



CTB

**AGENCE BELGE
DE DÉVELOPPEMENT**

ANNUAL REPORT 2010

Construction ancode: TAN/04/014/11

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

NAVISION CODE: TAN/04/014/11



BTC



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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) & 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
According to CMO	20 July 2007
End date of the project	
According to SA	07 December 2009
Estimated	31 December 2010
Project management method	Co-Management
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	2010

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 stored at Dar es salaam station awaiting assembling, commissioning and transportation to Mwanza 	<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. Contract with contractors made. 	<ul style="list-style-type: none"> Awaits availability of Funds from GoT
	2.3. Provision of container handling equipments	<ul style="list-style-type: none"> 2 Reach-stackers stored at Dar es salaam station awaiting assembling commissioning and transportation to Mwanza 	Unforeseen extra costs in port charges, assembling cause delays in assembling & commissioning
Result 3 The Shinyanga ICD has been put into operation	3.1. Detailed engineering study	Task completed successfully final document used for subsequent tendering processes	
	3.2. Infrastructure works	<ul style="list-style-type: none"> Contract with construction company and supervisors made. Construction started in October 2009 has reached 90 % by end 2010 	Delays in supervision work by DIT
	3.3. Provision of container handling equipments	<ul style="list-style-type: none"> 2 Reach-stackers stored at Dar es salaam station awaiting assembling commissioning and transportation to Shinyanga 	<ul style="list-style-type: none"> Unforeseen extra costs in port charges, assembling cause delays in assembling & commissioning

3.2 Analysis of activity planning

Construction started at the site in Shinyanga in October 2009, faced with long delays from the Supervising Company- DIT. Until end of year 2010 construction has only reached 90% completion against the planned date (June 2010). The Court case that delayed the start of Mwanza site, at end of 2009 was ruled out in favor of RAHCO. In 2010, contracts for construction and supervision in Mwanza site were signed, although funds were not be made available by the GoT, probably because of the General elections in October which are usually treated with the ultimate priority and often withholds resources from other sectors.

Contract for the manufacturing and supply of the 5 Reach-stackers machines was awarded to Fantuzzi Company of Italy. Fantuzzi Company was sold to Terex Cranes Company. The change over process resulted in delays. 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 has been done by a team of BTC and RAHCO in November 2009. The machine were transported to Dar es Salaam port and cleared. The machines are stored at Dar es Salaam railway station awaiting assembling and commissioning. It was decided that assembling and commissioning should be done in Dar es Salaam for all machines following the exorbitant costs for assembling in the upcountry locations.

A standstill in the assembling and commissioning of the machines has happened following disagreements between RAHCO and TEREX as to the obligations of each organization in terms of the costs involved in clearing and assembling of the machines.

BTC infrastructure expert made 2 backstopping missions to Tanzania to assist in finding the way forward in line with the contract for supply of reach-stackers and the project TFF. 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.

The SA of the project was extended for 2 year after it expired in December 2009. The project duration will now expire in December 2011.

4. Financial overview

4.1 Overview of expenditure versus financial planning

The financial planning for the year 2010 has been changing constantly due to delays in manufacturing and supply of the reach taker machines and delay in construction of the ICD.

4.2 Analysis of financial planning

In 2010, most of financial planning was implemented accordingly. Payments against the supply of the Reach-stackers machines were made promptly in line with the contract. However, TEREX failed to reciprocate BTC efficiency by failing to renew the Performance guarantee and assembling of the machines as required. The delays resulted into a few planned expenditures to be deferred to the subsequent quarters.

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 Reach-stackers.

5.2 Results

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

Expected result	Assessment
1. 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.
2. Hard stands completed	Hard stand in Ilala ICD needs only minor repairs which can be completed within a short time. Construction of Shinyanga ICD has reached a 90% point and will be completed in Q1 2011.
3. New container handling equipments put in place	5 Reach stackers were ordered. All 5 arrived in Dar es Salaam Railway Station; Assembling and commissioning will be done in Dar es salaam. Reallocation of the machines will be made following recommendations of a study to be made soon.

5.3 Indicator evolution

Based on what has been given under 5.2, the Reach-stackers have been 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 has made progress by the manufacturing, supply and delivery of the Reach-stackers having been accomplished successfully. In spite of the delays in assembling of the machines, plans on underway to ensure that assembling and commissioning is completed in Q1 2011. Construction of ICD in Shinyanga will be completed in Q1 and work at Mwanza is expected to start soon.

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: Plans are underway for machine operators and technicians to be trained in by the TEREX agent in Dar es Salaam. A stock of spare parts for maintenance of the machines will be made. 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) of the ICDs. However, RAHCO has also an obligation of ensuring that other elements of the railway 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, supply and commissioning of the machines has delayed due to turnover 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 reallocation of the reach-stackers to upcountry locations has to be made following many changes that are taking place in the transportation sector. A study is proposed before a decision is made regarding the relocation of the machines. New possible locations include Kigoma, Tabora, Dodoma or Isaka.

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

8. Activity planning and budgeting for 2011

8.1. Implementation Planning

ACTIVITY PLANNING 2011														
Activities		Months 2011											Remarks	
		J	F	M	A	M	J	J	A	S	O	N		D
PART A:														
Result 1. The Ilala ICD has been enhanced														
R01 01	Provision of additional container handling equipments													1 machine in working condition at Ilala
R01 02	Improvement of the ICD hardstand													A few patches are needed
Result 2 : The Mwanza ICD has been put into operation														
R02 01	Detailed engineering study													Completed in 2009
R02 02	Infrastructure Works													Construction & supervision will start soon
R02 03	Provision of container handling equipments													To be assembled and commissioned in Dar es Salaam and transported when ICD ready Training of operators & mechanics
Result 3 : The Shinyanga ICD has been put into operation														
R03 01	Detailed engineering study													Completed in 2009
R 03 02	Infrastructure Works													Started in November 2009. Will be completed in Q1 2011
R 03 03	Provision of container handling equipments													To be assembled and commissioned in Dar es Salaam and transported when ICD ready. Training of operators & mechanics
PART Z : General Means														
Z 01 01	BTC supervision missions													None envisaged this year
Z 01 02	Consultancy missions													
Z01 03	Final evaluation mission													To start 6 months before end

8.2 Financial planning N+1 (2011)

Budget Line	Financial mode	Total Budget	Start to 2010	Quarterly allocations				Total 2011	% Exp	Balance after 2011
				Q1	Q2	Q3	Q4			
A: RESULTS AND ACTIVITIES		1,924,350.00	1,721,230.47	60,000.00	48,344.16	30,000.00	71,292.37	203,119.53	100%	0.0
A01 Ilala ICD has been enhanced		350,000.00	356,517.00					0.0	102%	0.0
01 Provision of additional container handling	CO-GEST	350,000.00	356,517.00					0.0	102%	0.0
A02 Mwanza ICD has been put		746,500.00	585,207.63	30,000.00	30,000.00	30,000.00	71,292.37	161,292.37	100%	0.0
01 Detailed engineering study	CO-GEST	-	13.19							0.0
02 Infrastructure works	CO-GEST	36,500.00	29.99							0.0
03 Provision of container handling	CO-GEST	710,000.00	585,164.45							0.0
A03 Shinyanga ICD has been put		827,850.00	779,505.84	30,000.00	18,344.16	-	-	48,344.16	100%	0.0
01 Detailed engineering study	CO-GEST	-	15.25							0.0
02 Infrastructure works	CO-GEST	97,350.00	46,007.46							0.0
03 Provision of container handling	CO-GEST	730,500.00	733,483.13							0.0
Z: GENERAL MEANS		71,038.56	50,304.25		5,000.00	10,000.00	5,811.27	20,811.27	100%	0.0
01 BTC support missions	REGIE	21,930.00	20,280.73							0.0
02 Technical support	REGIE	20,000.00	20,032.84							0.0
03 Monitoring and evaluation	REGIE	15,000.00	4,118.44							0.0
04 Solde formulation	REGIE	14,108.56	5,872.24							0.0

Regie	71,040.00	50,227.29	-	5,000.00	10,000.00	5,811.27	20,811.27	100%	0.0
Co-Gest	1,924,350.00	1,721,230.47	60,000.00	48,344.16	30,000.00	71,292.37	203,119.53	100%	0.0
Total	1,995,390.00	1,771,457.76	60,000.00	53,344.16	40,000.00	77,103.64	223,930.80	100%	0.0

9. Conclusions

9.1 Activities and Finance

Construction of ICD in Shinyanga started in November 2009 was expected to be complete in 9 months. By end 2010 it has reached 90% completion. Construction at the Mwanza site was scheduled to start mid 2010 could not start because GoT could not avail the needed funds. MoID/RAHCO has already received some funds to start the work in Mwanza. It's important that construction starts soon because the project will be closed by December 2011.

Reach-stackers are stored at the Dar es Salaam Railway station awaiting assembling and commissioning before end of Q1. Some funds are available for training of mechanics and operators in Dar es Salaam Port, and purchase of some spares. Contracts for the training and actual training will be completed in Q1.

On the other hand more supervision by BTC will be done to direct the project into reaching the desired results. As a result its expected that the whole budget will be exhausted in 2011.

9.2 Monitoring criteria

Now that the project has experienced some delays in commissioning of Reach stackers and construction of ICD, RAHCO and BTC will devote more time to closely monitor and seek prompt solutions to whatever problems that will be incurred to ensure that results are attained in due time.

The sixth JLPC will take place in February 2011 to monitor progress and make decisions on the way forward.

9.3 Advice of the JLPC on the recommendations

JLPC advises that a study is undertaken to inform about the transportation situation in the country. Many members have a feeling that the reach-stackers could be made more efficient if some changes are made in their allocation.

10. Annexes

10.1 Overview public contracts

One contract for the final evaluation will be done in June 2011.