



TANZANIA - ZAMBIA RAILWAY AUTHORITY

**TAZARA
TEN YEAR DEVELOPMENT PLAN**

**DOCUMENTATION FROM DONORS
CONFERENCE**

DAR ES SALAAM FEBRUARY 1988



Tanzania-Zambia Railway Authority

DOCUMENTATION FROM
TAZARA TEN YEAR DEVELOPMENT PLAN
DONORS CONFERENCE
FEBRUARY 2ND AND 3RD 1988

memorandum

DATE: 5/26/88

REPLY TO: Zach Hahn, PDO, USAID/Tanzania
ATTN OF:

SUBJECT: Regional Transport Development
Dar es Salaam Corridor Project (TAZARA) (Project No. 690-0240)
TAZARA Ten Year Development Plan - Progress Report No. 5

TO: REDSO/ENGR: FGuymont (w/one copy of report)
SARP/PDO: EMorris " "
AFR/PD/EAP: SBaker " "
AFR/PD/SAP: PThorn " "

AID/W:

Please find attached or
been prepared by the th
Coordinating Unit.

Attachment: A/S

Multi-donor



Buy U.S. Savings Bonds Regularly on the Payroll Savings Plan

DOCUMENTATION FROM DONORS CONFERENCE,
FEBRUARY 2ND AND 3RD 1988

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1. PARTICIPANTS IN TAZARA DONORS CONFERENCE

Chairman

Mr P J Mkanga Principal Secretary
 Ministry of Communication & Works
 Tanzania

Co-Chairman

Mr N B Nyoni Permanent Secretary
 Ministry of Power, Transport &
 Communication, Zambia

Tazara Representative

Mr S C I Mapara General Manager, Tazara

Delegates

| | |
|-----------------|---------------------|
| Dr M Cornaro | Austria |
| Dr S Hermann | Austria |
| Mr M Vigrass | Canada |
| Mr Li Jiefeng | China |
| Mr Lars Mönsted | Denmark |
| Mr H Swift | EEC |
| Mr K Davies | EEC |
| Mr A Bruser | EEC |
| Mr O Sotamaa | Finland |
| Mrs H Pihlatie | Finland |
| Mr M L Boucher | France |
| Mr J Kennfweg | W. Germany (KfW) |
| Mrs M Thimm | W. Germany (KfW) |
| Mr E K M Sanvee | ADB (Nairobi) |
| Mr Stenersen | Norway |
| Mr E Read | SATCC/TU Mozambique |
| Mr J Brisman | Sweden |
| Mr S Lööf | Sweden |
| Mr P Peter | Switzerland |
| Mr C Gladson | USA |
| Mr Zach Hahn | USA |
| Mr J Stepanek | USA |

| | |
|-----------------|------------------------------|
| Mr I K Sam | World Bank |
| Mr G M K Msella | Ministry of Finance - DSM |
| Mr J O Mkinga | THA |
| Mr W G Macha | THA |
| Mr D T Tembo | Zambia High Commission - DSM |
| Mr F S Mwamba | " " " " |

Tazara Officials

| | |
|-------------------|---------------------------------|
| Mr J Mumba | Traffic Manager |
| Mr A S Mweemba | Corporate Planning Manager |
| Mr J B Ngeleshi | Corporation Secretary |
| Mr M J Kachumi | Chief Mechanical Engineer |
| Mr H Mawona | Chief Civil Engineer |
| Mr F M Swai | Senior Personnel Officer |
| Mr A J Chulu | Ag. Supplies Manager |
| Mr M A M Haule | Ag. Finance Manager |
| Mr M S Kikula | Administrative Officer |
| Mr L B Chogo | Asst. Chief Mechanical Engineer |
| Mrs E Kalili | (Secretary) |
| Mrs J Mfinanga | (Secretary) |
| Mr Zhang Zhi Ying | CRET |
| Mr Zhou Ming Yuan | CRET |
| Mr Yan Peng Guai | CRET |

Tazara PCU

| | |
|--------------|---------------------|
| Mr S Möller | Team Leader |
| Mr G Hallert | Civil Engineer |
| Mr R Rinamo | Mechanical Engineer |

2. AGENDA FOR TAZARA'S DONORS CONFERENCE, FEBRUARY 1988

Place : TAZARA

Tuesday 2nd

- 08.15 : Transport by minibus from Kilimanjaro and Embassy Hotels.
- 08.45 : Assembly at TAZARA
- 09.00 : Morning session:
Opening Ceremony
Review of Traffic - A S Mweemba
Reports on running projects - S Moller
Ten Year Development Plan - G Hallert
Civil Projects - J Tibangayuka
Signal Projects - R Rinamo
Mechanical Projects
- 12.30 : Lunch
- 14.30 : Afternoon session

Reports on projects not yet pledged for Donors declarations
- Evening : General Manager reception at Hotel Kilimanjaro, Swimming Pool.

Wednesday 3rd

- 08.30 : Transport by Bus from the hotels
- 09.00 : Morning session

Discussions of issues from first day and other matters.

Closure of conference
- 11.30 : Departure by special train to Fuga, Selous

During the trip

Lunch
Visits to some sites
Individual discussions
Game Viewing
- 20.00 : Arrival in Dar es Salaam

3. OPENING SPEECH FOR THE THIRD DONORS
FOLLOW UP MEETING TAZARA HEAD OFFICE
DAR ES SALAAM 2ND TO 3RD FEBRUARY 1988

Mr Chairman
Distinguished Delegates
Ladies and Gentlemen

This is the third follow up meeting of the TAZARA donors since the main pledging Conference of April, 1985 and as such, it gives me very great pleasure to welcome you once again on behalf of my government, the United Republic of Tanzania and the Government of the Republic of Zambia and my own behalf to this very important meeting to TAZARA.

This meeting is more important to us than the other two previous meetings in the sense that it takes place at a time when most of the projects have reached the most crucial stage of implementation. During our first meeting we addressed ourselves mainly on procedures, ways and means of how to begin the implementation of all the projects which were pledged. At this stage we had probably very little problems/issues to resolve. During the second Donors follow up meeting we had reached a step ahead in the sense that we were then deliberating on the practical issues of project implementation i.e. confirmation of pledges through written and signed agreements and issues related to agreements themselves. Also liaison between our governments in order to facilitate signing of agreements plus of course other teething issues related to practical procedural matters.

Indeed though relatively simple an assignment, the past has seen a number of problems experienced by all those involved in the implementation of our ten Year Dev. Plan projects. Problems like delays in signing of agreements, for which sometimes governments are to blame; delays in preparations of initial work required for smooth implementation of our very important and urgent projects; gaps experienced in the administrative machinery of project implementation etc. etc.

Mr Chairman.

The delays experienced so far in the implementation of our programme are greatly associated with the above mentioned problems.

However, Mr. Chairman, this is not to say that no good progress has been made so far. I have been informed that a lot of progress has been made to some of the projects. Projects like rail burn repairs, Rescue Crane and Rerailing equipment, Trolleys, Tamping Machines and Ballast Cleaners, Locomotives etc. have reached very encouraging and advanced stages. For this, Mr. Chairman, I am very grateful to all the Cooperating Donors for a job well done. I do hope that there will be speed

in the implementation of those other projects which as we all know are equally more urgent in our cause of improving the performance of our Uhuru Railway TAZARA.

Mr Chairman, I would like to re emphasis the question of delays being experienced by TAZARA and PCU in the prompt implementation of our Ten Year Dev. Plan. A number of times we have had communications delays between us TAZARA and Donors. I would like to request our esteemed donors to bear with us in cases where certain constraints within TAZARA have impinged upon the progress of our work. It is our first time to implement such a huge investment programme like the 10 Year Development Plan. As such we are expected one way or another to err in the process of genuine and just cause of implementation of these programmes. Mistakes made should not cause our Donors to delay the progress of implementation.

Our wish is to see that these projects whose finances have been secured should be implemented immediately without or with minimum delay. Mr. Chairman, we may not realise that time moves very fast than we thought. So because of this, I would urge our donors present here to kindly assist TAZARA as quickly as possible wherever things have gone wrong. As you will remember, some of our very urgent projects have been delayed to an extent that they are tying the progress of other projects. We do share the concern of our Donors especially where serious implemental errors have been committed thereby hampering the progress. Our Donors should bear with us. We TAZARA will do everything to ensure that in future the mistakes committed now are minimised. As for those delays related to our two governments of the United Republic of Tanzania and Republic of Zambia, we will work hard to ensure that documents sent to them for action are processed as quickly as possible.

Mr Chairman, let me now address the Donors on yet another very important part of our 10 Year Development Plan and this is the issue of unpledged for projects in Phase I, II and also Phase III which are equally important and also Phase III projects and also in particular those areas that have been found larking as a result of our project implementation i.e. areas that have been identified as bottlenecks in the process of implementing other projects in other new areas.

Mr Chairman, TAZARA continues to seek the support of our esteemed Donors in this room to financially assist in projects which have not yet found a sponsor. These projects are identified in our Progress Report which has been distributed to you already. Mr. Chairman, we believe or hear that most of our Donor Countries have already or are about to finalise the preparation of their annual budgets. May be the donors present here know already the amounts that their governments have set aside to assist the developing countries whose economies are in bad shape right now. May-be even their distribution is already known by now. We appeal again to you to request your governments/institutions to consider funding the gaps identified. Secondly there are areas which need very urgent support from Donors between now and 1990 when the impact of our Investment programme is expected to be felt in our operations.

These areas are:-

Repowering programme and

Job evaluation and work study

Mr Chairman, we know that the views of most donors have been to discourage repowering in preference for New Locomotives. Our concern is between now and the time when we will receive the first consignment of new locomotives. Our motive power situation is deteriorating right now. But in order to halt this situation, we see repowering as the most practical and fitting answer. This is because repowering takes only three months to produce a locomotive for our system. If we can get a Donor to repower more locomotives, it will be an assistance that will help TAZARA improve its motive power availability in order for it to carry out the noble job of transporting goods not only for Tanzania and Zambia but also for the neighbouring countries.

Mr Chairman, improvement of Management and work conditions of workers is equally a very important factor in our operations. This point was debated at length during the just ended SADCC Consultative meeting in Arusha. Mr Chairman, I do not want to dwell much on this point, but merely wanted to bring this matter for the attention of our Donors present here that Job Evaluation and Work Study has become an urgent need to TAZARA. However, two donors have indicated their interest to carry out a pre feasibility study but no firm commitment yet has been received for the funding of the implementation.

Mr Chairman, may I close my speech by once again appealing to you to consider supporting those projects that are not yet fully funded. Those projects that up till now have not been pledged for and of course including support for new projects.

May God guide you in your deliberations during this meeting. I hope we will meet again in the next Donors follow-up meeting. I now declare this Donor's Conference open.

I thank you.

REPORT ON TAZARA TEN YEAR DEVELOPMENT PLAN DURING 1987

INTRODUCTION

During the year 1987 considerable progress has been achieved on the TYDP. Out of 22 projects within the plan, 14 are now under implementation or will be started up presently. Out of a total estimated cost of USD 250M, USD 145M have been secured and USD 49M are under negotiations. Thus remains a gap of USD 56M, not yet financed. Although the agreements on some projects have been delayed, when coming to implementation, the projects have mainly so far run smoothly. A few considerable delays however, are expected to affect the performance of other projects, mainly within the civil sector.

Below the various projects will be monitored more in details.

A. PROJECTS WHICH HAVE BEEN PLEDGED FOR

PROJECT CE:1 - REHABILITATION OF QUARRIES

The project consists of rehabilitating the stone quarries in Kongolo, Tanzania and Mununga, Zambia.

The project is being cofinanced by Sweden and EEC. Sweden has undertaken to provide project management services as well as certain equipment, while EEC will provide the quarry equipment e.g. crushers, screeners, conveyor belts, cranes and vehicles.

Intergovernmental agreements between Tanzania/Zambia and Sweden as well as EEC were signed early 1987.

The Swedish Company Boliden-Contech were appointed Project Manager for quarry rehabilitation and operation. Later during the year they have also been appointed PM for connecting the quarries to the national electric grids in Tanzania and Zambia.

The total input on technical assistance is 200 manmonths for Quarry operation to 1992 and 12 manmonths for grid connection.

Implementation of the project started mainly by purchase and shipping of equipment for as well quarries as for grid connection. Recruitment of staff has been an important item.

TAZARA has during the year negotiated and signed agreements with the suppliers of power from the two grids.

Tender documents on crushers and quarry equipment were elaborated by EEC and TAZARA in May. Tenders were received in August, and evaluation started immediately. Proposals on suppliers were put during October. Acceptance on TAZARA's proposals were given by EEC during December for all equipment except for crushers. Orders for these equipment were placed and contracts prepared. For crushers, it can be foreseen that orders be placed during February 1988.

During the initial stage of 1987 it was anticipated that production of ballast material would start July 1988. At present, provided orders for crushing plant will be placed in February 1988, production would start by the end of the year.

Foreseen possible bottle necks for the project can be

- Delivery of Crushing Plant
- Civil works for equipment
- Grid connection
- Housing and recruitment

It is essential that ballast production starts as early as possible, since it is the key for full implementation of projects CE:3 and CE:5.

Financing:

Budget figures at present time for the project is 17.9 MUSD where SIDA provides 4.5 MUSD, EEC 4.7 MUSD and TAZARA 1.7 MUSD. The project is fully financed, however the financing of some consumable items needs still to be solved.

PROJECT CE:2 - PERMANENT RECTIFICATION OF LANDSLIDES

The African Development Bank has allocated USD 40M for implementation of the project.

However, before the project can take off, tender documents and a complete project report must be elaborated. This portion has not been included in the ADB allocation.

Discussions have therefore been held between TAZARA and Australia and Canada respectively in order to raise funds for that portion.

During December 1987 Australia officially undertook to finance the portion, however with some changes in the Terms of Reference previously elaborated by ADB. The changes are at present under discussion with Australia, and the revised TOR will there upon be presented to ADB for approval.

It is planned preparation of tender documents and project report can start May 1988 and will require one year to be completed. Floating of tender for implementation of the project could thus take place during 1989.

PROJECT CE:3 - MECHANIZED TRACK MAINTENANCE

Two tamping machines and one ballast cleaner have been financed by Austria and were delivered to TAZARA during December 1987.

EEC has undertaken to provide

- a) technical assistance for operation of the above machines
- b) small (handheld) equipment to supplement the above machines.

After tendering, it was agreed that DE-Consult of FRG would provide the technical assistance, and such assistance will start during February 1988.

The total input of Technical Assistance is 168 manmonths with a possible option period for extension.

Tenders have been received on the small equipment and are under evaluation. The equipment is expected to be delivered during middle of 1988.

Until production of ballast material from CE:1 will start, it will be possible to perform partial maintenance with the new equipment on certain sections of the line.

During the year discussions have been held with Switzerland to provide supplementary equipment and technical assistance for this project, such equipment being

- 14 trolleys similar to those of CE:5
- spareparts
- crew vans
- training of operation of handheld equipment
- track recording car
- investigation of black cotton soil areas

It has been agreed that the trolleys will all be delivered before May 1988. Spareparts will be delivered on request. Crew vans will be substituted by accommodation containers, expected to be delivered before mid 1988. Training of operation of the handheld track maintenance equipment will take place as soon as equipment arrives. The arrival of the track recording car could be assumed to be during the last months of 1988.

The problems of track maintenance in the black cotton soil areas are also related to this project. It has been agreed that Switzerland will finance a study and research programme in situ to stabilize the foundation of the track in these areas. The study is expected to start during the first quarter of 1988.

Possible bottle necks for the project can be

- Ballast production
- Delivery of small handheld equipment
- Financing of coming needs of consumables and spares
- Filling vacancies of supervisory staff in the permanent way organisation and recruitment of personnel for the project.

The on the job training for the project is anticipated to start mid 1988.

Financing

Budget figures at present time for the project is 13.7 MUSD among which Austria provided 3.9 MUSD EEC 4.8 MUSD, Switzerland 2.4 MUSD and TAZARA 0.1 MUSD.

The third tamping machine needed for the project is still not yet financed.

PROJECT CE:5 - RAILBURN REPAIRS

The project is financed by Sweden, and falls under same intergovernmental agreement as CE:1. In this project the modern welding know-how is introduced to TAZARA which eventually will be extended to all types of welding within the Permanent Way in order to enable a cost-effective maintenance for the future.

A contract for project management and services has been signed with same company as for CE:1. The total input of Technical Assistance is in this case 180 manmonths. The training phase started during October 1987 as planned. The on the job training will start mid 1988 and run to the end of 1991.

Trolleys for the project have been provided by Switzerland. Thus 12 trolleys were delivered during the period August to November 1987.

Foreseen possible bottle necks for the project can be

- Financing of present needs of consumables (electrodes, gas etc.)
- Filling vacancies of supervisory staff in the permanent way organisation.
- Ballast production.

Financing

Budget figures at present for the project is 8.1 MUSD where Sweden provides 5.4 MUSD, Switzerland 2.2 MUSD and TAZARA 0.5 MUSD.

PROJECT CE:6 - TERMINAL FACILITIES AT NEW KAPIRI MPOSHI

The project will provide terminal facilities at New Kapiri Mposhi to allow for transshipment of goods between road and rail. The project has a priority 2 rating, i.e. the project will be implemented during FY 1989/90--1991/92.

Financing

The project will be locally financed.

PROJECTS ST:1 SOLAR POWER PANNELS
ST:2 BACK UP HF RADIO LINKS
ST:3 TELEPRINTERS

Tenders have been received and evaluated and a Danish supplier has been appointed. Installation is planned to start in April 1988 and be completed in a period of 300 days. As compared to anticipation at the previous Donors Conference the project will be delayed 6-9 months.

PROJECT ME:1 - LOCOMOTIVES

At the previous Donors Conference there was no financier of this project. However, USA indicated great interest in considering the project. FRG also expressed their interest in the area of motive power.

Shortly after the Conference USA undertook a study on the conditions for supply of new locomotives or to re-power old ones. The result of the study indicated a definite need for providing additional motive power. It also indicated that additional life is obtainable from the DFH2 Chinese manufactured main line locomotives by a continuation of the re-engining program. However it was found that in consideration of TAZARA's requirement and the manufacturing capability in the USA the best solution will be acquisition of new main line locomotives. In September 1987 an agreement was signed between USAID and TAZARA on supply of 17 new DE locomotives.

Same agreement also contained various technical assistance to TAZARA Head Office and workshop equipment related to the locomotives. These portions will be monitored separately under projects GM:1, GM:2 and ME:7 respectively.

At present technical specifications for the locomotives are under preparation and it is planned that the locomotives will be supplied in two phases, containing 9 and 8 locomotives respectively. The supply will take place during the period 1989-1991.

By the end of 1987, Kreditanstalt Fur Wiederaufbau (KfW) declared that they will finance a "Locomotive Acquisition Feasibility Study". Tendering for consultancy services is going on and it is expected that the study start before mid 1988.

TAZARA has stressed, that in the locomotive acquisition study, repowering of existing locomotives should be considered.

Financing

The present phase of the project is fully financed.

PROJECT ME:2 - GOODS WAGONS

Sweden has undertaken to supply a number of 25 tank wagons and around 350 HSO goods wagons, at a maximum cost of 110M SEK. An agreement between Zambia/Tanzania and Sweden has been prepared, and is expected to be signed within short.

Tenders have been received and are under evaluation. It is expected that an order can be placed during the first quarter of 1988. Expected delivery time is roughly 1.5 years, and it should therefore be possible to supply the whole lot before the expiry of 1989.

According to TAZARA this number is however not sufficient, but should be at least 1000 new wagons. In addition a further need of some 60 special wagons for transport of paper from Mufindi papermill has been identified. It is not agreed whether these last wagons should belong to TAZARA or to Southern Paper Mill (SPM).

No donor has been identified for the lots beside those supplied by Sweden. However, the production at Mufindi is increasing, and lack of wagons seems to be one of the problems of exporting the products of SPM.

Financing

The first phase of the project is fully financed. Special wagons for SPM and additional 600 wagons have not been financed.

PROJECT ME:5 - RESCUE CRANE AND RERAILING EQUIPMENT

Finland is financing the project. Contracts have been signed for one rescue crane as well as for the rerailing equipment. The rescue crane is expected to be delivered from manufacturer in March. The rerailing equipment are on the way to their destiny.

The project includes a training programme, which will be implemented on TAZARA trainees in Finland during January-March 1988. After that training will take place in situ.

During 1987 also a component of accident prevention was added to the Finnish contribution. (This portion originally being part of GM:1). Surveys have been made on accident statistics during the year, and a training programme, covering totally a period of one to two years has been elaborated. The training will start gradually during 1988, and will be coordinated with other projects like track maintenance and GM:2, manpower development and training. The project will be completed by end of 1990.

Financing

The first phase of the project is fully financed. A second rescue crane is under consideration.

PROJECT ME:6 - WHEEL LATHES

The project is financed by EEC. During the year tender documents have been elaborated and tenders received and evaluated. The tender documents requested two overfloor wheel lathes for machining wheel sets of wagons and locomotives.

Considering the high capacity of the lathes it was however, during evaluation, felt that it could be more favourable to purchase one overfloor and one underfloor or universal wheel lathe, which enables locomotive and wagon wheels being turned also without dismantling them from the locomotives or wagons.

TAZARA therefore raised to EEC the question whether EEC can agree to purchase one lathe of each kind, and EEC is at present looking into this proposal. Also reconditioning of the two Chinese wheel lathes was proposed.

The question could be answered before March 1988, and the order thus be placed during said month. The delivery time and installation period would be roughly one year, and the lathes thus be taken into operation before mid 1989.

The first phase of the project is fully financed. A third lathe is under consideration.

PROJECT ME:7 - WORKSHOP EQUIPMENT

The financing of the project had been undertaken by EEC. However, during 1987 the scope of the project has changed considerably, and the funds allocated by EEC, 1.6M ECU or 1.8M USD, are insufficient for the present scope.

The project comprises mechanical and other equipment required for the main workshops in DSM and Mpika and the locomotive depots at Mlimba, Mbeya and Chozi.

The requirements for the maintenance of the new DE locomotives are being met through the USAID financed project, described under ME:1. This project covers the extension of the repair depot in Mbeya, including tools and equipment to fully maintain all DE locomotives. The cost of this component is included in the costs indicated under ME:1.

As the most urgent need of tractive power seems to be solved due to the USA participation, more attention will be paid to the availability and reliability of locomotives and wagons. In order to achieve this, quality of products and work as well as efficiency in the workshops and depots must be improved. This has partly been taken care of in the USA undertaking concerning different planning and control systems as well as supply of workshop equipment, mainly however for workshops and depots, where diesel electric locomotives will be maintained. Thus additional studies must be carried out on suitable equipment to improve the manufacture of railway materials in DSM and Mpika and maintenance of wagons, coaches and DFH-locos. The result of these studies will indicate:

- improvement and replacement of existing equipment,
- procurement of new equipment,
- improvement in the utilization of equipment and other resources.

In addition to the USAID financed project components, there is a need for the following items:

- (i) Transport equipment within workshops and depots (such as tractors, shunting tractors, trailers, conveyors for wheel shops, etc). Estimated cost: USD 2.1 million;
- (ii) Lifting and material handling equipment (e.g. screw jacks, forklifts, trucks with cranes). Estimated cost: USD 1.7 million;
- (iii) Equipment for foundry, forging and heat treatment systems (e.g. measurement and testing equipment, moulding machines, furnaces including wheel tyre heating furnace and vacuum impregnation oven for electric motor repair shop). Existing equipment has to be replaced and/or rehabilitated. Estimated cost: USD 2.3 million;
- (iv) Power stations, one each for Mlimba and Chozi depots and stations. Mlimba and Chozi are remote depots without connections to the national grids and present generators have to be replaced. Each power

station 750 KVA. Estimated cost: USD 0.7 million. Several power brake downs in DSM and Mpika have caused production losses of weeks annually, and a feasibility study is going on stand-by units for DSM and Mpika. Costs of these units are not included in the estimate above.

- (v) Equipment for
 - (a) brakes and brake valves repair shop (e.g. measure and testing equipment),
 - (b) diesel fuel injection pump room (i.e. cleaning, testing, lapping and calibration facilities), and
 - (c) for bearing remover.

Estimated cost: USD 0.6 million;

- (vi) Equipment for the electric motor repair shop (e.g. motor winding machine, commutator and undercutting machines, etc.). Estimated cost: USD 0.8 million;
- (vii) Cold welding and material spraying machines. Estimated cost: USD 0.1 million;
- (viii) Machine tools and balancing machines (e.g. lathe, grinding and dynamic balancing machines). Estimated cost: USD 0.6 million; and
- (ix) Diesel engine and transmission system facilities. Estimated cost: USD 0.7 million.

Total estimated cost is USD 9.6.

At present TAZARA is producing technical specifications on the equipment, and these would be ready during the first quarter of 1988.

Procurement of EEC financed components will commence as soon as possible. Through this support part of the needs for transport, lifting and material handling equipment will be met. The remainder of the required items have not yet been financed.

This equipment is most essential for maintenance of as well existing locomotive and wagon fleet as for the new components. It is therefore a main object for TAZARA to find financial resources for this equipment.

Financing:

The project is financed to 25%.

PROJECT GM:1 - TECHNICAL ASSISTANCE TO HEAD OFFICE

In the TYDP following areas for technical assistance were proposed.

- (a) development of corporate planning methods
- (b) traffic operations
- (c) finance and accounting procedures
- (d) accident prevention
- (e) workshop and maintenance procedures
- (f) manpower utilization, job evaluation and productivity planning.

USAID have in their agreement on supply of locomotives offered TAZARA assistance in the above areas a), b), c) and e). As mentioned under ME:5 above, Finland has undertaken area d).

The scope of the assistance from USA is from a few manmonths within certain areas up to 4 years for others.

During 1987 two preliminary studies on f) have been performed by ILO and Commonwealth Fund for Technical Cooperation. However, no financier is identified for a complete performance of this portion.

Financing:

Several portions of the project are financed. The job evaluation portion is not financed.

PROJECT GM:2 - MANPOWER DEVELOPMENT PLAN AND TRAINING FACILITIES

Norway has issued an appraisal report on this project, which has been discussed with TAZARA. It has been agreed that the project will be divided into two phases.

Phase I will include assistance to the Authority in developing:

1. A strategy for manpower registration.
2. A strategy for manpower development including assisting in organizing a responsible unit within the Personnel Department for this kind of work.
3. A comprehensive manpower development plan including an implementation programme.
4. An implementation programme for Phase II of the project.

Phase II will consist of implementation of the programme of phase I.

Norway has so far undertaken to finance phase I. During 1987 expatriate staff (4 nos) have been recruited for the task. Implementation is planned to start during the February 1988.

In addition to the Norwegian part two new parts have been added.

1. A training programme in the workshops and depots, financed by KfW, will run over a period of four years, and be performed by a team of five instructors. The programme consists of training of:
 - (a) Artisans in mechanical and electrical engineering;
 - (b) Workshop Managers and Supervisors;
 - (c) Storekeepers and Assistants
 - (d) Locomotive drivers and Assistants. At present tenders on the services are under evaluation. The programme is expected to start by mid 1988.

2. A training programme financed by USA with following components:
 - (a) On-the-job training of maintenance personnel for the DE-locomotives at the Mbeya workshop;
 - (b) Management training courses for middle and upper level management;
 - (c) Participant (overseas) training for six staff;
 - (d) Short term work study tours.

Recruitment of the staff is going on, and the programme can be foreseen to start by mid 1988.

Financing:

The first phases of the project are financed. The training which will be identified by the Norwegian team is not financed.

B. PROJECTS NOT PLEDGED FOR

PROJECT CE:4 - RAIL WELDING

The project is originally under phase III of the TYDP, which means it should start not before 1991.

However, it has been considered essential to perform a detailed study on this project as early as possible, in order to find out whether there are reasons and possibilities to launch the project earlier.

Austria has been approached in order to find a financier for the study, and discussions have been held on several occasions. Although no commitment has been made so far, TAZARA has noticed a positive interest from Austria.

Hopefully such a study can be performed and reported during 1988.

Financing:

The financing of a project report is under discussion. Implementation of the project is not financed.

PROJECT CE:7 - RAILWAY LINK TAZARA-MPULUNGU PORT

During the year Zambia has in collaboration with TAZARA performed a prefeasibility study on the link. The report is expected to be completed within a short period of time. It will be submitted to ADE for further discussions concerning the feasibility study.

Financing:

Discussions are going on about financing of the feasibility study.

PROJECT ST:4 FEASIBILITY STUDY OF FUTURE TELECOMMUNICATION SYSTEM
ST:5 AUTOMATIC TRAIN STOPS
ST:6 TRACK CIRCUITING

It has been discussed that these projects should be reformulated into one project, a feasibility study on future transmission and signalling systems.

The project would involve a feasibility study of the future transmission and signalling systems and carrier equipment, and would simultaneously cover the feasibility of automatic train stops, a centralized train control system or track circuiting of station yards, and a track to train radio system.

The study should reassess the signalling system and the capacity of the transmission system in view of future increase of traffic. It should also cover the feasibility of automatic train stops and a centralized control system, as well as a track to train radio system.

Financing:

No financier has so far been approached for the study.

PROJECT ME:3 - TROLLEYS AND TRAILERS

The project comprises the supply of trolleys and trailers for maintenance works, supervision and inspection. It has been redefined to include the following components. The components are of utmost importance for performance and supervision of the continuous maintenance of the track and signalling systems:

- (i) 13 large inspection trolleys (about 150 hp) with a cabin for 9 people; 1 for Head Office, 2 for the Regional Offices, one each for the six Civil Engineering Districts, and one each for the four Signalling and Telecommunications Districts. Estimated cost USD 1.8 million;
- (ii) 18 small inspection trolleys (about 50 hp) with 4 to 6 seats to be used by zonal technicians for inspection of permanent way maintenance work. Estimated cost USD 1.8 million;
- (iii) 20 small trolleys with trailers (about 50 hp) for signal and telecommunications gangs (there are 19 gangs). Estimated cost USD 2.6 million.
- (iv) Two rail cars. Estimated cost USD 0.4 million.

Total estimated cost of the project is USD 6.6 million.

The other needs for 240 trailers, identified in TYDP, have been met through a loan from PRC for parts and materials.

Financing:

No funding secured; Switzerland has been approached.

PROJECT ME:4 - GOODS HANDLING EQUIPMENT

Finland previously expressed interest in this project. However, the equipment, which was mainly intended to handle goods for Malawian traffic in Mbeya and Dar es Salaam, will now be supplied within the Malawi. Northern Corridor Project, and the project has therefore been reduced to such extent, that Finland has proposed that it should be locally financed.

The equipment brought in under the Malawian project will be entirely for Malawian goods in bonded store. TAZARA therefore considers the project is still of interest, e.g. for handling of containers on some stations, and would therefore take up a new discussion on a reformulated project.

No financier has so far been found.

5. Matters Discussed During the Conference

During the Conference questions and subjects for discussions were raised by the Donors, and TAZARA responded.

Below the discussions have been compiled, not by writing out all questions and replies, but by monitoring the subjects discussed.

In some cases, in order to achieve a better background, some information on the subjects have been added in this compilation.

Distribution of the Conference Documents

It was stated that for next Donors Conference the documents will be distributed in advance, thus enabling the participants to be familiar with them at the conference.

Goods Wagons

In the conference documents is shown 3 items under project ME:2 - Goods Wagons:

| | |
|---------------------------|------------|
| Phase I | 375 wagons |
| Southern Paper Mill (SPM) | 60 wagons |
| Phase II | 600 wagons |

The phase I is financed by Sweden up to 110 M SEK and will cater for 375 wagons, out of which 25 are tank wagons and 350 are high sided open wagons (HSO). These wagons will be supplied during 1988-89.

SPM wagons are special, covered wagons, with special openings and dimensions to allow for smooth loading of paper rolls. During 1987 the problems of the SPM's transports were monitored in a report, issued by a consultant of TAZARA PCU. It was established that problems exist within the papermill itself with loading arrangements etc, within TAZARA like lack of wagons and within THA as handling the paper in the port. It was also established that the 60 wagons would be fully utilized when SPM will be at full capacity production. The problems have been discussed between the above parties, and many small problems have been solved. The question who should be the owner of the wagons has remained under discussion, since the transport could preferably be performed in block trains entirely for these transports. It could then be favourable for SPM to own the wagons, which would be exclusively allocated for SPM, contradictory to the case that TAZARA owns the wagons.

During the conference it was however recognized by the Chairman that it should be a TAZARA project, and thus TAZARA be the owner of the wagons.

Phase II of 600 wagons is a tentative figure. TAZARA has previously indicated a need of 1050, whereas a study performed during 1987 indicated 600 including those of phase I. The number will be further elaborated on in the revised TYDP.

The wagons in phase II should be more specified. The container traffic will according to plans increase considerably during the coming years, thus raising the demand for flat wagons. Problems exist today in transport of fertilizers, which require covered wagons or tarpaulines. Today there is at least a seasonal shortfall of these two items. Other types of special wagons, like for carrying livestock, should be considered.

Under the program of USA for supply of locomotives is included also assistance in managerial services. It is planned that an expert will assist in the traffic department, and together with TAZARA look into ways of increasing the wagon capacity, both by means of a shorter turn around time and by an increased number of wagons of various types.

Some Donors expressed clear interest to consider assistance in supply of wagons, and TAZARA will supply these donors the documentation now available as well as elaborate specifications on special wagons.

Spare part funds

TAZARA gets income in convertible currencies from import and export (transit) traffic, and is allowed to fully remit it to their foreign account in Europe.

This money is utilized for spareparts and down payments on loans. The type of spareparts thus purchased is mainly for the existing equipment. It can be foreseen that in the near future it will not be sufficient for all new equipment. Thus within the project of TYDP special funds for wear and spareparts have been allocated.

Donors have observed problems in bureaucracy for utilization of foreign exchange for spareparts. It was suggested that conditions for use of sparepart funds be equalized and liberalized, in order to achieve a more efficient supply of important spareparts.

This doesn't necessarily mean that there should be a common fund with contributions from all donors, but that conditions for use of them should be equal, and that the authorities in Tanzania and Zambia shall create smooth procedures for TAZARA regarding import licences, custom procedures etc.

TAZARA will have to approach relevant authorities to create these conditions and the donors to agree about the funds.

Landslides

The project for rectification of landslides will be performed in two phases:

1. The final project report and tender documents.
2. The implementation.

It has previously been reported on investigation on landslides, preliminary cost estimate and priority ranking of landslide areas. Now the final project report shall monitor.

- a) detailed engineering design and contract documents for remedial works,
- b) means of providing TAZARA with necessary construction equipment,
- c) update economic data for the viability of the project.

The works for the report are expected to start within 2-3 months and to be performed during a little more than one year. It will be fully financed by Australia.

The implementation will follow on the report. It was originally estimated that the implementation should cost 12 M USD, and ADB has since the Arusha Conference 1985 expressed interest in financing the implementation. At the Donors Conference 1987 ADB expressed its opinion that the cost would be 40-50 M USD.

It is still not agreed to which extent ADB will meet this cost, although it has on various occasions told that ADB has allocated money for the works and it will be available as soon as the implementation will start.

Traffic and Financial Performance

Traffic figures are monitored as goods traffic and passenger traffic.

For goods traffic the Export is goods exported from the port of Dar es Salaam. Import is goods imported via Dar es Salaam. Local traffic refers to goods transported within Tanzania and Zambia.

Passenger traffic is mainly within the two countries i.e. Tanzania or Zambia, but few passengers cross the border. Passenger traffic is increasing, in both countries specifically in Zambia. There is a requirement for more

trains, since the trains now are always full. However, the motive power capacity limits the passenger traffic.

The goods traffic has increased over the latest years. During the 2nd quarter 1987/88, it has however decreased as compared to the first quarter, as well as to 2nd 1986/87.

The performance for the 2nd quarter compares negatively against budget and the corresponding quarter 1986/87. The main reasons for this fluctuating performance are as follows:

1. shortage of tarpaulins required for loading fertilizer and other goods.
2. Inadequate supply of empty wagons for loading of both local traffic and exports consequently affecting also the loading of imports.
3. Low availability of locomotives and increasing locomotive failures
4. Accidents which led to the closure of the line thereby leading to a high number of stranded trains and slow generation of empties at loading points etc.
5. Also due to seasonality nature of some goods traffic.

Goods traffic figures are monitored as tons moved. A more accurate unit would be tonkm, which TAZARA will make available at next Donors Conference.

Present available figures are presented in appendix 7:1.

The financial performance can not be compared between the various quarters over the years, due to heavy currency fluctuations. The operating expenditure does not reflect the total expenditure due to problems experienced in the processing of data by computer which is still on try basis.

Thus the operating surplus as shown is not either correct. Provision for depreciation and longterm loans is 120 M TShs. per year, but can fluctuate over the quarters. Like it was indicated at the previous DC the value of assets has not been updated since the start of operation, and the amount of depreciation is therefore not up to date.

TISCO has been engaged as a consultant in order to improve the accountancy procedures and reporting systems. This work has been going on since four years, but should be ready soon. The report will then be made available for the Donors.

Tariffs

Tariffs are regularly reviewed by TAZARA, and it is done without any involvement from the governments. New tariffs will be applied from July 1988, these are now under preparation.

When preparing the tariffs, also other means of transport and alternative routes besides TAZARA and other factors e.g. operating costs are considered and the tariffs are therefore selective, so as to keep TAZARA as profitable as possible.

Financing, Local and Foreign Portions

The estimated cost for TYDP has increased since 1984 to date from 115 M USD to 249. This does not all fall on the Donors, but TAZARA also has to meet increased demands.

Demands on TAZARA, are to build houses for staff, provide transports, supply consumables and mobilize manpower resources and counterparts to the experts. The Board of Directors has approved recruitment of extra staff for the projects and TAZARA has advertized for it. However recruitment is slow, and important counterparts are still missing.

TAZARA has also reranked some projects, and wants to supplement some of them. This will be indicated in the revised TYDP, which will be distributed to the Donors before mid 1988.

6. DELIBERATIONS

- AUSTRIA
- Expressed very strong interest in:-
 - Rail welding study and expect to be back in 4-6 weeks with an Austrian consultant appointed for the work
 - To discuss specifications on goods wagons
 - To discuss specifications on workshop equipment
- ADB
- Expressed that they will provide 17 M ECU corresponding to about 20.4 M USD to cover for implementation of Landslides.
 - There is a gap of about 40-20 = 20 M USD. The above mentioned 17 M USD is probably not the final.
- EEC
- Will allocate extra money to SADCC. Tanzania and Zambia governments are to approach SADCC. EEC prefers to continue in those sectors where they so far have been involved.
- SWITZERLAND
- CE:3
- Up to 1 million USD will be allocated for a track recording car.
 - They will undertake an applied research phase together with the University of Dar es Salaam on Black Cotton Soil areas and 100,000 USD is set aside for the research programme.
- ME:3
- Serious negotiations will be made with TAZARA about 13 nos. of heavy trolleys at an estimated cost of 2.0 million USD.
- They are ready for discussions with TAZARA for the light trolleys.
- WEST GERMANY
- Locomotive study and training will be extended. Further equipment to be identified in the study.
 - FRG intends to contribute 1 MDM to a SADCC railway training programme out of the

existing manpower study fund and propose TAZARA should take advantage of this programme.

- Expressed interest in specialised and goods wagons and how wagons are utilised.
- USAID
- They have started up a programme of 4 years. In the later stage of the programme a continuation can be considered.
- SWEDEN
- Sweden is involved in the implementation of very large projects regarding supply of wagons and two Civil Engineering Projects. They want to support the implementation of those Projects and not make any additional commitments until the projects are performing well.
 - The Nordic countries will in April, together with Tazara, review the support given to the Project Coordinating Unit. Provided the review finds the support efficient and justified the Nordic countries will consider to give continued support beyond the present agreement (31/12 1988).
- FINLAND
- Finland will assess before the end of the year the need of a second rescue crane and if found required they will consider to finance it.
 - Finland has recently reviewed the need for ME:4 and are at present not interested in financing it or to reconsider it.
- CHINA
- The Chinese Government has agreed:-
 - Training of 50 students in China. These students are in China now.
 - To provide 57 Senior Technicians for the overhaul of TAZARA Chinese conventional locomotives. The first batch of these technicians came on 2/2/1988.
 - And the Chinese government will agree to provide 5,000 tons of rails to TAZARA which will be consumed in 10 years under the conditions of normal replacement. The agreement has not been signed. But the Chinese government has confirmed a definite position in providing the said rails. Specifications have been discussed.

DENMARK

- They have allocated 150 million DKR per year to SADCC projects. For the next 3 years the resources have been allocated to other projects.
- Denmark expressed interest in continued financing of PCU if review mission gives basis for continuation.

CANADA

- They have not been involved in the TAZARA 10 Year Development Plan but they are involved in Transport Sector in SADCC and Railways in Tanzania. They will look into the future transport programme of SADCC.
- They will report back to their representative about the conference and expressed interest in considering gaps specifically in unpledged projects.

7. STATEMENT BY THE NORDIC COUNTRIES

TAZARA, DAR ES SALAAM, TANZANIA

POINTS OF DISCUSSION AT THE DONORS CONFERENCE FEBRUARY 2/3 1988

The implementation of the 10 year development programme has started. From a few projects experiences are now being made regarding problems in implementation since field work has commenced. It is obvious that the implementation will require tremendous efforts from TAZARA and its owners.

TAZARA organisation is not geared towards implementing an investment programme of the present magnitude. It is an organization which is geared towards running and operating a railway. For the implementation a more project oriented organization is required. A more delegated system of decision making must be introduced and additional personnel must be recruited.

It is in our opinion necessary that TAZARA for our discussions on these point makes the following information available as soon as possible:

- A statement of affairs for TAZARAs financial standing including foreign currency operations.
- An analysis of the consequences of the more than doubled costs for the implementation of the ten year development plan as well as an analysis of what increased efforts in terms of manpower this will imply.
- The revised ten year development plan.

As a first step to improve the capacity for project implementation TAZARA should in our opinion:

- Fill all gaps in the present organization including the post as deputy general manager.
- Elaborate and implement a short term programme for managerial training within the organization.

In our opinion no additional projects should be started until above measures have been undertaken.

This statement was supported by several of the non-Nordic Donors.

8. CLOSING SPEECH

(By the Co-Chairman, Mr N B Nyoni)

Mr Chairman,
Distinguished Donors,
Ladies and Gentlemen.

On behalf of the Governments of Tanzania and Zambia and TAZARA Management, I would like to thank you most sincerely for having continued financing the Projects which were initially lodged for your support in 1985 when you had taken up projects which needed funding. For TAZARA, as the Chairman had said yesterday, your support has not only been useful for Tanzania and Zambia but also for Southern Countries which are landlocked. At the moment, Dar es Salaam Corridor is the safest route compared to most of the Southern routes. We need a very strong TAZARA as we have always said. We need a strong Dar es Salaam Port. In Arusha it was stated that TAZARA was an important railway not for Zambia's external trade only but as well for Zimbabwe and Zaire. We are grateful on behalf of Tanzania and Zambia for this support you have given us. We hope at the end of TYDP, TAZARA will have improved its operation to cater also for the need of the landlocked countries.

As ADB said yesterday any delay in the implementation of the projects will have a direct effect on the 56M USD gap. But if we delay, we will not talk of USD 56M as a gap any longer. Because this will depend on the development of the World Economy. It is hoped that in the next years TAZARA Donors meeting we will be talking of 0 deficit or USD 10M deficit.

On behalf of TAZARA we assure the Donors that we will work hard not to disappoint you. We will also assure you that TAZARA funds are properly used as budgeted and if any need arises for extra money, the General Manager will seek authority from the Board which meets three times a year and sometime meets extra-ordinarily four times a year. In case of the Council of Ministers, they meet two times a year. Every time when Board and Council meet the TYDP is reviewed. If the Board and Council think the General Manager is not working hard the Board and Council have the power to act upon him. Be assured that the money you are investing will be properly accounted for. TAZARA has foreign account which the Board and Council have control over its use. The Bank approval is normally fast, provided that proper channels are used.

If you see any doubt, tell us. Feel free to alert us if no proper steps are taken. If you play diplomacy, it is not right. Punish us for any error. If it is six strokes we shall take it. We will make sure TAZARA is making its progress carefully to keep TAZARA clean and welcome to all. We shall try our level best. Failure to fulfil our

obligations will make the Chairman and myself plus the General Manager go first and then Council will go next.

So Distinguished Donors, I shouldn't bore you much. As you were at Arusha and now in Dar, I know you are tired. I welcome all the Donors to join the train ride and investigate the problems along the line. When we reach somewhere, you will be shown the Black Cotton Soil areas where Mr Mawona experiences difficulties in maintaining the track. We would also demonstrate the first equipment brought in by the Donors, which was planned for in Arusha 1985 and put the last touch to during the conference in Dar es Salaam last year.

I know you will not be happy to see TAZARA is operating unsuccessfully.

On behalf of the Chairman, I once again thank all the Donors for their continued co-operation.

| PROJECT NO. | PROJECT TITLE | TYDP ORIGINAL TOTAL M USD | PRESENT ESTIMATED COST M USD | | | FUNDING SECURED, & SOURCE | | | FUNDING UNDER NEGOTIATION M USD | FINANCING GAP M USD |
|--------------|--|---------------------------|------------------------------|--------------|-------------|---|--|---|---------------------------------|---------------------------|
| | | | TOTAL | FOREIGN | LOCAL | ORIGIN. M UNITS | CURRENCY | M USD | | |
| PCU | Project Co-ordinating Unit | - | 2.2 | 2.0 | 0.2 | 13.0 | SEK NORDIC TAZARA | 2.0 0.2 | | |
| CE:1 | Rehabilitation of Quarries, | 3.2 | 17.9 | 16.2 | 1.7 | 75.0 | SEK SWEDEN 4.1 ECU EEC TAZARA | 11.5 4.7 1.7 | | |
| CE:2 | Permanent Rectification of Landslides | 12.0 | 45.0 | 40.0 | 5.0 | | TAZARA | 5.0 | 40.0 (ADB) | |
| CE:3 | Mechanized Track Maintenance | 14.9 | 13.7 | 13.6 | 0.1 | 4.2 ECU EEC 3.6 SF SWITZERLAND 50.0 SCH AUSTRIA TAZARA | 4.8 2.4 3.6 0.1 | 2.5 1 lamp machine 1 track rec. car accomodation | | |
| CE:4 | Rail Welding | 16.4 | 16.4 | 6.7 | 9.7 | | TAZARA | 9.7 | | 6.7 |
| CE:5 | Rail Burn Repairs | 0.5 | 8.1 | 7.6 | 0.5 | 35.0 | SEK SWEDEN 3.4 SF SWITZERLAND TAZARA | 5.4 2.2 0.5 | | |
| CE:6 | Terminal Facilities at New Kapiri Mposhi | 0.3 | 0.3 | - | 0.3 | | TAZARA | 0.3 | | |
| CE:7 | Railway Link TAZARA-Mpulungu Port, Zambia | - | 0.4 | 0.4 | | | | | 0.4 (ADB) (Study) | |
| ST:1 | Solar Power Panels | | | | | | | | | |
| ST:2 | Back-up HF Radio Link | | | | | | | | | |
| ST:3 | Teleprinters | 1.2 | 4.3 | 3.4 | 0.9 | 20.0 | DK DENMARK TAZARA | 3.4 0.9 | | 1.5 (light in signals) |
| ST:4 | Feasibility Study of future Telecommunications System (Future Transmission and Signalling Systems) | 0.2 | 0.2 | 0.2 | | | | | | 0.2 |
| ST:5 | Automatic Train Stops | 4.5 | 4.5 | 3.5 | 1.0 | | TAZARA | 1.0 | | 3.5 |
| ST:6 | Track Circuiting | 1.6 | 1.6 | 1.1 | 0.5 | | TAZARA | 0.5 | | 1.1 |
| ME:1 | Locomotives Study on locomotive Acquisition | 24.0 | 43.2 | 40.7 | 2.5 | | USA TAZARA 3.0 DM FRG | 40.7 2.5 1.8 | | |
| ME:2 | Goods Wagons Phase I 375 wagons SPH 60 wagons Phase II 600 wagons (preliminary number) | 25.0 | 17.0 | 17.0 | | 110.0 | SEK SWEDEN | 17.0 | | 3.0 30.0 |
| ME:3 | Trolleys and Trailers | 1.6 | 6.6 | 6.6 | | | | | 6.6 Switzerland | |
| ME:4 | Handling Equipment for Goods depots (to be reformulated) | 0.8 | 2.0 | 2.0 | | | | | | 2.0 |
| ME:5 | Rescue Crane and Rerailing Equipment, Accident Prevention | 1.8 | 6.8 | 6.6 | 0.2 | 29.5 | FM FINLAND TAZARA FINLAND | 6.6 0.2 1.2 | | |
| ME:6 | Wheel Lathes | 1.9 | 3.7 | 3.6 | 0.1 | 3.2 | ECU EEC TAZARA | 3.6 0.1 | | |
| ME:7 | Mechanical Equipment for Workshops | 1.0 | 9.6 | 9.6 | | 1.6 | ECU EEC | 1.6 | | 7.8 |
| GH:1 | Technical Assistance to the Head Office Job Evaluation | 2.7 | 3.9 | 3.9 | | | USA | 3.9 | | |
| GH:2 | Manpower Development Plan / Training Facilities | 1.3 | 2.7 | 2.6 | 0.1 | 17.3 | NKR NORWAY TAZARA | 2.6 0.1 | | 0.6 |
| | Training on DE-Locos | | 2.2 | 2.2 | | 4.1 | DM FRG | 2.2 | | |
| | Training misc. | | 1.6 | 1.2 | 0.4 | | USA TAZARA | 1.2 0.4 | | |
| Total | | 114.9 | 248.9 | 226.1 | 22.8 | | | 144.5 | | 56.4 |

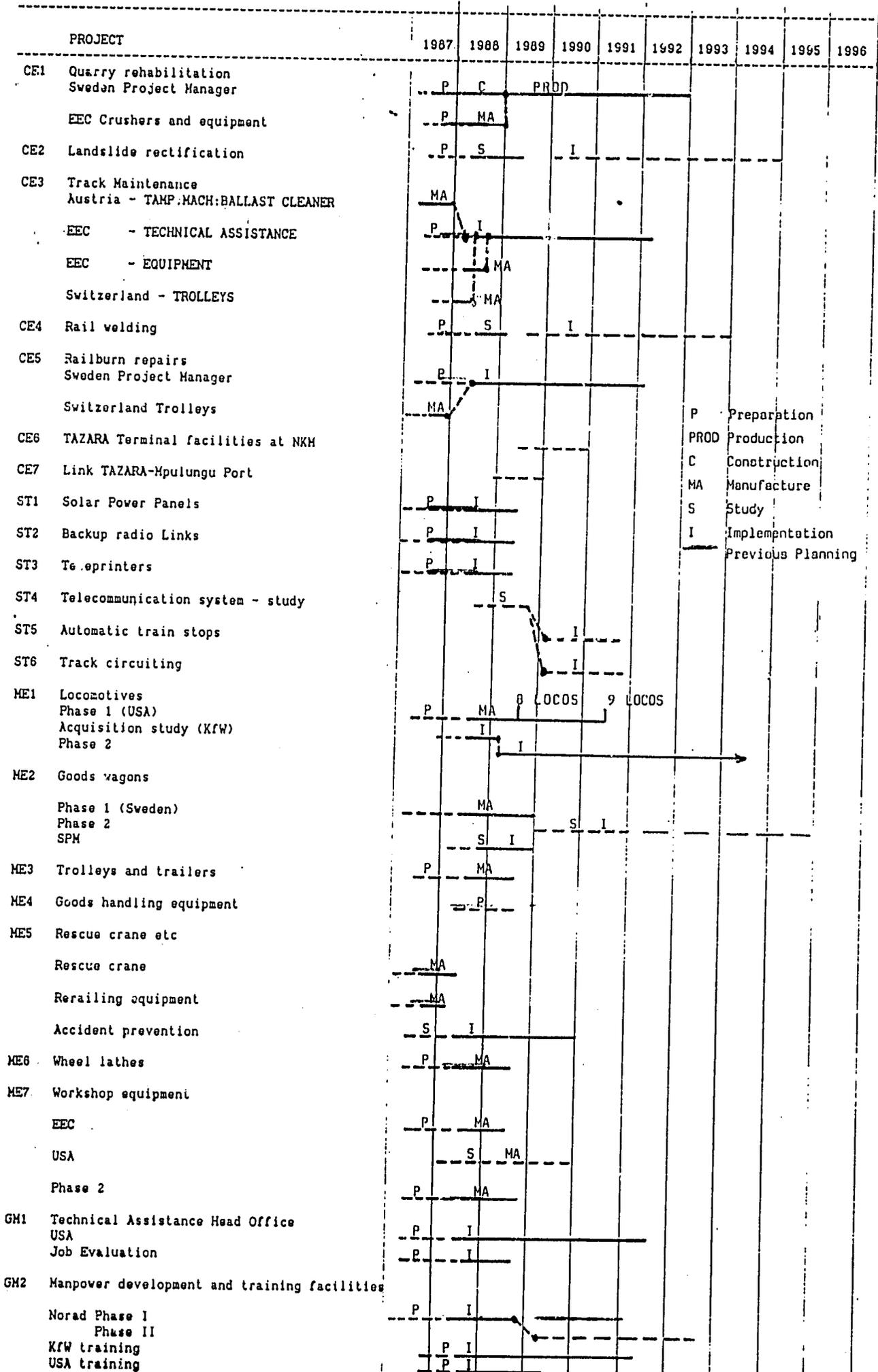
1) According to information given by ADB during Donor's Conference 1987.
2) Under review.

TAZARA TEN YEAR DEVELOPMENT PLAN
GOVERNMENTAL AGREEMENTS UP TO FEBRUARY 1988

Governmental agreements have been signed between Tanzania Zambia and

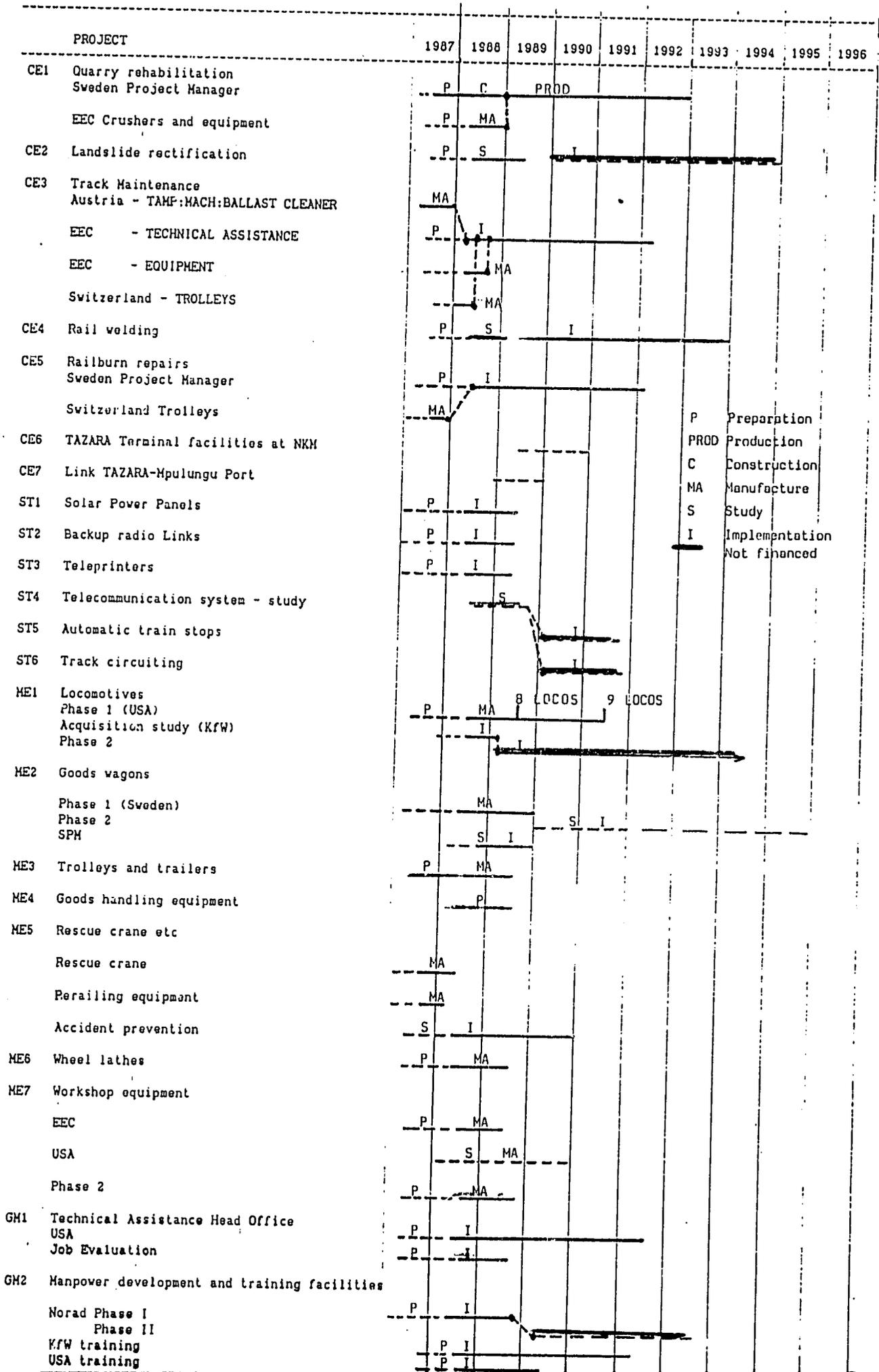
| | | | 1000 USD |
|---------------------------|----------------------|-----------------|-----------|
| Austria | CE:3 | 50,000,000 Sch | 3,870 USD |
| EEC | CE:1 | 3,510,000 ECU | 3,830 |
| | CE:3 | 3,592,000 " | 3,920 |
| | ME:6 | 2,720,000 " | 2,970 |
| | ME:7 | 1,370,000 " | 1,500 |
| | Contingencies | 1,808,000 " | 1,980 |
| Finland | ME:5 | 29,500,000 FM | 5,880 |
| Four Nordic Countries | PCU | 13,000,000 SEK | 2,000 |
| Sweden | CE:1 and CE:5 | 110,000,000 SEK | 16,860 |
| Switzerland | CE:5 | 3,400,000 SF | 2,200 |
| ----- | | | |
| Exchange rates January 88 | | | |
| USA | ME:1 GM:1 GM:2 | 45,950,000 USD | 45,950 |
| Norway | GM:2 | 17,300,000 NOK | 2,720 |
| Denmark | ST:1 ST:2 ST:3 | 20,000,000 DKR | 3,120 |
| West Germany | ME:1 | 3,000,000 DM | 1,800 |
| China | CE ME | 7,100,000 RMB | 1,900 |
| ----- | | | |
| TO BE SIGNED SOON | | | |
| Sweden | ME:2 | 110,000,000 SEK | 18,300 |
| Switzerland | CE:3 | 3,600,000 SFR | 2,650 |
| Australia | CE:2 | 650,000 USD | 650 |
| West Germany | GM:2 | 4,132,000 DM | 2,480 |
| ----- | | | |

TAZARA TEN YEAR DEVELOPMENT PLAN
OVERALL TIME SCHEDULE - FEBRUARY 1988



P Preparation
 PROD Production
 C Construction
 MA Manufacture
 S Study
 I Implementation
 Previous Planning

TAZARA TEN YEAR DEVELOPMENT PLAN
PROJECTS NOT FINANCED - FEBRUARY



P Preparation
PROD Production
C Construction
MA Manufacture
S Study
I Implementation
Not financed

DBM, 02.02.1988,

TIME SCHEDULES OF EXISTING ME-PROJECTS

ME:1 Locomotives

- A) U.S.A.
 - project preparation
 - preparation of procur. of Locos
 - 1. Stage delivery (8 Locos)
 - 1. Stage in operation
 - 2. Stage delivery (9 Locos)
 - 2. Stage in operation

- B) KfW
 - feasibility study
- C) Preparation of possible alt.

ME:2 Goods wagons

- A) preparation of procurement of 350 HSDW and 255 N Wagon manufacture & delivery Wagons in operation
- B) Additional Wagons project preparation

ME:3 Trolleys and trailers

- A) preparation
- B) manufacture & delivery
- C) utilization

ME:5

- I Rescue Crane
 - A) Preparation
 - B) Manufacture & delivery
 - C) Utilization
- II Rerailing equipment
 - A) Preparation
 - B) Manufacture & delivery
 - C) Utilization
- III Accident prevention
 - A) preparation
 - B) Studies & arrangement
 - C) utilization

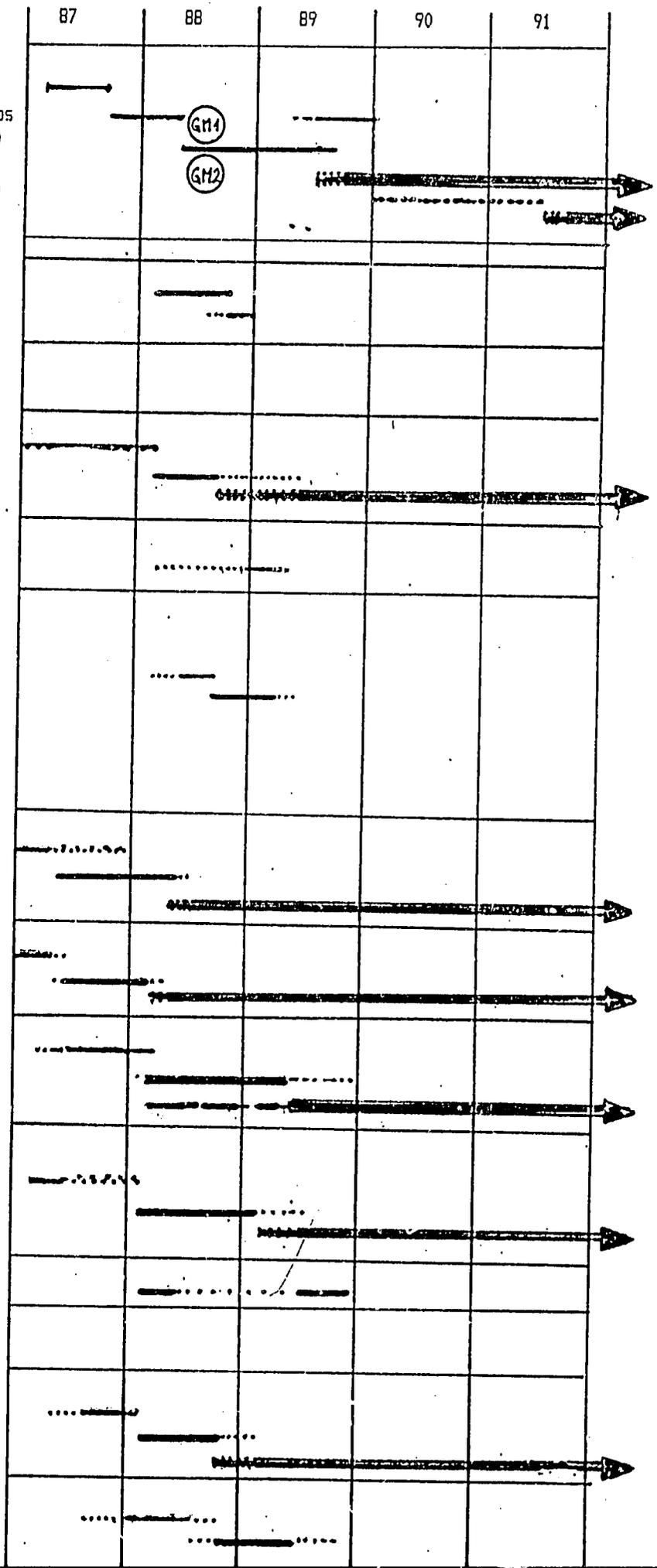
ME:6 New Wheel Lathe

- A) preparation
- B) Manufacture & delivery
- C) Utilization

Improvement of existing lathes

ME:7 Workshop Equipment

- 1. Stage
 - A) Preparation
 - B) Manufacture & delivery
 - C) Utilization
- 2. Stage
 - A) Preparation
 - B) Manuf. & delivery
 - C) Utilization



TRAFFIC PERFORMANCE

1. GOODS TRAFFIC FOR 1986/87 AND FIRST HALF OF 1987/88 (METRIC TONNES)

| ITEM | 1ST QUARTER 1986/87 | 2ND QUARTER 1986/87 | 3RD QUARTER 1986/87 | 4TH QUARTER 1986/87 | TOTAL FOR 1986/87 | 1ST QUARTER 1987/88 | 2ND QUARTER 1987/88 | TOTAL FOR FIRST HALF 87/88 |
|-----------|------------------------|------------------------|------------------------|------------------------|----------------------|------------------------|------------------------|-------------------------------|
| Exports | 135,432 | 131,236 | 150,690 | 119,772 | 537,330 | 135,358 | 107,427 | 242,785 |
| Imports | 101,368 | 108,916 | 59,090 | 67,310 | 336,684 | 107,254 | 87,716 | 194,970 |
| Sub-Total | 236,800 | 240,152 | 209,980 | 187,082 | 874,014 | 242,612 | 195,143 | 437,755 |
| Local (T) | 70,640 | 77,022 | 70,716 | 70,418 | 288,796 | 71,490 | 82,336 | 153,826 |
| Local (Z) | 22,806 | 12,945 | 7,460 | 14,915 | 58,126 | 21,440 | 14,853 | 36,301 |
| Sub-Total | 93,446 | 89,967 | 78,176 | 85,333 | 346,922 | 92,938 | 97,189 | 190,127 |
| Total | 330,246 | 330,119 | 288,156 | 272,415 | 1,220,936 | 335,550 | 292,332 | 627,882 |

2. GOODS TRAFFIC PERFORMANCE (TONNE-KILOMETRE(10⁴))

| | 1ST QUARTER 1986/87 | 2ND QUARTER 1986/87 | 3RD QUARTER 1986/87 | 4TH QUARTER 1986/87 | TOTAL FOR 1986/87 | 1ST QUARTER 1987/88 | 2ND QUARTER 1987/88 | HALF YEARLY 1988/88 |
|-----------------------------------|------------------------|------------------------|------------------------|------------------------|----------------------|------------------------|------------------------|------------------------|
| Gross T-KM | 81,082.4 | 86,081.7 | 76,290.9 | 77,643.2 | 321,098.2 | 84,095.1 | 72,702.8 | 156,797.9 |
| of which Goods Traffic T-KM | 72,518.9 | 73,896.8 | 68,587.3 | 68,142.4 | 283,145.4 | 73,526.1 | 62,798.4 | 136,424.5 |

3. PASSENGER TRAFFIC (PASSENGERS)

| | 1ST QUARTER 1986/87 | 2ND QUARTER 1986/87 | 3RD QUARTER 1986/87 | 4TH QUARTER 1986/87 | TOTAL FOR 1986/87 | 1ST QUARTER 1987/88 | 2ND QUARTER 1987/88 | TOTAL FOR FIRST HALF 87/88 |
|------------|------------------------|------------------------|------------------------|------------------------|----------------------|------------------------|------------------------|-------------------------------|
| Tanzania | 216,941 | 209,251 | 181,208 | 209,375 | 816,855 | 236,956 | 233,684 | 470,640 |
| Zambia | 119,524 | 136,688 | 115,957 | 146,033 | 518,203 | 168,924 | 174,994 | 343,918 |
| Total(TZR) | 336,465 | 345,939 | 297,245 | 355,408 | 1,335,058 | 405,880 | 408,678 | 814,550 |

4. FINANCIAL PERFORMANCE (M. T.SHS)

| | 1ST QUARTER 1986/87 | 2ND QUARTER 1986/87 | 3RD QUARTER 1986/87 | 4TH QUARTER 1986/87 | TOTAL FOR 1986/87 | 1ST QUARTER 1987/88 |
|--|------------------------|------------------------|------------------------|------------------------|----------------------|------------------------|
| Operating Revenue | 353,989 | 482,654 | 396,398 | 432,423 | 1,790,192 | 680,985 |
| * Operating Expenditure | 171,185 | 185,535 | 212,279 | 259,184 | 824,493 | 301,242 |
| Operating Surplus | 182,804 | 297,119 | 184,119 | 173,239 | 965,699 | 379,743 |
| Provision for Depreciation and L/T Loans | 35,112 | 35,112 | 35,112 | 30,000 | 120,000 | 32,499 |
| Net Surplus | 147,692 | 262,007 | 149,007 | 143,239 | 845,699 | 347,244 |

* Preliminary figures