



# CIVIL AVIATION AUTHORITY

2017/18 - 2021/22 BUSINESS PLAN

*Theme: "Linking Uganda to the World through Air Transport"*

December 2016

## **FOREWORD**

Civil Aviation Authority (CAA) was established by an Act of Parliament (Cap 354) in 1991 with the main objective of promoting the safe, regular, secure and efficient use and development of civil aviation inside and outside Uganda. The Authority is mandated to carry out the following functions:

- a) Advisory role to Government in relation to civil aviation policy matters and international conventions and other functions as deemed necessary by the Minister responsible for aviation
- b) Regulation of safety, security and doing business in air transport
- c) Management and development of major airports in the country
- d) Provision of air traffic and navigation services.

The CAA Act requires the Authority to produce a five-year rolling Business Plan to guide its operations and investments. The Authority therefore must use a holistic approach in planning for all the functions mentioned above. CAA must scan and analyze its business and operating environment to be able to come up with the right strategies for the future.

This is CAA's 26<sup>th</sup> Business Plan whose implementation will commence on 1<sup>st</sup> July 2017. Emphasis will again be put on the upgrade, expansion and modernization of airport infrastructure especially for Entebbe International Airport. The Authority will continue to implement the Corrective Action Plans that resulted from the ICAO Coordinated Validation Mission (ICVM) and other audits by various International Aviation Bodies. The needs (facility adequacy, efficiency and service excellence) of our stakeholders are always crucial during the planning and implementation of airport projects.

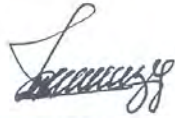
In carrying out its mandate, the Authority will be guided by the following overall medium term objectives:

- a) To enhance safety in the Aviation Industry

- b) To enhance security in the Aviation Industry
- c) To improve capacity utilization of the airport infrastructure
- d) To promote competitiveness of Uganda's Aviation Industry
- e) To enhance the sustainability and revenue growth of CAA
- f) To promote quality management and assurance
- g) To enhance management and development of CAA's Human Resource
- h) To ensure regulatory and statutory compliance.

The plan implementation will be monitored on a regular basis to enable the Authority identify and solve problems in a timely manner. Given the service nature of the Aviation Industry, quality and risk management will be a continuous process during the implementation of the plan.

Management and Board will do their best to ensure that resources are availed for the implementation of the projects proposed in this plan for the betterment of the aviation industry in our country.



W. Rama Makuza, Ph.D

**Managing Director**

Date: 29<sup>th</sup> December 2016



Eng. Edward Mike Ndawula

**Board Chairman**

Date: 29<sup>th</sup> December 2016

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## **ABBREVIATIONS & ACRONYMS**

|         |   |  |
|---------|---|--|
| AAGR    | - | Average Annual Growth Rate                                 |
| ADS - B | - | Automatic Dependent Surveillance Broadcast                 |
| AFTN    | - | Aeronautical Fixed Telecommunication Networks              |
| AFI     | - | Africa Indian Ocean  |
| A/C     | - | Aircraft   |
| AOC     | - | Air Operators Certificate                                  |
| APIRG   | - | AFI Planning and Implementation Regional Group             |
| APSC    | - | Airport Passenger Service Charge                           |
| ASECNA  | - | Association of Air Traffic safety in Africa and Madagascar |
| ASL     | - | Air Services License                                       |
| ATC     | - | Air Traffic Control  |
| ATNS    | - | Air Traffic Navigation Services                            |
| ATS/DS  | - | Air Traffic Services/Direct Speech                         |
| AVPOL   | - | Aviation Police  |
| AVSEC   | - | Aviation Security  |
| AWOS    | - | Automatic Weather Observation System                       |
| BASA    | - | Bilateral Air Services Agreement                           |
| BENLUX  | - | Belgium, Netherlands, Luxemburg                            |
| Bn      | - | Billion  |
| BOPD    | - | Barrels of Oil Per Day                                     |

|         |   |   |
|---------|---|---|
| CAA ACT | - | Civil Aviation Authority Act Cap 354 (Laws of Uganda, 2000 Edition) |
| CAA     | - | Civil Aviation Authority  |
| CAT 1   | - | Category One  |
| CASSOA  | - | Civil Aviation Safety and Security Oversight Agency                 |
| CEE     | - | Central and Eastern Europe  |
| CHOGM   | - | Common Wealth Heads of Government Meeting                           |
| CIS     | - | Common Wealth of Independent States                                 |
| CNS/ATM | - | Communication, Navigation, Surveillance / Air Traffic Management    |
| CS      | - | Corporation Secretary   |
| COMESA  | - | Common Market for Eastern and Southern Africa                       |
| DAAS    | - | Director Airports and Aviation Security                             |
| DANS    | - | Director Air Navigation Services                                    |
| DHRA    | - | Director Human Resource and Administration                          |
| DF      | - | Director Finance  |
| DMD     | - | Deputy Managing Director  |
| DSSER   | - | Director Safety, Security and Economic Regulation                   |
| DRC     | - | Democratic Republic of Congo  |
| DVOR    | - | Doppler VHF Omni - directional Radio                                |
| EAC     | - | East African Community  |
| EIA     | - | Entebbe International Airport                                       |
| EPZ     | - | Export Processing Zone  |

|         |   |  |
|---------|---|--|
| EU      | - | European Union   |
| EUROGAP | - | European Good Agriculture Practices                    |
| FAA     | - | Federal Aviation Administration                        |
| FIR     | - | Flight Information Region                              |
| FIDS    | - | Flight Information Display System                      |
| FY      | - | Financial Year   |
| GDP     | - | Gross Domestic Product                                 |
| GNSS    | - | Global Navigation Satellite System                     |
| IASA    | - | International Air Safety Assessment                    |
| IATA    | - | International Air Transport Association                |
| ICAO    | - | International Civil Aviation Organization              |
| ICVM    | - | ICAO Coordinated Validation Mission                    |
| IDI     | - | International Development Ireland Ltd.                 |
| ISO     | - | International Standards Organization                   |
| IMF     | - | International Monetary Fund                            |
| IT      | - | Information Technology                                 |
| MAAIF   | - | Ministry of Agriculture, Animal Industry and Fisheries |
| MBD     | - | Million Barrels a Day                                  |
| MD      | - | Managing Director                                      |
| MENA    | - | Middle East and North Africa                           |
| MoFPED  | - | Ministry of Finance Planning and Economic Development  |

|         |   |   |
|---------|---|---|
| MoWT    | - | Ministry of Works and Transport               |
| NAFISAT | - | VSAT Network covering North East AFI States   |
| NAV     | - | Navigation                                    |
| NTEs    | - | Non Traditional Exports                       |
| NTMP    | - | National Transport Master Plan                |
| NOTAM   | - | Notice to Air Men                             |
| PIRT    | - | Presidential Investors' Round Table           |
| PPP     | - | Public Private Partnership                    |
| SARPs   | - | Standards and Recommended Practices           |
| SSA     | - | Sub-Saharan Africa                            |
| SSR     | - | Secondary Surveillance Radar                  |
| SWOT    | - | Strengths, Weaknesses, Opportunities, Threats |
| UBOS    | - | Uganda Bureau of Statistics                   |
| UCARs   | - | Uganda Civil Aviation Regulations             |
| UFIR    | - | Upper Flight Information Region               |
| UIA     | - | Uganda Investment Authority                   |
| UK      | - | United Kingdom                                |
| UN      | - | United Nations                                |
| US\$    | - | United States Dollars                         |
| USA     | - | United States of America                      |
| VHF     | - | Very High Frequency                           |



|      |   |                              |
|------|---|------------------------------|
| VIP  | - | Very Important Persons       |
| VVIP | - | Very Very Important Persons  |
| VSAT | - | Very Small Aperture Terminal |
| WEO  | - | World Economic Outlook       |
| WTO  | - | World Tourism Organization   |
| YD   | - | Yamoussoukro Decision        |

## **EXECUTIVE SUMMARY**

The CAA Act, Cap354 of the Laws of Uganda requires the Authority to annually produce a 5-Year Rolling Business Plan to guide its investments and operations. The Business Plan includes financial targets and performance indicators for the Authority.

The Business Plan is in line with other National Plans including Uganda Vision 2040 which advocates for Uganda's urgent attainment of an integrated transport infrastructure network to spur its economic growth which entails development of a highly inter-connected transport network and services optimizing the use of rail, road, water and air transport modes.

CAA's medium term corporate objectives are aligned to the objectives of the National Development Plan II (2015/16 – 2019/20) and the National Transport Master Plan (NTMP) (2008 - 2023) whose objective is to advance the Works and Transport Sector Mission "To promote an adequate, safe and well-maintained works and transport infrastructure and services, so as to effectively contribute to socio-economic development of the country". In NDP II, the following are the proposed projects in the Air Transport Sub-sector:

- a) Upgrade and expand Entebbe International Airport
- b) Upgrade Air Navigation Services Infrastructure to achieve a globally inter-operable air navigation system to provide a seamless service
- c) Develop a Master Plan and Engineering Designs for Arua Airport
- d) Explore development and management concessions (PPP arrangements) for Arua, Kasese and Gulu airports
- e) Revive the National Airline to facilitate the development of Entebbe International Airport into a hub.

All these projects have been considered for implementation in the Business Plan.

The 2017/18 - 2021/22 Business Plan emphasizes airport infrastructure upgrade and development to accommodate Uganda's future air traffic. Efforts will be made to stimulate air traffic, through various strategies and fora (Routes Africa and World Routes), to utilize the upgraded, expanded and improved airport infrastructure.

The proposed projects will be supported through:

- External financing (Loan from EXIM Bank of China)
- Internally generated funds
- Concessional arrangements.

Below is EIA air traffic performance for the FY2015/16 compared to FY2014/15:

International passengers grew by 1.96% in 2015/16 (1,363,484) compared to 2014/15 (1,337,261), Domestic passengers dropped by 18.83% in 2015/16 (14,186) compared to 2014/15 (17,476), Transit passengers increased by 31.46% in 2015/16 (140,678) compared to 2014/15 (107,016), Exports grew by 10.07% in 2015/16 (35,076 Tonnes) compared to 2014/15 (31,866 Tonnes), Imports grew by 3.58% in 2015/16 (21,490 Tonnes) compared to 2014/15 (20,747 Tonnes), Commercial aircraft movements grew by 10.74% in 2015/16 (28,334) compared to 2014/15 (25,587), Over-flights declined by 4.49% in 2015/16 (14,394) compared to 2014/15 (15,071).

In FY2015/16, according to the draft accounts, the Organization generated UGX196.90 Billion in revenues compared to UGX157.45 Billion in FY2014/15, registering a growth of 25.06%. Aeronautical revenue was the major contributor in FY2015/16 with a share of 78.53% (UGX154.62Bn). Passenger Service Charge (UGX85.14Bn) contributed the majority of this revenue during the period.

Other achievements, during FY2015/16, included:

- i) The Master Plan and Detailed Engineering Designs for the proposed Kabaale (in Hoima) International Airport were completed
- ii) Earthworks for the New Cargo Centre are at 86% complete as at 30<sup>th</sup> November 2016
- iii) Trained staff in various technical areas like apron control, runway safety management, terminal operations and management, marine operations, approach radar, ILS maintenance, etc.
- iv) Maintained, operated and kept all aerodromes in serviceable status
- v) Attained ISO 9001:2008 Certification for CAA's Quality Management Systems at Entebbe, Moroto, Mbarara, Tororo, Soroti, Kisoro, Masindi, Kasese, Jinja, Kidepo, Gulu, Arua Airports and CAA Headquarters
- vi) Acquired a new 400 KVA No-Break generator to support the critical airside facilities related to aircraft landing and take-off
- vii) Completed installation of a new Baggage Handling System at EIA
- viii) The Authority recruited 18 new staff under Air Navigation Services. 13 of these trained in Basic Aerodrome and Aerodrome Control, 5 trained in Basic Aerodrome, Basic CNS systems as well as Instrument Landing Systems (ILS)
- ix) 5 Engineers completed Air Traffic Services Electronic Personnel (ATSEP) examiners' training
- x) CNS Engineers completed training on MSSR (6), AMHS Automation (5), ILS Maintenance (5), ATIS Maintenance (5), ASBU Implementation (3)
- xi) Training on SMS was successfully coordinated - 20 staff trained on Basic SMS, 3 on SMS train the trainer, 4 on Effective safety Risk management, 1 on Root Cause Analysis, 2 on Aviation Internal Auditor
- xii) Completed installation and commissioning of the new ATC recorders at Soroti and Gulu Aerodromes
- xiii) Electronic Terrain Obstacle Data (eTOD) Implementation – Aerial Survey for Entebbe, Soroti, Gulu, Kasese, Arua and Kisoro aerodromes was completed

- xiv) Completed WGS-84 annual data verification for Kajjansi, Entebbe, Kakira, Jinja, Kibimba, Tororo, Kumi Soroti, Acholi-Pii, Pader, Kalongo, Kitgum, Gulu, Moyo, Yumbe, Koboko, Arua, Nebbi, Pakuba, Bugungu and Adjuman
- xv) The National Search and Rescue Manual was reviewed and sensitization/consultative meetings held with stakeholders
- xvi) The National PBN implementation plan, including GNSS non-precision approach procedures for was completed in March 2016 and submitted to ICAO
- xvii) The National Search and Rescue Manual was reviewed and sensitization/consultative meetings held with stakeholders
- xviii) All NAVAIDS were calibrated during the period, as recommended by ICAO, to ensure reliability of services
- xix) Completed remedial repairs for Soroti Airport
- xx) Compensation of land claimants for Arua Airport at 99% complete
- xxi) Compensation of land claimants for Tororo Airport at 95% complete
- xxii) Completed the Master Plan and Detailed Engineering Designs for Arua Airport
- xxiii) Operationalization of Arua Passenger Terminal Building; construction of access road, car park, partitioning and furnishing, all at 66% complete
- xxiv) Construction of Apron and Taxiway of Arua Airport at 80% complete
- xxv) Perimeter fencing of Jinja and Mbarara Airports completed
- xxvi) Acquired Fire Trucks for Soroti and Arua Airports
- xxvii) Hosted the First Meeting of AFCAC Eastern Africa Region (15<sup>th</sup> – 16<sup>th</sup> December 2016)
- xxviii) New car park system installed at EIA.

During 2017/18 CAA will pursue the following strategic initiatives in addition to those of 2016/17 that will not be completed by then:

- i) Key Interventions in Airport Infrastructure

- ii) Enhancement of Financial Sustainability and Revenue Growth of CAA
- iii) Continual Improvement of CAA Visibility and Customer Service
- iv) Revival of the National Airline (Technical Support)
- v) Establishment of an Aviation Centre in Kampala
- vi) Implementation of International Audits Corrective Action Plans (CAPs)
- vii) Establishment of a Free Port Zone at EIA
- viii) Expert Support in Operations and Maintenance of EIA
- ix) Establishment of Staff Benefits Reserve Fund
- x) Stimulate Air Traffic at EIA
- xi) Establish a Multi-Storey Car Park at EIA

A concessional loan was obtained from EXIM Bank of China, by Government, to expand and upgrade Entebbe International Airport (EIA). Implementation of the project commenced in May 2016. The investments will enable EIA to accommodate its current and future air traffic demands. The interventions will enhance the contribution of air transport to the Ugandan Economy through increased job creation, tax revenues, support to tourism, trade and other productive sectors of the economy. The infrastructure is expected to stimulate traffic at EIA which will support the recovery of the cost of investment.

The performance of the plan will be regularly (quarterly) monitored to handle emerging problems, delays and deviations in a timely manner. The Strategic Planning Department will prepare and present to Management M&E reports for the performance of the Business Plan. These will feed into quarterly reports prepared by Management to the Board. The reports will then form a basis for the annual performance of the Golden Indicators from the OPM and Ministry of Works and Transport but also contribute to the Government Annual Performance Report (GAPR).

Among the indicators to be reported on, at outcome level, will include:

- ◆ Embarking International Passengers

- ◆ Disembarking International Passengers
- ◆ International Transit Passengers
- ◆ Embarking Domestic Passengers
- ◆ Disembarking Domestic Passengers
- ◆ Exports by Air
- ◆ Imports by Air
- ◆ Check-in queuing time
- ◆ Security queuing time
- ◆ Immigration queuing time
- ◆ Fast bag in at reclaim belts
- ◆ Last bag in at reclaim belts.

At output level, progress / performance of Departmental Business Plans and capital projects will be reported.

Finally, the Authority will ensure that all staff clearly understand and contribute towards the goals and strategic objectives of the Organization to be able to realize its vision.

## **1.0 INTRODUCTION**

### **1.1 Vision, Mission, and Core Values**

Civil Aviation Authority (CAA) was established by an Act<sup>1</sup> of Parliament, with the objective to promote the safe, regular, secure and efficient use and development of civil aviation inside and outside Uganda.

#### **Vision Statement**

***The safest, most efficient and affordable Air Transport System in Africa and beyond.***

#### **Mission Statement**

***To maintain the highest standards of Safety, Security and Service in Civil Aviation.***

#### **Core Values**

##### ***Accountable:***

We take responsibility for our actions and account for them at all levels. Value for money and good corporate governance are the foundations of our decisions. We will take the high road by practicing the highest ethical standards, and by honoring our commitments.

##### ***Sensitivity to Stakeholders:***

We value and recognize the contribution of our stakeholders (both internal and external) to the aviation industry. Our stakeholders is the reason we exist and it is our duty to respond to their needs. We will always involve the stakeholders in the development of this industry.

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<sup>1</sup> Civil Aviation Authority Act, Cap354 of the Laws of Uganda, 2000 Edition.



### ***Quality:***

The highest quality of service is our ultimate. We take pride in delighting our clientele. We invest in our reputation. From our people to our services and in all our relationships, quality is our signature.

### ***Passion for Technology:***

We realize we live in a changing environment, driven by rapid technological innovations and changes. Our passion for technology enables us to prioritize our resources, our energies, our plans and programmes, for better service to our clients.

### ***Flexibility:***

We understand the dynamics of our industry and the needs of our clientele. In order to endure, we observe a high level of flexibility without compromising the safety and security standards of our services.

## **1.2 Institutional Setup**

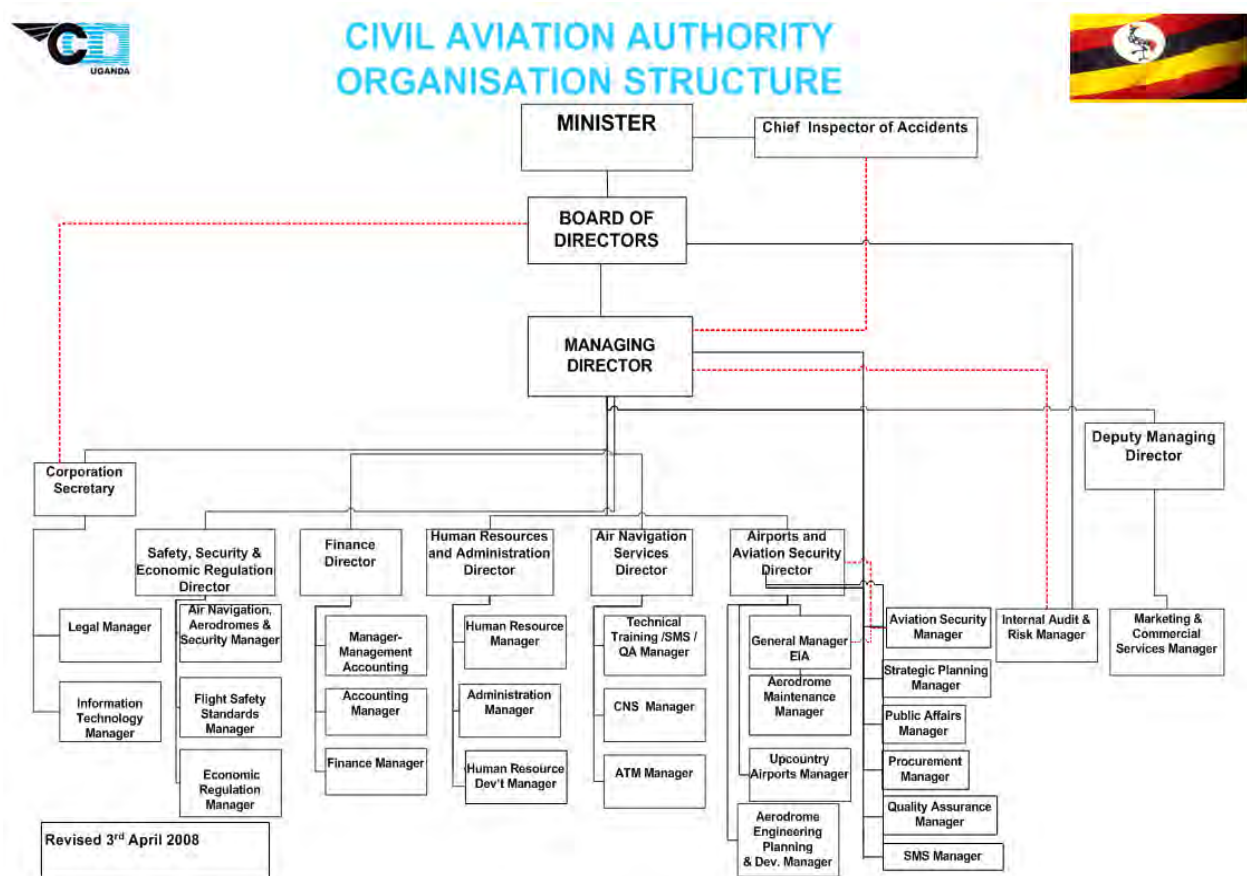
The Board of Directors is the governing body of the Authority and is appointed by the Minister responsible for Transport. For administrative and operational purposes, the Authority is structured into five Directorates including the Office of the Managing Director. These are:

- (i) Directorate of Airports and Aviation Security
- (ii) Directorate of Air Navigation Services
- (iii) Directorate of Safety, Security and Economic Regulation
- (iv) Directorate of Finance
- (v) Directorate of Human Resource and Administration.

However, there are eight Corporate Departments that report directly to the Office of the Managing Director. These include:

- (i) Legal Department
- (ii) Internal Audit and Risk Management Department
- (iii) Strategic Planning Department
- (iv) Public Affairs Department
- (v) Marketing and Commercial Services Department
- (vi) Procurement and Disposal Unit
- (vii) Information Technology (IT) Department
- (viii) Quality Assurance Department.

The Organization Structure of the Authority, which is filled by 1055 staff as at 31<sup>st</sup> December 2016, is given below for ease of reference:



CAA owns and operates fourteen (14) national airports namely; Arua, Entebbe, Gulu, Jinja, Kasese, Kidepo, Kisoro, Lira, Masindi, Mbarara, Moroto, Pakuba, Soroti, Tororo. Entebbe International Airport (EIA) is the concentration point for air traffic in Uganda. To promote tourism and business in the country, Government gazetted Arua, Kasese, Gulu, Pakuba and Kidepo Aerodromes as entry and exit points for international traffic. Other airports (20) are either privately owned or under the local authorities. Below is the map showing national airports operated by CAA:



### **1.3 State of the Aviation Industry**

The Global Aviation Industry is struggling with a lot of challenges which include among others; Pandemics, wars and terrorism (attacks and threats), irregular and weak recovery from the global economic crisis and erratic aviation fuel prices. In case of Uganda the above challenges are manifested in the following, among others:

- (i) Attacks and threats by terrorist groups in the region which discourage tourists
- (ii) Low demand for its perishable exports (Fish, flowers, fruits and vegetables)
- (iii) High and unstable aviation fuel prices which have raised the cost of air travel.

Priority issues on Uganda's aviation agenda include:

- i) Expansion and upgrade of Entebbe International Airport (EIA)
- ii) Revival of the National Airline
- iii) Establishment of a new airport at Kabaale, Hoima to serve the Albertine region for oil-related businesses and strategies
- iv) Improvement and upgrade of the aviation security system at EIA
- v) Adoption of Next Generation Technologies - Aviation System Block Upgrades (ASBUs)
- vi) Development and Upgrade of Arua, Gulu and Kasese Airports.

In addition, efforts are being made by CAA to put Uganda's airport users at the forefront through:

- i) Engagements with exporters of fish, flowers, fruits and vegetables
- ii) Support and participation in national, regional and international tourism activities
- iii) Expansion and upgrade of airport infrastructure
- iv) Participation in efforts to revive the national airline

- v) Implementing corrective actions in regard to ICAO safety and security audits
- vi) Participation in various fora including “Routes Africa” and “World Routes”.

### **1.3.1 Global Economic Outlook**

In consideration of the global economic outlook emphasis has been put on projections for economic growth, inflation, oil and other commodity prices.

#### **1.3.1.1 Economic Growth<sup>2</sup>**

Global economic growth is projected at 3.1% in 2016 before recovering to 3.4% in 2017. The forecast reflects a more subdued outlook for advanced economies following the June U.K. vote in favor of leaving the European Union (Brexit) and weaker-than-expected growth in the United States. These developments have put further downward pressure on global interest rates, as monetary policy is now expected to remain accommodative for longer. Although the market reaction to the Brexit shock was reassuringly orderly, the ultimate impact remains very unclear, as the fate of institutional and trade arrangements between the United Kingdom and the European Union is uncertain. Financial market sentiment toward emerging market economies has improved with expectations of lower interest rates in advanced economies, reduced concern about China’s near-term prospects following policy support to growth, and some firming of commodity prices. But prospects differ sharply across countries and regions, with emerging Asia in general and India in particular showing robust growth and sub-Saharan Africa experiencing a sharp slowdown. In advanced economies, a subdued outlook subject to sizable uncertainty and downside risks may fuel further political discontent, with anti-integration policy platforms gaining more traction. Several emerging market and developing economies still face daunting policy challenges in adjusting to weaker commodity prices. These worrisome prospects make the need for a

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<sup>2</sup> IMF World Economic Outlook, October 2016.

broad-based policy response to raise growth and manage vulnerabilities more urgent than ever.

Softer-than-expected activity in the second half of 2015 and the first half of 2016 points to some loss in momentum in the United States, despite a mildly supportive fiscal stance and a slower projected pace of monetary policy normalization. Consumer spending remains robust. 2016 growth is forecast at 1.6%. The weakness in capital spending reflects in part still-negative energy investment, dollar appreciation, financial turbulence earlier in the year, and heightened policy uncertainty related to the electoral cycle. In 2017, growth is expected to pick up to 2.2%, as the drag from lower energy prices and past appreciation of the U.S. dollar fades. Medium-term potential growth, projected at 1.8%, is held down by an aging population and a continuation of the recent trend of low total factor productivity growth.

In the United Kingdom slower growth is expected since the referendum as uncertainty in the aftermath of the Brexit vote weighs on firms' investment and hiring decisions and consumers' purchases of durable goods and housing. Growth is forecast at 1.8% in 2016 and 1.1% in 2017, based on the assumptions of smooth post-Brexit negotiations and a limited increase in economic barriers. Medium-term growth forecasts have also been revised down to 1.9% as greater impediments to trade, migration, and capital flows are expected to erode growth potential.

The euro area recovery is expected to proceed at a slightly lower pace in 2016–17 relative to 2015. Low oil prices, a modest fiscal expansion in 2016, and easy monetary policy will support growth, while weaker investor confidence on account of uncertainty following the Brexit vote will weigh on activity. Growth for the area as a whole is projected to decline slightly to 1.7% in 2016 and 1.5% in 2017. In Germany growth is forecast to pick up this year to 1.7%, before softening to 1.4% in 2017. In France, growth is expected to stabilize at 1.3% in

2016 and 2017. In Spain, growth is expected to remain broadly stable in 2016 and moderate from 3.1% to 2.2% in 2017. In Italy growth is projected to notch up slightly from 0.8% in 2016 to 0.9% in 2017. Medium-term potential growth in the euro area is projected at 1.4%, held back by unfavorable demographics; crisis legacies of high unemployment, debt, and, in some countries, impaired bank balance sheets; and deep-rooted structural impediments that are holding back total factor productivity growth.

In China, the economy is expected to grow by 6.6% in 2016 on the back of policy support, slowing to 6.2% in 2017. The medium-term forecast assumes that the economy will continue to rebalance from investment to consumption and from industry to services, on the back of reforms to strengthen the social safety net and deregulation of the service sector. However, nonfinancial debt is expected to continue rising at an unsustainable pace, which—together with a growing misallocation of resources—casts a shadow over the medium-term outlook. Elsewhere in emerging and developing Asia, growth is projected to remain strong. India's GDP will continue to expand at the fastest pace among major economies, with growth forecast at 7.6% in 2016–17.

Large terms-of-trade gains, positive policy actions, structural reforms—including the introduction of an important tax reform and formalization of the inflation-targeting framework—and improved confidence are expected to support consumer demand and investment. In the near term, however, private investment will likely be constrained by weakened corporate and public bank balance sheets. Among the ASEAN-5 economies (Indonesia, Malaysia, Philippines, Thailand, Vietnam), Malaysia and Vietnam are expected to slow this year (to 4.3 and 6.1 percent, respectively) partly due to weaker external demand, while growth in Indonesia, the Philippines, and Thailand is forecast to pick up relative to 2015 (to 4.9, 6.4, and 3.2 percent, respectively). Growth in all members of the ASEAN-5 is expected to strengthen further in 2017 and thereafter.



Economic activity in Latin America and the Caribbean continues to slow, with a contraction of 0.6 percent projected for 2016 (0.1 percentage point more severe than the April forecast). A recovery is expected to take hold in 2017, with growth reaching 1.6%. However, the region's aggregate growth masks substantial heterogeneity: although several countries are mired in recession, most economies in the region will continue to expand in 2016. Confidence appears to have bottomed out in Brazil, and growth is forecast at -3.3% for 2016 and 0.5% in 2017, on the assumption of declining political and policy uncertainty and the waning effects of past economic shocks. Argentina has begun an important and much needed transition to a more consistent and sustainable economic policy framework, which has proven more costly than envisaged in 2016, with growth projected at -1.8%. Growth is expected to strengthen to 2.7% in 2017 on the back of moderating inflation and more supportive monetary and fiscal policy stances. The economic crisis in Venezuela is projected to deepen in 2016 and 2017 (growth forecast of -10% and -4.5%, respectively), as the decline in oil prices since mid-2014 has exacerbated domestic macroeconomic imbalances and balance of payments pressures.

In the Middle East, the recent modest recovery in oil prices is projected to have little impact on growth in oil-exporting countries. Most continue to tighten fiscal policy in response to structurally lower oil revenues, and financial sector liquidity continues to decline. Many countries in the region also remain affected by strife and conflict. The largest economy, Saudi Arabia, is projected to grow at a modest 1.2% this year in the face of fiscal consolidation, before picking up to 2% growth next year. Growth rates in most other countries of the Gulf Cooperation Council are similarly projected to be held back by ongoing fiscal adjustment. In Iraq, higher-than-expected oil production has pushed up the projected growth rate for 2016. Growth in 2017 and beyond is expected to be held back by continued security challenges and lower investment in the oil



sector limiting gains in oil production. The Islamic Republic of Iran's outlook has been boosted by higher oil production this year following the unwinding of sanctions. However, growth dividends are likely to materialize only gradually with reintegration into global financial markets and domestic reforms proceeding slowly. Recent reforms and lower oil prices have helped improve macroeconomic stability in the oil-importing countries of the region. Yet growth remains fragile due to security concerns, social tensions, and lingering structural impediments. Continued reform, progress, less fiscal drag, and gradual improvements in external demand are expected to support the recovery.

The picture for sub-Saharan Africa is increasingly one of multispeed growth. While growth projections were revised down substantially in the region, they mostly reflect challenging macroeconomic conditions in its largest economies, which are adjusting to lower commodity revenues. In Nigeria, economic activity is now projected to contract 1.7% in 2016, reflecting temporary disruptions to oil production, foreign currency shortages resulting from lower oil receipts, lower power generation, and weak investor confidence. In South Africa, where policy uncertainty is making the adjustment to weaker terms of trade more difficult, GDP is projected to remain flat in 2016, with only a modest recovery next year as the commodity and drought shocks dissipate and power supply improves. Angola is similarly adjusting to a sharp drop in oil export receipts. It is not expected to grow this year and will experience only feeble growth next year. By contrast, several of the region's non-resource exporters, including Côte d'Ivoire, Ethiopia, Kenya, and Senegal, are expected to continue to expand at a very robust pace of more than 5% this year, benefiting from low oil prices and enjoying healthy private consumption and investment growth rates.

### **1.3.1.2 Global Inflation<sup>3</sup>**

Inflation rates in advanced economies are projected to pick up to about 0.8% in 2016, from 0.3% in 2015, mostly reflecting a reduced drag from energy prices. Inflation is expected to rise over the next few years as fuel prices increase modestly and output gaps gradually shrink, reaching central bank targets around 2020. By contrast, excluding Argentina (where high inflation is a byproduct of an ongoing and necessary liberalization process) and Venezuela (where inflation this year is expected to surge to close to 500 percent), inflation in emerging market and developing economies is expected to soften, to 4.5% this year from 4.7% last year, reflecting the waning effect of earlier currency depreciations. However, there is considerable diversity in the inflation rates within both groups.

### **1.3.1.3 Oil Demand<sup>4</sup>**

Oil prices are expected to increase gradually over the forecast horizon, from an average of \$43 a barrel in 2016 to \$51 a barrel in 2017. Geopolitical tensions in some countries in the Middle East are assumed to remain elevated for the remainder of the year, before easing in 2017, allowing for a gradual economic recovery in the most severely affected economies.

## **1.3.2 Global Air Traffic Outlook<sup>5</sup>**

The International Air Transport Association (IATA) expects 7.2 billion passengers to travel in 2035, a near doubling of the 3.8 billion air travelers in 2016. The prediction is based on a 3.7% annual Compound Average Growth Rate (CAGR) noted in the release of the latest update to the association's 20-Year Air Passenger Forecast.

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<sup>3</sup> IMF World Economic Outlook, October 2016.

<sup>4</sup> IMF World Economic Outlook, October 2016.

<sup>5</sup> IATA Air Passenger Forecasts, October 2016.

The forecast for passenger growth confirms that the biggest driver of demand will be the Asia-Pacific region. It is expected to be the source of more than half the new passengers over the next 20 years. China will displace the US as the world's largest aviation market (defined by traffic to, from and within the country) around 2024.

India will displace the UK for third place in 2025, while Indonesia enters the top ten at the expense of Italy. Growth will also increasingly be driven within developing markets. Over the past decade the developing world's share of total passenger traffic has risen from 24% to nearly 40%, and this trend is set to continue.

The five fastest-growing markets in terms of additional passengers per year over the forecast period will be:

- China (817 million new passengers for a total of 1.3 billion)
- US (484 million new passengers for a total of 1.1 billion)
- India (322 million new passengers for a total of 442 million)
- Indonesia (135 million new passengers for a total of 242 million)
- Vietnam (112 million new passengers for a total of 150 million).

The top ten fastest-growing markets in percentage terms will be in Africa: Sierra Leone, Guinea, Central African Republic, Benin, Mali, Rwanda, Togo, Uganda, Zambia and Madagascar. Each of these markets is expected to grow by more than 8% each year on average over the next 20 years, doubling in size each decade.

- Routes to, from and within Asia-Pacific will see an extra 1.8 billion annual passengers by 2035, for an overall market size of 3.1 billion. Its annual average growth rate of 4.7% will be the second-highest, behind the Middle East

- The North American region will grow by 2.8% annually and in 2035 will carry a total of 1.3 billion passengers, an additional 536 million passengers per year
- Europe will have the slowest growth rate, 2.5%, but will still add an additional 570 million passengers a year. The total market will be 1.5 billion passengers
- Latin American markets will grow by 3.8%, serving a total of 658 million passengers, an additional 345 million passengers annually compared to today
- The Middle East will grow strongly (4.8%) and will see an extra 244 million passengers a year on routes to, from and within the region by 2035. The UAE, Qatar and Saudi Arabia will all enjoy strong growth of 5.9%, 4.7%, and 4.1% respectively. The total market size will be 414 million passengers
- Africa will grow by 5.1%. By 2035 it will see an extra 192 million passengers a year for a total market of 303 million passengers.

This growth will put pressure on infrastructure that is already struggling to cope with demand. “Runways, terminals, security and baggage systems, air traffic control, and a whole raft of other elements need to be expanded to be ready for the growing number of flyers. It cannot be done by the industry alone. Planning for change requires governments, communities and the industry working together in partnership.

#### **1.4 Regional Developments and Prospects<sup>6</sup>**

Growth within the East African countries remained robust in 2015 and is expected to increase for all countries in 2016 and 2017. For close to five years now, growth has been stronger in Rwanda and Tanzania compared to the other EAC countries. Growth in East Africa has been supported by large scale

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<sup>6</sup> The Background to the Budget - 2016/17 Fiscal Year.

infrastructure investment, the ongoing mine development, and consumer spending. However, fiscal risks have increased in several countries in East Africa because of sharp increases in public debt and contingent liabilities. Also, the political uncertainties and instabilities in Burundi and South Sudan and terrorism threats in Kenya and Somalia have continued to derail the sub region's growth.

For reference purposes on how Uganda's economy performed in 2015 as well as projections for 2016, 2017 and 2021 in comparison to other economies in the region, see the table below (Table 1.4.1):

**Table 1.4.1: Real GDP Projections for Regional Economies**

| Country / Group    | Actual (%) | Projections (%) |      |      |
|--------------------|------------|-----------------|------|------|
|                    | 2015       | 2016            | 2017 | 2021 |
| World              | 3.2        | 3.1             | 3.4  | 3.8  |
| Sub-Saharan Africa | 3.4        | 1.4             | 2.9  | 4.2  |
| Burundi            | -4.0       | -0.5            | 2.0  | 4.5  |
| Ethiopia           | 10.2       | 6.5             | 7.5  | 7.3  |
| Kenya              | 5.6        | 6.0             | 6.1  | 6.5  |
| Rwanda             | 6.9        | 6.0             | 6.0  | 7.5  |
| Tanzania           | 7.0        | 7.2             | 7.2  | 6.5  |
| Uganda             | 4.8        | 4.9             | 5.5  | 6.4  |

*Source: IMF World Economic Outlook Database, October 2016*

### **1.4.1 Inflation**

In Uganda inflationary pressures substantially reduced since the beginning of 2016. After peaking in December 2015 at 8.5%, annual headline inflation dropped to 6.4% over the last four months to April 2016. Core inflation also dropped to 6.7% from 7.6% over the same period. These inflation outturns are well within BoU's medium term target of 5 +/-3 percentage points for core

inflation. The decline in inflation was mainly on account of stability of the exchange rate, proactive monetary policy, continued decline in domestic oil pump prices following sustained decline in global oil prices.

Projections for annual percentage change in average consumer prices for the region compared to the World is given in Table 1.4.1.1 below:

**Table 1.4.1.1: Annual %age Change in Average Consumer Prices**

| Country / Group    | Actual (%) | Projections (%) |      |      |
|--------------------|------------|-----------------|------|------|
|                    | 2015       | 2016            | 2017 | 2021 |
| World              | 2.8        | 2.9             | 3.3  | 3.3  |
| Sub-Saharan Africa | 7.0        | 11.3            | 10.8 | 7.9  |
| Burundi            | 5.6        | 6.3             | 9.4  | 5.0  |
| Ethiopia           | 10.1       | 7.7             | 8.2  | 8.2  |
| Kenya              | 6.6        | 6.2             | 5.5  | 5.0  |
| Rwanda             | 2.5        | 5.3             | 4.9  | 5.0  |
| Tanzania           | 5.6        | 5.2             | 5.0  | 5.0  |
| Uganda             | 5.5        | 5.5             | 5.1  | 5.0  |

*Source: IMF World Economic Outlook Database, October 2016*

#### **1.4.2 East African Community Monetary Union (EACMU)**

Partner States are still focused on ensuring EAC has a common currency by 2024. So far, significant progress has been recorded in terms of the following:

- Partner States currencies convertibility
- Harmonization of banking rules and regulations

- Fiscal and monetary policies
- Trading practices and regulations in the Stock Exchanges.

However, as Partner States negotiate the modalities of implementing the EAC MU, a number of probable challenges have been identified such as:

- Fears of the impact of a single currency
- Limited national and regional capacities
- Divergent socio-economic policies and structures
- Disparities in political views and commitments
- Inadequate manpower, capacity and skills
- Inappropriate legislative and institutional frameworks for managing a robust financial sector.

There are also concerns about the high degree of vulnerability to the adverse external effects, given that Partner States' external debts are unsustainable, but also lack general safeguards for the country specific problems that could subsequently be transferred to the entire EAC region

## **1.5 National Economic Projections and Prospects**

It is projected that the Ugandan economy will expand by 4.94% in 2016 and by 5.53% and 5.87% in 2017 and 2018 respectively, as implementation of key infrastructure projects intensifies. GDP growth since FY2013/14 by some selected economic activities is given in table 1.5.1 below:

**Table 1.5.1: GDP Growth by Economic Activity FY2013/14 – FY2015/16**

| <b>Activity</b>                          | <b>2013/14</b> | <b>2014/15</b> | <b>2015/16</b> |
|--|----------------|----------------|----------------|
| Transportation & Storage                 | 5.8            | 6.2            | 7.7            |
| Cash Crops                               | 0.3            | 4.3            | 7.2            |
| Fishing                                  | 2.6            | 1.9            | 5.7            |
| Accommodations & Food Service Activities | 8.8            | -0.1           | 6.9            |

*Source: Uganda Bureau of Statistics*

### **1.5.1 Oil Refinery Development**

The National Oil and Gas Policy recommends refining the discovered oil to supply the national and regional petroleum product demand before consideration of export options. In order to facilitate achievement of this policy objective, Government continued to pursue the development of a refinery in Uganda.

Equipment (bulky, heavy and delicate) required for construction of the refinery will be transported by air. This requires construction of an airport in this area (Kabaale, Hoima) to facilitate these movements. The Master Plan and detailed engineering designs for this airport are now in place and Government is sourcing for financing for construction of the airport.

CAA will provide technical guidance required in the construction of the airport.

### **1.5.2 Tourism Potential**

Tourism is estimated, on average, to grow at 6.6% per annum between 2015 and 2025. The increment in tourist arrivals is highly attributed to political stability and improved tourist and transport infrastructure (mostly roads and air). In FY2015/16 Government's main interventions to promote tourism were:

- Infrastructure development



- Expanding the National Product
- Quality and standards assurance
- Human resource development
- Conservation
- Recruitment.

However, the following factors still affect tourism in the country:

- Terrorism
- Uganda as an expensive destination
- Epidemics (Ebola, Marburg, etc.)
- Inadequate skills
- High cost of products and services.

CAA will continue to participate in tourism activities with the aim of stimulating traffic for its airports especially the upcountry ones.

### **1.5.3 UN Logistics Centre for Africa at EIA**

A United Nations Logistics Centre for Africa is being established at EIA and this is a great opportunity for Uganda and EIA in particular. However, this comes with pressure on the airport infrastructure. The centre will be based at EIA for more than 20 years. The process to upgrade and expand the airport infrastructure at EIA is in progress and this will enable CAA provide the necessary airport facilities required for the UN operations.

## **1.6 Situational Analysis Report**

CAA's business and operating environment was scanned, using SWOT analysis, and a report on the Strengths, Weaknesses, Opportunities, and Threats is given below:

### **1.6.1 Strengths**

The Authority will continue to **utilize** the following strengths in order to achieve its objectives:

- i) Commitment, hard work and focus on the future by the Board and Management to achieve the objectives of the Organization
- ii) Existence of well trained and committed staff who work as a team for CAA's common goal
- iii) Continuous improvement of airport facilities at EIA and upcountry airports for service excellence and enhancement of safety and security
- iv) Continual upgrade and maintenance of CNS/ATM systems leading to provision of high quality air navigation services
- v) Enhanced marketing of Entebbe International Airport through participation in route development fora (Routes Africa and World Routes)

### **1.6.2 Weaknesses**

CAA will **stop** the following weaknesses / challenges by employing the specified strategies in order to efficiently execute its mandate:

- i) Non-competitive remuneration structure (below local and international rates) which has proved to be a constraint in attracting and retaining highly qualified and technical staff  
**Strategy: Put in place staff retention schemes**
- ii) Skills gap between the retiring technical staff and the young workforce caused by the long time taken for their training  
**Strategy: Carry out regular training including OJT and continue to support succession planning**
- iii) Lengthy procurement process  
**Strategy: Where possible continue to make use of framework contracts**
- iv) Growing accumulated debt by Government MDAs, UN and US Air Force  
**Strategy: Make MOUs with them but also minimize the accumulation of these debts**

### 1.6.3 Opportunities

The Organization will **exploit** the following opportunities in an effort to achieve its objectives:

- i) The Uganda Martyrs Shrine and Museum (in Namugongo), the various tourist sites and conferences (stimulated by hosting CHOGM in 2007) that have boosted Uganda's tourism. Most of these tourists travel by air
- ii) The concessional loan (from EXIM Bank of China) to enable CAA expand EIA in a short period of time
- iii) Additional land (77 Ha) offered to CAA by Government for expansion of EIA
- iv) Efforts for Regional Integration poised to lead to a strong regional market of over 100 million people
- v) Prospects for commercial production of oil, including aviation fuel, in the country which will boost economic growth which is a key factor in stimulating air traffic
- vi) Establishment of Kabaale (Hoima) International Airport to facilitate construction of a refinery and later operate as an alternate to EIA
- vii) Increasing trade relations with the East, especially China, provide opportunities for trade, tourism and concessional investment capital
- viii) The revival and expansion of the EAC, in particular the establishment of CASSOA, has resulted into harmonization of regulations and technical guidance material offering an environment for improved service delivery
- ix) Availability of training opportunities for CAA technical staff supported by Donors
- x) Political stability in Uganda provides an opportunity to serve troubled areas in the great lakes region
- xi) Macro-economic policies, such as liberalization, pursued by Government are conducive for investment, inward and outward travel
- xii) Expansion of the UN Logistical Centre for the African region at EIA is expected to boost air traffic for Uganda

- xiii) The near completion of the Kampala – Entebbe expressway which will facilitate the smooth flow of traffic to and from the airport.

#### **1.6.4 Threats**

CAA will **guard against** the following threats, by using the specified strategies, in order to efficiently carry out its business:

- i) Natural disasters (Earthquake, Tsunami, Floods, Volcanic eruptions, Hurricane) which disrupt air travel and affecting airport revenues  
**Strategy: Promote projects that enhance non-aeronautical revenues to reduce over-dependence on aeronautical revenues**
- ii) Epidemics (Ebola, Marburg, Cholera, etc.) which discourage travelers  
**Strategy: Promote projects that enhance non-aeronautical revenues to reduce over-dependence on aeronautical revenues but also continue with the collection of information and the necessary medical tests on arriving passengers**
- iii) The unsettling unrest especially in Africa and Middle East leading to a surge in oil prices as well as disruptions in air travel  
**Strategy: Expedite oil production in Uganda but also where possible support Government in its efforts to ensure peace in the region and beyond.**
- iv) Continuous terrorist threats that discourage tourists  
**Strategy: Enhance airport security in collaboration with the various security agencies in the country**
- v) The slow recovery from the world economic recession continues to affect the global air transport demand  
**Strategy: Invest in airport infrastructure development to create jobs**
- vi) Lack of strong home-based airlines / National carrier which would assist EIA to develop into an international hub with multiple destinations

**Strategy: Continue lobbying and working with Government to revive the National carrier**

- vii) Expensive capital intensive nature of the aviation industry

**Strategy: Implement airport projects in a phased manner**

- viii) Inadequate promotion and marketing of the Tourist attractions in the country which affects air traffic for Uganda's airports

**Strategy: Support and participate in tourism activities within the country and beyond**

- ix) Competition from other institutions for CAA's highly trained staff leading to high labour turnover and turning CAA into a training ground

**Strategy: Continue improving remuneration for CAA staff and come up with new staff retention schemes.**

- x) Foreign registered non-compliant aircraft into and out of Uganda's airspace

**Strategy: Strengthen the regulatory function of CAA**

- xi) Competition from other modes of transport

**Strategy: Support and participate in tourism activities but also improve airport infrastructure and seek to establish a strong home-based / National airline for Uganda**

- xii) Current and emerging competition from neighbouring international airports.

**Strategy: Invest in airport infrastructure development but also stimulate traffic for the airports**

- xiii) Unfavourable taxation regime like VAT on Passenger Service Charge, fire trucks, body bags, and security equipment

**Strategy: Through MoWT continue to engage MoFPED on this issue**

- xiv) The tax burden on Government receivables

**Strategy: Through MoWT continue to engage MoFPED on this issue**

- xv) Inadequate Government financing of upcountry airports

**Strategy: Through MoWT continue to engage MoFPED on this issue.**

**1.7 2015/16 – To Date Business Plan Performance and Other Achievements**

The table below outlines the performance of key planned activities in the 2015/16 Business Plan and part of the 2016/17 Business Plan.

**Table 1.7.1: Progress on 2016/17 Strategic Initiatives**

| <b><i>Strategic Initiative</i></b>                         | <b><i>Performance</i></b>  | <b><i>Comments</i></b>  |
|--|--|---|
| Improvement of the Security System at EIA                  | The security gaps are being closed with procurement of some equipment using internally generated funds by CAA  | The integrated security system will be funded by Government.  |
| Implementation of ICAO AFI Regional Plans (APIRG and RASG) | The installation of AMHS which was expected to be implemented in July 2016 will delay for 1 year due to re-scheduling of activities in the KOICA project.<br><br>The rest of the activities such as GNSS Trials, e-TOD Surveys, WAM/MLAT and ADS-B, VSAT back borne, Interconnection of surveillance systems, frequency spectrum planning, among others are going on as planned. | The Super AWOS at key upcountry unmanned aerodromes will not take off, due to lack of support and financial commitment from Government. |

| <b>Strategic Initiative</b>  | <b>Performance</b>  | <b>Comments</b>  |
|--|---|--|
| <p>Implementation of International Audits Corrective Action Plans (CAPs)</p> | <ul style="list-style-type: none"> <li>• The technical input to the CAA Act was done. The draft was submitted to MoJCA for further action</li> <li>• The technical input for operating regulations was done. The legal input is still pending</li> <li>• The Organization Structure was approved by the Board. The Job Descriptions were developed and awaiting implementation</li> <li>• Qualifications and Training of Inspectors: Training programmes and plans were developed and implementation is ongoing</li> <li>• Inspector tools and guidance materials: These await new regulations. However, new regulations are being developed</li> <li>• Certification of Entebbe International Airport is at phase 2 of 5.</li> <li>• Surveillance and Resolution of safety concerns depend on the unfinished critical elements.</li> </ul> | <p>The need to work with external entities has caused some delays in a number of areas</p> |

| <b>Strategic Initiative</b>   | <b>Performance</b>  | <b>Comments</b>   |
|---|---|---|
| Enhancement of operations in Air Navigation Services                          | <p>All activities are going on well as planned with the following exceptions:</p> <ul style="list-style-type: none"> <li>• DVOR/DME for Kampala is awaiting acceptance and approval of the land identified in Nakasongola by KOICA. A request was written to them in October to reschedule a joint site survey of this area.</li> <li>• Implementation of cost recovery mechanism between CAA and UNMA is being delayed by lack of a Consultant.</li> </ul> | The procurement of the Consultant is to be re-advertised. |
| Participation in Regional and International ANS activities                    | DANS continues to participate in the implementation of Regional/International ANS activities such as EAC UFIR Project, Northern Corridor Airspace Project, COMESA Airspace, Tripartite (EAC/COMESA/SADC), Central Corridor Transport Project.   | A number of meetings have been attended.                  |
| Participation in the implementation of Regional Satellite Navigation projects | DANS continues to participate in Regional Satellite Projects such as the European Geostationary Navigation Overlay Service  | An upgrade of the NAFISAT systems at EIA was completed in |



| <b>Strategic Initiative</b>   | <b>Performance</b>   | <b>Comments</b>   |
|---|--|---|
|   | (EGNOS) Project for Africa and North East AFI Satellite (NAFISAT) Project, including Regional ATN Network.   | November 2016.  |
| Revival of the National Airline (CAA offers technical support)  | Feasibility study presented to PEC and MoWT was cleared to proceed to Cabinet. Cabinet Memo was developed and cleared by TMT of MoWT   | Airline expected to commence operations by June / July 2017                 |
| Improve operations and decision making in Technical Directorates through decentralization of support services   | PDU staff are already decentralized. These will be followed by Finance and Human Resource & Administration   | This is being implemented with no additional recruitments                   |
| Computerization of the Planning, Budgeting, Monitoring & Evaluation processes   | Due to budgetary constraints this was pushed to FY2017/18  | The process to computerize M&E processes is 97% complete                    |
| Strategic Interventions in Airport Infrastructure (Upgrade and expand Entebbe International Airport (EIA), Establish Kabaale (Hoima) International Airport, Acquire land around national airports for future upgrades and expansion.) | <ul style="list-style-type: none"> <li>• Earth works / compacting for the new cargo centre is 86% complete</li> <li>• The Master Plan and Detailed Engineering Designs for the proposed Kabaale Airport were completed and Government, through MoFPED, is sourcing financing for construction</li> <li>• Land for expansion of Arua</li> </ul> | Modification of the existing Passenger Terminal Building has also commenced |

| <b>Strategic Initiative</b>  | <b>Performance</b>   | <b>Comments</b>   |
|--|--|---|
|  | Airport was acquired   |   |
| Enhancement of CAA Revenues by at least 5% (from UGX204.68Bn in FY2015/16 to UGX215.38Bn in FY2016/17) | Performance will be established at the end of FY2016/17  | The year has not yet ended  |
| Establishment of an Aviation Centre in Kampala (Study the possible location and acquire land)          | CAA is working with URC to exploit the opportunity to acquire URC's land near Clock Tower in a bid to promote inter-modal transport in the country | When the Queen's way is dueled to connect to Entebbe Expressway and Light Rail in Kampala is connected to EIA, then this will be a step towards supporting inter-modal transport in the country |
| Establishment of a Free Port Zone at EIA (Avail land for this project)                                 | CAA is in discussions with UFZA to ensure establishment of a Free Zone at EIA  | A number of meetings have already taken place   |
| Continual Improvement of CAA Visibility and Customer Service   | Through ASQ surveys, CAA has managed to reach out to its customers with intentions of improving quality of airport                                 | Results of the survey are always disseminated to airport users  |

| <b>Strategic Initiative</b>                       | <b>Performance</b>   | <b>Comments</b>   |
|---|--|---|
|   | services   |   |
| Adopt a Holistic Human Resource Management System | <ul style="list-style-type: none"> <li>• Succession planning is being implemented where retiring Managers and Directors are replaced from within</li> <li>• Job Descriptions have been reviewed</li> <li>• Staff retention schemes are yet to be put in place</li> <li>• Vacant positions in the structure are being filled</li> <li>• Every year the Authority sets aside funds for training of staff (especially technical staff)</li> </ul> | The appraisal system is fully functional and it is one of the tools used for promoting staff. |

### **1.8 Other Achievements**

- i) The Master Plan and Detailed Engineering Designs for the proposed Kabaale (in Hoima) International Airport were completed
- ii) Earthworks for the New Cargo Centre are at 86% complete as at 30<sup>th</sup> November 2016
- iii) Trained staff in various technical areas like apron control, runway safety management, terminal operations and management, marine operations, approach radar, ILS maintenance, etc.
- iv) Maintained, operated and kept all aerodromes in serviceable status

- v) Attained ISO 9001:2008 Certification for CAA's Quality Management Systems at Entebbe, Moroto, Mbarara, Tororo, Soroti, Kisoro, Masindi, Kasese, Jinja, Kidepo, Gulu, Arua Airports and CAA Headquarters
- vi) Acquired a new 400 KVA No-Break generator to support the critical airside facilities related to aircraft landing and take-off
- vii) Completed installation of a new Baggage Handling System at EIA
- viii) The Authority recruited 18 new staff under Air Navigation Services. 13 of these trained in Basic Aerodrome and Aerodrome Control, 5 trained in Basic Aerodrome, Basic CNS systems as well as Instrument Landing Systems (ILS)
- ix) 5 Engineers completed Air Traffic Services Electronic Personnel (ATSEP) examiners' training
- x) CNS Engineers completed training on MSSR (6), AMHS Automation (5), ILS Maintenance (5), ATIS Maintenance (5), ASBU Implementation (3)
- xi) Training on SMS was successfully coordinated - 20 staff trained on Basic SMS, 3 on SMS train the trainer, 4 on Effective safety Risk management, 1 on Root Cause Analysis, 2 on Aviation Internal Auditor
- xii) Completed installation and commissioning of the new ATC recorders at Soroti and Gulu Aerodromes
- xiii) Electronic Terrain Obstacle Data (eTOD) Implementation – Aerial Survey for Entebbe, Soroti, Gulu, Kasese, Arua and Kisoro aerodromes was completed
- xiv) Completed WGS-84 annual data verification for Kajjansi, Entebbe, Kakira, Jinja, Kibimba, Tororo, Kumi Soroti, Acholi-Pii, Pader, Kalongo, Kitgum, Gulu, Moyo, Yumbe, Koboko, Arua, Nebbi, Pakuba, Bugungu and Adjuman
- xv) The National Search and Rescue Manual was reviewed and sensitization/consultative meetings held with stakeholders
- xvi) The National PBN implementation plan, including GNSS non-precision approach procedures for was completed in March 2016 and submitted to ICAO

- xvii) The National Search and Rescue Manual was reviewed and sensitization/consultative meetings held with stakeholders
- xviii) All NAVAIDS were calibrated during the period, as recommended by ICAO, to ensure reliability of services
- xix) Completed remedial repairs for Soroti Airport
- xx) Compensation of land claimants for Arua Airport at 99% complete
- xxi) Compensation of land claimants for Tororo Airport at 95% complete
- xxii) Completed the Master Plan and Detailed Engineering Designs for Arua Airport
- xxiii) Operationalization of Arua Passenger Terminal Building; construction of access road, car park, partitioning and furnishing, all at 66% complete
- xxiv) Construction of Apron and Taxiway of Arua Airport at 80% complete
- xxv) Perimeter fencing of Jinja and Mbarara Airports completed
- xxvi) Acquired Fire Trucks for Soroti and Arua Airports
- xxvii) Hosted the First Meeting of AFCAC Eastern Africa Region (15<sup>th</sup> – 16<sup>th</sup> December 2016)
- xxviii) New car park system installed at EIA.

## **2.0 STRATEGIC FOCUS AND OBJECTIVES**

### **2.1 Strategic Focus**

In the medium term the Authority will focus on the following key issues:

- i) Handle safety and security issues by continuing to address the deficiencies identified by the ICAO Coordinated Validation Mission (ICVM) which was conducted in the Republic of Uganda in June 2014.
- ii) Expand and upgrade Airport infrastructure especially for EIA in order to increase capacity and be able to accommodate air traffic volumes estimated for the next 20 years
- iii) Revive the National Airline (technical guidance)
- iv) Engage in efforts aimed at stimulating air traffic to optimally utilize the expanded and upgraded airport infrastructure and facilities.

The Authority is committed to the above and will be guided by the requirements and choices of its stakeholders.

In pursuit of its mandate and ensuring airport capacity adequacy, service excellence and cost consciousness, CAA will be guided by the following objectives:

### **2.2 Medium Term Policy Goals**

In the medium term, in line with Vision 2040, National Development Plan (NDP), National Transport Master Plan (NTMP) and the Civil Aviation Master Plan (CAMP), the air transport sub-sector will continue to pursue the following main sector policy objectives:

- a) To facilitate and promote tourism development
- b) To provide adequate and suitable infrastructure to facilitate and promote export of perishable fresh agricultural produce and light industrial goods
- c) To provide linkages with other modes of transport as part of the national and regional inter-modal transport network

- d) To promote and attract investments in key facilities which support the air transport industry.
- e) Improve the human resource and institutional capacity of the Air Transport sub-sector to efficiently execute the planned interventions
- f) To facilitate humanitarian and relief services in the country and the region as a whole
- g) Promote and support environment protection.

### **2.3 Overall Medium Term Corporate Objectives**

In the medium term the Authority will be guided by the following corporate objectives:

#### **2.3.1 Enhance Safety in the Aviation Industry**

To enhance aviation safety in the industry the Authority will continue to adopt the following strategy/ies in order to mitigate the major risk of Noncompliance with International Safety Standards:

- a) Identify and monitor existing safety risks to civil aviation and develop and implement an effective, efficient and relevant response to new and emerging risks
- b) Ensure compliance to ICAO safety requirements
- c) Resolve deficiencies identified by ICVM
- d) Training and certification of air traffic controllers and other licensed personnel
- e) Upgrading and continuous maintenance of NAV aids
- f) Maintenance and upgrading of infrastructure at Entebbe International Airport and other aerodromes in the country
- g) Development of Safety Management and Audit Systems.

### **2.3.2 Enhance Security in the Aviation Industry**

Aviation is one of the highly targeted areas by terrorists making it the major risk for the above objective. In the medium term the Authority will employ the strategy below to counter all forms of insecurity against civil aviation in the country:

- a) Resolve aviation security concerns identified by ICAO USAP Audits and require operators (airports, airlines, ground handlers and catering) to furnish the Authority with Corrective Action Plans (CAPs)
- b) Training and certification of aviation security screeners, supervisors, trainers and managers
- c) Enforce stringent air cargo security measures and require operators to apply screening and other security controls to persons other than passengers in line with a risk-based approach
- d) Identify and monitor existing security threats to civil aviation and develop an efficient, effective and relevant counter measures to new and emerging threats
- e) Sharing and exchange of information with other States to strengthen and harmonize security approaches to aviation security
- f) Require operators to undergo training including conducting regular public awareness about airport security
- g) Coordinate the review and update of the National Aviation Security programmes and ensure its approval prior to implementation
- h) Coordinate the amendment of the National Civil Aviation Security Programme (NCASP) and ensure implementation by all stakeholders with aviation security responsibilities in the country (airport operators, aircraft operators, catering operators and regulated agents) and other concerned Government Departments and Agencies
- i) Propose amendments to the civil aviation (security) regulations in line with the ICAO Annex 17 and other Annexes with security provisions and propose



amendments to the National level security programmes to address those amendments

- j) Review all operators programmes in line with the latest amendments mentioned above
- k) Conduct quality control activities (audits, inspections, surveys and tests) for all operators to verify the effective implementation of the measures in accordance with the NCASP and the civil aviation security regulations
- l) Ensure the development and implementation of the administrative sanctions to the violators of the civil aviation regulations and the NCASP
- m) Implement the Integrated Security System.

### **2.3.3 Promote Competitiveness of Uganda's Aviation Industry**

Air transport operates in a competitive environment and faces a lot of challenges. Airport technology is expensive and changes rapidly. In consideration of what aviation is expected to be in the medium term, CAA will pursue the following strategy in order to mitigate the major risk of failure to improve the airport infrastructure and systems, and loss of initiative to control the reorganization of the Authority.

- a) Conduct corporate research in order to make informed management decisions
- b) Corporatization of CAA to allow it operate more efficiently and competitively as an autonomous business entity and a promoter of safety, regularity, security and efficiency in the aviation industry
- c) Subject service standards and practices to regular national and international audits to ensure that they meet ICAO SARPs
- d) Expand, modernize, upgrade and maintain airport infrastructure and other related facilities to accommodate current and future air traffic for Uganda
- e) Improvements in the policy and regulatory environment as a way of gradually opening up of the industry to regional competition

- f) Promote and support the revival of the National Airline for Uganda in order to develop EIA into an international hub
- g) The number of pilots and aircraft engineers is small and ageing and this is a critical concern for the industry. Resolution of the institutional, capitalization and management issues for the East African Civil Aviation Academy is imperative.
- h) Maintain the Airport Service Quality (ASQ) Survey but also get the Airport Queue Insight (AQI) Programme on board for guidance on how to provide quality services to airport users
- i) Pursue CAT 1 certification of EIA
- j) Support and promote Uganda's non-traditional exports so that they meet the required standards set by importers abroad
- k) Aggressively market Uganda's tourism through its Embassies abroad
- l) Continuously train CAA staff in line with the training needs assessment.

#### **2.3.4 Improve Capacity Utilization of Airport Infrastructure**

In the medium term CAA will pursue the following strategy to mitigate the major risk of failure to eliminate existing deficiencies as well as stimulate and accommodate the exponentially growing air traffic in Uganda:

- a) Align airport infrastructure expansion, upgrading and maintenance with capacity and customer requirements
- b) Support tourism activities in the country to stimulate air traffic for Uganda's airports
- c) Attract air operators to EIA by participating in Routes Africa, World Routes and WTO meetings and conferences
- d) Hold regular Airport Users' workshops to be able to understand the stakeholders' airport facilities and infrastructure requirements.

### **2.3.5 Enhance Sustainability and Revenue Growth of CAA**

CAA will implement the following strategy to enhance its revenues to be able to mitigate the major risk of failure to service its airport expansion loans, meet its human resource and other operational costs:

- a) Collecting the existing debts owed to CAA by the Government Ministries, Departments and Agencies and at the same time minimize accumulation of new ones. Lobby Government (MoWT, OPM, MoFPED, MoFA and Parliament) to settle debts owed to CAA by the UN and the US Air Force
- b) Increasing non-aeronautical revenues by improving and maximizing revenue generation from the existing sources and exploiting new potential opportunities
- c) Review of aviation user charges / fees
- d) Work with Ministry of Foreign Affairs and Ministry of Works and Transport to ensure the UN starts paying for services offered to them by CAA, as directed by H.E the President
- e) Explore avenues for private sector participation in airport infrastructure development, management and maintenance by considering the PPP strategy
- f) Prudent financial management which allows the Authority to:
  - Avoid cost over-runs
  - Promptly respond to changes in the business environment

In addition, CAA will pay special attention to the following:

- Study to establish the benefits of migrating from concessions to management contracts especially for some major concessions
- Government will be lobbied to finance airport infrastructure development as part of its broader policy on transforming Uganda into a middle income status economy
- Promptly clear claims by CAA suppliers to save CAA from inflated bid quotations in expectation of delayed payments
- CAA will continue to expedite internal procurement processes to avoid

slow implementation of its projects and activities.

### **2.3.6 Ensure Regulatory and Statutory Compliance**

The Authority will ensure that there is proper implementation of all Statutory and Regulatory requirements. Management and Board will make sure that the required policies are in place, risk profiles are done on suspected areas, all Audit Queries are responded to, and post implementation audits are carried out.

### **2.3.7 Promote Quality Management and Assurance**

The Authority will use the following strategy to mitigate the major risk of Nonconformance to sector quality standards in order to promote quality management and assurance in pursuit of its mandate:

- a) Implement and maintain CAA's Quality Management System in accordance with the requirements of ISO 9001
- b) Conduct regular Quality Workshops to keep staff abreast of developments within the field of general quality assurance and development of relevant standards
- c) Coordinate and handle improvement activities, non-conformity reports, improvement suggestion, preventive and corrective actions, and customer satisfaction surveys
- d) Plan and organize internal quality audits and supervising quality assurance coordinators
- e) Plan and coordinate annual management reviews

### **2.3.8 Enhance Management and Development of CAA's Human Resource**

The major related risk is unavailability of people with specialized aviation skills in the Ugandan labour market. In the medium term the Authority will establish a fully furnished aviation training center to be able to train its human resource in an affordable and sustainable approach.

Most Directors and Managers have trained in Civil Aviation Management and Airport Operations Management. This has enabled Managers to acquire skills in the above areas and their performance has greatly improved. This training opportunity is gradually cascading down to Principal and Senior Officers. Staff will also continue to benefit from locally organized short courses as well as on-job training (OJT).

#### **2.4 Proposed NDPII (FY2015/16 – FY2019/20) Air Transport Projects**

Under the objective “Develop adequate, reliable and efficient multi modal transport network in the country” the following are the proposed projects in the Air Transport Sub-sector:

- a) Upgrade and expand Entebbe International Airport
- b) Upgrade Air Navigation Services Infrastructure to achieve a globally interoperable air navigation system to provide a seamless service.
- c) Develop a Master Plan and Engineering Designs for Arua Airport
- d) Explore development and management concessions (PPP arrangements) for Arua, Kasese and Gulu airports.
- e) Revive the National Airline to facilitate the development of Entebbe International Airport into a hub.

#### **2.5 Proposed Projects in the Civil Aviation Master Plan (CAMP)**

For the period 2014 – 2023 the Master Plan proposes the projects given in the tables below for EIA and other upcountry airports:

**Table 2.5.1 Projects for EIA (2014 - 2018)**

| PERIOD                               | Area          | Proposed actions   | Amount (USD)       |
|--------------------------------------|---------------|--|--------------------|
| 2014 – 2018                          | Runway        | RESA RWY 17/35   | 130,000            |
|                                      |               | RWY strengthen   | 14,500,000         |
|                                      | Taxiway       | Parallel Taxiway A extension                             | 4,070,000          |
|                                      | Apron         | International commercial apron expansion I               | 18,200,000         |
|                                      |               | International commercial apron repainting                | 1,730,000          |
|                                      |               | Ramp 4 expansion for domestic traffic                    | 290,000            |
|                                      |               | Ramp 4 handling area for domestic traffic                | 380,000            |
|                                      | Cargo area    | Cargo Apron (Phase I)                                    | 14,700,000         |
|                                      |               | Cargo Parking Phase I                                    | 3,240,000          |
|                                      |               | Cargo Terminal Buildings (Phase I)                       | 30,000,000         |
|                                      |               | Levelling of the Cargo Area                              | 2,980,000          |
|                                      |               | Road access  | 620,000            |
|                                      |               | Road service Cargo-Passengers                            | 160,000            |
|                                      | Terminal      | Access to terminal building                              | 160,000            |
|                                      |               | Expansion of the International Terminal building Phase I | 91,300,000         |
|                                      |               | Access to Domestic Terminal building                     | 200,000            |
|                                      |               | New Domestic Terminal building                           | 8,960,000          |
|                                      |               | New domestic car park                                    | 1,080,000          |
|                                      | Fuel Farm     | Current Fuel Farm Parking Phase I                        | 2,700,000          |
|                                      | Security      | Vehicles security control cargo                          | 600,000            |
| Vehicles security control passengers |               | 600,000  |                    |
| Air Nav                              | Primary Radar | 5,000,000  |                    |
| <b>TOTAL</b>                         |               |  | <b>201,600,000</b> |

**Table 2.5.2 Projects for EIA (2019 - 2023)**

| PERIOD       | Area      | Proposed actions                            | Amount (USD)      |
|--------------|-----------|---|-------------------|
| 2019 - 2023  | Runway    | Lighting 12/30                              | 920,000           |
|              |           | RWY 17/35 strip. Affected service road      | 350,000           |
|              |           | RWY 17/35 strip. Affected fence             | 430,000           |
|              |           | RWY 17/35 strip. Affected public road       | 350,000           |
|              |           | RWY 17/35 strip. Earthworks                 | 2,160,000         |
|              | Taxiway   | New Exit TWY (1500m from THR 17)            | 830,000           |
|              |           | New TWY access to Ramp 4                    | 640,000           |
|              |           | TWY to Ramp 4 pavement strengthen           | 470,000           |
|              |           | Take-off bay THR 17                         | 3,440,000         |
|              | Apron     | Helicopters apron                           | 2,040,000         |
|              | Terminal  | Passenger car park expansion (in surface)   | 3,920,000         |
|              | Fuel Farm | New Fuel Farm construction                  | 25,000,000        |
|              |           | New Fuel Farm Parking Phase II              | 5,400,000         |
|              | Security  | Fence                                       | 960,000           |
|              |           | Road perimeter paving                       | 780,000           |
|              |           | Public Road paving                          | 780,000           |
|              | Air Nav   | DVOR relocation                             | 100,000           |
|              |           | Control Tower                               | 4,000,000         |
|              |           | Earthworks related with visibility I        | 1,600,000         |
|              |           | SAR Aircraft (DHC-6 Twin Otter)             | 7,000,000         |
|              |           | Air Navigation building refurbishment       | 1,800,000         |
|              | RFFS      | RFFS Building refurbishment and enhancement | 4,500,000         |
| <b>TOTAL</b> |           |   | <b>67,470,000</b> |

**Table 2.5.3 Investments for Upcountry Airports (2019 - 2023)**

| Airport  | 2013-2018<br>(USD) | 2019-2023<br>(USD) |
|--|--------------------|--------------------|
| Upgrade Arua to a Beechcraft Airport in phase1, but to A320 Airport after 2023 | 25,100,000         | 0                  |
| Improve Gulu Airport   | 15,000,000         | 0                  |
| Upgrade Kasese to a Cessna Airport   | 7,050,000          | 0                  |
| Upgrade Kidepo to a Cessna Airport   | 7,050,000          | 0                  |
| Upgrade Kisoro to a Cessna Airport   | 0                  | 7,050,000          |
| Upgrade Moroto to a Cessna Airport   | 0                  | 7,050,000          |
| Upgrade Pakuba to a Cessna Airport   | 7,050,000          | 32,510,000         |
| Upgrade Soroti to Beechcraft Airport to support the Aviation Academy           | 0                  | 25,100,000         |
| <b>TOTAL</b>   | <b>61,250,000</b>  | <b>71,710,000</b>  |

## 2.6 Strategic Initiatives and Infrastructural Projects

Each year the Authority identifies a number of strategic initiatives, which are prioritized in consideration of the prevailing aviation environment and provisions of national, regional and international plans, for implementation. In addition there are various airport infrastructural projects which are earmarked for implementation during the next five years originating from the NDP, NTMP and CAMP.

### 2.6.1 Strategic Initiatives for the Year 2017/18

For the FY2017/18 CAA will prioritize implementation of the following strategic initiatives, in addition to those that will fail to be implemented in FY2016/17:

#### 2.6.1.1 Key Interventions in Airport Infrastructure

Using internally generated funds and a concessional loan from EXIM Bank of China, the Authority will implement the following projects:

A. Upgrade and expand Entebbe International Airport (EIA):

**EXIM Bank Loan**

- i) Cargo centre complex
  - Construct Cargo Building



- Construct Cargo Apron
- Construct Landside Area
- Construct Access Roads
- ii)** Runway 12/30 and its Associated Taxiways
  - Base course works
  - Wearing course works
  - Painting works
- iii)** Strengthening and Expansion of Apron 1
  - Wearing course works on existing apron
  - Sub-grade and sub-base works for expansion area
  - Base course works on expansion area
  - Wearing course works on expansion area
  - Fuel hydrant system construction
  - Flood light system installation
  - Drainage system construction
  - Apron painting
- iv)** Apron 2 rehabilitation
  - Base course works
  - Wearing course works
  - Drainage works
  - Painting works.

**Internal Funds**

- i)** Remodel and improve the existing passenger terminal building in consideration of security and commercialization
- ii)** Establish a domestic passenger terminal (Designs) to separate domestic from international passenger operations as per ICAO requirements

B. Modernize and automate EIA (KOICA Project) by implementing the following components:

- i)** ATS Message Handling System (AMHS) and Flight Procedure Design
- ii)** Airport Operations Database (AODB) and Computerized

Maintenance Management System(CMMS)

**iii)** Instrument Landing System with Distance Measuring Equipment (ILS/DME)

**iv)** Capacity building.

C. Provide technical support for the establishment of Kabaale (Hoima) International Airport to facilitate construction of the oil refinery but later to be one of the alternate airports to EIA. Also to act as a cargo airport when a Free Trade Zone is established in the area. Ultimately, this will become a City Airport. In FY2017/18 the following activities are expected to be accomplished:

- Procure Supervising Consultant
- Establish Campsite
- Earthworks
- Runway works (sub-grade).

D. Upgrade infrastructure at Kasese Airport (For tourism), Kisoro Airport (For tourism) and Soroti Airport (To facilitate Soroti Flying School) in FY2017/18. Arua, Gulu, Pakuba and Kidepo Airports will be upgraded in the subsequent years.

E. Zone and acquire land (Land banking) around national airports for future upgrades and expansion.

#### **2.6.1.2 Enhancement of Financial Sustainability and Revenue Growth of CAA**

After securing financing for the upgrade and expansion of EIA the Organization will need financial resources to service the loan. It is therefore imperative to undertake strategies that will enhance CAA's revenues. The following strategies are hereby proposed:

- Improve and intensify debt collection including obtaining the money

approved by the Auditor General as owed to CAA by Government

- Work with Ministry of Foreign Affairs and Ministry of Works and Transport to make arrangements for UN to start paying for services provided to them by CAA, as directed by H.E. The President
- Identify and exploit new non-aeronautical revenue sources
- Enhance duty free business at EIA (Success stories at Shannon International Airport in Ireland and Dubai International Airport)
- Expand surface car park to accommodate the growing traffic at EIA
- Rationalization of operating costs.

Revenues are estimated to grow by at least 5%.

#### **2.6.1.3 Continual Improvement of CAA Visibility and Customer Service**

CAA values and recognizes the contribution of its customers / stakeholders (both internal and external) to the aviation industry. The Authority will therefore prioritize the following programmes in order to offer a better service to its customers but also take steps to enhance its visibility:

- CAA's continuous participation in the Airport Service Quality (ASQ) survey
- Introduction of Waiting Times surveys
- Utilization of social media and a toll free line
- Continue to engage in Corporate Social Responsibility (CSR) activities
- Continuous training in customer care for CAA staff, as well as staff in other entities (Police, Immigration, Customs, UPDF) that interface with airport users.

The Authority will also ensure that the findings of the surveys are communicated to the stakeholders in a timely manner for appropriate solutions.

#### **2.6.1.4 Revival of the National Airline (Technical Support)**

The process to revive the National Airline is underway. This initiative is jointly being handled by the following MDAs:

- Ministry of Works and Transport (MoWT)
- National Planning Authority (NPA)
- Uganda Development Corporation (UDC)
- Civil Aviation Authority (CAA).

The following documents are already in place to facilitate the process:

- Pre-feasibility study (sponsored by CAA)
- Feasibility Study (sponsored by NPA)

The Feasibility Study was presented to the Presidential Economic Council (PEC) and MoWT was cleared to proceed to Cabinet. The Draft Cabinet Memo was presented to TMT – MoWT on 24<sup>th</sup> November 2016 and arrangements are being made to advance it to Cabinet. CAA will continue to provide the technical support required for this project in addition to making the necessary provisions for facilities (transit lounges, aircraft maintenance facilities, aprons, etc.) required by a National Airline.

#### **2.6.1.5 Establishment of an Aviation Centre in Kampala**

The Authority will acquire land in Kampala to establish facilities for enhancement of its non-aeronautical revenues. The proposed facilities will include among others; a convention centre, airline offices, hotel, restaurants, shops, parking and related services. The Centre will also have two other facilities:

- i) A departing passengers handling facility with check-in counters to drop luggage, serve boarding passes and linked to the airport
- ii) Direct Public Passenger Service Terminal to and from the airport.

The Centre will also assist CAA to avoid parking charges for staff and high rental costs for its Liaison Office in Kampala. CAA will consider the land offer made by URC near the Clock Tower in Kampala. A BOT approach is proposed for this initiative. After acquiring land in Kampala as provided for in the FY2016/17 CAA Budget, the Authority will set aside funds to support establishment of the facility.

### **2.6.1.6 Implementation of International Audits Corrective Action Plans (CAPs)**

CAA will set aside funds to facilitate the implementation of the corrective action plans that resulted from the ICAO Coordinated Validation Mission (ICVM) and Audits by other International Aviation Bodies.

### **2.6.1.7 Establishment of a Free Port Zone at EIA**

A Free Zone is a designated area where goods introduced and produced are generally regarded as being outside the Customs territory, in so far as import and export duties are concerned. They are usually labour-intensive manufacturing centres that involve the import of raw materials or components and the export of factory products. They involve production of goods and services including consultancy, information, ICT, brokerage and repair services.

Over the last 5 years exports by air have been declining at an average annual rate of 0.33%. Therefore in a bid to reverse this trend CAA will work with Uganda Free Zones Authority (UFZA) to establish a Free Port Zone at EIA, with much emphasis put on manufacturing for export, de-bulking and value addition. The benefits will include, among others:

- Boost private investment, production and exports in specified priority sectors
- Improve the quality of manufactured goods to meet the international market standards
- Commercialize and develop the agricultural sector, increase manufacturing and value addition
- Increase the volumes and value of exports exiting through EIA such as fresh produce and beef products among others
- Act as a one stop center for handling major exports and commonly imported goods by air.

CAA will avail land at EIA for this project.

#### **2.6.1.8 Expert Support in Operations and Maintenance of EIA**

Airport operations are largely a function of the General Manager for EIA (GM/EIA). In the recent past there has been a general outcry on the cleanliness and maintenance at EIA. Management should find a lasting solution to this problem before the facility degenerates to unacceptable levels. Accordingly, the Authority will seek to recruit an expert, by single sourcing through either ICAO or ACI to support functions of the GM/EIA. It is expected that this Expert will transfer knowledge to our local staff in the Department, but also raise the level of operational performance in general and cleanliness of the airport in particular.

#### **2.6.1.9 Establishment of Staff Benefits Reserve Fund**

The Organization is experiencing an escalation of staff benefits obligations and therefore a solution must be sought to effectively handle this problem. CAA will establish a special purpose fund called “Staff Benefits Reserve Fund” and appropriate short-term investments will be made within the fund to meet ongoing obligations.

#### **2.6.1.10 Stimulate Air Traffic at EIA**

A lot of investments are being made at EIA in form of airport infrastructure and technology. The Authority must ensure that the new facilities are optimally utilized. Therefore CAA must embark on efforts geared towards stimulating traffic that will utilize these facilities. These include among others:

- Continual engagements and working partnerships with relevant Government Ministries, Departments and Agencies (MDAs) as well as exporters of fish, flowers, fruits and vegetables to boost tourism and exports for the country

- Establish a well furnished (with adequate cold storage facilities) cargo centre at EIA to support exports by air
- Work with Uganda’s Embassies abroad to develop markets for Ugandan food stuffs in Boston, London, Canada and other places to enhance export cargo by air
- Market Uganda’s tourism through its Embassies abroad
- Explore non-traditional tourism products like sports for Uganda
- Continue participating in WTO, WTM and “Promote Uganda” through IT Bourse
- Having a CAA Officer at UTB as a member
- Support UWEC by feeding and giving medical care to at least one animal (Tsavo Cat)
- Maintain all upcountry aerodromes especially those in tourist sites (e.g Kidepo, Pakuba, Kasese, Kisoro Airports)
- Support tourism familiarization trips to Uganda through tour operators all over the world (Scandinavian countries, Canada, China)
- Produce a tourism promotion DVD and circulate it through the airport and other tourism fora
- Attend World Routes and Routes Africa to attract airlines to EIA.

#### **2.6.1.11 Establish a Multi-Storey Car Park at EIA**

The car park facility at EIA is no longer sufficient and must be expanded and upgraded immediately to be able to accommodate both current and future traffic. A multi-storey car park to accommodate 400 cars has been proposed to be established on a PPP arrangement. CAA will provide land for the facility.

**Table 2.6.1.1 Summary of the 2017/18 Strategic Initiatives**

| <b><i>Strategic Objective</i></b> | <b><i>Strategic Initiative</i></b>                                    | <b><i>Planned Key Outputs</i></b>   | <b><i>Responsibility Centre</i></b> | <b><i>Timeframe</i></b> |
|-----------------------------------|---|---|-------------------------------------|-------------------------|
| Safety, Security Enhancement      | Implementation of International Audits Corrective Action Plans (CAPs) | <p>A. ICVM</p> <p>High and Medium remedial priorities in all 8 audit areas addressed</p> <p>The 8 audit areas are:</p> <ul style="list-style-type: none"> <li>• Legislation (LEG)</li> <li>• Organization (ORG)</li> <li>• Flight Operations (OPS)</li> <li>• Air Worthiness (AIR)</li> <li>• Personnel Licensing (PEL)</li> <li>• Accident and Incident Investigation (AIG)</li> <li>• Air Navigation Services (ANS)</li> <li>• Aerodrome and Ground Aids (AGA)</li> </ul> <p>N.B: For details please refer to the Final Report on the ICVM in the Republic of Uganda (11 – 17 June 2014).</p> | <b>DSSER</b> , DAAS, DANS, DHRA     | June 2018               |



| <b>Strategic Objective</b> | <b>Strategic Initiative</b> | <b>Planned Key Outputs</b>  | <b>Responsibility Centre</b> | <b>Timeframe</b> |
|----------------------------|-----------------------------|---|------------------------------|------------------|
|                            |                             | <p>B. APEX (ACI) Safety Review for EIA</p> <p>All recommendations by the ACI APEX Safety Review for EIA addressed. The opportunities for improvement identified during the review relate to:</p> <ul style="list-style-type: none"> <li>• Continued SMS improvements</li> <li>• Physical Characteristics and Pavement Management</li> <li>• Airfield, Ramp Signage and Markings</li> <li>• Annex 14 Standards and Recommended Practices</li> <li>• Runway Protection</li> <li>• Wildlife and Habitat Management</li> <li>• Training Standards</li> </ul> <p>N.B: For details please refer to the APEX Safety Review Final Report for EIA (25-29 MAY 2015)</p> |                              |                  |
|                            |                             | C. ISO (Standard: 9001: 2008)   | <b>MQA</b>                   |                  |

| <b>Strategic Objective</b> | <b>Strategic Initiative</b>               | <b>Planned Key Outputs</b>  | <b>Responsibility Centre</b> | <b>Timeframe</b> |
|----------------------------|---|---|------------------------------|------------------|
|                            |   | All Non-compliances from the audit addressed  |                              |                  |
|                            | Improvement of the Security System at EIA | <ul style="list-style-type: none"> <li>• Security search park established</li> <li>• Perimeter security lighting and defense systems installed</li> <li>• Security electronic surveillance system installed</li> <li>• Security screening and scanning equipment acquired</li> <li>• Security integrated communication equipment installed</li> <li>• Access control system installed</li> <li>• Security integrated management building system established.</li> </ul> | <b>MD, DSSER, DAAS, DF</b>   | June 2018        |

| <b>Strategic Objective</b> | <b>Strategic Initiative</b>                                | <b>Planned Key Outputs</b>  | <b>Responsibility Centre</b>          | <b>Timeframe</b> |
|----------------------------|--|---|---------------------------------------|------------------|
|                            | Implementation of ICAO AFI Regional Plans (APIRG and RASG) | <ul style="list-style-type: none"> <li>• AFI planning framework resolutions and recommendations adopted and implemented</li> <li>• ICAO ASBU requirements for Block 0 (2013-2018) implemented to achieve a globally interoperable air navigation system to provide a seamless service</li> <li>• Input to the development of the National Transport Sector plans provided so as to incorporate aspects of the Global Air Aviation Plan (GANP) and Aviation System Block Upgrades (ASBUs).</li> <li>• Participation in ICAO EASAF/WACAF Information and</li> </ul> | <b>DANS</b> , DSSER, DAAS, DF and MSP | June 2018        |

| <b>Strategic Objective</b> | <b>Strategic Initiative</b>                          | <b>Planned Key Outputs</b>  | <b>Responsibility Centre</b> | <b>Timeframe</b> |
|----------------------------|--|---|------------------------------|------------------|
|                            |  | <p>Infrastructure</p> <p>Management Projects of:</p> <ul style="list-style-type: none"> <li>- Aeronautical Communication</li> <li>- Navigation</li> <li>- Surveillance</li> <li>- Spectrum Management.</li> </ul> <ul style="list-style-type: none"> <li>• Achieve 100% implementation of the SMS as per ICAO implementation framework and automation of all SMS processes</li> </ul> |                              |                  |
|                            | Enhancement of operations in Air Navigation Services | <ul style="list-style-type: none"> <li>• Performance Based Navigation (PBN) flight procedures designed.</li> <li>• Obsolete AWOS Systems at EIA replaced</li> <li>• Obsolete NDB at Portbell</li> </ul>   | <b>DANS</b>                  | June 2018        |

| <b>Strategic Objective</b> | <b>Strategic Initiative</b> | <b>Planned Key Outputs</b>  | <b>Responsibility Centre</b> | <b>Timeframe</b> |
|----------------------------|-----------------------------|---|------------------------------|------------------|
|                            |                             | <p>replaced</p> <ul style="list-style-type: none"> <li>• New Control Tower Complex for Entebbe Air Navigation Services designed</li> <li>• System for Remote Monitoring of Navigation Aids in Entebbe deployed</li> <li>• Earthing and Lightning protection for NAVAIDS (at Kisoro and Kasese Airports) provided</li> <li>• ATSEP Certification Program reviewed</li> <li>• Automatic Fire Detection System in equipment rooms deployed</li> <li>• Additional TETRA terminals at Operational Areas in the Terminal Building deployed</li> </ul> |                              |                  |

| <b>Strategic Objective</b> | <b>Strategic Initiative</b> | <b>Planned Key Outputs</b>  | <b>Responsibility Centre</b> | <b>Timeframe</b> |
|----------------------------|-----------------------------|---|------------------------------|------------------|
|                            |                             | <ul style="list-style-type: none"> <li>• Automation of ATM/AIM including development and maintenance of the National Aeronautical Information Database.</li> <li>• Radar control services expanded to cover the entire FIR.</li> <li>• ATS procedures developed for coordination of ATC units and National Radar Project</li> <li>• ISO QMS certification in AIM sustained and ISO QMS certification for other ANS departments implemented.</li> <li>• Strategic recruitment and intensive training for succession and contingency including</li> </ul> |                              |                  |

| <b>Strategic Objective</b> | <b>Strategic Initiative</b> | <b>Planned Key Outputs</b>  | <b>Responsibility Centre</b> | <b>Timeframe</b> |
|----------------------------|-----------------------------|---|------------------------------|------------------|
|                            |                             | <p>certification of CNS and licensing of AIM staff.</p> <ul style="list-style-type: none"> <li>• Sensitization workshops conducted to increase the level of awareness of SMS/QA at CAA corporate level and ensure its integration at all operational levels in DANS.</li> <li>• Active participation in Regional/International ANS activities i.e. ICAO APIRG, EAC, CANSO, ITU/WRC, ACI, ARMA etc.</li> <li>• R&amp;D strengthened to enhance innovations, system performance and maintenance activities.</li> <li>• Coordination between CAA and the Military</li> </ul> |                              |                  |

| <b>Strategic Objective</b> | <b>Strategic Initiative</b> | <b>Planned Key Outputs</b>  | <b>Responsibility Centre</b> | <b>Timeframe</b> |
|----------------------------|-----------------------------|---|------------------------------|------------------|
|                            |                             | <p>improved to ensure flexible use of the airspace.</p> <ul style="list-style-type: none"> <li>• Implement SLA, QMS and cost recovery mechanism between CAA and the Uganda National Meteorological Authority (UNMA).</li> <li>• SLAs implemented with Aeronautical data originators to improve coordination</li> <li>• Technical support provided to UNMA for the implementation of Information and Infrastructure MET Projects</li> <li>• DVOR/DME installed in Nakasongola under</li> </ul> |                              |                  |



| <b>Strategic Objective</b> | <b>Strategic Initiative</b>                                | <b>Planned Key Outputs</b>   | <b>Responsibility Centre</b> | <b>Timeframe</b> |
|----------------------------|--|--|------------------------------|------------------|
|                            |  | KOICA Project  |                              |                  |
|                            | Participation in Regional and International ANS activities | <p>EAC – Implementation of first phase (Seamless Operations phase 2016-2021) of the EAC UFIR Roadmap</p> <ul style="list-style-type: none"> <li>- Regional Communication Network interlinked</li> <li>- Operational Procedures harmonized</li> <li>- Regional Navigational Systems (DVOR/DME for Arua) interlinked</li> <li>- Surveillance data shared</li> <li>- Regional ATFM System implemented</li> <li>- Collaboration on Calibration,</li> </ul> | <b>DANS</b>                  | June 2018        |

| <b>Strategic Objective</b> | <b>Strategic Initiative</b> | <b>Planned Key Outputs</b>   | <b>Responsibility Centre</b> | <b>Timeframe</b> |
|----------------------------|-----------------------------|--|------------------------------|------------------|
|                            |                             | <p>Aeronautical<br/>Frequency Spectrum<br/>Management.</p> <p>COMESA – Implementation of<br/>Airspace Integration Project<br/>Recommendations:</p> <ul style="list-style-type: none"> <li>- COMESA Airspace re-organized</li> <li>- Flexible Use of Airspace in COMESA</li> <li>- Communication coverage improved; ATN, VHF Coverage, VSAT networks</li> <li>- Surveillance Coverage Improved</li> <li>- Air Traffic Flow Management (ATFM) improved</li> <li>- Safety Management</li> </ul> |                              |                  |

| <b>Strategic Objective</b>                    | <b>Strategic Initiative</b>   | <b>Planned Key Outputs</b>  | <b>Responsibility Centre</b>     | <b>Timeframe</b> |
|---|---|---|----------------------------------|------------------|
|   |   | <p>Systems improved</p> <ul style="list-style-type: none"> <li>- CANSO Standard of Excellence (SoE) for SMS implementation up to at least level C adopted.</li> </ul>   |                                  |                  |
|   | Participation in the implementation of Regional Satellite Navigation projects | <ul style="list-style-type: none"> <li>• Regional MOU reviewed</li> <li>• Capacity Building Workshops held</li> <li>• EGNOS Test trials in EAC conducted</li> <li>• Safety and cost/benefit analysis studies carried out</li> <li>• Stakeholders (IATA/Airlines) involved.</li> </ul> | <b>DANS</b>                      | Quarterly        |
| Competitiveness of Uganda's Aviation Industry | Revival of the National Airline (CAA offers technical support)                | <ul style="list-style-type: none"> <li>• All relevant meetings attended</li> <li>• All technical information provided</li> </ul>  | <b>MD</b> , DMD, DSSER, MSP, MMC | December 2017    |

| <b>Strategic Objective</b> | <b>Strategic Initiative</b>  | <b>Planned Key Outputs</b>   | <b>Responsibility Centre</b> | <b>Timeframe</b> |
|----------------------------|--|--|------------------------------|------------------|
|                            | Expert Support in Operations and Maintenance of EIA  | <ul style="list-style-type: none"> <li>• Expert recruited through ICAO or ACI to fill the vacant position of GM/EIA</li> <li>• Knowledge transferred to CAA local staff by the Expert</li> </ul>   | DAAS, <b>DHRA</b> , DF       | July 2017        |
|                            | Strategic Interventions in Airport Infrastructure (Upgrade and expand Entebbe International Airport (EIA), Establish Kabaale (Hoima) International Airport, Acquire land around national airports for future upgrades and expansion) | <ul style="list-style-type: none"> <li>i) Runway 12/30 and its associated taxiways at EIA rehabilitated</li> <li>ii) Apron 1 at EIA strengthened and expanded</li> <li>iii) Apron 2 at EIA rehabilitated</li> <li>iv) Cargo centre complex at EIA <ul style="list-style-type: none"> <li>• Works for cargo centre complex completed</li> <li>• Cargo operations</li> </ul> </li> </ul> | <b>DAAS</b> , DHRA, DF, MSP  | June 2018        |

| <b>Strategic Objective</b> | <b>Strategic Initiative</b> | <b>Planned Key Outputs</b>   | <b>Responsibility Centre</b> | <b>Timeframe</b> |
|----------------------------|-----------------------------|--|------------------------------|------------------|
|                            |                             | <p>transferred from old to new cargo complex</p> <p>v) New Passenger Terminal Complex at EIA</p> <ul style="list-style-type: none"> <li>• Demolitions and excavations completed</li> <li>• Foundation works completed</li> <li>• Ground floor works completed</li> </ul> <p>vi) Runway 17/35 and its Associated Taxiways at EIA</p> <ul style="list-style-type: none"> <li>• Demolition and excavation works completed</li> <li>• Wearing course works completed</li> </ul> <p>vii) Apron 4 at EIA</p> |                              |                  |

| <b>Strategic Objective</b> | <b>Strategic Initiative</b> | <b>Planned Key Outputs</b>  | <b>Responsibility Centre</b> | <b>Timeframe</b> |
|----------------------------|-----------------------------|---|------------------------------|------------------|
|                            |                             | <ul style="list-style-type: none"> <li>rehabilitation</li> <li>• Demolition works completed</li> <li>• New sub-base works completed</li> <li>• Wearing course works completed</li> <li><b>viii)</b> Establishment of Kabaale (in Hoima) International Airport</li> <li>• Supervising Consultant procured</li> <li>• Campsite established</li> <li>• Earthworks completed</li> <li>• Runway works (sub-grade) completed.</li> <li><b>ix)</b> Infrastructure at Kasese, Kisoro and Soroti Airports</li> </ul> |                              |                  |

| <b>Strategic Objective</b> | <b>Strategic Initiative</b> | <b>Planned Key Outputs</b>   | <b>Responsibility Centre</b> | <b>Timeframe</b> |
|----------------------------|-----------------------------|--|------------------------------|------------------|
|                            |                             | <p>upgraded</p> <p><b>x)</b> ATS Message Handling System (AMHS) and Flight Procedure Design completed at EIA</p> <p><b>xi)</b> Airport Operations Database (AODB) and Computerized Maintenance Management System(CMMS) completed at EIA</p> <p><b>xii)</b> More land acquired at EIA, Arua Airport (24 Hectares), Soroti Airport, Anai (approx. 300 Ha) for Lira Airport</p> |                              |                  |

| <b>Strategic Objective</b>            | <b>Strategic Initiative</b>                | <b>Planned Key Outputs</b>   | <b>Responsibility Centre</b>          | <b>Timeframe</b> |
|---------------------------------------|--|--|---------------------------------------|------------------|
| CAA Sustainability and Revenue Growth | Enhancement of CAA Revenues by at least 5% | <ul style="list-style-type: none"> <li>• Money (UGX57,443,214,539 as at 30th September 2014), approved by the Auditor General as owed to CAA by Government, recovered</li> <li>• Arrangements, through Ministry of Foreign Affairs and Ministry of Works and Transport, for UN to start paying for services provided to them by CAA finalized</li> <li>• At least 2 new non-aeronautical revenue sources identified and exploited</li> <li>• Enhance duty free business</li> </ul> | <b>DMD, DF, DSSER, DANS, MSP, MMC</b> | June 2018        |



| <b>Strategic Objective</b> | <b>Strategic Initiative</b>                    | <b>Planned Key Outputs</b>  | <b>Responsibility Centre</b>    | <b>Timeframe</b> |
|----------------------------|--|---|---------------------------------|------------------|
|                            |  | <p>at EIA – Benchmark study conducted with Shannon International Airport in Ireland and Dubai International Airport</p> <ul style="list-style-type: none"> <li>• Multi-storey car park established at EIA</li> <li>• Operating costs rationalized.</li> </ul> |                                 |                  |
|                            | Establishment of an Aviation Centre in Kampala | <ul style="list-style-type: none"> <li>• Land acquired in Kampala</li> <li>• Architectural designs, for the centre, developed.</li> </ul>   | <b>MD</b> , DAAS, DHRA, DF, MMC | June 2018        |
|                            | Establishment of a Free Port Zone at EIA       | Land, for the Free Port Zone, availed.  | <b>MD</b> , DAAS, DHRA          | June 2018        |

| <b>Strategic Objective</b> | <b>Strategic Initiative</b>  | <b>Planned Key Outputs</b>   | <b>Responsibility Centre</b> | <b>Timeframe</b> |
|----------------------------|------------------------------|--|------------------------------|------------------|
|                            | Stimulate Air Traffic at EIA | <ul style="list-style-type: none"> <li>• Exporters of fish, flowers, fruits and vegetables engaged at least twice a year</li> <li>• Through Uganda’s Embassies abroad markets for Ugandan food stuffs in Boston, London, Canada and other places are developed to enhance export cargo by air</li> <li>• Uganda’s tourism is marketed through its Embassies abroad</li> <li>• Non-traditional tourism products like sports are explored for Uganda</li> <li>• World Routes and Routes</li> </ul> | <b>MSP, MMC</b>              | June 2018        |

| <b>Strategic Objective</b>                   | <b>Strategic Initiative</b>                                  | <b>Planned Key Outputs</b>  | <b>Responsibility Centre</b>           | <b>Timeframe</b> |
|--|--|---|--|------------------|
|  |  | Africa are attended to attract airlines to EIA.   |  |                  |
|  | Establishment of Staff Benefits Reserve Fund                 | <ul style="list-style-type: none"> <li>• A special purpose fund called “Staff Benefits Reserve Fund” established</li> <li>• Appropriate short-term investments made within the fund.</li> </ul> | <b>DF</b> , DHRA                       | July 2017        |
|  | Establish a Multi-Storey Car Park at EIA                     | <ul style="list-style-type: none"> <li>• Architectural designs developed</li> <li>• Earthworks completed</li> <li>• Foundation and structural frame completed</li> </ul>                        | <b>DAAS</b> , DF, MMC                  | June 2018        |
| Efficiency, Quality Management and Assurance | Continual Improvement of CAA Visibility and Customer Service | <ul style="list-style-type: none"> <li>• Airport Service Quality (ASQ) surveys conducted</li> <li>• Waiting Times surveys introduced</li> </ul>   | <b>DAAS</b> , DHRA, MMC, MSP, MQA, MPA | June 2018        |

| <b>Strategic Objective</b>                              | <b>Strategic Initiative</b>                       | <b>Planned Key Outputs</b>   | <b>Responsibility Centre</b> | <b>Timeframe</b> |
|---|---|--|------------------------------|------------------|
|   |   | <ul style="list-style-type: none"> <li>• Social media and a toll free line utilized</li> <li>• Corporate Social Responsibility (CSR) activities supported</li> <li>• CAA staff, as well as staff in other entities (Police, Immigration, Customs, UPDF) that interface with airport users trained regularly in customer care.</li> </ul> |                              |                  |
| Human Resource Development and Remuneration Enhancement | Adopt a Holistic Human Resource Management System | <ul style="list-style-type: none"> <li>• FY2017/18 training plan implemented</li> <li>• Performance appraisal system implemented</li> <li>• Vacant positions in the CAA structure filled</li> </ul>  | <b>DHRA</b> , DF, MSP        | March 2018       |

| <b>Strategic Objective</b> | <b>Strategic Initiative</b> | <b>Planned Key Outputs</b>  | <b>Responsibility Centre</b> | <b>Timeframe</b> |
|----------------------------|-----------------------------|---|------------------------------|------------------|
|                            |                             | <ul style="list-style-type: none"> <li>• Retention schemes established (through reward schemes and promotions)</li> <li>• Succession Plan developed and implemented.</li> </ul> |                              |                  |

*Note: The official in **BOLD** is the lead person for the initiative.*

### **2.6.2 Infrastructural Projects**

In the last 8 years Entebbe International Airport registered exponential growth for air traffic which has put pressure on the airport infrastructure especially at peak periods. There is therefore need to upgrade and expand airport infrastructure for efficiency and quality of service. However, due to the costly nature of airport infrastructure, facilities and technologies the majority of these projects will require external funding. The projects given below are intended to cater for the current and future traffic at EIA and will be implemented over a period of ten years but in two phases of 5 years each.

The projects are broken down into 3 major categories:

- ◆ Internally funded (with CAA funds)
- ◆ Concession funded
- ◆ Externally funded (with borrowed funds).

The projects are in conformity with the provisions of the NDP, National Transport Master Plan and the 20-Year Civil Aviation Master Plan (CAMP). Relevant authorities and key stakeholders will be involved in the planning and implementation of these projects.

With the successful implementation of these projects, CAA will be able to

- ◆ Process traffic of 7 million passengers through EIA, a year
- ◆ Handle cargo traffic of 100,000 tonnes through EIA, a year
- ◆ Handle the biggest aircraft like Air Bus 380
- ◆ Increase the contribution of non-aeronautical revenue to 45%
- ◆ Make EIA compete favorably with other Airports in the region.

### **2.6.2.1 Projects for Internal Funding**

A list of capital projects (categorized as “Aviation Industry Required”, “Others [Capacity, Sustainability, Political directives, Image related, etc.]”) earmarked for internal funding was drawn in order of priority in consideration of how a project relates to the following parameters:

- ◆ Safety (0 – No, 1- Low, 2 – Medium, 3 – High)
- ◆ Security (0 – No, 1- Low, 2 – Medium, 3 – High)
- ◆ Environment (0 – No, 1- Low, 2 – Medium, 3 – High)
- ◆ Urgency (0 – No, 1- Low, 2 – Medium, 3 – High)
- ◆ Risk (0 – No, 1- Low, 2 – Medium, 3 – High)
- ◆ Impact (0 – No, 1- Low, 2 – Medium, 3 – High)
- ◆ Cost (1- High, 2 – Medium, 3 – Low)
- ◆ National (0 – No, 1 – Yes)
- ◆ Regional (0 – No, 1 – Yes)
- ◆ International (0 – No, 1 – Yes).

Projects will be implemented in order of priority (project with highest total score takes priority) depending on available funds allocated to capital projects in the FY2017/18 CAA Annual Budget. The remaining projects will be pushed to the subsequent financial years for implementation. The draft prioritized project list will be finalized during the budgeting process in consideration of FY2017/18 projected CAA revenues. However, the draft list has been attached for ease of reference (See Appendix 1).

### **2.6.2.2 Projects for External Financing (Loan Financing)**

Government, through MoFPED, obtained a long term concessional loan, with favorable terms, to finance the capital intensive airport infrastructure projects at EIA. These projects include the following:

**a) Expansion and Strengthening of Apron 1 (FY2016/17 – FY2018/19)**

Apron 1 is the main one at EIA situated between Runway 17/35 and the Passenger Terminal Building. It has parking capacity of 11 bays fully equipped with re-fuelling hydrant pits. The apron will be expanded westwards into the green area by another 10 bays between Runway 17/35 and the existing apron.

**b) Construction of a New Passenger Terminal Complex (FY2016/17 – FY2020/21)**

For EIA to compete favorably with other airports, in the region, in provision of excellent facilities and also to accommodate future traffic demands, a new passenger terminal complex cannot be avoided. The complex will occupy the area which is currently covered by the import and export cargo bonds as well as the underground water tanks which supply the existing terminal.

**c) Strengthening and Widening of Runway 17/35 and its Associated Taxiways (FY2016/17 – FY2018/19)**

The pavement structure is not adequate for the current and future traffic requirements. Therefore the scope of work for this project will include the following activities among others:

- Put an overlay of the recommended thickness on the pavements
- Widen the runway and its associated taxiways to comply with ICAO Code 4F requirements (with ability to accommodate A380)
- Make the necessary adjustments in runway/taxiway installations (Lighting, ILS, DVOR/DME, etc.).

**d) Rehabilitation of Runway 12/30 and Associated Taxiways (FY2016/17 – FY2018/19)**

Runway 12/30 is the secondary runway at EIA. An overlay of at least 50mm thickness will be put on the new wearing course to bring the total asphalt concrete wearing course thickness to 110mm. The pavement works will cover



both the runway and its associated taxiways. Runway lighting will also be done. This will ease pressure on Runway 17/35 especially at night.

**e) Rehabilitation of Apron 2 (FY2016/17 – 2018/19)**

Apron 2 is located on the eastern side of the main passenger terminal building between Runway 12/30 and the VVIP Terminal. A pavement evaluation of the apron will be done to produce a reconstruction / overlay design. The entire apron needs reconstruction right from the sub-grade covering the sub-base, base and the wearing course.

**f) Strengthening and Expansion of Apron 4 (FY2016/17 – FY2017/18)**

Apron 4 is located on the Eastern side of the main Passenger Terminal Building between the main airport access road and Runway 12/30. The apron and its associated taxiway were constructed in preparation for CHOGM 2007. The apron will be reconstructed in cement concrete. An extension on the southern end of 60m to increase its depth to 192.6m will be done.

**g) Replacing the obsolete NAVAIDs and Communication Systems (Commences FY2021/22)**

The NAVIADs at Entebbe Airport including ILS/DME and DVOR/DME were installed in 1996 and are at their end-of-life reliable performance period. Some were replaced such as ATC recorders, VHF radios and Soroti VOR, while others such as ILS Entebbe, VOR Entebbe are undergoing replacement. The DME of Entebbe was also upgraded.

The remaining obsolete Nav aids across the country are Soroti DME and NDBs in Buwaya, Soroti, Kasese and Kisoro. The communication equipment consoles and ATC recorders in Soroti and Gulu are approaching obsolescence. Manufacturers can no longer support them in terms of spares and technical assistance therefore the need for replacement. The current location of Kisoro

beacon does not offer optimum performance and a new site needs to be surveyed for its appropriate re-location.

**h) Establishment of a New Cargo Centre Complex (FY2015/16 – FY2018/19)**

A new modern Cargo complex facility will be constructed in the newly acquired land from MAAIF on the Eastern side of Taxiway A. The existing cargo facilities will be relocated to the new complex, leaving room for the expansion of the existing Passenger Terminal Building and construction of the proposed New Passenger Terminal Complex. The cargo complex will be a modern facility which will handle both current and future air cargo demands for Uganda.

**2.6.2.2.1 Phased Implementation of Externally Financed Airport Infrastructural Projects**

Due to the costly nature of these projects, a phased approach will be adopted in their implementation for affordability and also to enable the Authority sustain its other core functions (Regulation, Air Navigation Services, Airports Development and Management). The projects will be implemented in 2 phases as indicated in the table below:

**Table 2.6.2.2.1.1: Phases of Projects (External Financing) Implementation**

| No. | Project Item   | Phase 1(2015/16 to 2019/20): Estimated Cost(USD) | Phase 2(2020/21 and beyond): Estimated Cost(USD) |
|-----|--|--|--|
| 1   | Construction of a new cargo centre complex   | 46,890,000                                       | 30,000,000                                       |
| 2   | Construction of a New Passenger Terminal Complex   | 69,082,000                                       | 34,500,000                                       |
| 3   | Strengthening and Widening of Runway 17/35 and its Associated Taxiways with an overlay of Asphalt Concrete | 22,271,000                                       | 32,454,000                                       |
| 4   | Expansion and strengthening of Apron 1   | 28,591,000                                       | 12,000,000                                       |
| 5   | Rehabilitation of Apron 2  | 8,089,000  |  |
| 6   | Rehabilitation of Apron 4  | 10,092,000                                       |  |
| 7   | Rehabilitation of Runway 12/30 and its Associated Taxiways   | 14,985,000                                       | 3,844,000  |
| 8   | Expansion of the Multi-Storey Car Park   |  | 8,000,000  |
| 9   | Replacement of the Ageing NAVAIDs at EIA   |  | 4,202,000  |
|     | <b>Total</b>   | <b>200,000,000</b>                               | <b>125,000,000</b>                               |

*1 USD = UGX 3600*

**Summary for funding options:**

- i) A provision of 1 Billion Uganda Shillings has been made for each Concession funded project giving a total of UGX5, 000,000,000/=.*
- ii) The estimated total cost for projects to be funded through the loan facility is UGX1,170,000,000,000/=.*
- iii) The estimated total cost (CAPEX) for projects to be funded through internally generated funds will be determined at the budgeting stage after the recurrent expenditure has been established.*

**2.6.2.3 Projects for Concession Funding**

Projects which are financially feasible will be implemented in the medium term under concession funding. Studies will be conducted to establish the scope and cost of these projects. The projects include:

### **a) Relocation of the Fuel Farm**

The current aviation fuel facility at EIA is inadequate with capacity of 7.6 million litres. This, combined with infrastructural constraints on the supply side, will be solved by relocating the current fuel facility to a new modern fuel farm on Plot M121. This will cater for growth in fuel uplifts for commercial, defense and UN logistical requirements. This will be implemented with major inputs by the Oil Companies.

### **b) Establishment of a Ferry Port at EIA**

Entebbe International Airport has only a road access in spite of being surrounded by water. There is an urgent need to create an alternative access to the airport. Other airports have rail, water and road accesses. For water access the following connections are proposed:

- Entebbe – Munyonyo
- Entebbe – Portbell
- Entebbe – Jinja.

A ferry port is proposed to be constructed at the southern end of the airport near runway end 35. Originally the ferry port was looked at as the cheaper means of transporting fuel from Kisumu in Kenya to the airport. At that time we had not discovered oil and the cost of transporting the fuel by trucks all the way from Kenya was pushing up the price of jet fuel at Entebbe International Airport. Now that Uganda is set to produce oil, fuel may not come in from Kenya but from Kampala possibly by pipeline.

### **c) Establishment of an Aircraft Maintenance Centre**

Entebbe International Airport has one established aircraft maintenance hangar belonging to Airserv. Another maintenance hangar still under construction belongs to the leading domestic operator Eagle Air.

CAA has a plan to set up a modern Aircraft Maintenance Centre with capacity to handle all types of aircraft. Entebbe International Airport should be the hub for maintenance of different aircrafts in Africa. Furthermore, the proposed National Airline would also benefit from the services of this facility.

**d) Establishment of a Shopping Mall at EIA**

A shopping Mall will be established at EIA to boost non-aeronautical revenues for the airport. This will contribute to lessening of pressure on aeronautical revenues for EIA.

**e) Construction of a Multi-storey Car Park**

The ground surface for car parking is getting used up and this calls for better optimization of the available space by considering construction of a multi-storey car park (400 cars). The facility will be established through a PPP arrangement. CAA will offer land for the proposed facility.

### **3.0 AIR TRAFFIC STATISTICS**

The performance of the air transport sector is best measured using changes in traffic levels between periods. The most important among these measures are passengers, cargo and aircraft movements.

Passenger traffic data are segregated into international passengers and domestic passengers while cargo traffic constitutes imports and exports. Imports and exports are reported separately in order to take care of the different requirements. For planning purposes, special attention is placed on commercial aircraft movements (i.e. scheduled, freighters and charters). However, it is possible to break down to include non-commercial operations such as UN, state movements, training and others.

#### **3.1 Air Traffic Performance for 2015/16**

During the financial year 2015/16, the Authority set traffic growth targets that were based on some anticipated operational conditions at the time. These conditions and others that were not anticipated at the time of planning influenced the traffic performance in one way or the other. Table 3.1.1 below shows the targets for the year as well their level of achievement.

**Table3.1.1: Traffic Targets and Achievements 2015/16**

| S/N (1) | Description and Target(2)          | Actual 2014/15 (3) | Planned 2015/16 (4) | Actual 2015/16 (5) | %tage growth Achieved (6) | Variance (7) = (6) - target | %tage achieved Vs Planned |
|---------|------------------------------------|--------------------|---------------------|--------------------|---------------------------|-----------------------------|---------------------------|
| 1       | International Passengers - 7.5%    | 1337261            | 1,437,556           | 1363484            | 2.0                       | -5.5                        | 94.8                      |
| 2       | Domestic Passengers - 5%           | 17476              | 18,350              | 14186              | -18.8                     | -23.8                       | 77.3                      |
| 3       | <b>Total Pax</b>                   | <b>1354737</b>     | <b>1455906</b>      | <b>1377670</b>     | <b>1.7</b>                |                             | 94.6                      |
| 4       | Imports (tons) - 3%                | 20747              | 21,369              | 21490              | 3.6                       | 0.6                         | 100.6                     |
| 5       | Exports (tons) - 3%                | 31866              | 32,822              | 35076              | 10.1                      | 7.1                         | 106.9                     |
| 6       | <b>Total Cargo</b>                 | <b>52613</b>       | <b>54191</b>        | <b>56566</b>       | <b>7.5</b>                |                             | 104.4                     |
| 5       | Commercial Aircraft movements - 3% | 25587              | 26,866              | 28334              | 10.7                      | 7.7                         | 105.5                     |
| 6       | Overflights - 8%                   | 15071              | 16,277              | 14394              | -4.5                      | -12.5                       | 88.4                      |

The performance of the air transport industry showed signs of recovery during the year 2015/16. Although most targets for the year were not achieved, this year's results were generally above those achieved in the previous year except for domestic passengers and over-flights. International traffic performance during the first half of the year was very promising but the month before, during and after the elections recorded reduced passenger numbers thus significantly affecting the overall passenger performance. Consequently, only 94.8% of the anticipated performance was achieved. Cargo traffic (both imports and exports) on the other hand performed nearly as anticipated. Commercial aircraft movements performance was above target at 105.5% while overflights achieved 88.4%.

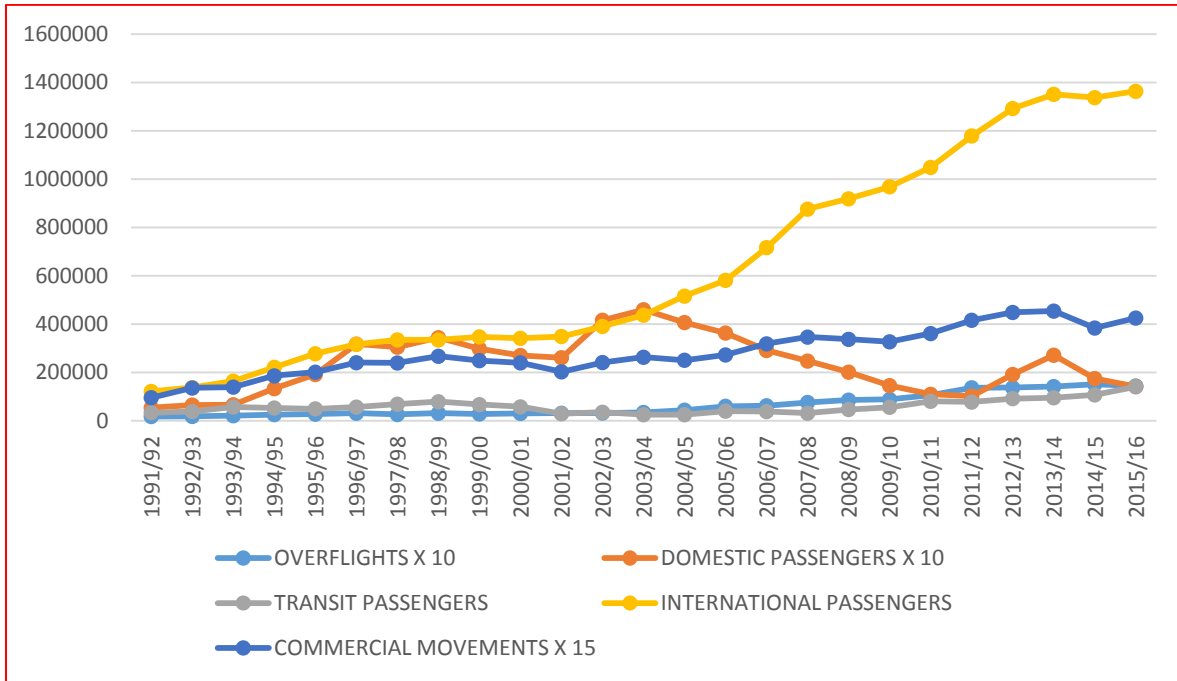
The traffic trend for the period 2005/06 to 2015/16 is shown in Table 3.1.2 below. Figures 3.1.1 and 3.1.2 also provide a graphical presentation of the traffic performance since the year 1991/92.

**Table 3.1.2: Traffic Statistics for Entebbe International Airport 2005/06 – 2015/16**

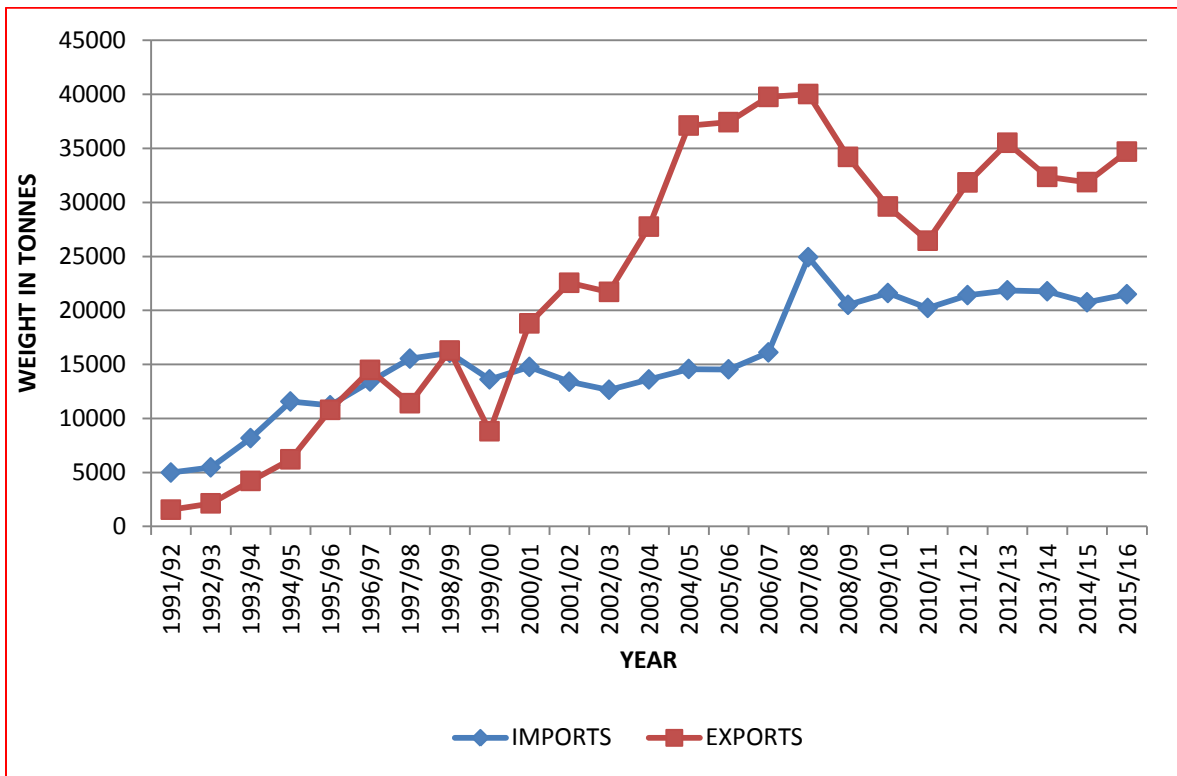
|                         | 2005/06 | 2006/07 | 2007/08 | 2008/09 | 2009/10 | 2010/11   | 2011/12   | 2012/13   | 2013/14   | 2014/15   | 2015/16   |
|-------------------------|---------|---------|---------|---------|---------|-----------|-----------|-----------|-----------|-----------|-----------|
| OVERFLIGHTS             | 5,997   | 6,208   | 7,589   | 8,556   | 8,825   | 10,625    | 13,648    | 13,687    | 14,155    | 15,071    | 14,394    |
| DOMESTIC PASSENGERS     | 36,310  | 29,079  | 24,706  | 20,113  | 14,544  | 10,928    | 10,168    | 19,159    | 27,122    | 17,476    | 14,186    |
| TRANSIT PASSENGERS      | 39,783  | 38,031  | 31,135  | 46,710  | 55,903  | 80,668    | 77,341    | 91,633    | 95,175    | 106,986   | 140,678   |
| INTERNATIONAL PAX       | 581,124 | 716,683 | 875,819 | 918,559 | 968,348 | 1,048,507 | 1,178,728 | 1,292,152 | 1,351,058 | 1,337,261 | 1,363,484 |
| COMMERCIAL<br>MOVEMENTS | 18,161  | 21,220  | 23,077  | 22,468  | 21,781  | 24,051    | 27,732    | 29,882    | 30,258    | 25,587    | 28,334    |
| IMPORTS                 | 14,537  | 16,106  | 24,922  | 20,507  | 21,602  | 20,221    | 21,408    | 21,854    | 21,764    | 20,747    | 21,490    |
| EXPORTS                 | 37,418  | 39,756  | 40,021  | 34,203  | 29,611  | 26,444    | 31,842    | 35,512    | 32,355    | 31,866    | 35,076    |



**Figure 3.1.1: Traffic through Entebbe International Airport**



**Figure 3.1.2: Cargo Traffic through Entebbe International Airport**



### **3.1.1 International Passengers**

The performance of international passenger traffic during the year was below target but above the levels achieved last year. Whereas it had been anticipated that 1,437,556 international passengers would go through EIA, 1363484 were handled at the airport resulting in a 94.8% level of target achievement. This is slightly better than last year's 92.1 % level of achievement. Analysis of monthly data shows that whereas the traffic levels started well in the first half of the year, there was a slowdown in traffic levels in the month before, during and after the elections. Traffic levels picked up again in the last two months of the year.

### **3.1.2 Domestic Passengers**

The domestic passenger traffic performance has continued to post dismal results in the recent past with declining numbers every year. Whereas domestic passenger performance for the previous years was low, 2015/16 recorded even lower performance attaining only 77.3% of the anticipated numbers.

### **3.1.3 Exports**

Exports by air through Entebbe international airport performed above target by 7.1% during the year. In absolute terms, 35,076 tons of exports were handled at Entebbe compared to the anticipated 32,822.

### **3.1.4 Imports**

Import cargo traffic performance was nearly as projected only exceeding projection by 0.6%. In absolute terms, 21,490 tons of imports were processed through EIA compared to the 21,369 tons that had been projected for the year.

### **3.1.5 Commercial Aircraft Movements**

The year witnessed increased commercial aircraft activity above the projected levels. Whereas British airways withdrew from the Ugandan market, increased operations by Rwanda air and Ethiopian airlines made up for the reduced operations resulting from that withdrawal. Consequently, commercial aircraft movements exceeded target by 7.7% during the year.

### **3.1.6 Overflights**

The performance of Over-flights was below target and achieved only 88.4% of anticipated figures. This was well below the 98.6% achieved the previous year.

## **3.2 Air Traffic Forecasts for Entebbe International Airport**

The first four months of the year 2016/17 have shown strong results with performance nearly as anticipated. All except imports and domestic passengers registered a strong performance during the first four months of the year. Stable

conditions in the operating environment has generated confidence in the market. This is expected to continue throughout the year and into the next year.

Given the stability in the operating environment, it is anticipated that traffic levels will continue to grow into the next year. Traffic in the coming year is therefore projected to grow at the rates similar to those set in the previous year as indicated here below.

|                               |      |
|-------------------------------|------|
| International Passengers      | 7.5% |
| Domestic Passengers           | 5.0% |
| Exports                       | 3.0% |
| Imports                       | 3.0% |
| Commercial Aircraft movements | 3.0% |
| Over-flights                  | 8.0% |

Based on the actual traffic figures for the 2015/16 and the estimated figures for 2016/17, Table 3.2.1 below shows traffic projections for the next five years.

**Table 3.2.1: Traffic Forecasts for 2017/18 to 2021/22**

| YEAR                            | Actual<br>2015/16 | Estimated<br>2016/17 | 2017/18   | 2018/19   | 2019/20   | 2020/21   | 2021/22   |
|---------------------------------|-------------------|----------------------|-----------|-----------|-----------|-----------|-----------|
| <b>INTERNATIONAL<br/>PAX</b>    | 1,363,484         | 1,465,745            | 1,575,676 | 1,693,852 | 1,820,891 | 1,957,458 | 2,104,267 |
| <b>DOMESTIC<br/>PASSENGERS</b>  | 14,186            | 14,895               | 15,342    | 15,802    | 16,276    | 16,765    | 17,268    |
| <b>IMPORTS</b>                  | 21,490            | 22,135               | 23,241    | 24,404    | 25,624    | 26,905    | 28,250    |
| <b>EXPORTS</b>                  | 35,076            | 36,128               | 39,741    | 43,715    | 48,087    | 52,895    | 58,185    |
| <b>OVERFLIGHTS</b>              | 14,394            | 15,546               | 16,012    | 16,492    | 16,987    | 17,497    | 18,022    |
| <b>COMMERCIAL<br/>MOVEMENTS</b> | 28,334            | 29,184               | 30,060    | 30,961    | 31,890    | 32,847    | 33,832    |

## 4.0 FIVE YEAR FINANCIAL FORECAST

### 4.1 Financial Performance

CAA's financial performance for the FY2015/16 compared to the FY2014/15 is given in Table 4.1.1 below:

**Table 4.1.1: Financial Performance 2015/16 and 2014/15 (Ushs'000)**

|   | 2015/2016           | 2014/2015           |
|---|---------------------|---------------------|
| <b>AERONAUTICAL INCOME</b>                    | <b>154,620,122</b>  | <b>123,649,600</b>  |
| LANDING AND PARKING FEES                      | 17,542,461          | 12,519,666          |
| AIRPORT SERVICE CHARGE                        | 85,143,439          | 68,728,403          |
| AIR NAVIGATION FEES                           | 21,203,421          | 17,108,497          |
| LIGHTING CHARGES                              | 6,472,615           | 5,799,861           |
| SECURITY CHARGES                              | 21,751,550          | 17,884,960          |
| PERSONNEL & AIRCRAFT LICENCE                  | 360,214             | 256,080             |
| DPHS & AEROBRIDGE CHARGE                      | 2,146,422           | 1,352,133           |
| <b>NON AERONAUTICAL INCOME</b>                | <b>42,283,004</b>   | <b>33,795,818</b>   |
| HANDLING CHARGES                              | 7,110,080           | 5,148,699           |
| RENTALS                                       | 7,950,445           | 6,797,158           |
| FUEL THROUGHPUT                               | 5,601,264           | 5,141,006           |
| OTHER CONCESSIONS, ADVERTISING \$ CAR PARKING | 3,967,665           | 4,595,839           |
| OTHER INCOME (INCLUDING GOVT GRANT)           | 17,653,550          | 12,113,116          |
| <b>TOTAL INCOME</b>                           | <b>196,903,126</b>  | <b>157,445,418</b>  |
| <b>OPERATING EXPENSES</b>                     |                     |                     |
| Staff costs                                   | -76,836,596         | -63,455,337         |
| Other Expenses                                | -65,989,023         | -44,268,788         |
| Depreciation Charge                           | -32,320,538         | -18,655,441         |
| Doubtful Debts                                | -12,300,315         | -2,988,431          |
| <b>TOTAL OPERATING EXPENSES</b>               | <b>-187,446,472</b> | <b>-129,367,997</b> |
| PROFIT/(LOSS) FROM OPERATIONS                 | 9,456,655           | 28,077,420          |
| Finance Costs and Exchange Differences        | 10,281,215          | -27,029,018         |
| <b>PROFIT/(LOSS) BEFORE TAXATION</b>          | <b>-824,560</b>     | <b>55,106,439</b>   |
| Income Tax Provision                          | 1,255,203           | 16,580,863          |
| <b>NET PROFIT /(LOSS)</b>                     | <b>-2,079,763</b>   | <b>38,525,576</b>   |

#### 4.1.1 Aeronautical Revenue

During the FY2015/16, aeronautical revenues contributed 78.53% to CAA's total revenue. This therefore means that non-aeronautical revenues are slowly improving in order to minimize over-dependence on aeronautical revenues by the Authority.

For the FY2015/16, UGX154.62Bn was recorded from this category of revenue. This is an improvement compared to the previous year where 123.65Bn was received.

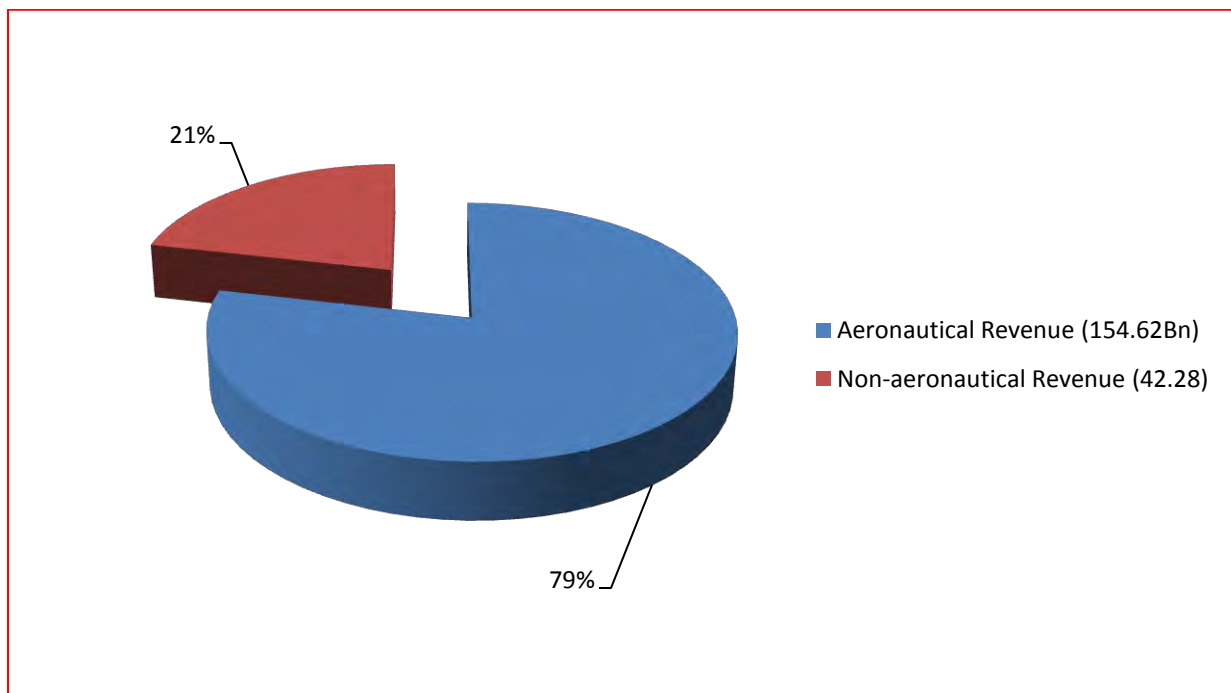
#### 4.1.2 Non – aeronautical Revenue

Non-aeronautical revenues contributed 21.47% to the total revenue during FY2015/16. In absolute terms this revenue amounted to UGX42.28Bn. When the following proposals, among others, are implemented the contribution from this source of revenue will greatly improve:

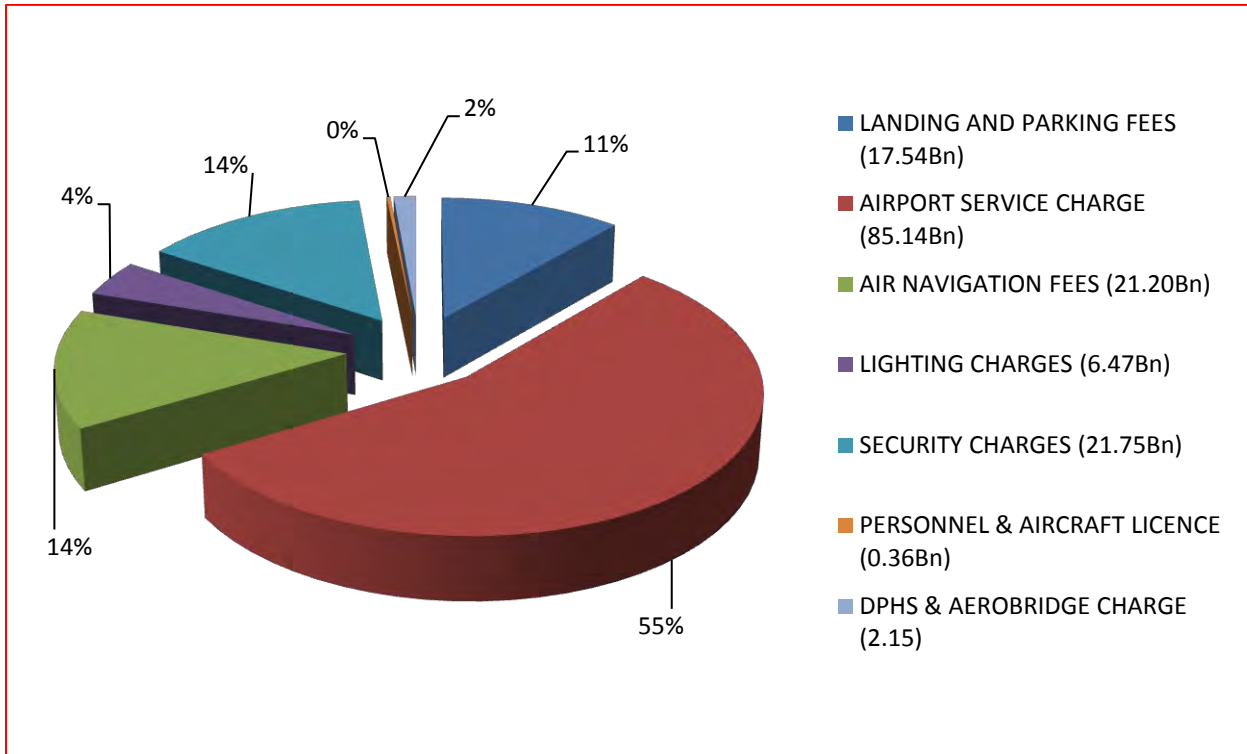
- Establishment of an Aviation Centre in Kampala
- Improvement and expansion of the car park
- Remodeling of the existing passenger terminal building.

The charts below show CAA's revenue distribution by source for the FY2015/16:

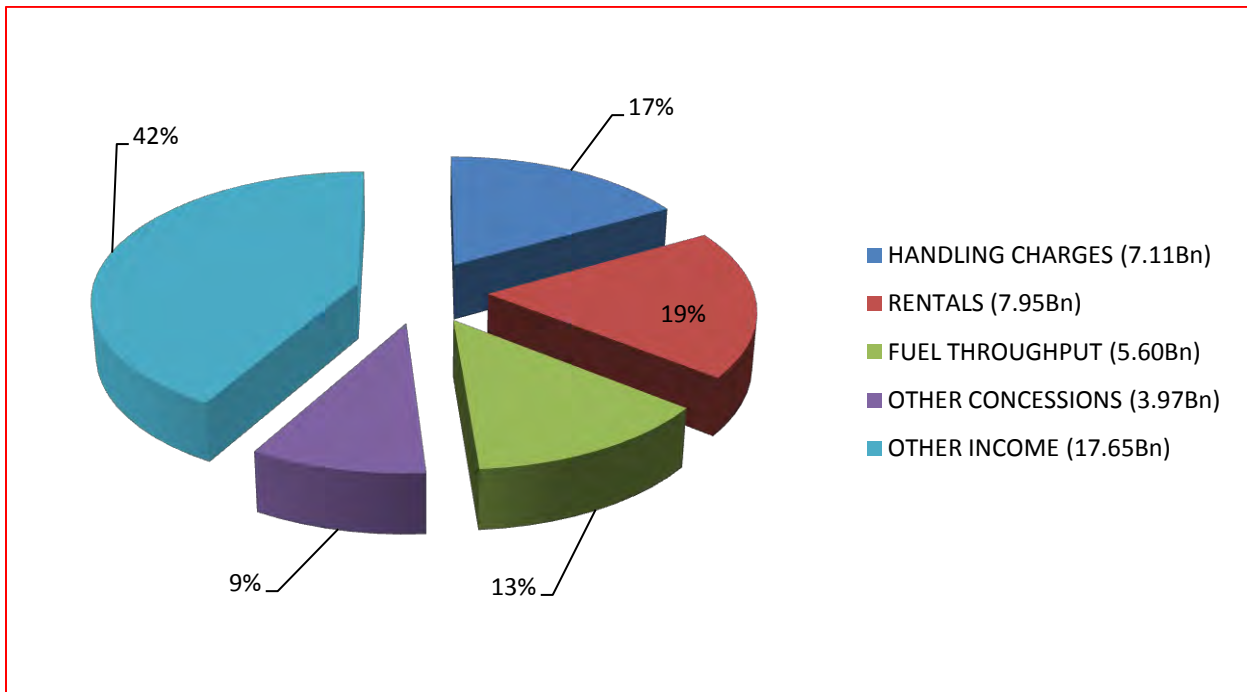
**Figure 4.1.2.1: Revenue (UGX) Distribution for the Year 2015/16**



### Aeronautical Revenues (UGX)



### Non-aeronautical Revenues (UGX)



### 4.1.3 Operating Costs

Operating expenses for the FY2015/16 increased by about 44.89% compared to the previous year. Staff costs as well as maintenance costs increased during the FY2015/16. Staff costs increased due to payment of more salary arrears resulting from the job evaluation exercise. Fuel costs, doubtful debts and the depreciation charge all increased during the year.

### 4.2 Revenue forecast for FY2017/18 - FY2021/22

CAA's revenue is directly related to the level of air traffic activity at Entebbe International Airport. The revenue forecast for FY2017/18 to FY2021/22 will therefore take the same direction as the projected air traffic forecast for the period.

The projected revenue inflows for the period 2017/18 to 2021/22 are shown in Table 4.2.1 below:

**Table 4.2.1: Projected Revenue Statement 2017/18 – 2021/22 (Ushs'000)**

| REVENUE ITEM             | 2017/18            | 2018/19            | 2019/20            | 2020/21            | 2021/22            |
|--------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| LANDING AND PARKING FEES | 17,541,116         | 18,067,349         | 18,609,370         | 19,167,651         | 19,742,680         |
| AIRPORT SERVICE CHARGE   | 111,198,848        | 119,538,283        | 128,503,151        | 138,140,360        | 148,500,332        |
| LIGHTING CHARGES         | 5,621,621          | 5,790,269          | 5,963,977          | 6,142,897          | 6,327,183          |
| SECURITY CHARGES         | 27,810,249         | 29,895,635         | 32,137,405         | 34,547,288         | 37,137,891         |
| AIR NAVIGATION FEES      | 24,431,228         | 25,164,164         | 25,919,089         | 26,696,662         | 27,497,562         |
| PERSONNEL LICENCE        | 53,231             | 55,892             | 58,687             | 61,621             | 64,702             |
| AIRCRAFT LICENCE         | 480,988            | 505,038            | 530,289            | 556,804            | 584,644            |
| RENTALS                  | 7,423,951          | 7,461,071          | 7,498,376          | 7,535,868          | 7,573,547          |
| HANDLING CHARGES         | 7,283,468          | 7,501,972          | 7,727,031          | 7,958,842          | 8,197,607          |
| CAR PARKING              | 2,655,723          | 2,735,395          | 2,817,457          | 2,901,980          | 2,989,040          |
| DPHS CHARGES             | 921,125            | 948,759            | 977,221            | 1,006,538          | 1,036,734          |
| FUEL                     | 5,860,690          | 6,036,511          | 6,217,606          | 6,404,134          | 6,596,258          |
| BILLBOARDS               | 1,928,236          | 1,966,800          | 2,006,136          | 2,046,259          | 2,087,184          |
| SUNDRY INCOME            | 3,264,304          | 3,296,947          | 3,329,916          | 3,363,216          | 3,396,848          |
| CONCESSIONS              | 2,568,758          | 2,645,821          | 2,725,196          | 2,806,951          | 2,891,160          |
| INTEREST ON DEPOSITS     | 7,451,984          | 7,451,984          | 7,451,984          | 7,451,984          | 7,451,984          |
| BOARDING BRIDGES         | 604,301            | 616,387            | 628,715            | 641,289            | 654,115            |
| <b>TOTAL</b>             | <b>227,099,821</b> | <b>239,678,277</b> | <b>253,101,608</b> | <b>267,430,345</b> | <b>282,729,474</b> |

#### **4.2.1 Airport Passenger Service Charge (APSC)**

APSC is still the highest source of revenue for CAA. The revenue from this source is directly dependent on the level of passenger traffic. It is therefore projected that APSC will grow at 7.5% over the next five years. For the FY2017/18, UGX111.20Bn is expected as APSC. This represents 48.96% of the total projected revenue for the year.

#### **4.2.2 Air Navigation Charges (ANC)**

In FY2017/18 ANC is expected to be the third most important source of revenue for CAA and in absolute terms this will amount to UGX24.43Bn. This is 10.76% of the total projected revenue for the Authority in FY2017/18.

#### **4.2.3 Landing, Parking and Lighting Fees**

Landing, Parking and Lighting charges make a very significant contribution to CAA revenue. It is projected that revenue from this source will grow at the same rate of 3% as the aircraft movements. The Authority expects to generate UGX23.16Bn from this source in FY2017/18.

#### **4.2.4 Security Charge**

Over the planning period, security charge will be the second highest in terms of contribution to CAA's total revenue in FY2017/18. Revenue from this source follows the same trend as passenger traffic. For the FY2017/18, it is estimated that this source will generate UGX27.81Bn. This is 12.26% of CAA's total expected revenue for FY2017/18.

#### **4.2.5 Fuel Charge**

Revenue from fuel charge is determined by the volume of fuel off-takes at Entebbe International Airport. This implies that revenue generated by the fuel charge is directly determined by the level of aircraft movements. For the FY2017/18, fuel service charge is expected to generate UGX5.86Bn.

#### **4.2.6 Car Parks and other concessions**

Car parking and other concessions contribute significantly to CAA's non-aeronautical revenues. The practice in aviation today is to emphasize enhancement of non-aeronautical revenues in order to lessen pressure on



aeronautical revenues. For the FY2017/18, the combined revenue expected from car parks and other concessions is expected to contribute UGX7.15Bn.

### 4.3 Expenditure forecasts

The period FY2017/18 – FY2021/22 will be packed with expanding and upgrading airport infrastructure especially for EIA. Therefore CAA’s expenditure plan for the FY2017/18 will concentrate on the same efforts. Table 4.3.1 below shows the expenditure forecast for the period FY2017/18 – FY2021/22:

**Table 4.3.1: Expenditure forecast for 2017/18 – 2021/22 (Ushs’000)**

| EXPENDITURE ITEM   | 2017/18            | 2018/19            | 2019/20            | 2020/21            | 2021/22            |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|
| Corporate  | 21,561,050         | 22,207,881         | 22,874,118         | 23,560,341         | 24,267,151         |
| Administration   | 26,372,167         | 27,163,333         | 27,978,232         | 28,817,579         | 29,682,107         |
| Air Navigation   | 9,455,455          | 9,833,673          | 10,227,020         | 10,636,101         | 11,061,545         |
| Airport and Aviation Security                            | 19,071,261         | 19,643,399         | 20,232,701         | 20,839,682         | 21,464,872         |
| Finance Costs  | 11,499,384         | 11,729,372         | 11,963,960         | 12,203,239         | 12,447,303         |
| Finance-Interest on Exim Bank loan                       | -                  | -                  | -                  | -                  | -                  |
| Finance- Interest on Asset Leasing of Security Equipment | 1,170,000          | 936,000            | 702,000            | 468,000            | 234,000            |
| Employment   | 60,519,052         | 62,334,624         | 64,204,662         | 66,130,802         | 68,114,726         |
| Security and Economic Regulation                         | 3,354,333          | 3,488,506          | 3,628,046          | 3,773,168          | 3,924,095          |
| UpCountry Airports                                       | 4,592,686          | 4,730,467          | 4,872,381          | 5,018,552          | 5,169,109          |
| <b>TOTAL</b>   | <b>157,595,389</b> | <b>162,067,254</b> | <b>166,683,120</b> | <b>171,447,465</b> | <b>176,364,909</b> |

#### 4.3.1 Staff Costs

Human resource is key for any organization. While maintaining acceptable levels of expenditure, the Authority will endeavor to satisfy the human resource requirements. CAA will continue to competitively remunerate its staff in order to retain them. Staff costs are expected to consume UGX60.52Bn in FY2017/18, representing 27.0% of total revenue. This item will be adjusted to

take care of the recommendations of the job evaluation exercise which is near completion as well as any negotiations that will take place between management and the Union of Workers during the period.

#### **4.3.2 Finance Costs**

The Authority, through Government, obtained a concessional loan from EXIM Bank of China to finance the expansion and upgrade of EIA. The finance costs are estimated at UGX11.50Bn for FY2017/18.

#### **4.3.3 Other Operating expenses**

The cost of operation and maintenance of plant and equipment as well as general office running expenses has gone up due to un-favorable exchange rates for major international currencies which has made imported goods expensive . The Authority will apply practical management principles to keep these costs under control.

#### 4.3.4 Projected Cash Flows for FY2017/18 – FY2021/22

Below are the projected cash flows for the period FY2017/18 to FY2021/22:

**Table 4.3.4.1: Cash Flow Projections (2017/18 – 2021/22)**

| Cashflow projections                              | Shs 000            | Shs 000            | Shs 000           | Shs 000            | Shs 000            |
|---|--------------------|--------------------|-------------------|--------------------|--------------------|
|   | 1                  | 2                  | 3                 | 4                  | 5                  |
|   | 2017/18            | 2018/19            | 2019/20           | 2020/21            | 2021/22            |
| <b>INFLOWS</b>                                    |                    |                    |                   |                    |                    |
| <b>Receipts</b>                                   | 194,170,347        | 204,924,927        | 216,401,875       | 228,652,945        | 241,733,700        |
| <b>Less-expenses</b>                              | 144,987,758        | 149,101,874        | 153,348,470       | 157,731,668        | 162,255,716        |
| <b>Net Inflows</b>                                | <b>49,182,589</b>  | <b>55,823,053</b>  | <b>63,053,404</b> | <b>70,921,277</b>  | <b>79,477,984</b>  |
|   |                    |                    |                   |                    |                    |
| Debts( current) including Government              | 10,647,236         | 11,235,349         | 11,862,924        | 12,532,788         | 13,247,973         |
| Loan facility                                     | -                  | -                  | -                 |                    |                    |
| Debts(Arrears ) GOVT                              | 13,000,000         | 13,000,000         | 13,000,000        | 13,000,000         | 13,000,000         |
| UpCountry Government funding                      | 3,700,000          | 3,700,000          | 3,700,000         | 3,700,000          | 3,700,000          |
| Refund by Government- Nakasongola & Gulu Projects | 38,000,000         |                    |                   |                    |                    |
| <b>Total net Inflows</b>                          | <b>114,529,825</b> | <b>83,758,402</b>  | <b>91,616,329</b> | <b>100,154,065</b> | <b>109,425,956</b> |
|   |                    |                    |                   |                    |                    |
| <b>Minus</b>                                      |                    |                    |                   |                    |                    |
| <b>Other outflows</b>                             |                    |                    |                   |                    |                    |
| Capital Expenditure- Internally financed          | 80,000,000         | 50,000,000         | 55,000,000        | 60,000,000         | 65,000,000         |
| Bank of Uganda loan                               | 428,412            | 428,412            | 428,412           | 428,412            | 428,412            |
| CAA -other Creditors as at 30 June                | 12,288,735         | 12,607,631         | 12,965,380        | 13,334,650         | 13,715,797         |
| URA-Corporation Tax                               | 8,814,040          | 11,155,168         | 13,587,145        | 16,229,385         | 19,098,703         |
| Loan repayment ( Asset leasing)                   | 3,600,000          | 3,600,000          | 3,600,000         | 3,600,000          | 3,600,000          |
| Principal Repayments loan facility                |                    |                    |                   |                    |                    |
| <b>Total Outflows</b>                             | <b>93,592,447</b>  | <b>101,842,912</b> | <b>93,592,447</b> | <b>101,842,912</b> | <b>93,592,447</b>  |
|   |                    |                    |                   |                    |                    |
| <b>FUNDS AVAILABLE /(DEFICIT)</b>                 | <b>6,561,618</b>   | <b>7,583,045</b>   | <b>6,561,618</b>  | <b>7,583,045</b>   | <b>6,561,618</b>   |
| <b>Opening bank balance</b>                       | <b>17,828,836</b>  | <b>27,227,474</b>  | <b>33,194,665</b> | <b>39,230,056</b>  | <b>45,791,674</b>  |
| <b>Overall Deficit/Surplus</b>                    | <b>27,227,474</b>  | <b>33,194,665</b>  | <b>39,230,056</b> | <b>45,791,674</b>  | <b>53,374,718</b>  |

## **5.0 MONITORING, EVALUATION, CROSSCUTTING ISSUES, COMMUNICATION AND RISK ANALYSIS**

### **5.1 Monitoring and Evaluation**

CAA will ensure that information for the performance of the plan is collected regularly (quarterly) from Departments so that problems and other divergences encountered are handled in a timely manner. CAA, through the Strategic Planning Department, will continue to conduct M&E sensitization and training workshops as well as challenge sessions for staff to ensure consistent and accurate measurement and reporting of performance for the plan. On a quarterly basis, under the leadership of the Deputy Managing Director, the Strategic Planning Department will prepare M&E reports for the performance of the Business Plan (and the Civil Aviation Master Plan) and operational performance reports to be presented to Management and Board. These reports will feed into semi-annual and annual performance reports of the sub-sector to be submitted to Ministry of Works and Transport and to the OPM.

Among the indicators to be reported on, at outcome level, will include:

- ◆ Embarking International Passengers
- ◆ Disembarking International Passengers
- ◆ International Transit Passengers
- ◆ Embarking Domestic Passengers
- ◆ Disembarking Domestic Passengers
- ◆ Exports by Air
- ◆ Imports by Air
- ◆ Check-in queuing time
- ◆ Security queuing time
- ◆ Immigration queuing time
- ◆ Fast bag in at reclaim belts
- ◆ Last bag in at reclaim belts.

At output level, progress / performance of Departmental Business Plans and capital projects will be reported.

## **5.2 Communication and Stakeholder Involvement**

CAA recognizes and values its customers / stakeholders (both internal and external) and therefore regulations and all major airport infrastructure investments will be done in consideration of their requirements. This was done with the development process of the 20-Year Civil Aviation Master Plan (CAMP) and it will continue. Appropriate communication of key issues and developments in civil aviation will be made in a timely manner at all levels. The following are some of the avenues CAA will utilize:

- ◆ Stakeholders Consultative Workshops
- ◆ Regular Airport Users' Workshops
- ◆ Airport Service Quality Survey reports
- ◆ Airport Queue Insight Programme reports
- ◆ CAA Website and Intranet
- ◆ Talk shows
- ◆ Publications of printed materials (Aviation Forum, Brochures, Flyers, etc.)
- ◆ Departmental and General staff meetings

CAA will ensure that all staff understand and own the strategic focus of the Organization so that they all work as a team to achieve the strategic goals and objectives of the Organization.

## **5.3 Crosscutting Issues**

Mainstreaming of crosscutting issues in airport infrastructure development, upgrade and usage projects will be observed by the Authority. The issues will include, among others:

- ◆ Gender and equity
- ◆ Environment

- ◆ Occupational health
- ◆ HIV and Aids
- ◆ Climate change
- ◆ Human rights.

The priority measures during the plan period will include:

- ◆ Adherence to social and environment safeguards in all airport infrastructure projects
- ◆ Enhancement of women participation in airport infrastructure expansion and upgrade projects
- ◆ Ensure psychosocial wellbeing of CAA staff who are victims of HIV/AIDS by implementing the HIV/AIDS workplace policy
- ◆ Participation in ICAO carbon emission reduction programmes towards environmentally, socially and economically sustainable aviation industry
- ◆ Develop and streamline regulations to enable implementation of Annex 16 (Environment protection) to the Chicago Convention
- ◆ Support farmers of fresh produce (flowers, fruits and vegetables) where a good number of women are employed, in order to enhance their household incomes.

#### **5.4 Risk Analysis**

It is assumed that the prevailing and anticipated conditions (both internal and external) in the business environment of CAA will remain or will not change significantly during the implementation of its proposed projects in order to realize the planned objectives. There may be risks (factors and events) whose occurrence will threaten the degree to which the planned objectives may be met. In addition to mitigation measures outlined in section 2.3 above, the following assumptions for CAA activities over the plan period have been made:

- ◆ Government financial support to guarantee the loan (from EXIM Bank of China) for the upgrade and expansion of EIA will be maintained
- ◆ Air traffic trends will be maintained and CAA revenue targets achieved
- ◆ Necessary legislations will be handled appropriately by the relevant arms of Government
- ◆ There will be minimal staff turnover (especially for technical staff)
- ◆ The National Economy will be strong and stable in all critical areas (foreign exchange, inflation)
- ◆ Security will be maintained (no terrorist attacks)
- ◆ There will be no pandemics and natural disasters.

**APPENDIX 1: Priority List of Planned Internally Funded Projects  
for FY2017/18**

| <b>Aviation Industry Projects (70% of CAPEX Budget)</b> |  |                 |                          |                    |
|---|--|-----------------|--------------------------|--------------------|
| <b>No.</b>  | <b>Project Title</b>   | <b>Location</b> | <b>Cost (UGX OR USD)</b> | <b>Directorate</b> |
| 1   | Supervision of the expansion and upgrade of Entebbe International Airport ( Consultancy) | Entebbe         | 4,000,000,000            | DAAS               |
| 2   | Construction of the freight-forwarders' office block                                     | Entebbe         | 12,000,000,000           | DAAS               |
| 3   | Supervision of the improvement of Departures ( Consultancy)                              | Entebbe         | 800,000,000              | DAAS               |
| 4   | Improvement of Departures at EIA ( WORKS)  | Entebbe         | 20,000,000,000           | DAAS               |
| 5   | Overhaul of 11 KV EIA Main Power Supply Ring   | Entebbe         | 9,806,000,000            | DAAS               |
| 6   | Overhaul of 3.3 KV EIA No-Break Power Supply Ring  | Entebbe         | 7,324,000,000            | DAAS               |
| 7   | 250 KVA Automatic Voltage Regulator for CAA Headquarters                                 | Entebbe         | 400,000,000              | DAAS               |
| 8   | 160 KVA Generator for Soroti Airfield  | Soroti          | 250,000,000              | DAAS               |
| 9   | Repair Cargo Ring Road   | Entebbe         | 2,000,000,000            | DAAS               |
| 10  | Upgrade Perimeter Road – Phase2  | Entebbe         | 2,200,000,000            | DAAS               |
| 11  | Repair and Expansion of Public Car Park  | Entebbe         | 4,000,000,000            | DAAS               |
| 12  | Design New Control Tower complex at EIA  | Entebbe         | 1,000,000,000            | DANS               |
| 13  | Implementation of DVOR/DME in Kampala  | Kampala         | 4,300,000,000            | DANS               |
| 14  | e-TOD survey for Area 3 and 4  | Kasese, Kisoro  | 432,000,000              | DANS               |
| 15  | Construction of the Domestic Passenger Terminal and Car Park                             | Entebbe         | 3,000,000,000            | DAAS               |
| 16  | Equip the Simulator Room with communication facilities                                   | Entebbe         | 600,000,000              | DANS               |



| <b>Other Projects (30% of CAPEX Budget)</b> |  |   |                          |                    |
|---|--|---|--------------------------|--------------------|
| <b>No.</b>                                  | <b>Project Title</b>   | <b>Location</b>   | <b>Cost (UGX OR USD)</b> | <b>Directorate</b> |
| 1   | Deployment of ICT equipment  | CAA HQ,<br>Entebbe  | USD89,000                | Corporate          |
| 2   | Deployment of the Library Information Management System  | CAA HQ,<br>Entebbe  | USD75,000                | DHRA               |
| 3   | Acquisition of land in the business centre of Kampala for the establishment of the Aviation Centre | Kampala   | 8,000,000,000            | DHRA               |
| 4   | Extension of the Staff Attendance System (Phase III)   | CAA HQ,<br>Entebbe  | USD110,000               | Corporate          |
| 5   | Acquisition of more land around the various Aerodromes   | Mbarara,<br>Pakuba, Iira,<br>Jinja and<br>Kisoro<br>Aerodrome | 10,500,000,000           | DHRA               |
| 6   | Improvement of the e-document management system (Phase III)  | CAA HQ,<br>Entebbe  | USD220,000               | Corporate          |

**APPENDIX 2: Planned Projects for the Period FY2018/19 –  
FY2021/22**

| <b>FY2018/19 Capital Projects</b> |  |  |
|-----------------------------------|--|--|
| <b>No.</b>                        | <b>Project</b>   | <b>Estimated Cost (UGX)</b>              |
| 1                                 | Deploy Automatic Fire detection systems in equipment room  | 100,000,000                              |
| 2                                 | Replacement of AWOS at EIA   |  |
| 3                                 | Install a Power Distribution System for CNS equipment room   | 150,000,000                              |
| 4                                 | Expansion of TETRA Communication System to improve indoor coverage in the old and planned Terminal Buildings | 2,000,000,000                            |
| 5                                 | Update the CMMS (Computerized Maintenance Management System)   | To be financed under KOICA Project       |
| 6                                 | Install an operational Central Monitoring System for CNS   | 120,000,000                              |
| 7                                 | Implement initial SWIM to ensure the interoperability of MET systems   | 720,000,000                              |
| 8                                 | Acquire Orthophoto Basemaps & satellite imagery for Area 2 - Base maps and satellite imagery for the TMA     | 720,000,000                              |
| 9                                 | Develop Designs for the New Control Tower at EIA   | 500,000,000                              |
| 10                                | Construction of the Domestic Passenger Terminal and Car Park   | 3,000,000,000                            |
| 11                                | Construction of a New Control Tower Complex at EIA – Phase 1   | Cost will be determined from the designs |
| 12                                | Supervision of the Expansion & Upgrade of EIA ( Consultancy)   | 10,000,000,000                           |
| 13                                | Construction of the freight-forwarders' office block   | 12,000,000,000                           |
| 14                                | Supervision of the improvement of Departures ( Consultancy)  | 600,000,000                              |

| <b>FY2018/19 Capital Projects</b> |  |                             |
|-----------------------------------|--|-----------------------------|
| <b>No.</b>                        | <b>Project</b>   | <b>Estimated Cost (UGX)</b> |
| 15                                | Construction of the Domestic Passenger Terminal and Car Park | 3,000,000,000               |
| 16                                | Overhaul of 11 KV EIA Main Power Supply Ring                 | 3,000,000,000               |
| 17                                | Overhaul of 3.3 KV EIA No-Break Power Supply Ring            | 2,000,000,000               |
| 18                                | Repair Cargo Ring Road                                       | 2,000,000,000               |
| 19                                | Rebuild crumbled / submerged piers                           | 600,000,000                 |

| <b>FY2019/20 Capital Projects</b> |   |  |
|-----------------------------------|---|--|
| <b>No.</b>                        | <b>Project</b>  | <b>Estimated Cost (UGX)</b>              |
| 1                                 | Replace Kasese NDB with a DVOR/DME  | 4,000,000,000                            |
| 2                                 | Implement eTOD survey for Area 1 - Survey Area 1 for obstacle and terrain data  | 5,750,000,000                            |
| 3                                 | Construction of the Domestic Passenger Terminal Building and Car Park – Phase 1 | 11,500,000,000                           |
| 4                                 | Construction of a New Control Tower Complex at EIA – Phase 2                    | Cost will be determined from the designs |
| 5                                 | Supervision of the Expansion & Upgrade of EIA ( Consultancy)                    | 8,600,000,000                            |
| 6                                 | Supervision of the improvement of Departures ( Consultancy)                     | 600,000,000                              |

| <b>FY2020/21 Capital Projects</b> |  |                             |
|-----------------------------------|--|-----------------------------|
| <b>No.</b>                        | <b>Project</b>   | <b>Estimated Cost (UGX)</b> |
| 1                                 | Install Super AWOS (Automatic Weather Observation System) at Soroti Aerodrome.   | 850,000,000                 |
| 2                                 | Set up a Technical workshop for ANS  | 1,200,000,000               |
| 3                                 | Implementation of a centralized Aeronautical database - Integration of all databases to promote a seamless sharing of aeronautical information | 2,200,000,000               |
| 4                                 | Construction of the Domestic Passenger Terminal Building and Car Park – Phase 2  | 5,040,000,000               |
| 5                                 | Supervision of the Expansion & Upgrade of EIA ( Consultancy)   | 7,200,000,000               |

| <b>FY2021/22 Capital Projects</b> |   |                             |
|-----------------------------------|---|-----------------------------|
| <b>No.</b>                        | <b>Project</b>  | <b>Estimated Cost (UGX)</b> |
| 1                                 | Improve DVOR/DME Coverage by installation of new DVOR/DME including Civil works | 4,300,000,000               |
| 2                                 | Supervision of the Expansion & Upgrade of EIA ( Consultancy)                    | 7,200,000,000               |