

UGANDA RAILWAYS

David M. Nowlan and Donald F. Peckham

RAIL SERVICES

Background

Until 1974, rail services in Kenya and Uganda were organised as a single operating entity within the East African Railways Corporation, although each country-system separately collected revenue for goods loaded in that country. Train and traffic control in both countries was centred at the Nairobi headquarters, where locomotives and rolling stock for the two-country system were kept and maintained. Financial pressures on the Corporation in 1974 led to the imposition by Nairobi headquarters of separate servicing and maintenance charges on the Uganda district. The reluctance of Uganda to accept these charges led to a deterioration of services provided to the Uganda section of the Corporation, and was the beginning of friction between the Ugandan and Kenyan rail services that has continued through to the present.

2. Political tension between Uganda and Kenya in 1976 resulted in the temporary suspension of Kenyan rail services to Uganda and the subsequent decision by East African Railways Corporation (EARC) to charge separately for goods and passenger movements in each of the two countries and specifically to require that all Ugandan-loaded goods to, or in transit through, Kenya be prepaid in convertible currency. Passengers travelling between the countries have been, from 1976, required to detrain at the border and pay tickets in the currency of the country they are entering.

3. This de facto separation of the rail systems of the two countries was formalised in 1977 when the East African Community disintegrated and URC was formed. With this separation has come a continuing set of problems for Ugandan Railways: it must rely on heavy-duty Kenyan engines for the main-line haul from Kenya to Kampala; all major servicing must be done in Nairobi, at prices and standards with which Uganda is unhappy; and the number in Uganda of former EARC wagons, which run between the two countries, is generally both less than the number required by Uganda and considerably less than the number Uganda believes it should have as a result of the division agreed upon in 1977. These problems, combined with the rapid deterioration of the Ugandan economy under the military regime, resulted in traffic levels before the liberation war that were only a fraction of earlier levels, as Table 16.1 and Table 16.2 show.

Table 16.1

Uganda Railways Traffic Volumes 1973-8 (All Stations)

Year	Passengers	Goods Forwarded (000's of tonnes)	Goods Received (000's of tonnes)
1971	552	1,030	786 ¹
1972	667	669	584
1973	1,185	772	1,036
1974	1,659	670	918
1975	2,007	493	949
1976	1,697	377	767
1977	867	308	363
1978	866	130	287

¹This number is incorrectly reported in the source as 1786 thousands

Source: Uganda Railways Corporation,
Rehabilitation, Improvement and Development 1979/81.

4. During the 1970s, transit traffic to and from Zaire and Rwanda, which had been running at over 200,000 tons a year each way through a transit depot at Kasese, was lost to the railways - as a result, we are told, of government mismanagement of the depot which it took over in 1975. In the early 1970s, virtually all the Ugandan Coffee Marketing Board coffee was shipped by railway to Mombasa. By 1978, not much over half the officially recorded Ugandan coffee output was being exported by rail, largely because of restrictions placed on this traffic by Kenya authorities. Lorries, mainly from Kenya, were hired to substitute for this lost railway capacity.¹ Passenger traffic on the railway, which had grown in the mid-1970s, mainly because of the increasing inability of the Ugandan bus fleet to handle passenger demand, fell dramatically after 1976 because the railway had neither enough coaches nor sufficient locomotion after the break-up of the EARC to carry its previous volume.

Table 16.2

Tonnage of Main Commodities Loaded, 1973/78
(000's of tonnes)

Commodity	1973	1974	1975	1976	1977	1978
Cotton lint	71	38	26	14	8	10
Cotton seed and cake	70	48	37	11	5	3
Coffee (CMB)	218	194	155	131	82	52
Coffee (other)	32	23	19	19	1	1
Copper concentrate	47	33	26	16	13	5
Blister copper	10	8	7	7	2	2
Tea	16	15	9	8	2	-

Source: Uganda Railways Corporation,
Rehabilitation Improvement and Development 1979/81

Current Situation

5. Because of its diminished capacity to offer rail services with the remnants in Uganda of the EARC fleet, and because of its concern over the cost and quality of servicing in Nairobi, Uganda Railways has over the last two years moved to expand its own fleet and to develop its own workshop and repair facilities.

6. Of the EARC locomotives, Uganda got 27 steam and 21 diesel engines. Only four of the 27 steam engines are serviceable, and with maintenance facilities in neither Uganda nor Kenya (now that the steam workshop there has closed) even these four are expected to be out of service within a few months. Of the 21 diesel engines, 18 are out of service but being worked on at the Tororo workshop, with the help of German technicians.

7. To supplement the former EARC locomotives, six shunting engines and 10 short-range engines have been purchased from Germany. With these now in operation, the current diesel engine situation is this:

¹Last year Transocean (Uganda) Ltd. subcontracted for 400 Kenyan lorries at a cost of Shs. 200,000 per lorry per year, to carry export production from Uganda. At the present time there are about 100 Kenatco lorries carrying Coffee Marketing Board coffee out of Uganda at about Shs. 780 per ton, over Shs. 300 a ton more than the rail shipment cost from Kampala to Mombasa. (The expected capacity of the Uganda transport sector to export coffee over the next two years is discussed in the foreign exchange chapter of the Commonwealth report).

	Total	In-Service	Out-of-Service
35 class (shunters, British)	6	-	6
72 class (med-range, ")	5	1	4
36 class (new shunters, German)	6	6	-
61 class (short-range ")	10	2	8
62 class (new short-range, German)	10	10	-
TOTAL	37	19	18

8. To provide the capacity to haul main-line trains, 14 heavy locomotives have been ordered from France and 20 medium-range locomotives from Germany. These are due to arrive in 1979, and have been partly paid for.¹ On the assumption that the out of service diesels can be repaired (this is a high-priority reconstruction project), the old fleet plus these new locomotives will provide Uganda Railways with sufficient motive power to handle the level of rail traffic that was reached in the late 1960s and early 1970s.

9. Because EARC rolling stock moves between Kenya and Uganda, the number of units in Uganda varies from time to time. Just after the war, there were about 47 covered wagons from the old fleet and 132 open wagons in the country, the combined total of which is well short of the 925 wagons Uganda had expected to have, on average, following the break-up of the EARC. To supplement this meagre supply, 130 covered and 20 goods wagons have been purchased from Belgium and are now in use. An additional 250 covered wagons (plus 20 coaches) have been purchased from India and paid for, except for Shs. 25.6m. in transportation charges for which the Indian Government has recently extended credit. 50 more coaches and 34 service cars have been ordered from East Germany. When these all arrive, the Ugandan rolling stock should be sufficient to handle reconstruction-period traffic. Subsequent growth and development will require yet more rolling stock, including several hundred fuel tankers to displace less efficient long-distance carriage of petroleum products by road and by barrel.

10. Many sections of the permanent way are laid with light, deteriorating rail. Signalling, aside from simple mechanised signals at stations, is virtually non-existent, and the communications system relies on radio calls and telephones. Main-line traffic from Kampala to Mombasa has been monitored using computer facilities in Nairobi with a terminal linkage in Kampala. A new system, with which the Kampala terminal is not compatible, will be introduced in Nairobi in July, from which date Uganda Railways will no longer be able to keep direct track of its main-line trains or cargo. These current problems are addressed in the next section on reconstruction needs.

11. Of major significance to the development of Ugandan rail services is the decision that was made by the military regime in 1978 to increase the rail-wagon ferry capacity on Lake Victoria. Until the breakup of EARC in 1975 Uganda did make some use of the alternative ocean outlet by ferry from Jinja to Mwanza, and then over Tanzania rail to Dar-es-Salaam. In the late 1960s consideration had been given to providing a separate ocean outlet for Uganda by constructing an extension of the Moshi/Arusha line in Tanzania to the Lake Victoria port of Musoma, and so providing a direct Ugandan link through Tanzania to Tanga. Whatever the original motivation for the military regime's decision to increase wagon-ferry capacity on Lake Victoria, the outcome is in consonance with the friendly relations that have been re-established between the two countries.

12. A Belgian firm has been contracted to provide floating dry dock facilities at Port Bell, which will be used to assemble four wagon ferries each with a one-way load capacity of about 800 net tons of cargo. The dry dock, which is now under construction

¹

For a summary of these orders and other components of already-contracted development and reconstruction expenses, see Table 16.3.

is due to be completed by about the end of October 1979, and the first new ferry will be ready to be commissioned 11 months after that. Subsequent ferries will be completed, if no problems arise to interrupt production, at four-month intervals. Thus, it is anticipated that the four new ferries could be in service by the end of 1981.

13. With the existing Tanzanian ferry that has been operating twice weekly between Jinja and Mwanza since mid-May 1979, the Lake Victoria portion of this alternative route to the ocean will have a maximum capacity of about 600,000 tons a year. More realistically, its operating capacity might be set at about 400,000 tons a year.

14. It is worth noting, first, that while this capacity may be roughly equivalent to export-traffic demand during the initial year or two of reconstruction, it is only half the rail-export tonnage (including transit cargo) of the early 1970s and late 1960s. Thus, access through Mombasa will have to be retained, at levels more or less equivalent to those of the last few years - at least until additional capacity is provided on Lake Victoria. It is clear, as well, that 400,000 tons one way annually across Lake Victoria could not readily be handled by the port of Dar-es-Salaam. Decisions already made and contracts committed ineluctably point to a renewed and vigorous interest in a northern Tanzania rail line from Musoma to Tanga.

15. However, enthusiasm for a new ocean outlet must be balanced by an appreciation of the costs involved in creating a Tanga line in addition to the port facilities there. Any adequate analysis of the merit of such a major investment should consider the physical alternatives available and the political constraints that may exist on the use of these facilities. In this case, both the Kenyan rail line and the port of Mombasa have the physical capacity easily to handle Ugandan traffic. It is in the economic interests of both Uganda and Kenya to work towards a resolution of the problems that have so effectively limited the availability of these facilities. The enlarged Ugandan rail-ferry fleet that will shortly emerge on Lake Victoria, and the possibility that this permits of alternative ocean access through Dar-es-Salaam, provides Uganda with some security, and introduces an additional competitive element into traffic that has so far been monopolised by Kenyan interests. While it would be wise to allocate a modest amount, say Shs. 500,000, for the purpose of updating the costs of the Musoma-Tanga rail and port facilities, and reporting on the capacity of Dar-es-Salaam port and the Mwanza to Dar-es-Salaam rail line, the major effort for the purpose of providing Uganda with more efficient export-import facilities should, in our opinion, be spent on attempting to resolve the difficulties of moving goods through Kenya. If high levels of goods movement through Kenya can be re-established, the construction of a dry-port facility at either Tororo or Kampala, as has been proposed by Ugandan officials, should be seriously considered.

16. In the end, of course, political constraints may compel Uganda and Tanzania to proceed with either an expansion of port facilities at Dar-es-Salaam or the construction of a Musoma-Tanga route.

17. Contracts have been let for the development and reconstruction proposal shown in Table 16.3. The future obligations that these entail will bear on a Corporation that is not now able to meet essential operating expenses from operating revenues. Given the importance that we place on shifting long-haul traffic from road to rail, this is one of the public corporations that must be included in the refinancing plan we called for in the previous chapter, and which is elaborated upon in the financial chapters of this report.

Reconstruction

18. The direct consequence of war damage, so far as can be determined, was to undermine the ability of URC to function administratively: offices were damaged, furniture stolen and supplies ransacked. There was some damage to the permanent way within Kampala, and at least two bridges were out of action on the Kasese line. However, temporary repairs have now been made to this line.¹

¹At the time of writing, the security of the Lira-Gulu-Pakwach branch had not been assured, and the extent of damage along this line not fully determined. It is known that stations were looted and communication facilities along this branch completely destroyed, but it is believed that the permanent way is intact.

19. The reconstruction of administrative capability, including the repair of stations and offices, is first in order of importance, at an estimated cost of Shs. 15m. Service and railway maintenance vehicles were stolen or damaged and must be replaced, at an estimated cost of Shs. 10m., phased over several years. Telecommunication facilities, which were rudimentary before the war, were completely wiped out by the fighting. As an emergency measure, communication among points on the rail system must be restored, at an estimated foreign exchange cost of Shs. 2m. Over a longer period, the design and installation of a more sophisticated system is necessary, and a preliminary expenditure towards this in 1980/81 may be warranted.

20. A connection with the new Nairobi computer facilities must be made at a cost of roughly Shs. 3m., if Uganda Railways is properly to cope with the anticipated increase in traffic flow to and from Mombasa. There seems little point in developing new computing capacity in Kampala in the short-run, if a satisfactory arrangement to use the Nairobi facility can be negotiated.

21. Finally, during the rehabilitation period, necessary repairs to the permanent way must be undertaken, and repairs to the current fleet of wagons should continue.

Table 16.3

Foreign Exchange Costs of Railway Development
For Which Contracts Have Been Negotiated
(Shs. m.)

Project	Foreign Cost	Amount Paid	Outstanding Balance
1. 20 medium locomotives, West Germany	141	42	99
2. Spares for 1	9	1	8
3. 14 heavy locomotives, France	165	17	148
4. 250 covered wagons, India	43	43	0
5. 20 coaches, 3rd class, India	21	21	0
6. Transportation for 4 and 5	26	0	26
7. 10 coaches, 2nd class, East Germany	18	0	18
8. 40 coaches, third class, East Germany	56	0	56
9. 34 service cars, East Germany	56	0	56
10. Spares, transportation and interest, various projects	39	5	34
11. Lake Victoria ferries, Belgium	393	219	174
12. Other marine projects, Belgium	192	0	192
13. Nalukolongo workshop, West German and Swiss	216	32	184
Total contracted	1,375	380	995

Source: Based on information in Uganda Railways Corporation, Report on the Current status of the Uganda Railways Corporation, April 28, 1979; and Uganda Railways Corporation, Rehabilitation, Improvement and Development 1979/81, April 7 1979 (Should be dated June 7, 1979).

Table 16.4
Recommended Railway Rehabilitation Programme
(Shs. m.)

Project	Estimated Total Foreign Cost	Desirable Staging				
		1979/80		1980/81		After 1981
		Foreign	Local	Foreign	Local	Foreign Only
1. Balance of already contracted projects from Table 16.3	995	200 ¹	50 ¹	200 ¹	50 ¹	595
2. Building repairs and office rehabilitation	15	8	2	7	2	-
3. Service vehicles	10	4	-	4	-	2
4. Telecommunication	52	2	1	10	-	40
5. Computer facilities	3	3	-	-	-	-
6. Permanent way, repairs and reconstruction	550	50	25	50	25	450
7. Repair of current fleet	34	22	-	12	-	-
8. Signalling	50	-	-	10	-	40
9. Rolling-stock spares	66	-	-	44	-	22
10. Port Bell Terminal	20	-	-	20	5	-
11. Reconstruction of Kampala-Port Bell- Namanve line	25	-	-	10	10	15
12. Training school	25	-	-	-	-	25
13. Wagons, coaches and tankers	469	-	-	-	-	469
TOTAL	2,314	289	78	367	92	1,658

Source: Costs are based, with some adjustments, on information in Uganda Railways Corporation, Report on the Current Status of the Uganda Railways Corporation, and Uganda Railways Corporation, Rehabilitation, Improvement and Development 1979/81.

¹Estimated from very generalised information about the terms of each contract.

22. The preceding projects are listed as items 2 to 7 in Table 16.4, with summaries of our recommended programme of railway rehabilitation. Further development, beyond the immediate needs, will have to take account of the inability of the present dock and wagon-ferry loading facilities at Jinja to handle the five ferries that are to be in service by 1982. The railway has proposed, and it seems to us sensible, that Port Bell be developed as a second terminal. Rail service to Port Bell, which at one time was on a branch line, could be developed in conjunction with the re-grading of the main line between Kampala and Jinja. The construction of dock facilities at Port Bell and the development and re-grading of the rail line are expected to have a foreign exchange cost of about Shs. 45m., according to Railways estimates. These are shown as projects 10 and 11 in Table 16.4. Work on these projects must be started in 1980/81, if the wagon-ferry fleet is to be used to full capacity as the new vessels become available.

23. The last two projects in Table 16.4, the development of a railway training school and the expansion of the wagon stock (especially the purchase of petroleum-product tankers) are suggested for consideration after the two year rehabilitation period.

24. Immediate technical assistance is needed by URC in the fields of signalling and telecommunication, in mechanical engineering (to help with the maintenance of locomotives and the establishment of the Nalukolongo workshop) and in civil engineering. Donor countries might be interested in supplying this technical expertise under a bilateral aid programme. An approach to the IBRD for support of the overall railway programme should be made as soon as possible.

ROAD SERVICES

25. In order to provide scheduled freight services to the areas beyond the reach of the railway, URC has operated five 10-ton lorries and four 10-ton trailers on the Kampala-Hoima-Masindi route. It also contracted with a private carrier to provide service from Arua to rail head at Pakwach. All of the Corporation lorries were stolen during the liberation fighting.

26. These past railway road services, and their expansion to Kampala-Masaka-Mbarara and Kabale-Kasese all seem warranted. Given the shortage of private vehicles in the country, it seems appropriate that these services should be developed within the administrative structure of URC. An appropriate reconstruction project would be the provision of eight 10-ton lorries with trailers, at a cost of about Shs. 3m.

INLAND WATER SERVICES

27. EARC ran freight and passenger services on Lakes Kyoga and Albert and on the Victoria Nile and Albert Nile until 1962, when heavy flooding around both lakes badly damaged the marine wharves. Until recently, the Corporation has provided some service to the Sese Islands in Lake Victoria.

28. Interest in reviving these services has been persistent. Such revival was recommended in a 1976 consultant's report, and new inland water-way vessels and wharfs on Lake Albert and the Albert Nile are called for under the terms of the contracts signed with the Belgian shipbuilders who are supervising the construction of the new Lake Victoria ferries.

29. We do not regard the development of new inland water services as a rehabilitation project, but further planning for these facilities might well be undertaken over the next two years.