



**Project for Formulation
of
Master Plan on Logistics
in
Northern Economic Corridor

Inception Report**

April 2015

Japan International Cooperation Agency
(JICA)

Consultants
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**Project for Formulation of
Master Plan on Logistics in
Northern Economic Corridor**

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CHAPTER 1 BACKGROUND AND OBJECTIVE

1.1 Background

The Northern Corridor is a multi-modal corridor, consisting of road, rail, pipeline, and inland waterways transport, and is recognized as a significant corridor for logistics in East Africa. The main road network runs from Mombasa Sea Port through Kenya and Uganda to Rwanda and Burundi and to Democratic Republic of Congo (DRC). The road network also links Kenya and Uganda to Juba in South Sudan. The importance of the Northern Corridor is increasing and the current combined transit and transshipment traffic through the Corridor has been growing at a rate of 20 percent annually.

However, there are some obstacles in Northern Corridor, such as inadequate infrastructure, poor interconnectivity of modes, long delays (stagnation) of cargo at the port and broad port, and lack of goods to transport for the return trip from the inland area to Mombasa port. These obstacles raise the transport cost within the Corridor, which accounts for about 30% of the value of the goods. The high transport cost is one of the major obstructive factors that hinder economic development of the region, especially inland area. In addition, new Standard Gauge Railway Line and Oil Pipeline from Uganda to Kenya projects will provide significant impact to the logistics in the corridor and accordingly all the projection of freight movement should be updated in timely manner.

In this context, the Government of Uganda (GOU) requested Government of Japan (GOJ) to implement a project to formulate a master plan on logistics in Northern Corridor in order to promote regional development. Concurrently with this, the Government of Kenya (GOK) also requested GOJ for a project on Northern Corridor which shares same goal and outputs.

In response to the request of GOU and GOK, Japan International Cooperation Agency (JICA) dispatched “Detail Design Formulation Team for the project” in October and November, 2014. The team proposed to apply a project concept as Northern Economic Corridor, since the project should cover not only logistics but also the regional development along the Northern Corridor. The GOU and GOK agreed with the concept and signed the Record of Discussion with JICA for the implementation of the Project for Formulation of the Master Plan on Logistics in Northern Economic Corridor (hereafter the Project).

1.2 Objective of the Project

The objective of the Project is to formulate a Master Plan on Logistics for Northern Economic Corridor, along with integrated regional development strategy consistent with sub-regional development plans and national development plans.

1.3 Target Year

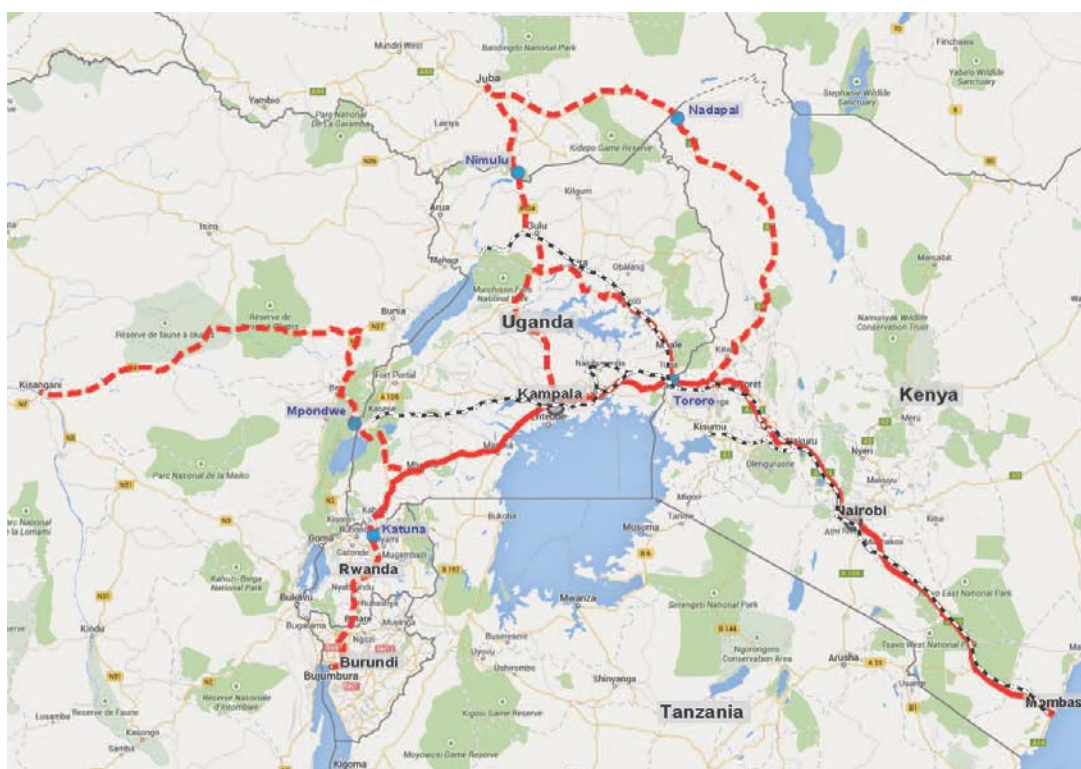
The target year of the Master Plan on Logistics for Northern Economic Corridor (hereafter MP) is 2030.

1.4 Target Area

The target areas for the MP will cover the following routes which are part of Northern Economic Corridor and its surrounding areas:

- Main route: Mombasa-Nairobi-Tororo-Kampala-Katuna-(Kigali/Rwanda);
- Sub-route: Eldoret - Nadapal – (Juba/South Sudan);
- Sub-route: Tororo - Gulu – Elegu – (Juba/South Sudan);
- Sub-route: Kampala- Gulu – Elegu – (Juba/South Sudan); and
- Sub-route: Mbarara- Mpondwe– (Kisangani/D.R.C).

The above routes are illustrated in the Figure 1.4.1 below.



Source: JICA Study Team

Figure 1.4.1: Routes of Northern economic Corridor

CHAPTER 2 APPROACHES FOR THE PROJECT

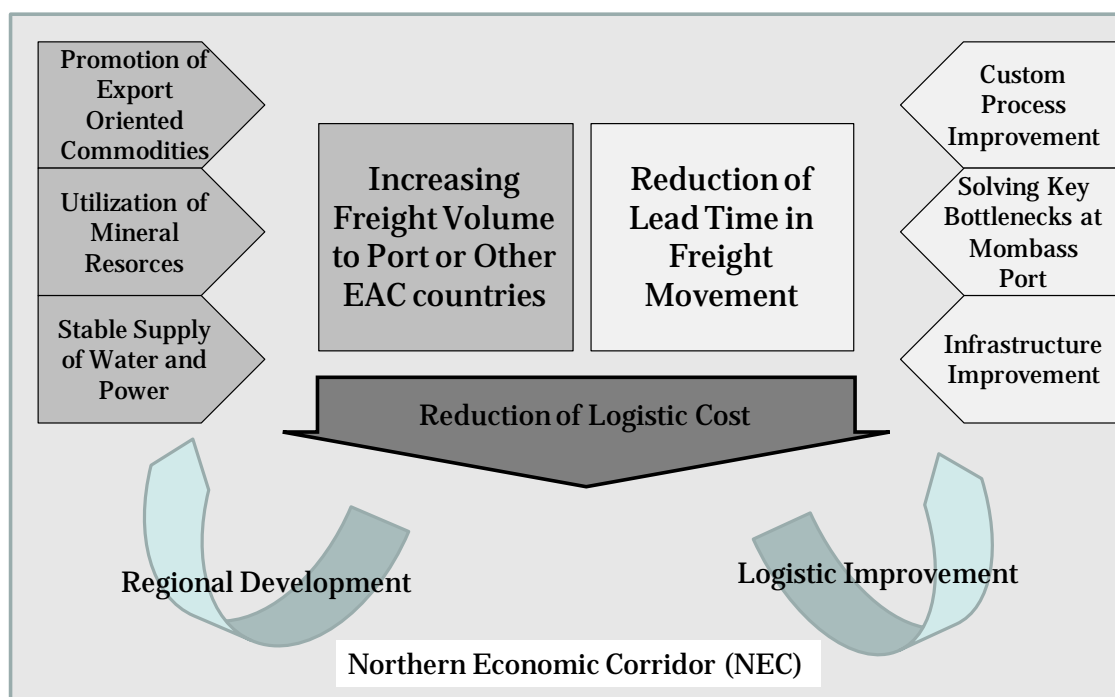
2.1 Approaches to be Applied

Through review of Record of Discussions (RD) for the Project and the report on “Detail Design Formulation Team for the project”, the following four (4) approaches will be applied for formulation of MP.

- Formulate Logistics MP that can contribute to economic and social development along Northern Economic Corridor;
- Formulate Logistics MP that promotes and accelerates outcomes of TICAD V;
- Strengthen function of Mombasa city as gateway to Northern Economic Corridor through JICA project on Comprehensive Development MP for Mombasa (new); and
- Organize working group to promote collaborative mechanism between JICA Study Team, Ministries and Agencies concerned, and other stakeholders.

2.2 Approach One: Contribute to Economic and Social Development along NEC

During the period of “Detail Design Formulation Team for the project”, JICA emphasized that MP should cover not only logistic aspect but also regional development, and, as the result, the concept of “Northern Economic Corridor” was taken up for the project title. For improvement of logistics, the study for MP will examine various aspects such as custom process improvement, reduction of stagnation time of freight at Mombasa Port, infrastructure related to logistics improvement. In addition to logistic improvement, MP will consider regional development aspect such as promotion of export oriented commodities, more utilization of mineral resources through the corridor, realization of stable supply of water and power to the industrial development etc. Increasing volume of products along Northern Economic Corridor can contribute to reduction of empty cargo that returns to the Mombasa port and as a result the logistic cost can reduce due to improvement of cargo use ratio as well. The approach one is illustrated in Figure 2.2.1 below.



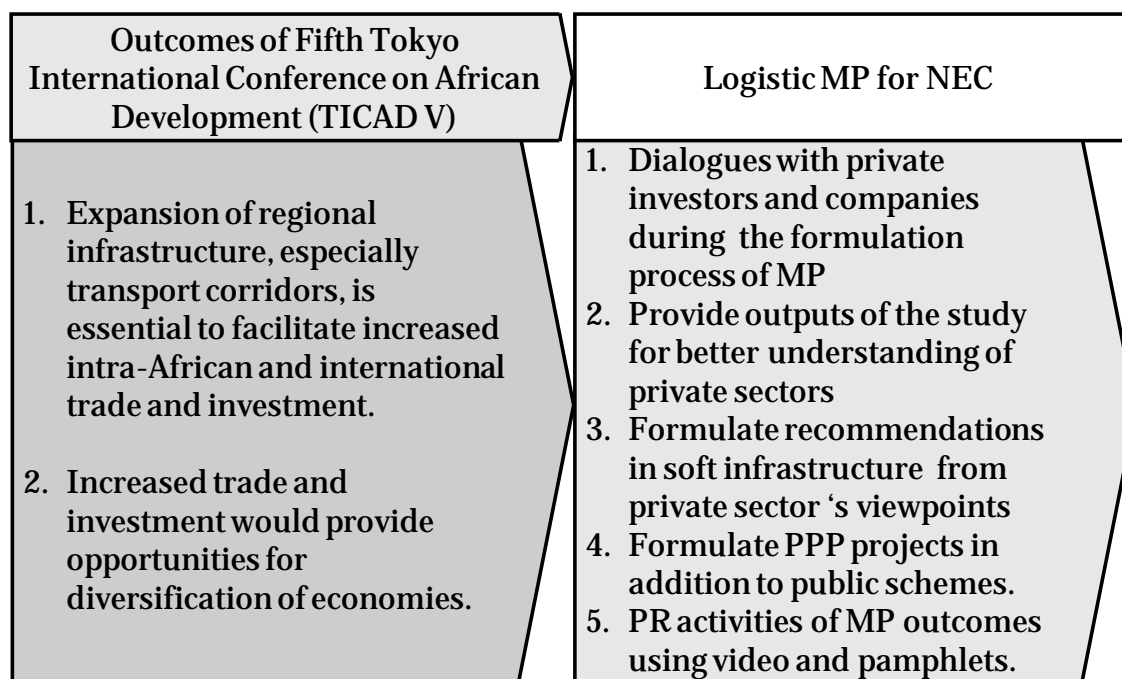
Source: JICA Study Team

Figure 2.2.1: Diagram of Approach One: Contribute to Economic and Social Development along NEC

2.3 Approach Two: Promote and Accelerate Outcomes of TICAD V

The Fifth Tokyo International Conference on African Development (TICAD V) was held in Yokohama Japan on June 1-3. Under the basic concept of "Hand in Hand with a More Dynamic Africa," active discussions took place on the direction of African development in line with the core themes of TICAD V, namely "Robust and Sustainable Economy," "Inclusive and Resilient Society" and "Peace and Stability." Reflecting the importance of growth led by the private sector, a "Dialogue with the Private Sector" session for direct engagement between African leaders and representatives of Japanese private-sector was held for the first time at a TICAD plenary session.

The following outcomes of TICAD V were emphasized in the corridor development: namely i) expansion of regional infrastructure, especially transport corridors, is essential to facilitate increased intra-African and international trade and investment, and ii) increased trade and investment would provide opportunities for diversification of economies. To realize the above outcomes, dialogues with private investors and companies will be done during the formulation process of MP. In addition, the JICA team will: i) provide outputs of the study for better understanding of private sectors from time to time; ii) formulate recommendations in soft infrastructure from private sector 's viewpoints; iii) formulate PPP projects in addition to public schemes; and iv) public relation (PR) activities of MP outcomes using video and pamphlets. The approach two is illustrated below.



Source: JICA Study Team

Figure 2.3.1: Diagram of Approach Two: Promote and Accelerate Outcomes of TICAD V

2.4 Approach Three: Synergy Effect with JICA Projects on Comprehensive Development for Mombasa

JICA is currently implementing two (2) technical assistances schemes and one Japanese Yen Loan scheme in Mombasa Kenya, namely i) Project for formulation of Master Plan for Development of Dongo Kundu, Mombasa SEZ (TA scheme); ii) Project for formulation of Master Plan for Dongo Kundu Port, Mombasa (TA scheme); and iii) Mombasa Port Development Project (loan scheme). Two projects are expected to improve the operation of Mombasa and its expansion. The other is to enhance industry and commercial productivities through Special Economic Zone (SEA) development. In addition, two (2) technical assistances schemes newly commence, namely, i) Project for formulation of Comprehensive Development Master Plan for Mombasa City; and ii) Project for formulation of Master Plan on Logistics in Northern Economic Corridor.

From viewpoints of Northern Economic Corridor (NEC), city of Mombasa is important gateway due to: i) start and end points of freight movement at Mombasa Port; ii) value addition of NEC products in Dongo Kundu, Mombasa SEZ; and iii) large domestic consumption as market of NEC products. The logistic MP in NEC will utilize outputs of other JICA projects to enhance efficiency and effectiveness in terms of formulation of the master plan as well as create synergy effect with other JICA projects through integration of various plans. The approach three is illustrated below.

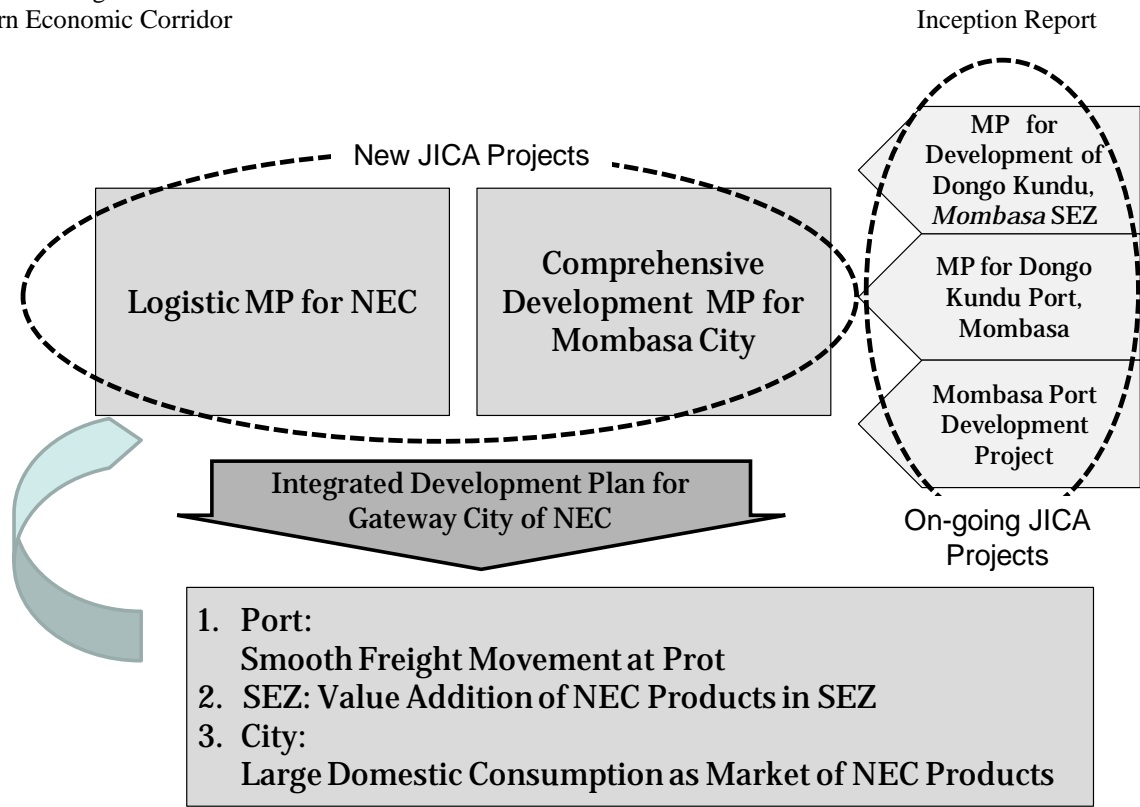


Figure 2.4.1: Diagram of Approach Three: Synergy Effect with JICA Projects on Comprehensive Development for Mombasa

2.5 Approach Four: Working Group as Collaborative Mechanism

The RD notes that the working group will be established in order to promote the coordination between Uganda/Kenya side and JICA team. It is also noted that the member of working group should be selected in the begging of the Project. Considering the RD, JICA team proposes that Working Group (WG) should be formed as collaborative working mechanism through which related organizations shares information and understand the key topics of the MP, so that the development plans and recommendations in the MP will be realized by the member of the working group. JICA team proposes to establish two sub-groups since the master plan consists of logistics and regional development components: namely, i) sub-group for logistic infrastructure including soft infrastructure related to logistics, and ii) sub-group for mining resources and industrial developments including agricultural, fishery etc. The member and role are illustrated in Figure 2.5.1 below.

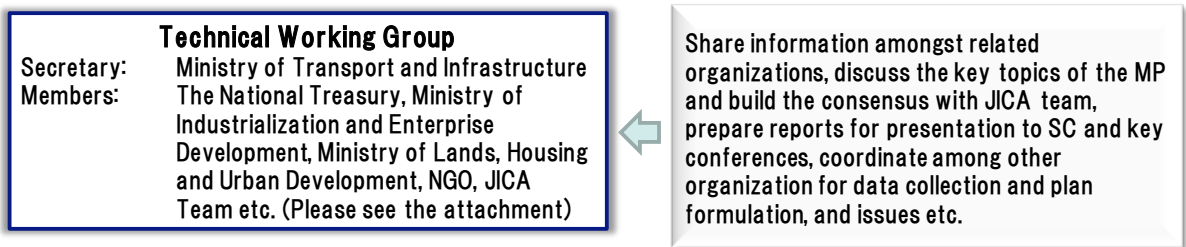


Figure 2.5.1: Diagram of Approach Four: Working Group as Collaborative Mechanism

CHAPTER 3 PLAN OF OPERATION

3.1 Flow of the Overall Operation

The Study will start at the end of March 2015 and is expected to be completed by the end of September 2016 and accordingly the final report will be submitted by the end of September 2016. The Figure 3.1.1 shows the flow of the overall operation.

Preparation work in Japan
[1] Preparation for the on-site study and writing of the inception report

Expected Outcome: Agreement amongst related authorities and organizations on how to proceed the study based on quick review of current situation.

The following documents will be reviewed and analyzed for smooth implementation.

- 1) The Northern Corridor Infrastructure Master Plan (2011)
- 2) Record and discussion (RD) for the project
- 3) Northern Corridor Spatial development Program (2003)
- 4) Other collected documents on current situation by the detailed project design team

Based on the above result, the inception report will be prepared. The report shall include: i) background and objective, ii) implementation structure and its role, iii) approach for formulation of the MP, iv) work schedule and methodology, v) undertaking of the Government, and vi) quick review of NEC.

On-Site Study
[1] Collection and analysis of information about policies and development plans

Expected Outcome: Clarification of challenges on NEC based on current situation analysis.

According to the following categories, the information and data will be collected and analyzed.

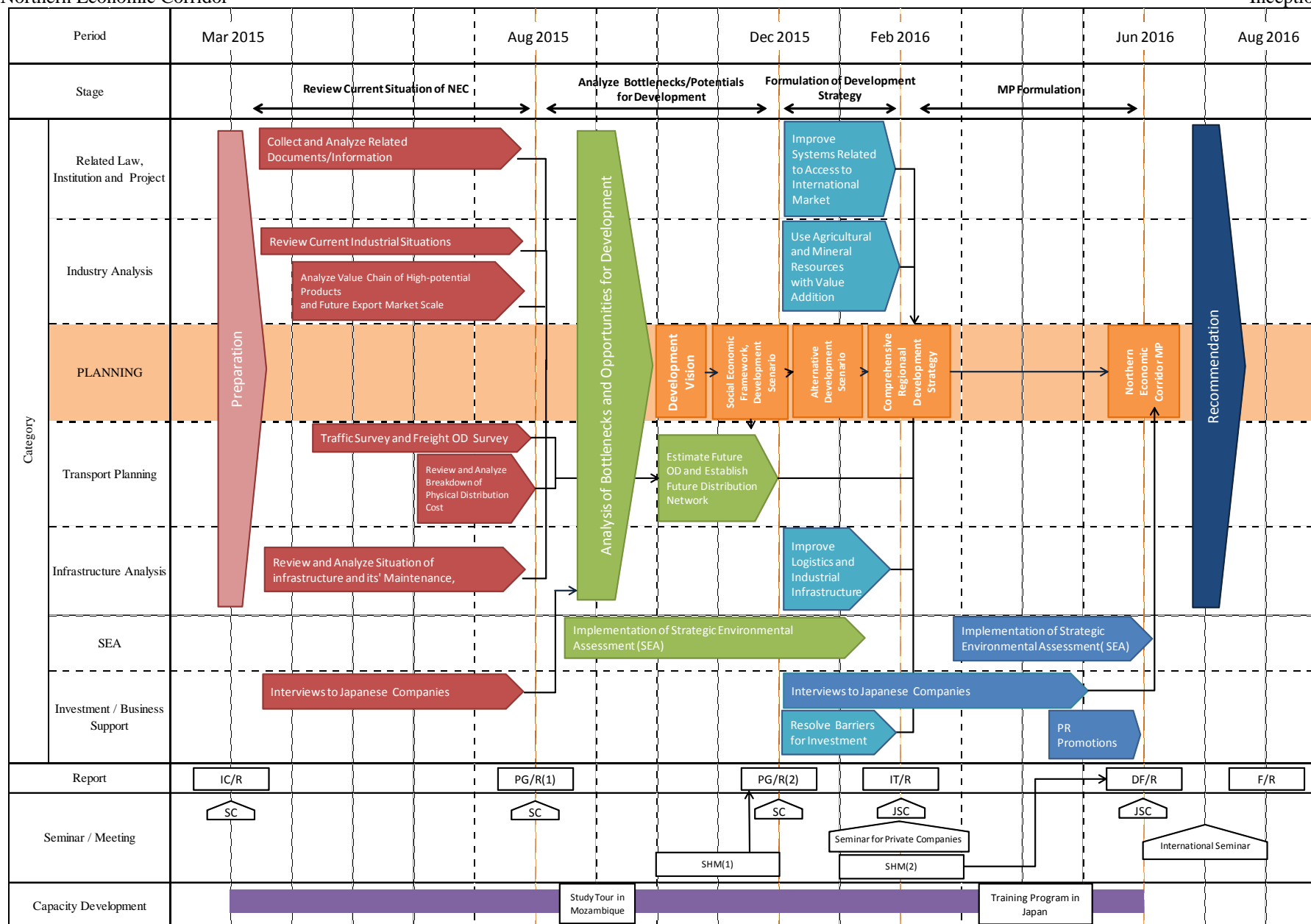
- ◆ Related Policies, Plans and Projects
 - Kenya Vision 2030, Uganda Vision 2040, etc.
- ◆ Related Laws and Institutions
 - Industry, Transport, Environment , etc.
- ◆ Related Organizations,
 - Structure, Authority, Budget, etc.
- ◆ Transport Network and Infrastructures
 - Condition, Maintenance, Capacity, etc.



Source: JICA Study Team

Figure 3.1.2: Image of Data Collection

It is noted that secondary data/information is mainly used for current situation analysis. In addition, interviews and discussions will be conducted with concerned agencies and stakeholders as well as private companies. Those results of current situation analysis can be utilized to identify current bottleneck in terms of logistics and regional development along NEC.



Source: JICA Study Team

Figure 3.1.1: Work Flow

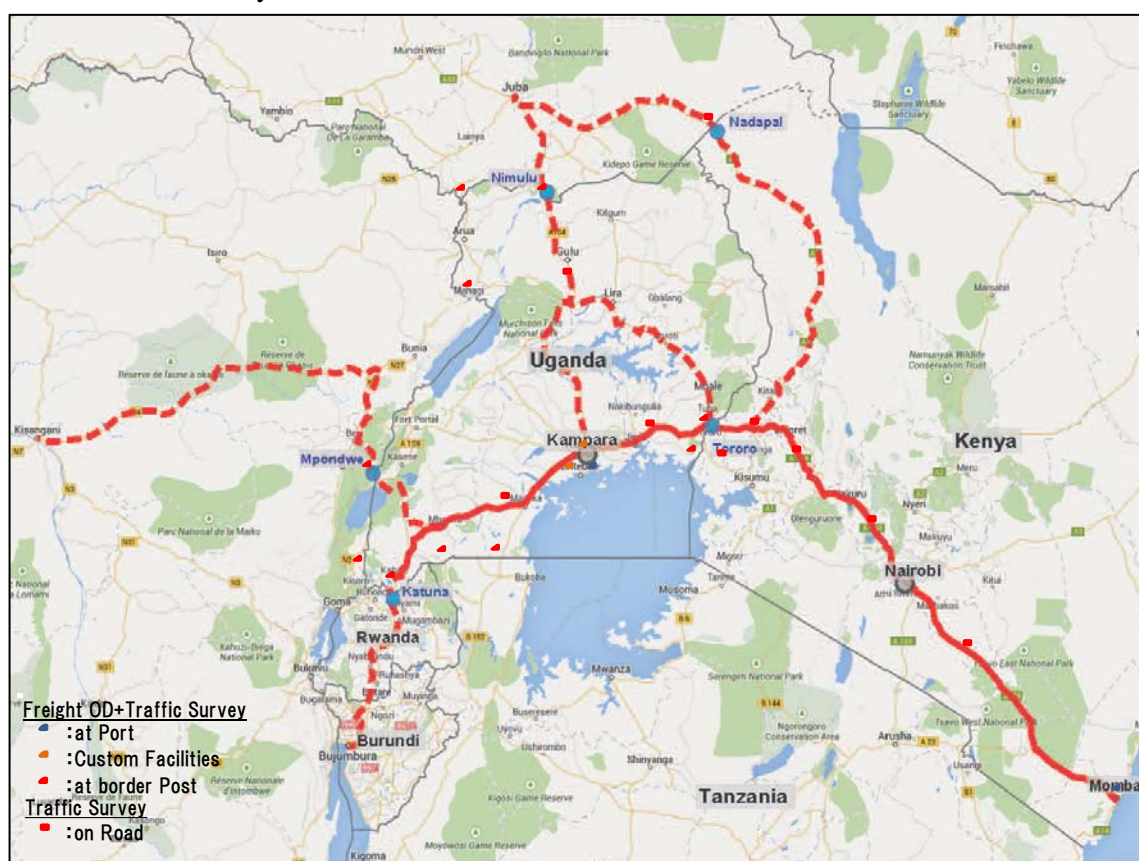
[2] Traffic & Freight Transport Survey

Expected Outcome: Capture current freight and traffic movement

The following traffic survey and freight OD survey will be carried out at sub-contract basis to capture freight movement on road and identify current bottlenecks in NEC logistics network. Data obtained from the surveys will be used for future traffic demand forecasting along NEC. Major locations of the surveys are at the border posts among Kenya, Uganda, Rwanda and Burundi. The points to be considered in the surveys are to:

- Estimate current freight movement in the target area with its surrounding areas, focusing on international freight movement between neighboring countries;
- Estimate the freight movement by mode and freight item;
- Examine the data obtained through referring to statistics related to freight demand and the past survey data; and
- Conduct the surveys from May to July 2015 after preparation works of the surveys in April.

Location of the survey stations is illustrated below.



Source: JICA Study Team

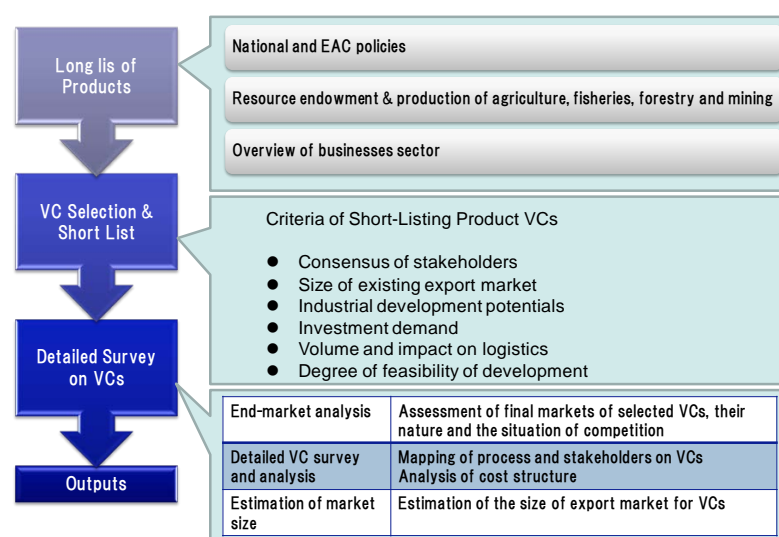
Figure 3.1.3: Location Map for Freight OD and Traffic Survey

[3] Industrial Analysis based on Value Chain Approach:

Expected Outcome: Estimate market potential of export oriented commodities

The eight value chains (VCs) will be analyzed at sub-contract basis to capture industrial development potential along the corridor. The VCs will be shortlisted considering potentials of export-oriented products and higher value addition in the region. The following steps will be undertaken:

- 1) Prepare a long list of products for commodities for value chain and marketing analysis;
- 2) Using the criteria, select products for VC analysis (4 VCs per each for both Kenya and Uganda);
- 3) Perform a detailed survey on each VC including end-market analysis, value chain analysis, and estimation of VC export-market; and
- 4) Expected outputs will be as follows:
 - ◆ A short-list of export-oriented products with the potentials of higher value addition in the area along NEC;
 - ◆ The preliminary estimate of the size of export markets of the short-listed commodities; and
 - ◆ Identification of critical issues regarding logistics for the production growth and further value addition of the short-listed commodities in the area along NEC



Source: JICA Study Team

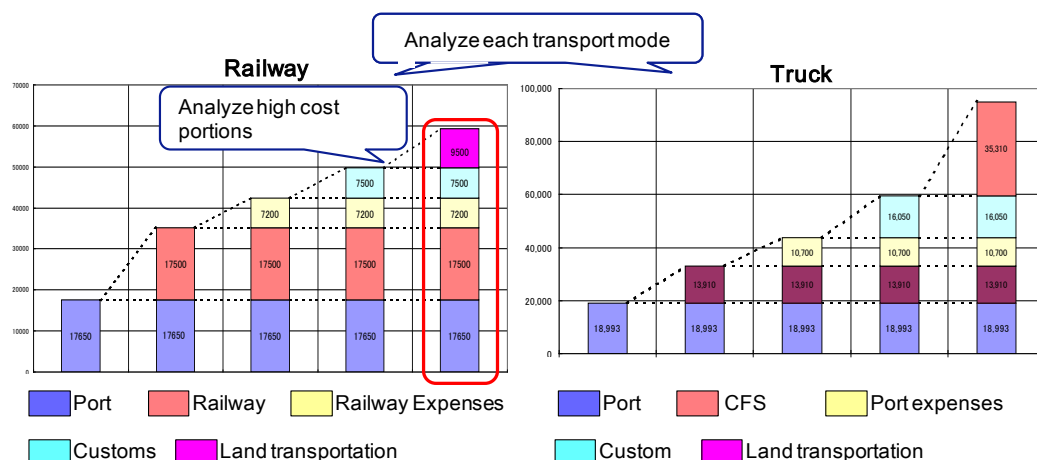
Figure 3.1.4: Selection of VCs

[4] Logistic Cost Analysis: Assess freight transport cost

Expected Outcome: Identify bottlenecks in logistics process

The lead-time survey using GPS for road freight transportation will be done to identify which process will require more time. In addition, interviews to forwarder will be done to know cost

structure for each process in logistics for various modes. Based on the analysis, results of lead time and cost, the bottleneck for the logistic process will be identified. The figure below shows an example of freight cost analysis.



Source: JICA Study Team

Figure 3.1.5: Comparison of Freight Costs between Railway and Truck (Image)

[5] Assess Current Situation:

Expected Outcome: The identification of bottlenecks for logistics and regional development which can be utilized for formulating future visions and strategies.

According to study results from [1]-[6] above, the bottlenecks for logistics and regional development will also be identified and at the same time the development potentials from multiple sectors will also be assessed. Thereafter industrial potential and resource potential will be allocated in a digital map data to capture spatial relations with logistics network.

1) Points to be considered when identify bottlenecks:

- ◆ Infrastructure
 - Current Capacity vis-à-vis Traffic Volume
 - Maintenance
- ◆ Industrial Potential
 - Missing links in value chain
 - End market and its scale
 - Demand and supply gap of water and power
- ◆ Resource Potential
 - Infrastructures to refine/process and transport of resource
 - Reserves of natural resources



Source: JICA Study Team

Figure 3.1.6: Examples of Problems

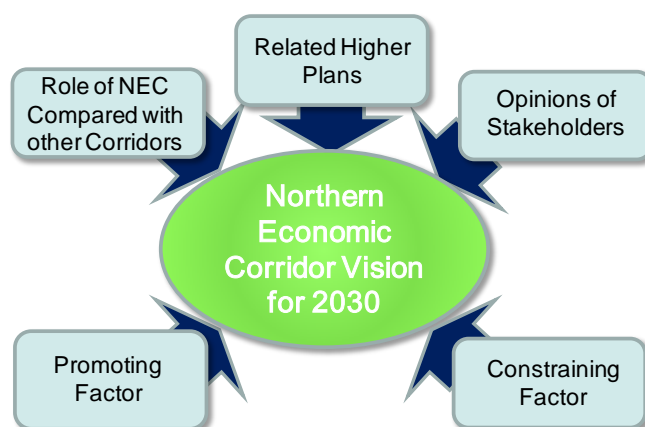
[6] Formulation of Development Vision: Vision for All

Expected Outcome: Formulation of development vision which directs the foundation of the MP and the development strategy.

Following the review of current situations, potentials, and on-going policy, visions for development of NEC will be formulated. In addition, the visions will be considered based on how the NEC contributes to development of each country and the region as a whole. During the decision-making process, officials from both governments and all other stakeholders will be brought together to state their opinions and express ownership of this development project.

1) Development vision should aim for the following core values;

- ◆ Direction
 - To be based on the current condition
- ◆ Dream
 - To inspire expectations in people
- ◆ Support of the public
 - To acquire consensus of the public through the formulation process



Source: JICA Study Team

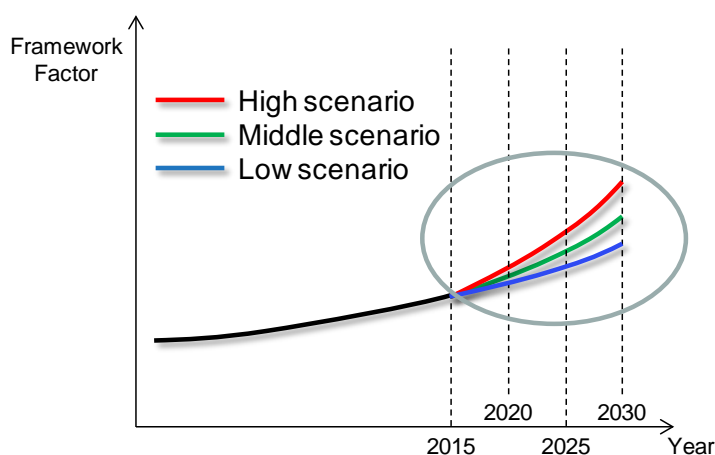
Figure 3.1.7: Image of Vision and Items to be Considered

[7] Socio - Economic Framework

Expected Outcome: Formulation of economic framework for demand forecasts purposes.

Socio-Economic framework with population and GDP (with sector share) will be formed in consistency with Kenya Vision 2030 and Uganda Vision 2040. In addition, frameworks applied in other studies and projects will be examined. The framework will be set for short-, middle-, and long-term for the year 2020, 2025, and 2030, respectively. The outline of the framework will be:

- 1) Development future frameworks for 2020, 2025, and 2030
- 2) Picture high, middle, and low scenarios
- 3) Applicable to several sectors scenario



Source: JICA Study Team

Figure 3.1.8: Image of Future Socio-Economic Framework Forecast

[8] Freight Traffic Demand Forecasting

Expected Outputs: Estimation of Future Freight Traffic Demand to verify the future freight network

Freight OD table up to the year of 2030 will be estimated based on the results of the traffic and freight survey and other existing studies. Existing studies relating to future freight demand will include “Corridor Diagnostic Study of the Northern and Central Corridors of East Africa (2011)” and “Northern Corridor Infrastructure Master Plan (2011)”.

In addition to Kenya and Uganda as main target area, the estimation of the freight movement from/to the neighboring countries will also be considered for optimization of the logistics network. Regarding the transport route to Rwanda and Burundi, field survey and interview to the related officers will be carried out for collection of necessary information such as current freight movement. Information of existing freight movement in South Sudan and DRC will be captured from the various secondary statistical data.

[8-1] Target Freight

Target freight consists of the following transports.

- (a) International Marine Freight (Ship)
- (b) Air Freight (Airplane)
- (c) Land Freight (Truck, Rail, Pipeline and Waterway)

[8-2] Requirements for forecasting freight traffic demand

The following five requirements for forecasting will be applied.

Table 3.1.1: Requirements of forecasting freight traffic demand

Requirements	Necessary actions
(a) Forecasting on basis of the other international corridors' movement	Building route and port choice models by estimating freight flow proportion of via the Northern corridor to via the Central corridor from and to Uganda, and installing these models into the freight traffic demand forecasting model system.
(b) Forecasting freight traffic demand including freight generation and attraction demand from newly developed areas	Building freight traffic generation and attraction demand models and installing these models into the freight traffic demand forecasting model system.
(c) Forecasting modal shifts from truck to rail ,etc.	Building freight traffic modal choice model whose explanatory variables are level of service (LOS) variables such as time, cost, etc. and installing these models into the freight traffic demand forecasting model system.
(d) Forecasting on basis of improvement of "soft infrastructure".	Including an additional time, cost, etc. arising from barrier of "soft infrastructure" in LOS variables which are the freight traffic modal choice models' explanatory variables.
(e) Forecasting decrease of empty container movement due to improved efficiency of distribution	Regarding empty container as a commodity and trying to estimate explicitly on how empty container flow is related with efficiency of distribution.

Source: JICA Study Team

[8-3] Category of Freight Movements

Category of freight movements as pre-condition for demand forecasting is shown in Table 3.1.2 below.

Table 3.1.2: Category of Freight Movements

Category	Policy of categorization
Freight category	Classification of freights under about 10 items considering state of trading freights of Uganda and Kenya and also considering classification used in antecedent projects etc.
Style of packing	Classification of freight traffic as container or the other by freight item.
Mode and route	Classification of freight traffic as (1) road or (2) road & water ferry or (3) railway or (4) railway & water ferry
Zone	Uganda, Kenya and the neighboring countries are divided into about 30 zones considering administrative areas and catchment areas of Mombasa port.

Source: JICA Study Team

[8-4] Future Scenarios

Future scenarios are shown in Table 3.1.3. Several cases by the combination of following scenarios will be designed for future demand forecasting.

Table 3.1.3: Future Scenarios

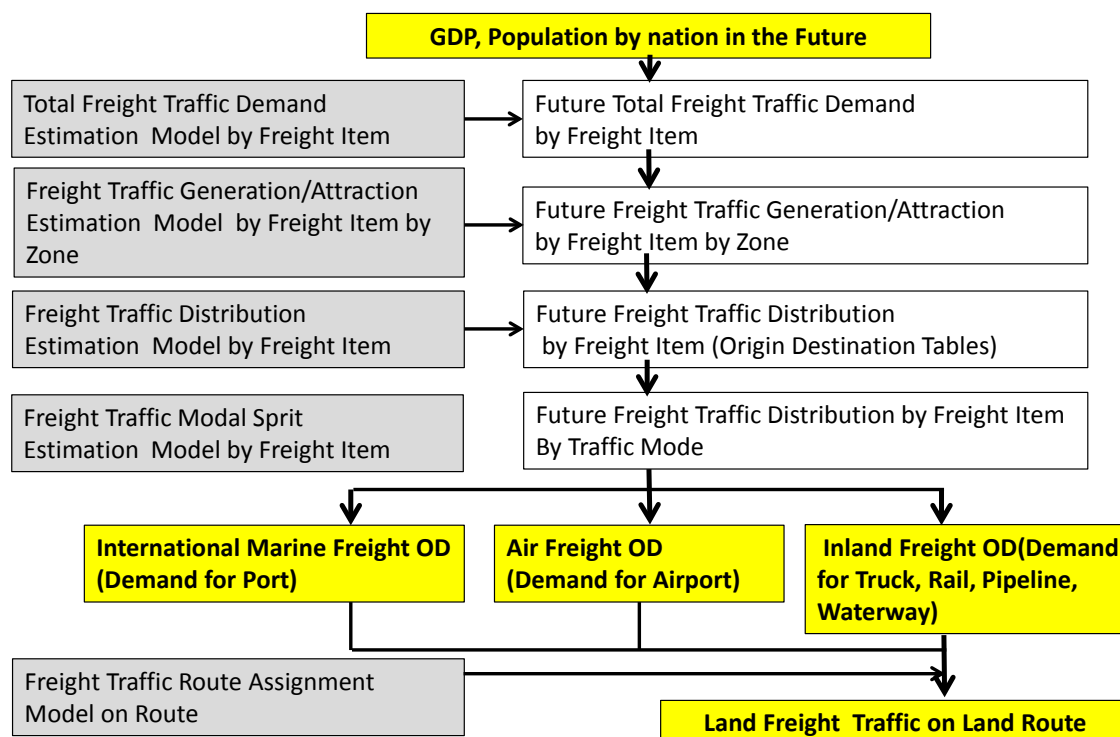
Case Name	Demand	Supply
Without	Trend Demand	Ongoing projects in addition to existing infrastructures
Case-1	Development Demand in Northern Corridor countries by MP and the trend demand in the neighbor countries	Northern Corridor MP projects will be completed
Case-2	Development Demand both in Northern Corridor countries and the neighboring countries	Northern Corridor MP projects will be completed

Case-3	Development Demand both in northern corridor countries and the neighboring countries	Northern & Central Corridor MP projects will be completed
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Source: JICA Study Team

[8-5] Method of Forecasting

Following four-step estimation method is adopted for forecasting.



Source: JICA Study Team

Figure 3.1.9: Forecasting Flow

[9] Formulation of Alternative Development Scenario

Expected Outcome: Formulate most appropriate MP for ALL.

The team will prepare several alternatives in order to compare and contrast effectiveness of the Master Plan in a series of criteria. Alternatives may be proposed in development concepts, targeting area, developing method, and other factors for development.

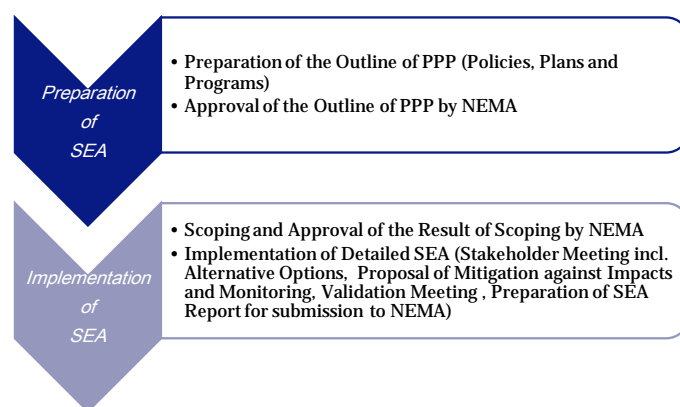
- 1) Three to four alternatives (in terms of regional structures/development process etc) will be proposed. Do-Nothing Scenario should be included as one of the alternatives.
- 2) Alternatives will be evaluated according to characteristics criteria. The criteria should be finalized through discussion with working group.
 - ◆ Main body of implementation
 - ◆ Cost of Government
 - ◆ Influence to Promote Economic Growth
 - ◆ Convenience for People
 - ◆ Environment
- 3) These alternatives will be presented to stakeholders during the stakeholder meetings and the best scenario for the majority will be selected through consensus building process.

[10] Environmental Consideration Based on Strategic Environment Assessment (SEA) Approach

Expected Outcome: Formulate of an Environmentally- Firendly MP.

Consideration on environment and social impact for the MP will be evaluated through given SEA process. Since Uganda has not formulated an Act on SEA process, the contents shall be discussed with NEMA in advance. Already enacted processes in Kenya will guide SEA formulation in Uganda. The SEA will be conducted through sub-contracting a local sub-contractor. The SEA process includes a series of stakeholder meetings. The alternative plans suggested in [9] will be presented to stakeholders during SEA stakeholder meeting to collect all stakeholders' opinions on progress. The SEA will be concluded and validated at the end during a Validation Meeting. The following factors will be critical when considering the process of SEA.

- 1) Uganda: SEA guideline is in the process of formulation. Therefore contents of SEA shall be finalized with NEMA of Uganda.
- 2) Kenya: Environment and Social Consideration will be conducted in accordance with Environmental Management and Coordination Act (1999) / SEA Guideline NEMA of Kenya.
- 3) Large area of Uganda and Kenya will be affected and therefore practical and effective approach will be developed through consultation with NEMA and other ministries concerned.



Source: JICA Study Team

Figure 3.1.10: Steps of SEA

[11] Formulation of Comprehensive Regional Development Strategy for NEC

Expected Outcome: Formulate logistics improvement and regional development strategies that can promote and sustain economic growth of NEC.

The NEC development master plan includes comprehensive regional development strategy in order to maximize development potential. The Figure below shows 5 core functions of comprehensive regional development strategy.



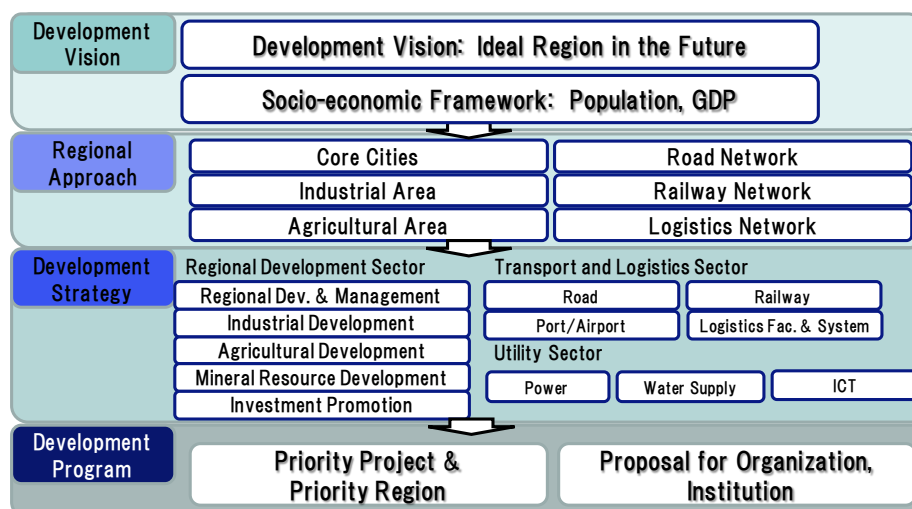
Source: JICA Study Team

Figure 3.1.11: Ideas for Comprehensive Regional Development Strategy

[12] Formulation of Logistic Master Plan for NEC

Expected Outcome: Formulation of comprehensive MP.

The MP for NEC is organized and structured to incorporate all previous study items. Proposed future picture of overall vision and withdrawn priority projects and areas shall be consistent and in harmony. Individual factors of development will create synergy with other factors in order to maximize the effectiveness of overall MP. The Figure 3.1.12 below shows the flow of formulating a comprehensive MP.



Source: JICA Study Team

Figure 3.1.12: Work Flow for the Formulation of Comprehensive MP

[13] Stakeholder Meetings

Expected Outcome: Ensure public involvement as a part of SEA process.

As explained in the item [10], the stakeholder meetings will play significant role during the study including collecting opinions of relevant stakeholders and reflecting these opinions in the MP.

1) Outline

- ◆ Stakeholder meetings will be conducted as a part of Strategic Environment Assessment (SEA) and public involvement.
- ◆ SEA guideline is in the process of formulation in Uganda, therefore contents of SEA shall be finalized with NEMA of Uganda.

2) Expected Participants

- ◆ Administrative Officers in Local Administration, NGOs, Universities and Related Organizations in Private Sector

3) First Meeting

- ◆ Explanation of the Outline of the Master Plan Study, and Development Vision and Frame based on Progress Reports No.1 and No.2.
- ◆ Explanation of the Outline of SEA, Schedule, Environment and Social Consideration

4) Second Meeting

- ◆ Confirmation of the Conclusion of the First Stakeholder Meeting
- ◆ Discussion of Alternatives with Consideration of Environmental Impact

[14] International Conference

Expected Outcome: publicize the MP broadly and get feedbacks from stakeholders.

The MP for NEC is a large-scale project which involves two governments and many public and private stakeholders. At the same time, the MP may affect many lives and activities in both countries; therefore, it should be publically announced and be well-informed to the general public.

1) Outline

- ◆ Time: July 2016 at the end of MP study
- ◆ Place: Nairobi
- ◆ Participant: About 100 people
 - Related Governmental and public Organizations in Uganda and Kenya
 - Private Companies
 - Private Organizations
 - Universities
 - Representatives of Residents
 - Development Partners
 - Media



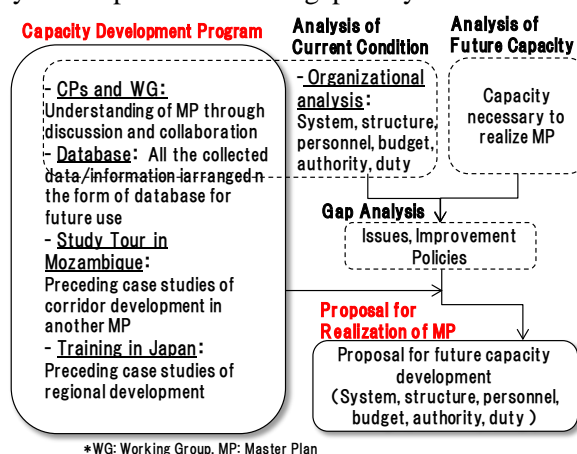
Source: JICA Study Team

Figure 3.1.13: Image of International Conference

[15] Capacity Development

Expected Outcome: C/P and other organizations are ready to lead the realization of the MP after the formulation.

- 1) Explanation and discussion with CPs and Working Group will be done at all the process of formulating the MP in addition to training program in Japan.
- 2) All the C/Ps are expected to take an active part in the formulation of MP as well as to lead the realization of the MP.
- 3) Main Contents
 - ◆ WG(Working Group) activity with members of MoTI(Kenya), MoWT(Uganda) and other organizations concerned.
 - ◆ Study Tour in Mozambique
 - ◆ Training program in Japan
 - ◆ Proposal for capacity development based on gap analysis for MP realization



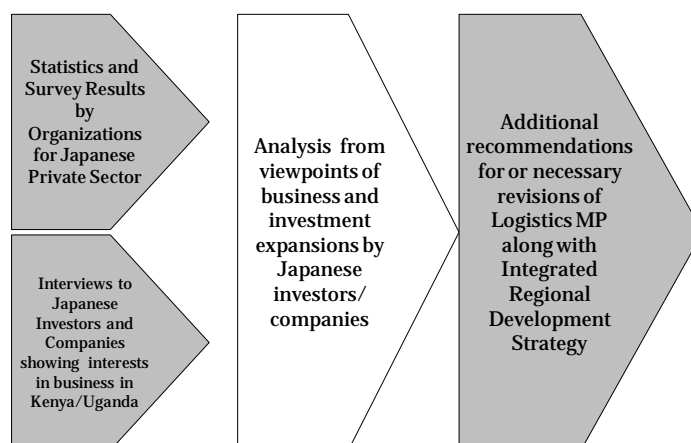
Source: JICA Study Team

Figure 3.1.14: Capacity Development Work Flow

[16] Revision of Logistic MP based on Needs of Japanese Private Sector

Expected Outcome: Endorse more investment from Japan.

The MP will be reviewed and revised according to the surveyed needs by the stakeholders. The NEC has a large potential for inviting Japanese investors/companies to broaden their business horizons to the East African regions.



Source: JICA Study Team

Figure 3.1.15: Strategy to Reflect the Demand of Japanese Private Sector

[17] PR of Logistic MP

Expected Outcome: Raising public awareness on the MP and NEC improvements.

As mentioned in the study item [14], the outcome of the MP should be publicized to the stakeholders and general public. The PR materials will be prepared and presented at the international conference and stakeholder meetings.

1) PR materials will be developed in order to advertise the NEC and the MP more broadly.

- ◆ PR material
 - PR Movie
 - PR Brochure
- ◆ Target
 - People in Kenya and Uganda
 - Investors including in foreign countries
- ◆ Contents
 - Strengths and Potentials of Northern Corridor
 - Approach for future development and the future image

2) The PR materials will be exhibited and showed at the international conference in July 2016.



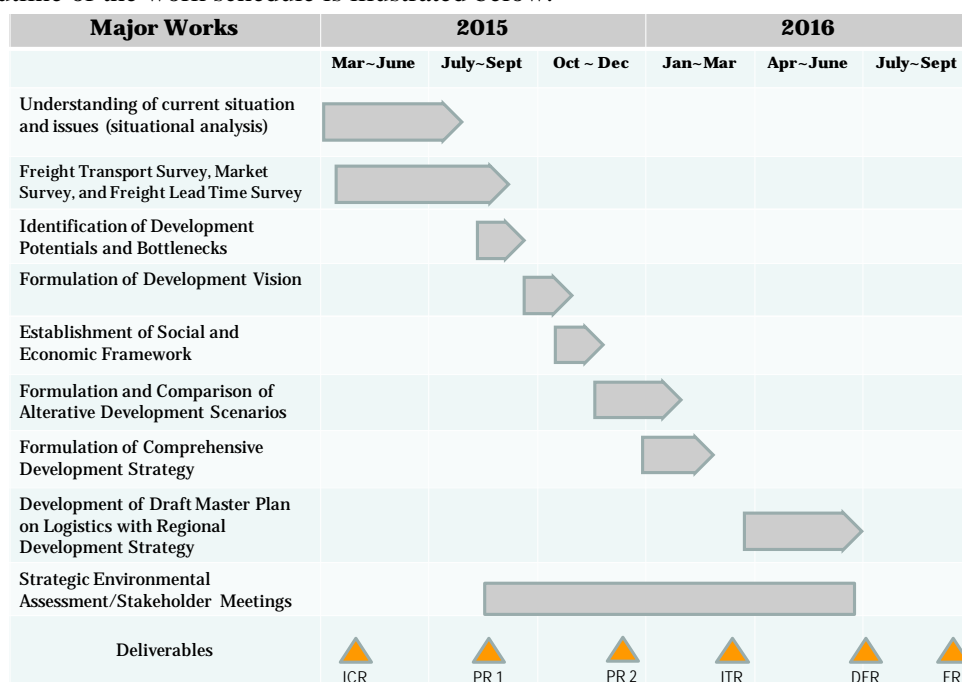
Source: JICA Study Team

Figure 3.1.16: Image of PR Video

CHAPTER 4 WORK SCHEDULE

4.1 Work Schedule

The Study will be conducted for 19 months starting from March 2015 to September 2016, including domestic assignment (in Japan) and on-site assignment (in both Uganda and Kenya). The outline of the work schedule is illustrated below.



Source: JICA Study Team

Figure 4.1.1: Work Schedule

4.2 Deliverables

The reports listed in Table 4.2.1 below will be prepared as the outputs of the Study.

Table 4.2.1: Key Deliverables

No	Report	Submission Month	Language	No. of Copies
1	Inception Report · Plan and Deliverables	April 2015	English	25 copies
2	Progress Report 1 · Preliminary Assessment of Current Bottlenecks	August 2015	English	25 copies
3	Progress Report 2 · Bottleneck and Potential Assessment · Framework of Regional Economy and Logistics Development	December 2015	English	25 copies
4	Interim Report · Comprehensive Development Strategy for Northern Economic Corridor	February 2016	English	25 copies
5	Draft Final Report (DF/R) · Draft Logistics Master Plan with Regional Development Strategy	June 2016	English	25 copies
6	Final Report (F/R) · Final Logistics Master Plan with Regional Development Strategy	September 2016	English	25 copies

Source: JICA Study Team

CHAPTER 5 STAFF SCHEDULE

5.1 Composition of JICA Consultant Team

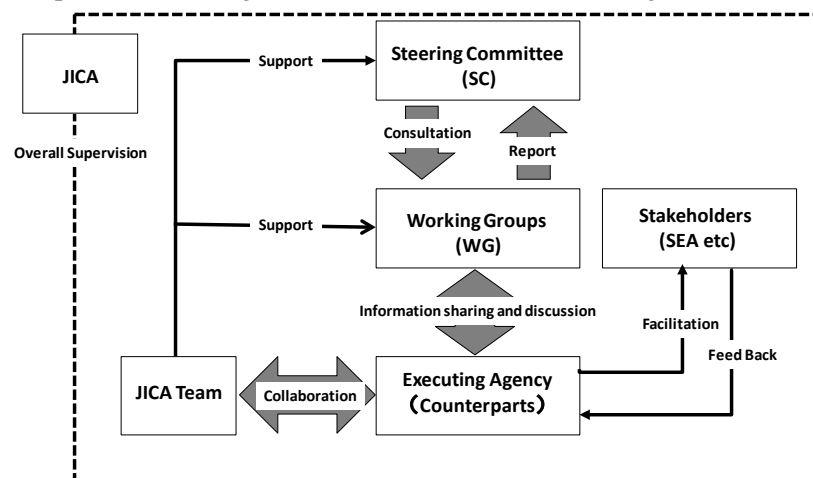
1. Team Leader/ Development Planning
2. Logistics Plan
3. Infrastructure Development
4. Logistics Infrastructure 1
5. Logistics Infrastructure 2 (Railway)
6. Freight Traffic Analysis and Demand Forecasting
7. Industrial Development and Investment Promotion
8. Public-Private Partnership
9. Mineral Resources and Energy
10. Power
11. Agriculture and Agri-Business
12. Urban Development
13. Water
14. Economist (Socio Economic Analysis)
15. Environmentalist (Social and Environmental Consideration)
16. Coordinator/Human Resource Development

5.2 Assignment Schedule

Table 5.2.1 shows the assignment schedule of each team member.

5.3 Organization Structure for Implementation of the Study

The proposed implementation organization structure is shown in Figure 5.3.1.



Source: JICA Study Team

Figure 5.3.1: Proposed Organization Structure for Implementation of the study

The expected members and major roles of above organizations are summarized below.

Figure 5.3.2: Role of SC, WG, Counterpart and JICA Team in the Study

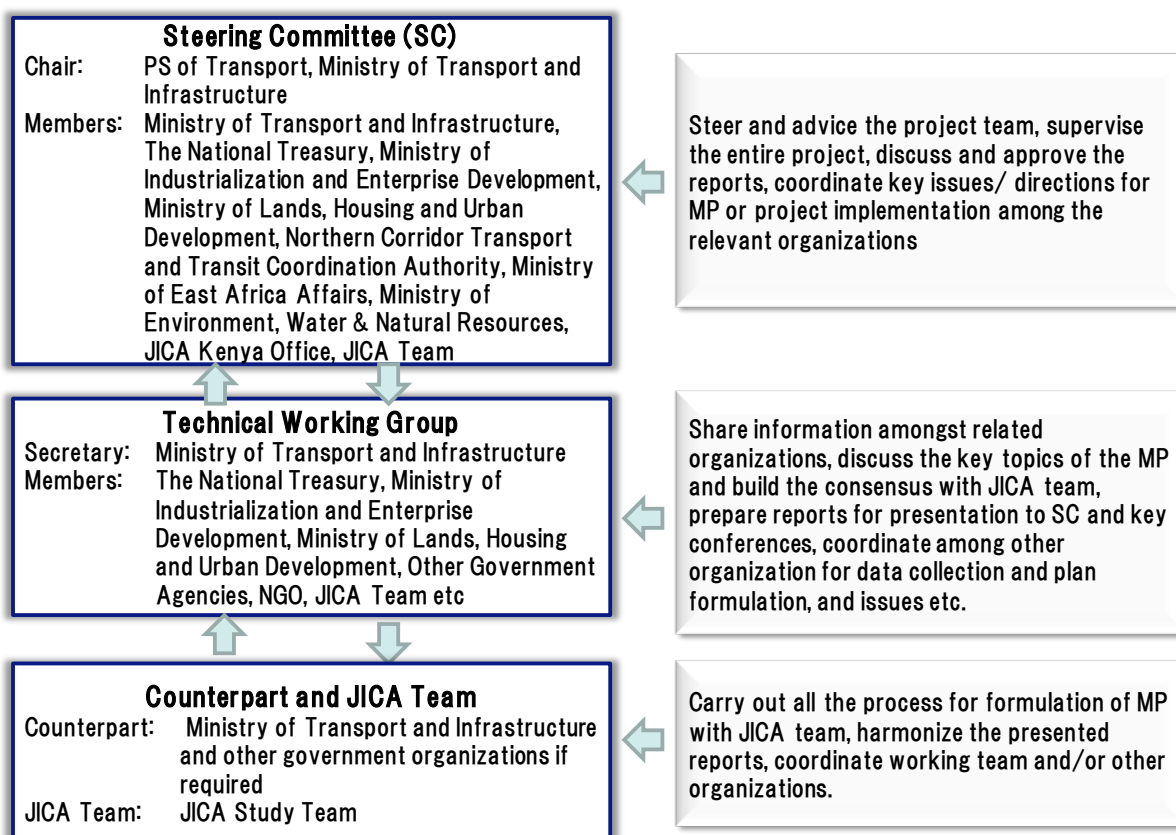


Table 5.2.1: Consultant Team Assignment Schedule

Role		Name	Company	Grade	2015												2016												2017					
					3	4	5	6	7	8	9	10	11	12	1	2	3	4	5	6	7	8	9	10	11	12	1	2	3					
Activities in Local	Master Plan on Logistics in Northern Economic Corridor																																	
	Team Leader/ Development Planning	Tetsunari Gejo	Nippon Koei Co., Ltd.	2																														
	Logistics Planning	Kazuharu Oide	Nippon Koei Co., Ltd. (NRIC, Inc.)	2																														
	Infrastructure Planning	Atsuyuki Nakaseko	EJEC Inc.	3																														
	Logistics Infrastructure 1	Hiroaki Takahashi	EJEC Inc.	4																														
	Logistics Infrastructure 2 (Railway)	Thomas LOFTUS	PADECO Co., Ltd.	4																														
	Freight Traffic Analysis and Demand Forecasting	Kotaro Endo	EJEC Inc.	3																														
	Industry Development and Investment Promotion	Ryoko Hosono	Nippon Koei Co., Ltd. (KRI International	3																														
	Public-Private Partnership	Takao Ninomiya	Nippon Koei Co., Ltd.	3																														
	Mineral Resources and Energy	(To be named)	**	4																														
	Power	KHAI	Nippon Koei Co., Ltd.	4																														
	Agriculture, Forestry, Fisheries and Agribusiness	Natsumo Matsuura	Nippon Koei Co., Ltd.	4																														
	Urban Development	Genya Imai	Nippon Koei Co., Ltd.	5																														
	Water	Hikaru Sugimoto	Nippon Koei Co., Ltd.	4																														
Economist (Social-Economic Analysis)	Akiko Abe	Nippon Koei Co., Ltd.	4																															
Environmental and Social Considerations	Ryosuke Ogawa	Nippon Koei Co., Ltd.	4																															
Coordinator/ Human Resource Development	Noriko HIGO	Nippon Koei Co., Ltd.	6																															
Master Plan on Logistics in Northern Economic Corridor																																		
Activities in Japan	Team Leader/ Development Planning	Tetsunari Gejo	Nippon Koei Co., Ltd.																															
	Logistics Planning	Kazuharu Oide	Nippon Koei Co., Ltd. (NRIC, Inc.)																															
	Infrastructure Planning	Atsuyuki Nakaseko	EJEC Inc.																															
	Distribution Analysis/ Demand Forecasting	Kotaro Endo	EJEC Inc.																															
	Industry Development and Investment Promotion	Ryoko Hosono	Nippon Koei Co., Ltd. (KRI International Corp.)																															
Report				Inception Report Progress Report No. 1 Progress Report No. 2 Interim Report Draft Final Report Final Report																														

Source: JICA Study Team

CHAPTER 6 UNDERTAKING

6.1 Undertaking of the Republic of Uganda

In accordance with the Record of Discussion on the Project signed between the Government of Uganda and JICA on November 24, 2014, undertaking of the Government of Uganda is as follows:

Ministry of Works and Transport (MoWT) will take necessary measures provide at its own expense the following:

- (1) Services of MoWT's counterpart personnel and administrative personnel;
- (2) Suitable office space with necessary equipment;
- (3) Supply or replacement of machinery, equipment, instruments, vehicles, tools, spare parts and any other materials necessary for the implementation of the Project other than the equipment provided by JICA;
- (4) Information as well as support in obtaining medical service;
- (5) Credentials or identification cards;
- (6) Available data (including maps and photographs) and information of the Project;
- (7) Running expenses necessary for the implementation of the Project;
- (8) Expenses necessary for transportation within the Republic of Uganda of the equipment for counterparts as well as for the installation, operation and maintenance thereof; and
- (9) Necessary facilities to members of the JICA missions for the remittance as well as utilization of the funds introduced into the Republic of Uganda from Japan in connection with the implementation of the Project.

6.2 Undertaking of the Republic of Kenya

In accordance with the Record of Discussion on the Project signed between the Government of Kenya and JICA on December 03, 2014, undertaking of the Government of Kenya is as follows:

Ministry of Transport and Infrastructure (MoTI) will take necessary measures provide at its own expense the following:

- (1) Services of MoTI's counterpart personnel and administrative personnel;
- (2) Suitable office space with necessary equipment;
- (3) Supply or replacement of machinery, equipment, instruments, vehicles, tools, spare parts and any other materials necessary for the implementation of the Project other than the equipment provided by JICA;

- (4) Information as well as support in obtaining medical service;
- (5) Credentials or identification cards;
- (6) Available data (including maps and photographs) and information of the Project;
- (7) Running expenses necessary for the implementation of the Project;
- (8) Expenses necessary for transportation within the Republic of Kenya of the equipment for counterparts as well as for the installation, operation and maintenance thereof; and
- (9) Necessary facilities to members of the JICA missions for the remittance as well as utilization of the funds introduced into the Republic of Kenya from Japan in connection with the implementation of the Project.

Appendix 1: Presentation Material for Draft Inception Report



Master Plan on Logistics in Northern Economic Corridor

Inception Report

April 2015

JICA Study Team



Table of Contents

1. Project Outline
2. Overview
3. Approach
4. MP Formulation Flow
5. Undertaking of GOK and GOU
6. Way forward

Annexes

- A.1 Quick Review of Current Situation
- A.2 Methodology for MP Formulation

1 Project Outline

NK/EJEC/PADECO

Objective and Target

Objective of the Consulting Assignment:

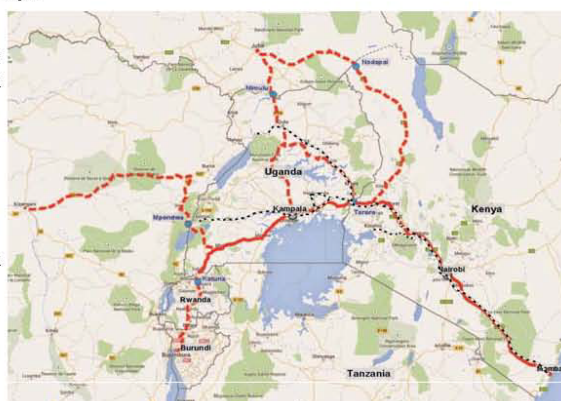
- To formulate a Master Plan on Logistics for Northern Economic Corridor, along with integrated regional development strategy consistent with sub-regional development plans and national development plans.

Target Year:

- The target year of the Master Plan is 2030.

Target Area:

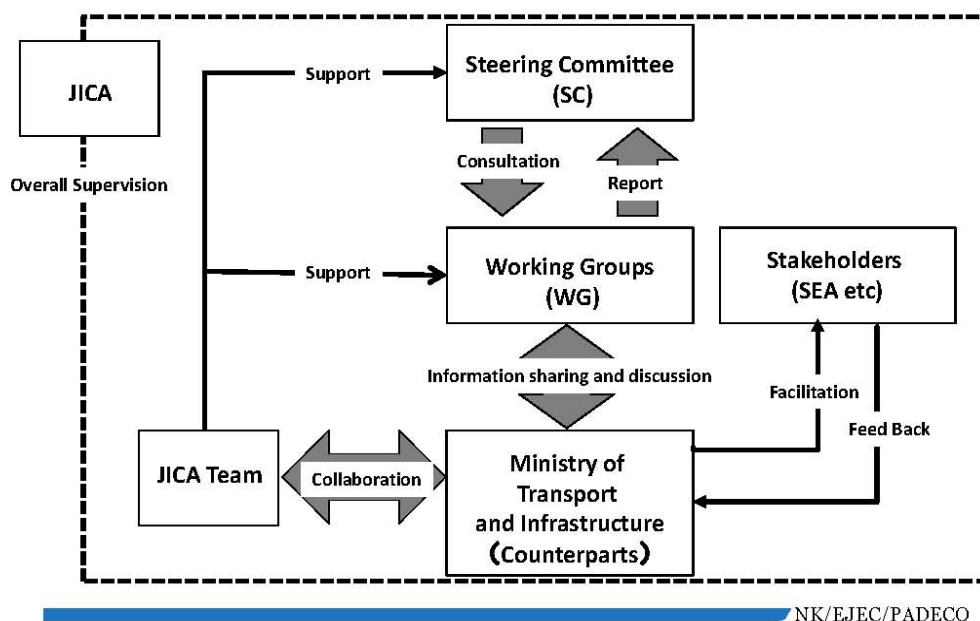
- The target area of the study will cover the following routes with its surround area.
 - Main route: Mombasa-Nairobi-Toror-Kampala-Katuna-(Kigali/Rwanda)
 - Sub-route: Eldoret - Nadapal – (Juba/South Sudan)
 - Sub-route: Tororo - Gulu – Elegu – (Juba/South Sudan)
 - Sub-route: Kampala- Gulu – Elegu – (Juba/South Sudan)
 - Sub-route: Mbarara- Mpondwe– (Kisangani/D.R.C)



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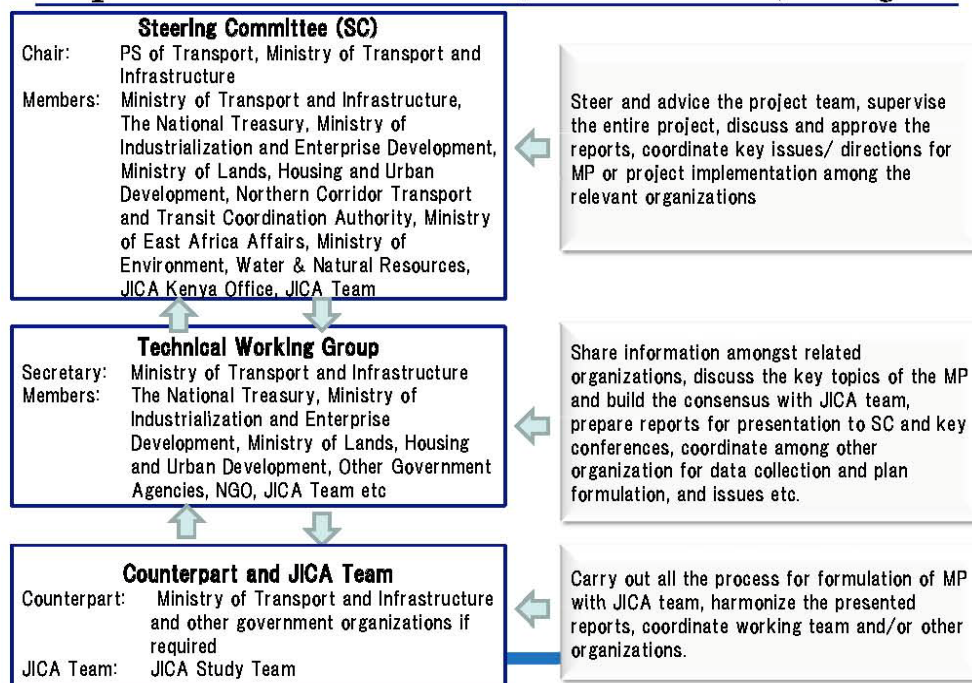
4

Implementation Structure (Overall)

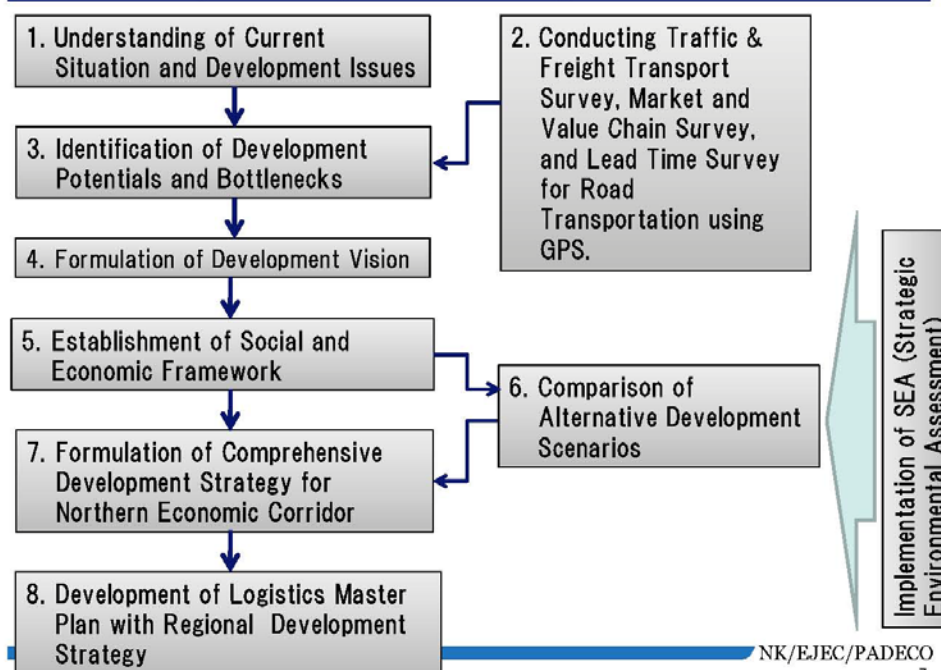


5

Implementation Structure (Committee etc)-Kenya



Outline of Workflow: 8 Steps +SEA



Deliverables

Report	Main Contents	Timeline
1. Inception Report	• Plan and Deliverables	April 2015
2. Progress Report No.1	• Preliminary Assessment of Current Bottlenecks	August 2015
3. Progress Report No.2	• Bottleneck and Potential Assessment • Framework of Regional Economy and Logistics Development	December 2015
4. Interim Report	• Comprehensive Development Strategy for Northern Economic Corridor	February 2016
5. Draft Final Report	• Draft Logistics Master Plan with Regional Development Strategy	June 2016
6. Final Report	• Final Logistics Master Plan with Regional Development Strategy	September 2016

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Composition of JICA Consultant Team

1. Team Leader/ Development Planning
2. Logistics Plan
3. Infrastructure Development
4. Logistics Infrastructure 1
5. Logistics Infrastructure 2 (Railway)
6. Freight Traffic Analysis and Demand Forecasting
7. Industrial Development and Investment Promotion
8. Public-Private Partnership
9. Mineral Resources and Energy
10. Power
11. Agriculture and Agri-Business
12. Urban Development
13. Water
14. Economist (Socio Economic Analysis)
15. Environmentalist (Social and Environmental Consideration)
16. Coordinator/Human Resource Development

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Major Undertaking of GOK/GOU

- 1. Counterpart personnel and administrative personnel;**
- 2. Suitable office space with necessary equipment;**
- 3. Identification cards for study team members and supporting staff; and**
- 4. Available data and information**

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Overview

NK/EJEC/PADECO

Preliminary Findings (1/2)

- It is estimated that Northern Economic Corridor (NEC) carried 75% of EAC's trade volume (Corridor Diagnostic Study 2011).
- Needs to update Northern Corridor Infrastructure Master Plan that was prepared in 2011 considering new Standard Gauge Railway Line and Oil Pipeline from Uganda.
- Long lead time for freight movement in Mombasa Port is one of the key bottlenecks.
- EAC countries are moving towards harmonized custom system.
- Although some forwarder companies complain the waiting time at weight bridge, others appreciate efforts to maintain good road condition.

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Preliminary Findings (2/2)

- Almost half of population in Kenya and Uganda live along the NEC.
- Export of flowers, coffees, tea etc. can be expanded with value additions in Kenya.
- Special Economic Zones (SEZ) along the NEC in Kenya should be promoted with power and water developments.
- Empty cargos to Mombasa due to imbalance between import and export should be minimize to reduce logistic cost.
- Agriculture & agri-business and mining development with access to NEC can be potential export oriented industry in Uganda.

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Approach to MP Formulation

NK/EJEC/PADECO

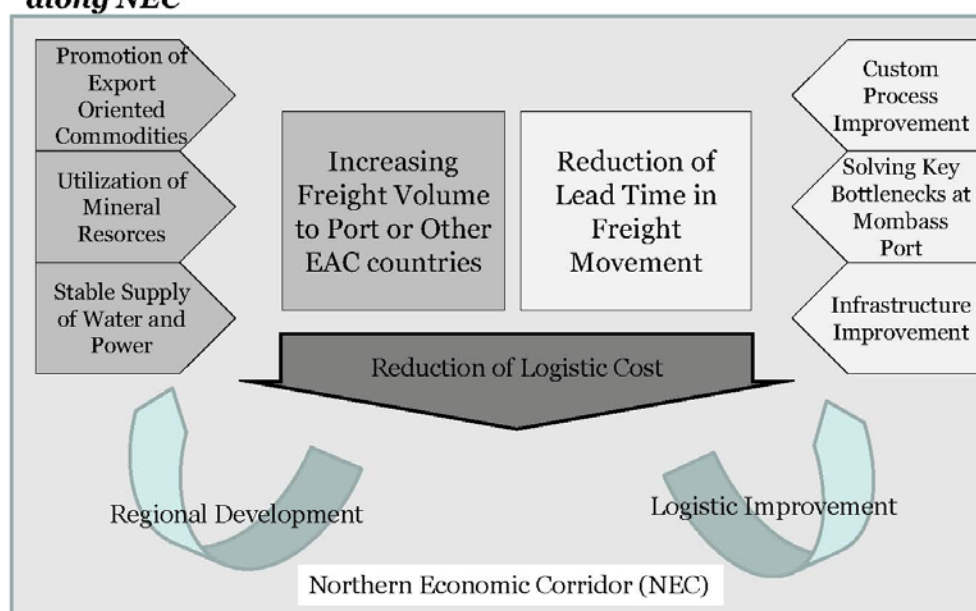
Approaches

- 1. Formulate Logistics MP that can contribute to economic and social development along Northern Economic Corridor;**
- 2. Formulate Logistics MP that promotes and accelerates outcomes of TICAD V;**
- 3. Strengthen function of Mombasa city as gateway to Northern Economic Corridor through JICA project on Comprehensive Development MP for Mombasa (new); and**
- 4. Organize working group to promote collaborative mechanism between JICA study team, Ministries and Agencies concerned, and other stakeholders.**

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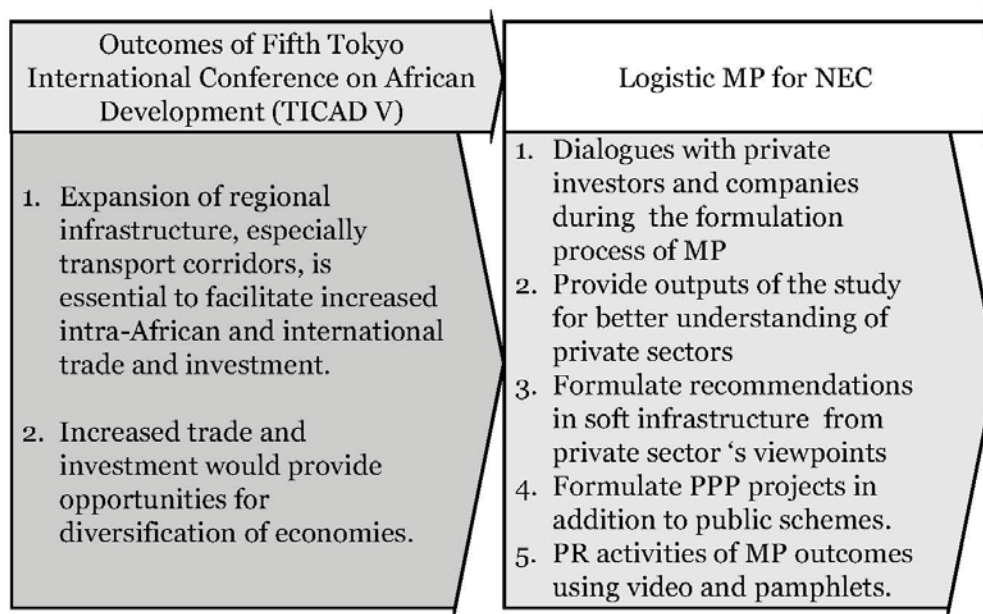
Approach One: Contribute to Economic and Social Development along NEC



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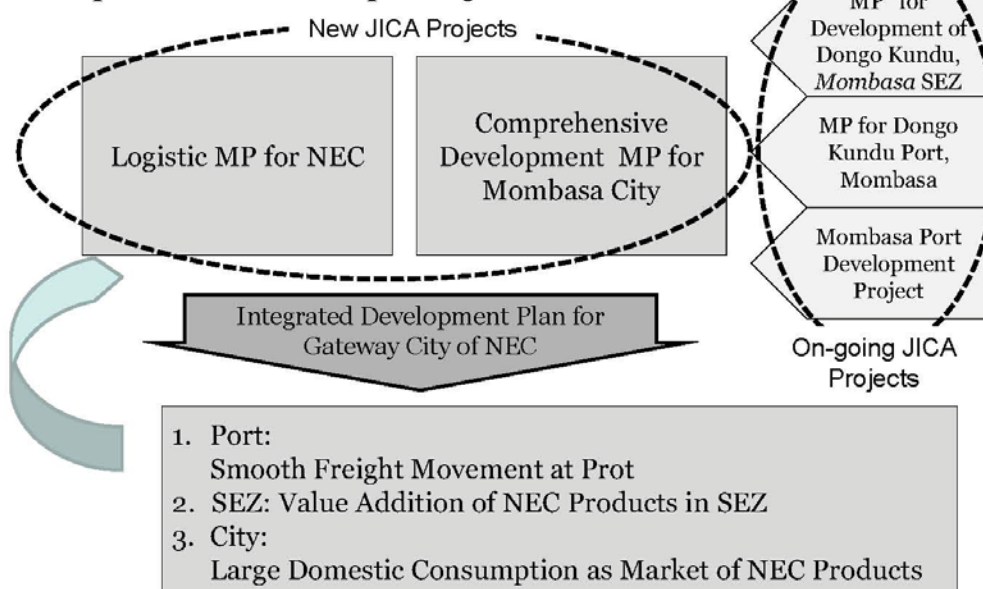
Approach Two: Promote and Accelerate Outcomes of TICAD V



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Approach Three: Synergy Effect with JICA Projects on Comprehensive Development for Mombasa



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Approach Four: Working Group as Collaborative Mechanism

■ Objective

- Working group is formed as collaborative working mechanism through which related organizations shares information and understand the key topics of the MP

■ Proposed Sector Composition

- Infrastructure development (hard and soft components) related to logistics
- Industrial and mining resources developments

■ Proposed Members

- Government organizations, universities, development partners

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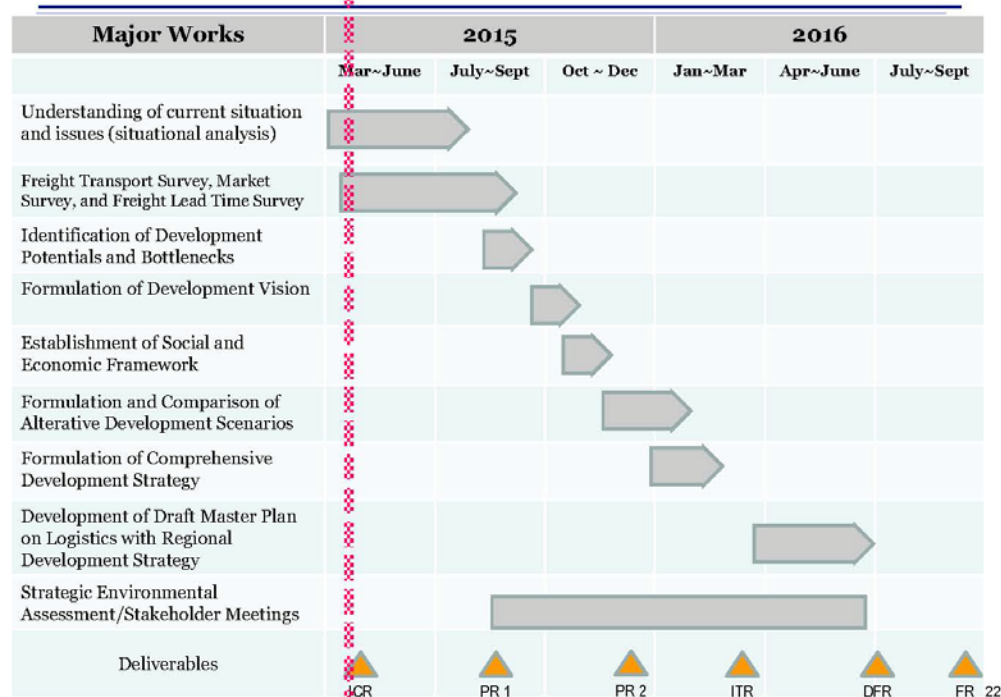
Methodology

- Secondary data/information is mainly used for current situation analysis.
- Interviews and discussions will be conducted with concerned agencies and stakeholders as well as private companies.
- Traffic & Freight Transport Survey, Market and Value Chain Survey, and Lead Time Survey for Road Freight Transportation using GPS will be conducted to confirm above current situation analysis.
- Working group is utilized throughout plan formulation period.
 - Confirmation of current situation analysis
 - Discussion of planning aspect: development vision, socio-economic framework, strategy, MP
 - Sharing information among stakeholders
 - Request of information from stakeholders

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Work Schedule





Undertaking of GOK and GOU

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Undertaking of GOK

1. **Services of MoTT's counterpart personnel and administrative personnel;**
2. **Suitable office space with necessary equipment;**
3. **Supply or replacement of machinery, equipment, instruments, vehicles, tools, spare parts and any other materials necessary for the implementation of the Project other than the equipment provided by JICA;**
4. **Information as well as support in obtaining medical service;**
5. **Credentials or identification cards;**
6. **Available data (including maps and photographs) and information of the Project;**
7. **Running expenses necessary for the implementation of the Project;**
8. **Expenses necessary for transportation within the Republic of Kenya of the equipment for counterparts as well as for the installation, operation and maintenance thereof; and**
9. **Necessary facilities to members of the JICA missions for the remittance as well as utilization of the funds introduced into the Republic of Kenya from Japan in connection with the implementation of the Project.**

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Way forward

NK/EJEC/PADECO

Way forward

- **Approval of Inception report**
- **Establish the Working Group**
- **Start implementing situational analysis**
- **Prepare and implement Traffic & Freight Transport Survey, and Market and Value Chain Survey**

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A1 Quick Review of Current Situation

NK/EJEC/PADECO

1. Socio-Economy: Population

Almost half of population (36.8 million persons) in Kenya and Uganda live along the NEC.

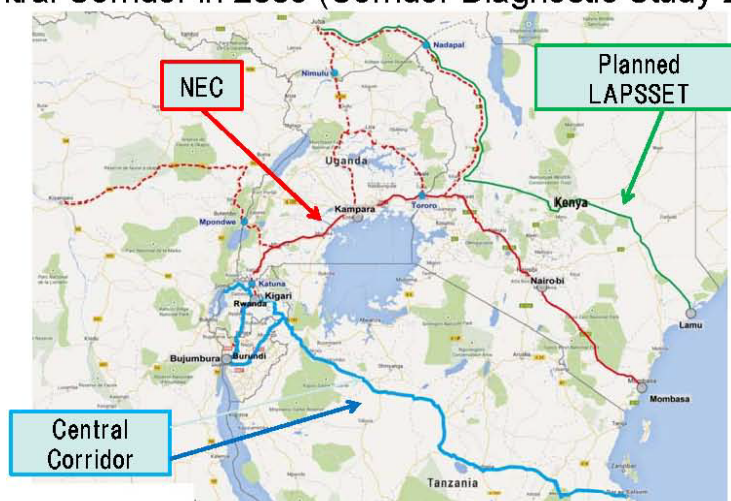
	Kenya		Uganda		Total	
	Population	%	Population	%	Population	%
Counties/Districts along Primary Corridor	18,217,550	47%	10,158,417	29%	28,375,967	39%
Counties/Districts along Secondary Corridors	2,121,054	5%	6,325,679	18%	8,446,733	11%
Sub-total	20,338,604	53%	16,484,096	47%	36,822,700	50%
Nation	38,610,097	100%	34,856,813	100%	73,466,910	100%

Source : Kenya
Economic Survey 2014, KNBS
Statistical Abstract 2014, KNBS
Uganda
National Population and Housing Census 2014 (Provisional Results), The Uganda Bureau of Statistics

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2. NEC vs Central Corridor

- 75% of estimated total traffic were shipped via Northern Economic Corridor (NEC) and 25% were shipped via Central Corridor in 2009 (Corridor Diagnostic Study 2011)



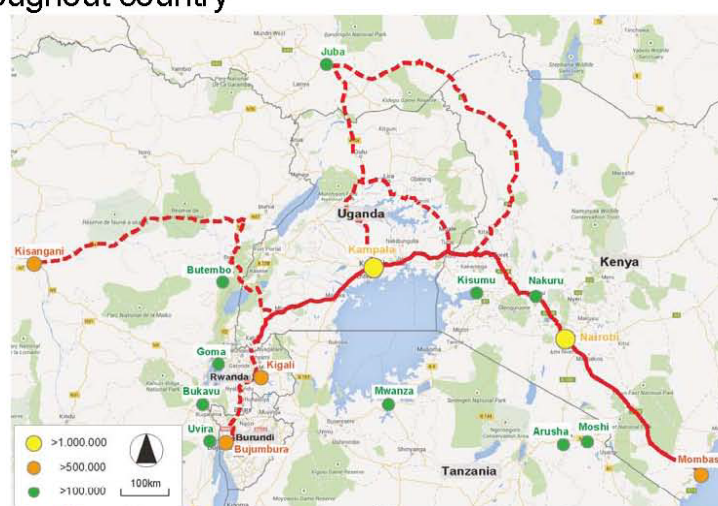
Source: JICA Study Team

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3. Major Cities

- Kenya : Cities over 100,000 pop along the corridor
- Uganda : Population concentrated in Kampala, small cities throughout country



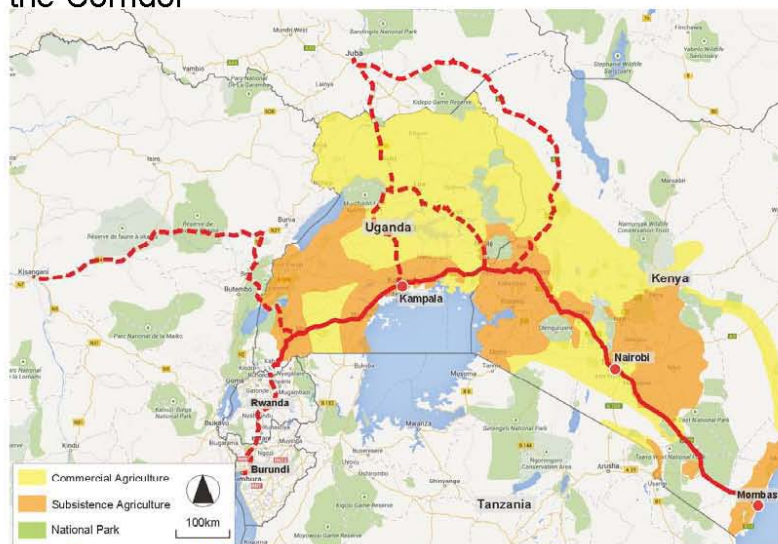
Source: UN Data

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4. Agriculture

- Kenya, Uganda : Commercial products cultivated along the Corridor



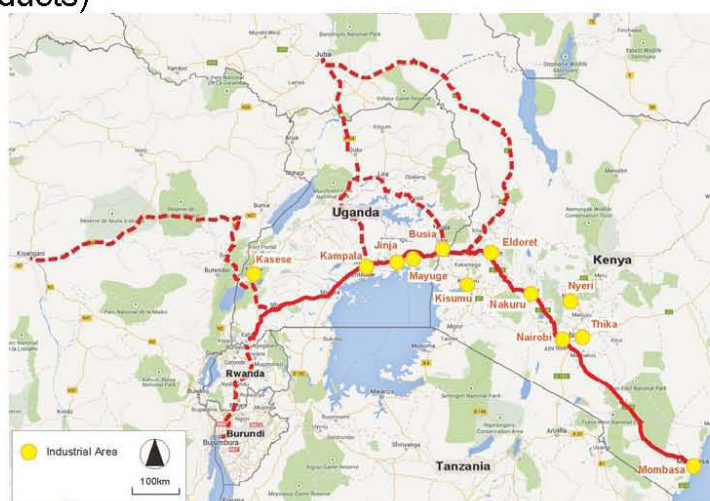
Source: FAO

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5. Industry

- Kenya, Uganda : many industrial areas are located near large cities (except cement and processed agricultural products)



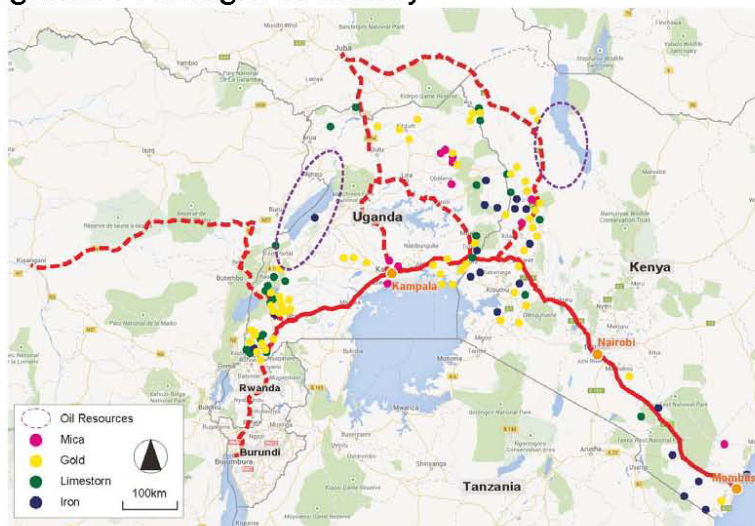
Source: KNBS, UBOS

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6. Mineral and Oil Resources

- Kenya : Along the corridor
- Uganda : Throughout country



Source: British Geological Survey

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A2 *Methodology
for MP
Formulation*

NK/EJEC/PADECO

1. Review of Current Situation: **Understand current situation of NEC**



- ◆ Related Policies, Plans and Projects
 - Kenya Vision 2030, Uganda Vision 2040, etc.
- ◆ Related Laws and Institutions
 - Industry, Transport, Environment, etc.
- ◆ Related Organizations
 - Structure, Authority, Budget, etc.
- ◆ Transport Network and Infrastructures
 - Condition, Maintenance, Capacity, etc.

1. Basis for formulation of MP
2. Identify current bottleneck in terms of logistics and regional development along NEC

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2. Traffic & Freight Transport Survey (1/4): **Capture current freight and traffic movement**

Survey Items

1. Traffic Survey
 - 1.1 Roadside OD Interview Survey
 - 1.2 Traffic Volume Count Survey
2. Freight Transport Survey(Data Collection)
 - 2.1 Freight Traffic OD Data Collection Survey at Railway Companies
 - 2.2 Freight Traffic OD Data Collection Survey at Custom Offices



1. Basis for freight traffic demand forecasting
2. Identify current bottleneck in NEC logistics network

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2. Traffic & Freight Transport Survey(2/4)

2.1.1 OD Interview Survey

■ Purpose

Capture freight transport vehicle's movement

■ Method

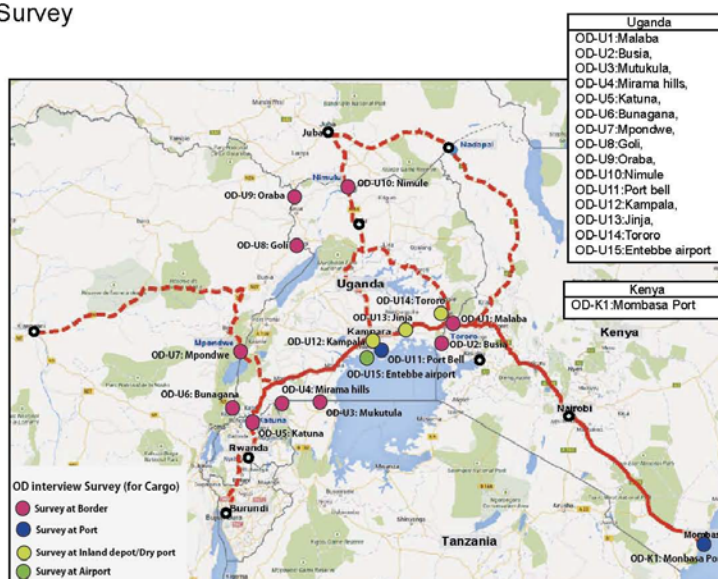
Interview to drivers for freight transport vehicles only at roadside (expected sampling rate: 50% for each direction)

■ Survey Hours

12hours (6:00 – 18:00)

■ Survey Days

one weekday



Import and export cargo movement in Kenya can be confirmed by custom data not only at the National level but also County and District level. However, there are available import and export custom data at only national level in Uganda.

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2. Traffic & Freight Transport Survey(3/4)

2.1.2 Traffic Volume Count Survey

■ Purpose

Capture traffic movement on weekday

■ Method

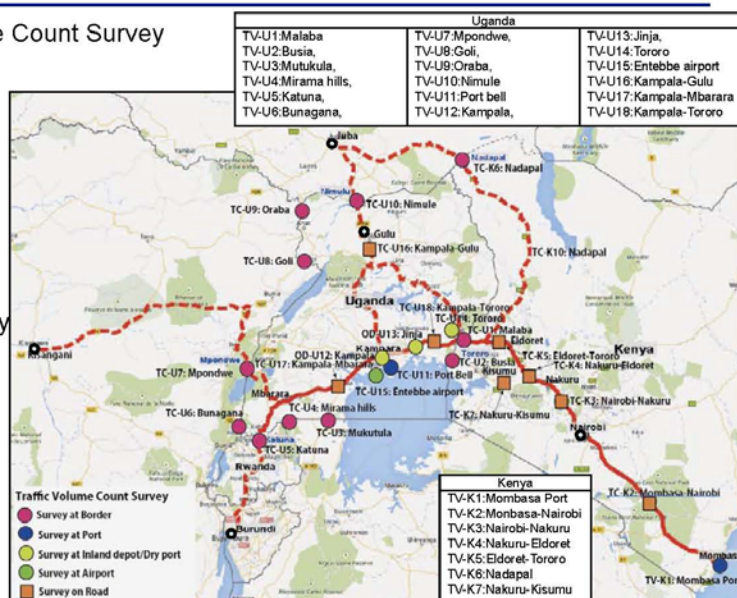
Manual classified counts by direction and by type of vehicles at survey points

■ Survey Hours

24hours (6:00 – 6:00(next day))

■ Survey Days

one weekday



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2. Traffic & Freight Transport Survey(4/4)

2.2.1 Cargo Traffic OD Data Collection Survey at Railway Companies

■ Purpose

Capture freight transport vehicle's movement from/to railway terminal

■ Method

Data collection and interview to related railway companies

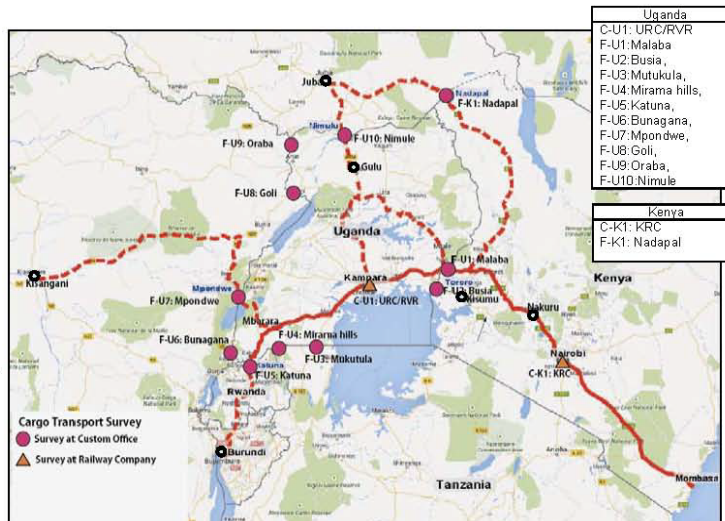
2.2.2 Freight Traffic OD Data Collection Survey at Custom Offices

■ Purpose

Capture freight transport vehicle's movement at border

■ Method

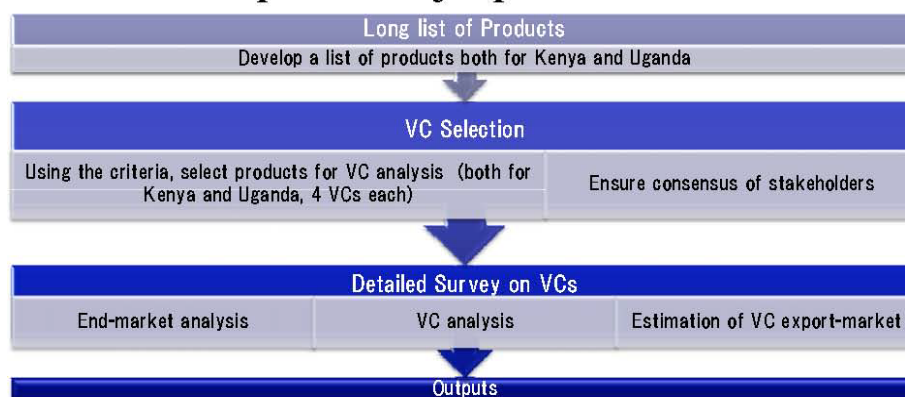
Data collection and interview to custom officer/worker



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3. Industrial Analysis based on Value Chain Approach: Estimate market potential of export oriented commodities



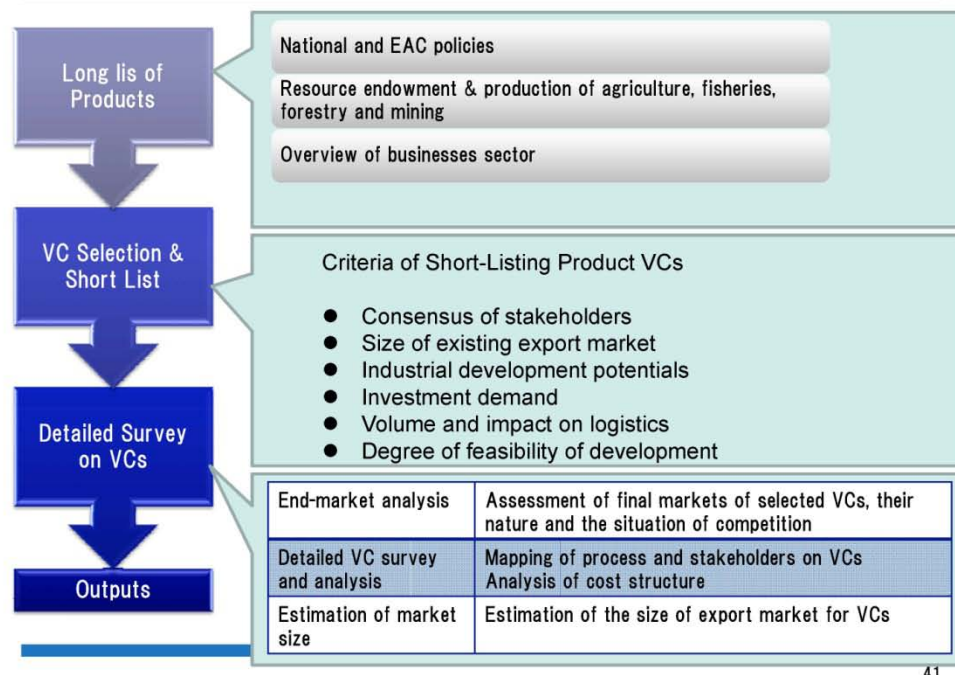
Outputs :

- A short-list export-oriented products with the potentials of higher value addition in the area along NEC
- The preliminary estimate of the size of export markets of short-listed commodities
- Identification of critical issues regarding logistics for the production growth and further value addition of the short-listed commodities in the area along NEC

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3. Industrial Analysis based on Value Chain Approach (2/2)

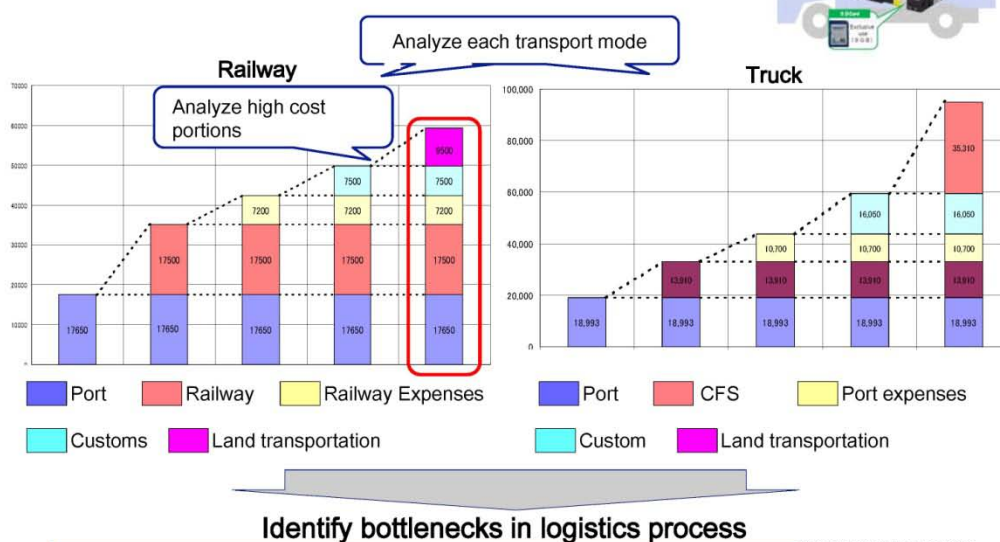


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4. Logistic Cost Analysis: Assess freight transport cost

4.1 Lead Time Survey for Freight Road Transportation using GPS

4.2 Interviews to Forwarder Companies



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7. Socio - Economic Framework: Basis for future forecast

Setting future frameworks for 2020, 2025 and 2030 with several scenarios (high, middle and low).

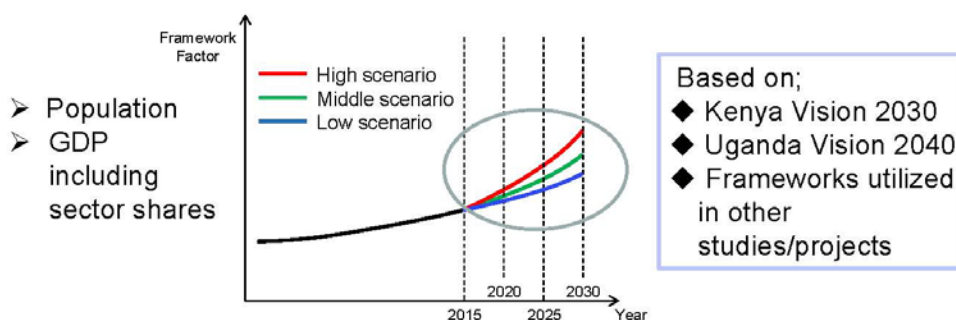


Fig. Image of Future Socio-Economic Framework Forecast

Basis for demand forecasts for several sectors.

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8. Freight Traffic Demand Forecasting: Identify future bottleneck in Freight Traffic

1) Target Year : 2030

2) Target Freight : International Marine Freight(Ship), Air Freight(Airplane), Land Freight(Truck, Rail, Pipeline , Waterway)

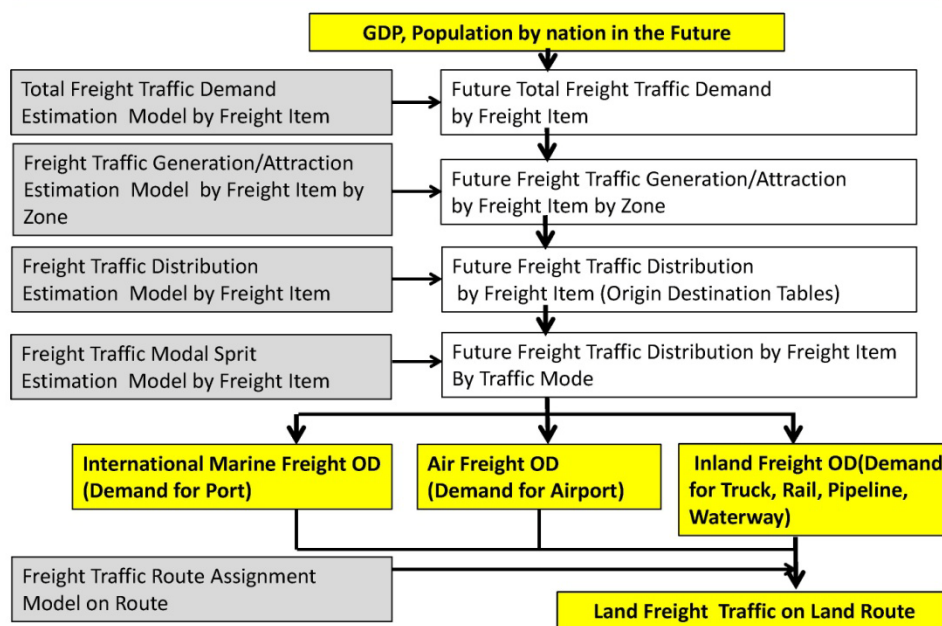
3) Future Scenarios :

Case Name	Demand	Supply
Without	Trend Demand	On going projects in addition to existing infrastructures
Case-1	Development Demand in Northern Corridor countries by MP and the trend demand in the neighbor countries	Northern Corridor MP projects will be completed
Case-2	Development Demand both in Northern Corridor countries and the neighbor countries	Northern Corridor MP projects will be completed
Case-3	Development Demand both in northern corridor countries and the neighbor countries	Northern & Central Corridor MP projects will be completed

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4) Method of Forecasting: Four Step Estimation Method



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9. Formulation of Alternative Development Scenario: *Formulate most appropriate MP for ALL*

Several alternatives (in terms of regional structures/development process etc) will be proposed and their characteristics will be analyzed.

	Do-Nothing Scenario	Public and Private Partnership Scenario	Public Development Only Scenario
Main body of implementation	Private	Private/Public	Public
Cost of Government	Low	Middle	High
Influence to Promote Economic Growth	Bad	Good	Better
Convenience for People	Bad	Better	Better
Environment	Bad	Better	Good

Fig. Image of Alternative Scenarios: Actual scenarios will be formulated in future process of the Study



Key materials for stakeholder meetings

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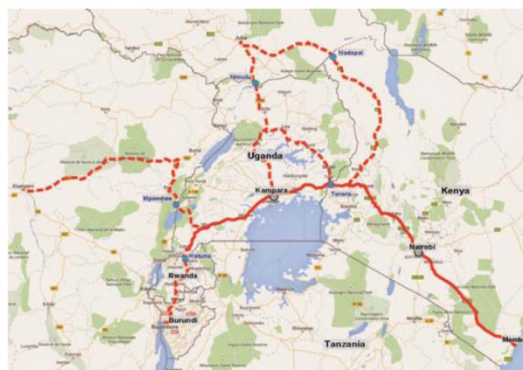
10. Environmental Consideration Based on Strategic Environment Assessment Approach (1/2)

Outline

- ✓ Kenya: Environment and Social Consideration will be conducted in accordance with Environmental Management and Coordination Act (1999) / SEA Guideline NEMA of Kenya.
- ✓ Uganda: SEA guideline is in the process of formulation. Therefore contents of SEA shall be finalized with NEMA of Uganda.
- ✓ Large area in Kenya, and Uganda will be affected as shown in the map.



Due to limited experience in SEA, effective and practical method for implementation of SEA shall be discussed among related authorities and stakeholders.

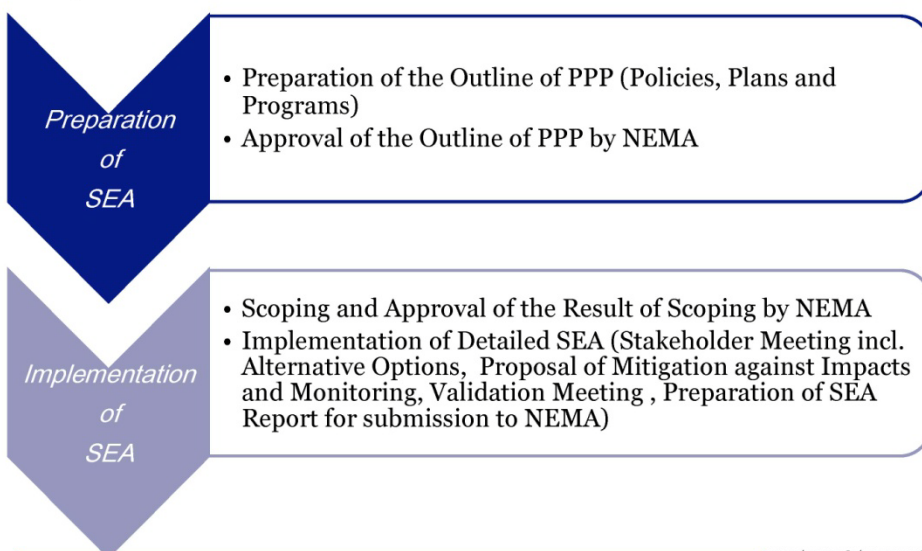


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10. Environmental Consideration Based on Strategic Environment Assessment Approach (2/2)

Steps of SEA



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11. Formulation of Comprehensive Regional Development Strategy for NEC

Strategies how to promote and sustain economic growth of NEC with logistics improvement will be formulated through:



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12. Formulation of Logistic Master Plan for NEC

Comprehensive MP will be formulated according to following flow.

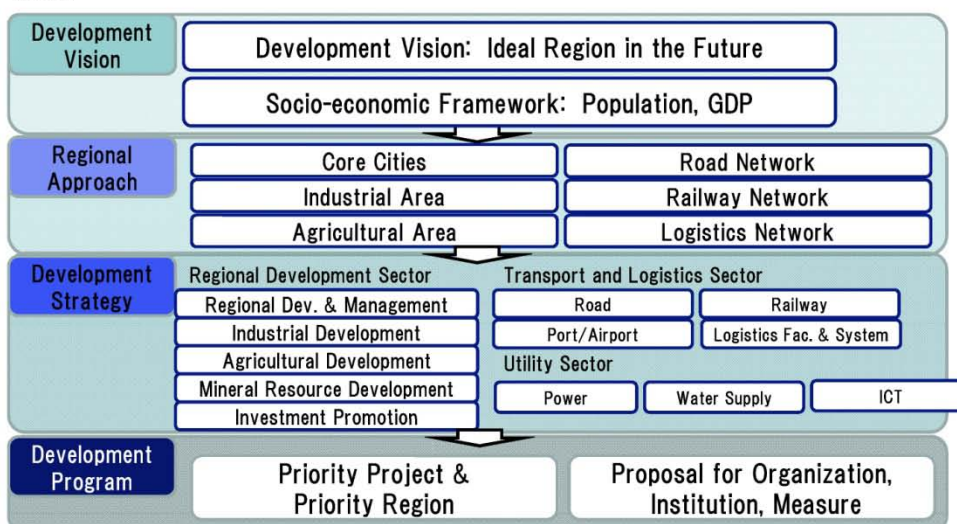


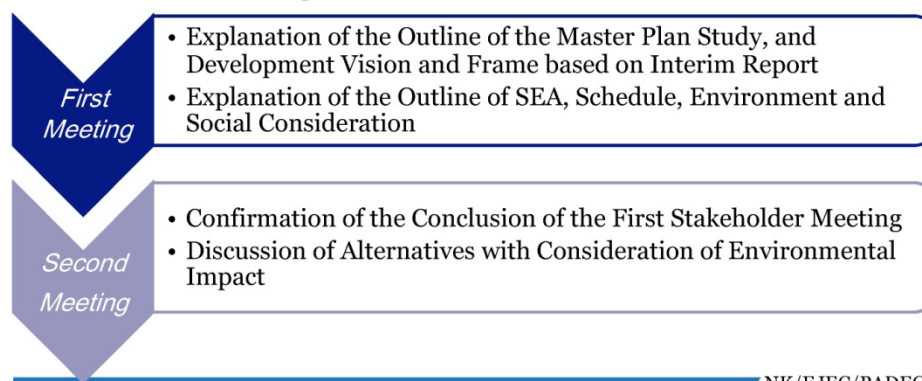
Fig. Flow of MP Formulation for NEC

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13. Stakeholder Meetings: Ensure a part of SEA process and public involvement

- Outline
 - ✓ Stakeholder meetings will be conducted as a part of Strategic Environment Assessment (SEA) and public involvement.
 - ✓ SEA guideline is in the process of formulation in Uganda, therefore contents of SEA shall be finalized with NEMA of Uganda.
- Expected Participants
 - ✓ Administrative Officers in Local Administration, NGOs, Universities and Related Organizations in Private Sector



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14. International Conference

An international conference will be held at the end of this MP study in July 2016.



Fig. Image of Conference

- ◆ Place: Nairobi
- ◆ Participant: About 100 people
 - Related Organizations in Uganda and Kenya Government
 - Private Companies
 - Private Organizations
 - Universities
 - Representatives of Residents
 - Development Partners
 - Media

This conference will publicize the MP broadly and get feedbacks from stakeholders.

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15. Capacity Development: Realization of MP

Capacity development will be implemented at all the process of formulating the MP in addition to training program in Japan.

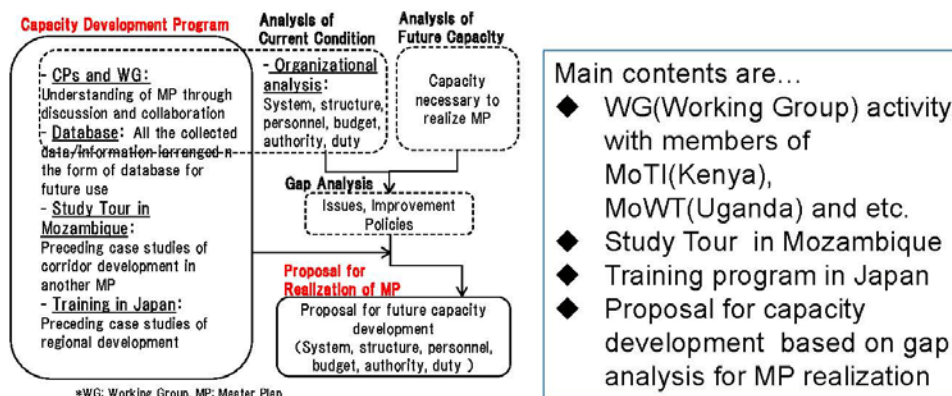


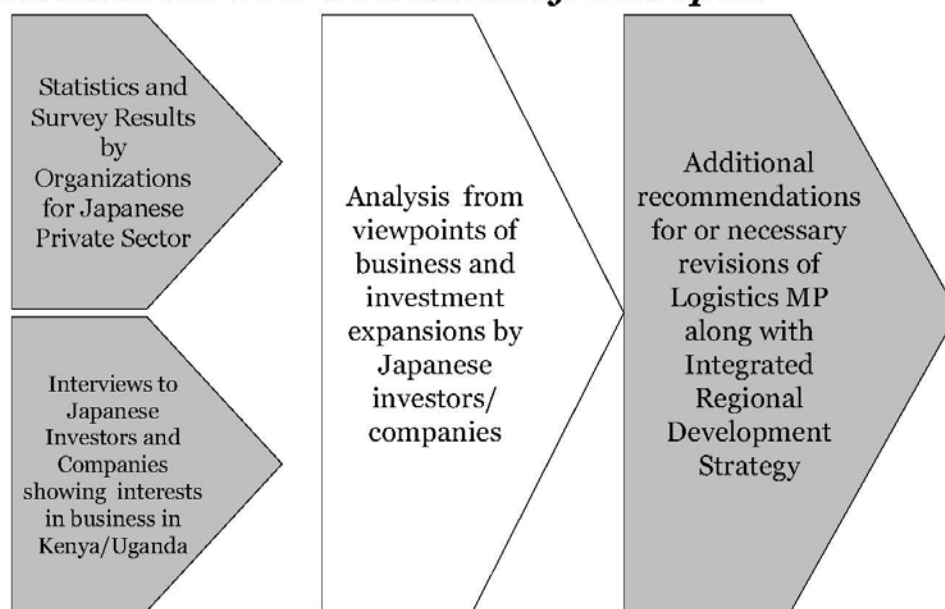
Fig. Process of Capacity Development Program

All the C/Ps are expected to take an active part in formulating MP as well as to lead the realization of the MP.

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16. Revision of Logistic MP based on Needs of Japanese Private Sector: More investment from Japan



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17. PR of Logistic MP: MP for ALL

PR materials will be created to advertise the NEC and the MP more broadly.



PR material

- ◆ PR Movie
- ◆ PR Brochure

Target

- ◆ People in Kenya and Uganda
- ◆ Investors including in foreign countries

Contents

- ◆ Strengths and Potentials of Northern Corridor
- ◆ Approach for future development and the future image

The PR materials will be showed at the international conference in July 2016.

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Thank you

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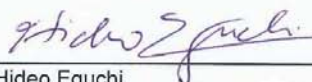
Appendix 2: Record of Discussion for the Project between Ministry of Transport and Infrastructure and JICA

RECORD OF DISCUSSIONS
ON
PROJECT FOR FORMULATION OF MASTER PLAN ON
LOGISTICS IN NORTHERN ECONOMIC CORRIDOR
IN
THE REPUBLIC OF KENYA
AGREED UPON BETWEEN
MINISTRY OF TRANSPORT AND INFRASTRUCTURE
AND
JAPAN INTERNATIONAL COOPERATION AGENCY

Nairobi, Dec. 31st 2014



Joseph Nduva Muli
Principal Secretary, State Department
of Transport, Ministry of Transport and
Infrastructure
Republic of Kenya



Hideo Eguchi
Chief Representative
Kenya Office
Japan International Cooperation
Agency

Witness



Kamau Thugge
Principal Secretary
National Treasury
Republic of Kenya

In response to the official request of the Government of the Republic of Kenya (hereinafter referred to as "GOK") to the Government of Japan (hereinafter referred to as "GOJ"), the Japan International Cooperation Agency (hereinafter referred to as "JICA") held a series of discussions with Ministry of Transport and Infrastructure of GOK (hereinafter referred to as "MoTI") and relevant organizations to develop a detailed plan of the Project for Formulation of Master Plan on Logistics in Northern Economic Corridor (hereinafter referred to as "the Project").

Both parties agreed the details of the Project and the main points discussed as described in the Appendix 1 and the Appendix 2 respectively.

Both parties also agreed that MoTI, the counterpart to JICA, will be responsible for the implementation of the Project in cooperation with JICA, coordinate with other relevant organizations and ensure that the self-reliant operation of the Project is sustained during and after the implementation period in order to contribute toward social and economic development of the Republic of Kenya.

The Project will be implemented within the framework of the Agreement on Technical Cooperation signed on April 29, 2004 (hereinafter referred to as "the Agreement") and the *Note Verbales* to be exchanged between GOJ and GOK.

The effectiveness of the Record of Discussions is subject to the exchange of the *Note Verbales* and approval of JICA

Appendix 1: Project Description
Appendix 2: Main Points Discussed

Appendix 1

PROJECT DESCRIPTION

I. BACKGROUND

The Northern Corridor is a multi-modal corridor, encompassing road, rail, pipeline and potential inland waterways transport, and a significant corridor for logistics in East Africa. The main road network runs from Mombasa Sea Port through Kenya and Uganda to Rwanda, Burundi and to Democratic Republic of Congo. The road network also links Kenya and Uganda to Juba in South Sudan. The importance of the Northern Corridor is increasing and the current combined transit and transshipment traffic through the Corridor has been growing at a rate of 20 percent annually.

However, there are some obstacles in Northern Corridor, such as inadequate infrastructure, poor interconnectivity of modes, slow clearance of cargo at the port and border post, and lack of goods to transport for the return trip from the hinterland to Mombasa port. They raise transport cost within the Corridor, which accounts for about 30 percent of the value of goods. The high transport cost is one of the obstructive factors to promote economic development of the region.

In this context, the GOK requested GOJ to implement a project to formulate a master plan on logistics in Northern Corridor in order to promote regional development. Concurrently with this, the Government of the Republic of Uganda (hereinafter referred to as "GOU") also requested GOJ for the project on Northern Corridor which shares the same goal and outputs.

This request conforms to the GOJ's cooperation policy to stimulate regional and local economies as well as the JICA's cooperation program. In addition, the Project is based on one of the initiatives in the Yokohama Declaration as a result of the TICAD V held in Yokohama, Japan in June 2013.

GOK and GOU, the major beneficiaries of the Northern Corridor, agree to implement the project in a collaborative and harmonized manner with JICA.

II. TARGET YEAR

The target year of the Master Plan on Logistics in Northern Economic Corridor is 2030.

III. TARGET AREA

The Project will cover the area shown in the Annex 1.

IV. OUTLINE OF THE PROJECT

1. Title of the Project

Project for Formulation of Master Plan on Logistics in Northern Economic Corridor

2. Expected Goals which will be attained after the Project Completion

(1) Goal which will be attained by utilizing the Proposed Plan

Regional development utilized development potentials and resources are

enhanced to strengthen competitiveness of the Northern Corridor. Hence, Regional integration and market expansion in East Africa region is promoted.

(2) Goal of the Proposed Plan

Proposed development strategies and plans to guide appropriate development and investment are approved by GOK and implemented.

3. Outputs

Master Plan on Logistics in Northern Corridor with integrated regional development strategies consistent with sub-regional development plans and national development plans is formulated.

4. Activities

- (1) Review of existing development plans, development projects, studies, and public and private investments
- (2) Collection of available data and information concerning the targeted area and surrounding areas
- (3) Economic analysis of current and past corridor utilization including cargo traffic
- (4) Socio-economic and outlined sector survey for the whole country
- (5) Analysis to identify constraints to development, factors of promoting development
- (6) Identifying development potential of industrial development and value chain along the corridor
- (7) Establishment of social economic framework and future demand forecast
- (8) Analysis by preparing alternative development scenarios
- (9) Conducting Strategic Environmental and Social Assessment of development strategies
- (10) Formulation of integrated regional development strategies
- (11) Formulation of Master Plan on Logistics in Northern Corridor composed of optimized transport system and regional development
- (12) Recommendation of measures to complement on-going and planned development projects
- (13) Prioritization of existing and proposed development projects of Sub-regional and country level
- (14) Holding of international seminars and individual meetings to share the progress, get input and feedback from the stakeholders including the private sector, and results of the Project

5. Inputs

(1) Input by JICA

(a) Dispatch of Mission

Assignment of principal members of mission

- 1) Leader / regional development
- 2) Infrastructure
- 3) Industrial Development / Investment Promotion
- 4) Public Private Partnership
- 5) Logistics
- 6) Natural resource and Energy

- 7) Agriculture, Forestry and Fishery / Agribusiness
- 8) Urban Development
- 9) Water Resources
- 10) Economic and Financial Analysis
- 11) Environment and Social Considerations
- 12) Internal coordinator

(b) Training

JICA will organize training courses on the Corridor Development in Japan and/or third countries, which will be held during the Project period.

Input other than indicated above will be determined through mutual consultations between JICA and MoTI during the implementation of the Project, as necessary.

(2) Input by MoTI

MoTI will take necessary measures to provide at its own expense:

- (a) Services of MoTI's counterpart personnel and administrative personnel as referred to in IV-6(1);
- (b) Suitable office space with necessary equipment;
- (c) Supply or replacement of machinery, equipment, instruments, vehicles, tools, spare parts and any other materials necessary for the implementation of the Project other than the equipment provided by JICA;
- (d) Information as well as support in obtaining medical service;
- (e) Credentials or identification cards;
- (f) Available data (including maps and photographs) and information related to the Project;
- (g) Running expenses necessary for the implementation of the Project;
- (h) Expenses necessary for transportation within the Republic of Kenya of the equipment for counterparts as well as for the installation, operation and maintenance thereof; and
- (i) Necessary facilities to members of the JICA missions for the remittance as well as utilization of the funds introduced into the Republic of Kenya from Japan in connection with the implementation of the Project.

6. Implementation Structure

The Project organization chart is given in the Annex 2. The roles and assignments of relevant organizations are as follows:

(1) MoTI (GOK)

(a) Project Director

Principal Secretary of transport will be responsible for overall administration and implementation of the Project.

(b) Project Manager

The Chief Engineer (Infrastructure) will be responsible for the smooth implementation of the Project, assisted by the Chief Economist (Transport).

(2) Ministry of Works and Transport, GOU

Ministry of Works and Transport of the GOU will be responsible for administration and implementation of the relevant JICA project on Northern Corridor in Uganda.

(3) JICA Experts

The JICA experts will give necessary technical guidance, advice and recommendations to MoTI on any matters pertaining to the implementation of the Project.

(4) Steering Committee

Steering Committee (hereinafter referred to as "S/C") will be established in order to facilitate inter-organizational coordination. S/C will be held when the JICA missions submit the reports and/or whenever the necessity arises. A list of proposed members of S/C is shown in the Annex 3-1.

(5) Working Group

Working Group (hereinafter referred to as "W/G") will be established in order to promote the coordination between Kenyan side and JICA missions. W/G will be held whenever the necessity arises and hold workshops in order to monitor the progress of the Project. Members of W/G shall be selected before beginning of the Project.

(6) Joint Steering Committee with the Government of the Republic of Uganda

GOK will send representative(s) to the Joint Steering Committee (hereinafter referred to as "JSC") with GOU in order to facilitate international coordination. JSC will be co-chaired by representatives of both GOK and GOU and held when the JICA missions submit Interim Report and Draft Final Report and/or whenever the necessity arises. A list of proposed members of JSC is shown in the Annex 3-2. JSC will welcome the observers from other East African Countries such as South Sudan, Rwanda, Burundi and east part of the Democratic Republic of the Congo as the output of the Project may have some impacts on their economy and development.

7. Beneficiaries

The direct beneficiaries will be the user of the Northern Corridor. The Project will also be contributing to the people of the nearby countries, such as Kenya, Uganda, South Sudan, Rwanda, Burundi and east part of the Democratic Republic of the Congo.

8. Duration

The Project will be carried out for approximately eighteen (18) months.

Project Period	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18
S/C		▲				▲						▲					▲	
Reports		▲				▲						▲					▲	▲
		IC/R				PR/R						IT/R					DF/R	F/R

Notes:

S/C: Steering Committee, IC/R: Inception Report, PR/R: Progress Report, IT/R: Interim Report, DF/R: Draft Final Report, F/R: Final Report

9. Reports

JICA will prepare and submit the following reports to the MoTI in English.

- (1) 30 hard copies and soft copy of Inception Report at the commencement of the first work period in the Republic of Kenya
- (2) 30 hard copies and soft copy of Progress Report at the time about six (6) months after the commencement of the first work period in the Republic of Kenya
- (3) 30 hard copies and soft copy of Interim Report at the time of twelve (12) months after the commencement of the first work period in the Republic of Kenya
- (4) 30 hard copies and soft copy of Draft Final Report at the end of the last work period in the Republic of Kenya
- (5) 30 hard copies and soft copy of Final Report within one (1) month after the receipt of the comments on the Draft Final Report

10. Environmental and Social Considerations

MoTI agreed to abide by 'JICA Guidelines for Environmental and Social Considerations (April 2010)' in order to ensure that appropriate considerations will be made for the environmental and social impacts of the Project.

V. UNDERTAKINGS OF MoTI AND GOK

1. MoTI and GOK will take necessary measures to:

- (1) Ensure that the technologies and knowledge acquired by the Republic of Kenya nationals as a result of Japanese technical cooperation contributes to the economic and social development of Republic of Kenya, and that the knowledge and experience acquired by the personnel of Republic of Kenya from technical training as well as the equipment provided by JICA will be utilized effectively in the implementation of the Project; and
 - (2) Grant privileges, exemptions and benefits to members of the JICA missions referred to in IV-5(1) above and their families, which are no less favorable than those granted to experts and members of the missions and their families of third countries or international organizations performing similar missions in the Republic of Kenya.
2. Other privileges, exemptions and benefits will be provided in accordance with the Agreement on Technical Cooperation signed on April 29, 2004 between the GOJ and the GOK.

VI. EVALUATION

JICA will conduct the following evaluations and surveys to mainly verify sustainability and impact of the Project and draw lessons. The MoTI is required to provide necessary support for them.

1. Ex-post evaluation three (3) years after the project completion, in principle
2. Follow-up surveys on necessity basis



VII. PROMOTION OF PUBLIC SUPPORT

For the purpose of promoting support for the Project, MoTI will take appropriate measures to make the Project widely known to the people of the Republic of Kenya.

VIII. Misconduct

If JICA receives information related to suspected corrupt or fraudulent practices in the implementation of the Project, MoTI and relevant organizations shall provide JICA with such information as JICA may reasonably request, including information related to any concerned official of the government and/or public organizations of the Republic of Kenya.

MoTI and relevant organizations shall not, unfairly or unfavorably treat the person and/or company which provided the information related to suspected corrupt or fraudulent practices in the implementation of the Project.

IX. MUTUAL CONSULTATION

JICA and MoTI will consult each other whenever any major issues arise in the course of Project implementation.

X. AMENDMENTS

The record of discussions may be amended by the minutes of meetings between JICA and MoTI.

The minutes of meetings will be signed by authorized persons of each side who may be different from the ones signing the record of discussions.

Annex 1 Target Area

Annex 2 Project Organization Chart

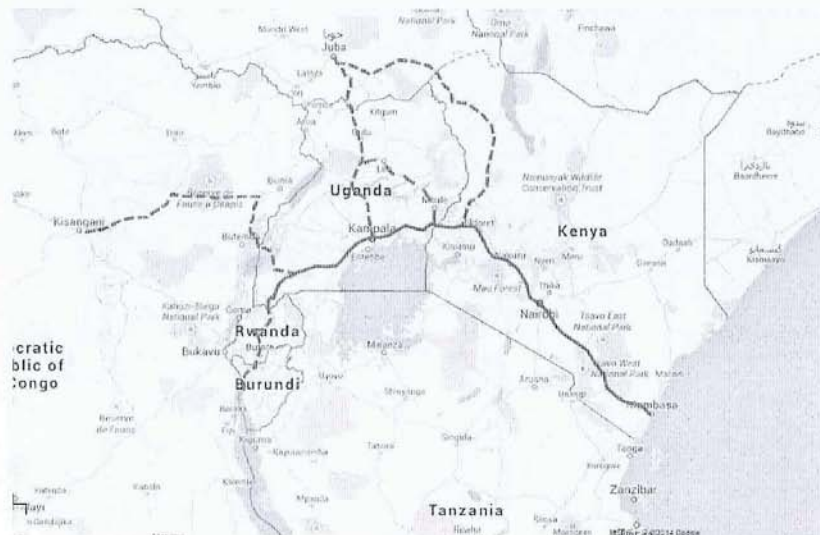
Annex 3-1 A List of Proposed Members of Steering Committee

Annex 3-2 A List of Proposed Members of Joint Steering Committee



ANNEX 1

Target Area



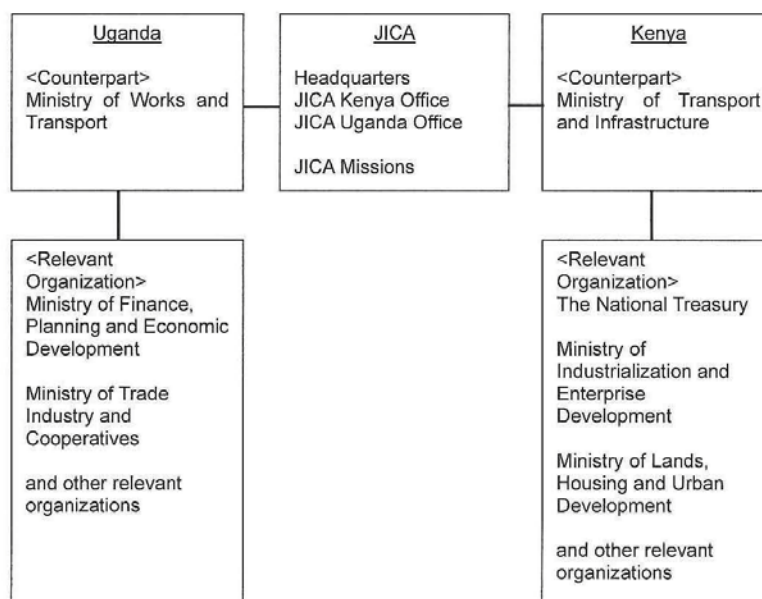
Source: Prepared by JICA by using Google Map

Target Corridor and Section

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ANNEX 2

Project Organization Chart



ANNEX 3-1

A List of Proposed Members of Steering Committee

1. Function

The Steering Committee will be held when the JICA missions submit the reports and/or whenever the necessity arises in order to fulfill the following functions:

- (1) To monitor and supervise the entire project;
- (2) To discuss and approve the reports;
- (3) To coordinate among the relevant organizations; and
- (4) To review and exchange views on major issues arising from or in connection with the Project.

2. Members

- (1) Chair : Principal Secretary, Transport,
Ministry of Transport and Infrastructure
- (2) Members : Ministry of Transport and Infrastructure
: The National Treasury
: Ministry of Industrialization and Enterprise
Development
: Ministry of Lands, Housing and Urban Development
: Northern Corridor Transport and Transit Coordination
Authority (NCTTCA)
: JICA Kenya Office
: JICA expert team

The chair may invite necessary representatives of relevant organizations other than described above.

3. Secretariat

Ministry of Transport and Infrastructure is the secretariat for the Steering Committee which shall scrutinize the reports and other agenda to discuss for the preparation of Steering Committee meetings.

Annex 3-2

A List of Proposed Members of Joint Steering Committee

1. Function

The Joint Steering Committee will be held when the JICA missions submit Interim Report and Draft Final Report and/or whenever the necessity arises in order to fulfill the following functions:

- (1) To monitor and supervise the entire project;
- (2) To discuss and approve the reports;
- (3) To coordinate among the relevant organizations; and
- (4) To review and exchange views on major issues arising from or in connection with the Project.

2. Members

- (1) Joint-Chair
 - : Principal Secretary, Ministry of Transport and Infrastructure, Government of the Republic of Kenya
 - : Permanent Secretary, Ministry of Works and Transport, Government of the Republic of Uganda
- (2) Members
 - : Ministry of Transport and Infrastructure, Government of the Republic of Kenya
 - : Ministry of Works and Transport, Government of the Republic of Uganda
 - : JICA Kenya Office
 - : JICA Uganda Office
 - : JICA expert team

The Joint-Chair may invite necessary representatives of relevant organizations other than described above.

3. Secretariat

Ministry of Transport and Infrastructure of GOK and Ministry of Works and Transport of GOU are the secretariat for the Joint Steering Committee which shall scrutinize the reports and other agenda to discuss for the preparation of Joint Steering Committee meetings.

Appendix 2

MAIN POINTS DISCUSSED

1. Authorization of the Master Plan

MoTI committed with sincerity that the Ministry takes all the responsibilities for the approval of the Master Plan formulated in the Project once it has been cleared by the Steering Committee (S/C).

2. Coordination with other Organizations

MoTI confirmed that the Ministry will coordinate all the related ministries, concerned bodies, development partners and GOK to avoid any duplication of the projects for the effective development in the targeted area.

3. Target year of the Master Plan

Both sides agreed that the target year of the Regional Development Strategy and the Master Plan formulated in the Project should be 2030.

4. Sector Coordination

The Project will cover plural sectors such as transport, agriculture, energy and so forth. Both sides confirmed that MoTI is responsible organization to organize and coordinate among other relevant organizations as well as for authorization of the Project result.

5. Mutually complementary relationship with "Project for Formulation of Comprehensive Development Master Plan in the Mombasa Gate City"

The output of the Project can be utilized by the "Project for Formulation of Comprehensive Development Master Plan in the Mombasa Gate City (hereinafter referred to as "Mombasa M/P")" which JICA will implement in Mombasa, Kenya. The Project and Mombasa M/P could be complementally cooperated.

6. Management of workshops

Both sides agreed that three (3) workshops should be managed by MoTI and staff of MoTI should make presentations in the workshops with assistance of JICA experts.

Both sides agreed that member of workshops would be carefully selected by MoTI and informed to JICA Kenya office in written by the commencement of the Project.

7. Capacity development of MoTI

Both sides agreed that on-the-job training through daily works with JICA experts and training courses in Japan and/or third countries should be carried out in the Project.

8. Assignment of counterparts, secure office space and running expenses

Kenyan side agreed to provide necessary human resources, space and budget to implement the Project as follows:

- 1) to assign the counterparts for the Project and inform JICA of members of the counterpart staff in writing;

- 2) to secure counterpart staff's travel expenses for the Project; and
- 3) to secure office space for the Project team during the Project period and running expenses to use the space (water, electricity etc.).

9. Provision of related information, data and Map

Kenyan side agreed to provide necessary information including maps of targeted area to implement the Project.

10. Information disclosure

Both sides agreed that the final report will be open to public after the approval by S/C.

During the Project, international seminars/conferences will be held in order to share the progress and outputs of the Project with stakeholders related to Northern Corridor development.

11. TOR of Environmental and Social Considerations

The project should include Terms of Reference (TOR) for Environmental and Social Considerations in line with the JICA Guidelines as follows:

- 1) Review of existing development plans, development projects, studies, and public and private investments.
- 2) Analysis to identify constraints to development, factors of promoting development.
- 3) Analysis of alternatives for achieving the goals of the Project.
- 4) Consideration of contents of developed policy and plans.
- 5) Scoping (clarify extremely important items on environmental and social impacts and its evaluation methods at the time of decision making of Master Plan).
- 6) Confirmation of existing environmental and social conditions of the proposed projects area in Master Plan as a baseline data (land use, natural environment, culture and lifestyle of indigenous people and their communities, local economy and socio-cultural environment and others).
- 7) Confirmation of legal framework and institution of Kenya on environmental and social considerations, and examination of the experiences of Strategic Environmental and Social Assessment (SEA) study in Kenya.
 - A) Laws, regulations and standards related to environmental and social considerations (environmental impact assessment, resettlement, public participation, information disclosure and others).
 - B) SEA Study reports conducted in Kenya development projects, and other relevant information.
 - C) Gaps between the "JICA Guidelines for Environmental and Social Considerations (April 2010)" and legal framework of Kenya on environmental and social considerations.
 - D) Outlines of relative agencies and institutions responsible for the implementation of the projects.
- 8) Prediction of likely impacts of proposed projects in Master Plan.
- 9) Evaluation of likely impacts of the projects above (8) and comparative analysis of alternatives of proposed projects, including 'without project' option.

- 10) Examination of the mitigation measures (to be avoided, minimized and compensated).
- 11) Examination of the monitoring methods (monitoring items, frequencies and methods).
- 12) Support to hold stakeholder meetings.

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