



ANNUAL REPORT 2009

CONSTRUCTION AND ENHANCEMENT OF INLAND CONTAINER DEPOTS IN ILALA, SHINYANGA AND MWANZA SOUTH

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1. Project sheet

Construction and Enhancement of Inland Container Depots (ICD) in Ilala, Shinyanga and Mwanza

BASIC INFORMATION

Project Title :	
Construction and Enhancement of Inland Container Depots (ICD) in Ilala, Shinyanga and Mwanza	
Navision code	TAN 04 014 11
National Number DGDC	NN 3000524/11
Country	Tanzania
DAC sector / sub sector	21030
National institution in charge of the execution	Ministry of Infrastructure Development (MoID) and Railway Assets Holding Company (RAHCO)
Agencies in charge of the execution	BTC
Number of BTC international cooperation experts	None
Duration of the project (according to SA)	48 months
Start date of the project:	
According to SA	08 December 2005
End date of the project	
According to SA	07 December 2009
Project management method	Co-Management/Regie
Project budget	
Belgian budget	2.025.585 EUR
Tanzanien budget	565.000 EUR
Total project budget	2.590.585 EUR
Period covered by the report	January – December 2009

2. Brief factual overview

The Government of Belgium has already been working for a long time in partnership with the Government of Tanzania in transport infrastructure development programs.

From 1998 to 2005 the Government of Belgium provided technical assistance to Tanzania Railways Corporation (TRC) and financed the replacement of 280 turnouts on the central corridor of the Tanzanian Railways i.e. Dar es Salaam to Mwanza (Lake Victoria) and Kigoma (Lake Tanganyika). This technical assistance and the turnout support improved TRC performance and contributed to an essential growth of TRC freight tonnage.

THE "ICD" PROJECT

The success of previous Belgium funded projects with TRC and in particular the recent turnout project led the Belgium government to support the Inland Container Depots (ICD) project. Initially, this project was not part of the Indicative Development Cooperation Program (IDCP) 2003-2007. But, during the Annual Consultation on Development Cooperation in November 2004, GOT requested additional funding for the ICD's in Ilala, Mwanza and Shinyanga. After some adjustments in the IDCP, Belgium and Tanzania approved this request. This project will be supplementing the ongoing inputs being contributed by IDA funded projects on rehabilitation.

Rail transportation services and the proposed intervention (construction and enhancement of ICDs) are coherent with other ongoing initiatives of the Tanzanian national development strategies for fighting poverty and contribute to the development of the landlocked neighboring countries of Burundi, Rwanda, Uganda and DRC. The general objective of the project is to "Enhance TRC's capacity to transport containerized domestic and transit freight", and specifically the project aims at reducing the turnaround of container wagons from the current 13.9 to 9 days between loadings. This project is executed to ensure that it provides synergy with other projects with the same purposes in the region, like;

- **Central Corridor Transit Transport Project:** This project aims to increase the regional trade flows among the partner states (Tanzania, Rwanda, Uganda, DRC and Burundi) using the central corridor based on a real and strong partnership between the public and private sectors. The key objective of the project is to reduce delivery time of cargo between the maritime Tanzanian ports and respective member countries. It views to reduce the cost of transport and make economies in member states more competitive in international markets.
- **East African Trade and Transport Facilitation Project:** It was identified that the transport cost in the region constitutes a large percentage of the value of exports and imports which made the region less competitive on the international scene. This project is supported by the World Bank to reduce the transport cost.

3. Overview of activity planning

3.1 Activity overview

Result Area	Activity	Status	Remarks
Result 1 The Ilala ICD has been enhanced	1.1. Provision of additional container handling equipments	<ul style="list-style-type: none"> Reach stackers inspected found ok in November 2009 Reach stackers shipped to Dar Es Salaam port 	<ul style="list-style-type: none"> Machine to be assembled and commissioned soon
	1.2. Improvement of the ICD hardstand	<ul style="list-style-type: none"> Improvement of hardstand to be completed 	
Result 2 The Mwanza ICD has been put into operation	2.1. Detailed engineering study	<ul style="list-style-type: none"> Task completed successfully final document used for subsequent tendering processes 	
	2.2. Infrastructure works	<ul style="list-style-type: none"> Court case delayed start of construction. Finally case ruled in favor of RAHCO Site now available for construction. Renegotiations with contractors have started. 	<ul style="list-style-type: none"> Construction to start early May 2010
	2.3. Provision of container handling equipments	<ul style="list-style-type: none"> Production of Reach stackers is ongoing Reach stackers inspection approved 	
Result 3 The Shinyanga ICD has been put into operation	3.1. Detailed engineering study	<ul style="list-style-type: none"> Task completed successfully final document used for subsequent tendering processes 	
	3.2. Infrastructure works	<ul style="list-style-type: none"> Contract with constructors and supervisors made. Construction started in October 2009 will take 9 months 	
	3.3. Provision of container handling equipments	<ul style="list-style-type: none"> Production of Reach stackers is ongoing Reach stackers inspection approved 	<ul style="list-style-type: none"> Machines to be shipped in March 2010

3.2 Analysis of activity planning

Detailed engineering designs for Shinyanga and Mwanza were completed by the Dar es Salaam Institute of Technology DIT and approved for use for subsequent processes aiming at selection and recruitment of the construction company for the ICD infrastructure.

Tendering process was undertaken and a company based in Mwanza selected to undertake construction of both sites. Construction was delayed beyond July 2009 waiting for Parliamentary approval and release of funds from the government of Tanzania. Finally, DIT was contracted to undertake contract management and construction supervision for the ICD in Mwanza and Shinyanga and Nyanza Construction Company was contracted to undertake the construction.

While construction started at the site in Shinyanga in October 2009, construction in Mwanza site could not start because of a court case filed by occupants at the RAHCO site. However, the court case was ruled in favor of RAHCO. The site was finally cleared ready for work towards end of the year.

Contract for the manufacturing and supply of the 5 Reach stackers machines was awarded to Fantuzzi Company of Italy. Final stages of manufacturing was planned to be undertaken at their factory in China. Fantuzzi Company was sold to Terex Cranes Company. The change over process resulted in delays. Finally the whole work was shifted back to Italy factory. The delays and changes were accordingly reflected in the extension of the letter of credit and the rescheduling of the delivery schedule.

Inspection of the Reach stackers at the factory in Italy was done by a team of BTC and RAHCO in November 2009. The team approved the machines. The inspected machine has already been transported to the Dar Es Salaam port.

Consultations has taken place between the various players of this project namely RAHCO, Ministry for Infrastructure Development (MOID), and BTC in order to direct the proper implementation of the project. JLPC meetings have taken place and made some key decisions addressing the constraints and challenges.

Signatures for 2 years extension of the validity of the SA of the project are underway.

4. Financial overview

4.1 Overview of expenditure versus financial planning

The financial planning for the year 2009 has been changing constantly due to delays in manufacturing and supply of the reach taker machines and delay in construction of the ICD.

Budget Line	Financial mode	Total budget	TtY-1	Budget 2009	Expenditure 2009	Balance 2009	Expenditure 2009 (%)	Total Exp.(%)
A: RESULTS AND ACTIVITIES		1,924,350.00	1,591,800.00	33,500.00	25,570.80	1,566,229.20	76%	19%
A01 Ilala ICD has been enhanced		350,000.00	239,160.00	9,000.00	0.00	239,160.00	0%	32%
01 Provision of additional container handling	CO-GEST	350,000.00	239,160.00	9,000.00	0.00	239,160.00	0%	32%
A02 Mwanza ICD has been put		746,500.00	635,640.00	3,400.00	3.25	635,636.75	0%	15%
01 Detailed engineering study	CO-GEST	0.00	0.00	0.00	1.30	-1.30		
02 Infrastructure works	CO-GEST	36,500.00	36,390.00	0.00	1.95	36,388.05		0%
03 Provision of container handling	CO-GEST	710,000.00	599,160.00	3,400.00	0.00	599,160.00	0%	16%
A03 Shinyanga ICD has been put		827,850.00	717,000.00	21,100.00	25,567.55	691,432.45	121%	16%
01 Detailed engineering study	CO-GEST	0.00	0.00	0.00	5.25	-5.25		
02 Infrastructure works	CO-GEST	97,350.00	97,330.00	17,700.00	25,562.30	71,767.70	144%	26%
03 Provision of container handling	CO-GEST	730,500.00	619,670.00	3,400.00	0.00	619,670.00	0%	15%
Z: GENERAL MEANS		71,038.56	41,570.00	11,600.00	7,964.90	33,605.10	69%	53%
01 General means	REGIE	71,038.56	41,570.00	11,600.00	7,964.90	33,605.10	69%	53%
01 BTC support missions	REGIE	21,930.00	18,170.00	6,400.00	2,656.10	15,513.90	35%	29%
02 Technical support	REGIE	20,000.00	8,070.00	1,600.00	1,610.50	6,459.50	101%	68%
03 Monitoring and evaluation	REGIE	15,000.00	13,440.00	2,400.00	2,443.19	10,996.81	102%	27%
04 Solde formulation	REGIE	14,108.56	1,890.00	1,200.00	1,256.11	633.89	105%	96%
	Regie	71,040.00	41,570.00	11,600.00	7,964.90	33,605.10	69%	53%
	Co-gest	1,924,350.00	1,591,800.00	33,500.00	25,570.80	1,566,229.20	76%	19%
	Totals	1,995,390.00	1,633,370.00	45,100.00	33,535.70	1,599,834.30	74%	20%

4.2 Analysis of financial planning

In 2009, most of financial planning was implemented accordingly, except for payment against the supply of the Reachstackers machines which was delayed. The delay in supply of the machines was due to changes in the ownership of the supply company. The Fantuzzi Company which had the tender was sold to Terex Company. The machines which were originally to be made from the factory in China had to be manufactured in the mother factory in Italy. The delay was properly communicated and approved by RAHCO.

5. Monitoring of the indicators

5.1 Specific objective

In order to achieve the specific objective of the project to reduce the turnaround of container wagons, the necessary steps have been taken, to start up the construction work for the Shinyanga and Mwanza ICD's and the delivery of the Reachstackers.

Specific Objective	Assessment
Turnaround of the railway wagons is reduced from the current 13.9 days to 9 days.	Change can only be realized after the ICD start working within a railway system that is improved.

5.2 Results

The results of the project and its analysis are as follows:

Expected result	Assessment
1. Detailed engineering study completed	Done for both the ICD in Mwanza and in Shinyanga. The study enabled subsequent procedures including tendering and awarding of the construction and supervision contracts to be managed.
2. Hard stands completed	Hard stand in Ilala ICD needs only minor repairs which will be completed early 2010. Construction of Shinyanga ICD will be completed by July 2010. The Hard stand will

	<p>be completed earlier.</p> <p>Construction in Mwanza has not yet started. Beginning of the work foreseen in April 2010</p>
<p>3. New container handling equipments put in place</p>	<p>5 Reach stackers were ordered. 1 has arrived in Dar es Salaam port, 2 will be loaded in Ship in march 2010 & 2 will arrive in Dar es Salaam in June 2010.</p> <p>Plans for transportation, assembling and commissioning are in order.</p>

The construction work has started in November 2009 for Shinyanga. Mwanza site will start in April/May 2010 after an approval by JLPC in March 2010. The 1st Reach stackers machine has arrived in the country, the 4 others are following in March and June 2010.

5.3 Indicator evolution

Based on what has been given under 5.2, the Reach stackers are being manufactured and delivered to the country. Construction of ICD in Shinyanga and Mwanza are at various stages of progress.

6. Assessment of Monitoring Criteria

6.1 Efficiency

The project is making progress with the manufacturing and delivery of the Reach stackers ongoing smoothly. All machined will be delivered before end of June 2010. Construction of ICDs will be completed within 9 months.

6.2 Effectiveness

The activities undertaken by the project contribute to the realization of the objectives with the purchase of the Reach stackers and construction of the ICDs in 2009.

6.3 Sustainability

Technically: machine operators and technicians will be trained in Italy and locally. A stock of spare parts for maintenance of the machines will be maintained. The manufacturing company is obliged to avail the required spare parts for a minimum period of 2 years.

Managerially: RAHCO will own the ICDs along with other railway assets. It will provide the required management to run the ICDs efficiently. In order to ensure that the ICDs are financially efficient, RAHCO has an option of leasing out (privatization) operationalization of the ICDs. However, RAHCO has an obligation of ensuring that other elements of the system are working efficiently.

7. Measures and recommendations

7.1 Overview of the assessment criteria

The start of construction of ICD has taken considerable time due to the delayed approval of funds by the GOT. Some time has been lost. Likewise the manufacturing of the machines has delayed due to overturn in the suppliers company.

7.2 Recommendations

The start for the construction work for the ICD in Mwanza has to be started as soon as possible so that GoT and BTC finance planning will be adhered to.

The transportation of the Reach stackers to Shinyanga, assembling and training of operators and technicians has to be planned and executed accordingly to be within budget limits.

RAHCO need to make a close follow up in the planning, implementation and monitoring of the project to ensure successful completion, especially the construction supervision and timely payments to the construction contractors.

8. Activity planning and budgeting for 2010

8.1. Implementation Planning

ACTIVITY PLANNING 2010														
Activities		Months 2010											Remarks	
		J	F	M	A	M	J	J	A	S	O	N		D
PART A:														
<i>Result 1. The Ilala ICD has been enhanced</i>														
R01 01	Provision of additional container handling equipments													Already in Dar
R01 02	Improvement of the ICD hardstand													Final touches
<i>Result 2 : The Mwanza ICD has been put into operation</i>														
R02 01	Detailed engineering study													Completed in 2009
R02 02	Infrastructure Works													Will take 8 months till Dec 2010
R02 03	Provision of container handling equipments													To be assembled in Shinyanga ICD
<i>Result 3 : The Shinyanga ICD has been put into operation</i>														
R03 01	Detailed engineering study													Completed in 2009
R 03 02	Infrastructure Works													Started in November 2009
R 03 03	Provision of container handling equipments													Hard stand will be ready
PART Z : General Means														
Z 01 01	BTC supervision missions													By BTC Advisor
Z 01 02	Consultancy missions													
Z01 03	Final evaluation mission													

8.2 Financial planning N+1 (2010)

ICD Project Financial Planning 2010

Budget Line	Financial mode	Total Budget	Quarterly allocations				Total 2010	Balance after 2010
			Q1	Q2	Q3	Q4		
A: RESULTS AND ACTIVITIES		1,924,350	25,000		30,000	1,416,770	1,471,770	94,460
A01 Ilala ICD has been enhanced		350,000				220,000	220,000	19,140
01 Provision of additional container handling	CO-GEST	350,000				220,000	220,000	19,140.
A02 Mwanza ICD has been put		746,500				580,000	580,000	55,650
01 Detailed engineering study	CO-GEST							
02 Infrastructure works	CO-GEST	36,500						36,490
03 Provision of container handling	CO-GEST	710,000				580,000	580,000	19,160
A03 Shinyanga ICD has been put		827,850	25,000		30,000	671,770	671,770	19,670
01 Detailed engineering study	CO-GEST							
02 Infrastructure works	CO-GEST	97,350	25,000		30,000	16,770	71,770	
03 Provision of container handling	CO-GEST	730,500				600,000	600,000	19,670
Z: GENERAL MEANS		71,038.56	9,000	1,460	13,000		23,460	10,160
01 General means	REGIE	71,038.56	4,000		13,000		23,460	10,160
01 BTC support missions	REGIE	21,930	5,000	1,460	5,000		9,000	6,520
02 Technical support	REGIE	20,000					6,460	
03 Monitoring and evaluation	REGIE	15,000			8,000		8,000	3,000
04 Solde formulation	REGIE	14,108.56						640
	REGIE	71,040	9,000	1,460	13,000		23,460	10,160
	CO-GEST	1,924,350	25,000		30,000	1,416,770	1,417,177	94,460
	TOTAL	1,995,390	34,000	1,460	43,000	1,416,770	1,495,230	104,620

9. Conclusions

9.1 Activities and Finance

All major activities including selection and contracting of contractors for construction and supervision were undertaken in 2009. Construction of ICD in Shinyanga has started in November 2009 expected to be complete in 9 months. Construction at the Mwanza site will start in May 2010. Reach stackers are being manufactured and delivered according to the revised schedule. The last machine will arrive in June 2010.

More than 80% of the overall project budget of 2.590.585 EUR will be disbursed in 2010 mainly to pay for the Reach stackers.

9.2 Monitoring criteria

RAHCO through the national project coordinator it has appointed, will make a close follow up of the project and inform members of JLPC when big decisions has to be made.

RAHCO will follow-up the construction of the Reach stackers in Italy in collaboration with MoID and BTC.

The construction company has to sign contract for the construction work in Mwanza. Construction is being supervised by a professional firm to ensure quality.

The fourth JLPC will take place in March 2010 to monitor progress and make timely decisions.

9.3 Advice of the JLPC on the recommendations

JLPC advises that assembling of the Reach stackers for Mwanza site be done in Shinyanga. Mwanza is only 160 km from Shinyanga. The machines will be sent to Mwanza when the ICD is ready.

10. Annexes

10.1 Overview public contracts

Public contract for the construction work in Mwanza will be signed in March 2010 by RAHCO.

A supervising consultant (DIT) has to sign contract under the project to follow up the construction work of the ICD in Mwanza.