

PROJECT PROFILE

<u>Sector</u>	Transport and Communications
<u>Sub-sector</u>	Road Infrastructure
<u>Code</u>	0951
<u>Title</u>	East African Trade and Transport Facilitation Project
<u>Implementing Agency</u>	Ministry of Works, and Transport
<u>Location</u>	Uganda, Kenya and Tanzania and Rwanda
<u>Total Plan Exp.</u>	US\$ 26.4m
<u>Funds Secured</u>	US\$ 26.4m
<u>Funding Gap</u>	Nil
<u>Start Date</u>	April 2006
<u>Completion Date</u>	2011

1.0 Background

While the East African Community strives to widen and deepen the regional trade integration and co-operation among Partner states in an attempt to improve the international competitiveness of the Region, high transport cost and transit delay at entry and exit border points remain a stumbling block. Such excessive transport costs and the transit delays are mainly caused by inadequate infrastructure, poor management of railways systems and insufficient corridor co-ordination mechanism especially at the border points. It is towards the regional efforts on reducing the high transport costs estimated at more than 35 % of the value of exports for Uganda and the Great lakes region Countries, that World bank, as part of its support for the process of regional integration in the east African Community, approved the preparation of the EAC Regional Trade and transport facilitation Project.

As a landlocked country, Uganda relies heavily on surface transportation to support economic and social development. Surface transport carries over 90% of the country's passenger and freight traffic. Continued development of the transport sector has been defined as government's top priority in order to support other major national development policies, provide a reliable infrastructure conducive to private investment and contribute towards achievement of the national development objectives of:

- (i) Promoting economic growth and reducing poverty;
- (ii) Sustaining macro-economic stability; and
- (iii) Improving the effectiveness and efficiency of services provided to the public.

The aim is to provide effective support to increased trade, tourism etc, as well as to ultimately promote growth in accordance with Government strategy for poverty eradication and economic integration.

3.0 Objectives

The project aims at:

- (i) Enhancing transport services along key international transport corridors in East Africa (EA);
- (ii) Strengthening trade growth in the region by securing an effective EAC customs union open to partner states, reducing transit time, non tariff barriers and uncertainty along the region's main logistics chains; and
- (iii) Improving railway services in Uganda and Kenya.

Expected Outputs

The project will contribute to the shared growth objectives of the EAC Countries Poverty Reduction Strategy paper, by:

- a) Ensuring that customs Union is effectively Implemented;

- b) Improving trade facilitation in the region as well as rail infrastructure;
- c) Improving regional integration of EA and of the Great Lakes landlocked Countries by improving border crossings; and
- d) Having trade corridors without borders.

Performance Indicators

1. Total transit time through the Northern Corridor from Mombasa to Kampala to decrease by 20%.
2. Border-crossing time between Uganda and Kenya, Uganda and Rwanda to decrease by 20%.
3. Uncertainty in total transit time along regional main trade corridors to decrease by half.
4. To ensure Zero net transfers from GoK and GOU to the rail sector.
5. The freight traffic carried by railways in Uganda and Kenya (in net-ton-km) to increase by 75% in five years.
6. To ensure that EAC Customs Management Law and Regulations are implemented in Uganda.
7. Total Transit time through the Ugandan portion on (Malaba-Katuna) of Northern Corridor to decrease by 20%

Technical Description

The above objectives will be achieved by implementing the following project components:

- a) Support the Implementation of the EAC Customs Union
- b) Institutional support for Transport Facilitation
- c) Investment support for trade and transport facilitation
- d) Support to Kenya - Uganda railways concession
- e) Partial Risk Guarantee (PRG)

Financing

This project is co-financed by the World Bank and the participating States. The total cost of the Ugandan Component is US\$ 26.4m,

4.0 Planned Activities during FY 2006/07

- (i) Roll out of the ASYCUDA++ to most customs stations countrywide;
- (ii) Establishment of Electronic Cargo Tracking System;
- (iii) procure four mobile weighbridge along Malaba-Busia corridor, Masaka, Mutukula and Mbarara -Ibanda
- (iv) maintenance and upgrading of wagon ferries,
- (v) improvement of navigational facilities on Lake Victoria and repair dry dock;
- (vi) Capacity building and technical assistance for URC asset holding company (environment, asset policy and land use); and
- (vii) Partial Risk Guarantee (PRG) to support Uganda Concession during Concession period

Achievements

- a) Parliament approved the credit
- b) Received a legal opinion for the credit from the Attorney General and submitted to World Bank for a "no objection".
- c) Tender documents on project procurements were submitted to the Ministry's Contracts Committee.
- d) A consultative meeting was held at Malaba and Busia border posts to collect preliminary data required for drawing ToR for procurement of Design and Supervision Consultant

Planned Activities

- e) Approval of the Credit by Parliament
- f) Finalize all submissions for Contracts Committee approvals
- g) Collect input data for preliminary designs of one stop border post at Malaba and Busia
- h) Train more Project Implementation Team (PIT) members in areas of procurement, project planning, monitoring and evaluation
- i) Procure a Technical Advisor to the Project Coordination Office
- j) Procure Project Vehicles, office equipment and Project furniture
- k) Update the Procurement Plan
- l) Hold consultations on regional implementation of the project.