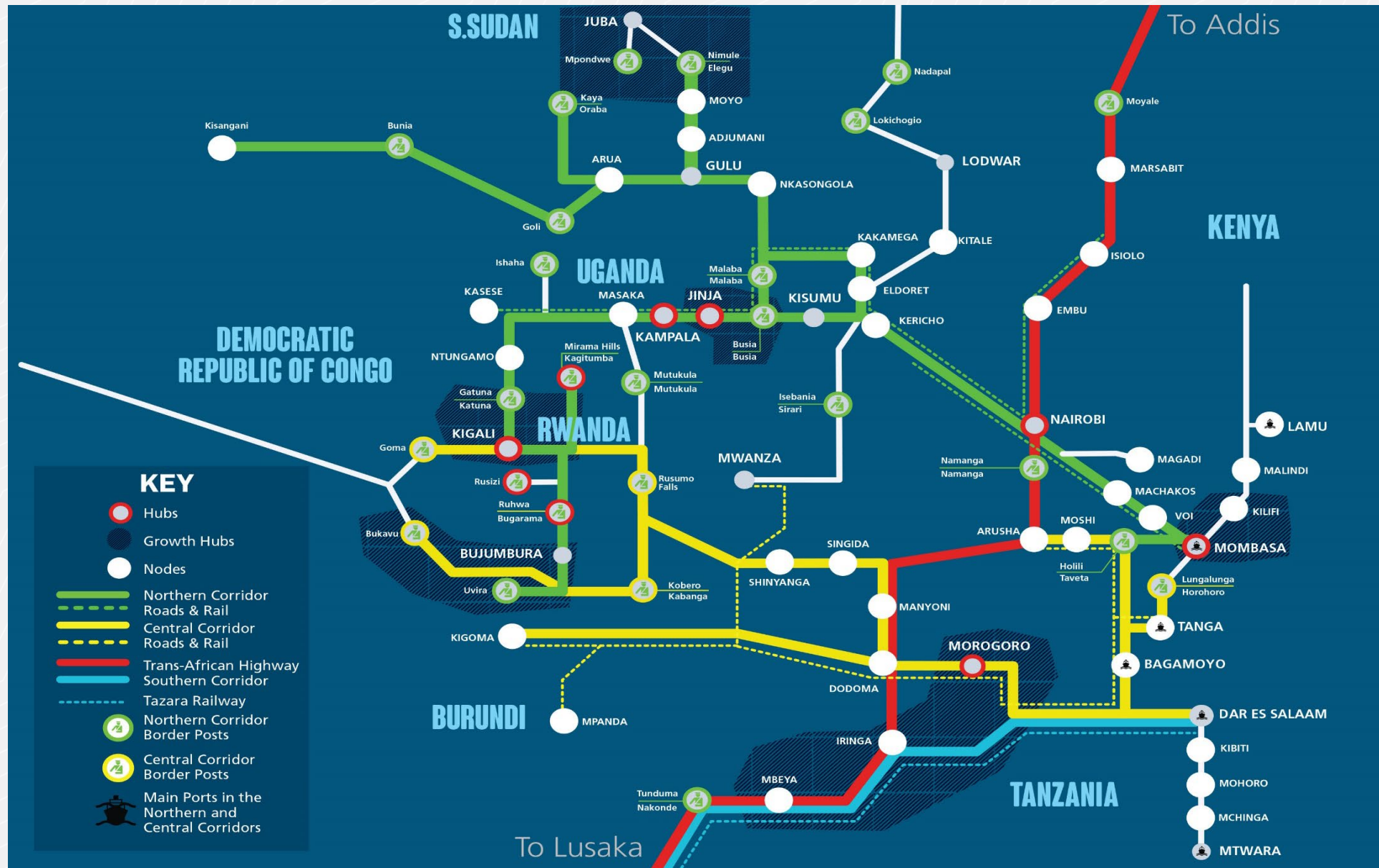




TMEA REGIONAL TRADE AND TRANSPORT STUDY



Key survey instruments:

The survey utilised the following instruments to generate the key survey data:

RESEARCH INSTRUMENT/DATA COLLECTION TOOL	TARGET RESPONDENTS
Traffic Census Data Collection tool	Freight transport vehicles
Origin and Destination (OD) Survey tool	Truck drivers
Freight Transport Cost Analysis tool	Transport fleet operators (83 firms)

The Traffic census

- The study team used both purpose built web based digital traffic census applications and manual paper forms to record traffic volumes at various stations in Burundi, Kenya, Uganda, Tanzania and Rwanda.
- Manual classified traffic counts were conducted over seven (7) consecutive days during October and November 2021. Five (5) days were of 12-hour duration counts and two (2) days were 24-hour duration counts. The 12-hour counts were carried out between 6 am and 6 pm. The 24-hour counts were carried out between 6 am and 6 am
- The Traffic Census was used to identify trade routes with significant volumes of vehicular traffic and provided a breakdown of the types and volumes of freight vehicles using a particular route.

The Origin Destination Study

- The study aimed to generate and analyse traffic flows of commodities along the major trade corridors by different modes of travel in Eastern Africa. The data should enable TMEA to better forecast changes in the volumes of traded goods.
- The OD study was designed to sample from the full freight traffic collected under the Traffic Census to develop a picture of where freight flows were coming from and going to. The OD interviews were carried out for seven consecutive days at each survey station for 12 hours (6 am to 6 pm).
- Key variables responded to by the OD study included: Freight vehicle/trailer configuration, Cargo distribution, Origin and destination, Trip purpose, Journey duration, Trip frequency, Fuel consumption and Journey official and unofficial payments.

The Freight Cost Survey

- The survey procedure began by mapping out the potential respondents from the transport associations in the five East Africa member states.
- The Freight Cost Survey was conducted using an online, Kobo-based survey instrument
- The survey asked respondents at identified transport companies to catalogue costs and trip volumes.
- The tool also collected information on fuel consumption and illicit costs.
- This study used the data collected to estimate trip densities by route, transport costs, illicit costs, and fuel consumption, both as a cost item and as a component of GHG emissions.

Approach to calculation of overall trade costs

Costs	Port costs (USD)	+	Direct transport costs (USD)	+	Cost of trade time (USD)	+	Direct compliance cost (USD)	+	The indirect cost of delay (USD)	+	Illicit costs (USD)	=	Trade costs (USD)
Data source	Data from World Bank Doing Business Report for 2020	+	Data obtained from the Freight Transport Cost Analysis Survey	+	Data obtained from the Freight Transport Cost Analysis Survey	+	Data obtained from published RA and OGA sources	+	Data from OD Survey + Freight Transport Cost Survey	+	Data from the Freight Transport Cost Survey	=	The total cost of trade

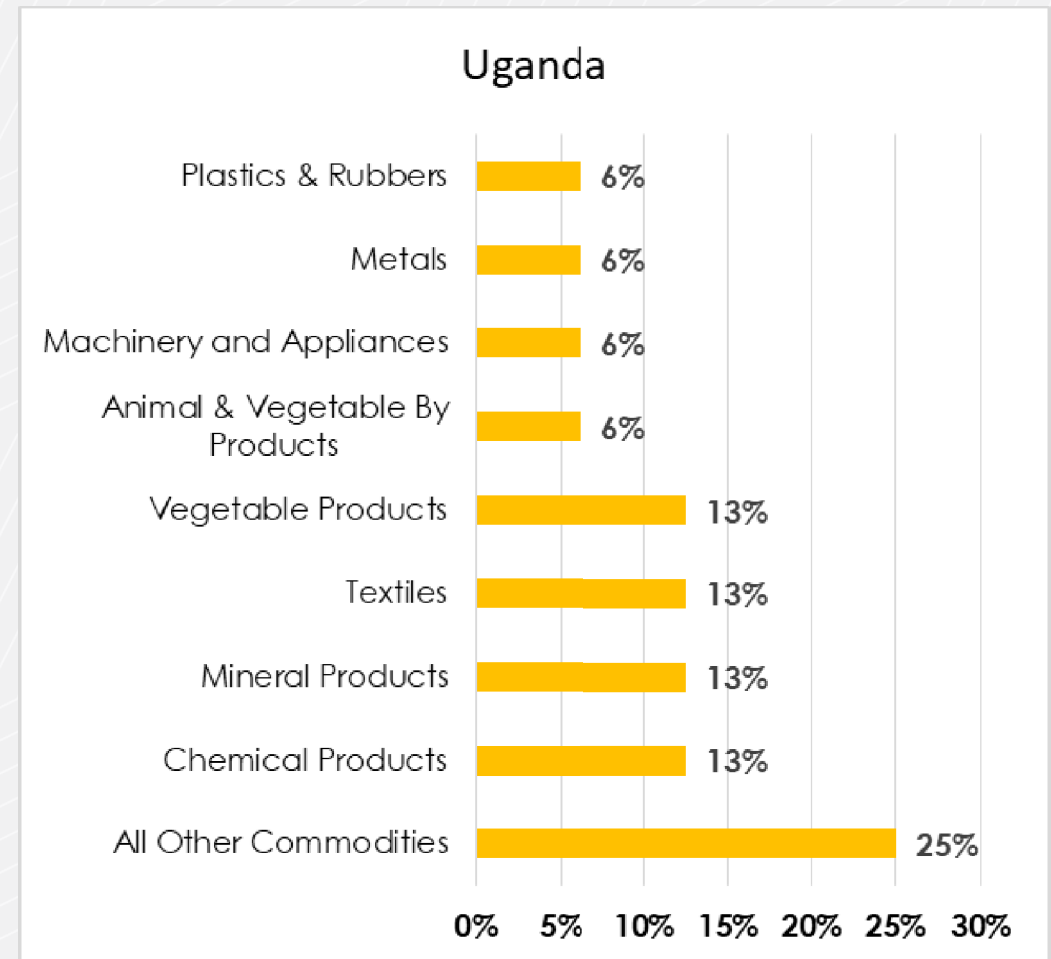
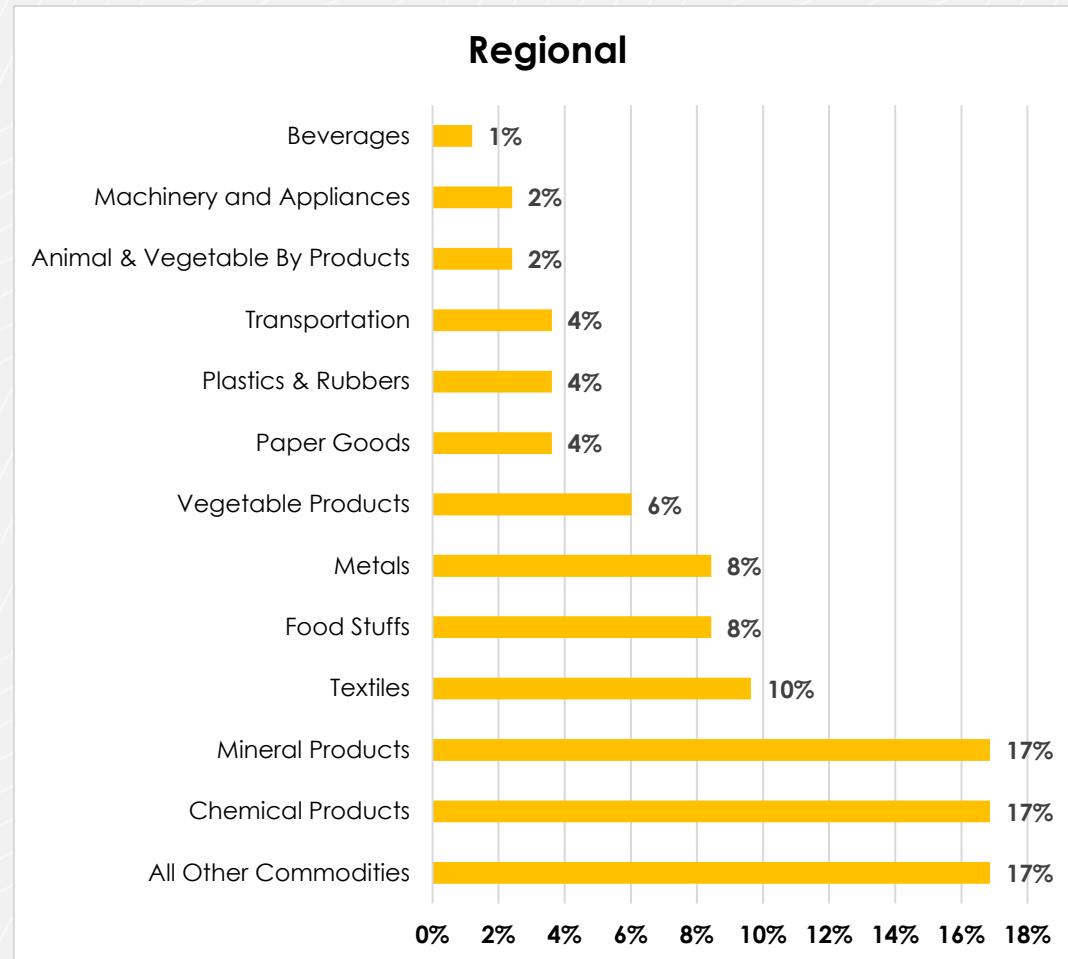
Key findings: Average cost to trade in the EAC region

Cost Item	EAC Region			
	Northern Corridor	Central Corridor		
	Mombasa-Kampala (1,169km)	Dar es Salaam- Bujumbura (1,640km)	Dar es Salaam- Kigali (1,495km)	
The average total cost of trade (USD/km)	2.62	2.98	3.27	

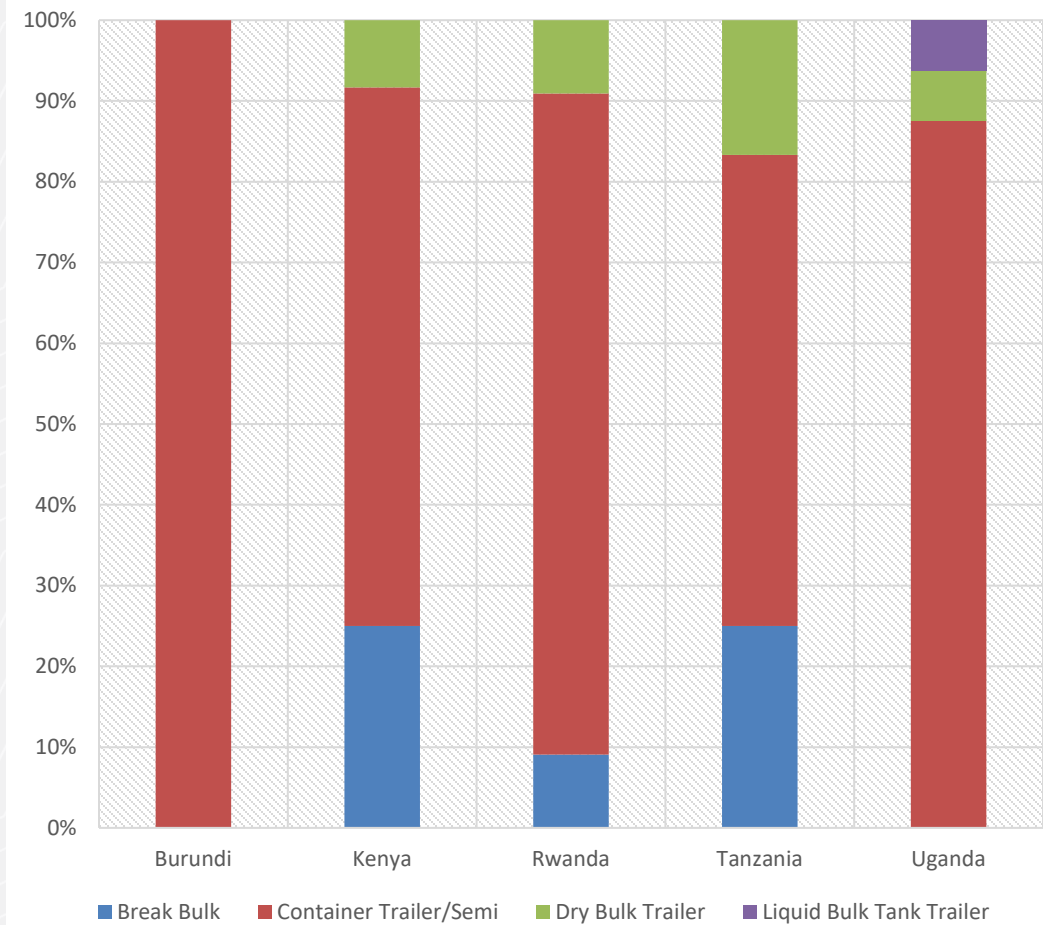
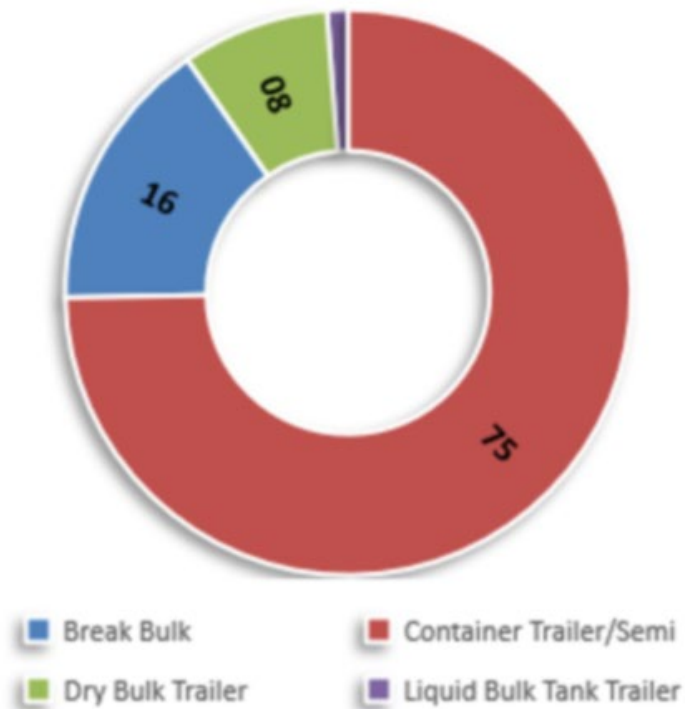
Key findings: Frequently travelled route- Mombasa Kampala

Origin	Destination	Number of trips	Percentage of trips	Corridor	Road distance (km)	Trade Cost	
						Average cost per trip (USD)	Average cost per km (USD/km)
1. Mombasa	Kampala	734	19.10%	NC	1,169.00	2,779.90	2.4
1. Dar es Salaam	Kigali	332	8.60%	CC	1,495.00	4,907.60	3.3
1. Dar es Salaam	Mwanza	244	6.30%	CC	1,152.00	4,547.70	3.9
1. Mombasa	Nairobi	228	5.90%	NC	481	2,916.00	6.1
1. Mtwara	Dar es Salaam	159	4.10%	CC	556	4,876.80	8.8
1. Mombasa	Juba	153	4.00%	NC	1,662.00	2,916.00	1.8
1. Kampala	Juba	149	3.90%	NC	635	2,916.00	4.6
1. Kampala	Mombasa	147	3.80%	NC	1,169.00	2,916.00	2.5
1. Nairobi	Kampala	146	3.80%	NC	657	2,916.00	4.4
1. Kampala	Arua city	137	3.60%	NC	475	2,916.00	6.1
1. Dar es Salaam	Bujumbura	136	3.50%	CC	1,640.00	4,876.80	3.0

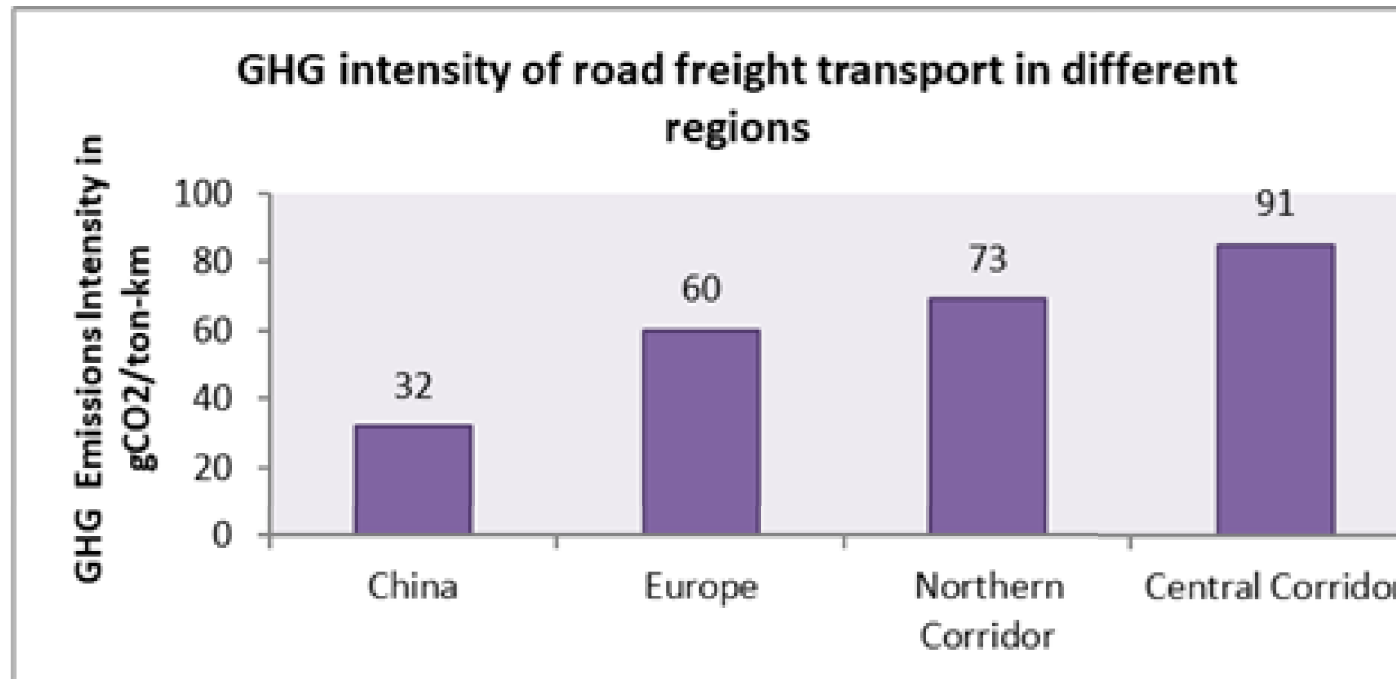
Key findings: Most frequently transported goods



Key findings: Type of trucks



Key findings: Increased GHG emissions



Comparative GHG intensity across corridors in the world
(Source: TMEA GHG Study Report, 2020)

Key findings: Total Cost of Trade

Cost Item	The average cost of trade per trip (USD)		
	Northern Corridor	Central Corridor	
	Mombasa-Kampala (1,169km)	Dar es Salaam-Bujumbura (1,640km)	Dar es Salaam-Kigali (1,495km)
Port costs (USD)	833	1,359	1,359
Direct transport costs (USD)	1,889.50	2,877.50	2,877.50
Cost of trade time (USD)	92.8	127	127
Direct compliance cost (USD)	115	375	375
The indirect cost of delay (USD)	42	42	42
Illicit costs (USD)	92.3	102.9	102.9
Trade costs (USD)	3,064.60	4,883.40	4,883.40

Cost Item	The average cost of trade per trip/km		
	Northern Corridor	Central Corridor	
	Mombasa-Kampala (1,169km)	Dar es Salaam-Bujumbura (1,640km)	Dar es Salaam - Kigali (1,495km)
Port costs (USD/Km)	0.71	0.83	0.91
Direct transport costs (USD/Km)	1.62	1.75	1.92
Cost of Trade Time (USD/Km)	0.08	0.08	0.08
Direct compliance cost (USD/Km)	0.10	0.23	0.25
The indirect cost of delay (USD/Km)	0.04	0.03	0.03
Illicit costs (USD/Km)	0.08	0.06	0.07
Trade costs (USD)	2.62	2.98	3.27

Uganda Specific Results

Of the top five trips observed in Uganda three were intra-regional:

Mombasa-Kampala (19.57%)

Kampala-Juba (9.4%)

Mombasa-Juba (6.6%)

- The other two trips observed in the top five OD pairs were national in nature:

Kampala-Arua (8.7%)

Kampala-Gulu (8.7%)

Direct Transport costs : *Direct transport costs are the main drivers of total trade costs*

Transport cost item	Liquid bulk tank trailer	Container trailer/Semi	Overall results for Uganda
	Average cost	Average cost	Average cost
Total freight cost per trip	2,150.00	2,150.00	2,150.00
Total bribe cost per trip	150.00	87.90	92.70
Total transport cost per trip	2,300.00	2,237.90	2,242.70

Trade Costs by common top OD pairs for Uganda: most expensive routes are domestic, not international

No	Origin	Destination	Percentage of trips	Road distance (km)	The most common commodity transported	Trade Cost	
						Average transport cost per trip (USD)	Average transport cost per km (USD/km)
1	Mombasa	Kampala	19.70%	1,169.0	Metals	3,701.80	3.2
2	Kampala	Juba	9.40%	635	Foodstuffs	3,886.00	6.1
3	Kampala	Arua	8.70%	475	Foodstuffs	3,886.00	8.2
4	Kampala	Gulu	8.70%	334	Mineral products	4,070.90	12.2

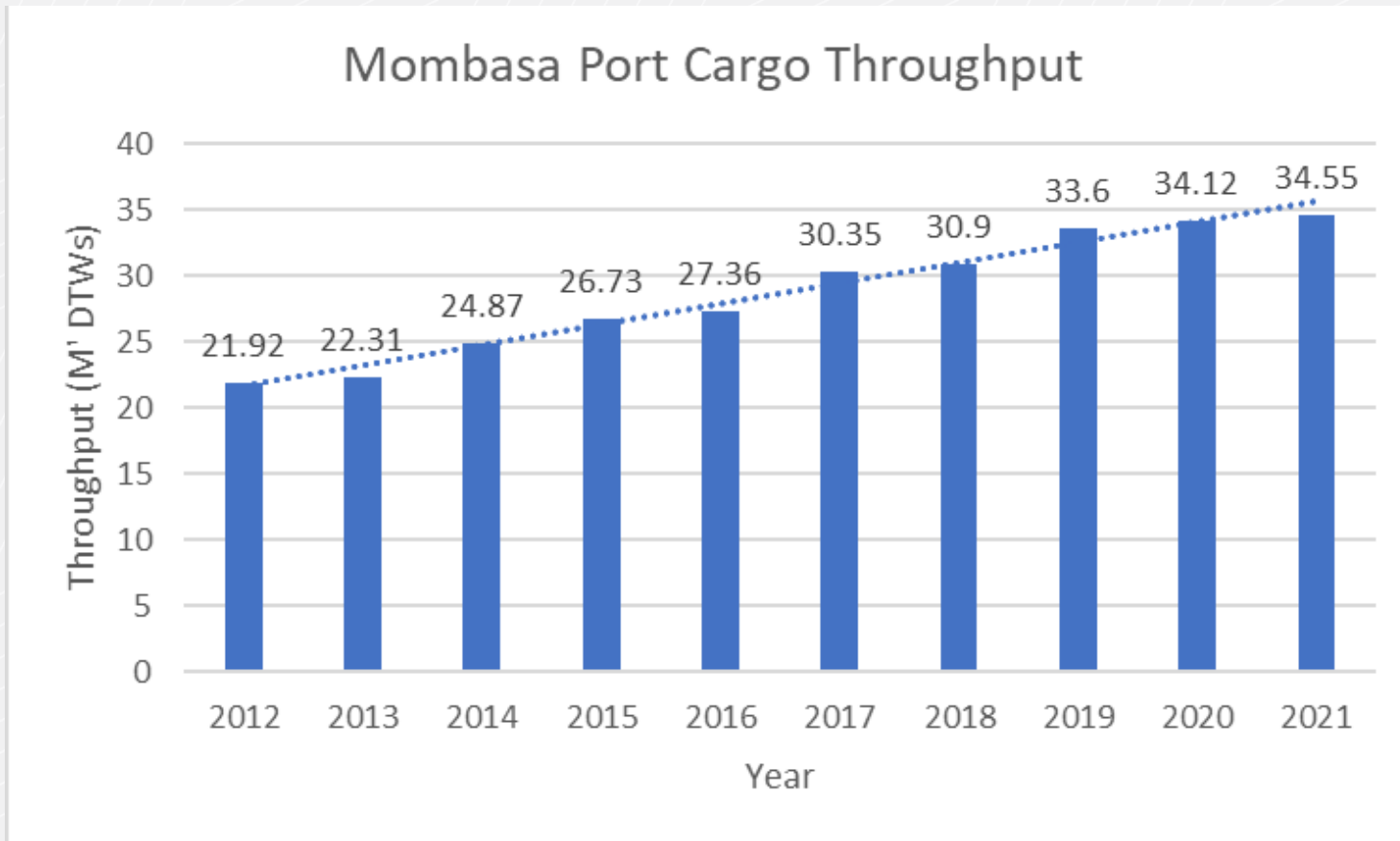
Key barriers to trade- Study findings

- Uganda Road conditions, which concerned almost 26% of drivers.
- The second most frequently identified issue was weighbridge issues, though this only concerned 6.5% of drivers.

Regional trade barriers identified

- At the regional level, the issue most often identified as a 'moderate' or 'severe' challenge was road conditions. The second most frequently identified issue was police checks.
- By contrast, vehicle condition, weather, port and border post issues were most frequently identified as either 'not a challenge', or 'a slight challenge'

Future priorities- Corridor needs regular upgrades to meet expanding requirements



- Mombasa Port volumes growing significantly over the years and projected to grow to 52 million tons in low scenario.
- TMEA interventions estimated to have increased exports by \$549m and imports by \$145m due to cost savings. Time savings led to additional \$102m in exports and \$32m in imports over 2010 baseline.
- Investment needs to continue to meet demand

Future priorities- Investment needed in several areas

- Investment for increasing capacity of the corridor to handle additional traffic;
- Investments that are strategic and catalytic in nature spurring further developments along the corridor e.g. logistics hubs;
- Investments that build upon existing reforms and unblock bottlenecks along the corridor;
- Investment and technologies for reducing rapidly rising GHG emissions on the corridor;
- Investments that allow for improved connectivity to underserved areas- for example parts of DRC; and
- Investments that would support increase in prosperity of people living along the corridor.



Future priorities- With EAC accession DRC needs to be better integrated in the Mombasa port trade network



- EAC partner states exported to DRC goods worth USD 941 million in 2019 (DRC exported 5% of that value to EAC)
- TMEA has made significant investments to improve trade ties-interventions along border posts, Lake ports and work with Customs.
- Trade formalisation needed- It is estimated that 60% of trade between eastern DRC and the rest of the world cannot be traced, meaning lost of revenue for national and provincial governments.
- Support needed in the following (i) Strengthen the DRC Integration Coordination in EAC; (ii) Deepen DRC Customs alignment with EAC Customs law, procedures and operations, and (iii) Strengthen DRC trade with frontier countries like Uganda.

Future priorities- New Approaches needed for funding corridor requirements



- COVID-19 pandemic has resulted in significant deterioration in government finances with many developing countries facing challenging economic environment.
- Donor finance also limited due to reduction in bilateral aid.
- War in Ukraine has significantly raised costs leading to challenges in completion of projects underway.
- Creation of new models that leverage finance from both the private sector and other funding instruments to meet the corridor needs.

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