



EUROPEAN UNION

DELEGATION TO THE REPUBLIC OF UGANDA

**Speech by Ambassador Attilio PACIFICI
Head of Delegation of the EU Delegation to the
Republic of Uganda**

**Signing of the Financing Agreement between the European
Commission and the Republic of Uganda on the contribution to
the Development Initiative for Northern Uganda through the
rehabilitation of the Tororo-Gulu railway**

**Ministry of Finance, Planning and Economic Development,
17th October 2018**

- Hon. Matia Kasaija, Minister of Finance, Planning and Economic Development,
- Hon. Monica Azuba Ntege, Minister of Works and Transport,
- Hon. Aggrey Henry Bagiire, Minister of State for Transport
- Hon. Gen. Edward Katumba Wamala, Minister of State for Works
- Permanent Secretaries
- Managing Director of Ugandan Railway Corporation
- Ladies and Gentlemen of the Press,
- Distinguished guests,

It is a great honour for me to sign today this Financing Agreement between the European Union and the Republic of Uganda to support the **"Development Initiative for Northern Uganda through the rehabilitation of the Tororo-Gulu railway."**

The Tororo-Gulu railway line used to be a pivotal economic artery along the East African Northern Corridor linking the port of Mombasa and Eastern Uganda to Northern Uganda, as well as the neighbouring countries of South Sudan and Democratic Republic of Congo.

The line has been out of service since 1993 notably due to actions of war by the Lord's Resistance Army and the unfair competition of overloaded trucks. We are now proud to support the revitalisation of this important economic link.

The EU's support to rehabilitate the Tororo-Gulu railway line is a **grant** amounting to more than 90 billion Uganda shillings, equivalent to EUR 21.5 million. Uganda on her

side will provide 57 billion shillings (equivalent to EUR 13.1 m). These sums will finance:

- The physical rehabilitation of the line,
- The supervision of the works,
- Capacity building to the Uganda Railway Corporation,
- And the compensation of the people affected by the project.

With this project, the EU continues to support Uganda's economy through the promotion of a multimodal, safe and efficient transport sector. We will in particular support the efforts of Government to shift cargo from roads to more environmentally friendly – or greener- transport modes such as railways and waterways.

This project is part of the EU's efforts to help Government develop Northern Uganda. It also complements well the EU humanitarian assistance to refugees and the support to host communities provided under the EU Emergency Trust Fund.

A key point to be mentioned is that this project has been designed to complement the construction of the Gulu Logistic Hub done in a partnership with the Government of Uganda and with DFID Trademark East Africa.

These two projects will have a major impact on the facilitation of trade by reducing import and export transportation costs, thereby contributing to regional integration and to strengthen Uganda's competitiveness within the EAC region. The Gulu Logistic Hub, together with the railway line, will be a key import/export platform not just for Northern Uganda but also for South Sudan and Eastern DRC.

Hon Ministers, Ladies and Gentlemen,

The project will have a spill-over impact on private sector growth and on investment promotion. It will also add value to the key value chains of Northern Uganda including agriculture products, cement, oil and gas, mining as well as industrial products in general.

Efficient logistics is indeed a key factor to successful economic diversification, growth and trade. Along with transport, logistics is an important cornerstone for businesses across all economic sectors: from producers of natural or raw materials, to goods manufacturers, processors, exporters importers, etc.. Logistics is also one of the areas through which the competitiveness of companies operating in Uganda – in particular small and medium-size enterprises– can be increased dramatically in the short-term.

The benefits of improving logistics services in Uganda are potentially very significant, both in terms of productivity and employment generation. Over 200,000 people are estimated to be currently employed in logistics in Uganda and this number could rise to over 500,000. The numbers can actually be much higher when considering the indirect employment resulting from sector growth.

Hon Ministers, Ladies and Gentlemen,

I am glad to say that the Tororo-Gulu railway project, combined with the Gulu Logistic Hub, will certainly contribute significantly to job creation in Northern Uganda.

Furthermore, by reducing the costs for products importation, the project will also have an impact on poverty reduction. For example logistic costs for rice importation represent as much as 60% of the total value. Therefore, the price of rice can be significantly reduced if transport rates are lowered. Of course this project will also help deliver humanitarian assistance more quickly, efficiently and cost-effectively to the more than 1,000,000 refugees hosted in Uganda northern regions.

Hon Ministers, Ladies and Gentlemen,

The Government of Uganda through Uganda Railway Corporation (URC) recently took over the operation of the railways in Uganda and since then several positive developments have been noted, such as the re-opening of

the Central corridor with the rehabilitation of the Port Bell line.

We are aware that the management of trains' operations, the maintenance of the infrastructure and assets, the maintenance of the rolling stock are important challenges now facing the URC. However, we are also aware that the URC has a plan to address them. The Business Plan for the next 5 years of operation foresees significant investments in further rehabilitation, purchase of additional rolling stock and refurbishment of existing equipment as well as investments in staffing and capacity building. It will be of paramount importance to adhere to this plan to ensure that Uganda will benefit fully of the railway sector for its economic growth.

Again on the private sector, there will be good space for its involvement through the National Logistic Platform which will allow to engage transporters, forwarders, traders, shippers as well as the oil companies in order to see how they can use the services and the facilities to be made

available by this project and how they can help improve logistic services in the stations. The project will also offer opportunities for private sector development especially with regard to logistics operation and maintenance of the line.

Finally, Uganda is considering the construction of a new Standard Gauge Railway (SGR) to link different regions, including Northern Uganda, to the port of Mombasa. I do not know well the latest on the state of play of this important project in Uganda but I know that the project on the Ugandan side is somewhat linked to the extension of the Mombasa-Nairobi SGR line all the way to Malaba. Bearing all this in mind we are confident that the existing Meter Gauge Railway remains in the short and medium term a most realistic and relevant solution for the Ugandan Northern route.

The EU stands ready to discuss any possible challenge and help Government identify solutions for the benefit of Uganda's future.

Thank you for your attention