kafue railway bridge - Concrete re-sleeping of 510 km of track for Zambia Railways 	74.1 million	Ongoing project. Local cost (\$22.05 million) secured	Regional Links covering Zambia, Tanzania Congo DR and Zimbabwe Ethiopia and Eritrea
		1.4 million	Funds not yet secured		
		6 million	Funds not yet secured		
		2.4 million	Funds not yet secured		
		1.5 million	Funds not yet secured		
		2 million	Funds not yet secured		
		17.8 million	Funds not yet secured		
		45 million	Ongoing project. Funds partially secured by ZR		
Railways	Zimbabwe	<ul style="list-style-type: none"> - Acquisition of 277 coaches of NRZ - Replacement of telecommunications signal and wagon control equipment - Acquisition of wagons: 520 dro-sided and 1, 135 high-sided - Improvement to the ports of Bujumbura and Kogoma on Lake Tanganyika 	131.5 million	Project that had not attracted any financing yet	Regional Links Zimbabwe, Mozambique, South Africa, Botswana and Zambia
		12 million	Ongoing project. Funds partially secured from Germany. KFW contacted for additional funding		
		75.4 million	Project that had not attracted any financing yet		
Water Transport	Burundi		No information available on the status of this project	Inland water links for the Great Lakes States	
Ports, Shipping and Inland Water Transport	Egypt	<ul style="list-style-type: none"> - Contribution in the projects of developing and upgrading Egyptian ports. - Establish an integrated information system for maritime purposes for African maritime activities - Expansion of integrated information system project for maritime 		Linking Egypt & Sudan	

			<ul style="list-style-type: none"> navigation aids, rescue and maritime data exchange between African countries. Studying plan to establishment of African lines network serving foreign trade and help in connecting African regions with the world. The navigational route Aswan/Nasser Lake/Wadi Halfa Upgrade and develop the national institute for river transport Upgrade and develop the navigational canals of River Nile 	<ul style="list-style-type: none"> 2.0 Million 4.0 Million 8.0 Million 		
Ports, Shipping and Inland Water Transport	Kenya	<ul style="list-style-type: none"> Construction of a container freight station and provision of equipment at Mombasa port Rehabilitation of berths, 8, 9 and 10 in Mombasa port Conversion of berths 13 and 14 into container berths in Mombasa port Improvement of meteorological services around Lake Victoria to improve safety navigation 	<ul style="list-style-type: none"> 30 million 12 million 36 million 11.2 million 	<ul style="list-style-type: none"> Construction mothballed No funds have been secured No funds have been secured No fund have been secured 	<ul style="list-style-type: none"> Deep sea and inland water links for Kenya to various member states. 	
Inland Water Transport	Malawi	<ul style="list-style-type: none"> Extension of floating dock at Mokey Bay Rehabilitation of port facilities at Nkata Bay 	<ul style="list-style-type: none"> 0.25 million 1.07 million 	<ul style="list-style-type: none"> The project has not yet started. Local cost secured Project under review 	<ul style="list-style-type: none"> Inland water linking Malawi, Mozambique and Tanzania 	
Ports, Shipping and Inland Water Transport	Sudan	<ul style="list-style-type: none"> Improvement of Sudan shipping line operations 	Not available	<ul style="list-style-type: none"> Fleet renewal by acquiring two multipurpose vessels in the next five years. 	<ul style="list-style-type: none"> Links Sudan by sea to the rest of the region 	
Inland Water Transport	Uganda	<ul style="list-style-type: none"> Feasibility study on restoration of inland water transport services, rehabilitation of shore infrastructure and purchase of suitable water craft 	13 million	<ul style="list-style-type: none"> Funding being sought. ADB had expressed interest to fund the study 	<ul style="list-style-type: none"> Links Uganda to Kenya and Tanzania 	
Inland Water Transport	Zambia	<ul style="list-style-type: none"> Development of Mpulungu Port 	2.75 million	<ul style="list-style-type: none"> The feasibility study has been completed and funded by EU. EU has also agreed in principle to finance the rehabilitation 	<ul style="list-style-type: none"> Links Zambia to Burundi, Congo, DR, and Tanzania 	
Multimodal Transport	Kenya	<ul style="list-style-type: none"> Establishment of a transit traffic data bank 	400,000	<ul style="list-style-type: none"> No funds have been secured 		
Multimodal Transport	Malawi	<ul style="list-style-type: none"> Establishment of dry ports/CDS at Blantyre and Lilongwe 	4 million	<ul style="list-style-type: none"> The project has not yet started. Local cost secured Funding being sought 		
Multimodal Transport	Malawi	<ul style="list-style-type: none"> Purchase of trucks for Chilumba-Mbeya shuttle service Feasibility study for the establishment of dry ports/CDS at Liworde 	<ul style="list-style-type: none"> 22.40 million 0.1 million 	<ul style="list-style-type: none"> The project has not yet started. Local cost secured 		
Multimodal Transport	Swaziland	<ul style="list-style-type: none"> Construction of a dry port at Matsapha Phase I 	0.25 million	<ul style="list-style-type: none"> Ongoing project. Funded by Swaziland 		

GREAT LAKES RAILWAYS PROJECT



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GREAT LAKES RAILWAYS

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PROVISIONAL PROGRAMME

EXTRA-ORDINARY MEETING OF THE AUTHORITY ON THE PROPOSED PROJECT: LINKING THE INDIAN OCEAN TO THE ATLANTIC OCEAN THROUGH KISANGANI – THE RAILWAY SOLUTION HILTON HOTEL, NAIROBI

- 08.00 – 08.30 - Registration
- 08.30 – 09.30 - Opening
- Welcoming remarks by the Chairman of the Authority
 - Statement by the Executive Secretary
 - ✓ Statement by the Representative of the African Union
 - ✓ Statement by the Honourable Minister of the Democratic Republic of Congo
 - ✓ Statement by the Minister of Transport of the Republic of Kenya
 - ✓ Opening statement by the Guest of Honour
 - Vote of thanks by:
 - ✓ - Honourable Minister of Works, Housing and Communications, Uganda
 - Seconded by the Honourable Minister for Infrastructure, Rwanda
- 09.30 – 10.00 - ✓ Coffee/Tea break
- 10.00 – 11.30 - ✓ Presentation and discussion of the TTCA Project Proposal: Linking the Indian Ocean to the Atlantic Ocean through Kisangani – the Railway Solution
- 11.30 – 12.30 - ✓ Consideration of other Railways Links:
 - The COMESA Great Lakes Railway Project
 - The KBO Railways Project
 - Railways Links with Southern Sudan and Ethiopia
- 12.30 – 13.00 - ✓ Statements by cooperating and development partners
- 13.00 – 15.00 - Lunch Break
- 15.00 – 15.30 - Any Other Business
- 15.30 – 16.00 - Reading and signing of the Joint Communiqué and closure of the meeting
- 16.30 – 17.00 - Launching of the Seamless Train Services between Mombasa and Kampala
- 18.00 - Cocktail



LINKING THE INDIAN OCEAN TO THE ATLANTIC OCEAN THROUGH CENTRAL AFRICA

The Railway Solution

**Extraordinary Meeting of The
Authority of the TTCA**

**Nairobi, Kenya
August, 5th 2004**

Contents

- Background
- Project Justification
- Review of Existing Infrastructure
- Development of Rail Transport
- Considerations on Alternative Rail Link
- Regional Initiatives
- The Way Forward

2

Background

- Political and Economic Environment
 - Recent political development
 - DR Congo
 - Burundi
 - Sudan
 - Regional Integration Programs
 - ECA
 - UNECA
 - COMESA
 - EAC
 - Regional Organisations Initiatives
 - Great Lakes Initiative
 - NEPAD Program

3

Corridor Definition

- The transport corridor linking the Great Lakes countries of Burundi, Democratic Republic of Congo, Rwanda and Uganda to the Kenyan seaport of Mombasa referred to as the Northern Corridor
- The Corridor is also linked to North Tanzania, Southern Sudan and F

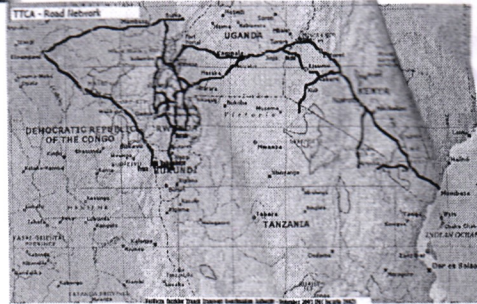


Corridor Definition: Existing & Proposed Routes(Cont)

- Like other port corridors, the Northern Corridor is a multi-modal transport corridor served by rail, road, pipeline and inland waterways transport modes
- Rail transport though declining during the past decade still plays a significant in conveyance of export/import cargo

5

Corridor Definition : Existing Routes



6

Corridor Objectives:

- To transform the Northern Corridor into an economic corridor, with rail transport as its backbone
- Upgrade transport infrastructure and facilities through public-private partnerships
- Promote rail transport as a cheaper, safer and more environmentally friendly mode
- Concession rail operations in order to enhance efficiency
- Rehabilitate, strengthen and widen the existing networks
- Develop the missing links

7

Institutional Frame

- The Northern Corridor Trar
 - Multilateral treaty (9 proto
 - Review of NCTA in proces
 - Members States
 - Organization Structure
 - Authority
 - Executive Board
 - Permanent Secretar



Review of Existing Infrastructures Road Infrastructure - Network Distribution Main Axis (Distance)

- Two main routes linking Kisangani
 - From Kasindi (DRC/Uganda Border), 799 Km through Beni, Komanda, Mambasa, and Niana (Poor condition and not asphalted)
 - From Goma and Bukavu (DRC/Rwanda Border) 680 Km through Walikale and Lubutu (250 Km asphalted)
- Road routes serving Kisangani are in very poor condition.

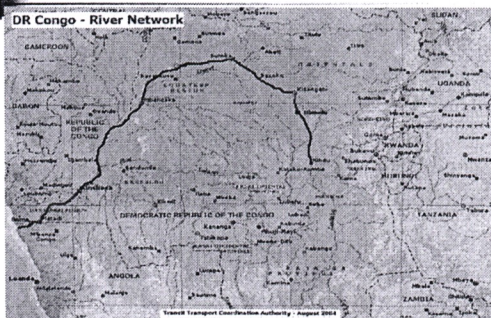
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Review of Existing Infrastructures Road Infrastructure - Network Distribution Main Axis (Distance)

Country	Paved	Unpaved	Total
Burundi	320	36	356
Congo DR	721	1960	2641
Kenya	1196	0	1196
Rwanda	814	0	814
Uganda	1042	657	1669
Total	4093	2613	6706
Per cent	61%	39%	100%

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Review of Existing Infrastructures River Network



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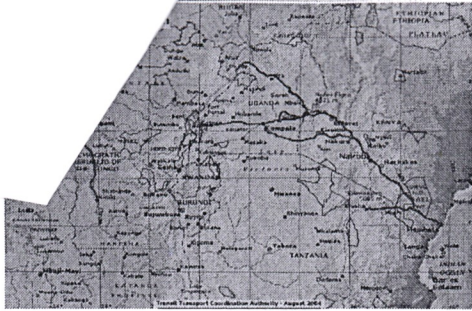
Review of Existing Infrastructure - Rail

- Railway networks in Kenya & Uganda only, built 1890s to 1920s.
- Single line, meter gauge, 3350kms;
- Mainline Mombasa to Kampala. Major Branches to Kisumu, Nanyuki, Magadi, Kasese, Pakwach. Marine services on Lake Victoria.
- Train control system installed in 1950's

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Existing Infrastructure - Rail



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Rail Network Description Condition of the Network

Section	Distance (km)	Condition
Mombasa-Nairobi	530	Some sections require sleeper replacement
Nairobi-Malaba	550	Needs upgrading with 110lb rails
Nakuru-Kisumu	217	Requires upgrading from 60 to 80 lb rails
Malaba-Kampala	250	Requires urgent rehabilitation
Kampala-Kasere	330	Closed since 1998 due to the poor state of the line
Tororo-Pakwach	517	Closed since 1995, but being reopened

Business Performance-Past

Ports Traffic Throughput- Indian African Coast
2002 (MnT) and Mombasa Port Throughput
(Mn Tons) 1998 – 2003

Durban	Mombasa	Daresalaam	Maputo	Djibouti	Beira	Nacala	Mtwara
31,788	10,560	4,217	4,001	3,563	2,356	0,743	0,167

Year	1998	1999	2000	2001	2002	2003	Avg. Growth p.a (%)
Domestic	7.32	6.74	7.47	8.18	8.01	8.87	4.2
Transit	1.13	1.31	1.45	2.12	2.22	2.45	17.6
T/ment	0.11	0.14	0.20	0.30	0.34	0.61	42.6
Total	8.56	8.19	9.13	10.60	10.56	11.93	7.2

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Business performance - Past

Mombasa Port Transit Traffic (000 Tons)

Country	1998	1999	2000	2001	2002
Uganda	841.9	1,012.6	1,114.6	1,669.8	1,710.0
Tanzania	57.7	63.3	93.2	145.9	157.0
Burundi	1.2	4.2	2.3	6.8	10.0
Rwanda	94.4	109.3	71.7	109.1	109.1
Sudan	52.2	46.3	45.1	67.4	67.4
D.R Congo	59.5	52.4	76.3	68.5	68.5
Others	20.1	21.8	51.2	49.0	49.0
TOTAL	1,126.8	1,310.0	1,454.3	2,105.8	2,105.8
% change p.a.	-	16.2	11.0	11.0	11.0



Performance Projection (2014 – 2024) Hyp.5%

	2009	2014	2019	2224
	11,08	13,85	17,32	21,65
	2,45	3,06	3,82	5,98
T/ment	0,61	0,76	0,95	1,19
Total	11,93	14,913	18,64	23,30
			23,30	29,12

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Business Performance- Past Road/Rail Modal Split (Transit Traffic)1998-2003

Year	Total Transit	Road	Rail	(%) Rail
1998	841,901.00	429,682.03	412,218.97	48.96
1999	1,012,581.00	624,803.00	387,778.00	38.30
2000	1,114,586.00	686,933.50	427,652.50	38.37
2001	1,669,816.00	1,203,607.70	466,208.30	27.92
2002	1,710,098.00	1,229,183.50	480,914.50	28.12
2003	1,893,690.00	1,388,220.60	505,469.40	26.69

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Business Performance Projection Road/Rail Modal Split (2004 – 2224) Mn T.

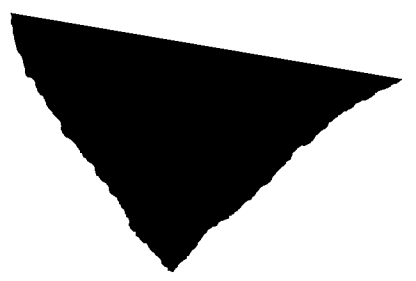
Year	Total Traffic	Road	Rail	(%) Rail
2003	11,930	8,295	2,975	25
2009	14,910	7,465	7,465	50
2014	18,640	9,320	9,320	50
2019	23,30	11,15	11,15	50
2224	29,12	14,56	14,56	50

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Challenges Facing Rail Transport In Region

- Poor infrastructure and outdated technology: Characteristics limiting track & vehicle capacity;
- Poor quality of transport service: long delivery periods; poor reliability, safety and security record;
- Low rail density & disjointed transport systems geared for export than regional trade;

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Challenges Facing Rail Transport In Region

Transport costs- freight costs to value of 30% East Africa; 11% in Africa; 10% in Europe. Freight tariff USD per ton-km

East Africa, Kenya 0.04, Uganda 0.085;

- Inadequate funding to support major rail development;
- Institution framework that have weak corporate governance, are not responsive to market forces and not customer focused.

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Challenges Facing Rail Transport In Region

- Sectoral approach that is not multi-modal, integrated, harmonized and coordinated nationally and regionally.
- Operating in highly competitive freight transport market that is private sector managed;

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Challenges Facing Rail Transport In Region

Freight Tariffs

Route	IMPORTS			EXPORTS		
	20'	40'	B/bulk	20'	40'	B/bulk
Mombasa - Malaba/Kisumu	650.00	1100.00	40.00	350.00	600.00	20.00
Malaba/Kisumu - Kampala	355.00	710.00	22.50	251.60	503.20	10.00
Total	1005.80	1810.00	62.50	601.60	1103.20	30.00

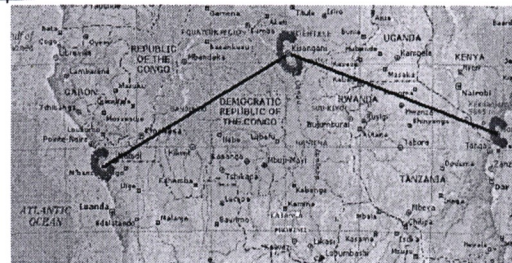
Sources: Tariffs KRC, URC. Bulk Rates USD/T

Route	IMPORTS			EXPORTS		
	20'	40'	B/bulk	20'	40'	B/bulk
Kampala - Mombasa	1800.00	3000.00	100.00	1200.00	2000.00	70.00
Kigali - Mombasa	2450.00	4700.00	170.00	1950.00	3900.00	90.00
Bujumbura - Mombasa	3500.00	4500.00	230.00	2100.00	3800.00	180.00
Goma - Mombasa	3500.00	7000.00	220.00	2000.00	4000.00	180.00

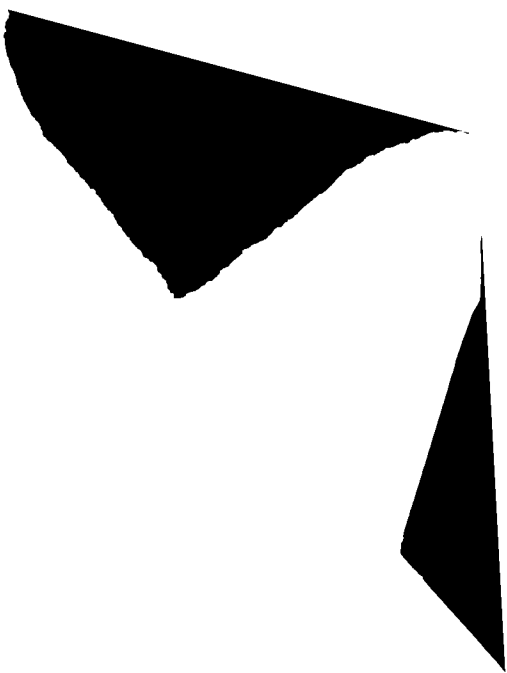
Source: TTCA survey.

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Linking the Indian Ocean to the Atlantic Ocean By Rail



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Project Objectives

- Support & promote productive economic activities in the region- open up Eastern DRC;
- Provide reliable, efficient & cost effective transport system to promote national, regional & international trade;
- Poverty reduction would also be enhanced through easier market access.
- Promote regional integration;
- Transform Northern Corridor into an Economic Development Corridor.

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Project Objectives

Intra-COMESA Trade and Economic Potential

	IMPORTS	EXPORTS		GDP (Mn USD) 2003	Population (Mn)
BURUNDI	42,69	4,32	BURUNDI	647	6,9
RDCONGO	170,78	228,26	RDCONGO	6.145	52,3
KENYA	242,08	738,21	KENYA	14.656	30,7
RWANDA	42,58	21,29	RWANDA	1.722	8,6
UGANDA	273,88	111,52	UGANDA	6.408	22,1
Total TTCA	772,01	1103,6	Total TTCA	29.578	120,6
Total COMESA	2.644,89	2.644,89	Total COMESA	165.145	361,90
% TTCA/COMESA	29,19%	41,73%	% TTCA/COMESA	17,91%	33,32%

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Project Description

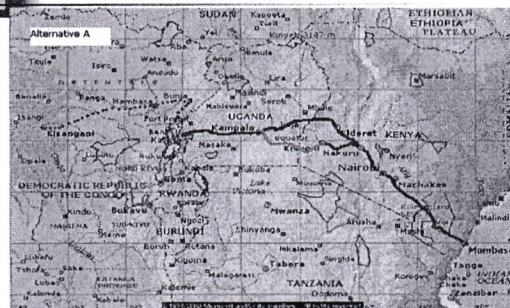
Rail Missing Links



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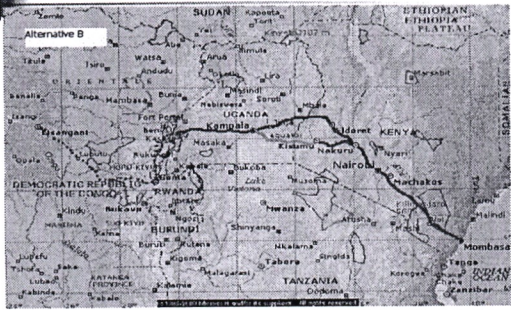
Project Description

Extension to Kisangani : Option A



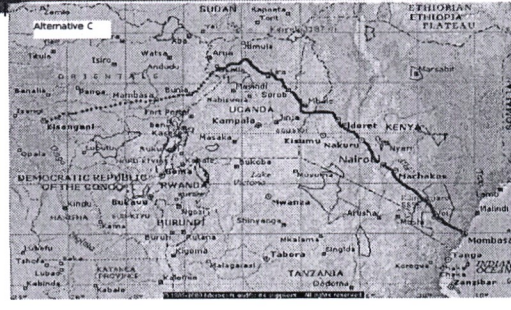
28

Project Description (cont.) Extension to Kisangani : Option B



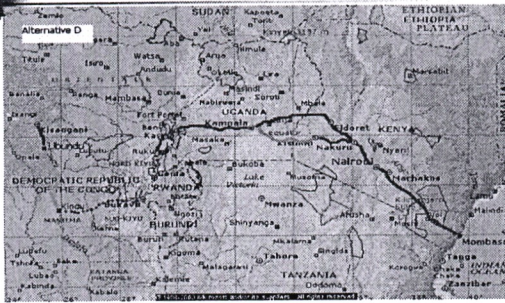
29

Project Description (Cont.) Extension to Kisangani : Option C



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Project Description (cont.) Extension to Kisangani : Option D



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The Competition

- Road is major competitor to rail. Strategic road /rail alliances to be enhanced for complementary & seamless operations;
- Oil pipeline
 - Has near monopoly in white oil;
 - Does not handle black oil;

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Strengths of The Railways

- Price advantage for long haul, bulk freight;
- Energy efficiency: 30% less fuel saves forex;
- Better safety and security record;
- Concessioning & BOT Private sector
 - Management: higher efficiency;
 - Funding: PPP complement Govt. funding;
- Lower maintenance & operation costs;
- More environment friendly;
- Longer life of infrastructure & equipment;
- More amenable to standardization.

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Weakness of The Railways

- High initial investment costs;
- Requires coordinated regional approach;
- Requires long pay back periods on investment;

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Weakness of The Competition

- Road construction costs are lower but design life of roads is comparatively much shorter;
- Road maintenance and vehicle operation costs higher;
- Road transport uses a plethora of vehicle types resulting in high inventory of spares tying down resources;
- Trucks are 30% less fuel efficient: High import fuel bill to the country.

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Rail Rehabilitation Costs

	Section	Distance	Rehabilitation Cost
1	MSA – NRB	530 Km	5 Million \$US
2	NRB – MLB	550 Km	62 Million \$ US
3	NRO – KSM	217 Km	47 Million \$ US
4	MLB – KLA	250 Km	35 Million \$ US
5	KLA – KSS	330 Km	42 – 100 Million \$ US
6	TRR – MBL – GLU – Packwach Line	550 Km	1.5 – 2 Million \$ US

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Railway Modernization Costs

LINE	DISTANCE	DETAIL	COST US\$
MSA-NRB-KLA	1270	Std gauge, Electric	984mn
KLA-KSE-BNA-KSGN (Alt. A)	1100	Std gauge,	660mn
KLA-KSE-GMA-KSGN (Alt. B)	1350	Std gauge	810mn
TOR-PCK-BNA-KSGN (Alt. C)	780	Std gauge	468mn
KINSHASA - MATADI	380	Std gauge	228mn
NRO-LOK (To Sudan)	730	Std gauge	438mn
NYK-MYL (to Ethiopia)	500	Std gauge	300mn

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Development of Rail Transport

Rail Concessions

- Kenya – Uganda Railways concession by Dec 2005
 - One concessionaire, but different concession agreements;
 - Concessionaire to register two separate operating companies, one in each country for tax purposes;
 - Nationals of Kenya and Uganda to hold at least 40% shares in the Concession Holding company;
 - Kenya and Uganda to have two separate assets holding companies;
 - Regulatory authorities for each country are to be formed;
 - GOU & GOK to enter into a bilateral agreement, spelling out commitments and to facilitate seamless & harmonization;
 - Kenya is offering all lines (1920kms); freight and passenger services on specific lines;
 - Uganda is offering (431 Km) Kampala-Malaba, Tororo-Soroti and marine services on Lake Victoria

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Regional Initiatives

- Union Africa Railways
 - Elaboration of a Master Plan
- Great Lakes Initiatives
 - UNECA initiative on Infrastructure development
- Great Lakes Railway Project
 - COMESA Initiative
- Kagera Basin Railway Project
 - KBO Initiative
- Nepal Infrastructure Program

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The Way Forward

- Setting up a project steering committee to oversee the studies;
- Mobilization of financial resources for the necessary studies;
- Undertaking of a pre-feasibility study in order to select the most "suitable option" for advancement to full economic and technical feasibility studies;
- Undertaking economic feasibility and technical design studies for the selected option, with a view to establishing project costs and viability;
- Convening of a conference for investors and donors.

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