

VANDALISM, THEFT OF RAIL MATERIALS SLOW DOWN BUSINESSES

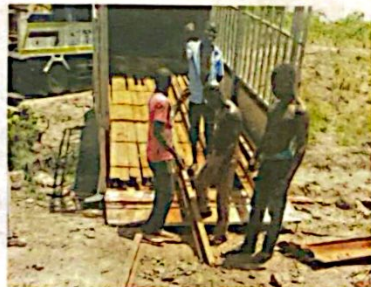
By Edward Keyiwa

For more than a month, steel manufacturers, Roofings Rolling Mills, Total and Interfreight have been waiting for their cargo to arrive from Mombasa by railway, in vain.

This is because the line between Malaba and Mukono has been vandalised and parts of it stolen, rendering movement of the trains impossible.

The delay in delivery of raw materials means manufacturers will now produce at a higher cost, since they have to find alternative means of transporting their cargo from the sea port of Mombasa.

Delayed production
According to the business development manager of Roofings, Stewart Mweigwa, the company is being held back on production deadlines and is losing a lot of money because of such delays.



Some of the uprooted track lines. Photo by Shamim Saad

workers because we can't keep them without work," he told New Vision during a recent interview.

Mweigwa said production has been cut by at least 35% during the last six months and their production costs have shot up by 25%, because of a large fleet of trailers being

hired to transport cargo from Mombasa.

Samuel Rwabwogo, the operations manager of Mukwano Industries, said they had resorted to using road transport, because of consistent inefficiencies in the services and operations of the railway system.

He said the service provider is unreliable, inconsistent in delivery of cargo and expensive, compared to the other available alternatives.

"They were charging us \$114 (\$410,400) per tonne of cargo, and \$95 (\$342,000) per tonne of empty containers for the return journey to Mombasa. Interestingly, they would not deliver the cargo to the depot in Mombasa, so we had to hire other providers and pay expensively. In the end, we decided to use our trucks," he said.

Roofings does not have the luxury of using road transport because the cargo they transport is bulkier than other

industries.

Vandalism
Works and transport minister Monica Ngege said some of the goods get stuck because the trains lack fuel to move.

She, however, said the Government is ready to facilitate revival of the rail system.

According to Charles Kateeba, the Uganda Railways Corporation (URC) managing director, vandalism and theft of the railway materials is not a new phenomenon in the country.

He disclosed that the problem intensified during the last six months because a security firm contracted by Rift Valley Railways (RVR) to monitor the railway line quit,

due to accumulated unpaid arrears.

He said the reduced operations of RVR over the past few months have also given vandals an opportunity to steal vital railway infrastructure, thus bringing the trains to a complete halt.

"If you have trains passing approximately every four hours, there would be no time for the thief to lift the rail to remove the sleepers and fasteners from the line," he said.

However, because the railway infrastructure belongs to URC, Kateeba said they have deployed the URC police along parts of the railway line to keep watch after the withdrawal of RVR's security arrangement.

He said they are however challenged by budget constraints since RVR's security

cost was not provisioned for, and lack of full access to the entire railway since they are not fully in charge.

"This is why theft is continuing because we are very few operating on an emergency budget, and don't have full access to the entire line until RVR exits management," he said.

Kateeba said vandalism of railway infrastructure started in the 1990s, when steel rolling plants started mushrooming all

over the country.

He said it was initially done by teenagers, who frequently unfastened bolts on the rail line, but with the rise of steel rollers, thieves started vandalising the infrastructure.

"This has cost us complete rail lines. For example, the Kampala-Kasese line and the Busoga loop line which crossed from Jinja to Mbulamuti and Busembata has been completely uprooted. The thieves start by unfastening small parts

at night and eventually carry the entire line if the area is unattended to," he said.

This theft, he said, is motivated by scrap dealers, who buy the materials knowing they are stolen and the steel plants that process the scrap to produce other products.

"There are steel companies located in areas where we have the highest occurrences of vandalism and although we haven't caught any, we know that they are involved," Kateeba emphasised.

Impact of vandalism
The impact of vandalism and theft of railway infrastructure to the economy is multi-pronged. According to Gideon Badagawa, the executive director of the Private Sector Foundation Uganda, vandalism of rail infrastructure reduces the efficiency of the transport

system, thereby reducing economic competitiveness across the region.

He added that this also increases the cost of production for various manufacturers, slows down production and affects both imports and exports.

"As we move towards oil production, we need to quickly solve the issues surrounding transportation of goods, especially by rail. Otherwise we shall have endless problems and losses, as the private sector and as a country," Badagawa said.

He said there are a number of wagons at the railway shed that are not in use yet traders incur exorbitant charges to bring in cargo by road.

"It is a fact that when you spend a lot, you have to recoup all your costs in the final product you produce. In the end, the commodities are sold expensively and the consumers bear the burden," he said, adding that the railway system was efficient, there would be no vandalism to talk about and commodity prices would be affordable.

He said the railway is expected to drive business competitiveness and provide affordable transport as Uganda embarks on major infrastructure projects.

The concession agreement
In the concession agreement,

RVR was also expected to remit concession fees to the Government, but it became cash-constrained, although it was able to meet the initial payments and invest a substantial amount of money into the rail network using revenue generated and loans.

The failure to remit concession fees forced the Government to terminate the RVR contract early last month, over what it called breach of contract and a loss of \$784.4m (\$2.824trillion) in damages.

State minister for investment Evelyn Anite said RVR failed to remit up to \$8.5m (\$30.6b) concession fees, performed below expectations on the agreed annual flight volume, and failed to submit annual audit reports to the Government and URC.

While announcing the termination at the URC offices

in Kampala, Anite said URC would resume management and operation of the railway services with immediate effect.

"There is no more room for negotiations with RVR as they have continually breached the terms of agreement," she said.

Anite said the concessionaire also failed to maintain and operate the Pakwach line contrary to the concession agreement and damaged assets conceded from the Government at the commencement of their concession.

"When they took over, we had 45 wagons in operation but today, we have only 16 left. All they have left behind for us is a big mess which we must now address," she said.

However, RVR ran to court to stop the termination of the concession, leaving URC stranded and the status quo unclear.

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Nicholas Kakeza, an engineer with URC, conducting a tour of a collapsed roof at a train yard in Kampala. Photo by Maria Wamala

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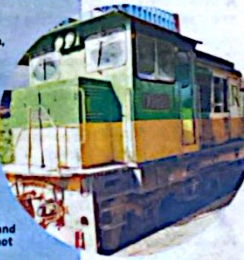
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Vandalised train carriages at one of the train yards. Photo by Maria Wamala

STATISTICS

Out of 1,918km railway network in Uganda, only 330km is operational. The lines are the Malaba-Kampala line, Tororo-Malaba, Kampala-Port Bell, Kampala-Makulonde and Jinja-Kakira. Other lines were closed either due to technical deficiencies or low traffic volumes.



The line's management changed from the Uganda Railways Corporation to the Rift Valley Railways (RVR) in 2006, after a 25-year concession agreement was reached between the Government and RVR.

The takeover of the century-old line was expected to bring in more investment to upgrade the line, reduce inefficiencies and improve revenue generation but that did not happen.



Kakeza shows parts of the rail that have been stolen. Photo by Shamim Saad

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GAYAZA HIGH SCHOOL

P.O. Box 7029, Kampala.

BID NOTICE

INVITATION TO PRE-QUALIFY FOR THE SUPPLY OF GOODS, WORKS AND SERVICES

PROCUREMENT REFERENCE NO. GHS/PQ/03/17

1. Gayaza High School is in the process of Pre-qualifying suppliers/contractors for goods, works and services under the open domestic bidding procedure.

2. The School invites sealed bids from eligible bidders for the following:

A. WORKS

- Construction and renovation of 3 (three) URC, 50 (fifty) rooms.
- Construction and renovation of 3 (three) URC, 50 (fifty) rooms.

B. SERVICES

- Construction and renovation of 3 (three) URC, 50 (fifty) rooms.
- Construction and renovation of 3 (three) URC, 50 (fifty) rooms.

C. GOODS

- Construction and renovation of 3 (three) URC, 50 (fifty) rooms.
- Construction and renovation of 3 (three) URC, 50 (fifty) rooms.

3. Bidding will be conducted in accordance to domestic bidding procedure contained in the Guidelines of Uganda's PPA Act, 2003.

4. Interested eligible bidders may obtain further information from Gayaza High School and inspect the bidding documents at the address given below from 9:00am to 4:00pm during business hours, Monday to Friday, 17th November 2017 during working days.

5. A complete set of bidding documents in English language may be purchased by bidders at a cost of UGX, 50,000 (Uganda Shillings Fifty Thousand Five Hundred) only. The method of payment will be by cash only in UGX.

6. Bids should be delivered to the address below on or before Friday, 17th November 2017 by 11:00am as all bids will be opened in the presence of bidders who may wish to attend.

7. Bid envelopes should be addressed to:

The Manager,
Procurement and Disposal Unit,
Gayaza High School,
P.O. Box 7029, Kampala.

Knight Frank Uganda

FACTORY PREMISES FOR SALE

FOR SALE

An industrial property comprising a maize milling factory located in Ntinda Industrial area for sale. The 2.50-acre plot is developed with an admin/warehouse block, 3 No. warehouses, a weighbridge and several ancillary buildings and 4 No. x 1,000 cubic metre silos. The gross internal area of the structures is 3,283m². Leasehold interest with an unexpired term of 69 years. Google coordinates 0°20'12.2"N 32°37'05.6"E (Latitude: 0.336725, Longitude: 32.618217).

Interested Parties should submit their written offers to the contact details below no later than **4.00pm, 13th November 2017**

Knight Frank Uganda
Plot 21 Yusuf Lule Road
Viewing is strictly by appointment between 9am and 4pm. The client reserves the right to accept or decline any offers.

For further information please contact:
info@ug.knightfrank.com or call +256 752 741391 / +256 758 18431