



Market Sounding Report

# Lake Victoria Transport PPP Due Diligence

17<sup>th</sup> of October, 2017





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## Preface

This market sounding report presents the initial market sounding findings for each of three Lake Victoria transport project areas, as defined in the Lake Victoria Transport PPP Due Diligence Report. These three project areas considered are:

- The operation of freight and passenger vessels on Lake Victoria on point to point services between ports across the Lake (“Project Area A”).
- The development and operation of stage passenger and ferry services, and required landing sites, on scheduled services to connect the islands to the mainland within Uganda, on routes currently operated by MoWT or not serviced (“Project Area B”).
- The operation of the inland ports of Port Bell and Jinja in Uganda, under a ‘landlord’ arrangement (“Project Area C”).

This initial market sounding aims to achieve the following:

- Create awareness about development projects pertaining to the Lake Victoria transport system.
- Test the private sector appetite and identify key issues/obstacles towards implementing the projects as PPPs.
- Enable the private sector to provide input on the scope of the projects.

It is noted that a more elaborate market sounding should be conducted once full feasibility studies have been carried out for each of the project areas.

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## Executive Summary

The following sections present the key market sounding findings for each of the three identified project areas.

### **Project Area A – Cargo Shipping Services Across the Lake (section 1)**

From the interviews, the following key findings are identified:

- Scope
  - The project is believed to create value, as transport costs may be lowered through lake transport.
- Investment Appetite
  - Appetite ranges from only construction of vessels (without financing) to vessel construction, operations, and training (with potential financing sources).
- Project Structuring / Availability of Resources
  - The substantial funding requirement may limit private sector involvement, as the majority of parties will not likely be able to arrange the required capital to enter into a 90%/10% Joint Venture with the GoU. This issue could potentially be resolved by including multiple private parties in the JV. As such, each of the private parties have a share of the 90% equity stake, thus reducing their required investments. Alternatively, another project structure can be selected; however, this would entail increased investment costs for the GoU.

### **Project Area B – Ferry Operations (section 2)**

From the interviews, the following key findings are identified:

- Scope
  - The private parties agreed with the selected ferry routes.
- Investment Appetite
  - Ranges from only construction without arranging financing to arranging financing, constructing vessels, and carrying out operations.
- Project Structuring / Availability of Resources
  - Parties agree with the DBFM structure.
  - Several parties have stated that they may arrange funding.
  - It was suggested that GoU should take care of infrastructure; this would signal greater GoU commitment but substantially increase GoU's initial investment costs.

### **Project Area C – Port Bell and Jinja Landlord Operations (section 3)**

From the interviews, the following key findings are identified:

- Scope
  - No substantial remarks made during the interviews.
- Investment Appetite
  - Investment appetite among interviewed parties seems to be limited to some construction works.
- Project Structuring / Availability of Resources
  - No substantial remarks made during the interviews.

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# 1 Project Area A – Shipping Services Across the Lake

## 1.1 Identification of Potentially Suitable Private Parties

In this section, several high potential private parties are identified and selected for further assessment. First, the tables below provide initial indications and scorings for (i) the relevant experience; (ii) the financial strength; and (iii) the appetite of private parties for the development of the shipping services on Lake Victoria. Subsequently, the scores of the individual scoring components are aggregated in Table 1-4, resulting in a selection of high potential private parties. In the tables, a distinction is made between companies with and without current local presence.

Table 1-1 Project Area A - Indication of Relevant Experience

Private Party	Initial Indication of Relevant Experience	Score*
<b>Local Presence</b>		
National Oil Distributors	Involved in ferry services on Lake Victoria and involved in cargo logistics in the region.	++
Kalangala Infrastructure Services	Involved in ferry services on Lake Victoria.	+
Mango Tree Group	Involved in ship construction and dredging activities on Lake Victoria	+
JGH Marine A/S	Involved in ship construction and maintenance activities on Lake Victoria	+
<b>No Local Presence</b>		
Global Shipping Lines**	Highly experienced in cargo shipping. Not experienced in lake shipping in regional conditions.	+
Damen	Involved in ship sales for Lake Victoria	+

\*Score range encompasses the following possible scores: -- (lowest score), -, 0, +, ++ (highest score)

\*\*Global shipping lines include, inter alia, Maersk, MSC, CMA CGM, Evergreen, Hapag-Lloyd, Hamburg Süd, OOCL, UASC, MOL, APL, ZIM, Yang Ming, NYK Line, and HMM.

Table 1-2 Project Area A - Indication of Financial Strength

Private Party	Initial Indication of Financial Strength	Score*
<b>Local Presence</b>		
National Oil Distributors	Limited financial capacity.	-
Kalangala Infrastructure Services	Subsidiary of an internationally operating company.	+
Mango Tree Group	Likely to be able to obtain financial resources through other activities in the region or cheap loans from (e.g.) the Chinese Ex-Im bank.	+
JGH Marine A/S	Globally operating company with sufficient resources to implement envisioned project.	++
<b>No Local Presence</b>		
Global Shipping Lines**	Globally operating companies with adequate financial resources to implement envisioned project.	++
Damen	Globally operating company with sufficient resources to implement envisioned project.	++

\*Score range encompasses the following possible scores: -- (lowest score), -, 0, +, ++ (highest score)

\*\*Global shipping lines include, inter alia, Maersk, MSC, CMA CGM, Evergreen, Hapag-Lloyd, Hamburg Süd, OOCL, UASC, MOL, APL, ZIM, Yang Ming, NYK Line, and HMM.

Table 1-3 Project Area A - Indication of Investment Appetite

Private Party	Initial Indication of Investment Appetite	Score*
<b>Local Presence</b>		
National Oil Distributors	Already involved in shipping (ferry) operations and cargo logistics.	++
Kalangala Infrastructure Services	Already involved in shipping (ferry) operations on Lake Victoria.	+
Mango Tree Group	Is involved in ship construction on Lake Victoria and envisions several port and shipping developments on Lake Victoria.	++
JGH Marine A/S	Is involved on Lake Victoria, but only in the area of ship construction; not likely willing to have exposure to market risk (operations). However, likely interested in becoming involved in vessel construction.	+
<b>No Local Presence</b>		
Global Shipping Lines**	Focus on very large-scale projects. Additionally, Lake Victoria operations would not be connected to the shipping lines' major global operations, reducing potential synergies.	--
Damen	Is involved on Lake Victoria, but only in the area of ship construction and or sales of ships; not likely willing to have exposure to market risk (operations). However, likely interested in becoming involved in vessel construction.	+

\*Score range encompasses the following possible scores: -- (lowest score), -, 0, +, ++ (highest score)

\*\*Global shipping lines include, inter alia, Maersk, MSC, CMA CGM, Evergreen, Hapag-Lloyd, Hamburg Süd, OOCL, UASC, MOL, APL, ZIM, Yang Ming, NYK Line, and HMM.

The table below shows the aggregated scores. All parties with a score of 3 or above is considered high potential and will thus be further assessed during the market sounding. For Project Area A, the following firms are considered for the market sounding:

- National Oil Distributors
- Kalangala Infrastructure Services
- Mango Tree Group
- JGH Marine A/S
- Damen

Table 1-4 Project Area A - Score Aggregation

Private Party	Relevant Experience	Financial Strength	Appetite	Total Score	Selection
<b>No Local Presence</b>					
Global Shipping Lines	+	++	--	1	No
<b>Local Presence</b>					
National Oil Distributors	++	-	++	3	Yes
Kalangala Infrastructure Services	+	+	+	3	Yes
Mango Tree Group	+	+	++	4	Yes
JGH Marine A/S	+	++	+	4	Yes
Damen	+	++	+	4	Yes

## 1.2 Market Sounding

The table below provides an overview of the means through which the selected companies have been contacted.

Table 1-5 Project Area A - Interview List

Private Party	Means of Contact
National Oil Distributors	Face to face meeting in Kampala
Kalangala Infrastructure Services	Face to face meeting in Kampala
Mango Tree Group	Face to face meeting in Kampala
JGH Marine A/S	Face to face meeting in Kampala
Damen	Face to face meeting in The Netherlands

Subsequently, the tables below provide an overview of the key findings of the market sounding, for each of the interviewed parties.

Table 1-6 Project Area A - Market Sounding - National Oil Distributors

Topic	Key Findings / Notes
Project Scope	<ul style="list-style-type: none"> <li>National Oil Distributors mainly sees potential costs savings from cargo shipping across the lake for the following routes: <ul style="list-style-type: none"> <li>Mwanza – Kampala: cargo transport could be 50% cheaper by lake (vis-à-vis road).</li> <li>Mombasa – Kampala: by transporting cargo across the lake, multiple checkpoints may be avoided.</li> </ul> </li> </ul>
Investment Appetite	<ul style="list-style-type: none"> <li>National Oil Distributors is interested in carrying out cargo shipping operations, as it falls within their area of expertise.</li> </ul>
Project Structuring / Availability of Resources	<ul style="list-style-type: none"> <li>National Oil Distributors has limited resources; as such, the company is likely unable to obtain resources to finance a 90% stake in the envisioned JV structure. As such, the company would either have to find partners or the project structure would need to be changed.</li> </ul>
Other Notes	None

Table 1-7 Project Area A - Market Sounding - KIS / Eleqtra

Topic	Key Findings / Notes
Project Scope	<ul style="list-style-type: none"> <li>It is believed that shipping services can add value, compared to truck transport.</li> </ul>
Investment Appetite	<ul style="list-style-type: none"> <li>Due to ongoing issues with the current PPP between KIS / Eleqtra and the GoU, the company is only interested in new PPP engagements if the following aspects are in place: <ul style="list-style-type: none"> <li>ESCROW account to ensure payments.</li> <li>Increased public commitment to align interests (e.g., GoU shares in development costs).</li> </ul> </li> </ul>
Project Structuring / Availability of Resources	<ul style="list-style-type: none"> <li>An equity stake for the GoU entails increased public commitment and likely results in aligned interests.</li> </ul>
Other Notes	None

Table 1-8 Project Area A - Market Sounding - Mango Tree Group

Topic	Key Findings / Notes
Project Scope	None
Investment Appetite	<ul style="list-style-type: none"> <li>Mango Tree Group is interested in: <ul style="list-style-type: none"> <li>construction of cargo vessels;</li> <li>operation of cargo vessels; and</li> </ul> </li> </ul>

Topic	Key Findings / Notes
	<ul style="list-style-type: none"> <li>training of locals.</li> </ul>
Project Structuring / Availability of Resources	<ul style="list-style-type: none"> <li>Mango Tree Group can arrange funding through Chinese banks.</li> <li>High inflation and financing costs in Uganda are an issue.</li> </ul>
Other Notes	<ul style="list-style-type: none"> <li>Two vessels can be constructed simultaneously at the Mango Tree construction site.</li> <li>There is no limit to the size of vessels that can be constructed at the construction site.</li> <li>Mango Tree Group only constructs steel vessels.</li> </ul>

Table 1-9 Project Area A - Market Sounding - JGH Marine

Topic	Key Findings / Notes
Project Scope	None
Investment Appetite	<ul style="list-style-type: none"> <li>JGH Marine is interested in: <ul style="list-style-type: none"> <li>construction of cargo vessels,</li> <li>Repair / rehabilitation and or maintenance of cargo vessels; and</li> <li>training of locals.</li> </ul> </li> <li>JGH Marine is not interested in the shipping operations; this is left to the ships' buyers.</li> </ul>
Project Structuring / Availability of Resources	<ul style="list-style-type: none"> <li>As vessel construction company, JGH Marine will not be involved in the financing of the vessels.</li> </ul>
Other Notes	<ul style="list-style-type: none"> <li>Vessels on Lake Victoria should be virtually maintenance-free.</li> </ul>

Table 1-10 Project Area A - Market Sounding - Damen

Topic	Key Findings / Notes
Project Scope	None
Investment Appetite	<ul style="list-style-type: none"> <li>Damen is interested in construction of cargo vessels.</li> <li>Damen is interested in selling complete ships and or modular to-be built ships</li> <li>Damen is interested in selling port equipment such as modular floating piers and or floating ramps</li> <li>Damen is not interested in the shipping operations; this is left to the ships' buyers.</li> </ul>
Project Structuring / Availability of Resources	<ul style="list-style-type: none"> <li>As vessel construction company, Damen will not be involved in the financing of the vessels.</li> </ul>
Other Notes	None

From the interviews, the following key findings are identified:

- Scope
  - The project is believed to create value, as transport costs may be lowered through lake transport.
- Investment Appetite
  - Appetite ranges from only construction of vessels (without financing) to vessel construction, operations, and training (with potential financing sources).
  - GoU needs to show commitment to ensure appetite from the market.
- Project Structuring / Availability of Resources
  - The substantial funding requirement may limit private sector involvement, as the majority of parties will not likely be able to arrange the required capital to enter into a 90%/10% Joint Venture with the GoU. This issue could potentially be resolved by including multiple private parties in the JV. As such, each of the private parties have a share of the 90% equity stake, thus reducing their required investments. Alternatively, another project structure can be selected; however, this would entail increased investment costs for the GoU.

## 2 Project Area B – Ferry Services

### 2.1 Identification of Potentially Suitable Private Parties

In this section, several high potential private parties are identified and selected for further assessment. First, the tables below provide initial indications and scorings for (i) the relevant experience; (ii) the financial strength; and (iii) the appetite of private parties for the development of the ferry services on Lake Victoria. Subsequently, the scores of the individual scoring components are aggregated in Table 2-4, resulting in a selection of high potential private parties. In the tables, a distinction is made between companies with and without current local presence.

Table 2-1 Project Area B - Indication of Relevant Experience

Private Party	Initial Indication of Relevant Experience	Score*
<b>Local Presence</b>		
National Oil Distributors	Involved in ferry services on Lake Victoria and involved in cargo logistics in the region.	++
Kalangala Infrastructure Services	Involved in ferry services on Lake Victoria.	++
Mango Tree Group	Involved in ship construction and dredging activities on Lake Victoria	+
JGH Marine A/S	Involved in ship construction and maintenance activities on Lake Victoria	+
<b>No Local Presence</b>		
Global Ferry Operators**	Highly experienced in ferry operations. Not experienced in ferry operations in regional conditions.	+
Damen	Involved in ship construction on Lake Victoria	+

\*Score range encompasses the following possible scores: -- (lowest score), -, 0, +, ++ (highest score)

\*\*Global ferry operators include, inter alia, Stena Line, P&O Ferries, SeaFrance, Tallink Silja Line, Minoan Lines, Irish Ferries, Interislander, Acciona Trasmediterranea, ANEK Lines, Attica Group, and Brittany Ferries.

Table 2-2 Project Area B - Indication of Financial Strength

Private Party	Initial Indication of Financial Strength	Score*
<b>Local Presence</b>		
National Oil Distributors	Limited financial capacity.	-
Kalangala Infrastructure Services	Subsidiary of an internationally operating company.	+
Mango Tree Group	Likely to be able to obtain financial resources through other activities in the region or cheap loans from (e.g.) the Chinese Ex-Im bank.	+
JGH Marine A/S	Globally operating company with sufficient resources to implement envisioned project.	++
<b>No Local Presence</b>		
Global Ferry Operators**	Regionally/Globally operating companies with adequate financial resources to implement envisioned project.	++
Damen	Globally operating company with sufficient resources to implement envisioned project.	++

\*Score range encompasses the following possible scores: -- (lowest score), -, 0, +, ++ (highest score)

\*\*Global ferry operators include, inter alia, Stena Line, P&O Ferries, SeaFrance, Tallink Silja Line, Minoan Lines, Irish Ferries, Interislander, Acciona Trasmediterranea, ANEK Lines, Attica Group, and Brittany Ferries.

Table 2-3 Project Area B - Indication of Investment Appetite

Private Party	Initial Indication of Investment Appetite	Score*
<b>Local Presence</b>		
National Oil Distributors	Already involved in ferry operations on Lake Victoria.	++
Kalangala Infrastructure Services	Already involved in ferry operations on Lake Victoria.	++
Mango Tree Group	Is involved in ship construction on Lake Victoria and envisions several port and shipping developments on Lake Victoria. However, these plans mainly focus on cargo operations.	+
JGH Marine A/S	Is involved on Lake Victoria, but only in the area of ship construction; not likely willing to have exposure to market risk (operations). However, likely interested in becoming involved in vessel construction.	+
<b>No Local Presence</b>		
Global Ferry Operators**	Focus on very large-scale projects. Additionally, Lake Victoria operations would not be connected to the ferry operators' global operations, reducing potential synergies.	--
Damen	Is involved on Lake Victoria, but only in the area of ship construction; not likely willing to have exposure to market risk (operations). However, likely interested in becoming involved in vessel construction and pier construction.	+

\*Score range encompasses the following possible scores: -- (lowest score), -, 0, +, ++ (highest score)

\*\*Global ferry operators include, inter alia, Stena Line, P&O Ferries, SeaFrance, Tallink Silja Line, Minoan Lines, Irish Ferries, Interislander, Acciona Trasmediterranea, ANEK Lines, Attica Group, and Brittany Ferries.

The table below shows the aggregated scores. All parties with a score of 3 or above is considered high potential and will thus be further assessed during the market sounding. For Project Area B, the following firms are considered for the market sounding:

- National Oil Distributors
- Kalangala Infrastructure Services
- Mango Tree Group
- JGH Marine A/S
- Damen

Table 2-4 Project Area B - Score Aggregation

Private Party	Relevant Experience	Financial Strength	Appetite	Total Score	Selection
<b>Local Presence</b>					
National Oil Distributors	++	-	++	3	Yes
Kalangala Infrastructure Services	++	+	++	5	Yes
Mango Tree Group	+	+	+	3	Yes
JGH Marine A/S	+	++	+	4	Yes
<b>No Local Presence</b>					
Global Shipping Lines	+	++	--	1	No
Damen	+	++	+	4	Yes

## 2.2 Market Sounding

The table below provides an overview of the means through which the selected companies have been contacted.

Table 2-5 Project Area B - Interview List

Private Party	Means of Contact
National Oil Distributors	Face to face meeting in Kampala
Kalangala Infrastructure Services	Face to face meeting in Kampala
Mango Tree Group	Face to face meeting in Kampala
JGH Marine A/S	Face to face meeting in Kampala
Damen	Face to face meeting in The Netherlands

Subsequently, the tables below provide an overview of the key findings of the market sounding, for each of the interviewed parties.

Table 2-6 Project Area B - Market Sounding - National Oil Distributors

Topic	Key Findings / Notes
Project Scope	<ul style="list-style-type: none"> <li>National Oil Distributors agrees to the selected ferry services.</li> <li>Ferry services should be grouped into 4 or 5 lots to balance economies of scale and funding requirement.</li> <li>Operations should be at least 10 years to recover costs.</li> </ul>
Investment Appetite	<ul style="list-style-type: none"> <li>National Oil Distributors is interested in operating the ferry services</li> </ul>
Project Structuring / Availability of Resources	<ul style="list-style-type: none"> <li>Selected DBFM structure is OK.</li> <li>National Oil Distributors may potentially be able to arrange funding, in a similar way to what they plan for their own proposed ferry services (see "other notes").</li> </ul>
Other Notes	<ul style="list-style-type: none"> <li>For the Project Area B ferry services, hydrographic surveys of the routes are required.</li> <li>Besides the Project Area B services, National Oil Distributors envisions developing ferry services that will connect: <ul style="list-style-type: none"> <li>Kisumu, Jinja, and Port Bell; and</li> <li>Port Bell, Kalangala, and Mwanza.</li> </ul> </li> <li>For these proposed two services, a 500 pax catamaran with cargo capacity is envisioned.</li> <li>BuCa for the proposed two services is feasible if National Oil Distributors is free to set tariffs.</li> <li>Funding for the implementation of the two services can be arranged through partners of National Oil Distributors. To arrange funding, a guarantee is required from the GoU.</li> </ul>

Table 2-7 Project Area B - Market Sounding - KIS / Eleqtra

Topic	Key Findings / Notes
Project Scope	<ul style="list-style-type: none"> <li>KIS / Eleqtra sees benefit in the development of the ferry services.</li> <li>Vehicle capacity may further be added the following services: <ul style="list-style-type: none"> <li>Nakiwogo – Zingoola</li> <li>Masese – Buwanzi – Namoni</li> <li>Bwondha – Golofa – Matolo</li> </ul> </li> </ul>
Investment Appetite	<ul style="list-style-type: none"> <li>Due to ongoing issues with the current PPP between KIS / Eleqtra and the GoU, the company is only interested in new PPP engagements if the following aspects are in place: <ul style="list-style-type: none"> <li>ESCROW account to ensure payments.</li> <li>Increased public commitment to align interests (e.g., GoU shares in development costs).</li> </ul> </li> </ul>

Topic	Key Findings / Notes
Project Structuring / Availability of Resources	None
Other Notes	<ul style="list-style-type: none"> <li>• Bidco (local private party; not affiliated to KIS / Eleqtra) wants larger ferries for the Buvuma – Kiyindi route, as the current pontoon barges are inadequate for their envisioned operations.</li> </ul>

Table 2-8 Project Area B - Market Sounding - Mango Tree Group

Topic	Key Findings / Notes
Project Scope	<ul style="list-style-type: none"> <li>• Mango Tree Group agrees to selected services</li> </ul>
Investment Appetite	<ul style="list-style-type: none"> <li>• Mango Tree Group is interested in: <ul style="list-style-type: none"> <li>• construction of ferry vessels;</li> <li>• operation of ferry vessels; and</li> <li>• training of locals.</li> </ul> </li> </ul>
Project Structuring / Availability of Resources	<ul style="list-style-type: none"> <li>• Mango Tree Group can arrange funding for the vessel construction through Chinese banks.</li> <li>• GoU should develop infrastructure.</li> <li>• High inflation and financing costs in Uganda are an issue.</li> </ul>
Other Notes	<ul style="list-style-type: none"> <li>• Two vessels can be constructed simultaneously at the Mango Tree construction site.</li> <li>• There is no limit to the size of vessels that can be constructed at the construction site.</li> <li>• Mango Tree Group only constructs steel vessels.</li> </ul>

Table 2-9 Project Area B - Market Sounding - JGH Marine

Topic	Key Findings / Notes
Project Scope	None
Investment Appetite	<ul style="list-style-type: none"> <li>• JGH Marine is interested in: <ul style="list-style-type: none"> <li>• construction of cargo vessels; and</li> <li>• training of locals.</li> </ul> </li> <li>• JGH Marine is not interested in the ferry operations; this is left to the ships' buyers.</li> </ul>
Project Structuring / Availability of Resources	<ul style="list-style-type: none"> <li>• As vessel construction company, JGH Marine will not be involved in the financing of the vessels.</li> </ul>
Other Notes	<ul style="list-style-type: none"> <li>• Vessels on Lake Victoria should be virtually maintenance-free.</li> <li>• Ferries on Lake Victoria should preferably have retractable engines that can be services without going to drydocks/slipways.</li> <li>• Aluminum ferries are fast and cost-efficient but hard to maintain. Many modern vessels need to be maintained in dirt/dust-free environments, which do not exist in the region.</li> <li>• Transport costs of materials amount to less than 10% of total vessel construction costs.</li> <li>• UNRA is planning its own new ferry that will connect the Sigulu islands. Design of the vessel has been completed; construction works will commence shortly.</li> </ul>

Table 2-10 Project Area B - Market Sounding - Damen

Topic	Key Findings / Notes
Project Scope	None
Investment Appetite	<ul style="list-style-type: none"> <li>• Damen is interested in selling of ferries and or modular construction of ferries.</li> <li>• Damen is interested in construction of (floating) piers and or ramps.</li> <li>• Damen is not interested in the ferry operations; this is left to the ships' buyers.</li> </ul>



Topic	Key Findings / Notes
Project Structuring / Availability of Resources	<ul style="list-style-type: none"> <li>As vessel construction company, Damen will not be involved in the financing of the vessels.</li> </ul>
Other Notes	None

From the interviews, the following key findings are identified:

- Scope
  - The private parties agreed with the selected ferry routes.
- Investment Appetite
  - Ranges from only construction without arranging financing to arranging financing, constructing vessels, and carrying out operations.
  - GoU needs to show commitment to ensure appetite from the market.
- Project Structuring / Availability of Resources
  - Parties agree with the DBFM structure.
  - Several parties have stated that they may arrange funding.
  - It was suggested that GoU should take care of infrastructure; this would signal greater GoU commitment but substantially increase GoU's initial investment costs.

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## 3 Project Area C – Port Operations

### 3.1 Identification of Potentially Suitable Private Parties

In this section, several high potential private parties are identified and selected for further assessment. First, the tables below provide initial indications and scorings for (i) the relevant experience; (ii) the financial strength; and (iii) the appetite of private parties for the Port Bell and Jinja landlord operations. Subsequently, the scores of the individual scoring components are aggregated in Table 3-4, resulting in a selection of high potential private parties. In the tables, a distinction is made between companies with and without current local presence.

Table 3-1 Project Area C - Indication of Relevant Experience

Private Party	Initial Indication of Relevant Experience	Score*
<b>No Local Presence</b>		
Global Terminal Operators**	Highly experienced in port operations. Not experienced in small lakeport operations ferry operations in regional conditions.	+
<b>Local Presence</b>		
National Oil Distributors	Involved in ferry services on Lake Victoria and involved in cargo logistics in the region.	+
Kalangala Infrastructure Services	Involved in ferry services on Lake Victoria.	+
Mango Tree Group	Involved in ship construction and dredging activities on Lake Victoria	+
JGH Marine A/S	Involved in ship construction and maintenance activities on Lake Victoria	0
Damen	Involved in ship construction on Lake Victoria	0

\*Score range encompasses the following possible scores: -- (lowest score), -, 0, +, ++ (highest score)

\*\*Global terminal operators include, inter alia, HPH, APM Terminals, TIL, PSA, DP World, CMP (previously CMHI), Yilport, Transnet, Contship, and Mitsui Portek.

Table 3-2 Project Area C - Indication of Financial Strength

Private Party	Initial Indication of Financial Strength	Score*
<b>No Local Presence</b>		
Global Terminal Operators**	Regionally/Globally operating companies with adequate financial resources to implement envisioned project.	++
<b>Local Presence</b>		
National Oil Distributors	Limited financial capacity.	-
Kalangala Infrastructure Services	Subsidiary of an internationally operating company.	+
Mango Tree Group	Likely to be able to obtain financial resources through other activities in the region or cheap loans from (e.g.) the Chinese Ex-Im bank.	+
JGH Marine A/S	Globally operating company with sufficient resources to implement envisioned project.	++
Damen	Globally operating company with sufficient resources to implement envisioned project.	++

\*Score range encompasses the following possible scores: -- (lowest score), -, 0, +, ++ (highest score)

\*\*Global terminal operators include, inter alia, HPH, APM Terminals, TIL, PSA, DP World, CMP (previously CMHI), Yilport, Transnet, Contship, and Mitsui Portek.

Table 3-3 Project Area C - Indication of Investment Appetite

Private Party	Initial Indication of Investment Appetite	Score*
<b>No Local Presence</b>		
Global Terminal Operators**	Focus on very large-scale projects. Additionally, Lake Victoria operations would not be connected to the terminal operators' major global operations, reducing potential synergies.	--
<b>Local Presence</b>		
National Oil Distributors	Already involved in ferry operations on Lake Victoria.	++
Kalangala Infrastructure Services	Already involved in ferry operations on Lake Victoria.	++
Mango Tree Group	Is involved in ship construction on Lake Victoria and envisions several port and shipping developments on Lake Victoria.	++
JGH Marine A/S	Is involved on Lake Victoria, but only in the area of ship construction; not likely willing to invest in port operations.	-
Damen	Is involved on Lake Victoria, but only in the area of ship construction; not likely willing to invest in port operations.	-

\*Score range encompasses the following possible scores: -- (lowest score), -, 0, +, ++ (highest score)

\*\*Global terminal operators include, inter alia, HPH, APM Terminals, TiL, PSA, DP World, CMP (previously CMHI), Yilport, Transnet, Contship, and Mitsui Portek.

The table below shows the aggregated scores. All parties with a score of 3 or above is considered high potential and will thus be further assessed during the market sounding. For Project Area C, the following firms are considered for the market sounding:

- Kalangala Infrastructure Services
- Mango Tree Group

Table 3-4 Project Area C - Score Aggregation

Private Party	Relevant Experience	Financial Strength	Appetite	Total Score	Selection
<b>No Local Presence</b>					
Global Shipping Lines	+	++	--	1	No
<b>Local Presence</b>					
National Oil Distributors	+	-	++	2	No
Kalangala Infrastructure Services	+	+	++	4	Yes
Mango Tree Group	+	+	++	4	Yes
JGH Marine A/S	0	++	-	1	No
Damen	0	++	-	1	No

Besides the two selected companies, the following international companies may be potential candidates for the Lake Victoria Port operations:

- Bolloré – Despite their focus on sea ports, Bolloré may be a potential candidate as they have several small- to medium sized African terminals in their portfolio.
- Global Port Services Burundi (GPSB) – GPSB is the operator in the Bujumbura port, situated on the shores of Lake Tanganyika in Burundi.

However, these companies have not been contacted due to their lack of knowledge of the local context.

## 3.2 Market Sounding

The table below provides an overview of the means through which the selected companies have been contacted.

Table 3-5 Project Area C - Interview List

Private Party	Means of Contact
Kalangala Infrastructure Services	Face to face meeting in Kampala
Mango Tree Group	Face to face meeting in Kampala

Subsequently, the tables below provide an overview of the key findings of the market sounding, for each of the interviewed parties.

Table 3-6 Project Area C - Market Sounding - KIS / Eleqtra

Topic	Key Findings / Notes
Project Scope	None
Investment Appetite	<ul style="list-style-type: none"> <li>Due to ongoing issues with the current PPP between KIS / Eleqtra and the GoU, the company is only interested in new PPP engagements if the following aspects are in place: <ul style="list-style-type: none"> <li>ESCROW account to ensure payments.</li> <li>Increased public commitment to align interests (e.g., GoU shares in development costs).</li> </ul> </li> </ul>
Project Structuring / Availability of Resources	None
Other Notes	None

Table 3-7 Project Area C - Market Sounding - Mango Tree Group

Topic	Key Findings / Notes
Project Scope	None
Investment Appetite	<ul style="list-style-type: none"> <li>Mango Tree Group is mainly interested in port construction.</li> </ul>
Project Structuring / Availability of Resources	<ul style="list-style-type: none"> <li>High inflation and financing costs in Uganda are an issue.</li> </ul>
Other Notes	<ul style="list-style-type: none"> <li>Mango Tree was planning a cargo port at Lukaya. However, these plans have been cancelled due to the Bukasa port project. The MoWT has allegedly already received funding from the German Government towards implementation of the Bukasa port, making its implementation likely.</li> </ul>

From the interviews, the following key findings are identified:

- Scope
  - No substantial remarks made during the interviews.
- Investment Appetite
  - Investment appetite among interviewed parties seems to be limited to some construction works.
  - GoU needs to show commitment to ensure appetite from the market.
- Project Structuring / Availability of Resources
  - No substantial remarks made during the interviews.

# The Pearl in the Shell

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