

# ISLAMIC BANK PLEDGES SH1.7 TRILLION FOR SGR

By Charles Etukuri

The Islamic Development Bank (IsDB) has agreed to fund the construction of the Malaba-Kampala standard gauge railway (SGR) to the tune of euro 410m (sh1.7 trillion). However, the bank has given a set of conditions that the Government must fulfil to secure additional cheap financing for the project.

In a meeting held at the office of the state minister for works, Musa Eweru, at Nakasero Towers, Dr Issahaq Umar Iddrisu, the regional hub manager who led the IsDB delegation, said they had come to Uganda to conduct the last appraisal before the money could be disbursed. The meeting took place on Wednesday.

Eweru led the high-level Government delegation, which included the permanent secretary in the Ministry of Works and Transport, Bageya Waiswa. The meeting focused on advancing appraisal discussions and accelerating financial closure for euro 2.7b (over sh10.8 trillion) railway project, which the Government has positioned as a transformative regional corridor to reduce logistics costs and strengthen trade competitiveness.

"The institution is here to support Uganda's strategic project – the SGR – a project the bank believes should have been concluded and operational years back. We are here not because of why you should have the project, but the how? The issue now



**Eweru (left) leading a high-level government meeting with a delegation from the Islamic Development Bank (IsDB) on the Malaba-Kampala standard gauge railway (SGR) at his office in Kampala on Wednesday**

is how to move forward as quickly as possible to ensure that we make this a reality. This is a project that is not only going to benefit Uganda, but several other countries like the Democratic Republic of Congo and South Sudan," Dr Issahaq said.

## APPRAISAL

He revealed that they had a preparatory meeting in July last year and that they were here for an appraisal, which is the last stage of engagement with the Government of Uganda.

"If we were not convinced that this is a project not worth supporting, we would not be here for appraisal. The fact that we have come back

demonstrates our commitment to this is a project that we want to succeed. We will leave no effort to ensure that this ambition of Uganda is realised," he stated.

Dr Issahaq, however, noted that they required the Government's support in a number of areas. "The IsDB desire is to ensure that we mobilise resources for you that are affordable. We are looking at supporting the project to the tune of euro 410m.

In addition, we are trying to mobilise our partners the Arab Co-ordination Group. The Organisation of the Petroleum Exporting Countries is already with us, and they are coming with about euro 150m. We

## BETWEEN THE LINES

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have engaged the Kuwait Fund and Qatar, and they have shown a desire to come on board. But for this to happen, they require us to send them an urgent official request – the Government writing to them and asking them to get involved," he said.

IsDB also requested the Government to ensure the

approved money is put to use.

"Yes, we are going to approve this project, but as a development bank, the last thing we want to see is projects approved and money is sitting with us at the headquarters. Development only happens if money is transferred to the country and work is being done," Dr Issahaq.

"We are going to call on you to help us with the approval of the internal process in the country so that once we approve, getting cabinet, parliamentary, Attorney General and Solicitor General's approvals come in as quickly as possible and we hit the ground running."

The Government awarded the contract to Turkish firm

Yapi Merkezi. Eweru said the Government was committed to ensuring the project kicks off and that the contractor had already set camp.

"This railway is transformative for Uganda and the wider region. Time is of the essence; we should close the financing process early and proceed without delay," Eweru said.

Bageya said over 60% of the right-of-way for the Malaba-Kampala stretch has been acquired and early works have been fully financed by the Government of Uganda, indicating readiness to move into implementation.

"SGR is a strategic and flagship project which is supposed to unlock a lot of the logistic costs, improve reliability and productivity of cargo movement and is also a regional project," Bageya said.

He said the Government was committed to growing the economy 10-fold in the next 10-15 years. He said Kenya and had agreed on key elements on broad construction and implementation timelines so that the cross-border operation can be seamless when the network is in service.

The Kenyan government has already completed the construction of the SGR from Mombasa to Naivasha. Plans are already underway to extend to Malaba.

The project involves a 475km line extending through Kisumu to the Ugandan border. Uganda is then expected to connect its own SGR to Kampala and then later Kasese, where the DR Congo will also pick it up and extend it into their territory.