AID-FOR-TRADE: CASE STORY

CENTRE FOR SOCIO-ECO-NOMIC DEVELOPMENT (CSEND)

ASSESSING TRANSPORT & TRADE FACILITATION IN UGANDA, RWANDA AND TANZANIA

Date of submission: January 31, 2011
Region: East Africa
Countries: Uganda, Rwanda, Tanzania
Type: Field study of aid delivery mechanisms directed to reduce transport costs and non-tariff barriers for exporters.
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Executive Summary

At the Doha trade round in 2001, concerns of developing countries were put in the center of attention - not least, by calling it the Doha Development Agenda/Round. To address the lack of capacity and need for trade-related technical assistance for developing countries, the IMF and the World Bank jointly proposed the Aid for Trade initiative. Aid for Trade was not only supposed to provide conventional trade-related technical assistance but also financial help to weather adjustment costs through revenue losses.

Objective

With the emphasis on measuring impact, the study team had a mandate to assess the success of transportation and trade facilitation projects funded under the Aid for Trade banner. Conducting a survey of LDCs and specifically with regard towards transportation corridors, the study team settled on studying the East African region. The study encompassed two landlocked countries (Uganda, Rwanda) centred on a very important regional port in Tanzania. The team traveled from Kampala to Kigali, to Mwanza, and then the team split to reach Dar es Salaam via Dodoma and Arusha – altogether a total distance of 2500 km travelled by road.

Issues Addressed

Aid for Trade is in the process of doing its Third Global Review to build on the progress made since the First Review in 2007 and the Second Review in 2009. We hope that this case study will shed light on how Aid for Trade is being used operationally on the ground amidst the global financial recession. Particularly, this case study highlights the key objectives of project implementation, mainstreaming trade in national and regional development strategies and assessing the effectiveness of trade facilitation projects through an analysis of transportation infrastructure.

Design and Implementation

Once on the ground, the study team began with an assessment of the design and implementation frameworks of the many local aid mechanisms. Broadly, the team discovered that the National Development Strategies of each country were partially or fully mainstreamed with the aid coordination and delivery mechanisms of the Integrated Framework (IF). Tanzania, though one of the first to go through the IF process in 2005 had lost some momentum which it has only regained recently. The recent updates to strategy are better served by broad-based stakeholder engagement and strong support from government officials. Similarly, Uganda has seen its recent development strategies fully reflect the trade priorities highlighted through its Diagnostic Trade Integration Study. Notably, Rwanda seems furthest along in maturity, with an embedded stakeholder group at all levels of government and business actively updating strategies and applying the findings to aid projects.

Problems Encountered

The major inefficiency concerning transport infrastructure in East Africa is the length of time taken to get products from the producer to consumer and the high cost of transport. Oftentimes, the length of the delay contributes to the lack of competitiveness of the products in a global marketplace and

manifests in the form of weak quality. The high cost of transport has a direct impact on the competitiveness of the national and regional private sector and subsequently, the entire economy.

To understand why this was the case, the team undertook a detailed analysis of the state of infrastructure in the region. Surprisingly, the road infrastructure was found to be in very good condition, in contrast to popular perception. Repair and maintenance brigades are well funded, and trunk roads connecting major cities are fully paved. Similarly, the perception of the Dar es Salaam port may have been negative, but in practice the facility is in the midst of realizing substantial efficiency gains that is helping to raise performance of the port to international standards – in spite of the economic downturn. Critically, it is the decrepit state of the region's railways that has reduced competitiveness for exporters. Similarly, Lake Victoria, the largest lake in Africa, used to be an important link for the region, connecting to the railways using rail ferries. However, frequent accidents, outdated depth charts, and rusting ships have meant that the lakeside ports are abandoned, so the ferries sit idle. With no other options to transport goods all shipping traffic has become concentrated on the handful of highways in the region. This in turn exposes almost all of the region's shipping traffic to substantial non-tariff barriers in the form of border congestion, weigh bridges, checkpoints, and roadblocks.

Factors for Success/Failure

To bridge the gaps in the region's infrastructure, many authorities and agencies are applying themselves to the problem. However, there is a lack of broad consensus, and spirit of cooperation between agencies. Local government ministries consisted of professional, highly skilled and qualified staff who knew their portfolios in great depth. But, they simply had too much work to do and too few individuals to do it. Well-intentioned bureaucrats at the EAC regional secretariat had a small but dedicated team in the transport department. But their mandate to support member governments meant that they were constantly being pulled in multiple directions to support national interests. Often, secretariat staff would be called in for feasibility assessments, environmental assessments and to provide a match-making service between donors and projects. These are all tasks that would detract from their larger – and some argued, their most important mandate – of advancing regional consensus, standards and a long-term plan. Finally, the corridor agencies have a mandate to ensure policy coherence between multiple levels of governance and act as on-the-ground facilitators between local stakeholders, national project managers and regional strategy plans.

Recommendations

With such fragmented planning institutions, it is not surprising that transportation in the region is just as fragmented. What is required is a clear delineation of responsibilities between each entity. The region should look at creating a regional transport plan:

- EAC develops cohesive policy standards and is the forum for long-term planning
- National ministries design short-term and medium-term projects in line with the regional consensus

- Corridor agencies handle project implementation with donor assistance

The study team came to see the transport corridors as a conduit to the community. While on the road, the team did not observe signs of development in between major towns. But increasingly this is precisely where donors want to target programs in a number of areas like health & education. Essentially the corridor can functions as an anchor of socio-economic development, a forum for civic engagement & outreach, a hub for industrialising rural economies and a magnet for private sector investment.

Similarly the aid perspective shows the main challenge to be bilateral delivery of projects. Transitioning to regional delivery would allow for economies of scale between donor agencies and government ministries. Not only would this reduce costs, but most importantly it would free up critically overstretched resources to be redeployed both internally within local government and at the regional level with greater responsibility. The similarity between projects taking place in the EAC demand that there is deeper collaboration between and within donors and partners. IF and EIF frameworks have strengthened inter-donor collaboration within a country, but there are still challenges on donor-internal cross-country collaboration. Changing the way aid is designed in the region will change the way aid is delivered.

Conclusions

The Aid for Trade framework has succeeded in raising the accountability of aid. Targeting aid towards measurable problems identified by donor recipients ensures that funds are better spent and addressing critical issues. At the very least it is instilling a culture of trade-related aid programming. That being said, the design of Aid for Trade and the Enhanced Integrated Framework were intended for bilateral aid delivery. In this region of study in particular, national objectives regularly and inextricably overlap with regional ones. As a result, the demand has now been created for regional aid delivery, regional strategies and regional planning. Consequently, the next evolution of Aid for Trade should look at engaging meaningfully with regions – not only individual countries. This may be the next great challenge for donor agencies and recipients alike in the quest for socio-economic development.

1. Issues Addressed

Trade and Development (T&D) are essential to allow Least Developed Countries (LDCs) integrate into the world economy in a successful and sustainable manner. LDCs are low income countries often suffering from poverty with related problems such as violent conflicts, famine, diseases, corruption and general instability.

The WTO and OECD in cooperation with other international organizations (UNCTAD, UNDP, World Bank, UNDP, UNIDO) have developed policy instruments and related programs intended to offer remedial support for LDCs such as the Enhanced Integrated Framework (EIF), Aid for Trade (AfT) and Trade Related Technical Assistance (TRTA).

Aid for Trade is in the process of doing its Third Global Review to build on the progress made since the First Review in 2007 and the Second Review in 2009. We hope that this case study will shed light on how Aid for Trade is being used operationally on the ground amidst the global financial recession. Particularly, this case study highlights the key objectives of project implementation, mainstreaming trade in national and regional development strategies and assessing the effectiveness of trade facilitation projects through an analysis of transportation infrastructure.

Aid

Currently, institutional history and existing rules enforce a two-track approach to aid delivery in the region. Multilateral aid mechanisms – particularly funds and banks – are sources for regional projects, while bilateral aid funds come from national donor organizations. This system ensures that partners can draw on different resources from different actors for different projects. But this also creates inter-agency competition between donors and development banks. Only addressing aid project planning on a regional level can improve synergies between all agencies. A first step would be to identify trade integration strategies on a regional level.

Transport

The cause of East Africa's transport problems are acknowledged to be years of neglect and uncoordinated and unintegrated regional corridor planning (CPCS Transcom, 2009). There is simply no impetus or agency, for all 5 nations to cooperatively coordinate transportation planning in East Africa. This is disappointing, particularly when until the demise of the previous East African Community all transportation was integrated – to the extent where there were no national agencies, only regional bodies that managed infrastructure across borders (McCrow, 2010). The current state of affairs is one where Dar-es-Salaam is seen as a Tanzanian port, but not as a vital lifeline for Burundi, Rwanda and Uganda. In this scenario, the landlocked countries are completely dependent on Tanzania to increase efficiencies, in order to improve their economic development. Most crucially, none of these landlocked countries have a concrete stake in influencing the growth and planning of Kenyan and Tanzanian transport infrastructure. As the least developed nations in the region, the economic clout of these client countries is reduced, meaning that bargaining power is limited. Taken in concert with a *de facto* monopoly situation where Mombasa and Dar-es-Salaam are effectively the only routes to international markets, we can see that the East Africa region has built-in political imbalances that manifest in institutional barriers to cohesive transport planning.

2. Objectives Pursued

With three LDCs concentrated within the East African Community (EAC) – Uganda, Rwanda, and United Republic of Tanzania, the first two of which are landlocked – this region was ideally suited for the research study. All three nations have implemented the Enhanced Integrated Framework, and are receiving Aid for Trade funds. Importantly, the three East African countries have their own national development strategies created in parallel to a regional integration roadmap.

The East African region has a total land area of about 1.7 million square kilometers with a combined population of about 126.6 million with GDP at current prices USD 73 billion (average GDP per capita USD 506) (EAC, 2010). It has a vast potential in mineral, water, energy, forestry, and wildlife resources. It also has agricultural, livestock, industry and tourism development.

Coffee and tea are the major export commodities from East African countries. Both the crops combined together roughly contribute from 10% to 35% of export basket. Apart from these two, other major exports from this region are spices, horticulture products from Kenya, fish and other aquatic products from Tanzania, minerals and precious stones from Burundi, and ores from Rwanda.

Considering the importance of commodities for these economies even a slight improvement in export competitiveness can expand incomes substantially across the entire region. A key assumption is that better transportation infrastructure will result in higher value exports of commodities.

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Infrastructure provides services that support economic growth by increasing the productivity of labor and capital thereby reducing the costs of production and raising profitability, production, income and employment. Infrastructure investment also increases productivity by promoting efficient resource allocation through easier access for labor and materials to particular localities, and facilitates regional economic growth.

Subsequently, our overarching research question is:

How do trade facilitation mechanisms such as Aid for Trade and the EIF improve transportation infrastructure in Uganda, Rwanda & Tanzania for efficient and effective for improving exports?

To answer the above research question, the following five sub-questions are discussed throughout this report, but for convenience are summarized in the Lessons Learned section:

- *Are current trade facilitation mechanisms such as Aid for Trade and EIF well-suited to improving trade?*
- *How do national objectives match with regional initiatives?*
- *What monitoring and evaluation assets are in place?*

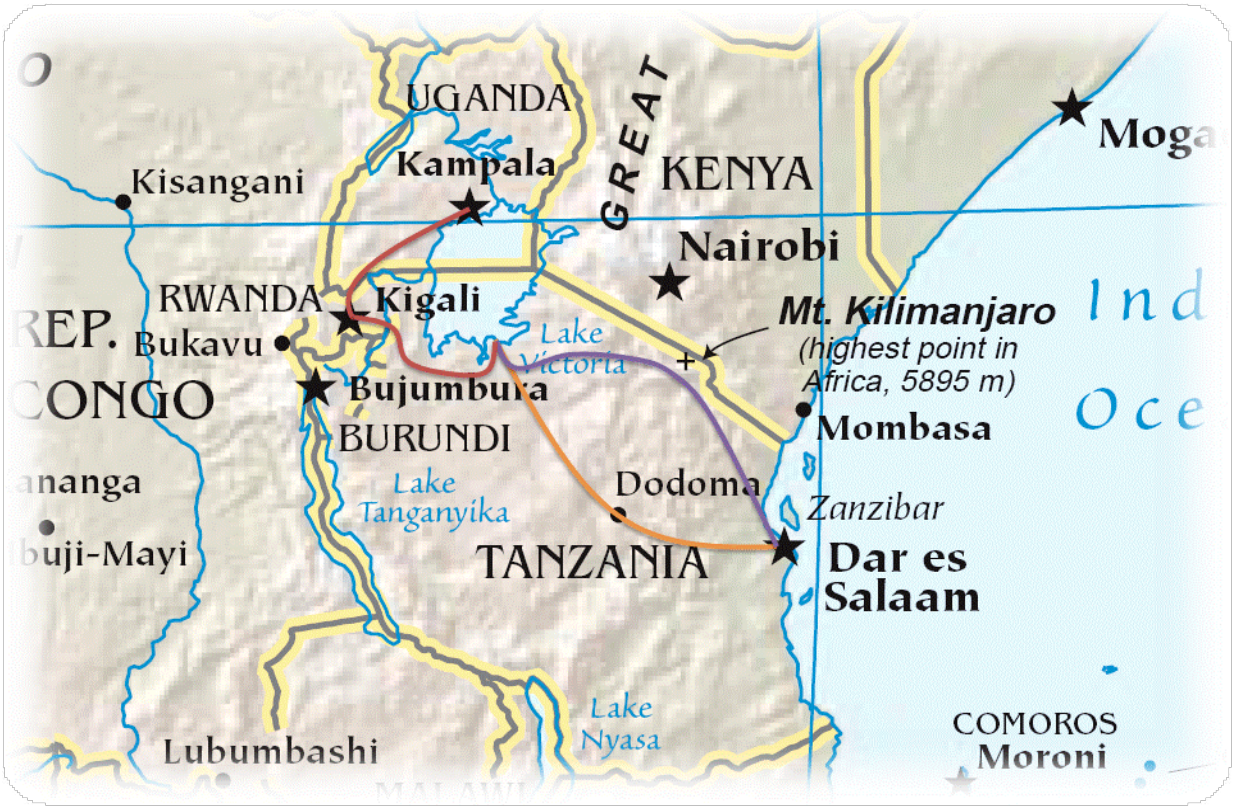
- *How do transport corridors, trade facilitation and other project successes increase the capacity for governance by the state?*
- *What is the structure of any Public-Private Partnership?*

Scope & Limitations

The scope of the project is limited in geographic area to the three countries of the East African Community already discussed: Uganda, Rwanda & Tanzania. The object of analysis is commodity exports typified by coffee. The variable of interest is transportation infrastructure – herewith limited to road and highways, railways and culminating in port facilities where actual foreign export takes place.

As part of the background on the region, the project refers to but does not examine in detail political instability, governance structure, international relations or sector-specific issues (i.e. power supply, workforce training, and agricultural inputs). The study also does not cover socio-economic impact on citizens in the target region. Specifically, the study does not explicitly address access to opportunities – such as education, employment, finance, health services. Also, security, terrorism and national defense concerns are omitted from analysis when discussing improvements to infrastructure. Finally, the institutions in the region are considered only as far as their ability to influence infrastructure planning and investments.

Figure 1: Overland route taken by study team



3. Design and Implementation

National Strategies and the IF

Uganda

National Development Strategy in Uganda

In 2003, with the update of the Poverty Eradication Action Plan (PEAP) 2004/5 - 2007/8, the country attempted to harmonize its trade strategy with the poverty reduction strategy paper. The PEAP is used as a long-term planning tool and is based on 5 elements (Economic Management; Enhancing production, competitiveness and incomes; Security, conflict resolution and disaster management; Good Governance; Human Development). However, to date no formal update of the PEAP is available.

To ensure the success of the national development strategy, there are several other programs and frameworks in place. For example, the Competitiveness and Investment Climate Strategy (CICS) 2006 – 2010 aims to enhance productivity, competitiveness, and incomes. This paper represents the second phase of planning for competitiveness and followed the Medium Term Competitiveness Strategy (MTCS) 2000 – 2005. Thereby this document contains improvements through the previous experience in the area of transport and transit trade facilitation issues, in particular the road and rail network, affecting international trade.

The Integrated Framework in Uganda

Uganda was one of the 12 countries undergoing the first IF process. It has received USD 300 000 from the initial IF Trust Fund to formulate an Export Sector Strategy. Uganda applied for the second stage of the IF process in 2003 when the updated PEAP was reviewed. The application for the IF was approved by the IFWG in July 2004. Following, Uganda has started to prepare its DTIS under the leadership of the World Bank and the African Region and inclusion of many stakeholders from government, private sector and civil society. In June 2006, the DTIS was completed and, according to the *Aid for Trade at a Glance 2009: Maintaining Momentum* it fully reflects trade priorities of the government (Integrated Framework, 2006).

The DTIS contained also a detailed Action Plan with a time line (Integrated Framework, 2006). The Action Plan includes sectoral as well as cross-sectoral mechanisms. Trade and transport infrastructure is addressed in the PEAP under the 'Economic Management' and 'Enhancing Production, Competitiveness and Incomes' pillars. Tariff and non-tariff barriers are both addressed in the PEAP. Especially transport and trade facilitation measures are aligned with the Action Matrix.

Rwanda

National Development Strategy in Rwanda

Since 1994, Rwanda has taken bold steps to create a business friendly environment. Since 1994, the government changed its planning process from short-term planning instruments such as structural adjustment programs, emergency and rehabilitation programs towards long-term planning with long-term strategies such as *Vision 2020*, a poverty reduction strategy (national level) or sector strategies and

district/province development plans (local level) (Ministry of Finance and Economic Planning, 2007). *Vision 2020* was adopted in 2000 and is the overarching development plan of Rwanda, in which the government has set ambitious targets to reduce poverty and achieve significant economic growth rates. To operationalize the *Vision 2020* a 3-year poverty reduction strategy was inaugurated in 2002 and succeeded by the Economic Development and Poverty Reduction Strategy (EDPRS) 2008-2012. This document is updated every five years (next in 2012) and contains both sectoral and cross-sectoral programs (Ministry of Finance and Economic Planning, 2007). Before a project is approved, its impact has to be linked to the objectives of the EDPRS in order to get funding. Also donors are required to align the goals of their aid projects to the priority areas of the EDPRS. Thereby, a high cohesion and target orientation is ensured. The EDPRS is also used as an evaluation tool for the Rwandan government. In addition to the EDPRS, there are Sector Strategic Plans that focus on a single sector and Provincial/District Development Plans which operate at the district level involving grassroots communities and other players of civil society. Those plans determine sector objectives as well as expected outcomes and outputs. The link between annual budget allocations and sector strategies/district plans is provided through the Medium Term Expenditure Framework (MTEF) that captures all public expenditure with a clear analysis of the links between inputs, activities and outputs over a 3-year period.

The Integrated Framework in Rwanda

Rwanda joined the IF process in 2004 to analyze barriers to trade, identify opportunities for growth and build consensus on the key priorities for action. In order to better administer the IF process the country has established an IF Secretariat in the Ministry of Commerce, Industry, Investment Promotion, Tourism & Cooperatives (MINICOM) under the Secretary General (Focal Point).

Donor coordination takes place on several levels and in different forums. The highest level of coordination is the Development Partners Coordination Group (DPCG) comprised of secretary generals of the government of Rwanda and heads of bilateral and multilateral donor agencies as well as civil and private sector organizations. The group was founded in 2002 and meets every two month. The meetings offer the opportunity to communicate between donors and the government, coordinate aid efforts of the donors as well as update donors regarding progress in the planning and implementation of development programs (Development Partners Coordination Group, 2007).

In 2005, a DTIS and a detailed Action Matrix has been developed by the IF Secretariat. The government of Rwanda is currently in the final stage of the capacity building phase (Tier I). Although the IF process has helped to put more attention to trade in the poverty reduction strategy, there was still room for improvement in 2005. According to a government official, the DTIS suffered from lack of ownership as it was seen as the sole responsibility of the Ministry of Trade and Industry. With the introduction of an updated DTIS and the EDPRS 2008-2012, national ownership has increased as it is perceived as a national task and trade plays a much greater role.

Tanzania

National Development Strategy in Tanzania

In June 2005, the government of Tanzania introduced a National Strategy for Growth and Reduction of Poverty (NSGRP). It is based on the Poverty Reduction Strategy (PRS) Paper 2000/01 – 2002/03, the PRS Review, the Medium Term Plan for Growth and Poverty Reduction and the Tanzania Mini -Tiger Plan 2020 (TMTP 2020). It was designed for a time frame of five years until 2009/10 which coincides with the targets of the National Poverty Eradication Strategy (NPES 2010) and is two thirds on the way towards the MDGs (2015) and 15 years towards the targets of Vision 2025, the country's long-term development strategy (Vice President's Office Tanzania, 2005). The NPES is a very ambitious framework that acts as the medium-term national development plan.

The Integrated Framework in Tanzania

Tanzania was one of the 12 countries that went through the first IF process and for which a needs assessment was prepared (Integrated Framework, 2005). The outcome was the *Business Environment Strengthening for Tanzania* (BEST) program. It was a targeted strategy to improve the business environment for private sector development through legal and regulatory reforms that was implemented in December 2003. Subsequently, the government of Tanzania applied for the second IF process and was approved in June 2004.

In November 2005, the DTIS including a detailed Action Matrix was launched. As Tanzania has gone through the initial (first) IF process, prior work and studies have been taken into account. However, the DTIS process was not as successful as it could have been as it only reflected partly national trade priorities. But in order to succeed in integrating trade better in the NSGRP a more permanent institutional structure needs to be established (Integrated Framework, 2005). In addition, the DTIS in 2005 suffered in part from lack of ownership as it was not equally accepted among all ministries. In 2007, the DTIS has been updated but, according to the WTO-OECD in *Aid for Trade at a Glance 2009: Maintaining Momentum*, trade has been only partly mainstreamed in the national development plan as well as addressed in the annual budget and various sectoral strategies. As a result, in May 2009, the Tanzania Trade Integration Strategy (TTIS) 2009 – 2013 was launched in order to transform the Tanzanian trade sector into an engine for economic growth by strengthening the ownership, coordination and integration of the trade agenda. To achieve this ambitious goal, two major issues are addressed in the TTIS:

1. *Enhancing Tanzania's capacity to manage trade policy, trade strategy, and Aid for-Trade formulation and implementation processes;*
2. *Expanding a competitive export supply of goods and services in Tanzania; (Ministry of Industry, Trade and Marketing, 2009)*

The strong focus on those two issues aims to build a strong institutional framework that can support the focus on export development and to enhance the capacity within institutions to deliver the services and assistance that is needed for a stronger export oriented economy. The TTIS serves as the lead framework for government, the private sector and the donor community for trade related technical assistance and the trade agenda in general. In addition, it constitutes the major coordination and

planning tool for projects to finance and implement by the donor community (Embassy of Sweden, Dar-es-Salaam, 2009).

4. Problems Encountered

The major inefficiency concerning transport infrastructure in East Africa is the length of time taken to get products from the producer to consumer and the high cost of transport. Oftentimes, the length of the delay contributes to the lack of competitiveness of the products in a global marketplace and manifests in the form of weak quality. The high cost of transport has a direct impact on the competitiveness of the national and regional private sector and subsequently, the entire economy.

Driving in the fast lane: The state of roads

At first glance, road congestion does not seem to be much of an issue. Indeed the road is in good condition allowing fast speed and connects all major cities in the region. The World Bank's Africa Infrastructure Country Diagnostics (AICD) especially note that most countries have made good progress in developing sound institutions for funding and building road infrastructure (AICD, 2007). The only point they raise as an area of improvement is in road maintenance, where they note certain countries are underfunded. However, in this matter too, East Africa is well-served. The SSATP RMI Matrix for 2007 gives scores of 100% to Tanzania and 80% to Rwanda on overall performance for road maintenance (Gwilliam, Foster, Archondo-Callao, Briceño-Garmendia, Nogales, & Sethi, 2008). All three countries visited possessed a functional road maintenance fund (AICD, 2007) and Uganda has recently implemented the stationing of road maintenance brigades within each district (and under their jurisdiction) to ensure rapid response. So why then do some studies demand a further improvement of the road network – going so far as to suggest a "four-lane road network from Mombasa to Kigali making a curve back to the coast to Dar-es-Salaam"? (PSF, 2007)

The answer is due to a lack of options in transportation of goods. In East Africa, road is simply the only way to move bulk goods to and from the ports. Where there is an option to move goods by rail, the dubious reliability of service and the chronic maintenance issues have combined to increase the price of rail to reach on par with shipping by truck (AICD, 2007). As a result, all shipping traffic has become concentrated on a handful of highways in the region. Reliability is not an issue here as the roads are in good condition and the trucking industry is responsive to customers due to regional competition. Supplying, maintaining and upgrading trucking fleets have become viable businesses in their own right. These initiatives have had some success, particularly when noting export transit times from landlocked countries. Within a few years, Rwanda has reduced the number of days to export and import from 47 to 38 and from 69 to 35 respectively. In Tanzania, the number of days remained stable for exports and even increased by one day for imports (see

Table 1 & Table 2). It is important to note, that over the same time period, the costs to import and export per container were rising in all countries. With more cargo transported by road, shipping firms would be vulnerable high fuel costs as a result of fluctuations in oil prices. Additionally, vehicle maintenance costs as well as corruption may also be explanations for higher costs.

Table 1: Doing Business Report 2008

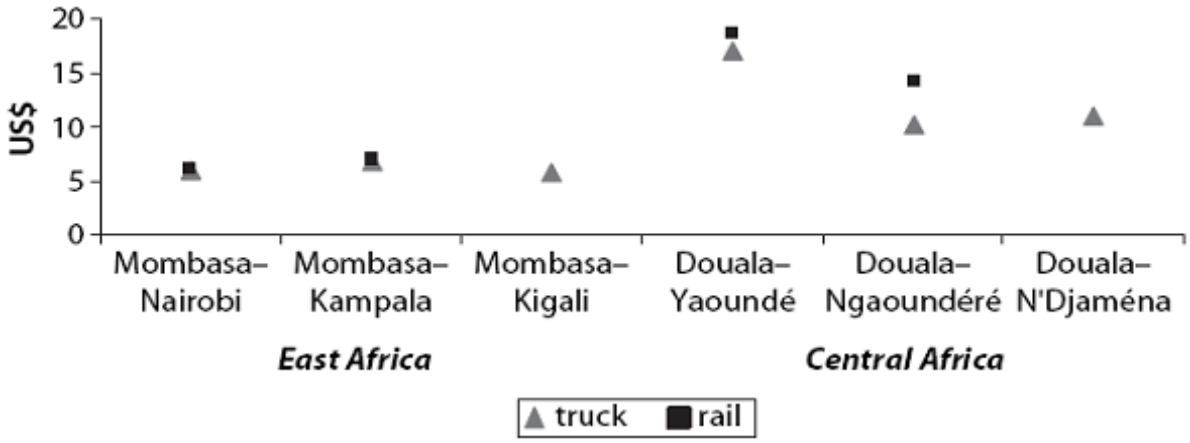
Doing Business Report 2008 – Trading across borders	Documents to export (number)	Time to export (days)	Cost to export (USD per container)	Documents to import (number)	Time to import (days)	Cost to import (USD per container)	Rank for Trading across borders
Uganda	6	39	2940	7	37	2990	141
Rwanda	9	47	2975	9	69	4970	166
Tanzania	5	24	1212	7	30	1425	100

Table 2: Doing Business Report 2010

Doing Business Report 2008 – Trading across borders	Documents to export (number)	Time to export (days)	Cost to export (USD per container)	Documents to import (number)	Time to import (days)	Cost to import (USD per container)	Rank for Trading across borders
Uganda	6	37	3190	7	34	3390	145
Rwanda	9	38	3275	9	35	5070	170
Tanzania	5	24	1262	7	31	1475	108

However, it is important to note that the highway system that is now acting as the backbone for international export was never intended for such a purpose. The roads that connect Kigali and Dar-es-Salaam feature two undivided lanes – one in either direction – with no room for passing and no shoulder to pull off onto. Often, due to the well-documented weaknesses in the rural road network, these main trunk highways become the main thoroughfare for foot, bicycle and even animal traffic. Especially when nearing populated communities, our research team noted hundreds of schoolchildren making their way home at the end of the day while trucks and buses sped towards the coast. Crucially, the highways form the main road within the communities that they pass through, and necessarily speed bumps, humps and rumble strips are placed to enforce safe speeds for thru traffic. This safety vs. speed trade-off is appropriately skewed towards safety in populated centers, but has the unintended consequence of forcing truck drivers to take greater risks elsewhere to make up for lost time. Tanzania has the highest accident rate in the EAC, and this has prompted a plan to upgrade 12 000 km of road to international standards – including a wider carriageway and shoulders. When the distances to travel number in the thousands of kilometers, and journey times stretch beyond 10 hours, drivers can have a tendency towards overconfidence. This, results in excessive speeding and dangerous passing and may be the cause for the crashed hulks of trucks, buses and passenger vehicles that litter the roadside with alarming regularity. There has been talk of limiting trucks to travel at night in order to mitigate congestion, but any laws along this line of thinking will undoubtedly increase transit times and costs. So while better roads may be at least partially responsible for the reduction in transport times noted by the Doing Business report, the higher traffic speed it has facilitated may be also partially responsible for higher costs due to accidents. Currently, however, sufficient data is unavailable to confirm or deny this point.

Figure 2: Road-Rail Price Competition in Main International Routes (USD per ton-km)



Source: (AICD, 2007)

Side tracked: The state of railways

Until the dismantling of the East African Railways, Uganda's landlocked status had a marginal impact on trade. The railway was a mode of transport linking Uganda to the ocean via Kenya. This changed in 1977 when East African Railways was split into national segments, which reduced the efficiency of the railway as it introduced additional costs pertaining to management, maintenance, border controls and other coordination costs (Atingi-Ego and Kasekende, 2008). As a result, transport costs increased dramatically, reducing Uganda's export competitiveness. Though not connected directly to the railway, the increase in costs would have had a substantial effect on Rwanda's economy as well.

Rift Valley Railways

The state of the railway network in East Africa is abysmal. The only relevant and functional railway system in the region is the chronically under maintained, underfunded and unprofitable Rift Valley Railway which runs from the port of Mombasa, through Kenya and Uganda via Kampala to Kasese near the DRC border (Kyalimpa, 2010). The inefficiency of the RVR is partly due to the lack of direction on ownership, investment and planning of how to make railway infrastructure viable in the region. Though the Kenya and Uganda governments have concessioned the operating of the railway to a private partner, both countries maintain strict requirements on operational and financial aspects. Prices cannot be set by the RVR. Upgrades and improvements must be approved by government agencies. Passenger services are mandated to support a tourist industry. With such stringent restrictions on operational aspects of railway service, the concessionaire finds itself in the dubious position of being unable to meet the requirements and maintaining financial profitability. Even within the consortium, there is no harmony, with buyouts, accusations and threats playing out in the press and in the courts (Kisero, 2010). Continued attempts to upgrade the infrastructure have been bogged down with the concessionaire unwilling to do more than refurbish the ancient 'Lunatic Line' as it was dubbed during construction (McFerrin). To compound the chaos, the government and donors are at odds over how to rehabilitate the infrastructure with the government preferring to implement a brand new standard gauge rail, while donors are in favor of refurbishing the existing narrow gauge (CPCS Transcom, 2009).

Efficient functioning of even this existing railway can have substantial cost savings for traders in Uganda, Rwanda and even the DRC (CPCS Transcom, 2009). Crucially, speaking to traders in the region, the impression of the RVR is not favorable. The sorry state of maintenance means frequent breakdowns and therefore delays in getting products to port. As more exporters shift their transportation to the more reliable trucking industry, the rail wagons often sit idle, not leaving the station until they are full. This has created a spiral of diminishing performance as the concessionaire requires a certain volume of capacity and frequency in order to justify its expenses (AICD, 2007) (Bullock, 2009). Whenever the trains do leave for Mombasa, the exporters get preferential rates, as the RVR is essentially an import driven business.

Security concerns also favor a preference towards railways. A number of exporters explicitly mentioned that stolen coffee shipments were becoming alarmingly common on the trucking route from Kampala to Mombasa. A truck carrying a container will disappear en route in one of the many rural warehouses that have cropped up along the highway. With the efficient functioning of the railways, a non-stop train pulling locked and sealed containers does not present the opportunity for theft. One response to this trend has seen logistics firms develop a convoy approach to trucking. The service features escorts at the front and back of the convoy and a 'commander' who plots the route, determines stoppages and handles all border paperwork for the trucks. Not only has this procedure reduced transport time from Kampala to Mombasa by three days, but each escort features security cameras that allow clients to monitor their shipments on their way to the port. The sad reality is that this innovation is replicating on the road what is taken for granted on the rails. This premium trucking service provides peace of mind and reliability for those clients that can afford it, while an efficiently managed RVR could provide benefits for all.

Tanzania Railways Corporation

The other railway that is vital to the East Africa economy is the Tanzania Railways Corporation operated railway. While this railway was originally concessioned to RITES, a Government of India infrastructure company, the concession was terminated by mutual agreement. For the concessionaire, government clauses demanding that passenger service should also be provided in addition to operating freight trains drove up the breakeven point of the arrangement, and RITES was unable to turn a profit. Compounding this, the narrow gauge railway connecting Dar-es-Salaam to Mwanza was washed out in the heavy rains of late 2009. The resulting outlay to rebuild the tracks proved to be beyond the capability of RITES. The failure of the TRC has had ripple effects throughout the entire Central Transport Corridor. This corridor, which should be a lifeline to Rwanda, Uganda, Burundi and possibly even the DRC, is now serving all stakeholders poorly.

Investment in Railways

Most infrastructure projects are fortunate enough to have a number of experienced donors who are committed to investing in the implementation phase of construction. The World Bank and African Development Bank are keen to provide loans, guarantees and financing for projects, the European Union has extensive experience and good results in road-building projects in the region, and UK's DFID and Japan's JAICA are involved in the upgrading of one-stop border posts. Of course, one of the challenges is in funding for railway and port projects. Due to the nature of the infrastructure – they are

income-generating, as opposed to a necessary public good – grant money cannot be provided, particularly given the size of the capital investment. While the European Union's total aid to the EAC across multiple categories was USD 17 billion, the total cost for developing new railway links into the landlocked territories is projected at USD 34 billion (CPCS Transcom, 2009). Therefore, attention necessarily shifts to development banks and the private sector in order to make it financially feasible for construction to occur.

With the demise of the TRC concession, and heavy investment required to rehabilitate the tracks, the effectiveness in terms of cost and time of a route to Dar-es-Salaam has been dealt a large setback. Indeed, many exporters mentioned how they preferred Dar-es-Salaam as a port of export during the functional operation of the railways. One exporter noted that 5 years ago when the TRC was functioning they would ship their entire product by rail across Lake Victoria in rail wagon ferries and from there to Dar-es-Salaam by train. The lack of ferries on Lake Victoria, the lack of capacity at Port Bell, the lack of investment at Mwanza and the defunct railways combine to deprive the Dar-es-Salaam port of a higher level of trade.

When discussing the level of investment required for African railways, a recent AICD report titled the section "Investment – how much can be justified?" (Bullock, 2009) This is an appropriate question to ask, considering the history of the railway, its current demise and the contrastingly grandiose visions for the future. Investment for the railway means new construction, new rolling stock and rehabilitation of tracks and current rolling stock. The AICD notes, "Thus the investment required at any one time is a function of the age and condition of the existing assets; lines that have been poorly maintained require a substantial volume of "backlog" investment." Given that the market for railways is small – the population of the region is not regarded as highly mobile, so freight traffic is expected to be the sole passenger. Fundamentally, rehabilitating the railways must be positioned as rebalancing the modal split of freight transportation in the region. Railways should occupy the dominant role in freight transport (CPCS Transcom, 2009). With trains accounting for less than 10% of freight traffic, the railway has fallen far from its historical share of 60%.

But this is not necessarily such a bad thing. Our team heard from multiple sources that the concessioning of the Tanzania Railway Corporation had failed precisely because it was stipulated that they accommodate passenger service at a severe loss, and ultimately forced them to abandon the concession. In the end, focusing on freight may be the ticket to growth and development for the entire region as one interviewee stated, "Eastern DRC's iron ore deposits alone will make electrifying railway a viable over the next 10 to 15 years." Concentrating on efficient and effective freight service would begin to allow East African railways to dream of success, and hopefully profit. The EAC Master Railways plan has stated that an investment of just USD 1.2 billion spread over 20 years would be sufficient to rehabilitate the existing four railway lines in the region (CPCS Transcom, 2009). Donor funding is not flowing to this project yet as feasibility studies are being completed. But the World Bank and African Development Bank have stated their willingness to fund the project if it is proven to be commercially viable. Bilateral donors are not expected to provide funding as railway operations are regarded as revenue generating economic activities and therefore do not meet the criteria of typical bilateral aid

projects. Over time, building up a larger and more successful stakeholder ecosystem that is profiting from effective service could lead to the possibility of greater reinvestment in modernization.

Staying afloat: The state of waterways & ports

A crucial element of any regional transportation plan must take into account all modes of transportation. Much emphasis, funding and planning has focused on rehabilitation of roadways. The detriment of railways has been documented here, and now that highways are generally in good condition, railways seem to be the next aspect of transportation that agencies and governments are eager to tackle. Air transport has improved its standing with transportation planners – however, it is not meant for bulk cargo transport, and the point-to-point nature of the system means that it will remain a national priority. The sole remaining avenue for cargo transport in the region remains waterways and ports. And here, it is curious that the state of waterways has not been integrated into a holistic understanding of transport in the region.

Lake Victoria

Lake Victoria is the largest tropical and freshwater lake in the world, the largest lake in Africa, and crucially for our purposes, bordered by Kenya, Uganda and Tanzania – and therefore completely within the boundaries of the East African Community. At an average depth of 40m it has been fully navigable since the early 1900s, and has formed an important transport link between the three riparian nations mainly through the use of ferries.

However, the current state of affairs is quite different. Non-functioning navigation aids have led to an increase in accidents due to lack of vessel monitoring. Ships must rely on outdated hydrographical surveys from 1924, which do not reflect the level of channel silting (AU-ECA, 2008). Unfortunately, the state of the ferry and port system on Lake Victoria is currently so poor, that if the Tanzanian railways were fully functioning, the exporters who preferred to send their shipments to Dar-es-Salaam could not do so. Where the broken link used to be just the railways, now the broken links include the ports and ferries as well.

Port Bell

Where once Uganda railways operated 2 large ships, ferrying imports and exports from Port Bell to Kisumu (Kenya) and Mwanza (Tanzania), almost none make the trip. Port Bell's infrastructure is crumbling. After discussing with a railway ferry captain in Mwanza, our team was informed that the demise of Port Bell meant that his ship only travels half as much as it used to and only to Kisumu. Senior government officials have acknowledged the problems with Port Bell and have assessed the needed rehabilitation to cost USD 13 million. The redevelopment is planned to include refurbishment of the dry dock, and remodeling to handle containerized and general cargo (Ogwang, 2009). The government of Uganda allocated USD 1.7 million towards the project in November 2009, but has not set a timeline on bidding, tendering or construction. Notably, in the same interview acknowledging the necessity of developing a competitive route through Mwanza to Dar-es-Salaam, the director of transport at the Ministry of Works stated bluntly, "Development partners and the private sector are requested to provide the required funding to develop the route." (Ogwang, 2009)

Mwanza

While Mwanza is in better shape than Port Bell, it is apparent that the port is certainly in decline. The non-functioning cranes meant that sacks of gypsum had to be offloaded by hand onto waiting railcars. Of course, the non-functioning railway meant that the railcars would simply be shuttled further inland before being transshipped to truck. Mwanza is not quite the bustling port that it used to be when the railway was functioning, but it is quietly managing to do business thanks to its investments from the past. One fully-functional high capacity crane sat idle off to the side of the port beside an empty dry-dock. But with a little bit of investment, process streamlining and perhaps creative marketing, the rehabilitation of the Mwanza port could easily represent a quick win for an enterprising agency.

Kisumu

Though it is not within the area of study, Kisumu is important to the region as one of the three main cargo terminals on Lake Victoria along with Port Bell and Mwanza. Kisumu used to be an important import and export channel for Uganda, cutting travel times and costs to and from Mombasa, and playing an important role in competition with the railway. However, the demise of Port Bell has shut down this economic corridor, with only Mwanza representing a major port of trade on the lake. While Kisumu's status was not our area of focus, it seems that the port is very much in the same category as its neighbors. Kisumu is plagued by an infestation of water hyacinths – native to South America, but spreading rampantly across the entire of Lake Victoria unchecked. This has created water shortages to the city, where intakes are clogged by the weed, but also severely impacting port activities. Some reports suggest that it is impossible for light steamers to dock due to excessive vegetation (Ochieng, 2003).

Ferries

The status of the ferries plying Lake Victoria is in better shape than would be expected when considering the ports. Passenger business has been fairly consistent, and even despite the poor infrastructure, Bukoba-Mwanza ferries have fairly robust and regular service. It is even possible to take a luxury ferry across the lake, no doubt a concept to capitalize on lucrative tourist money. Where there is mobility for people however, cargo has not been able to keep up with the same level of service. There may once have been as many as a dozen ferries on the lake, but currently only 5 freight ferries are in existence – three in Uganda (now lying dormant at Port Bell), one in Kenya (since suspended after running aground in 2007), leaving one Tanzanian ferry currently in operation (MV Umoja, which was visited in Mwanza). Most importantly, the history of accidents on the lake have emphasized the need for closer monitoring of safety and seaworthiness, but with no central regulating authority, maintenance work often slips through the cracks. As a result, an accident in 1996 saw 1 000 people perish and a similar capsizing in 2006 resulted in 28 deaths (Ochola, 2006). Despite these incidents regional transporters firmly believe in the future of shipping cargo by lake, stating, "If there is some investment here it will make a huge difference to his economic bloc." Others mentioned that an efficient, fast and safe passenger and cargo vessel on the lake would increase the value of rail efficiency without having to lay a single railway track.

Figure 3: Mwanza port

End point: The state of the Dar-es-Salaam port

Much has been made of the port congestion, inefficiency and delays at Dar-es-Salaam. It has been held up as an example of why the central corridor is not a viable option for landlocked exporters. This perception may have been true as much as two years ago, but the situation has significantly changed for the better at the port of Dar-es-Salaam.

Storage

The establishment of Inland Container Depots (ICDs) has had a substantial impact on the port's performance. Like elsewhere across Africa, it has facilitated the movement of goods from one point to another without the hassle of intermediate checkpoints, customs control, or other handling. In Dar-es-Salaam, the establishment of these bonded warehouses have increased the capacity of the port from 11 000 to 23 000 TEUs. Indeed, there is now a thriving competition among merchants to open their own bonded warehouses in the city as it is seen as a lucrative business in its own right. The usage of ICDs allows the time-consuming process of logistics management and transshipment to be handled at the warehouse instead of at the port. This allows the port to concentrate on loading/offloading of ships. A case study on the port notes explicitly that crane productivity falls as the number of containers stored at the port increases (Farrell, 2009).

Transit Times

Innovations like ICDs have enabled the Dar-es-Salaam port to focus on its core functions. While dwell time used to be as high as 30 days for clearing transit containers, it has now dropped to 13 days, with the number as low as 11 days for local containers (Daily News, 2010). Considering that an AU-ECA report of 2008 cited dwell times at 15 days from a NEPAD-MLTSF Study (2004), this is a significant improvement. Another cause for concern has been the amount of time it takes to clear a ship at Dar port, with ship waiting days a critical issue. In this matter, it seems that perception is different from reality. As a safe haven far from Somalia's pirate-infested waters, the Dar-es-Salaam Bay has become a popular destination to anchor. Though these vessels may not be intending to dock at the port, the sight of many vessels anchored outside one of Africa's major ports leads to the perception of chronic congestion. Still, transit times can get drawn out due to factors beyond the port's control. Old and damaged ships can take up a disproportionate amount of the terminal's working time, as well as dealing with out-of-gauge cargo, while vessel delays reasons include late submission of ship manifest, customs and waiting for authorities to arrive (Farrell, 2009). Speaking to transport and port officials confirmed that there have been no major vehicle retention issues at the port since July 2009. Recent reports indicate that ship waiting time has dropped from 12.7 days in January 2009 to 3.8 days this year, as well as improving ship turnaround time from 6.7 days from 18.9 days over the same period (Kamndaya, 2010).

Future Investments

The concession for the Tanzania International Container Terminal Services (TICTS) was initially awarded to Philippines-based ICTSI in 2000, but was subsequently bought by Hutchison Port Holdings that manages many other ports around the world including, Hong Kong, Rotterdam, and both the Atlantic & Pacific ports of the Panama canal (Hutchison Whampoa Limited, 2003). The concession has been renewed in 2005 for another 20 years, indicating the long-term nature of HPH's investment. Officials were clear in mentioning that they see Dar-es-Salaam as a gateway to six landlocked developing countries. As a result, they have committed to investing USD 60 million on the terminal in the form of equipment and training. New cranes, new management tools to improve operational efficiency, are still to come. Even without these improvements, the port is currently operating at 23 moves per hour for loading & discharging. The internationally accepted standard is 25 moves per hour, but TICTS is being pushed towards the higher internal corporate goal of 30 moves per hour, which the new investments should help achieve. Interestingly, these efficiency improvements have occurred during the economic crisis, which depressed economic activity in 2009, and resulted in many ports losing 10-15% of their annual traffic. Coupled with a shutdown in mining in DRC and Zambia – two of the landlocked countries the port is closest to serve – Dar-es-Salaam would have been expected to report similar results. However, Dar-es-Salaam only lost 5% of their traffic, and this too was mainly from transit shipments, not local traffic. This indicates that the Dar port's efficiency may have helped it win business away from other ports during the crisis, or that Dar port's growth is fuelled domestically.

When discussing plans for expansion, officials at TICTS were sanguine about adding greater berthing capacity. They repeatedly stated that port density was the key. As ICDs are now successfully alleviating this pressure, current berthing capacity should be enough for the next five years. Indeed, the message

that we were left with is that a functional railway system – which accounts for currently only 6% of port traffic – should result in the port simply remaining a throughput for containers going to ICDs and on the rails to final destinations.

Who watches the watchmen? The state of Non-Tariff Barriers

Uganda, Rwanda and Tanzania suffer from extremely high transport costs. But in addition, there are several disruptions on the transport corridor that increase time and cost apart from the status of infrastructure. These so-called "soft barriers" present major governance obstacles to overcome. They are relevant not only trade policies but also to standardization authorities, regulatory bodies, and regional integration.

Rules of the road: Weigh bridges, axle limits and truck size

With the inactivity of the railroad connecting the port of Dar-es-Salaam with its hinterland, most traffic has shifted to roads. While road transportation offers great flexibility to the freight forwarders, it poses a high burden for the existing road infrastructure and its users. Cargo that used to travel by train is transported now by trucks. In order to protect the roads from too heavy use, the governments of Uganda, Rwanda and Tanzania have road regulations in place (see In 2008, EAC member countries reduced the number of axles allowed on regional roads from four to three. This limited the gross weight permitted per truck to 48 tons. Rwanda and Tanzania strictly enforce the axle limit regulations. Axle regulations do not only preserve and protect the existing infrastructure from overuse, it adds also to general road safety as overloading increases the risk of accidents. However, while in Tanzania monitoring this regulation leads to significant disruptions on roads, in Rwanda no such disruptions were observed in the country. Only at the borders between Uganda and Rwanda (Gatuna border crossing) and between Rwanda and Tanzania (Rusumo border stop) weigh bridges were observed on each side of the border.

). For example, in Tanzania trucks are allowed up to 8 tons gross weight per axle (with two tires). When the EAC treaty was signed, member states agreed to harmonize axle load limits among all members (Art. 90, EAC Treaty) (EAC, 1999). In 2007, the standardization of axle load weight limits as well as truck dimensions did not happen yet. The difficulty arises from government's different memberships in regional communities such as COMESA and SADC. While Uganda and Rwanda are part of COMESA, Tanzania is a member of SADC. Each community has its own regional standards regarding axle weight load limits and dimensions of trucks. In order to facilitate transport and trade, the EAC proposed regional standards, where feasible.

In 2008, EAC member countries reduced the number of axles allowed on regional roads from four to three. This limited the gross weight permitted per truck to 48 tons. Rwanda and Tanzania strictly enforce the axle limit regulations (Kagenda, 2009). Axle regulations do not only preserve and protect the existing infrastructure from overuse, it adds also to general road safety as overloading increases the risk of accidents. However, while in Tanzania monitoring this regulation leads to significant disruptions on roads, in Rwanda no such disruptions were observed in the country. Only at the borders between Uganda and Rwanda (Gatuna border crossing) and between Rwanda and Tanzania (Rusumo border stop) weigh bridges were observed on each side of the border.

The government of Tanzania has installed also several weigh bridges along the major transport routes. Every vehicle above 3.5 tons is required to be weighed on each weigh bridge, including public transportation such as buses. Before a vehicle is weighed, the driver has to submit driver's license, vehicle registration and cargo documents. After weighing, the driver must sign the weigh bridge report form that was obtained from weigh bridge officer and be carried throughout the whole journey. By signing the form the driver agrees on behalf of the owner that the vehicle particulars and weighing scale reading at that time are correctly reported on that form. High traffic volumes through both trucks and buses cause traffic congestion before each weigh bridge. Trucks have to wait sometimes several hours

Figure 4: Weigh bridge at Rusumo

until they are permitted to continue their journey. For landlocked countries, such as Rwanda and Uganda that are dependent on the roads of their neighbors, those obstacles lead to soaring transport prices and hence make competition difficult. Furthermore, also dimensions of trucks have to comply with existing legislation. Dimensions include length, width and height. If a vehicle exceeds any of those dimensions, the owner has to apply for a permit at the Permanent Secretary of the Tanzanian Ministry of Infrastructure Development.

Police patrols and young guns: Roadblocks en route

Additional burdens to transporters are the several police and unofficial checkpoints along the transport routes. While not observed in Uganda and Rwanda, they were most prevalent in Tanzania. This could be due to a willingness of the landlocked bureaucracies to rigorously enforce the removal of these NTBs. However, an alternate explanation could be the differing scope of geography between the smaller nations and the much larger Tanzania. One Tanzanian official directly specified that such checkpoints were necessary to ensure the wealth of natural resources were not illegally poached and smuggled out of the country. Officers at the police checkpoints perform general document controls as well as vehicle and cargo inspections. These safety checks increase travel time significantly as the number and duration of stops is random. In some cases, drivers have to decide between longer waiting times or incurring additional transaction costs in order to speed up the process. Informal roadblocks also were seen along the route, particularly near border crossings where a few gun-toting youngsters can make a fair living from extorting payments from truckers. Taken together, these checkpoints and roadblocks extend transport times and costs substantially for enterprising exporters in the region.

Figure 5: Freight traffic congestion at Rusumo

Checking balances: Border crossing in East Africa

There are also several cross-border impediments to trade. The World Bank has recently pointed out in its Doing Business Report 2010 the high costs to export in Uganda and Rwanda. Both countries hold the 7th and 8th rank for the highest cost to export a container (USD 3 190 and USD 3 275). Tanzania, who has direct sea access, faces only costs of USD 1 262. In order to facilitate trade, Uganda and Rwanda have undertaken several trade facilitation reforms. Given their geographical location, Uganda and Rwanda have focused particularly on trading across borders and improving customs administration. According to the World Bank, both countries belong to the most active trade facilitation reformers in Sub-Saharan Africa over the past five years (World Bank, 2009). Regional initiatives have also triggered reforms; in support of the East African Customs Union harmonization program, there is a significant effort to

enhance data sharing between Uganda, Rwanda and Kenya to ease border crossing (World Bank, 2009). Unfortunately, benefits of this program could not be fully exploited because of power supply cuts and lack of high-speed internet connections in Kenya and Tanzania (among others) (World Bank, 2009).

Traders in East Africa were not only confronted with bad infrastructure but also with difficult border procedures. In the case of Rwanda, these have been recently reduced by streamlining transport procedures at borders and allow traffic to pass through and from neighboring economies with fewer restrictions (World Bank, 2009). Yet, major challenges to implement one-stop border posts are the legal aspects concerning smugglers and joint security. For example, Rwanda and Uganda recently agreed to implement one-stop border posts by sharing a single facility between both customs personnel. Similarly, on 26 March 2010 the governments of Rwanda and Tanzania signed a bilateral agreement for the establishment and implementation of a one-stop border post at Rusumo. The Rusumo border post is located on the central transport corridor and vital for the flow of goods not only between Rwanda and Tanzania but also for neighboring countries such as Burundi and the Democratic Republic of Congo (EAC, 2010). From our experience at Rusumo, truckers had to wait roughly two days to cross both border posts. One-stop border crossings are expected to expedite this process but extending opening hours can also provide immediate transit time reductions. Recently, the Gatuna border post between Rwanda and Uganda initiated 24-hour operations (World Bank, 2008). Other reasons for border delays are long and duplicating border procedures and paper work, customs inspections and the waiting time in between. In some cases additional facilitation costs are involved.

A significant contributor to reduce time and costs at the border crossing was the introduction of information and communication technology (ICT) systems. It simplified processes at the border to expedite clearance of cargo through online filing and electronic payments. All three countries joined the ASYCUDA program of UNCTAD, a program to facilitate customs operations through ICT. While Tanzania (1994) and Uganda (1996) have been part of the program for many years, Rwanda has started their implementation process relatively recently (2004). Active investment and assistance from JAICA and DFID has seen transporters in the region able to reduce clearing times by one-third (from three days to one) with the introduction of the new system (Majyambere, 2009).

Nothing is certain but taxes and insurance and licenses

Key sunken costs for all transporters are the fees and taxes paid for proper trade licenses and insurance bonds. Some, are renewed annually, some are assigned in perpetuity. But each government requires that every trader must obtain a license to trade with separate regulations applied in each jurisdiction.

General bond insurances have to be renewed annually. The insurance bond of an individual transporter is required to cover 10% of last year's annual cargo value. The sum of the total cargo value currently passing through one country must not exceed at any time the insurance bond sum valid for that year. To date, traders are required to obtain an insurance bond in each country where any customs duty is due. This has severe implications for the market entry and operations of transporters as cargo has to be insured double on a simple route covering two countries and can be even higher when cargo is transiting through several countries. This is in many cases not bearable for small companies that carry high value cargo. However, cargo insurance is not required if custom payments are made upfront to the

government. One logistics firm mentioned the headache involved in managing multiple bonds for shipping UN equipment to the Democratic Republic of Congo through Kenya and Uganda. The firm could only transport one piece of equipment at a time until it had cleared the border of the first country in order to release that bond and apply it to the second piece of equipment.

In light of the common market, there has been an effort among EAC members in recent years to harmonize domestic taxes and tariffs. Harmonizing the tax and investment code of the member states is a key measure towards greater regional integration and therefore on the top of the agenda of EAC countries. Synchronizing the tax policies is necessary for the free movement of goods, services and capital to ensure that no custom duties are imposed on goods traded between the member states. In addition, equal domestic taxes such as VAT, excise duty, and income tax avoid tax competition among EAC member states (Kamulegeya, 2010). In November 2009, the presidents of the EAC members committed themselves to progressively harmonize their tax policies and laws by signing the 'EAC Common Market Protocol'. The goal is to abolish obstacles to trade and promote investments within the community. Currently, tax rates such as VAT vary across the region (Kenya 16%, Uganda 18%, Rwanda 18% and Tanzania 20%) (Rwanda Development Gateway, 2005).

5. Factors for Success/Failure

Ministries, secretariats, and corridor agencies: An institutional landscape

Allocation of resources for planning bodies is a key factor in the ability of an agency to develop, assess and execute on an infrastructure project. Strong and stable funding can be the key to attracting the right talent, having a fully staffed department and appropriate resources to carry out duties. Among infrastructure planning authorities there are three types of organizations: 1) national government ministries 2) regional secretariat 3) corridor agencies.

Government Ministries

Speaking with various government ministries and with other individuals and organizations that work with government ministries, our team was able to glean a sense of how they worked, who worked in them, and how effective they were. In the absence of any standard monitoring data – at least at the departmental level, much of our findings focus on observations and anecdotes.

In all countries we found professional, highly skilled and qualified staff who knew their portfolios in great depth. Additionally, we were pleasantly surprised at the accessibility of senior officials, who were happy to meet with us, sometimes on short notice and were eager to connect us to other individuals who could assist us in discussing developments in their sector. Often, it was our constrained schedule which precipitated who we could meet with, not the availability of bureaucrats.

However, despite the generosity of senior ministerial planners with their time for us, almost universally was it reflected back to us that there was simply too much work that had to be done by too few individuals. The key here is not necessarily one of time – though that may also be the case – but it seems to be one of diffusion of responsibilities. Simply, there did not appear to be a great amount of depth in

the bureaucracy, with a number of able junior public servants who could execute the plans of senior bureaucrats. Often, the responsibility for this also remained with senior bureaucrats. Due to their hectic schedule including directing the activities of their department, advising their ministry, chairing stakeholder councils and interacting on regional initiatives, there remained precious little opportunity to actually shepherd projects through to implementation. An African Infrastructure Country Diagnostic report states:

> *A major finding is that African countries are typically only managing to execute about two thirds of the budget allocated to public investment in infrastructure (Briceño-Garmendia, 2008). Or put differently, public investment could increase by 50 percent without any increase in spending, but simply by addressing the institutional bottlenecks that inhibit capital budget execution. These include better planning of investment projects, earlier completion of feasibility studies, more efficient procurement processes, and a move to medium term multi-year budgeting. Increasing capital budget execution to 100 percent could potentially capture an additional USD 3 billion per annum in public investment. (Foster, 2008)*

Alleviating this constraint could lead to a more streamlined, timely and effective process of project planning & implementation. Though Trade Related Technical Assistance is made available for all countries in multiple government ministries, the expectation is to pair expertise with local assets. This advisory role creates an additional administrative burden for local bureaucrats even as it provides valuable technical expertise. Instead, assigning technical experts to report to administrators, or taking over certain roles within the ministry completely would satisfy the requirement of local ownership while creating the capacity for more work to be done. It is important to understand that diffusion of expert knowledge can flow bottom-up and top-down within a hierarchy.

In some ways, this model has been put into effect in Rwanda. The government acknowledges that they do not have the capacity to serve all their bureaucratic needs with native Rwandans. So, they actively attract foreigners to positions of power within their important ministries. This policy can also provide a useful link to expert networks outside the country and provide a continuous diffusion of best practices outside of the TRTA program.

Embed TRTA roles directly in ministries:

1) *Allows knowledge diffusion across hierarchy*
2) *Links to global expert networks & best practices*

Regional Secretariat

The regional secretariat of the East African Community has a department of transportation for which there is a small but dedicated and talented team of administrators involved in advocating infrastructure projects for the region. In this agency, the size of the team is not as crippling as in the government ministries, as the EAC is able to rely on the talents of national sector bureaucrats to augment their own in-house planning, analytical and strategic capacity. Certainly, the EAC's largest successes have been in shepherding an East Africa Master Railways Plan, and also identifying 5 road corridors for rehabilitation and expansion. As a forum for regional dialogue, they are also able to serve as an interface to outside stakeholders, communicating with the international private sector, and organizing investor conferences. As a standard setting body, they have been able to compile best practices and are striving to be a thought-leader on

transportation expertise in the region. With the success of road maintenance funds in the region, they are assessing the feasibility of a similar mechanism for railway maintenance.

However, the small size of the secretariat department runs into difficulties in coping with the request for assistance from both government ministries and interfacing with corridor agencies. Increasingly, the secretariat is called upon to shore up deficiencies in local feasibility and environmental assessments and to provide a match-making service between donors and projects. So, its success in building expertise has led to increased reliance from understaffed and underfunded agencies at the local and national levels. This inevitably has an impact on the executing capacity of the EAC secretariat, and could distract its focus from its original purpose of long-term planning and standard setting.

Corridor Agencies

Economic development involves the transformation of rural economies into more urban industrial and service based economies. This implies that flows of resources, goods, services, knowledge and information between urban and rural areas change. Policies that pursue agglomeration can streamline knowledge transfer while improving economic growth. One tool to achieve these objectives has been the establishment of transport corridors.

To administer each corridor an agency has been created. Indeed, in acting as an on-the-ground interlocutor between local stakeholders, regional strategy and national implementation units, the corridor agency is taking on a key role in ensuring policy coherence between multiple levels of governance. Speaking with the newly installed director of one corridor agency, the major issue was sustainability. Though funded for three years by the African Development Bank, it was noted that the agency would have to demonstrate value to stakeholders fairly quickly to ensure that the institution continued to function. In the original grant funding from the AfDB, it is explicitly expected that corridor countries will continue to fund the secretariat based on each country contributing equally (Adzibgey, Kunaka, & Mitiku, 2007).

For such a nascent agency to be successful, donors and development partners should continue to support its work. Most importantly, financial support is required to coordinate planning and attending meetings – to ensure smooth dialogue and information dissemination between all stakeholders. Additionally, the secretariat needs technical assistance to support the day-to-day running of an institution. Future plans are afoot to begin to develop support services to the corridor such as education and training for exporters and truckers. One enlightened ambition concerns the development of hospitality and catering services at strategic hubs along the corridor in conjunction with health care services for transporters, weigh station control for police, and cargo bureau outlets to facilitate transport dispatch and data collection.

Delivery of these services at hubs along the corridor would rely on a local workforce trained in industries diverging from traditional agriculture and resource extraction – diversifying local economies. As a place for multiple similarly minded stakeholders to congregate, each transportation corridor hub would also serve as a forum for collaboration. In effect, each hub would be institutionalizing a framework for civic engagement. This provides accessibility benefits for planning agencies, governments, and non-

governmental organizations to easily tap into the voice of the nation. Tangible benefits for transporters would include easy access to trade groups, and sharing of best practices.

Intermodal Planning Required

In this awkward overlap of ministerial responsibilities, stakeholders and corridor officials are advocating for the EAC secretariat to step up. What is required is a clear delineation of responsibilities, with the EAC taking on the development of policy standards and continuing to be a forum to discuss long-term planning, while leaving the corridor agencies to implement with donor assistance. By setting the policy standards and staying out of implementation, the EAC can use the instruments they have to enforce or at least encourage regional integration – such as creating a Doing Business report for the EAC. Corridor officials were clear in stating that the place to debate, negotiate and decide on a path forward was the EAC. The current framework features corridor, national and regional institutional overlap with a great deal of duplication of effort and diffusion of decision-making. This is the most important aspect of regional planning, as without a clear sense of responsibility, project approvals can be stuck in a bureaucratic purgatory as implementing agencies wait on a multitude of agency deliberations. Certainly, the corridor seems best-placed to be the implementation and performance management agencies, as they have the best stakeholder access and local footprint.

A dearth of data: Assessing information quantity and quality

One area that was of particular importance to our study was the dearth of accurate, relevant and up-to-date transportation data. Through our study, we spoke to a number of stakeholders from public, private, donor and non-governmental organizations, and at no point did we hear two opinions that were in agreement with each other. Furthermore, numerous times we heard that a transportation link was defunct when it was operational, that roads were poor when they were perfect, that congestion was intense when it was actually free-flowing. Conversely, we also were told of how certain routes were safe when they were dubious, border checkpoints were easy to cross, when they were inefficient, long and confusing and that maintenance was not a concern, when it clearly was. This highlights the need for coordinated, comprehensive and standardized data gathering and dissemination. The fact that high-level officials are misinformed on the state of infrastructure for which they are directly responsible can only lead to poor planning and further deterioration in the future. In this area, the World Bank's SSATP unit has had a great deal of success in the intelligence and insight they have brought to the Northern Corridor through monitoring stations. It is imperative that this system be replicated for the Central Corridor. Through investment and cooperation the Northern Corridor has already completed the pilot phase of a regional cargo tracking system and is contemplating how to roll out implementation across the corridor.

Golden goose or noose? Assessing private-sector partnerships

Concessions and other public-private partnerships have been a preferred method of attracting investment to important infrastructure projects without putting greater stress on limited donor funds and stretched government expenditures. They have for the most part succeeded in attracting private partners into the sector. But while the government usually receives concession fees as well as taxes, the successful profitability of the concessionaire can be elusive. The AICD concludes:

> *When concessions have been offered, there have generally been very few bidders. Of these, even fewer have had the resources to finance the major investments required; as a result the state has had to guarantee investments. Even then, financing has been slow. Concessionaires have generally been unenthusiastic about running passenger services and have had difficulty getting government compensation for unprofitable services and other facilities. The level of concession fees, the length of the concession, and the redundancy arrangement have provided further problems, leading some concessions to be renegotiated. (Bullock, 2009)*

Nonetheless, the report mentions that most concessionaires have improved traffic levels and productivity and are generally providing better service to users than the state. But, they do also stipulate that major investment was required by donors and international financial institutions to arrive at this level.

When speaking to transport planning experts at the Central Corridor Agency and the EAC, the same message was echoed back to us: if you go private, go all the way – partial privatization is the worst of all worlds. In this, it is clear to see that the failure of the state-directed, but privately operated TRC concession was at the forefront of minds. In this example the government effectively set the train schedule and expected the private firm to carry it out, while paying a fee, taxes and investing in upgrades. Contractually obligated by the government to provide a timely but loss-making passenger service, the private firm was unable to add capacity to the more lucrative cargo services demanded by commercial clients. Unable to recover costs, let alone turn a profit, the concession could not invest sufficient funds for maintenance and upgrades, ultimately accounting for the current state of disrepair.

In contrast, at the Dar-es-Salaam container port, the private firm has been given clear and manageable targets from the government, that coincides with the success of the firm. Higher moves per hour clear congestion in the port and increase profitability – a win for both government and concessionaire. With the port returning to efficiency despite an idle railway, the concessionaire is able to plan a long-term investment strategy to add new tools and upgrade equipment. Besides the obvious point that running a single port is very different from managing an entire railway network, the contrast is also due to the level of alignment in the goals of both public and private partners.

The OECD's best practice guidebook on public-private partnerships is titled, "In pursuit of risk sharing and value for money." (OECD, 2008) We would argue that value for money is certainly being achieved in the large number of concessions that are being parceled out in East Africa. What is yet to occur is an enlightened understanding that *both* government and concessionaire must *share* the risk of failure of any project. The OECD states:

> *Risk should be allocated where it can be best managed. Risk should not be transferred to the private partner at any price for the sake of transferring risk alone. Risk transfer to the private partner may increase value for money, but only up to the point where it creates the incentive for the private partner to improve efficiency. Beyond that point, the value for money for the government may diminish as greater levels of risk are transferred to a private party. (OECD, 2010)*

If private firms view public infrastructure projects as a short-term windfall they will fail catastrophically in what will surely be a loss-making enterprise. Similarly, if governments simply view private involvement as free money they will be no nearer to their goal of national economic development when the concessionaire exits with their expertise and leaves crumbling infrastructure behind.

6. Results Achieved

Challenges of the Integrated Framework

Although the IF and 'revamped' IF provided a good basis for LDCs to increase their trade development capacity as well as better integrate into the world trading system, the IF showed also significant shortcomings both on the implementation as well as the donor support side.

The challenges identified by the 2006 IF Task Force concerned a number of issues that impeded the effective and intended functioning of the IF. The task force noted that it failed to generate increasing awareness about the importance of trade as an engine for growth and reducing poverty at the national level. Hence, the anticipated results of integrating the trade strategy into the national development plan such as the poverty reduction strategies (PRS) were not met. The financial resources provided through the Trust Fund were inadequate to reach the goals of the IF. In addition, LDCs faced a lack of human resources to deliver the planned results, slowing down the implementation process. To a large extent, investments by donors have not corresponded to the needs of the LDCs identified in the DTIS. In addition, priorities of LDCs have not been taken up in the investment programs of the donor community. Trade was not recognized both by donors and governments as the main engine for growth and poverty reduction. Hence, the IF process was not regarded in a larger development context and DTIS projects failed to create strong country ownership. In many cases, national stakeholders considered the IF as an issue of the Ministry of Trade, although a wide range of government bodies were supposed to engage (WTO, 2006).

Several amendments to the institutional framework have been made under the EIF for a more effective and efficient delivery on the ground in order to increase benefits for LDCs. Our observations noted that the lack of a regional EIF was out of sync with the way political actors in the region expected the international donor community to support regional projects. With an annual Partnership Fund Steering Committee meeting instituted between donors and the EAC (and again focused primarily on capacity-building), benefits are accruing and could eventually transition into a full EIF-style implementation (EAC, 2010).

Regional Aid Delivery

The main challenge noted in this case study is that delivery of projects remains bilateral. Transitioning to regional delivery would allow for economies of scale between donor agencies and government ministries. Not only would this reduce costs, but most importantly it would free up critically overstretched resources to be redeployed both internally within local government and at the regional level with greater responsibility. The similarity between projects taking place in the EAC demand that there is deeper collaboration between and within donors and partners. IF and EIF frameworks have

strengthened inter-donor collaboration within a country, but there are still challenges on donor-internal cross-country collaboration. USAID's COMPETE and DFID's TradeMark are starting to make inroads in this direction, but the general impression is one of minimal interaction and knowledge sharing across partner countries.

To ease the transition, regional aid delivery need not require a shift in personnel, institutional structure, or ideology. Simply it requires donors to switch the level of analysis for projects to include a regional dimension. Mandating that one section of every monitoring report focus exclusively on regional effects would have the effect of institutionalizing the concept. Then grassroots aid workers will inevitably seek out information and find collaborative opportunities within and without the organization. All that remains is for individual donors to not place any roadblocks to this kind of interaction from a budgeting and project execution perspective. Changing the way aid is designed in the region will change the way aid is delivered.

7. Lessons Learned

In this section some answers are provided to the questions first raised in the objectives pursued section. These serve as a summary to the major themes explored during the course of this study.

- *Are current trade facilitation mechanisms such as Aid for Trade and EIF well-suited to improving trade?*

Aid-for-Trade and the Enhanced Integrated Framework are both achieving the objectives they were set out to meet. The Enhanced Integrated Framework has served as a useful collaborative and deliberative body within each LDC for cooperation and coordination between donors and with the government. Especially significant has been the creation of the National Implementation Unit within each LDC. This resource can now be dedicated to full-time coordination within government and between ministries as well as acting as a donor coordination resource. In an environment where existing human resources are constrained, the creation and funding of this exclusive resource dedicated to aid has been a major aspect of the success of the EIF.

Aid-for-Trade is seen on the ground as nothing more than an ex-post designation of whether aid projects have a trade focus or not. While this may seem trivial, within the aid and donor community it is significantly important. Classification of aid projects as related to trade within the OECD's DAC database has value for donor agencies in understanding the focus of their aid projects. While the process is self-identifying, it still makes an impact on the ground where aid workers must adjust programs to incorporate a trade component. Aid-for-Trade represents the concept behind delivering aid in ways that will benefit trade. This builds capacity locally, where countries can rely on the growing power of their own economy to achieve greater objectives. This ideology is important for donor agencies to internalize, and comparing agencies to one another with regards to the size of Aid-for-Trade funds helps to instill the culture of trade-related aid programming.

- *How do national objectives match with regional initiatives?*

National objectives overlap with regional initiatives in almost all trade related issues. Creation of a common market, borders & customs procedure harmonization, tariff harmonization, and coming to a consensus on regional standards are all initiatives that have been agreed on or are currently being discussed at the highest levels. Where there is discrepancy is in the order of prioritization. Certain nations that are under greater pressure from border wait times will make it their chief priority. However, other nations that require protection of sensitive markets demand action in that area. It is in agreeing which issue to tackle first that can be the most difficult aspect of regional negotiations. Finding a way to alleviate the concerns of one nation while insisting on action in another can be achieved with a holistic timeline that denotes clear milestones to integration. Beyond a skeleton framework on broad issues, a detailed integration path is lacking, and as a result the level of action on regional harmonization of national objectives is progressing slowly.

- *What monitoring and evaluation assets are in place?*

Monitoring and evaluation protocols are firmly established by donor agencies for internal review of project performance. When monitoring and evaluation depends on outputs received from government partners, information varies depending on specific arrangements. Some donors are completely satisfied with the internal audits and performance assessments conducted by government ministries and require no further elaboration, while others insist on extensive third-party assessments. To generalize in this field is impossible. The project, implementing agency and donor partner all combine to dictate varying requirements. However, this should not be viewed as a failure. Standardization is not the solution when some projects may be too small for audits to be relevant, implementing bodies may not have the capacity to conduct a proper evaluation assessment, and the donor has different objectives than the government partner. In this context, it is appropriate for monitoring and evaluation procedures to be adapted to the type of project that is implemented.

One aspect of monitoring that has been underserved in the region is the systematic acquisition of qualitative and quantitative transportation data. This is mainly due to the nascent stage that the central corridor is currently in when compared to its established and advanced northern corridor counterpart. On the northern corridor transport observatories under the aegis of the World Bank provide a steady stream of data that allows policymakers to make accurate needs assessments. Lack of investment and attention on the central corridor has prevented a similar system from being set up. However, having the northern corridor as an example of a successful institution should allow the central corridor to scale up rapidly with donor partnerships.

- *How do transport corridors, trade facilitation and other project successes increase the capacity for governance by the state?*

In many instances, successful aid projects have resulted in the creation of stakeholder groups through the assessment and implementation process. Thanks in part to the EIF which stipulates a level of stakeholder engagement when deciding on priorities for the DTIS all governments were required to create sector-specific trade groups. These groups were then expected to advocate for the positions of their industry after internal consultation with members. This was initially resisted, but eventually

became the foundation of active stakeholder engagement and two-way dialogue between government agencies and private actors. Through farmers' cooperatives, private sector federations, and transport & logistics trade groups, the respective sectors have begun to organize themselves towards cohesive advocacy of policy.

These groups sustain even after the completion of a project, sometimes attaching themselves to another stakeholder group, or attracting other members to grow in strength. In either case, these groups form a grassroots vanguard against policies that harm their interests. While this may be thought to make governing more difficult, instead it tends to have the opposite effect. Policymakers now have an easy means of accessing the opinions of those who are most affected by policies. This direct line of communication results in policies that are designed with stakeholder input – usually from their inception. The result is better targeted policies and an engaged citizen sector that acts as a local facilitator and advocate for government. The level of active, effective and targeted engagement that institutions are expected to have and regularly achieve with stakeholders they serve is inspiring.

- *What is the structure of any Public-Private Partnership?*

Public-private partnerships are prevalent throughout the region in a number of different arrangements. From direct concession, to outsourcing, to joint management of a national asset, public-private partnerships have taken on many forms. Correspondingly, some have not been as successful as others. Indeed, an assessment of concessions (discussed in this report above) highlights the degree of variability. In general, it is found that those projects which foster a shared understanding by both private and public partner of their differing objectives will be successful. Particularly, it is important for both entities to want the other to succeed, as it should improve their own fortunes. This has been a controversial issue in the region as on-the-ground constraints often have forced one side or the other into untenable positions that are enforced by contract. In this circumstance, failure is inevitable. Public-private partnerships are especially important for East Africa when considering the resources private firms can bring to the table to develop markets in what are essentially green-field markets. Governments require these resources and firms' operating expertise in order to improve service levels and the economy. So, it is essential for administrators and policymakers to apply best practices in designing PPP contracts, particularly when concerning infrastructure assets. This is one area where donor agencies can play a supportive role to strengthen administrative capacity.

8. Conclusion (applicability to other programs)

This study remains anchored in the domain of transportation infrastructure and trade facilitation, but also covers the strategies and policies associated with regional integration and associated inter/intra regional trade agreements. However, during the course of our study there were a number of wider issues that require further attention and study but remain outside the scope of this research.

Donor aid: What is the 'exit strategy'?

One major issue concerns the fragmentation and proliferation of aid agencies and mechanisms. *The Economist* notes, "There are too many agencies, financing too many small projects, using too many

different procedures." (The Economist, 2008) In response, donor agencies have recognized the importance of regional development and reported rising demand for regional Aid for Trade as a response to further improve south-south trade. As well, donors are making greater use of coordinated donor delivery platforms such as the Enhanced Integrated Framework.

However donor engagement is often based on the expertise of the donor and the development strategy of the host country. For efficient and effective utilization of economic resources, the donor countries should leave once their resources could generate higher net benefit somewhere else or to leave once their mission is completed and the host country attains a certain development stage. But the definition of mission achievement is murky at best – especially because its assessment interacts with political and environmental factors. So, it is quite unlikely that any proposed 'exit strategy' could be developed in isolation. Nonetheless, in order to increase outreach to maximum number of beneficiaries the 'exit' option should exist.

Project financing: Aid expiration dates

Presently, the donor community provides project-bound financial resources for the specific time frame. During this time, donors can access those funds once a project qualifies for funding. Once the time window passed, all unutilized financial resources are withdrawn. While conducting field interviews, we came across some cases where available financial resources are not fully exploited due to various reasons – capacity constraints within ministries, lack of fully qualified projects and divergence of partner-donor priorities. To an extent EIF and other improvements in donor-country cooperation have addressed some of these challenges. However, it would be interesting to study and recommend an optimum strategy that could be adopted by donor agencies for utilization of financial resources within a specific time-frame.

Supply chain: End-to-end assessment

Another area of interest could be management of supply chain from the perspective of different stakeholder groups. The study focused on the last leg of the integrated supply chain, from supplier to export centre. So, it might have been productive to gather more information for the supply chain along the transport corridors. Although high level officials were generous with their time, the project unfortunately did not have an opportunity to interview individuals lower down in the chain, such as gatekeepers, farmers, truckers, and farm technicians. The perspectives of these stakeholders would have added an additional and valuable perspective to understanding challenges in the trade of coffee. Importantly, these street level bureaucrats could have shed more light on issues that were touched on only briefly in our study such as coffee theft and the differentiation on various travel routes. This might further be useful to determine reasons for improvements in transport and trade facilitation.

Rewarding innovation, developing best practices and moving up the value chain

Cumulatively, production of coffee between all five East African nations makes this region the biggest producer of coffee in the world. However, the coffee exported from the region is mainly in the form of green coffee. This is mainly due to transport time and lack of processing facilities within the producer country. The final processing in terms of branding, packaging and retail marketing is done by the intermediaries or in countries close to the end-customer. So, East Africa faces barriers to moving up the

value chain. This is important since it helps the producer to demand a better price and reduces local producer vulnerability to international price fluctuation. Even though the region is producing some of the biggest coffee volumes in the world, the brand of East African coffee is missing. There have been some commendable successes in this arena – the creation of the East Africa Fine Coffee Association and Rwandese coffee brand Bourbon Café are two examples – but further effort is required to improve brand awareness internationally. Additionally, having final processing facilities in the country of production will facilitate creating a domestic market for consumption. With a population of 126.6 million people, the region could be an attractive market for the consumption of commodities. Providing marketing and branding support as well as helping to foster local competition could be an innovative way for TRTA projects to be designed and overseen by donors, but delivered by foreign multinationals.

Road network: Roadmap required

The project emphasizes on the importance of synchronization between regional and national objectives. Similarly, there is a need for complementarity between national and sub-national policy. This is apparent particularly in the case of the road network. The study of feeder roads and the role they could play in infrastructural development was beyond the scope of this study. But, it would be interesting to study the impact of infrastructure development activity in districts and its impact on regional and national growth strategy. In other words, will it assist the process of scaling up? The question of the synergy between national strategies and local needs should be answered more comprehensively. This might have helped to explain reasons for the apparent miscommunication about the state of transport facilities in the region. Similarly, while better roads may be at least partially responsible for the reduction in transport times noted by the Doing Business report, the higher traffic speed it has facilitated may be also partially responsible for higher costs due to accidents. Currently, however, sufficient data is unavailable to confirm or deny this point. A comprehensive study of the entire road network would yield insight into these issues.

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