

## Briefing

# The Tanzanian railway system: current legal framework

The railway system of mainland Tanzania has a total track length of 3,676 kilometers (**km**) with two separate networks, run by two separate organisations. These are the Tanzania - Zambia Railway Authority (**TAZARA**), which maintains and operates a 975 km network including the Tanzania - Zambia railway line from Dar es Salaam to Kapiri Mposhi in Zambia, and Tanzania Railways Limited (**TRL**), which maintains and operates over 2,706 km of track in the rest of Tanzania, including Tanzania's railway links to Kenya and Uganda.

### Key legislation and government bodies

- The Tanzania- Zambia Railway Act 1995
- The Surface and Marine Transport Regulatory Authority Act 2001
- The Railways Act 2002

The Ministry of Transport is the key Government ministry with regards to railways; it is the executive body established in 2011 as the successor of the Ministry of Infrastructure Development, and is responsible for the development of transport throughout the country.

### TRL Network

#### Brief History

All railway services in Tanzania (apart from the TAZARA network) were originally operated by the Tanzania Railways Corporation (**TRC**) which was established in 1977. Until the early 1980s the TRC played an important role in the economic

development of Tanzania and her neighboring countries. However, since 2004 there has been marked decline in the volume of freight traffic and passengers on the network due to the operational efficiency of the TRC being constrained by infrastructural problems; these have largely been caused by inadequate reinvestment. In September 2007 RITES of India was awarded a concession to take over the operations of TRC. Following the award RITES and the Tanzanian Government formed the company TRL to take over the activities of TRC; RITES had ownership of 51% of the shares of TRL and the Government 49%. In October 2007 TRL began operations however, budgetary constraints and managerial issues meant that little improvement was made to the running of the network. The venture was eventually terminated in July 2011 and full ownership and control of TRL was handed back to the government.

Consequently, today TRL and therefore the Government, remains the sole party responsible for the operation of all railways in Tanzania outside the TAZARA network.

The key bodies involved in the TRL network today are:

#### **Reli Assets Holding Company Limited (RAHCO)**

This is the legal owner of the TRL network and the party who acts as landlord of the railway network on behalf of the government. Notably, it is empowered to enter into agreements with other persons. (Established by the Railways Act 2002).

#### **Surface and Marine Transport Regulatory Authority (SUMATRA)**

This is the semi-independent cross sector regulatory agency that is able to enact regulations regarding railway safety etc. (Established under the Surface and Marine Transport Regulatory Authority Act 2001).

#### **Licenses**

Any party wishing to operate a rail transport service in the future must apply to SUMATRA for a licence under the Railways Act 2002. Conditions under which licences will be issued are outlined by the Railways (Licensing of Railways Operators) Regulations, 2006. These include requirements such as that applicants shall submit a Safety Plan and an Environmental Impact Assessment Report for the approval before such licence is granted.

#### **Looking to the future**

Through the Government, RAHCO is working with stakeholders, financiers and development partners to ensure that railway financing is enhanced. This will include making use of Public- Private Partnership (PPP) and establishment of Railway Infrastructure Funds (RIF).

Government plans for the next 50 years:

- upgrading of 982 km of railway line from Dar es Salaam to Isaka;

- upgrading 1094 km of railway line from Isaka – Mwanza and Tabora – Kigoma;
- construction of 12 km of a railway line from Kange to the proposed port at Mwambani in Tanga and about 25 km of a railway line from Kidomole (Link line) to the proposed port at Mbegani in Bagamoyo; and
- construction of about 664 km of a new standard gauge railway line from Arusha to Musoma.

#### **TAZARA network**

The TAZARA network is comprised of the line from Dar es Salaam to New Kapiri Mposhi, and the surrounding branches of railway; the network constitutes one component of the Southern African Development Community (SADC) railway network, which links eleven of the Regional body's member states. It is managed and maintained by TAZARA, a statutory body jointly owned by the Republic of Tanzania and the Republic of Zambia; a body established under the Tanzania – Zambia Railway Act 1995 (Reviewed Act No. 23 of 1975).

TAZARA's main business is freight and passenger railway transportation services; it acts as a key channel for all kinds of major imports from all over the world, particularly minerals out of Zambia and DRC. Over the last four decades TAZARA has transported over 50 million passengers and more than 30 million metric tons of freight between the two countries and across the region.

#### **Management structure**

Tanzania and Zambia share the managerial responsibilities of the TAZARA network; the joint ownership is reflected in the Council of Ministers and the Board of Directors:

The Council of Ministers consists of three Ministers responsible for Finance, Transport and Trade or Commerce from both Tanzania and Zambia. Its main function is to shape the overall policy and long term development of TAZARA. Chairmanship of the Council rotates between Tanzania and Zambia annually.

The Board of Directors consists of the Secretaries responsible for transport in each country, as well as two individuals with experience in transport, commerce, industry or finance from both Tanzania and Zambia. These individuals will be appointed by both Tanzania and Zambia's respective Minister's of Transport- responsible for TAZARA operations.

The Managing Director acts as the Chief Executive Officer of TAZARA and is responsible for the general running of its affairs, with the Deputy Managing Director assisting with day to day affairs. Under the Tanzania-Zambia Rail Act 1995, the Managing Director is appointed from Zambia, and the Deputy Managing Director from Tanzania.

### Regulation

Neither the application of the Railways Act 2002, nor SUMATRA's regulatory mandate extends to operations along the TAZARA network. Nonetheless there remains scope for SUMATRA's involvement as it is within the Minister of Transport's discretion to appoint an inspector under the Tanzania- Zambia Rail Act 1995 which will likely be the Chief Inspector of Railway Safety; a SUMATRA appointee.

### Conclusion

Tanzanian's railways must be viewed as two very separate networks as they differ in ownership, management and regulation:

The TAZARA network is a well established railway system with its own autonomous management.

The TRL network provides investors with significant opportunity going forward, particularly as after the recent failing of the concession the Government will be looking for new partners. This is especially the case if they are willing to enter into PPP agreements with the Government of Tanzania.

### Further information

If you would like further information on any issue raised in this update please contact:

#### Peter Kasanda

Legal Director, Dar es Salaam

E: peter.kasanda@clydeco.com

T: +255 767 850 054

Clyde & Co Tanzania  
11th Floor, Golden Jubilee Towers  
Ohio Street, PO Box 80512  
Dar es Salaam, Tanzania

T: +255 767 302 200

F: +255 222 103 004

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