Transport. |

$300m bet: Will URC this time deliver the long-promised railways revival?

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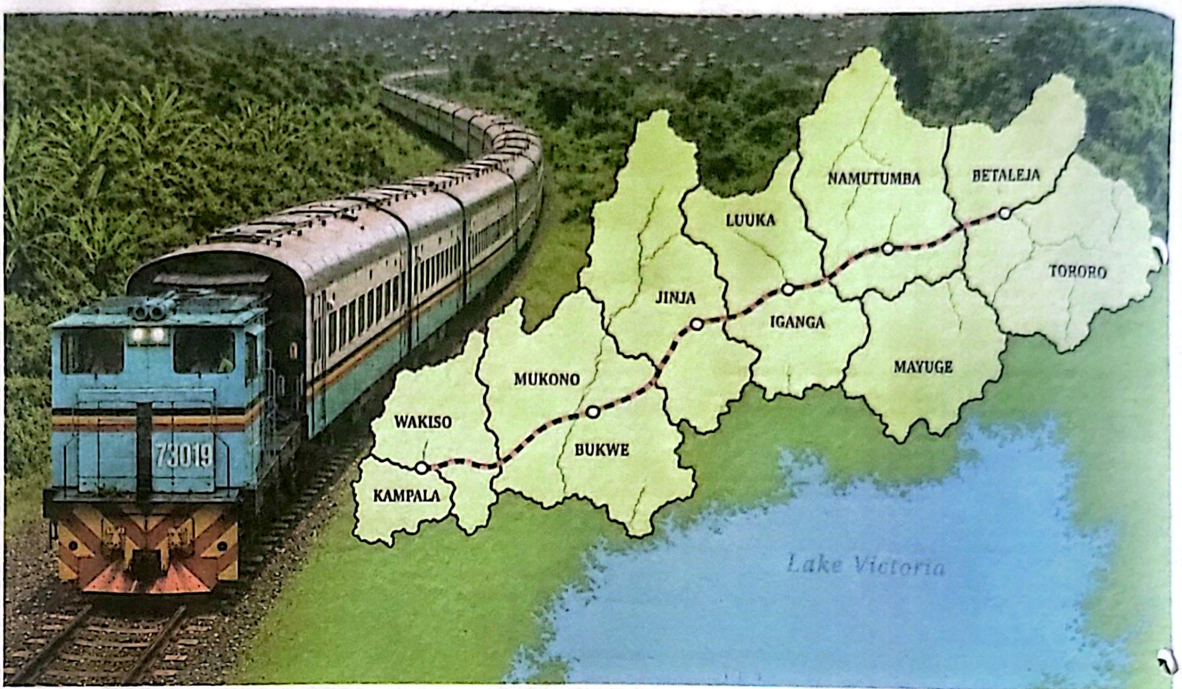

A graphic representation, illustrating the project location connecting from Kampala to Mukono, Jinja, Iganga, Namutumba, Butaleja, and Tororo districts, among others.

For decades, Uganda's railway system has stood as a quiet reminder of missed opportunity, tracks disappearing under encroachment, locomotives rusting in yards, and freight that once moved efficiently by rail diverted to trucks grinding down highways.

What was once a strategic transport backbone linking Uganda to the Kenyan coast gradually deteriorated into near collapse.

Today, however, Uganda Railways Corporation (URC) is attempting a comeback; one that could reshape the country's logistics landscape.

Backed by $300m (Shs1.1 trillion) under the East African Railway Rehabilitation Support Project (EARRSP), government is betting that the rail can once again become a central pillar of Uganda's economic growth.

URC senior public relations officer Linnon Ssengendo says the new financing is a "watershed moment" that represents not merely repairs to a failing system, but a deliberate effort to rebuild the railway network into a modern, efficient transport corridor capable of supporting Uganda's long-term development ambitions.

The concession mess

Uganda's railway decline did not happen overnight. It is rooted in decades of underinvestment, institutional challenges, and policy shifts.

A major turning point came in 2006, when the government granted a 25-year concession for railway operations to Rift Valley Railways (RVR).

The arrangement, part of broader public enterprise reforms, sought to inject private capital and efficiency into the Meter Gauge Railway (MGR) system.

However, the concession fell short of expectations and later collapsed before its expiry. Throughout the year, RVR, which had also been given the concession for the Kenya railway network, struggled to meet its investment obligations.

Over time, tracks deteriorated, equipment broke down, and railway reserve land was heavily encroached upon.

By the time government terminated the concession in 2018, URC inherited a system in severe disrepair, along with more than Shs1 trillion in deferred maintenance costs.

Since regaining control, URC has been working to stabilize and gradually rebuild the network. But not sufficient to create a gainful impact

One of the first major interventions came in 2022 with a $51m rehabilitation of the Mukono–Malaba line, a critical corridor connecting Uganda to the Port of Mombasa.

This route is vital not only for imports and exports but also for regional trade within EAC.

In 2023, the Kampala–Mukono section was fully rehabilitated, and new locomotives were introduced.

These efforts have already yielded measurable results: cargo volumes have risen from nearly zero in 2018 to over 350,000 tonnes annually, with the target of increasing volumes to between 700,000 and 1 million tonnes within the next five years.

Malaba–Kampala corridor

At the heart of this transformation is the EARRSP, which focuses on the 265-kilometer Malaba–Kampala corridor, which forms the backbone of Uganda's railway system, linking the country to the Northern Corridor and ultimately to the Indian Ocean via Mombasa.

By March 2026, the project had reached 54 percent progress, with major activities shifting from planning to procurement and physical works.

The largest component of the project is track rehabilitation, valued at $114.52m, about 38 percent of the total budget.

The award of this contract is expected to mark the beginning of large-scale physical upgrades, including the replacement of rails, sleepers, and other critical infrastructure.

In parallel, URC is investing heavily in rolling stock, such as the planned procurement of 10 diesel-electric locomotives worth $43.4m, 100 flatbed wagons, LPG tankers, and Diesel Multiple Units for passenger services to restore operational capacity.

A railway breakdown crane is also part of the package, aimed at improving emergency response and maintenance efficiency.

Beyond rail infrastructure, the project adopts a broader, multi-modal approach to transport. A 1,500-tonne vessel is planned for Lake Victoria, alongside the rehabilitation of Port Bell and Jinja Pier.

This integration is designed to enable seamless movement of cargo between water and rail, reducing handling costs and improving overall efficiency.

Interconnected systems

The emphasis on multi-modal transport reflects a growing recognition that modern logistics systems must be interconnected.

By linking rail, water, and road transport, Uganda seeks to strengthen its position as a regional trade hub and enhance the resilience of its supply chains.

Human capacity development is another key pillar of the project. URC has secured 22 acres in Rubongi, Tororo, for the construction of a Railway Training Institute that will play a critical role in building local expertise and ensure that the railway system is maintained and operated sustainably in the long term.

The project is projected to impact more than two million people through job creation, improved mobility, and expanded economic opportunities across 12 districts, while commuter services could also help ease congestion along the busy Kampala–Jinja highway.

Government is currently developing a National Railway Transport Policy and a Railway Transport Master Plan to guide the sector over the coming decades to ensure that investments are aligned with broader economic and environmental goals.

Key figures

$51m

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$114m

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Rail transport is more fuel-efficient, reduces wear and tear on highways, lowers accident rates, and produces fewer carbon emissions.

For a landlocked country like Uganda, these benefits are particularly significant, as transport costs remain a major constraint to trade competitiveness.

Despite the progress, URC views the current Meter Gauge Railway upgrades as a transitional step rather than the final destination.

The long-term vision is the development of an electrified Standard Gauge Railway (SGR), which would dramatically improve speed and efficiency.

While the existing MGR takes approximately 52 hours to move cargo from Mombasa to Kampala, the SGR is expected to cut that time to just 24 hours. Costs could also drop significantly, to around $800–$900 per container.

However, URC says success will be measured not by announcements or ribbon-cutting ceremonies, but by key performance indicators such as cargo volumes, transport costs, and transit times.

The railway revival appears to be moving from aspiration to implementation, and if this succeeds, it will redefine Uganda's transport landscape, reduce its reliance on road haulage, and position the country as a competitive logistics hub within East Africa.