THE IMPORTANCE OF STANDARD GAUGE RAILWAY (SGR) PROJECT TO THE EAST AFRICAN REGION

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ABSTRACT

As a famous Chinese saying states, “A journey of a thousand miles starts with the first step”. If there is a project in Kenya that perfectly fits this adage, it is the Standard Gauge Railway project (SGR). The SGR journey started way back in 2008, when the Cabinet approved the project. The economic benefits of the SGR during and after development could be appreciated from the project works. From the onset, both the KRC and CRBC have made it clear that construction materials that are locally available will be procured within the country. In fact, the project is expected to utilize 40 per cent of local content in terms of construction materials, civil works and job opportunities. As expected, the project is a major employer for thousands of skilled and unskilled youths who will be engaged in its development. The project will also inject the much needed technology transfer in the railway sub-sector. The project is expected to reinvigorate existing urban centres that are situated along Mombasa-Nairobi highway due to business opportunities associated with such projects. For example, apart from the 33 crossing stations, 5 stations will be constructed at Mariakani, Voi, Mtito Andei, Sultan Hamud and Athi River. Definitely, these urban centres will immensely benefit both in terms of urban growth and business activities accruing from the SGR project. The stations will be served by workshops for locomotives, rolling stock facilities that will require ample supply of electricity and water not to mention signaling, communications and ICT systems. In a nutshell, the SGR project will be a game changer as far as railway development is concerned in the Kenya and the region.

**Key Words: Standard Gauge Line, East Africa Region, Regional Infrastructure**
Definition of Terms

**Business sustainability**: - is often defined as managing the triple bottom line - a process by which companies manage their financial, social and environmental risks, obligations and opportunities. These three impacts are sometimes referred to as profits, people and planet.

**Gross Domestic Product (GDP)**:- is the broadest quantitative measure of a nation's total economic activity. More specifically, GDP represents the monetary value of all goods and services produced within a nation's geographic borders over a specified period of time.

**Hinterland**: - the often uncharted areas beyond a coastal district or a river's banks.

**Infrastructure**: - the basic physical and organizational structures and facilities (e.g., buildings, roads, and power supplies) needed for the operation of a society or enterprise.

**Logistics**: - the detailed coordination of a complex operation involving many people, facilities, or supplies.

**Powerhouse**: - a country or organization that has a lot of power or influence. The country is an economic powerhouse for the continent.

**Standard Gauge Railway**: - The standard gauge (also Stephenson gauge after George Stephenson, International gauge, or normal gauge) is a widely used railway track gauge. Approximately 55% of the lines in the world are this gauge. The distance between the inside edges of the rails is defined to be 1,435 millimetres (4 ft 8 ½ in) (except in the United States and Canada, where it is still defined in Imperial and US customary units as 4 feet 8 ½ inches (1,435.1 mm)).
Introduction

The Indian labourers who started building the Kenya-Uganda Railway in 1895 faced disease, harsh terrain and the famous man-eaters of Tsavo, a pair of maneless male lions that stalked campsites at night, dragging away as many as 135 victims in total. Crews building a new Standard Gauge Railway (SGR) from Mombasa to Nairobi are facing mainly man-made problems, particularly land wrangles with displaced communities unhappy with the amounts paid to them as compensation. China Road and Bridge Corporation is building the first 609-km section of the SGR at a cost of $3.6bn. China Exim Bank is providing 90 per cent of the financing. It is the first big railway project in Kenya in more than a century and – excluding the real possibility of delays caused by the increasingly litigious communities along its route – the project should be completed within 42 months (Kenya Railway Corporation, 2013).

The freight distribution has been regionalized to enable the development of corridors, value chains, governance, hinterlands, and labour. A gateway like Mombasa (or Lamu ) should embody the essential structure between regional and global transport systems. The project will finance the issue of ownership and governance by the concerned counties to ensure that effective services are attained. The SGR contractor has been directed by the government of Kenya to design the project in a way that should attract the private sector to enable in the development of processes, logistic structures, and functions. The SGR development strategies should be in tandem with the development strategies of Kenyan trade infrastructure and logistics together with other EAC members. The project should facilitate trade among the EAC members and steer up their economic growth and conservation of environment. Additionally, the project will benefit the East African people by creating more entrepreneurship opportunities and employment.

The Role of SGR in Intensifying Regional Infrastructure Development

Kenya’s standard gauge railway (SGR), a new rail track that will stretch from Mombasa to Nairobi, is the most ambitious infrastructure project in the country since independence. The 609km-long line is expected to cost $3.6-billion, with China’s Exim Bank footing 90% of the bill and the Kenyan government providing the other 10%. The SGR is part of the grand trans East
African railway project, one of many ‘mega’ infrastructure projects currently under way in that region (White & Kitimbo, 2015). It is a direct effort to connect East Africans and their economies, and in so doing build economies of scale, lower the cost of doing business, attract foreign investment and ultimately accelerate growth and development.

The World Bank’s economic growth statistics have shown that East Africa is registering the fastest growth rate in the content. The economic growth in the sub-region is estimated to grow by 5.6% in 2016 as compared to an average continental growth of 4.5% with the southern African region growing at the slowest pace of 3.1%. The global infrastructure development survey done by the world bank this year showed that East African infrastructure is one of the least developed in the world and hence its development will enable the sub-region to realize its full economic development potential. The economic experts have shown that the infrastructure development and the economic growth have a positive correlation. To support the argument a recent Deloitte report indicated that east Africa approved more than 50 infrastructure projects in 2014 alone (White & Kitimbo, 2015). However, in 2013 the sub-region recorded at least 93 projects, but their value did not differ much as compared to 2014. Moreover, the east African government are still planning some of the mega projects, which are yet to be allocated money with the budget already estimated to be 60 billion this year.

Kenya, East Africa’s largest economy, is leading infrastructure developments in the region. The SGR, which should be completed by 2017, is the first part of the broader Lamu Port-South Sudan-Ethiopia transport corridor. This integrated mega-project will connect countries in the region via oil refineries, ports and railway lines. But Kenya is looking well beyond pipelines, railways and ports. Airports are a priority. In a bid to cement its position as one of Africa’s major gateways, Kenya is building a new terminal at Jomo Kenyatta International Airport in Nairobi. Dubbed the ‘Greenfield Terminal’, and financed largely by the African Development Bank, the terminal will cost an estimated $612-million, span 178,000 square meters and handle an annual 20-million passengers. In addition to this, last November Kenya signed a $66-million financing agreement with the French Development Agency to upgrade Moi International Airport in
Mombasa (White & Kitimbo, 2015). This is a major entry point for tourists visiting the coastal city, with more than a dozen airlines flying in directly from Europe.

Ethiopia, the other regional economic powerhouse with a growing population of 94-million people, boasts some of the most ambitious infrastructure projects on the continent. The most talked about project of all is the Grand Renaissance Dam. Upon completion in 2017, the dam will generate up to 6,000 megawatts of electricity, and establish Ethiopia as a principle hydroelectric power exporter. The World Bank estimates this will earn Ethiopia in excess of $1-billion a year. The dam is not cheap (White & Kitimbo, 2015). With a budget close to $5-billion, the project is entirely funded by Ethiopia with 80% of the financing coming from taxes and the remaining 20% through bond offerings, allowing ordinary foreigners to purchase a stake in Ethiopia’s exciting future.

This is an unusual model in a region dominated by international loans and foreign capital – especially from China – and may present a new and unorthodox approach to mega-project financing in Africa. In Addis Ababa, Ethiopia’s capital and home to the African Union, the recently completed Light Rail Transit, the first electrified rail system in Africa, epitomises Ethiopia’s steady rise and modernisation (Baruch, 2013). The rail line will play a significant role in easing city traffic congestion, transporting more than 1-million people around the city every day (White & Kitimbo, 2015). But unlike the Grand Renaissance Dam, this project relies on financing from China’s Exim Bank, which provided 85% of the $475-million required to complete construction.

Ethiopia and Kenya are not the only East African countries with ambitious infrastructure projects. Uganda and Tanzania are also heavily investing in mega schemes. Over the next five years through a range of commercial loans, Tanzania plans to inject $14.2-billion into its rail network. Moreover, the country has already signed investment agreements with China worth more than $1-billion that include the building of a satellite city to reduce overcrowding in Dar es Salaam (White & Kitimbo, 2015). Uganda is also banking on Chinese capital to build two hydro power plants – the 600 megawatt Karuma and the 188 megawatt Isimba dams. China’s Exim
Bank has already signed a deal with the Ugandan government to fund 85% of the cost of Karuma, estimated at $2-billion.

East Africa still has a long way to go in establishing the robust infrastructure needed to realise the region’s economic promise. However, recent investments, which have prioritised infrastructure development, place the region firmly on the right trajectory. East Africa’s political commitment to boosting regional competitiveness through broader and deeper integration, and driving real connectedness of people, goods, services and capital through tangible projects like the Lamu Port-South Sudan-Ethiopia transport corridor, puts the region at the forefront of the Africa rising narrative (White & Kitimbo, 2015). The SGR is one portion of the most ambitious infrastructure project in Kenya’s history. It is part of the wider Lamu Port-South Sudan-Ethiopia Transport (Lapsset) Corridor, which seeks to link countries in the region, including Uganda and Rwanda via new ports, railway lines and oil refineries.

The Kenyan government signed an agreement with a Chinese construction company in 2014 to facilitate the construction of Lamu berths on the new Lamu port. The project was valued at 42 billion shilling and once completed it will help to ease congestion at Mombasa port and enable the SGR steer growth by attracting more countries to trade with Kenya. Additionally, new energy infrastructure will be constructed to facilitate the efficiency of the SGR project (White & Kitimbo, 2015). The SGR project has opened an opportunity for the development of other projects such as the proposed construction of the proposed oil pipeline to export crude oil from Uganda and northern Kenya with an inclusion of Southern Sudan in the future.

The feasibility study, expected by May, will settle the debate about whether to route the pipeline farther north and use infrastructure to bring development to some of the country’s poorest communities, or take a more southerly route through more populated areas. “It is a question of getting the optimal route,” says energy and petroleum minister Davis Chirchir. “We want to open a corridor for development but we must know at what cost.” Kenya is also investing in air transport infrastructure. A new terminal has opened at Jomo Kenyatta International Airport built at a cost of $93m, with funding from L’Agence Française de Dévelopement. AFD has also signed a financing agreement to provide $66m to Kenya Airports Authority for the upgrade of
Mombasa Airport. After paying off a $600m commercial syndicated loan and domestic arrears to contractors, Kenya still has more than half the $2bn it raised from its sovereign bond this year (Kalinaki, 2014). Henry Rotich, the finance minister, says the remaining cash is earmarked for infrastructure and agriculture projects. “Our target is to grow the economy by double digits and you need decent infrastructure for that,” a senior official in the finance ministry says.

The recent revision of economic data, which expanded GDP by about 25 per cent, has also increased the debt legroom and Kenya government officials say they have not ruled out the possibility of returning to the international money markets with a Japanese-yen denominated samurai bond or an asset-backed sukuk bond targeting capital from the Middle East. While cash is crucial for Kenya’s capital-intensive projects, land disputes and security concerns have provided the most unexpected challenges, particularly at the terminus in Lamu (Kalinaki, 2014). In July 2014, a report by the Switzerland-based Internal Displacement Monitoring Centre (IDMC) warned of land-grabbing at the Kenyan coast by powerful elites, including speculators eyeing chunks of land near the proposed port and infrastructure projects.

Although compiled earlier, the report was released shortly after armed gunmen attacked the settlement in Mpeketoni, near Lamu, and killed 60 people in what authorities said was a flaring of tensions over land. In the aftermath of the attacks, President Uhuru Kenyatta reversed a decision by the previous government that effectively gave 500,000 hectares of public land to 22 individuals. Kenya’s coastal region has the largest concentration of indigenous people displaced from their ancestral land or living on land for which they have no land title deeds. Seven out of every 10 people live below the official poverty line, significantly higher than the national average of 47 per cent. The infrastructure projects are central to Kenya’s economic growth plans and officials say they expect construction of the SGR to boost GDP by 2 per cent (Kalinaki, 2014). That growth will have to translate quickly into jobs and development for the people, particularly in the host communities. The man-eaters of Tsavo might have faded into legend, but a century later many in these communities remain hungry and keen to benefit from the infrastructure boom.
The SGR line, the biggest infrastructure project ever undertaken in the region, will also improve the movement of goods and citizens between the port city of Mombasa and its vast hinterland of Kenya, Uganda, Rwanda and parts of eastern DR Congo; what is known as the Northern Corridor of the East African Community. An efficient transport system will not only improve Kenya’s and the region’s competitiveness as an investment destination. The SGR, which was birthed by a tripartite agreement among Kenya, Uganda, Rwanda and lately, South Sudan, will also make goods sold in the region cheaper, making the cost of life affordable for households (Zhao, 2016). Cognizant of the critical significance of the project, CRBC, which is the EPC (Engineering, Procurement and Construction) contractor on the venture, has been implementing the SGR project with utmost sensitivity to the socio-economic needs of the Kenyan society and long-term sustainability in mind.

Responsible corporate citizenship and sustainability, anchored on an active Corporate Social Responsibility (CSR) platform, is thus something that we do not just sloganeer and talk about. It is at the core of our business at all our sites all over the world, and Kenya is no exception. The ethos is alive in actual construction, where we are guided by utmost sensitivity to life in all its forms: human, plant and animal. Work on each segment starts only on receipt of an Environmental Impact Assessment (EIA) report by a qualified consultant and certification by Kenyan authorities, including the National Environmental Management Agency (NEMA). In tandem with its principle of “green” construction, the CRBC has adopted an animal-friendly design that provides for free movement of animals through the incorporation of viaducts and watering points along the route (Zhao, 2016). This is critical since the SGR route traverses a number of key conservation areas.

**Nairobi Commuter Links**

In addition to facilitating smoother regional trade, rail developments within Nairobi are also anticipated to reduce congestion and improve public transport and daily commutes. Kenya’s first urban railway project, the Nairobi Commuter Rail system, was officially launched by the KRC in 2009, and involved rehabilitating 167 km of existing rail systems, as well as the construction of a new line to JKIA. Although the project has been in the works for five years, as of mid-2014 only
the Nairobi to Syokimau link was operational. The route, which was inaugurated in 2012, runs four commuter services daily during peak rush hour traffic. The service has proven so popular that the KRC reported the commuter train’s two passenger cars are periodically filled to nearly double their 150-person capacity, meaning there is a good chance of future expansion (Zhao, 2016). The new station at Makadara is now operational, while the KRC is currently working on opening Imara Daima and hopes to establish similar commuter services in Kisumu and Mombasa before 2018.

As part of its public transport reforms, the Ministry of Transport and the National Transport and Safety Authority are also streamlining the matatus, privately owned minibuses, industry and are requiring public service vehicles to operate cashless payment systems for all fares. The July 2014 deadline was extended until further notice to give matatus operators more time to adopt the new system. “One of the greatest challenges facing public transport is that no singular institution and curriculum exist to train new drivers under a standardised framework, although we expect to have one finalised by the end of 2014,” Edwins Mukabanah, managing director of Kenya Bus Service, told OBG (Zhao, 2016).

**Importance of SGR in the provision of employment to Kenyans**

The transformative power of a railway line has already been demonstrated by the current line, its deficiencies notwithstanding. The transport arteries that serve the port of Mombasa’s hinterland; and which form the Northern Corridor; account for over 80 per cent of Kenya’s Gross Domestic Product (GDP). Originally built by the British at the turn of the last century, the Kenya-Uganda Railway was meant to open up the interior and provide access to overseas markets for goods (mostly agricultural produce) from the expansive hinterland (Kanyua, 2014). Looking at the map of Kenya, one sees a clear linear pattern to urbanisation, with the railway line being the common denominator among Kenya’s main towns.

The economic development and the improved living standards are expected in the areas where the SGR line will traverse. The government authorized the SGR contract company to Itto spend 30 percent of the total project cost local to benefit the Kenyan residents. The project is expected
to bring a lot of benefits to the country in terms of the improvement of the construction and operations of the project once the local residents are trained. Majority of the workers that the contractor will hire will come from Kenya, but the firm is expected to bring specialist to train the Kenyans as they work together. A single kilometer of the SGR line is expected to create at least 60 new job opportunities during the construction phase. The job opportunities will benefit the country based on the new skills acquired in skilled and semiskilled labor which can be used during the future expansion of the projects to other parts of the country. On the hand, some of the Kenyan industries will benefit from the project due to the inputs demanded at the construction site (Kanyua, 2014). Therefore, the immense opportunities brought by the SGR project will benefit both the government and the individuals with a long term effect of the massive economic development.

The supply of inputs to the project is projected to create as many as 40,000 new jobs. As happens in such projects, the contractor is likely to set up several operational bases along the route. Towns like Sultan Hamud, MtitoAndei, Mariakani, Voi and Kathekani and others would be ideal locations for such bases. Workers will require services such as catering, healthcare, security and entertainment. In this way, the SGR project will create a captive market for service providers in these sectors. At least 3,000 Kenyans will gain employment. The SGR also presents a perfect opportunity for technology transfer. The onus is on training institutions to take advantage of the existing skills deficit in the country within these areas. Some 15,000 Kenyans with such skills will be needed on the project during construction and after. On the upper scale, some 400 engineers and technicians will be required for the project (Kanyua, 2014). Opportunities for on-the-job training and possible retention will be available.

Many support services such as catering, entertainment, security, and accommodation will play a pivotal role in supporting the SGR workers. Such services will create more jobs and improve the economic development. The SGR project is sourcing some of its construction materials locally and by February of 2016 the SGR contractor paid a total of 50 billion cumulative since the project started. The Kenyan government directed the contracting company to source 40% of its construction materials form the local suppliers. 40 modern train stations will be constructed.
along the railway line to ease the transport of passengers and cargo to and from different parts of the country (Todd, 2012). The contracting company is planning to fully operationalize at 33 train stations when the project starts officially, with the people living near the SGR line set to obtain the benefits and opportunities from the project. Moreover, the government has compensated people whose lands have been affected by the project. The compensation that as given to the residents was said to the in the tune of 30 billion, which has significantly improved their living standards (Zhao, 2016). The Kenyan government evacuated such people to pave way for the construction of the project.

Once completed, the line will operate on the principle of “open access”, something akin to a normal road. Local entrepreneurs will have the opportunity to participate in the provision of railway transport services by investing in locomotives and rolling stock. In the long run, the benefits arising from the SGR project far outstrip its cost (Kanyua, 2014). The projects’ return on investment will be positive considering the key deliverables such as the provision of a modern and efficient transport system; creation of new sustainable businesses and jobs and the enhancement of local and regional commerce.

The first phase of the project will be complete in December 2016 and commercial operations will start in the first quarter of 2017. The passenger trains will have a capacity of 1,096 passengers and will move at 180 Km/hr, effectively cutting travel time between Mombasa and Nairobi from over 10 hours to just 4 hours. Cargo trains will take less than 8 hours over the same distance, moving at a slower speed of 120 Km/hr. The cargo trains are designed to carry double stacks of containers, an enhanced load capacity that is expected to aid in decongesting the port of Mombasa. Moving cargo across the nation will also be cheaper from the current $0.20 per tonne/km to $0.08 per tonne/km (Zhao, 2016). The cargo trains are designed to move 22 million tonnes of freight per year. It is expected that this capacity will make Kenya a competitive investment destination by bringing much-needed efficiency in the transport sector, thus lowering production costs.

**SGR to Boost Kenya’s GDP Significantly**
According to a World Bank report, the project will significantly boost Kenya’s GDP, making the country one of the fastest growing economies in sub Saharan Africa for the next 15 years. Like the rest of the world, Kenya is grappling with ways to tackle climate change by managing carbon emissions. The SGR will provide reprieve to the environment as it has significantly lower emission than the current meter gauge railway in present use. In future, as the country attains self-sufficiency in power generation, electric engines will be introduced to replace diesel ones. The introduction of electric-powered trains is expected to make the running of the SGR cheaper. The SGR project comes at a time when Kenya is working tirelessly to position itself as the socio-economic powerhouse in the region. The concept and execution of the project is a multi-pronged approach to deliver sustainable development in Kenyan. It remains to be seen how Kenyans will take advantage of this new infrastructure (Zhao, 2016). If the entrepreneurial spirit exhibited by Kenyans in the past is anything to go by, Kenyans can’t wait for the completion of this project.
China roads and bridge company is scheduled to complete the SGR project by 2018 with the help of the ministry of roads and infrastructure. The ministry has concentrated on the development, design, and designing of infrastructures in transport and infrastructure. The ministry will spur the development of the national economy and improve the level of employment. Mbambazi (2016) stated that east African governments aim at transforming the transport sector into a world class level to ensure that the quality of life is improved. Additionally, the transformation will ensure the transport services are accessible, safe, efficient and sustainable.

The new railway will supplement road transport, thereby increasing the efficiency of the Northern Corridor by providing gateway linking Kenya’s Maritime Port of Mombasa to the landlocked economies of Uganda, Rwanda, Burundi and South Sudan (Sabyasachee, Timothy & Manoj, 2012). It will significantly reduce the cost of road maintenance hence lowering the cost of doing business in the region thereby improving trade and attracting investments. The implementation of the SGR is expected to transform Uganda and the region for the better. An example of Kenya, to satisfy the growing demand for port services brought about by growing regional economies, they are developing a second commercial port at Lamu, under the LAPSSET project (Mbambazi, 2016). For example, Mombasa Port, Lamu Port will be the beginning of a second transport and economic corridor for Kenya and the region.

The SGR will solve the problems that are currently facing the transport of cargo from Mombasa to various destinations. The decongestion of the port is one of the policies of the SGR project and any cargo above 15 tonnes will be carried using the trains to avoid the damage of the roads. The project will reduce the cost of transporting the cargo that has been expensive using the roads. Uganda is a low income country with the income per capita estimated to be $506 and is focusing on transforming the economy to $9500 by 2040. The SGR project will enable Uganda to be categorized among the lower middle income earners per 2032 (Mbambazi, 2016).

The government of Uganda has urged the various public departments to understand the importance of the infrastructural development such as the SGR since the railway line will ease
the transport of goods to and from other countries. The government decided to develop appropriate standards and regulations to accomplish the goal of implementing such mega projects. Uganda together with other EAC members have included risk management and risks transfer to ensure the effective use of the tax payers money through the partnership with private sectors. The partnership has made the transport sectors of the east African nations to be interconnected. The Ugandan government is in the process of improving the public-private partnerships to as one of its financial modalities to drive the EAC members to the next milestone. The SGR will provide numerous opportunities and benefits of which regional integration will be the main key achievement and in the long run implement the common market protocol (Mbambazi, 2016). All these views and knowledge need to be used to develop not only railways but, more importantly, multimodal transport policies that can ensure maximum efficiency and sustainability of future railways infrastructure investments in the EAC Partner States.

Experts said the project could place the east Africa region at par with world’s advanced countries whose railway projects have played a key role in industrialization and modernization. The efforts of the government in regard to regional projects are also highly appreciated by the residents who talked to Xinhua, particularly those who travel across borders with national identity card (Mbambazi, 2016). Rwanda’s state minister for Transport Alexis Nzahabwanimana said by March 2016, areas where the railway line would pass will have been demarcated, adding that Rwanda needs about 1.2 billion U. S. dollars to meet the cost of the project.

Rwandan resident Prince Higiro said there are many indirect benefits for this project which will save a lot of time for Rwandan residents and visitors and will have a huge economic impact. The project is also expected to create jobs and elevate living standards in the wake of an improved transport system, he added. One Rwandan business woman who gave her name only as Francoise showing the thumbs-up sign said that residents will no longer use buses to go to Kampala or Nairobi but would just commute by train (Mbambazi, 2016). As a result, there will be less fatigue and the residents will have a community that indeed befits its name, coming together, she said, adding that the project is exciting indeed. "It is clearly evident that China is committed to
transforming Kenya not only through infrastructure development but also trade and investments," said David Wakaba, a Kenyan hotelier.

Many African people are upbeat about the prospect of good results once the railway project is completed, saying it will be the backbone of the East African countries’ public transport system and a key component of growth. "The project will redefine the concept of regional transportation, providing Rwandans and visitors with a fast world-class transportation system," said Eric Komugisha, an engineering graduate in Kigali. "A fast and efficient means of transport is all that we need to develop (Mbambazi, 2016)."If possible, some of us would like to travel more often to neighboring countries and explore new businesses once the railway network is completed," said Daniel Kamau, a Kenyan newspaper vendor.

**Conclusion**

The SGR is in line with goal 9 of the SDGs (sustainable development goals) 2015 which is to build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation. It will clearly develop quality reliable, sustainable and resilient infrastructure including regional and trans border infrastructure to support economic development and human well-being with a focus on affordable and equitable access for all

The SGR, Vision 2030’s flagship project and the largest undertaking in the plan’s current phase, is expected to transform rail transport not only throughout Kenya but in the East Africa region as a whole. When it is completed, trains will be able to travel at speeds of up to 80 km per hour for freight and 120 km per hour for passengers, significantly reducing journey times. Overseen by the KR, work began in October 2013 on the project’s first phase connecting Mombasa to Nairobi. It is a direct effort to connect East Africans and their economies, and in so doing build economies of scale, lower the cost of doing business, attract foreign investment and ultimately accelerate growth and development. The new railway will supplement road transport, thereby increasing the efficiency of the Northern Corridor by providing gateway linking Kenya’s Maritime Port of Mombasa to the landlocked economies of Uganda, Rwanda, Burundi and South Sudan.
With an estimated cost of $4bn, the majority of funding for the project is being provided by China Eximbank, with the Kenyan government supplying another 10%. According to the World Bank, the government borrowed $3.6bn from China in the fourth quarter of fiscal year 2013/14 for the Mombasa to Nairobi line, contributing to a rise in Kenya’s public debt in the same period. Media sources report that for fiscal year 2014/15, some KSh22.9bn ($251.9m) in public spending was set aside for the project. The SGR will provide numerous opportunities and benefits of which regional integration will be the main key achievement and in the long run implement the common market protocol. All these views and knowledge need to be used to develop not only railways but, more importantly, multimodal transport policies that can ensure maximum efficiency and sustainability of future railways infrastructure investments in the EAC Partner States.
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