# PROJECT INFORMATION DOCUMENT (PID)
## APPRAISAL STAGE

<table>
<thead>
<tr>
<th><strong>Project Name</strong></th>
<th>East Africa Trade and Transport Facilitation Program (EATTFP) - Additional Financing</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Region</strong></td>
<td>AFRICA</td>
</tr>
<tr>
<td><strong>Sector</strong></td>
<td>General transportation sector (40%); Railways (40%); General public administration sector (20%)</td>
</tr>
<tr>
<td><strong>Project ID</strong></td>
<td>P121354</td>
</tr>
<tr>
<td><strong>Borrower(s)</strong></td>
<td>KENYA, UGANDA, TANZANIA</td>
</tr>
<tr>
<td><strong>Implementing Agencies</strong></td>
<td></td>
</tr>
</tbody>
</table>
| **Kenya**        | Ministry of Transport  
|                  | P. O. Box 52692-00200, Nairobi  
|                  | Kenya Ports Authority  
|                  | P. O. Box 99469-80100, Mombasa  
|                  | Kenya Revenue Authority  
|                  | P. O. 40160-00100, Nairobi  
|                  | Kenya Trade Network Agency  
|                  | P. O. Box 20072-00200, Nairobi  
|                  | Kenya National Highways Authority  
|                  | P. O. Box 49712-00100, Nairobi  
|                  | Kenya Railways Corporation  
|                  | P. O. Box 30121-00100, Nairobi  
| **Rwanda**       | Rwanda Revenue Authority  
|                  | P. O. Box 3987, Kigali  
|                  | Rwanda Transport Development Agency  
|                  | P. O. Box 6674, Kigali  
| **Tanzania**     | Tanzania Revenue Authority  
|                  | P. O. Box 1149, Dar es Salaam  
|                  | Tanzania Ports Authority  
|                  | P. O. Box 9184, Dar es Salaam  
|                  | Tanzania Roads Agency  
|                  | P. O. Box 11364, Dar es Salaam  
|                  | Surface and Marine Transport Regulatory Authority  
|                  | P. O. Box 3093, Dar es Salaam  
| **Uganda**       | Uganda Revenue Authority  
|                  | P. O. Box 7279, Kampala  
|                  | Uganda Railways Corporation  
|                  | P. O. Box 7150, Kampala  

| **Environment Category** | [X] A [ ] B [ ] C [ ] FI [ ] TBD (to be determined) |
| **Date PID Prepared**    | March 9, 2011 |
| **Date of Appraisal**    | April 18, 2011 |
| **Date of Board Approval** | June 23, 2011 |
1. Country and Sector Background

The East Africa Trade and Transport Facilitation Project (EATTFP) is a regional operation covering four member states of the East African Community (EAC). The project seeks to enhance trade in the region through transport and hence supports aspects of port operations, road transport, marine and railway transport. It also seeks to enhance the performance of the East Africa Revenue Authorities. The project was a response to a request by the EAC Secretariat and partner states to support regional integration following the promulgation of the EAC.

Trade within the EAC has grown substantially in the last five years since the Customs Union was promulgated. Member countries have become each other’s main trading partner with growth of trade averaging 8-10 percent per year. This trend is expected to continue following the implementation of the EAC Common Market Protocol that became effective in July 2010.

2. Objectives

The Project Development Objectives have changed.

Original Project Development Objectives: (i) improve trade environment through the effective implementation of the EAC Customs Union (CU) Protocol; (ii) enhance transport and logistics services efficiency along key corridors by reducing non tariff barriers and uncertainty of transit time; (iii) improve railway services in Kenya and Uganda.

Revised Project Development Objectives: (i) enhance efficiency of the customs agencies clearance processes in the participating EAC Custom Unions to facilitate trade; (ii) improve efficiency and reliability of transport and logistics services along the key corridors; and (iii) enhance safety in identified areas and reduce governments’ transfers to railway by rationalizing the work force on the Kenya-Uganda Railway.

3. Rationale for Bank Involvement

The EATTFP was approved in December 2005 and became effective in March 2006 in Rwanda and Tanzania, April 2006 in Kenya and April 2007 in Uganda with a current closing date of September 30, 2011. The project financing comprises: an IDA grant for Rwanda in the amount of US$15 million; and IDA credits of US$120.62 for Kenya; US$37 million for Tanzania; and US$26.4 million for Uganda. An additional IDA Partial Risk Guarantee (PRG) of US$60 million was provided for the Railway Concession. Although the PRG has not been utilized yet, under the restructured Concession the lenders and Rift Valley Railways (RVR) have expressed the need for it and will make it effective. Within the Bank, the International Financing Corporation is the lead in railway concession business.

The project was a response to a request by the EAC Secretariat and partner states to support regional integration following the promulgation of the Community.

The revised PDO of the EATTFP is stated above and will be achieved through: (a) support to EAC Customs Union implementation; (b) institutional support for Transport Facilitation; (c)
investment support for Trade and Transport Facilitation; and (d) support to the Kenya and Uganda Railways Concessions.

Overall implementation of the project has made steady progress; it remains relevant, has a good advocacy, and is on track to achieve its development objectives

4. Restructuring

To enhance the project’s performance and align its outputs to impact, several changes to the following are proposed:

i. The PDO and project outcomes to make them more relevant;
ii. Project indicators to align them to modified PDO taking into account outputs that the project is responsible for;
iii. Implementing Agencies (IA) following governments’ request;
iv. Railway Resettlement Action Plan (RAP): The restructuring will reflect changes to the 2005 RAP following the 2010 revision and update with increase in Project Affected Persons (PAPs) from 3,500 in 2005 to 10,006 in 2010;
v. Some activities dropped - in Uganda and Rwanda following request by governments;
vi. Safeguards category from B to A. This follows a review of project risks, reassessment of both social and environmental impact and railway operational safety in both Mukuru and Kibera, where a fatal train accident occurred in December 2009. Key mitigation measures have been put in place as part of the RAP update. Similarly, an update of the Environmental Impact Assessment (EIA) for Kibera and Mukuru was carried out;
vii. Extension of Closing Date from September 30, 2011 to September 30, 2014; and
viii. The restructuring also proposes to enhance the role of Regional organs; Northern Corridor Transit Transport Coordinating Authority (NCTTCA), Central Corridor Transit Transport Facilitating Agency (CCTTFA) and EAC in integration and Monitoring.

5. Financing

The current financing available for the project is US$199.02 million. The total amount is expected to rise to US$276.95 million realized as follows; US$30 million contribution each by IDA and Trade Mark East Africa (TMEA) and US$17.93 million contribution by the Government of Kenya (GoK). The IDA financing and GoK contribution will finance the Kenya project only with financing of the implementation of the updated RAP the main beneficiary. The balance of funds will help close the financing gap of investment in the Mombasa port and installation of weighbridges.

TMEA’s funding will finance particular border posts. The table below summarizes the projected costs and sources of funding for the participating countries.
<table>
<thead>
<tr>
<th></th>
<th>USD million</th>
<th>AF USD million</th>
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<tbody>
<tr>
<td></td>
<td>PAD Estimates</td>
<td>Revised Costs</td>
</tr>
<tr>
<td>Kenya</td>
<td>120.62</td>
<td>178.55</td>
</tr>
<tr>
<td>Tanzania</td>
<td>37.0</td>
<td>47.0</td>
</tr>
<tr>
<td>Uganda</td>
<td>26.4</td>
<td>36.4</td>
</tr>
<tr>
<td>Rwanda</td>
<td>15.0</td>
<td>15.0</td>
</tr>
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</table>

6. Implementation

The table below presents the projected cumulative disbursement over the extended project period based on the total US$276.95 million funding. It is projected that the main activities will be completed by end 2013.

<table>
<thead>
<tr>
<th>Period</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
</tr>
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<tbody>
<tr>
<td></td>
<td>Amt* USD m</td>
<td>%</td>
<td>Amt USD m</td>
<td>%</td>
</tr>
<tr>
<td>Jan-March</td>
<td>90.86</td>
<td>32.8</td>
<td>181.36</td>
<td>65.5</td>
</tr>
<tr>
<td>April-June</td>
<td>104.62</td>
<td>37.8</td>
<td>205.20</td>
<td>74.1</td>
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<tr>
<td>July-Sept</td>
<td>129.46</td>
<td>46.7</td>
<td>223.54</td>
<td>80.7</td>
</tr>
<tr>
<td>Oct-Dec</td>
<td>154.84</td>
<td>55.9</td>
<td>233.16</td>
<td>84.2</td>
</tr>
</tbody>
</table>

* Cumulative amount in USD million

7. Sustainability

The project as described and its PDO seek to build a strong Trade Facilitation culture and capacity in the region. Primarily, the project seeks to provide resources and knowledge to institutions that are responsible for various aspects of trade facilitation including Customs, Port authorities and ministries and government departments responsible for transport and trade to enable them build sustainable capacity. All components of the project have a long term impact and hence sustainability.

8. Lessons Learned from Past Operations in the Country/Sector

- Investments in transport should take into account trade facilitation.
- The design of regional projects, though having an ambitious agenda, should have modest but incremental activities. Good to have a medium to long term view.
- Project outcomes should aim to enhance the Integration role of regional organizations such as the EAC.
- Capacity building is key to sustainability.
- The involvement of the private sector in project design and monitoring is useful.

9. Safeguard Policies (including public consultation)

Comprehensive consultations during Social Impact Assessment and EIA were carried out at the various sites particularly those involving the railway resettlement.
10. **List of Factual Technical Documents**

- Updated railway RAP
- Updated EIA
- Design documents for weighbridges

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