



UGANDA TRANSPORT INFRASTRUCTURE AND THE PUBLIC- PRIVATE PARTNERSHIPS

MINISTRY OF WORKS AND TRANSPORT

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Outline of presentation

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DEMOGRAPHICS

Total Population (2011 mid year)*	32.9 million
Female Population	16.8 million
Male Population	16.1 million
Percentage Urban (2012)	14.7 %
Population of Kampala City (2012)	1.72 million
Population/Aged under 18 Years (2008 mid year)	56%
Population/Aged 65+ (2007 mid year)	4.6%
Population Density (2002)	123 persons/km ²
Inter-Censal Annual Population Growth Rate 1991- 2002	3.2% per year
Infant Mortality Rate (2002 census)*	76 per 1000
Life Expectancy at birth (2002 census)*	50.4 years
Male	48.8 years
Female	52.0 years
Population per Physician (Doctor)	18,575

ECONOMIC INDICATORS

GDP at current market prices (US\$ million)	15.01
Per capita GDP at current market Prices (US\$) (2011)	1,241
GDP Growth at constant (2002) market prices	5.6%
Per capita GDP at constant (2002) market Prices	1.9%
Agriculture as a % to GDP at market prices	22.5%
Balance of Payments surplus (US\$ million)	210.9
Inflation rate (March 2012)	21.2%



Transport infrastructure in Uganda

- Existing conditions in Uganda

The transport sector in Uganda is divided into four modes. i.e. Air, Road, Water and Rail.

- Road transport is most prominent, air transport services is upcoming with limited utilization of rail and then the traditional or poorly developed water transport.



Status

- Of the 20,000km National roads only 17% is paved.(app 3,400km)
- Urban roads are partly paved but approx 80% is unpaved gravel.
- The road network is the mostly used form of transport carrying about 95% of the country's goods and 99% of traffic



Air services

- The country has one international airport-Entebbe but has started on a program to up grade Kasese, Gulu, and Arua airfields to international standards.
- 18 international scheduled airlines are operational with potential of growth.



Rail transport

- This sub sector is generally performing below expectations. In the past it had 1,266km of networks from Malaba the Kenya border to western Uganda in Kasese and Packwach.
- Currently only 337 km are operational with an average annual volume of about 585,000 tones by 2010.



Inland Water transport

- The country has substantial proportion of the surface area as water i.e. lakes and rivers. The water transport is generally dilapidated, with recent efforts being made to improve the sector.
- With the support from the IDA/ World Bank, Government undertook rehabilitation of MV Kaawa (at US\$ 5m) which is a container cargo ship and at the same time, funds have been earmarked for rehabilitation of MV Pamba.



Major Transport Undertakings in Uganda

- **KAMPAL A-ENTEBBE EXPRESSWAY**
- This project will serve as a gateway/link between the Entebbe International Airport and the Capital Kampala. This is the first PPP arrangement in the road transport sector. It is anticipated to significantly improve on connection and transiting challenges, lower transport costs, and hence contribute to the quality of infrastructure in the area.
- **Status**
- Government has procured contractor who in turn secured funding and work is currently ongoing.



Major Transport Undertakings in Uganda

CENTRAL ROUTE (TANGA-ARUSHA MUSOMA)

- This will connect Uganda to Tanzania at the Port of Musoma and Mwanza and connect Kenya at Port of Kisumu. The Central Corridor will provide an opportunity for the port to divert traffic flows from the northern corridor
- Its estimated to attract about 50 percent i.e. 2.0 million tons of Uganda seaborne trade with possibility to increase in future due to its short route advantage compared to other routes.
- Feasibility Study and Preliminary Design to develop Tanga-Arusha-Musoma-New Kampala Port at Bukasa underway
- Planned feasibility cost of about US\$ 6.5m



Major Transport Undertakings in Uganda

- **REHABILITATION OF PORTBELL, JINJA PIERS**
- In order to maintain the minimum business at Portbell and to cope with the trade developments, the Government of Uganda is planning to carry out rehabilitation of Portbell and Jinja piers.
- This is planned to at least be able to handle cargo worth 800,000 tones on average per annum.
- This is expected to cost U\$ 4m for design and remodeling of Jinja piers and Portbell and about US\$ 19m for development works.



Major Transport Undertakings in Uganda

- **GULU-ATIAK –NIMULE RAILWAY**
- This project will serve as an International Link between the Sudan and the Uganda/Kenya Railway Networks up to Mombasa Port. It is anticipated to significantly lower transport costs, particularly on bulk imports and exports and hence contribute to the Economic Development of the Region.
- **Status**
- Government is to procure consultants to carry out a feasibility study and preliminary design for Gulu- Atiak- Nimule railway line (This should have been done some time back, however progress was hampered by the change and creation of New South Sudan Government)



Major Transport Undertakings in Uganda

- **Rehabilitation of Kampala Malaba Railway**
- Agreed by the East African Presidents to upgrade and implement standard gauge, Government of Uganda has engaged a consultant to undertake preliminary design of Kampala-Malaba railway line to Standard gauge.

Status

- Final design report expected at the end of November 2013



Major Transport Undertakings in Uganda

- **Air Transport Development**

Development of Proposed Airport	
Up grading of Kasese Airport to International standard	Design completed
Up grading of Gulu Airport to International standard	Design completed

Status

- Government is to solicit for funds to upgrade these airports to international standards,
- Funds required are approximately US\$ 450m for the two airports



Factors constraining the implementation of PPPs in the transport sector in Uganda

General

- Regulatory and legal framework – clarity/ambiguity
- Predictability/Confidence in the Government commitment to honour contractual obligations
- Challenges in institutional structures and obtaining finances
 - Underdeveloped nature of capital market
 - Overreliance on foreign capital –issues of forex risk
- Cumbersome approval processes
- Long wasteful procurement delays and bureaucratic procedures
- Resistance by environmental groups significantly constrain the development and implementation of PPP partnerships in the Ugandan PPP sector



Lessons from other countries

- **Legal framework required to underpin decisions around planning and budgeting of projects.**
 - Important to ensure that the system cannot be by-passed
- **System need to be implemented pragmatically**
 - ☑Emphasis on good project formulation and innovation than merely to stop projects
- **Critical success factors**
 - ☑High level of political support
 - ☑Cadre of professionals required – engineers, project managers, appraisal specialists, etc



Lessons from other countries

- **Need for a continuous and longer planning horizon**
 - No planning for immediate funding
 - Ample opportunity to redesign investment initiatives
- **Decouple the pre-investment phase from the investment stage**
 - Appraisal process distinct from budgeting process
 - Only appraised projects allowed into the budget process
- **Uniform decision framework across government**
 - formal framework (eg laws and regulations)
 - Informal framework (eg. Customs,taboos)
- **Interaction more critical early in the project cycle**
 - ☐Difficult to stop a bad project once in implementation
 - Appreciate massive transaction costs in establishment and enforcement of contractual arrangements
 - ☐Even more difficult if lots of money has already been spend on the project



conclusion

- Governments should think of strategies to enhance transport services that are more effective and efficient, while ensuring honouring its obligations
- Governments should put in place enabling legal framework and an independent regulatory body
- Invest in public transport like buses, public rail and non motorized services as their return to investment and poverty reduction are high.
- Give priority to investments of regional importance while addressing investors concerns
- Government should explore financing modalities like PPPs addressing challenges identified above.



Way forward- PPP Programme Management Criteria for Success

- A clear PPP policy supported from the highest levels of Government
- A sound legislative foundation, supported by PPP regulations
- Consult with key stakeholders to ensure broad-based support
- A clear unambiguous management process
 - Appreciate PPPs as long term- harnessing skills & resources
- A mandatory process
 - Strong mandate of Ministry of Finance
- A central government PPP Unit
 - Better coordination between Govt departments
 - Centralized oversight for PPPs and implementing role of gatekeeper
 - Single contact point for various operators involved in PPP, saving on time
 - Develop best practices

Thank you for listening to me

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