
TMEA evaluation

Strategic Objective 1

2C/3A Interim Evaluation: SO1

Final report

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Preface

The data and evidence for this report relates to site visits undertaken in March-May 2017. Ian Scott and Peter Omondi worked on the OSBP study. Philip Lacey and Godfred Shuma worked on the ports study.

Thomas Otter coordinated the team and worked on the general report and its consolidation. Subsequent edits and restructuring was completed by David G.V.Smith in November 2017. Further revisions were made in February-March 2018 by Alex Hurrell and Saltanat Rasulova.

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List of abbreviations

AfD	French Development Agency
BOT	Build, Operate and Transfer
BRN	Big Results Now
BTO	Build, Transfer and Operate
CAGR	Combined Annual Growth Rate
CBA	Cost/Benefit Analysis
CBTA	Cross-Border Traders Association
CD	Chart Datum (Lowest Astronomical Tide)
CEO	Chief Executive Officer
CFS	Container Freight Station
CHEC	China Harbour Engineering Company
COMESA	Common Market for Eastern and Southern Africa
DBOT	Design, Build Operate and Transfer
DFID	Department for International Development (UK)
DRC	Democratic Republic of Congo
DSCR	Debt Service Cover Ratio
DSMGP	Dar es Salaam Maritime Gateway Project
EAC	East African Community
EIB	European Investment Bank
EIRR	Economic Internal Rate of Return
EMS	Environmental Management System
ENPV	Economic Net Present Value
Eoi	Expression of Interest
ESIA	Environment and Social Impact Assessment
EU	European Union
EY	Ernst and Young
GOU	Government of Uganda
HMC	Harbour Mobile Crane
HPC	Hamburg Port Consultants
IBM	Integrated Border Management
ICDs	Inland Clearance Depots
ICF	International Climate Fund
ILAG	Inros Lackner Consultants
IMC	International Maritime Consultants
IRR	Internal Rate of Return
ISPS	International System of Port Security
ISS	Integrated Security System
JICA	Japanese Development Fund
KEBS	Kenya Bureau of Standards
KeNHA	Kenyan Highway Authority
KES	Kenyan Shillings
KOJ	Kurasino Oil Jetty
KPA	Kenya Ports Authority
KPIs	Key Performance Indicators

KRA	Kenya Revenue Authority
KWATOS	A terminal operating system for port terminals
M&E	Monitoring and Evaluation
MCT	Mombasa Container Terminal
MOTI	Ministry of Transport and Infrastructure (Kenya)
MOU	Memorandum of Understanding
MRIP	Green Port Programme at Mombasa
MSC	Most Significant Change
MTBS	Maritime Transport Business Solutions
NPV	Net Present Value
OCDI	Japanese Consultant
OPM	Oxford Policy Management
OSBP	One-Stop Border Post
PAD	Project Appraisal Document
PAR	Project Appraisal Report
PIP/PPIP	Port Productivity Improvement Programme (KPA)
PIM	Project Information Memorandum
PIT	Project Implementation Team
POS	Port Operating System
PPP	Public Private Partnership
RAHCO	Residual (rail) Assets Holding Company (Tanzania)
RMGs	Rail-Mounted Gantry Cranes
RTGs	Rubber-Tyred Gantry Cranes
RRA	Rwanda Revenue Authority
SO	Strategic Objective
SOP	Standard Operating Procedures
STs	Ship-to-Shore Container Cranes
TA	Technical Assistance
TEU	Twenty Foot Equivalent Container Unit
TICTS	Tanzania International Container Terminal Services Ltd.
TIDO	Trade Information Desk Officer
TIRP	Tanzania Intermodal and Rail Development Project
TMEA	TradeMark East Africa
TOC	Theory of Change
TOR	Terms of Reference
TPA	Tanzania Ports Authority
TRA	Tanzanian Revenue Authority
UK	United Kingdom
URA	Uganda Revenue Authority
UGX	Ugandan shilling
VFM	Value for Money
WCBTA	Women's Cross-Border Traders Association
WS3	Workstream 3

Executive Summary

1. This report reviews the performance of the infrastructure component of Trade Mark East Africa's (TMEA) Strategic Objective (SO1): "**Increased Physical Access to Markets**". SO1 is principally delivered by infrastructure to ports and One-Stop Border Posts (OSBP) with a combination of infrastructure investments with grant aid and technical assistance, feasibility studies and other studies conducted by TMEA. The SO1 primary result or strategic impact is expected to be 'reduced trade costs', arising primarily from two strategic outcomes:
 - Increased **efficiency** (time) of transport infrastructure; and
 - Increased **capacity** (volume) of transport infrastructure.
2. This report is a formative evaluation of TMEA's support to the Ports of Mombasa and Dar es Salaam and OSBP projects which contribute to SO1. The intended recipients of the report are TMEA staff including TMEA Council, Senior Management, TMEA technical teams and TMEA Evaluation Committee as well as Port and OSBP authorities and other government representatives in respective countries, DFID staff and other donors, Donor Reference Group, and TMEA partners. The field work was undertaken in March to May 2017 during Strategy 1 and the findings are based on the situation at that time. It is a review of the relevance and effectiveness of the activities undertaken and the outputs produced. TMEA has been given the opportunity to fact check the report.
3. The performance evaluation of the ports and OSBP will be conducted in 2018-19 and will collect new primary data where necessary. Showing TMEA's contribution to the key trade outcomes – cost and time reductions in trade – is the centrepiece of their strategy, of donors' expectations. The performance evaluation will seek to identify and substantiate TMEA's *contribution* to results, rather than *attributing* results directly and solely to the programme's actions. Trademark works in six countries with highly differing and dynamic political economies, trade and economic contexts, and contention over regional integration. Other donors and actors – governmental as well as private sector – also work to affect trade, meaning that TMEA's results are likely to be linked very closely to these contextual factors and actors. Examining the possibly multiple causal factors in a 'package' that brought about change does not diminish TMEA's contribution, but rather sets TMEA's work in a more realistic and interdependent constellation of factors in which the team undertook their work. This will be the focus of the performance evaluation. It will be followed by the trade and poverty impact assessment of the infrastructure and support to the facilities to assess the extent to which any benefits of increased efficiency and capacity of transport infrastructure are passed on the end user.
4. The report combines **Deliverable 3A-Formative evaluation of Ports and One-Stop Border Posts (OSBP) projects** with the **Deliverable 2C-Effectiveness and Outcome Evaluation of SO1**. The report is based on a detailed review of two ports (Mombasa and Dar es Salaam), comprising five TMEA projects for Mombasa and eight projects for Dar es Salaam. The three OSBPs (Busia, Malaba and Mirama) comprised a total of 10 projects. The evaluation has been structured on a case study basis and each of the key interventions, the two ports and the three OSBPs, are assessed separately. Detailed findings are contained in Annexes 1-3. Gender perspectives are not fully explored, in part due to lack of data and the gender not being a specific focus of Dar es Salaam projects and will be a focus on Phase 2.

Ports: Key Findings

Relevance: The TMEA Focus on Ports is Appropriate

5. Deep sea cargo ports are a critical and necessary part of international trade-facilitating infrastructure: the majority of freight (by volume and value) is transported by sea through designated import and export ports. Ensuring "gateway" ports have sufficient capacity to handle trade is essential to economic growth; capacity is determined through adequate physical assets (quay length, yard area, equipment), and importantly operational efficiency. The TMEA support to the Kenya Port Authority (KPA) and Tanzania Port Authority (TPA) reflects this best practice.

The findings on TPA and KPA provide the context for the evaluation but these two authorities are not being evaluated themselves. They are absolutely crucial for the progress of the TMEA programme given that they are responsible to manage and operate the ports in both countries.

6. The TMEA approach is also sensible and reasonable and broadly follows the following logic and intervention strategy:
 - Build relationships and trust with the port authorities at strategic and operational levels;
 - Provide grant funding support to assist with small scale but needed civil works that contribute to wider port efficiency improvements, link to larger port investments and build trust and capacity by working collaboratively;
 - Provide technical assistance support to KPA and TPA to undertake relevant studies that are needed to support larger port investments, improve port efficiency and productivity and contribute to capacity building of the respective organisations to better manage port planning and investment functions; and critically, through these activities,
 - Support strategic port reforms and modernisation, with an emphasis on the transition to a landlord-port model and private sector participation in port operations (e.g through Public and Private Partnership (PPP) concessions).
7. The TMEA strategic direction and focus on reform is consistent with the World Bank policy direction as is clearly outlined in the Dar es Salaam Maritime Gateway Programme (DSMGP) Project Appraisal Document (PAD). It was also the intent of the Japan International Cooperation Agency (JICA) support to container terminal expansion at Mombasa.
8. TMEA has also had to play a major influencing role with the port authorities to ensure Government buy-in to SO1 activities. TMEA worked to have the Port Charter signed by the relevant institutions involved in post and corridor operations and Kenya's President Kenyatta, paving the way for public and private sector collaboration. TMEA has had less success in Tanzania as the government's experience with a concessionaire has been difficult, from the government perspective. As a result, the government argues that it can run the port by itself. The reform process has faced additional challenges, despite the government's parallel acknowledgement that it "cannot run its terminals as they are doing now, [and] will transform its terminals to operate as profit centers or independent business units."¹ Work to date has been insufficient for the TMEA objective to become feasible and that further strategic work with both port and government authorities will be essential to achieving SO1.

Effectiveness: Good progress on infrastructure activity, but institutional reform stalled

9. The work plans and outputs were mostly implemented at both ports given the challenging project operating environment. There were some project delays and cost variations but these were not critical to the overall direction of the project. Civil works generally progressed satisfactorily in both ports, with some delays but project execution improved with better guidance and systems supported by TMEA. It is reasonable to conclude that the improvements to civil works would contribute to efficiency gains (and reduced costs) and thus a "good to do"; however overall actual improvements need to be measured and verified. The links between TMEA interventions and the key performance indicators look favourable at KPA but more detail is needed to establish causation and attribution during the performance evaluation.
10. The ***critical shortfall*** relates to reform and modernisation which is a key assumption in the TMEA results framework. Modernisation initiatives are generally focused on the transition to a landlord port model, port management improvements and assisting with developing and implementing Public Private Partnerships (PPP). How KPA and TPA approach port management affects the feasibility of the agreed TMEA objective to increase port efficiency.

¹ This comment from the Dar Port TMEA team in 3rd quarter 2018 was not independently verified by the evaluation team but does align with other information gathered during data collection for this report.

This is given that both KPA and TPA have struggled with adopting proven best practices related to port governance and management. The transition to landlord port models in the key container segment has not happened in KPA and there is no intention to extending this further in TPA. The attempts at regulatory reform with the KPA and creating a concession at the Second Container Terminal has not succeeded. TPA does have an existing private operator, but there is no appetite to extend this model when it expires.

Learning and Sustainability

11. Learning and sharing of results and good practices was generally fairly good in both ports; from project management improvements to recommendations from the TMEA supported studies to the assessment of the benefits of public private partnership concession options relative to owner and operator models.
12. The sustainability challenge is that without wider reform, institutional strengthening and embedding new practices into the KPA and TPA (and other stakeholders material to efficient port operations) these lessons and short term improvements are not likely to lead to significant performance improvements and cost reductions to port users.

Ports-related principal recommendations to TMEA

13. TMEA's strategic direction in the first phase of assistance has been sound in building a relationship of trust and providing grant and technical assistance. The TMEA support to TPA and KPA reflects best practice. TMEA now needs to address the critical issue of reform and modernisation as this holds the key to sustained improvements in capacity and efficiency, reducing corruption and thus reduced transport costs to port users. Global best practice is well established and proven to work across cargo types: a landlord port with competitive concessions. However, such a best practice will be ineffective without certain pre-conditions being in place which include (a) private sector participation through a well-developed enabling environment, including further adoption of the "landlord" port model; (b) strengthening the governance of port authorities' boards; and (c) promoting competition between and within ports, in part through transparent and competitive concession bidding. Technical assistance working with government and the port authorities to raise awareness and demonstrate the benefits of improved efficiency in port management is required. TMEA board can consider further dialogue with partner governments on this. TMEA's underlying premise is that by supporting governments with hard infrastructure investment and some capacity building, this will provide the incentive for governments to undertake the necessary reform towards a Government landlord privately operated model.
14. More specifically TMEA needs to tender or re-appoint a consultant project implementation team at Dar and strengthen the existing TMEA programme unit at Mombasa in order to cope with the demands placed on them by increasingly larger projects. TMEA needs to support the award of concessions and PPPs for realising the benefits of the planned reconstructed berths at each port such that a new operator would contribute toward the major financing cost of handling equipment in a joint venture or through an alternative approach.
15. TMEA programme does not sufficiently report on gender issues. This will require ongoing work by TMEA to enhance its monitoring and data gathering on the engagement and impacts on women of its programmes.

OSBPs- Key Findings

16. TMEA has played a major role in initiating the development of OSBPs and in raising their importance at a political level. The OSBP at Busia is now a good template for new OSBPs in the East Africa Community (EAC). It provides increasingly reduced clearance times both for entrance and exit of cargo and passengers. It is in line with international best practice and at time of writing only lacks a suitable channelled road structure at both sides of the border.

17. **The TMEA contribution to the OSBP project is mainly based on the principles of improving the** physical infrastructure and refining integrated border management to create models operating to international best practice. In this regard support to all three of the OSBPs is considered to be highly **relevant** in fitting with the mandate of TMEA's SO1 as well as addressing the needs of stakeholders.
18. In terms of **effectiveness** as measured by the achievement of the outputs and capacity building all three OSBPs evaluated have performed well. Busia only requires moderate modification: the entrance road from the Kenyan side at Busia OSBP is too narrow and restricts traffic flow to a single channel thereby almost negating the improvement in clearance processes and procedures. The building and facilities on the Kenyan side provided for the Kenya Revenue Authority (KRA) and other agencies suffer from lack of maintenance and both power and water supplies are intermittent.
19. Malaba was currently 'work in progress' at the time of the visit in April 2017 with both the road and bridge works ongoing continuing the support previously provided by the World Bank. Considerable remedial work is to be completed on the Kenyan side, including considerable cosmetic work as the poor standards of finish are affecting the morale of KRA and other agency staff. The entrance road needs improvement and the new bridge between the Kenyan and Ugandan sides requires completion.
20. The OSBP at Kagitumba/Mirama Hills is the wrong design and is not fit for purpose. It is understood that traffic volumes have increased since the site visit but close attention will need to be paid to the throughput once the new road on the Ugandan side is completed. It is likely to remain under-utilised. The throughput of both goods and persons will need to be monitored to assess increase in usage. Goods can be monitored through the customs IT systems (ASYCUDA) and persons through the immigration IT system. This may validate TMEA's design.
21. TMEA staff have assumed that traffic volumes will increase when the road has been completed and traders and transport operators will switch from the Gatuna/Katuna OSBP because of the shorter distance involved (37km compared to 75km). TMEA staff also assured us that they considered the architecture of the OSBP to be in line with expectations of future use. It is the evaluators' opinion that that the OSBP's design is geared more towards handling passenger traffic and less towards cargo, because of an arrivals hall modelled on that of an airport.²

OSBP-related principal recommendations

22. TMEA's approach in combining technical assistance with infrastructure funding has been appropriate, effective and has met the needs of East African trade. There is a clear lesson on the design and specification of the Mirama Hills OSBP. But otherwise the main recommendations relate to specific technical improvements to the facilities though noting the issue for Mirama Hills.
23. The proposal to turn the road on the Kenyan side of Busia OSBP into a dual carriageway should be reviewed and consideration given to creating three lanes entering from the Kenyan side and a single carriageway exiting from Uganda to Kenya. This will allow differentiation between:
- a. cargoes selected for examination or awaiting further documentation to enable clearance;
 - b. cargoes cleared without examination and;
 - c. fuel tankers.

² TMEA staff report in 2018 that the Kagitumba and Mirama Hills OSBP have five bays for unloading and inspecting cargo, a high security safe, a warehouse storage room, a cold room for the storage of perishable goods, and an office to accommodate cargo examination officers. There is also a laboratory for the use of the Rwandan Bureau of Standards (RRA offers the use of its laboratory to URA if required). The evaluators note, however, that despite these facilities, disproportionately more space is dedicated to handling passenger traffic.

24. At the Ugandan side of the OSBP at Malaba, trucks queue after the border gate to await full Customs clearance. This further delays transit through the border and the queue forms on a public road outside the Customs Designated Area. This needs rectifying urgently, initially by extending the Area to ensure that it meets legal requirements and subsequently ensuring that goods are cleared at the border gate or parked in a secure area under full Customs control.
25. When OSBPs are in the course of construction, attention needs to be paid to the Customs IT System's compatibility and also, where possible, an interface needs to be installed to enable the proper functioning of the combined clearance process, i.e. one entry declaration covers both exit and entry. The evaluation team understands that, since the site visit in March 2017, customs declarations have been interfaced between KRA, URA and RRA, where one customs declaration now covers both entry and exit of goods.
26. The results status of Malaba cannot be categorised at present due to the inability of the prime donor, the World Bank, to finalise the project due to lack of funding. TMEA has taken on the contract for both infrastructure and Integrated Border Management (IBM) and plans to complete within a six-month timeframe. If TMEA manages the project in a similar way to that of Busia, clearance times and stakeholder satisfaction are likely to exponentially improve.

1 Introduction

This report reviews the performance of the infrastructure component of Trade Mark East Africa's (TMEA) Strategic Objective (SO1): “**Increased Physical Access to Markets**”. SO1 is principally delivered by infrastructure to ports and One-Stop Border Posts (OSBP) with a combination of infrastructure investments with grant aid and technical assistance, feasibility studies and other studies conducted by TMEA. The SO1 primary result is expected to be ‘reduced trade costs’ arising primarily from two sub-components:

- Increased **efficiency** of transport infrastructure; and
- Increased **capacity** of transport infrastructure.

This report is a formative evaluation of TMEA’s support to the Ports of Mombasa and Dar es Salaam and projects which contribute to SO1. It is a review of the relevance and effectiveness of the activities undertaken and the outputs produced. Outcomes will be assessed in greater detail in an upcoming Performance Evaluation, complemented by a study of the trade and poverty impacts of the infrastructure and support to the facilities and assess the extent to which the benefits of increased efficiency and capacity of transport infrastructure are passed on to the end user.

This report combines **Deliverable 3A-Formative evaluation of Ports and One-Stop Border Posts (OSBP) projects** with the **Deliverable 2C-Effectiveness and Outcome Evaluation of SO1**. The report is based on a detailed review of two ports (Mombasa and Dar es Salaam) comprising 5 TMEA projects for Mombasa and 9 projects for Dar es Salaam. The 3 OSBPs (Busia, Malaba and Mirama) comprised a total of 10 projects. This report is a summary of the formative evaluation and the detailed findings are contained in Annex 1-3.

1.1 Introduction to TMEA Strategic Objective 1 (SO1)

The TMEA programme is a multi-donor project that seeks to lift existing barriers to trade in order to bring about positive and sustainable change via a combination of regional and national initiatives and an investment of over US\$ 500 million. TMEA is a large and complex programme, with national and regional dimensions and many projects implemented across six countries.

TMEA was formed in 2010 under a charter setting out its primary purpose and providing for financial support from the six governments of the East Africa Community (EAC) and numerous donor governments and entities,³ including the Department for International Development (DFID) (the main donor). Its headquarters is in Nairobi with branch offices in each member country.

TMEA has set out the following primary objectives with anticipated broader economic and social benefits to:

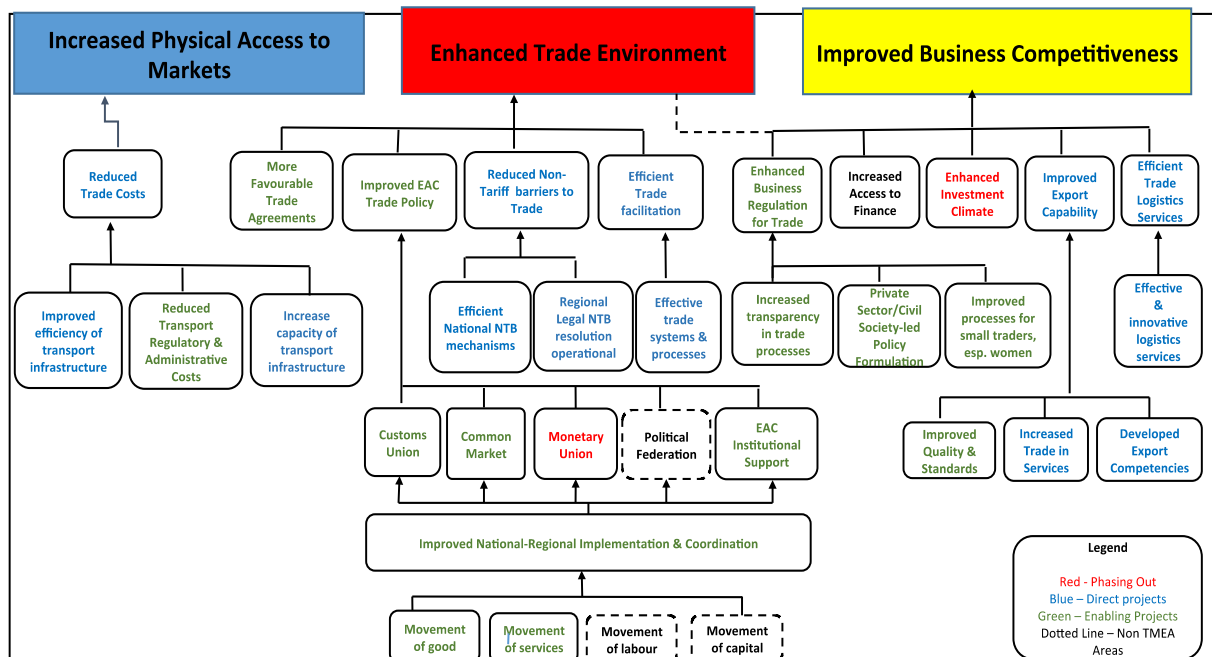
- promote trade volumes;
- enhance trade capacity;
- improve trade efficiency; and
- achieve trade cost reductions.

A results chain diagram, or Theory of Change (TOC), developed by TMEA sets out the primary results expected from its project interventions, as shown in Figure 1. TMEA seeks to reduce poverty through increasing trade in and between member countries through three different lines of action or strategic objectives (SOs) in the TMEA results framework. SO1 seeks to contribute to trade increase by

³ Donors/investors to TMEA in 2017 were the governments of Belgium, Canada, Denmark Finland, Netherlands, Sweden, the UK and the USA.

focusing on ‘Increased Physical Access to Markets.’⁴ At the core of SO1 activities are infrastructure works as well as advocacy for and advice on, the adjustments of normative and operational rules and institutional capacity building for ports and OSBPs.⁵

Figure 1: TMEA’s Theory of Change (TOC)



Source: TMEA, 2014

The ports and OSBP components come under SO1, the primary result of which is expected to be ‘reduced trade costs’ arising primarily from two of the sub-components shown in blue above:

- Increased efficiency of transport infrastructure; and
- Increased capacity of transport infrastructure.

However, a deeper analysis on whether the income benefits and cost saving of improved port infrastructure and OSBPs are being passed on to lower cost of goods, increasing trade and that these benefits are pro-poor has yet to be undertaken. Reducing trade costs requires a range of policy and infrastructure interventions that go beyond direct improvements in new infrastructure. There is a relatively long impact pathway for SO1 (see Figure 2), which requires further data collection in the performance evaluation stage to be conducted in 2018-2019.

Figure 2: Linear pathway: Improved Infrastructure to Increased Trade



1.1.1 Ports

It is noted that in the above figure reduced transport and regulatory costs are not clearly laid out as a focus for TMEA; however, the programme’s Infrastructure Strategy and Tanzania and Kenya Country

⁴ SO2: Enhanced Trade Environment; SO3: Improved Business Competitiveness.

⁵ See Deliverable 2A of this evaluation, the Preliminary Output Mapping Report.

Strategies lay out greater detail about how reform activities would integrate with infrastructure development to improve performance and trade outcomes. Reform efforts⁶, hard infrastructure and soft infrastructure projects are detailed in the Country Strategies and results chains are specified.

1.2 Evaluation Approach

This evaluation has been undertaken very much with a learning focus which is intended to provide both a technical assessment and learning for the TMEA team which will be relevant to the design and management of future infrastructure interventions. The work includes some formative aspects based on early case studies of outputs achieved.

The Terms of Reference (TOR) also identifies four core evaluation objectives (Annex 4):

- test the TOC;
- analyse and, to the extent possible, measure the regional integration programmes' impact on regional trade, growth and poverty (including gender-related aspects) and sustainability;
- assess the effectiveness of the TMEA programme, including organisational effectiveness and VFM; and
- identify the lessons learned relevant beyond TMEA, which would be generalisable to future programmes or to other contexts.

The evaluation design is structured to answer five high level evaluation questions (HEQs), which map to the TMEA results chain and are divided into 51 detailed evaluation questions (DEQs). In order to make this complex evaluation manageable, and to provide clear lines of responsibility, OPM evaluation activities were organised into six workstreams (WS). Each HEQ is addressed through a dedicated workstream and related deliverables.

Table 1: Mapping evaluation questions to workstreams

HEQ	Workstream
HEQ1: Has the programme been effective in delivering its outputs and outcomes? How has this been affected by the programme's organisational model and how could this be improved?	WS2: Effectiveness and outcome assessment
HEQ2: Have the port and OSBP projects been effective in delivering their outputs and achieving their trade outcome objectives?	WS3: Evaluation of ports and OSBP projects
HEQ3: What is the likely impact of TMEA on trade outcomes and growth, and what factors are critical in order to ensure the sustainability of positive impacts?	WS4: Trade and growth impact study
HEQ4: What is the likely impact of TMEA on poverty and gender, and what factors are critical in order to ensure the sustainability of positive impacts?	WS5: Poverty and gender impact study
HEQ5: How robust and verified are the causal links and assumptions in the TOC? What does this imply for the relevance, coherence and sustainability of the programme, and what are the lessons learned that are relevant beyond TMEA?	WS6: Strategic review and evaluation synthesis

⁶ TMEA Tanzania Country Strategy p. 36; and Infrastructure Strategy pp 18, inter alia.

Figure 3: Evaluation design summary

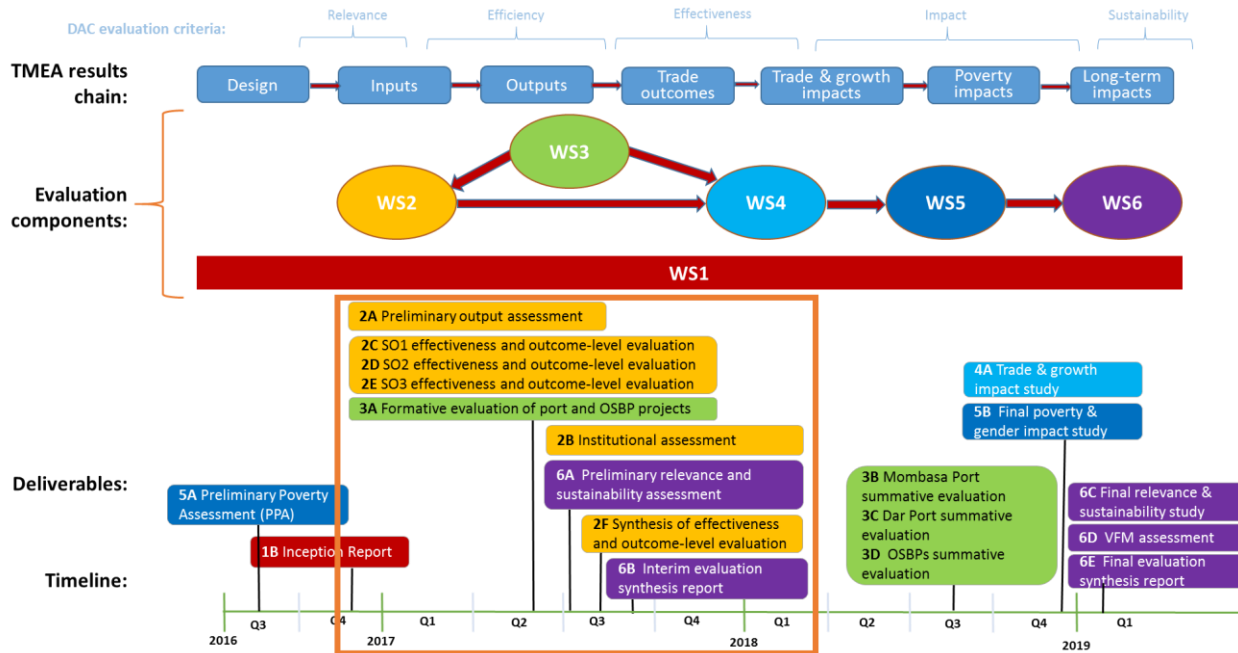


Figure 3 sets out the overall structure of the evaluation and shows how this report (3A and 2C) fits into the overall evaluation.⁷

The two infrastructure areas covered - Ports and OSBPs - are very different in nature, scale and spatial coverage and require tailored evaluation approaches and specific evaluation expertise. This report is focused on the formative aspects of the evaluation and is therefore concentrated on the output-related DEQs (2.1 and 2.6) and asks whether the projects are on track to deliver their outputs. Some assessment of the outcomes has also been undertaken with a preliminary assessment of the likelihood that the outcome objectives (reducing trade time and costs; increasing market access; increasing port capacity) of being achieved. These results will feed into the performance evaluation in phase 2.

Output level

DEQ2.1: Have the ports projects delivered their output objectives?

DEQ2.6: Have the OSBP projects delivered their outputs?

Other evaluation questions are pertinent and have been addressed where appropriate as part of the preliminary outcome assessment

DEQ2.2: Have the port projects achieved their objectives in terms of reducing trade time and costs?

DEQ2.3: Have the port projects achieved their objectives in terms of increasing market access?

DEQ2.5: What contribution does improved port efficiency make to the logistical chain?

DEQ2.7: Have the OSBP projects achieved their objectives in reducing trade time and cost?

DEQ2.8: Have the OSBP projects achieved their objectives in increasing market access?

⁷ August, 2018 addendum: though the figure is correct for the present report, it is updated elsewhere to reflect changed priorities and design for the second phase of the evaluation. Evaluation questions are also very slightly revised, but again this is only for the ongoing evaluation work. Relative to this report, the evaluation questions listed above remain valid.

DEQ2.9: To what extent is trade impeded by outmoded customs, immigration and other administrative practices at the border?

DEQ1.3: What constraints were/are encountered in achieving the outputs? What are the main reasons for non-achievement of the outputs (if any)?

DEQ1.4: Who were/are the main beneficiaries of the outputs? Are there organisations or groups of people who are negatively affected by the outputs?

DEQ1.5: To what extent have supported organisations (i.e. the implementing partners) built capacity and capability on relevant trade-related matters?

DEQ1.6: To what extent has TMEA been able to achieve expected outcomes (for finalised projects) and what is the general likelihood of ongoing projects achieving their outcomes?

DEQ5.15: What has the impact been on corruption across the various components, notably at border crossings?

DEQ1.10: Are the Monitoring and Evaluation (M&E) tools and processes in place appropriate, both in terms of results and in terms of finances? How could they be strengthened?

DEQ4.5: To what extent has the programme benefited women and girls (noting that the programme design did not purport to benefit them equally)? Have there been any negative consequences for women and girls? Has the programme had an impact on relations, including power and influence, between girls/women and boys/men? How could the programme increase benefits to women and girls within its trade focus?

The performance evaluation in 2018-19 will assess outcomes and answer the corresponding evaluation questions.

1.3 Evaluation methodology

Two rounds of evaluation are being applied to OSBPs and ports. The first round was carried out in early 2017 and is the round this document reports on, showing results for a formative evaluation based on early case studies of outputs achieved. A performance evaluation will be carried out in 2018. Given that the evaluation is formative, only the Organization for Economic Cooperation and Development's Development Assistance Committee (OECD-DAC) criteria 'relevance', 'effectiveness' and 'sustainability' (and learning) are assessed here.

The methodology for conducting the evaluation was set out in the inception report. Observed outputs and outcomes are compared to the planned ones from the ToC and the results framework. The inception report proposed three key mapping exercises for assessing the causal pathway for each strategic outcome: (1) *Output mapping*; (2) *Results mapping* and (3) *Pathway mapping*.

This report focuses on the second of these exercises, with an analysis of how changes recorded are being achieved and thus serves to verify the TMEA theory of change with a comparison of the expected results with the achieved results.

This approach has been followed with a review of:

- the **progress of implementation**, in order to better understand the project's ability to produce results;
- the **effectiveness of the projects**, against the OECD DAC criteria, to test if the project has produced relevant and effective outputs, as required to achieve the expected outcomes (see section 1.5.2 below); and
- the **expected or actual strength of linkage** of the observed effects with the expected outcomes. This idea can be understood as a qualitative assessment of the likelihood of outcomes materialising, as a result of the outputs of the project. The level of strength would be determined

based on the best understanding of the evaluators, coming from triangulation of multiple sources of information. This has been done for both completed and ongoing projects.

A performance rating has been applied for assessing the project findings this report is documenting, using an adapted Red-Amber-Green (RAG) scoring system following the definitions shown in Table 2. The basis of judgement regarding relevance and effectiveness are in all cases the Project Appraisal Report (PAR) and logical frameworks, where TMEA defines the outputs and outcomes to be achieved by each project.

The analysis contributes to the third stage which in the case of SO1 will validate the extent to which improvements in the physical infrastructure has translated into reduced costs for the end user and poverty reduction. This will be analysed in more detail in the performance evaluation.

The impact pathway is a simple one and can be summarised as follows:

- Has TMEA's technical support to the two Ports and OSBPs stimulated (and led to) the implementation of improved transport capacity and policy?
- Has this improvement in the facilities reduced transport time and cost, and increased the volume of trade for the benefit of poor people?

While this second question will be answered with the performance evaluation, the approach here has been to focus on the extent to which the activities designed by TMEA have been well designed to meet the objective of reduced transport cost (relevance); whether the activities been effective in improving the capacity of the ports and OSBP leading to lower transport costs (effectiveness) and are these improvements likely to be sustained (sustainability).

The data collected were based on the professional judgements of the port and OSBP experts for relevance and sustainability and some leading indicators of performance (transport time) and ex ante cost benefit analysis to measure effectiveness. These judgements are shown in the Red Amber Green (RAG) ratings in Table 2.

Table 2: RAG score definitions used for OSBP and Ports project evaluation

Criteria	Green	Amber	Amber/Red	Red
Relevance	Fits with TMEA mandate and meets needs of stakeholders	Meets with stakeholder needs but only loosely meets TMEA mandate/TOC	Some concerns on fit with TMEA or needs of stakeholders	Not within TMEA mandate
Effectiveness	(i) Outputs to be achieved according to expectation or exceeded (ii) Constraints adequately addressed (iii) Effective capacity building achieved (iv) Outcomes expected to be achieved	Some concern on the achievement of the outputs and contribution to the outcomes or mixed results in the capacity building or addressing of the constraints	Major concerns on the achievement of the outputs and outcomes and capacity building	Limited or no achievement of outputs
Learning and sustainability	(i) Good M&E tools in place to provide good quality of evidence of results (ii) Good promotion and sharing of results and best practices (iii) Capacity transmission processes in place	Some concerns on result reporting or sharing of best practice	Major concerns on result reporting or sharing of best practice	Limited or no evidence of results or sharing of best practice

Chapter 2 sets out a review of 10 TMEA supported projects for the three OSBPs (**Malaba, Mirama Hills and Busia**). The findings are summarised against the specific OECD-DAC criteria listed above and the evidence has been based on the TMEA documentation and site visits undertaken by the team in March 2017. Where the team consider that their judgements are based on incomplete evidence, this will require follow up in 2018 with the performance assessment.

Chapter 3 sets out an overview of TMEA's assistance to the two ports of Dar (\$12.7mn) and Mombasa (\$27.6mn) covering the following projects. The projects reviewed include:

Dar es Salaam

- 1127 Dar es Salaam Port Infrastructure Works
- 1139 Dar Port Productivity and Reforms Phase 2
- 1140 Dar Port Infrastructure Works Phase 2

Mombasa

- 0911 Mombasa Port Infrastructure
- 0931 Mombasa Port Reform Dialogue
- 0939 Mombasa Port Productivity Improvements
- 0940 Mombasa Port Legal and Regulatory Reform
- 0942 Port Reitz Road Improvement

Technical Annexes 1 and 2 set out more detailed analysis from the March, 2017 field work.

1.3.1 Evaluation limitations

This evaluation report has certain methodological imitations that the reader should be aware of. Firstly, we acknowledge that a performance rating using an adapted Red-Amber-Green (RAG) scoring system is based on the best understanding of the evaluators, coming from triangulation of multiple sources of information and are their professional judgement. In order to ensure a certain level of rigour when applying this methodology, it was made sure that evaluators fully understand the methodology and judgement criteria. We have also ensured that findings of the RAG ratings were discussed by the stakeholders.

Secondly, the report presents a limited view of the gender considerations with regard to Dar as Salaam projects. Nevertheless, our findings show that TMEA advocacy in favour of gender considerations has, however, had a positive impact on gender considerations in the port authorities' human resources policies. Gender will be further explored as part of Phase 2 within the Poverty and Gender study to understand how TMEA port and OSBP projects affected women and men. This will be done through organising male and female group discussions in selected sites and gender-focused analysis when data will be disaggregated and analysed through a gender lens. In particular, the qualitative workstream of the study will consist of direct interviews, focus groups and participatory methods with poorer and wealthier men and women along the transport corridors. The quantitative workstream will also assess if there have been differential effects on men and women with disaggregated data and whether separate effects on socially and economically marginalised groups can be identified.

Thirdly, we acknowledge that there was a limited triangulation particularly from businesses which will be further strengthened during Phase 2. During January – February 2019 data collection in all the countries visited we will be involving representatives of businesses to explore their views and engage them in evaluating TMEA and its contribution to the outcomes.

Fourthly, the report takes a strong economic development perspective demonstrating a certain level of bias among the respondents consulted. As port authorities, for example, appear to see things differently, the potential for perceived bias should be acknowledged. In order to mitigate the level of bias to the extent possible we have relied on the triangulation of data with other respondents. We have also explained the role of these port authorities to allow the reader to understand the context under which these authorities work that affects and directs their views.

2 OSBP case studies

This chapter presents a summary of findings and responses to the OSBP evaluation questions (summary responses provided in Box 1) before discussing the findings in separate case studies for the three OSBPs that have been visited for this evaluation out of the total of five OSBPs assisted by TMEA between 2012 and 2016. The three OSBPs visited were selected purposefully with a view to contributing to learning for TMEA with the aim to:

- Cover different countries (Uganda, Rwanda and Kenya);
- Reflect difference in scale -large and small (Malaba and Mirama Hills/Kagitumba) amounts of trade at borders;
- Border posts integrated into regional trade corridors (Malaba and Busia as part of the Northern Corridor), and
- Serving bilateral and local trade (Mirama Hills/Kagitumba).

Details of project expenditures are shown in Tables 4,7 and 9 below (for each OSBP).

2.1 Background and Scope of work on OSBPs

Border crossings are intrinsic to regional integration. Yet substantial delays are often accrued crossing borders, due to both capacity constraints and (even more often) inefficient processes. To address these challenges, TMEA has substantial financial and human resources committed to the development of OSBPs and the implementation of IBM at seven critical locations around East Africa. TMEA currently commits relatively few resources to road infrastructure, given the large investments required and the other development partners involved in this sector. One exception is the Ntungamo/Mirama Hills Road in Uganda, a 37km segment leading to the Kagitumba/Mirama Hills OSBP, being funded by TMEA together with the Government of Uganda (GoU). To optimise the value of the OSBP, it is necessary that this particular road is improved at the same time.

The OSBP interventions evaluated and undertaken in the first phase of TMEA can be seen as piloting a model for wider replication and there is therefore a learning focus to the evaluation. TMEA has initiated the process of developing OSBPs within the EAC, and the next strategic step for East African trade integration is to build the connections between the single EAC market and its African neighbours, some of whom may eventually join the EAC. TMEA is already developing OSBPs with IBM at two of the EAC's major outward-facing land crossings – Tunduma (with Zambia) and Nimule-Elegu (with now-acceding South Sudan). The TMEA programme is further considering support to border crossings at some of the following locations:

- Kenya/Ethiopia at Moyale;
- Nadapal on the Kenya/South Sudan border (subject to traffic volume analysis);
- Goli on the Uganda/Democratic Republic of Congo (DRC) border
- Rusizi II (or possibly Rusizi 1) on the Rwanda/DRC border, and potentially the Tanzania/DRC border at Kalenie/Kigoma on Lake Tanganyika;
- Southern Border with Malawi, Zambia and Mozambique; and
- Ancillary infrastructure (Haro-Haro; Ise)

2.1.1 Summary of OSBP projects reviewed

The OSBP projects covered by this SO1 formative evaluation were as follows:

- Busia OSBP (Uganda/Kenya border)
 - Project Code 0928 IBM Kenya
 - Project Code 1062 IBM Uganda
 - Project Code 1517 Construction Kenya
 - Project Code 1518 Construction Uganda
- Malaba OSBP (Kenya/Uganda border)
 - Project Code 0938 IBM Kenya
 - Project Code 1061 IBM Uganda
 - Project Code 0953 Additional Construction
- Mirama Hills/Kagitumba OSBP (Uganda/Rwanda border)
 - Project Code 1053 IBM Uganda
 - Project Code 1219 IBM Rwanda
 - Project Code 1511/2 Construction

In terms of monitoring data available to the evaluators the key tools of Dashboard monitoring procedures have been helpful particularly for the port projects. But for the OSBP projects there has been an inadequate level of record keeping at cross-border to identify, by registration, individuals and number of crossings. As set out in other reports (see Deliverable 2D/2E), there is room for improvement of M&E systems and evidence capture to support this evaluation exercise. In particular the M&E system does not capture detail on benefit streams and the contribution of the TMEA supported investments to the OSBPs performance.

2.2 Busia case study

2.2.1 General description of Busia OSBP and the context of TMEA assistance

This OSBP is situated on the Northern Trade Corridor between Kenya and Uganda. This is a land boundary with no identifying border, such as a river, and is porous in that the border is not fenced out with the confines of the OSBP. This is a medium-sized operation and there is close cooperation between border agencies. Traffic volumes⁸ amount to an average of 1,300 vehicles per day Kenya to Uganda and 1,175 in reverse (mainly empty). TMEA has been responsible for the development of the infrastructure on the Ugandan side and has taken over infrastructure responsibility from the World Bank for remedial work on the Kenyan side.

Projects reviewed:

- Project Code 0928 IBM Kenya
- Project Code 1062 IBM Uganda
- Project Code 1517 Construction Kenya
- Project Code 1518 Construction Uganda

2.2.2 Infrastructure

Kenyan side: The building housing KRA and associated agencies, although recently constructed with some assistance from TMEA (project 1517), is somewhat dilapidated. There are fluctuations in the power supply and the back-up generator is not reliable. As a result, when the electricity supply goes

⁸ Nick Poree and Associates (October 2016) *Final Impact Survey Report Busia Border Post*.

down, which occurs an average of three times per week for a minimum of one hour, the IT system does not function and all clearance stops. This is happening with increasing regularity and has a significant effect on traffic flow. The water supply is also defective and there is regularly insufficient water to supply basic functions. The road into the border is single carriageway and all traffic is therefore held in one queue regardless of status. The weighbridge rejects approximately 25%⁹ of trucks for exceeding axle weight and there are county tolls operating on the road (this is said to be illegal by KRA and is currently being investigated by the Cabinet). Due to the adverse working conditions, staff morale suffers and the lack of water adds to this situation a significant health and safety issue.

Ugandan side: The infrastructure is in a good state of repair and is well maintained. Staff morale is consequently high and there are no outages on power supplies and no shortage of water. There is an office provided for cross-border traders to use and to obtain their simplified certificates of origin. There is a lack of laboratory facilities on both sides and neither the Bureau of Standards nor Customs are able to carry out the most rudimentary tests. If the Regional Office (Bureau of Standards) is not able to carry out tests then the sample is sent to Nairobi/Kampala, which results in an eight-day turnaround. The Ministry of Health provides a nurse and there is an isolation room for use by both authorities.

2.2.3 OSBP operations

Where agencies are co-located inside OSBPs (particularly Immigration), there has been a 60%¹⁰ saving in time for processing persons. There is now sharing of information between Ugandan and Kenyan Immigration on individuals presenting themselves for processing at entry and there is also mutual assistance in Border Security, with joint patrols of the border area.

KRA and the Uganda Revenue Authority (URA) maintain excellent relations through their management staff but with the problem of IT downtime on the Kenyan side due to power outages and with the incompatibility of the two IT systems processing time is affected. Two Customs declarations (KRA and URA) need to be inputted into the respective systems in order to effect clearance, whereas, if interfaced, one would be required.

Where cargo is determined as high risk there is no non-intrusive examination equipment and cargo has to be off-loaded.¹¹ The x-ray scanner does not function and there are no radiation portals to identify radioactive materials. TMEA has completed the agreed construction, training activity supported a closer and better cooperation for a processing of immigration procedures, but the overall success of the OSBP is dependent on Government engagement in operations and maintenance on both sides of the border.

⁹ Transport Observatory Report, November 2016.

¹⁰ Source: Immigration officials at the OSBP.

¹¹ TMEA reports in 2018 that cargo scanners for the non-intrusive inspection of cargo have been installed and are fully functional.

2.2.4 Implementation progress

Table 3: Busia – Summary findings

Project	Main output and outcome	Main project activity and output	Relevance	Effectiveness rating	Current sustainability rating	Key factor of success or failure	Strength of evidence
0928 -IBM Kn	Clearance time reduction	IBM systems and training	Green	Green	Amber	TMEA integrated approach	Green
1062 -IBM Ug	Clearance time reduction	IBM systems and training	Green	Green	Amber	TMEA integrated approach	Green
1517 -Cons. Kn	New OSBP compound	Construction	Green	Amber	Amber	TMEA integrated approach	Green
1518 -Cons. Ug	New OSBP compound	Construction	Green	Green	Green	TMEA integrated approach	Green

Source: Authors' compilation based on evaluation findings

Relevance

Busia is a well-proportioned OSBP with well-planned infrastructure, which is largely due to TMEA's support in completing the construction, developing systems and training. It provides a reasonably efficient and effective control point albeit at an internal border within the Single Customs Territory (where no Customs duties are being charged and only few and on-the-spot controls should be required).

In the longer term once a Single Customs Territory is fully established, logically the OSBP should be redundant for the flow of goods but the current political situation and decision-making means that there will be border controls for the foreseeable future and will be required for movement of people. TMEA estimated VFM investment returns based on the assumption of a 10-year period of use of the internal OSBP, until a Single Customs Territory in EAC would be fully operational and the OSBPs become obsolete. Staff from national ministries of EAC integration informed us that they expect this transition period to last less than 10 years. Given the likely time horizon and the expected benefits that the OSBP will bring over the next 10 years, the intervention can be considered highly relevant to the needs of the EAC and consistent with the Theory of Change.

Effectiveness

Implementation progress according to budget execution for all Busia projects is above 75%, as is shown in Table 3. An integrated approach of supporting infrastructure construction with capacity building is leading to positive results with a broadly effective achievement of all project activities.

Table 4: Busia – revised projects budget expenditure progress (December 2016)

Project Code	Start date	End date	Budget (000') US\$	Expenditure as at Dec 2016 (000') US\$	% of budget expenditure	Status
0928	1/6/12	31/06/17	630	536	85.1	Active
1062	2/7/12	31/03/17	600	457	76.2	Active
1517	11/4/11	31/07/17	5,256	4,393	83.6	Active
1518	11/4/11	31/03/17	5,720	5,864	100.0	Active

Source: TMEA

Progress toward reduction in border-crossing time has been substantial and the OSBP is working to current capacity. This OSBP's effectiveness, measured against World Customs Organisation¹² and United Nations Office for Project Services guidelines¹³ for the design and implementation of sustainable infrastructure, currently reaches a level of approximately 80%.¹⁴ The Kenyan road is budgeted to be upgraded to four lanes for a 6km stretch and the new Kenyan Customs IT system to replace SIMBA¹⁵ is due to roll out in July 2017.

Of the three OSBPs evaluated, Busia is the most effective in achieving time reduction in cross-border traffic by utilising the new infrastructure and IBM. Cross-border time comparisons show that crossing time has considerably improved from 2011 to 2016.¹⁶

Table 5: Busia vehicle crossing time reduction

Crossing	2011	2016	Time reduction (%)
Kenya/Uganda	14 hours	3 hours	78.6
Uganda/Kenya	2.6 hours	0.2 hours	92.3

Source: TMEA Busia time and traffic survey

The Transport Observatory Report of November 2016 and the Poree impact study cited above emphasised the substantial time saving in using the border crossing which has had a considerable impact on trade facilitation and should provide economic benefit for users of the border post. This can be exemplified by the practice of cross-border traders who can now make a simplified declaration at the OSBP and import/export legally. It requires a maximum of 10 minutes for clearance purposes and there is no harassment reported for users of legal and official procedures. Intra-regional trade has benefited, particularly that emanating from Mombasa Port and destined for Uganda, Rwanda and beyond. The transport time from Mombasa to Kampala has been reduced from seven days in 2012 to five days in 2016¹⁷ and TMEA's support to the OSBPs as well as other activities can claim to have made a significant contribution to this improvement.

The Busia border area is considered by Border Police to be extremely porous and there is considerable informal trade carried on by circumventing the OSBP. The large majority of such traders are women and they have suffered both sexual harassment and demands for goods or money in exchange for covering up or allowing illegal border crossing. The individuals interviewed provided the

¹² World Customs Organisation (2014) Guidelines for Establishing Effective Transit Schemes (for Landlocked Developing Countries).

¹³ United Nations Office for Project Services (2011) Infrastructure Project Implementation Manual.

¹⁴ This level has not been measured based on indicators but represents the experts' informed judgement based on the evaluators' decades of international experience.

¹⁵ Not an acronym but named after LION.

¹⁶ Nick Poree and Associates (2016) *Final Impact Survey Report Busia Border Post*.

¹⁷ Transport Observatory Report.

mission with an estimate of 25% of the previously illegal trading population now using the simplified, legal scheme. From a total of approximately 10,000 individuals involved, this means that 7,500 traders were still crossing the border illegally, per this informal estimate.

With the Simplified Trade Regime and the associated Simplified Certificate of Origin many of these female traders can now use the formal route through the OSBP, presumably without facing harassment and other barriers. The maximum value of goods is US\$ 2,000¹⁸. The main users of the scheme are Ugandan. Small traders we interviewed estimate that there has been an important improvement for at least 70% of those traders who started using legal procedures. This improvement is also supported by facts like the constitution and expansion of co-operatives and associations (individual case studies are in Annex 3).

Box 1: Busia trader testimony



*Florence Atieno,
chairperson of the
WCBTA, Busia, Kenya*

Business training courses have been delivered through the associations with the assistance of TMEA and there are facilities for those wishing to take advantage of the Simplified Trade Regime provided also by TMEA. The traders interviewed were ambitious and anxious to encourage informal individuals (smugglers) to join with them.

Sustainability

There are some concerns on the sustainability as although the TMEA intervention has proved effective and Busia provides a good model for TMEA, further support will prove worthwhile and provide additional cost saving, particularly via the creation of new entrance lanes to the OSBP.¹⁹ Further investment is necessary to make certain that the road into Busia at the Kenyan side is 'streamed' with three lanes to the exit/entrance gate. Moreover, ensuring an uninterrupted power supply and adequate water supply must be tackled with urgency.

2.2.5 Conclusion and recommendation

The OSBP at Busia is now a good template for new OSBPs in the EAC. It provides reduced clearance times both for entrance and exit of cargo and passengers. It is in line with international best practice and now only lacks a suitable channelled road structure at both sides of the border.

¹⁸ The comparable COMESA limit is currently at US\$ 5,000.

¹⁹ The improved road access means the additional cost of the new road will provide additional VFM.

It is important to ensure that traffic flows into the OSBP are divided into cargoes that require intervention (Red and Yellow channels) and those that can immediately be released by Customs (Green and Blue channels). It is also essential that Customs IT systems can interface and that information is seamlessly transmitted from the exporting to the importing Revenue Authority to ensure fast clearance, permitting single instead of duplicate documentation.

The formalisation of informal cross-border trade should be encouraged and efforts should be made by both revenue authorities to publicise the advantages of the simplified procedures. This can be done through radio, brochures, newspapers and posters with minimal cost. Assistance to the co-operatives and trade associations to encourage individuals to join should also be offered with a view to encouraging growth in the local economy and improving women's economic opportunities. By encouraging formalisation, as described above, both revenue authorities and small traders gain.

As both Customs IT systems are web based, businesses should be encouraged to submit Customs declarations well in advance of arrival at the OSBP. This will enable a risk assessment to be carried out prior to arrival and the cargoes allocated a Customs channel (Green, Yellow, Red and Blue) as soon as they approach the three new lanes. This will considerably aid traffic flows through Busia and further reduce transit times by about 50% for compliant operators.

Consideration should be given to providing facilities for body search, external and internal, as a preventative measure to discourage narcotics smuggling and a baggage scanner to facilitate Customs clearance. These recommendations will benefit the revenue authorities, transport operators and cross-border traders.

We are aware that these latter recommendations do not touch upon topics directly related to trade, but to our understanding they are part of a wider IBM approach and contribute to safety at the OSBPs which is a trade-enabling condition.

2.3 Malaba case study

2.3.1 General description of Malaba OSBP and the context of TMEA assistance

Malaba OSBP is the primary border crossing in the Northern Trade Corridor between Kenya and Uganda, which runs from Mombasa Port through Uganda, Rwanda and Burundi and further through to the DRC. It is situated on each side of the Malaba River – the natural border at this location – and the crossing point is by bridge. This is the main crossing point between the two countries. Malaba carries a significantly greater traffic volume than Busia OSBP, averaging 8,996 traffic movements/week – roughly 3.5 times that of Busia. The OSBP design was developed by the World Bank, who financed most of the infrastructure construction work. World Bank financial resources have not been sufficient to finalise the construction work, however. At an initial stage of the Bank's work on this OSBP, TMEA was requested to implement the IBM projects listed below and limited its contribution only to these. After the withdrawal of the World Bank from the construction work, however, TMEA took over the finalisation of construction work (additional to what the World Bank had already financed) at the request of the Kenyan and Ugandan governments.

Projects reviewed:

- Project Code 0938 IBM Kenya
- Project Code 1061 IBM Uganda
- Project Code 0953 Additional Construction

2.3.2 Infrastructure

The OSBP is sited on each side of the border river and its sites are joined by a road bridge, which at the time of writing (March 2017) is being replaced by a new construction. The building on the Ugandan

side is complete and functioning in accordance with expectations. Because of a lack of queuing space on the exit road from this side, Customs release is not affected until a further URA office is reached, approximately 1km down the public road to Kampala. This area is not part of the Customs Designated Area and there will be problems concerning *legal vires* as Customs have no legal authority beyond the exit gate. There are adequate non-intrusive examination facilities with both a fixed and a mobile x-ray scanner. Once the new bridge has been completed there will be room for vehicles to park to wait for formal Customs clearance without using the public road.

At the time of the review in March 2017, the OSBP construction on the Kenyan side is partly finished but requires a considerable amount of remedial work to make it effective. TMEA took on this project from the World Bank as the loan was exhausted before work could be completed. The contractors have not completed the original work planned by World Bank as they have not been paid and, as a consequence, sub-contractors have still to carry out contracted tasks. TMEA is now in a position to re-organise the contract and was negotiating with the contractors at the time of the field visit for this evaluation (March 2017). The approach and exit roads on the Kenyan side are still being constructed and the area is a 'work in progress'. The OSBP building (designed under the World Bank project) is much too large given the amount of cargo and passengers currently using it and other uses should be scoped for the extra area, such as duty-free shops, banks, etc.

It is not yet possible to evaluate the contribution made by TMEA to the effectiveness of Malaba OSBP as TMEA has only recently formulated a plan for carrying forward the remedial work. This will be finalised in time for the performance evaluation missions in 2018. Once this work has been completed it should have a significant effect on staff morale and will also contribute to a more efficient clearance process.

Forward planning on the part of TMEA, particularly on the entrance road from the Kenyan side, will ease traffic congestion and decrease crossing time by an expected minimum of at least 30%.

2.3.3 OSBP operations

Due to the restricted traffic flow caused by the current poor infrastructure on the Kenyan side and the additional waiting time for clearance at the Ugandan border, the crossing time at Malaba has increased substantially. In a survey conducted from April to September 2015 the crossing time averaged 5.5 hours, which compares unfavourably with the survey carried out over the same period in 2016 when the average crossing time was found to be 9.7 hours.²⁰ This increase is in no part due to TMEA work or projects, however, but is rather a result of the abandonment by the World Bank and should be regularised once TMEA's assistance comes to fruition.

There are no cold storage facilities for perishables or other goods that need to be kept at ambient temperatures at either side of the OSBP, although the URA has indicated they would be released to cold storage in Kampala under the Customs warehousing regime and TMEA themselves report that "perishable goods are conveyed in refrigerated trucks and expeditiously cleared". The lack of these facilities is due to flawed planning by the World Bank.

Again, there is no interface between the Customs IT systems and therefore avoidable duplication on processing, contributing to long crossing times. The current process of replacing the Kenyan SIMBA system offers the opportunity to build the capacity to interface with the web-based Ugandan system, a step which should ease the current transfer of information problems.

²⁰ Northern Corridor Transit and Transport Coordination Authority, Transport Observatory Report, Issue No. 9, November 2016, Figure 35, page 52.

2.3.4 Implementation progress

Table 6: Malaba summary findings

Project	Main project activity and output	Main outcome	Relevance	Effectiveness	Current sustainability rating	Key factor of success or failure	Strength of evidence
0938 -IBM Ken	IBM systems and training	Clearance time reduction	Green	Amber	Amber	Weaker commitment of KRA	Amber
1061 -IBM Uga	IBM systems and training	Clearance time reduction	Green	Green	Green	Stronger commitment of URA	Amber
0953 -Cons. Ken	Construction	Completion of World Bank OSBP project	Green	Amber/Red	Amber	Inherited from incomplete World Bank project	Amber/Red

Source: Author's compilation, based on evaluation findings

Relevance

This project is highly relevant given the almost doubling of border-crossing times due to the current infrastructure-related problems. The need and appropriateness of the OSBP is without question. However, TMEA's contribution can only be assessed once work on the infrastructure has restarted and the remedial work to the OSBP on the Kenyan side has been completed.

Effectiveness

The two main projects on IBM show good implementation progress, while the completion of the bridge and road networks coupled with the refurbishment of the Kenyan side are in hand and should be completed before the end of 2017 but at the time of the visit, the evaluators had concerns remained on whether all activities would be completed. Permanent fibre optic cabling linking the two administrations will be enabled through conduits in the new bridge and the interface between the IT systems should also be finished within this timescale. We consider that the project should produce the necessary crossing time improvements and increase the level of trade facilitation to a level consistent with international best practice.

As the Malaba OSBP construction was a World Bank-funded project that is being carried forward by TMEA to completion it is not possible to give a precise judgement regarding the specific contribution of TMEA's effectiveness or what would have happened in the absence of TMEA.

Table 7: Malaba – revised projects budget expenditure progress (December 2016)

Project Code	Start date	End date	Budget (000') US\$	Expenditure as at Dec 2016 (000') US\$	% of budget expenditure	Status
0938	1/6/14	31/12/17	478	256	53.6	Active
1061	1/4/12	31/12/17	600	511	85.2	Active
0953			1,700 ²¹	0	0	Active

Source: TMEA

²¹ The project database from which these data are drawn lacked figures for project 0953.

There is a small amount of cross-border trade at Malaba but, given the time constraints for this mission, no cross-border traders were identified for interview. Formalised cross-border trade is virtually non-existent and if there is any at all its levels are certainly below that observed in Busia. It is important to consider that in Busia TMEA carried out explicit work in support of cross-border women traders but did not do so in Malaba.

Since Malaba was initially a World Bank project, in agreement with the revenue authorities and the Bank, TMEA's participation was initially limited to IBM, meaning there was no gender-related support for efforts for formalising and legalising small-scale cross-border trade.

We have not been able to reach a definitive conclusion on the effectiveness of Malaba, given the stage of overall progress of reform work at the OSBP which is in progress and crossing times that have consequently increased. All the building blocks are ready for implementation but it is not currently the time to make a comprehensive evaluation, particularly as TMEA's contribution is still to take effect. When road construction is completed and the bridge crossing of the Malaba River (funded by the GOU) is open, the OSBP should become properly functional, particularly when Customs release at the Uganda exit gate is rationalised by abolishing the remote public road Customs clearance post. When TMEA further enhances the building on the Kenyan side of the OSBP, the increase in trade facilitation and cross-border crossing times as planned by TMEA will then be realised.

Sustainability

While the strength of evidence for this evaluation was limited by the length of visit, as in Busia there is an excellent relationship emerging between KRA and their Ugandan counterparts at the URA as well as between the other agencies operating at the border. Such relationships are encouraged by TMEA and would suggest good sustainability of the OSBP and the amber rating on the Kenyan side of operations reflects the relatively stronger commitment observed on the Ugandan side for the implementation of the IBM systems training and capacity building.

2.3.5 Conclusion

The figures provided by the Transport Observatory show Malaba to be the main crossing point for trade between Kenya and Uganda, with through trade to other EAC member states and DRC. This World Bank initiated intervention is considered to be highly relevant and is expected to be effective. Further assessment is required at the performance evaluation stage to assess the extent to which the programme level outcomes of enhanced capacity and efficiency of transport infrastructure have been achieved.

2.4 Mirama Hills case study

2.4.1 Description of Mirama Hills OSBP and the context of TMEA assistance

Mirama Hills/Kagitumba OSBP is situated at the border crossing between Uganda and Rwanda. Unlike the Busia and Malaba OSBPs it is only open between 7am and 8pm and effectively closes at 6pm. It is designed to relieve the pressure on the main OSBP at Gatuna/Katuna and provide a shorter journey time for Northern Trade Corridor traffic. The OSBP is directly approached from Kigali by a good quality road and the exit road to Ntungamo in Uganda, which stretches 37km and is not fully tarmacked. The roads to and from this OSBP is not at as steep a gradient as that of Gatuna/Katuna and it is expected that it will become the primary border-crossing point once its surrounding road network is fully operational.

Projects reviewed:

- Project Code 1053 IBM Uganda
- Project Code 1219 IBM Rwanda
- Project Code 1511/2 Construction

2.4.2 Infrastructure

The two OSBPs are co-located and connected by an internal roadway. The two identical buildings²² are a mirror image of each other and the area is surrounded by a high security fence. The building design resembles an airport terminal with an arrivals hall capable of dealing with 500 passengers at any one time. There is a security staff post on one side at the entrance to the hall and a health check area, fully equipped with a pharmacy (no drugs) and wards. The accommodation can house six patients. The main area of the hall has six Immigration booths leading then to a large Customs baggage examination area.

The cargo inspection area is separated from the hall and has three bays for unloading cargo, a high security safe, a cold room and an office. There are two separate levels containing offices and a large boardroom/training room. There is a laboratory for the use of the Bureau of Standards.

On the Rwandan side of the border, outside the main building area there is a makeshift security area at the entrance gate from Uganda. This area is roofed with canvas and is used by security staff for the physical examination of passengers' baggage.

The entrance/exit road on the Ugandan border is in the course of construction. Even taking into consideration the assumed increase in traffic volumes on completion of the road, the design is not appropriate for purpose. It appears more appropriate as a passenger terminal with a small throughput of cargo instead of the reverse but given the type of expected border use this OSBP should have greater trade cargo handling and processing facilities. The evaluation team considers this less than optimal.²³

2.4.3 OSBP operations

The volume of traffic through this OSBP is minimal, amounting to circa 300 vehicles per week, 200 of which are passenger vehicles.²⁴ Access from Rwanda from the Kigali road is excellent but the road on the Ugandan side is still in the course of construction and the low volume of traffic is attributed to this factor. The OSBP is open from 7 am to 8 pm, with a one-shift operation that effectively shuts down at 6 pm. There are four Immigration officers, four Customs officers, one health officer and eight security officers for each authority. Rwanda also has two Bureau of Standards officers.

There have been no Customs examinations of cargo by URA since the OSBP opened although the Rwanda Revenue Authority (RRA) performs cargo inspections. There have also been no examinations by Ugandan Bureau of Standards as there are no Bureau staff allocated to the OSBP. There is close cooperation between the agencies from each country and RRA offers the use of its laboratory to URA if required. Both Customs IT systems are ASYCUDA World but are not interfaced with no current plan for any integration.

²² The description of the infrastructure is based on the Kagitumba (Uganda) side.

¹⁹ This finding suggests as well that the PAR process, on which the TMEA Board approves projects over US\$ 1mn, does not guarantee good design, even when assembled by experts. This OSBP design was done by an airport specialist, who is knowledgeable of designing buildings for huge amounts of persons rather than for huge amounts of cargo.

²⁴ Time/Traffic Survey report, Mirama/Kagitumba Border, Lillian Muhebwa.

No activities were observed on either side of the border as there was a lack of vehicles or passengers. Health and security staff on the Ugandan side were on a lunch break and there was no Customs presence, with only one Immigration booth staffed.

There are no facilities for passengers' baggage inspection, such as baggage tables for the opening and inspection of cases etc., and no barriers to prevent access to outside prior to making a Customs declaration.

2.4.4 Implementation progress

Table 8: Mirama Hills summary findings

Project	Main project activity and output	Main outcome	Relevance	Effectiveness	Current sustainability	Key factor of success or failure	Strength of evidence
1053 - IBM Ug	IBM systems and training	Clearance time reduction	Green	Amber/Red	Amber/Red	Weaker commitment of URA	Amber
1219 - IBM Rw	IBM systems and training	Clearance time reduction	Green	Green	Green	Stronger commitment of RRA	Amber
1511/12 -Cons. Kn	Construction	New OSBP compound	Green	Amber	Amber	TMEA approved design	Amber

Source: Self-compiled based on evaluation findings

Relevance

As with the other OSBPs Mirama Hills is a relevant intervention which fits with the TMEA mandate and has met with the needs of the stakeholders. The flaw in design does not make the need for the OSBP any less relevant.

Effectiveness

The physical infrastructure has been completed with only the completion of the access/exit road on the Ugandan side to provide the final key. Completion of the road is predicted to occur within six months when it will be completely tarmacked. All planned TMEA infrastructure, buildings and internal road system, together with entrance/exit gates, are operational and all facilities planned have been completed.

The budget for this project was US\$ 1.33 million for IBM and this has mainly been utilised, as has the infrastructure budget of US\$ 16.75 million.

Table 9: Mirama Hills – revised projects budget expenditure progress (December 2016)

Project Code	Start date	End date	Budget (000') US\$	Expenditure as at Dec 2016 (000') US\$	% of budget expenditure	Status
1053	1/11/12	30/6/17	615	576	93.7	Active
1219	1/7/11	28/2/17	718	665	92.6	Active
1511	1/12/09	28/2/17	9,389	9,377	99.9	Active
1512	1/7/11	30/6/17	7,363	7,330	99.6	Active

Source: TMEA

The decision regarding the size of the new OSBP building was based on the assumption that the large majority of traffic currently using the Gatuna/Katuna border crossing will switch to this OSBP once the final segment of access road to Mirama Hills has been completed (planned for July 2017). It is therefore not possible, at this time, to make a judgement on effectiveness until that assumption is either proved or disproved.²⁵

According to our international experience and informed judgement, even an achievement of the expected 60% shift in traffic volumes from other border crossings to Mirama Hills would still not justify the building's design and size.²⁶ Rather it would lead to a back-up in cargo examination as facilities like the unloading bays do not have the capacity to deal with that quantity of discharge of goods from vehicles. Office space, the number and size of rooms is also not commensurate with the additional agency staff that would be required to deal with the increased volume and opening times. In short, then, there is likely to still be significant over- capacity.

The project exceeds the needs of an OSBP for passengers but could possibly fail for cargo throughput.

Mirama Hills is a porous border and there is a considerable volume of informal trade. No programme for formalising this trade by either TMEA or the border agencies has been initiated due to the low volumes of passengers, buses and vehicles through the OSBP. There is therefore no similarity with Busia. There is anecdotal evidence of harassment due to the lack of female search officers for Security, Customs and Police but there is nothing substantive and no suggestion that this is widespread.

Sustainability

Questions have been raised on the suitability of this OSBP which needs to be validated during the performance stage of this evaluation in 2018 to provide an accurate assessment and determine whether the facility will be sustainable or run at excess capacity.²⁷

²⁵ An internal TMEA document called 'ANNEX 1 - Mirama Hills - Analysis of Traffic Studies' states on page 15 and 16: 'The Annual Average Daily Traffic at Mirama Hills is 264 vehicles per day [including nine trucks and six buses]. Most of this traffic does not cross the border save for trucks and buses, which mostly cross the border. This data is for both directions (north bound and south bound). Out of this traffic only 20 vehicles per day cross the border in both directions [commercial vehicles – 10, Buses – 3 and private vehicles – 7 No.] as per URA records.' And on page 16: 'The Annual Average Daily Traffic at Mirama Hills in 2034 [in both directions] is estimated at 2,377 vehicles per day [including 358 trucks and 52 buses]'.

²⁶ TMEA argues, as outlined in the previous footnote, that traffic flow could increase to approximately 350 trucks and 50 buses per day by 2034. At the same time TMEA argues on a different matter that OSBPs might not be in use beyond the end of the 2030s (when traffic could still be lower). Note that other sources estimate a traffic increase of only 40%. Any increase would be spread over the day so that the increase of services to be made available at any given moment would probably not go beyond 30%.

The OSBP between Lithuania and Kaliningrad (Russia) is probably a reasonable comparison. This OSBP deals with 1,500 passengers per day and 1,200 vehicles per day. The infrastructure is one-third of the size of Mirama Hills for passengers and has six inspection bays for vehicular traffic with an x-ray scanner. It is an external OSBP and intelligence has identified a consistent number of vehicles smuggling counterfeit goods with a consequent increase in the norm for cargo inspection.

The x-ray scanner eliminates the need for an extra four inspection bays.

²⁷ Based on the Time and Traffic Survey of September/October 2017:

- 115% overall increase in traffic since completion of the road
- Total number of trucks crossing the border from 70 in 2016 to 147 in 2017
- Total crossing time from Rwanda into Uganda reduced by 87%
- Total crossing time from Uganda into Rwanda reduced by 62%

The increased flow of cargo, emanating from both sides of the border, has been handled fairly successfully a few months after the completion of the road – a 87% of reduction in crossing time into Uganda and 67% into Rwanda have been achieved since the last survey.

Once the road is completed the OSBP should be staffed for a 24/7 operation and full publicity should also be given for the new and improved crossing, thereby encouraging as many people as possible to switch from Gatuna/Katuna.

2.4.5 Conclusion

On the basis of the visit undertaken in March 2017, the OSBP seemed oversized and is unlikely to reach an utilisation level equal to full capacity. It is not possible to evaluate whether it will meet the criteria of improving border-crossing times until a reasonable traffic volume is established, hopefully once the new road has been completed. The performance evaluation in 2018 will provide new evidence regarding this concern.

The main lesson for future projects is the urgent need to review the design of a building before commissioning. The number of passengers and the quantity of goods to be processed and the complement of official staff need to be taken into consideration and a comparison made with other regional OSBPs. The current construction would satisfy the needs of an intermediate-sized international airport but does not satisfy the standards for an OSBP, even were it sited on an international border.

2.5 Principal Findings OSBP

2.5.1 Overall Evaluation Assessment DAC Criteria

Table 10: Evaluation Summary OSBP

Criteria	Rating	Comment
Relevance	Green	<p>The OSBP are critical strategic assets contributing to increased physical access to markets.</p> <p>The OSBPs fit with the TMEA mandate and have met with the needs of the stakeholders. The OSBPs provide the possibility of a faster transit of goods and persons by reducing the documentation required for clearance by customs and the other relevant Government agencies.</p> <p>As identified in the political economy analysis (report 6A), in contrast to other donors, TMEA has concentrated on ensuring that the OSBPs are functioning. This has gained TMEA political profile in most East African countries, notably in Uganda and Kenya.</p> <p>TMEA interventions are part of wider logistics and operational systems where the sum of the parts is critical to securing material and lasting benefits. The potential gains from the OSBP's in terms of transit time and volumes while showing early indications of good performance need to be confirmed in the long term.</p>
Effectiveness	Amber	<p>The performance of the three OSBPs visited is mixed. The key measure of effectiveness can be considered to have been achieved in terms of the expectation of increased trade volumes and lower transit terms resulting from TMEA's support to the OSBPs. Work plans and outputs were substantially implemented and largely within reasonable tolerances given the challenging project operating environment. There were some project delays and cost variations but these were not critical to the overall direction of the project. The actual outputs and milestones varied somewhat as circumstances evolved. Planned outputs including construction work, planned capacity building activities under IBM have been fully delivered, occasionally slightly behind schedule but without major concerns.</p> <p>Of the three OSBPs evaluated, Busia is the most effective in achieving time reduction in cross-border traffic by utilising the new infrastructure and IBM. Cross-border time comparisons also show that efficiency has considerably improved from 2011 to 2016 with most notably a reduction in the average crossing time from Kenya to Uganda from 14 to 3 hours.</p>

Criteria	Rating	Comment
		There are major questions on the potential effectiveness of the Mirama Hills OSBP. According to the team's experience and informed judgement, even an achievement of the expected 60% increase in traffic volumes from other border crossings to Mirama Hills would still not justify the building's design and size The estimation and distribution of the time and cost saving will need further validation and assessment from the performance assessment.
Learning and sustainability	Amber	The weaker element around OSBP projects is not the output delivery as such by TMEA or its implementing partners but the level of commitment of beneficiary institutions at the border posts to fully staff and equip the new OSBP buildings with trained staff and all required equipment and resources. There is room for improvement of M&E systems and evidence capture. In particular the M&E system could be strengthened to capture more detail on benefit streams and the contribution of the TMEA supported investments to the OSBPs performance.

2.5.2 Response to Evaluation Questions

Box 2 below discusses the meaning of the above findings regarding the evaluation questions as far as the project reviews contained in this report can provide. These answers are relevant to the project-level results while answers to the programme-level results are preliminary as they will be assessed in phase 2

Box 2: Summary responses to evaluation questions for OSBP findings (all three case studies)

HEQ2: Have the port and OSBP projects been effective in delivering their outputs and achieving their trade outcome objectives?

Outputs have been delivered effectively in terms of the completion of the construction activities and capacity building and the expected outcomes have already been achieved at one of the visited OSBPs (Busia) and progress towards the expected outcomes in terms of reduced transit time can be observed in the other two OSBPs, which show potential to achieve the expected outcomes in the future, once construction works still ongoing in or around the border posts are finalised. Performance evaluation in Phase 2 will explore the specific contribution of TMEA to the observed outcomes for selected projects and overall programme.

DEQ2.6 Have the OSBP projects delivered their outputs?

Mainly. Malaba is still 'work in progress'. Deficits at Malaba however are not TMEA's responsibility but were inherited from a previous World Bank project (partially failed because incomplete).²⁸. The Mirima Hills project design is not appropriate.

DEQ2.7 Have the OSBP projects achieved their objectives in reducing trade time and costs?

Mainly, with the current exception of Malaba where time and costs have temporarily increased due to still ongoing construction works. Once this construction work is completed time and trade costs are expected to decrease importantly as a result of the reduced transit time. The performance evaluation scheduled for 2018 will shed more light on this DEQ.

DEQ2.8 Have the OSBP projects achieved their objectives in increasing market access?

Yes, but only partially. Market access as measured by increased trade volumes has demonstrably increased at Busia but for the other two OSBPs visited the results are less clear. The potential for future market access increase clearly exists, however, and might require more time to materialise. Further validation is required.

DEQ2.9 To what extent is trade impeded by outmoded Customs, Immigration and other administrative practices at the border? *The risk assessment principles and pre-arrival declarations to customs systems are*

²⁸ The World Bank project fell short in financial resources before finalisation. It has failed in the sense that not all planned outputs could be delivered. In consequence, outcomes fall short as well. TMEA, which had originally been involved in providing only IBM support to the World Bank project, raised additional funds, allowing the incomplete construction work from the initial project to be completed.

Box 2: Summary responses to evaluation questions for OSBP findings (all three case studies)

used by Customs but their use is not optimal; suggesting that there is considerable room for improvement. This type of declaration would allow goods to be cleared before arrival at the OSBP, providing thus possibly further time reductions for border crossing.

DEQ1.3 What constraints were/are encountered in achieving the outputs? What are the main reasons for non-achievement of the outputs (if any)?

Planned outputs (construction work and planned activities under IBM) have fully been delivered, occasionally slightly behind schedule but without major concerns. One possible area for future improvement is the interface of the different national Customs systems. The Customs systems are to date not interfaced, which means that two declarations (one for exit and one for entry) are still being processed. Interfacing Customs systems could further reduce time for border crossings.²⁹

DEQ1.4 Who were/are the main beneficiaries of the outputs? Are there organisations or groups of people who are negatively affected by the outputs?

Cross-border traders with greater market access and hindrance-free crossing and transport operators with reduced clearance times are the main beneficiaries. There is also some benefit for small local traders (formalising partially their business procedures and in some cases increasing their volumes of local small-scale border trade) but they cannot be considered to be main beneficiaries. Public sector institutions present at the border posts (e.g. Customs, Migration, Standards, among others) are benefiting as well from the projects since they are being enabled to provide a higher quality of service to OSBP users. The evaluation has not identified any major and legitimate stakeholders who have been adversely affected by the OSBPs.

DEQ1.5 To what extent have supported organisations (i.e. the implementing partners) built capacity and capability on relevant trade-related matters?

Revenue authorities and other border agencies (mainly Customs, Migration, Police, Standards and Health) have increased capacity to provide services more quickly and at a higher quality, based on the (ongoing) development of additional capabilities in practice through 'in-house' laboratories and medical facilities at OSBPs. In addition to the capacity building of individual agencies (through new and generally adequate buildings, office space and equipment plus staff training), the fact that TMEA has brought all institutions from both sides of the border together under one roof produces benefits for OSBP users given the resultant improved cooperation between the agencies present at the border.

DEQ1.6 To what extent has TMEA been able to achieve expected outcomes (for finalised projects) and what is the general likelihood of ongoing projects achieving their outcomes?

The expected outcome of time reduction is expected to be achieved,³⁰ but requires validation in the performance evaluation.

DEQ5.15 What has the impact been on corruption across the various components, notably at border crossings?

With the encouraging of the formalisation of (small-scale) cross-border trade, the individuals using the offered procedure of a simplified customs declaration are no longer forced to make corrupt payments or face the risk of other types of harassment to cross the porous borders at Busia and Mirama Hills. The increased use of Customs IT systems clearly reduces the opportunities for corruption because of the reduction in physical contact.

DEQ1.10 Are the M&E tools and processes in place appropriate, both in terms of results and in terms of finances. How could they be strengthened?

At the revised OSBP projects adequate financial controls are in place to monitor construction costs and procurement. There is also monitoring of performance by construction companies, both main and sub-contractors. There are no records kept of cross-border business to identify, by registration, individuals and number of crossings (this could however easily be done using the certificates of origin issued to small traders as a basis for this counting). There is an office in Busia that provides traders with advice on border-crossing

²⁹ TMEA reports that these systems are now successfully interfaced, though this has not been independently verified.

³⁰ Given the ongoing construction work in Malaba and Mirama Hills, the Malaba crossing time increased and Mirama Hills crossing time has reduced but is still not yet at its full potential.

Box 2: Summary responses to evaluation questions for OSBP findings (all three case studies)

procedures but it is resourced with volunteers and records are not accurate. It may be feasible to provide funding to ensure that this office is fully staffed and adequate IT facilities are provided.

DEQ4.5 To what extent has the programme benefited women and girls (noting that the programme design did not purport to benefit them equally)? Have there been any negative consequences for women and girls? Has the programme had an impact on relations, including power and influence, between girls/women and boys/men? How could the programme increase benefits to women and girls within its trade focus?

Women form the majority of local small-scale border traders. They benefit clearly from the OSBPs in two ways. The OSBPs and their IBM procedures establish the basis and the opportunity for a relatively easy formalisation of small-scale trade, which has proved to reduce the risks and the occurrence of harassment and corruption. Continuing advice and support services for further formalisation of small-scale border trade would continue producing benefits. The evaluation team has not found strong or widespread (but some impressionistic evidence) that power relations inside small border trade would be shifting from men to women (between traders). Power relations between authorities and female traders have, however, improved importantly for all women who started to formalise their businesses and operations. Some evidence of this is presented in Annex 3 from the case studies shown.

3 Ports case studies

3.1 The Context

Deep-sea cargo ports are a *critical and necessary* part of international trade facilitating infrastructure: the majority of freight (by volume and value) is often transported by sea through designated import and export ports. Ensuring “gateway” ports have sufficient capacity to handle trade is essential to economic growth; capacity is determined through adequate physical assets (quay length, yard area, equipment) and importantly operational efficiency. The latter is “mission critical” and requires a “seamless” logistics chain whereby the flow of goods through the port system – from inland access infrastructure, port gates, yard and quay, and maritime access – is efficient and reliable to minimise transport cost.

The achievement of sustained transport cost minimisation is constrained by the weakest link in the logistics chain. International evidence is compelling on how to secure the best port performance in terms of efficiency and cost reductions: the adoption of a landlord port model with private sector cargo handling operations typically based on international competitive bidding for long term concessions (at least 25 years). In general, capacity enhancements and efficiency improvements are most *effectively and sustainably* provided by private sector operators. Thus, best practice port reform and modernisation initiatives are generally focused on the transition to a landlord port model, port management improvements and assisting with developing and implementing Public Private Partnerships (PPP).

There is a strong public interest in ensuring that ports operate efficiently and safely, that fair and competitive services are provided, and that ports support and foster economic development locally and nationally. Competition between ports in East Africa – typically between Mombasa and Dar es Salaam, which is the focus of our evaluation – will control the proportion of traffic captured by each port and the shape of its ‘natural’ hinterland based on prices at the port and the costs of transport to reach that port. It appears that, although Mombasa remains the dominant port, some trade has switched to Dar es Salaam and that there is increasing airfreight into the region, particularly to Kampala, which is having a disruptive affect on trade patterns. A competitiveness of both ports is linked increasingly to their ability to ship raw materials, intermediate goods, and final products efficiently and economically. They are being forced by competitive pressures to step into a landlord and regulatory role, focusing on administrative activities that public entities do best.

Inherent non-tariff costs are also relevant, particularly delays affecting the transport logistical chain. Efficient procedures can be important here such as reducing documentary processes. Therefore, combining improved infrastructure with improved organisational efficiency in ports should achieve faster throughput times and generate a ‘value of time savings’.

However, a note of caution is offered here in respect of port tariffs. At Mombasa and Dar these are infrequently changed, consist of old and outdated structures and bear little relation to the true costs of operations. Only trade growth can keep port finances in good order.

Trade has been increasing at both ports owing to economic growth, although it should be noted there has been a brief reduction at Dar in the last year (-5.2%) as a result of the adverse responses of some users to changes in procedures introduced to inhibit corruption (i.e. high levels of scanning and containerised cargo inspection). It is also generally accepted that direct port costs comprise a small part of the total transport chain costs and other influences play important roles.

Increasingly, models as to setting business cases for such investments are being derived and supported by transaction advisers such as Ernst and Young (EY) at Mombasa and Maritime Transport Business Solutions (MTBS) at Dar. An extension of this policy should become standard TMEA

practice when considering project infrastructural investment. Such appraisals are usually required to satisfy donors and institutional lenders such as the European Investment Bank (EIB), French Development Agency (AFD), European Union (EU) and DFID at Mombasa and the World Bank and DFID at Dar. Both approaches have required collateral investment in the projects by KPA and TPA.

3.2 TMEA Strategy

The port components come under the strategic outcome (SO1): “Increased Physical Access to Markets”. SO1 is to be delivered at the ports by supporting infrastructure investments with grant aid and through feasibility studies and other studies and TA conducted by international consultants also funded by TMEA. The primary outcome is expected to be “reduced trade costs” arising from two sub-components:

- Increased efficiency of transport infrastructure, and
- Increased capacity of transport infrastructure.

These capacity and efficiency improvements should then contribute to increased trade and job creation, and feed through to poverty reduction, provided that the efficiency gains are not retained as rents by transport hauliers or port operators. (See Figure 1 ToC and Figure 2 Impact pathway).

The TMEA TOC was premised on the following hypotheses in the first corporate strategy plan for the period 2010–2016: If trade costs are reduced in East Africa, businesses will become more competitive; which will lead to increased trade; which will contribute towards increasing economic growth; which will contribute toward reducing poverty in the region. Subsequently, the TMEA Corporate Strategy 2017–2023 of 8 November 2016 redefined the TOC as follows: ‘TMEA’s overarching goal is to increase sustainable, inclusive prosperity in East Africa through trade.

The first phase as set out in TMEA’s corporate strategy for the period from 2010 (the year of TMEA’s formation) to June 2017 for projects initiated during that period. Some of these projects are now completed and ‘closed out’ while some are classed as ‘ongoing’. For both Mombasa and Dar ports, the focus has included ‘hard’ investment in infrastructure and ‘soft’ assistance based on feasibility studies for infrastructure (berths 11–14 at Mombasa and berths 00 and 1–7 at Dar). Additionally, there have been ‘soft’ studies and initiatives to improve the efficiency of use of existing infrastructure.

At both ports, TMEA started with a series of minor civil works projects such as road reconstructions within and near to the ports and gate access improvements. Experience and confidence has been gained by the TMEA teams in focusing on procedures for recording, monitoring and controlling project expenditure and results. Increasingly larger ‘hard’ investments are therefore now being undertaken and TMEA’s role as a catalyst to sponsor, initiate and facilitate further donor finance in port investment has been achieved. Some examples of projects leveraged include support to Mombasa port by the European Investment Bank and French aid (AFD) and investment in the Kipevu Road project at Mombasa with KPA funding.

Including the budgeted expenditure for year end 2015/16, the actual and projected spend on the reviewed projects would be US\$ 47.55 million at Mombasa and US\$ 12.72 million at Dar. Dar has lagged behind Mombasa in the pace of progress. In each case the first work involved civil works infrastructure spending which were supported by technical assistance and capacity building projects.

3.3 Mombasa Port case study

3.3.1 Projects Reviewed

Annex 1 includes a summary of the priority SO1 projects at Mombasa Port as prepared by TMEA. The most descriptive resource for these is a brief on ‘Improving Mombasa Port Performance’ of April 2016,

which is also to be found in Annex 1. Selected aspects are also shown below to indicate TMEA's perception of the expected outcomes and outputs.

The following projects were reviewed as part of the field data collection in March 2017:

- 0911 Mombasa Port Infrastructure
- 0931 Mombasa Port Reform Dialogue
- 0939 Mombasa Port Productivity Improvements
- 0940 Mombasa Port Legal and Regulatory Reform
- 0942 Port Reitz Road Improvement

3.3.2 Port operations

KPA is empowered by the Kenya Ports Authority Act 1978 to carry out operational activities at the ports it controls. Mombasa is one of those ports. Not only is it the most important port but also the primary source of revenues to KPA according to its consolidated accounts. There are some private sector operations at the port controlled by KPA through commercial agreements. These include the soda ash export industry and ash imports by the cement clinker industry, petroleum companies and Grainbulk (soda ash, cement clinker, petroleum products and grain respectively). The majority of the remaining 'third-party' cargo- and container-handling activity over berths 1 to 18 and on port lands within the port border fencing is carried out by KPA.

The private sector carries out operations on private non-port lands outside the port, including at the Container Freight Station (CFS) and container depots to which the majority of domestic non-transit container traffic is required to be removed shortly after discharge. Empty containers are mainly stored in private depots outside the port and are called forward by the shipping companies when required.

Dwell time for import containers within the port has been significantly reduced to approximately 2.7 days by this procedure according to KPA records. The majority of conventional cargo imports are discharged direct to transport, for which it is stated by KPA that there would normally be an ample supply. However, in the current circumstances of congested roads blocked by trucks queuing for entry to the port, the required transport can often be caught up in the queue, with ship-working gangs also held up. Gang/shift and ship/day output rates may suffer as a consequence. Export containers are either packed at source inland or at private CFS facilities (typically for tea and coffee) and very little use is made of the port transit sheds for this purpose.

Very little port cargo is handled by rail. The services of the China Roads and Bridges Company (CRBC) have been engaged. They make up trainloads and carry out shunting within the port's (newly commissioned) standard gauge rail network. Steel and containers and petroleum products are the predominant cargoes handled on the wagons available and suitable for use on the historic network. Following the advent of the new standard gauge railway system, notionally scheduled for the end of 2019, the rail network within the port will require adjustment.

The port's cargo-handling system is divided into container handling at the Mombasa Container Terminal (MCT) and Second Container Terminal berths 15–18 and 20–21 and conventional cargo handling at berths 1 through 14 at three distinct centres (1–5, 7–10 and 11–14). Messina Line has been authorised by licence to carry out its own RoRo/container operations for its own Jolly Line vessels berthing at berths 1 and 2. Standard work patterns at the conventional cargo berths are based on a three-shift system, operating non-stop for 24 hours (7am-3pm, 3-11pm and 11pm-7am). Container handling by mobile crane or ships' cranes on the conventional berths is also carried out as if it were a conventional cargo operational responsibility under the head of conventional cargo operations. (See Figure 1 in Annex 2 and further details on port operations).

3.3.3 Effectiveness: Mombasa Port

TMEA has supported KPA in its mission to improve port capacity and efficiency and enhance trade. Several successes can be cited, though one key project has been quite delayed.

TMEA project 0940, Port Law and Regulatory Reform, has attempted to tackle a challenging selection of issues, from early in the programme's life, and at KPA's request. Political considerations intervened when the highest level of port management changed in mid-2016 (both the complete board and the CEO and nearly all the top general managers), making discussions with key stakeholders very difficult. These circumstances were, of course, outside TMEA's control. At the time of writing the draft law and regulations were not seen by the evaluation team, but did exist.

It would seem that, at least in part, Project Code 0931 for port reform has undergone a similar hiatus despite in the early days exhibiting significant success in the formulation of a Port Charter to deliver the port into the process of port reform in the widest sense. This was intended to galvanise the port community into collective joint participation, which appears to have been successful in many ways, and several commitments have been implemented.³¹

The port authority failed to award a concession for the newly constructed Second Container Terminal, which was built, equipped and financed by JICA. Although 19 well-known international container terminal operators participated, 18 of these were disqualified for reasons nobody currently employed within KPA will talk about. There were issues about possible corruption and this led to the removal of all the board and top-level management through a presidential intervention. Recovering from this has taken some time and must have inevitably impacted the results obtainable, again in no way attributable to TMEA.

It is to the credit of TMEA and the new KPA management team that these events have been put behind them. There is notable evidence on site of a close cooperation between TMEA and KPA in the conducting of the remaining 'soft' projects, as well as to the principal infrastructure project within 0911 (i.e. the rehabilitation of berths at the port). Here a methodology has been selected for berths 11–14 to be promoted as a container terminal.

All necessary studies and the requisite geotechnical investigations have been conducted, transactions advisers have prepared business cases, for the first time at the port a classical economic and financial feasibility study was prepared, an Environmental and Social Impact Assessment (ESIA) was conducted (which is the new norm if donor finance is to be attracted) and a donor conference was held preparatory to moving ahead with the preparation of a PAR by the donor and financing institutions European Investment Bank (EIB), French Development Fund (AFD), EU and DFID. This model approach is now understood by TMEA and KPA as suitable for use in future project development if external finance is to be acquired.

It is the evaluation team's considered opinion that the projects must rely on a renewed attempt to support the port authorities to let a concession to exploit and equip the investment planned. This could even become a condition of the grant and loans. However, the formative evaluation team had access to such documentation. Similarly, sponsorship by TMEA, in a very substantial amount, has led to the construction of the Port Reitz Road in partnership with the Kenyan highway authority and Mombasa County, the first phase of necessary highway improvements that will unlock costly highway congestion in the vicinity of the port, and the great capacity potential inherent in the Second Container Terminal opened in September 2016.

Taken together, the 'hard' and 'soft' investments under SO1 have been TMEA's largest commitment of all its projects embarked upon within the EAC. To make this work at local level a surprisingly small

³¹ This assertion has been strengthened in September, 2018, through information garnered in July/August 2018 as part of the evaluation site visit and in the TMEA-commissioned Interim Report

TMEA team of three, supported by the Northern Corridor and SO2 group in Nairobi, has interfaced closely with KPA and enjoyed access to all levels of its management.

One of only two civil engineers in TMEA is based in Mombasa and monitors, together with counterparts in KPA, the projects through various consultancy assignments and 'hands-on' awareness with strictly documented controls through progress meetings and 'close-down' reporting.

The 'soft' project for the Port Productivity Improvement Programme (PIIP) has shown remarkably impressive results in a short period of time since the Aurecon 'Time and Motion' study report of 2015. This study undertook a comprehensive awareness campaign for all users and capacity building on the conducting of time and motion studies in all port operations sectors (marine services, physical cargo handling and cargo clearing operations) using the International Labour Organisation (ILO) concept to improve productivity by identifying work content, added work content and ineffective time.

The results publicised on the 'Dashboard' demonstrate this, showing that procedural and common-sense changes can produce gains in ports' productivity and efficiency. The most important examples of this have been reduced ship waiting time, reduced berth occupancy, increased handling rates and reduced dwell time of cargo containers within the port. Some of the improvements recorded (e.g. dwell time at Mombasa and crane moves (29 – 2016) require validation in the performance evaluation as they seem out of line with relevant benchmarks / operational parameters in the region (See Annex 1).

The TMEA projects overall to date, including the green port programme not specifically reviewed and its budget ceiling have seen US\$ 68.5 to \$77.5 million total commitment to KPA and the locality (including external roads). It is very clear that more needs to be done to improve gate access at gates 18 and 20, and to add a vehicle marshalling area to relieve the external congestion, and to contribute toward handling future traffic growth. A window of opportunity has presented itself to achieve the reconstruction of berths 11–14 while the new resource of the Second Container Terminal berths 20–21 is fully mobilised.

To allow findings to feed into the outcome mapping results, tables have been prepared (as proposed in the Inception Report) and the strength of all findings regarding outcomes have been scored (per project). More detail is presented in Annex 1 and Annex 2.

Table 11: Mombasa Port – summary findings

Project	Main project activity and output	Main output and outcome	Relevance	Effectiveness	Current sustainability	Key Achievement	Key factor of success or failure	Strength of evidence
0911 (i) Gate 10 Road and Access	Infrastructure	Transport time saving	Green	Green	Amber	Improved access	TMEA as donor and technical support	Green
0911 (ii) White House Roundabout	Infrastructure	Transport time saving	Green	Green	Green	Improved access	TMEA as donor and technical support	Green
0911 (iii) Yard 5	Grant for infrastructure	Enhanced storage and handling capacity	Green	Amber	Green	Transition of Berth 5 to container operations	TMEA as donor and technical support	Green
0911 (iv) Gates 18/20	Grant for infrastructure	Increased gate efficiency	Green	Amber	Amber/Red	Improved access	TMEA as donor and technical support Noting absence of exit lane queuing for vehicles	Green
0911 (v) Berth Rehabilitation Study	Feasibility study for reconstruction focused on berths 11–14 as third container terminal	Catalyst for substantial capacity gain	Green	Green	Green	Contributions toward financial close on a US\$ 180 million project	TMEA grant to fund all technical studies by Inros Lackner, site investigations and for a business case to assist in the PAR	Green
0911 (vi) Lighter Quays and “G” Section	TMEA grant for ‘hard’ infrastructure	Not completed yet but will provide extra storage capacity	Green	Green	Green	Remedial	TMEA sponsorship, timely site investigation and ensuring tender propriety	Green
0931 Port Reform	Port Charter	Port community interaction	Green	Green	Green	Dialogue	TMEA funded study by Aurecon and provided TMEA port office support	Green
0939 Port Productivity Improvement	KPIs set out to monitor efficiency and to oversee implementation	Efficiency gain	Green	Green	Green	All-round time savings	TMEA funded Aurecon Study and provided TMEA port office support	Green

Project	Main project activity and output	Main output and outcome	Relevance	Effectiveness	Current sustainability	Key Achievement	Key factor of success or failure	Strength of evidence
0940 Port Legal and Regulatory Reform	Draft documentation	Confusion and lack of progress	Green	Amber	Red	3 finalized regulations being implemented, draft bill submitted	Political economy issues	Green
0942 Port Reitz Road	Highway construction to container terminal(s)	Not completed but will cut port access time	Green	Green	Green	Highway linkage	TMEA/DFID grant support at a significant level with consistent TMEA oversight	Green

Source: Self-compiled based on evaluation findings

3.3.4 VFM

A detailed VFM analysis will be conducted as deliverable 6D. This report provides some ex ante assessment of the overall cost effectiveness of the interventions of the port investment. At its highest level support to the ports should be viewed in terms of the cost effectiveness and the overall economic internal rate of return (EIRR) of the investment and all assistance provided with some sensitivity analysis undertaken on the incremental support provided by TMEA.

This overall VFM or EIRR has been calculated in the March 2017 report by EY³² and its economic and financial evaluations of the reconstruction of berths 11–14. (See Annex 1). Traditionally, such an evaluation focuses mainly on reductions in ship waiting time and increased throughput capacity leading to increased revenues. Some additional benefits have been introduced, such as saved truck waiting times and reduced accidental occurrences, which would not ordinarily have been allowable in this particular example. These would be of greater importance when gate access and highway access improvements are analysed.

Based on the EY approach, the reconstruction project at berths 11–14 produced an economic benefit NPV of US\$ 239.9 million and an EIRR of 19.3%. At this stage, the gains from the series of minor civil works at the access gates and Mombasa City approach roads to Gate 10 have been clear enough, but as described in detail in Annex 1, the improvements at gates 18 and 20 have been ‘too little too late’ and more action is required. This will probably be supported in TMEA’s Strategy 2 to introduce additional entry gates and a 300-truck marshalling yard.

One of the greatest current benefits at the port is not attributable to TMEA. This is the JICA-funded Second Container Terminal, which has added substantial additional capacity and is now in use. Once the Port Reitz Road connects through to this terminal some significant potential gain from reduced truck time entering the port can be credited to TMEA. Expansion of Kipevu road which is currently at 27% progress will reduce congestion at gate 18/20.

Baseline traffic data at gate surveys taken in 2016 will allow this effect to be measured more accurately on a ‘before and after’ basis. At this stage, the ‘time-saved’ by trucks results would be more attributable to improved highway and gate access than to the planned construction of new berths 11–14, at least until the completion of the berth additions in 2021.

The ‘soft’ procedural gains have already contributed substantially to this. It could be argued that these should have been made earlier by effective management. It is noted that most of these gains have been made since the board and top-level management changed in 2016. ‘Change management’ can clearly also contribute.

TMEA has contributed most patiently and in partnership with KPA to start to achieve such change. The most commonly used phrase is that TMEA has acted in the role of a catalyst. The use of that phrase is manifestly correct.

3.3.5 Gender issues

A specific report on gender mainstreaming at Mombasa Port, dated 2017, was completed recently as part of an analysis of gender issues and compliance at KPA carried out in the Green Port/MRIP programme. The study analysed attitudes and the structure and number of employees of KPA and of the principal contractors (see Annex 1).

³² Economic and Financial Analysis for Selected Berth Upgrade Projects at the Port of Mombasa November 2016

Table 22 of that report³³ examined total numbers of employees and gender. A total of 6,399 employees at KPA is high in world-class port operational terms. The female percentage is greater than the 15% performance charter signed by TMEA/KPA at 19%, however. The report identifies the potential gains from implementing gender mainstreaming policies at the ports, and whilst this is hypothetical, the evaluators would share the assessment of the potential gains from this approach.

At Mombasa Port, it is clear that, on male/female participation in the port and in TMEA, there is positive commitment to moving toward increased female participation and skills development to open up opportunity. Some 66% of the staff in the small port office of TMEA are female and there is an apparently open spirit of cooperation within this team.

It is clear that TMEA has achieved some positive results on gender with targets to be achieved in projects that it sponsors of a minimum 15% female participation. Tender and contract clauses for the civil works projects demonstrate this requirement. For example, in discussions on site with the Port Reitz Road project implementers, the resident engineer showed the participation rates of females working with the Chinese contractor to be higher than the 15% floor for some posts, with the figure standing at 39% at supervisory level. Both top managers were recruited as graduates, entered a structured management training scheme through Bandari College, have seen progressive advancement and have been promoted.

KPA complements TMEA's policy and has a written performance charter also requiring a 15% commitment floor to female participation.

3.4 Dar es Salaam Port case study

3.4.1 Projects reviewed

The following projects were reviewed:

Project Code 1115 & 1139: Dar Port productivity improvements

This project is designed to bring about an improvement in the efficiency of port operations and procedures, including the setting of a baseline survey of existing performance and activities through a 'time and motion' study, a traffic-management study, and increased female participation with methods as to how to monitor and achieve these aims.

Project Code 1127 & 1140: Dar Port infrastructure works

This project will support TPA on a set of activities designed to increase capacity in container trade and bulk shipping and improve efficiency in the handling of cargo and ships. The components include improving operational and spatial efficiency, improving physical infrastructure, institutional strengthening and implementation assistance within Dar Port.

Project Code 1134: Port reform dialogue and process

The objective of this project is to gradually transform the TPA into a landlord with operations at Dar increasingly being carried out by private sector actors at higher levels of efficiency and requisite investment. This is expected to increase the port's capacity in handling container trade and bulk shipping as well as improve efficiency in the handling of cargo and ships. TMEA will also support TPA institutional strengthening and provide technical assistance throughout project implementation.

3.4.2 Port operations

TPA is empowered by the Tanzanian Ports Act 2004 to carry out operational activities at all the ports in Tanzania that it controls and Dar es Salaam is one of those ports. Not only is it the most important

³³ Gender Mainstreaming Assessment Report 2017 by KPA

port, it also the primary source of revenues to TPA within the consolidated accounts of the TPA last produced in 2014 (see Annex 2).

The Tanzanian International Container Terminal Services Ltd (TICTS) is the major private sector operator within the port and has a 25-year concession, starting from 2000, to operate a container terminal at berths 8–11. All remaining major port operations, and on-port lands within the port border fencing, are carried out exclusively by TPA. This includes all bulk and conventional cargo handling and 20% of container handling using five Harbour Mobile Cranes (HMCs), several reach-stackers and Rubber-Tyred Gantry Cranes (RTGs) within the stacking area, and a number of tractor-trailer units for transfer operations. Much of the latter equipment is in poor condition and obsolete. However, TICTS is the dominant operator for container operations and provides a fully equipped container terminal with nine Ship-to-Shore Container Cranes (STS) (including three obsolete former TPA STS), 19 RTGs and two rail-mounted Gantry Cranes (RMGs) handling 80% of the total volume of containers at the port.

The private sector also carries out multiple operations on private non-port lands outside the port, including grain storage, bulk cargo storage, and containers at CFS and container depots to which the majority of domestic non-transit container traffic is required to be removed shortly after discharge.

The TPA's imposition of significantly increased Customs inspection of containers and associated outturn of their contents has caused much consternation and objection. This procedure, introduced on presidential direction following significant corrupt practice among TPA's top management, has led to a serious deterioration of dwell time and associated key performance indicators (KPIs) and a loss of port traffic, which is said by the port manager to have reduced from 14.7 million tonnes in 2014/15 to 14.0 million tonnes in 2015/16 (-5.2% in tonnage terms and -2.8% in revenue terms). The comparative year-on-year port statistics for six months 2016–2017 showed some stabilisation at 7.38 million tonnes compared to a previous 7.37 million tonnes.

Empty containers are mainly stored in private depots outside the port and are called forward by the shipping companies as and when required. The majority of conventional cargo imports are discharged direct to transport, principally to road, as only a very small percentage moves by rail on the two rather dysfunctional rail systems, one of which is operated by the near-to-bankrupt Tazara Line and the other is an under-funded Central Line Railways system managed by RAHCO.

That said, the World Bank is currently supporting the rehabilitation of the Tanrail system through upgrading of track and bridges on its metre-gauge system including provision at key structures for widening in order to accommodate a future shift to standard gauge on the same alignment. Following the advent of the standard gauge new railway system, the rail network within the port will require adjustment as at Mombasa Port, where the plan to shift more cargo to rail is much further advanced.

Very little use is made of the port transit sheds for cargo storage owing to the predominant shift to containers and the use of ICD facilities outside the port. Here TPA has plans to build a new inland port facility at Kisaware, which will be linked to the port by road and rail and was conceived originally to de-congest the port (see the separate studies by Ecorys and Haskoning on this).

By contrast, particularly due to the fall in port traffic over the past year, the port was not congested at the time of our visit. Indeed, no ships were waiting for berth, berths were available for immediate berthing of vessels, cranes were lying idle and vacant space was available within the port.

A sample survey conducted by Hamburg Port Consultants (HPC) in October/November 2016 showed contrary evidence of shipping congestion and cargo delays. Improved port performance in container handling in recent years is more attributable to additional investment in cranes by TICTS in 2014.

Indications of poor management practice, control and direction at TPA highlights a challenge, and has involved numerous changes in the director general position, a complete change of board members, and changes of all directors and of top and some senior management that took place in 2016 in a

thorough-going purge at the instigation of the President followed the allegations of corruption and fraud. The consequence was a reluctance to take decisions and responsibility at all levels and a new cadre introduced at the top level who have little experience of ports.

Faced with exploiting a US\$ 600 million project when the World Bank loan agreement is signed and reconstruction of berths in the port starts this is a major challenge. A high risk scenario is presented for any investor, whether they be institutional or coming into the port as a partner or concessionaire. The TPA cargo-handling system is divided into container-handling berths at berths 5–7 for selected clients and conventional and bulk cargo handling at berths 1–4, with occasional mixed uses at all TPA berths. Berths 8–11 are, as was mentioned above, operated by TICTS for containers only. Messina RoRo liners and car carriers are interspersed at these berths as and when required.

The port manager is responsible for the port and reports to the director general of TPA, who has responsibility for all ports. Central services are provided from the headquarters building with directors heading up the principal functions and also reporting directly to the director general, who in turn is answerable to the TPA board as constituted. The harbour master, a port engineer, the head of container operations and the head of conventional cargo operations all report directly to the port manager.³⁴

There was no opportunity for us to meet with the director general and we instead met the engineering director and port manager. The project implementation team (PIT), TMEA procured-TA consultants, was available for discussions and we met engineers and a procurement specialist. All function in a purpose-structured office within the TPA headquarters including a conference room used for presentations. The PIT is supported by the consultants Sellhorn under a TMEA-financed project fund. Members of TMEA's port team accompanied us throughout and arranged the visit programme set out at Annex 2, which also includes a list of interviewees.

TPA management has not been making the timely decisions needed for much procurement. More significantly, the World Bank loan agreement has not yet been signed.³⁵ Prospective attempts to conclude this have been missed. As a consequence, the contract to China Harbour Engineering Company Ltd. (CHEC) for design and construction of berths 00 and 1–7 has not been awarded despite repeated assurances that this was about to happen. This, through no fault of TMEA's, has led to poor results and little outcome, during an extended timeframe for the majority of the 'soft' projects being managed, in particular the HPC work on port performance and productivity awaiting consideration and the next phase of work.

3.4.3 Projects' effectiveness

The work of the PIT to date has been the most effective. A very tight system of controlling DSMGP projects from the TOR stage through to contract award through Sellhorn and Ellis has been set up. Monitoring of progress and of the outcomes as to quality and performance of both 'soft' and 'hard' projects is important. Procedures for valuing work to date and for related payments through TPA to TMEA are well controlled, as can be seen explained in progress reports and itemised records of budget and payments to date and of the remainder of payments outstanding.

The TMEA local office is closely involved in the above process, including the Central Corridor TMEA manager, a civil engineer programme manager, and a port productivity specialist. What appears to be lacking, and remains a serious drawback in terms of project effectiveness, is better port-related experience within TPA at the higher levels of management and in the context of port engineering and

³⁴ An organigram is shown in the annex.

³⁵ TMEA reports that since the evaluation this has been signed and become effective. Similarly, the CHEC contract has been signed and the design and construction of berths is now underway.

capacity building. This has been exacerbated by the multiple changes at the very top level of management and the TPA board, which is restricting decision-making and setting back the timetable.

Table 12: Dar Port –Summary Findings

Project	Main project activity and output	Main output and outcome	Relevance	Effectiveness rating	Current sustainability rating	Key Achievement	Key factor of success or failure	Strength of evidence
1127 & 1140 (i) Access roads and gates	Grant for 'hard' infrastructure	Transport time saving	Green	Amber	Amber		TMEA as donor and technical support	Green
1127 & 1140 (ii) Demolition and relocation of transit sheds	Grant for 'hard' infrastructure	None so far	Green	Red	Red	Improved port layout	TPA decision	Green
1127 & 1140 (iii) Dredging Feasibility Study (Technical)	Feasibility study and an associated ESIA for contaminants defined	For improved port access and additional capacity	Green	Green	Amber/Red	Larger and deeper draughted ships can eventually access the port	TMEA as donor and technical support	Green
1127 & 1140 (iv) Berth Reconstruction Study (Inros Lackner)	Improved berths and port layout for all cargo types	More efficient	Green	Green	Amber/Red	Larger and deeper draughted ships can eventually berth	TPA financed concept leading to DSMGP consortium interest and TMEA coordination	Green
1127 & 1140 (vi) Project Impl. Team (Ellis)	Procedural	Improved procurement procedures	Green	Amber	Amber/Red	System improvement defined	TMEA grant as donor and for technical support	Green
1127 & 1140 (vi) Project Imp. Team (Sellhorn)	Setting a timetable for multiple project interaction	Project management	Green	Green	Amber/Red	Project control defined	TMEA sponsorship and ensuring tender propriety	Green
1134 & 1140 Port Reform (MTBS)	Financial and economic analysis	Move toward a 'landlord port' style of management	Green	Green	Red	VFM calculations and clear recommendation	TMEA grant as donor	Green

Project	Main project activity and output	Main output and outcome	Relevance	Effectiveness rating	Current sustainability rating	Key Achievement	Key factor of success or failure	Strength of evidence
1115 & 1139 Port Productivity Improvement i) Baseline Study (HPC-ILAG)	Suggested procedural improvements	Efficiency gain	Green	Amber/Red	Red	Many identified weaknesses	TMEA funded study and provision of TMEA port office support	Green
1115 & 1139 ³⁶ Port Productivity Improvement ii) Procurement of Scanners (Etamic)	Reduce vehicle queuing	Gap in provision partly filled	Green	Red	Red	Minimal impact	Propitious TMEA grant	Green

Source: Author's compilation, based on evaluation findings

³⁶ The scanner procurement was cancelled. TMEA reports that an ongoing scanner upgrade project is in process, as of September 2018.

3.4.4 VFM

VfM validation needs further assessment given some gaps in evidence, attribution and lags between interventions and improvements to feed through. This will be undertaken as part of Deliverable 6D. At the same time, a number of interventions’ full benefits depends on complementary improvements beyond the scope of the TMEA engagement and on the relative importance of TMEA compared to the World Bank support to the DSMGP.

In the case of TPA, economy and efficiency measures have informed project management and procurement.

There are clear concerns on the overall value for money of the support to TPA as thus far little tangible value has been derived from TMEA’s expenditure to end-2016 of US\$ 11.96 million of US\$ 23.6 million contractually committed. Capacity has not been improved and port efficiency has regressed.

Potential overall cost effectiveness has been calculated in the MTBS reporting. A first report has set out economic and financial evaluations of the Berth 00 construction and berths 1–7 reconstruction. The report was in two parts, the first being for non-container operations as per the plan layout below:

Figure 4: Terminal location in Dar Port



Source: MTBS

The financial results calculated were as follows:

Table 13: Dar Port terminal projects – financial return estimates

Item	Unit	Total	Roro & Multi-purpose	Break bulk	Fertiliser & clinker	Grain
Financial indicators						
IRR (%)	M USD		12.9%	16.1%	16.5%	19.2%
NPV (2016, 12.4%)	M USD	38.6	1.0	5.6	10.4	16.2
Pay-back period	Years		8	7	8	7
Funding requirements	M USD	138	32	28	43	41

Source: MTBS

The second part was for the use of reconstructed berths 5–7 as a container terminal as per the photo-montage plan below:

Figure 5: Dar Port berths 5–7 – reconstruction projections



Source: MTBS

The financial analysis showed the following result³⁷:

TPA's financial figures [...] show that TPA can fully absorb the incremental value in the landlord model, if it organises a competitive tender leading to private sector bids with a NPV of zero.

For TPA, the landlord model is then beneficial since:

- *it gives a higher NPV (120 M USD versus 61 M USD);*
- *it reduces TPA's funding requirement (114 M USD versus 229 M USD);*
- *TPA's pay-back period is shortened (4 years instead of 6 years); and*
- *the IRR is higher for TPA (15% instead of 11%).*

Based on this VFM Analysis, the landlord model is recommended.

Also, as indicated earlier, more recently MTBS has looked ahead to the potential returns in an analysis of the VFM that might arise from the future Phase 2 development of berths 12–14 as a container terminal. This produced a similar outcome and recommendation for the PPP approach through a 'landlord port' approach. TMEA has been patient in all of the circumstances described above and has acted as a catalyst in working towards a landlord port approach.³⁸

³⁷ Dar es Salaam Transaction Advisory (Page-viii 13 December 2016)

³⁸ TMEA reports that the World Bank will go forward with their loan on the basis of an agreement by the TPA to transform the terminals they run into independent business units or profit centers, though this has not been independently verified.

3.4.5 Gender issues

TPA is understood to have a total of approximately 3600 employees, a figure that, although less than at Mombasa, is excessively high in world-class port operational terms. The female percentage is not known by the TPA. At this stage no work has been commissioned by TMEA to investigate gender mainstreaming at TPA although the evaluators are clear that TMEA has a positive policy on gender with targets to be achieved in projects that it sponsors of a minimum 15% of female participation. Tender and contract clauses for the civil works projects demonstrate this requirement.

3.5 Principal findings -Ports

3.5.1 Overall Evaluation Assessment DAC Criteria

Table 14: Evaluation Summary TMEA Port Interventions: KPA (Mombasa) and TPA (Dar)

Criteria	Rating	Comment
Relevance	Green	<p>Ports are strategic assets contributing to improved physical access to markets. Mombasa is a major port serving Kenya and inland regional markets of core interest to TMEAs mandate. Dar es Salaam is a major port serving Tanzania and inland markets of core interest to TMEAs mandate. The focus on these two regional gateway (import / export) ports is strongly aligned to SO1. Further, KPA and TPA both need reform, modernisation and investment.</p> <p>Port performance improvement is needed and the proposed interventions are reasonable and would likely contribute to reduced trade costs and increased physical access to markets.</p> <p>The strategic intent of reform was challenging given wider political economy and institutional factors: each port authority was resistant to significant reform. This created a high risk environment. TMEA approach was reasonable and logical given the circumstances, but has proven to be only partially effective. Working with the WB at Dar Port was a practical and sensible approach, with significant leveraging potential.</p>
Effectiveness	Amber	<p>The key measure of effectiveness of the TMEA activities contributing towards improved port infrastructure on the pathway to a reduction in trade costs has been achieved. Work plans and outputs were substantially implemented and largely within reasonable tolerances given the challenging project operating environment. There were some project delays and cost variations but these were not critical to the overall direction of the project.</p> <p>Civil works generally progressed satisfactorily in both ports, with some delays but project execution improved with better guidance and systems supported by TMEA. It is reasonable to conclude the improvements to civil works can be expected to contribute to efficiency gains (and reduced costs); however overall actual improvements need to be measured / verified in the performance evaluation. The links between TMEA interventions and KPI improvements look favourable at KPA but more detail is needed to establish causation and attribution. The actual outputs and milestones varied somewhat as circumstances evolved and lessons learned.</p> <p>Outcomes were partially achieved in some of the enabling areas, civil works and studies, but the strategic goal of reform and modernisation fell short at this stage.</p> <p>TMEA relationships and investments in capacity building were generally positive and appreciated at an operational level. TMEA staff and consultants have generally added value based on the feedback provided to the evaluators.</p> <p>Project management and controls were deemed to be reasonable and feedback to improve based on lessons learned were fed back to the respective organisations. Sellhorn at TPA was performing well on project management systems and working with TPA/PIT.</p> <p>At the operational level, TMEA relationships and interventions with KPA and TPA contributed to enhanced capacity through sharing of information and best practices. The extent to which these were fully embedded in the KPA / TPA SOPs is not clear.</p>

Criteria	Rating	Comment
Effectiveness	Amber	<p>The critical shortfall relates to reform and modernisation: both KPA and TPA have resisted adopting proven best practices related to port governance and management. The transition to landlord port models in the key container segment has failed in KPA and there is resistance to extending this further in TPA. This is a major risk and could undermine the effectiveness of the potential infrastructure investment. TMEA-supported evidence demonstrating the benefits of reform was valid and contributed to more informed discussions: that these did not yet lead to major reform relates to wider political economy and institutional constraints. There is no outcome related to the KPA Port Law and Regulatory Reform and the attempt at a concession at the Second Container Terminal was a failure. TPA does have an existing private operator, TICTS, but there is no appetite to extend this model after the concession expires in 2025. and various rumours of terminating the concession when it expires.</p> <p>As set out in Annex 2, the TMEA expenditure of \$11.96 mn disbursed in Dar es Salaam (up to end 2016) raises questions about the achievement of a key part of the TMEA strategy for the port, the landlord port or PPP options. TPA resisted this direction (owing to a series of negative and costly experiences with concessions in the past) and TMEA worked with TPA on other priorities, which demonstrates how TMEA was able to move forward despite this resistance.³⁹</p>
Learning and sustainability	Amber	<p>There is room for improvement of M&E systems and evidence capture. In particular the M&E system should be strengthened to capture more detail on benefit streams and attribution emerging from TMEA supported investments; e.g. detailed evidence of KPIs before and after interventions – such as in the case of reduction in vehicle queues / turnaround times / traffic times, which should be validated with traffic surveys which should be a routine part of port management.</p> <p>The M&E systems should migrate into the recipient port authorities to improve decision-making and operations. Some of the improvements recorded (e.g. dwell time at Mombasa and crane moves (29 – 2016) require validation in the performance stage as they seem out of line with relevant benchmarks / operational parameters in the region</p> <p>The sustainability challenge is that without wider reform, institutional strengthening and embedding new practices into the KPA / TPA (and other stakeholders material to efficient port operations) these lessons and short term improvements are not likely to lead to significant performance improvements and cost reductions to port users. TMEA efforts are positive in moving these forward but KPA and TPA organisational weaknesses and resistance to reform remain barriers to be overcome.</p>

3.5.2 Evaluation Questions

This section consolidates the formative evaluation of the TMEA port interventions based on the common issues from the TMEA interventions in Dar es Salaam and Mombasa that provide sufficient grounds to include a consolidated assessment. These results relate to the project-level performance with preliminary findings regarding the programme level outcomes which will be further assessed in the performance evaluation.

- Both projects had common objectives of improving port performance through fairly similar approaches;
- Both projects had the strategic intent of facilitating port reform and modernisation as the long term objective of sustainably increasing physical access to markets and reducing transport costs through improved port performance; and
- Both ports are needed to improve market choice and resilience of the transport and logistics chains the region.

³⁹ TMEA also reports that TPA has since taken steps forward in agreeing to transform the ports they operate into profit centers or independent business concerns, though this has not been independently verified.

HEQ2 states: *Have the port and One-Stop Border (OSBP) projects been effective in delivering their outputs and achieving their trade outcome objectives?*

There has been marked progress around delivering small scale enabling civil works, implementing better project management practices, raising awareness of port improvement measures and testing reform options. However, the evidence related to material and sustained capacity and efficiency gains is partial at best and there is a need for more detail around causation and attribution given that TMEA interventions are part of wider transport and logistic systems that depend on complementary investments and improvements. The impact on transport costs needs to be further investigated. Performance evaluation in Phase 2 will explore the specific contribution of TMEA to the observed outcomes for selected projects and overall programme. The implementation of the port productivity studies needs to be monitored and KPI improvements demonstrated and shared.

The long term benefits of an efficient port facility will only be realised if institutional reform is undertaken. Questions are therefore raised on whether TMEA needs to have an even more proactive engagement and influencing role at a political level to ensure that the port reform and modernisation is undertaken by the port authorities as a condition of continued TMEA engagement.

In terms of **DEQ 2.3 and 2.4 (*Have the ports achieved their objectives in increasing market access and increased capacity?*)**, the major improvements have yet to materialise. The critical issue is reform and modernisation – this holds the key to sustained improvements in capacity and efficiency, reducing corruption and thus reduced transport costs to port users. Global best practice is well established and proven to work across cargo types: a landlord port with competitive concessions. Reform should focus on the critical container segment where trade growth is likely to be highest and where value is the greatest; PPP / concessions are the proven approach. In order to achieve the best results, international competitive tenders should be used.

In the case of TPA, TICTS is a proven operator but it is understood there are concerns around tariffs and excessive returns: this would be a good place to work with TPA to review current arrangements. Looking ahead, volumes permitting, introducing competition may be an option to stimulate further efficiency gains and cost reductions to users.

Box 3: Summary responses to evaluation questions for ports findings (both case studies)

DEQ2.1 Have the port projects delivered their output objectives?

Yes they have, however with some delays, given slower external decision-making processes in the ports as well as government changes and changes in the ports management. The Government has not undertaken the reform to port governance which was expected in both Dar and Mombasa

DEQ2.2 Have the port projects achieved their objectives in terms of reducing trade time and costs?

The Mombasa projects have achieved some time and cost reductions but the projects in Dar have in general not had the same results. Even if on-the-spot waiting or queuing times at specific gates have been reduced the overall port reform plans by TPA have not yet started and container handling costs have in fact increased.

DEQ2.3 Have the port projects achieved their objectives in terms of increasing market access?

The Mombasa Port projects have made trade and container handling quicker and cheaper, which makes market access easier. The project level assessment shown in this report does not provide the evidence required to fully respond to the DEQ. There is at the moment no increased market access at Dar Port, where trade volumes decreased throughout 2016 but started to stabilise in early 2017.

DEQ1.3 What constraints were/are encountered in achieving the outputs? What are the main reasons for non-achievement of the outputs (if any)?

There have been no major constraints at Mombasa Port beyond some implementation delays. At Dar Port the politically motivated decision against a wider port reform (which is already fully planned and all required feasibility studies have been produced – including some financed by TMEA) and carry out the required investment has resulted in the progress being stalled.

Box 3: Summary responses to evaluation questions for ports findings (both case studies)

DEQ1.4 Who were/are the main beneficiaries of the outputs? Are there organisations or groups of people who are negatively affected by the outputs?

The main beneficiaries are, at Mombasa Port, the traders and logistics operator as well as KPA and, at Dar Port, the main beneficiary is currently TPA, due to capacity building and information generation through enabling port reform-related studies. Traders and logistics operators have benefited as well but to a smaller degree.

DEQ1.5 To what extent have supported organisations (i.e. the implementing partners) built capacity and capability on relevant trade-related matters?

Mombasa Port has increased its management capacity. Dar Port has increased its coordination capacities (e.g. through the project implementation teams) but these cannot move forward without political decisions being made at the top levels of government and TPA management.

DEQ1.6 To what extent has TMEA been able to achieve expected outcomes (for finalised projects) and what is the general likelihood of ongoing projects achieving their outcomes?

Outcomes have generally been achieved in Mombasa Port but only on the spot (small infrastructure) in Dar Port. Additional information will be provided in the performance evaluation.

DEQ5.15 What has the impact been on corruption across the various components, notably at border crossings?

There have been corruption issues mainly at Dar Port around some procurement processes or decisions regarding concessions. More details are provided in Annex 1. TMEA projects are not involved in these issues of lack of transparency. Issues of corruption being detected have, however, slowed down the entire port reform processes to which TMEA is contributing.

DEQ4.5 To what extent has the programme benefited women and girls (noting that the programme design did not purport to benefit them equally)? Have there been any negative consequences for women and girls? Has the programme had an impact on relations, including power and influence, between girls/women and boys/men? How could the programme increase benefits to women and girls within its trade focus?

Given their nature, ports projects are usually not closely related to gender issues. TMEA advocacy in favour of gender considerations has, however, had a positive impact on gender considerations in the port authorities' human resources policies which needs further validation in the gender study planned.

3.5.3 Conclusion

TMEA's strategic direction in the first phase of assistance has been sound in building a relationship of trust and providing grant and technical assistance. The TMEA support to TPA and KPA reflects best practice. TMEA now needs to address the critical issue of reform and modernisation as this holds the key to sustained improvements in capacity and efficiency, reducing corruption and thus reduced transport costs to port users. Specific technical recommendations are contained in Annex 2 and 3.

Reforms to introduce operating concessions and private sector participation in each port have not taken place. This was part of the TMEA Tanzania Country Strategy and the TMEA Infrastructure Strategy, but TPA has resisted due to previous negative experiences with concessionaires. Global best practice is well established and proven to work across cargo types: a landlord port with competitive concessions. Reform should continue focusing on the critical container segment where trade growth is likely to be highest and where value is the greatest.⁴⁰

It is reasonable to conclude that both KPA and TPA have benefitted from TMEA support to date. The principal benefits were at an operational level through joint working and sharing of good practices and new ways of managing key port planning functions. In both the KPA and TPA changing strategic direction and mind-sets of the leadership teams towards reform and modernisation was not successful. The TMEA supported evidence for reform was well documented and the initiatives for port

⁴⁰ TMEA reports that the private operator handles 81% of container volume, but this has not been independently verified, nor is a source or date provided on the 81% figure.

charters and bringing in port users and other stakeholders into the reform process was sensible. TMEA should take a strategic review of how best to engage in the next phases of its support to the port sector in each country so that there is a common expectation between TMEA and the Governments of Tanzania and Kenya on the reform required and the investment needed to support trade growth in East Africa.

TMEA acknowledges that it has been on a steep learning curve as to how port projects should be conceived and implemented. There is some press evidence pointing to corruption that possibly occurred in 2015 in Mombasa over the award of a concession to develop and operate the Second Container Terminal. Similar corruption has occurred in the past at Dar related to the awarding of concessions at berths 13–14, which were subsequently cancelled, as well as fraud relating to invoicing and lost revenues and containers. These episodes set back the transition to becoming landlord ports and introducing PPPs.

Complete changes to the board and top-level management at both ports during 2015 and 2016 have impacted heavily on TMEA's implementation progress since port management priorities changed to some degree after the positioning of new authorities. Mombasa Port has shown measurable progress under its new management but Dar Port has failed to achieve strong results so far. Both ports, however, are near to financial close through PAR and PAD documentation. Furthermore, resultant board and top-level management changes at each port resulted in caution at lower levels, from which only Mombasa has recovered. Both KPA and TPA have a high number of employees, which discourages port reform and may become an impossible financial burden if a PPP approach is introduced.

4 A list of References (external)

Kenya Port Authority (2017) *Gender Mainstreaming Assessment Report*

Nick Poree and Associates (October 2016) *Final Impact Survey Report Busia Border Post.*

Northern Corridor Transit and Transport Coordination Authority (2016) *Transport Observatory Report, Issue No. 9*

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United Nations Office for Project Services (2011) *Infrastructure Project Implementation Manual*

World Customs Organisation (2014) *Guidelines for Establishing Effective Transit Schemes (for Landlocked Developing Countries).*