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Museveni visit puts Northern Corridor plan back on track

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Summary

- Kenya is now certain of extending the facility to the Ugandan border following the commitment by President Museveni that his country will construct a line to Kampala.

The East African dream of achieving a seamless Northern Corridor transport network is back on course after Uganda agreed to start construction of the Standard Gauge Railway (SGR) from Malaba to Kampala after years of uncertainties.

Kenya was considering terminating its section of the SGR line at Kisumu should Uganda, which had indicated that it would build its line to connect to Tanzania, stuck to its guns.

SGR is part of the Northern Corridor transport network, which connects the Port of Mombasa to the neighbouring landlocked countries of Uganda, Rwanda, Burundi and South Sudan.

President Yoweri Museveni’s move comes as a boost to Kenya, whose financing prospects for the second phase had apparently been pegged on Uganda agreeing to put up a line from Malaba to Kampala.

Kenya is now certain of extending the facility to the Ugandan border following the commitment by President Museveni that his country will construct a line to Kampala.

“We have had great progress on these discussions. It will be a game-changer, especially for movement of cargo from Mombasa to Kampala,” said President Museveni.

The Ugandan president made the remarks last week during his three-day state visit in Kenya where he toured various infrastructure projects in Mombasa and rode the SGR train from the port city to Nairobi.

The Ugandan announcement concided with the visit by a Kenyan delegation to Beijing to negotiate funding for the second phase of the SGR.

The high-powered delegation, comprising officials from the Treasury, Kenya Railways Corporation, Ministry of Transport and State Law Office, left for the Chinese capital last Friday.

The Kenya Railways Corporation (KRC) owes the Exim Bank of China Sh227 billion that was used in the construction of the SGR between Mombasa and Nairobi.

There have been fears recently that the Chinese might auction the Port of Mombasa if the government defaults on repayment.

A report by Auditor-General Edward Ouko states that the payment agreement substantively means the revenue of the Kenya Ports Authority would be used to clear the debt.

Kampala had last year announced the suspension of SGR and turned its attention to revamping the old metre-gauge railway network until unresolved issues with Kenya and China had been concluded, Ugandan Finance minister Matia Kasaija had said then.

“It is apparent the SGR is going to take us a lot of time to complete. First, we have to wait for Kenya to reach the Malaba [border] point then we can start,” Mr Kasaija told the Daily Monitor last year October.

Uganda’s first phase of SGR, the eastern line running from Malaba to Kampala, about 273km (338km rail length), is expected to cost $2.3 billion. The entire SGR, to cover the whole country, is expected to a cost $12.8 billion.

The Uganda government has been in constant back and forth engagements with Beijing to release the first tranche of funding for the eastern line, particularly with prospects of paying back when oil revenues start flowing in 2020.

Great Lakes

When Uganda and Rwanda had announced that they would construct their SGR heading to Tanzania, Transport cabinet Secretary James Macharia told Shipping then that Kenya would have an option of ending the line at Kisumu, then use the state of the art port that is being constructed on Lake Victoria to supply cargo to the Great Lakes countries.

Kisumu Port is estimated to cost about Sh14 billion, and the Treasury will need to secure about Sh350 billion for the Naivasha-Kisumu section.

Rwanda and other countries along the corridor had an agreement in 2013 to link up the port of Mombasa using the SGR and each country is required to construct their own section.

Only Kenya has so far made significant progress in the construction of its line, with Mombasa-Nairobi section completed, while Uganda and Rwanda are still discussing the financial deals.

Kenya secured a Sh150 billion loan from China to extend the railway line from Nairobi to Naivasha after last year's completion of the Mombasa-Nairobi section.

It is estimated that more than 50 per cent of the cargo handled at the Port of Mombasa is destined for markets such as Uganda, with 11.2 million tonnes of cargo moved between the two nations annually.

SGR has seen a significant share of the road cargo from Mombasa to Nairobi shift to the train as the government has made it mandatory for transporters to use the rail.