

PRESENTATION BY EAC SECRETARIAT ON INFRASTRUCTURE OPPORTUNITIES IN EAST AFRICA



An Overview of the Role Of
Infrastructure and
Opportunities for
Investments in East Africa
May 2009

INTRODUCTION

- The broad goal of the East African Community (EAC) is to widen and deepen cooperation among Partner States.
- This Presentation highlights the role of infrastructure in the Integration Process, progress made ,investment opportunities available and challenges encountered.



Vision of the Community

**A Prosperous, Competitive,
Secure, Stable and Politically United
East Africa**

Mission of the Community

To widen and deepen economic, political, Social, and Cultural integration in-order to improve the quality of life of the people of East Africa through increased competitiveness, value added production, trade and investments.

Benefits of our Regional Integration Programme

- Larger Markets
- Larger and Better Volumes for common Products
- Creates an attractive Investment basin
- Enhances quality management,
- Generates social benefits and enhancement of the development of infrastructure
- Enhances global influence of the Partner States

Role of Regional Infrastructure in the Integration process

- Attracts investments to the region
- Contributes to poverty eradication
- Promotes intra-regional trade and cooperation
- Promotes value addition to raw materials
- Enhances competitiveness of the region
- Contributes to the attainment of MDGs
- Enhances peace and security
- Facilitates business in the community

Implementation of Projects and Programmes-Progress Made

Significant achievements have been made in the implementation of Projects and Programmes, in confidence building measures and harmonization of Partner States' policies.

Projects and Programmes Continued.....

Main Projects include-:

- Implementation of the East African Customs Union;
- Negotiations towards concluding a Protocol on Common Market
- Operationalisation of the Lake Victoria Basin Commission;
- Development of Regional Infrastructure, Energy, Inland Waterways etc.
- Development of supply capacities in key productive sectors, Agriculture and Food Security, Tourism and Industrialisation

Secretariat's Projects and Programmes

- Harmonisation and coordination of sectoral policies;
- Approximation of Laws;
- Facilitating easier movement of persons in the region;

Development of Regional Infrastructure

EAC implements regional infrastructure projects in:

- Transport (Roads, Railways, Maritime & Inland Waterways);
- Civil Aviation;
- Communications;
- Meteorology; and
- Energy.

Cooperation in Infrastructure and Services (Article 89 of the Treaty)

- **Common Transport and Communications Policies**
 - **Harmonization of standards and regulatory laws**
 - **Construct, maintain and integrates roads, railways, airports, ports, pipelines in their territories.**
 - **Grant special treatment to land-locked Partner States (in line with the Almaty Programme of Action)**
 - **Provide security in the transport corridors to ensure smooth movement of goods and persons in the Region**

Road Transport

- **Cooperation Roads and Road Transport (Article 90)**
 - **Ratify international conventions on road traffic and signs.**
 - **Harmonize traffic laws and adopt a common definition of classes of roads and route numbering systems.**
 - **Adopt common regulations governing speed limits.**
 - **Establish common road safety regulations, accident rescue, first aid, medical care and post-trauma systems**
 - **Adopt common rules and regulations governing dimensions, gross and axle loads of vehicles used in trunk roads.**
 - **Coordinate activities with respect to the construction of trunk roads connecting the Partner States to common standards.**

LOCATION MAP OF EAST AFRICA
EAST AFRICAN COMMUNITY ROAD NETWORK PROJECT
 (Including Proposed Additional Road Links)



Note:
 1. This Map is not to scale. It should therefore not be used for any other purpose other than purposes of reflecting the general alignment of the East African Road Network Corridors.
 2. The additional road links are in dotted lines in colours similar to the Corridors of their alignment.

1. ————— Mombasa-Malaba-Katuma Corridor
2. ————— Dar-es-Salaam-Dodoma-Isaka-Mutukula-Masaka Corridor
3. ————— Biharamulo-Mwanza-Musoma-Sirari-Lodwar-Lokichogio Corridor
4. ————— Nyakanazi-Kasulu-Sumbawanga-Tunduma Corridor
5. ————— Tunduma-Iringa-Dodoma-Arusha-Namanga-Moyale Corridor
6. - - - - - Sections/Links connecting with East Africa neighbours; those of interregional connectivity

Projects in the Roads Sector

- a) **Coordination of the implementation of the Arusha – Namanga – Athi River Road development project – US\$ 137 million loaned to Tanzania and Kenya by the JBIC and ADB;**
- b) **Procurement for consultancy services of the studies for the Arusha – Moshi – Holili – Voi Road and Malindi – Mombasa – Lunga Lunga / Horohoro – Tanga – Bagamoyo Road - US\$ 5.3m grant resources from ADB;**
- c) **Procurement for consultancy services and execution of the study for the 10 years EAC Roads Development Program - US\$ - 1.5 million from ADB;**

Projects in the Roads Sector

- d) Coordination of the implementation of the East African Trade and Transport Facilitation Project – US\$ 9.33 million for the regional components grant resources from ADB**
- e) Hosting of the next EAC Roads development Partners Consultative meeting was held in May 2008 – budget US\$ 162,000; and**
- f) Implementation of the study to assess the transportation bottlenecks along Northern and the Central Corridors**

Railways Sector

- **Execution of the of the EAC Railways Development Master Plan. by the Partner States. Final Report among others:**
 - **Establishes the key missing and possible new railway links and inter-connectors;**
 - **indicates proposals on effective management, operations, ownership, financing of railways in the region;**
 - **highlights an evaluated and prioritized list of railways business cases for investments in the region; and**
 - **proposes a package of railways policy reforms to support the growth of this sector**
 - **Advises on the suitable gauge to adopt for the region**

Postal and Telecommunication

- Study on harmonisation of regional Communications Regulatory Strategy Completed and Strategy Adopted



- Development of comprehensive Communications Strategy for Lake Victoria Basin is on-going;

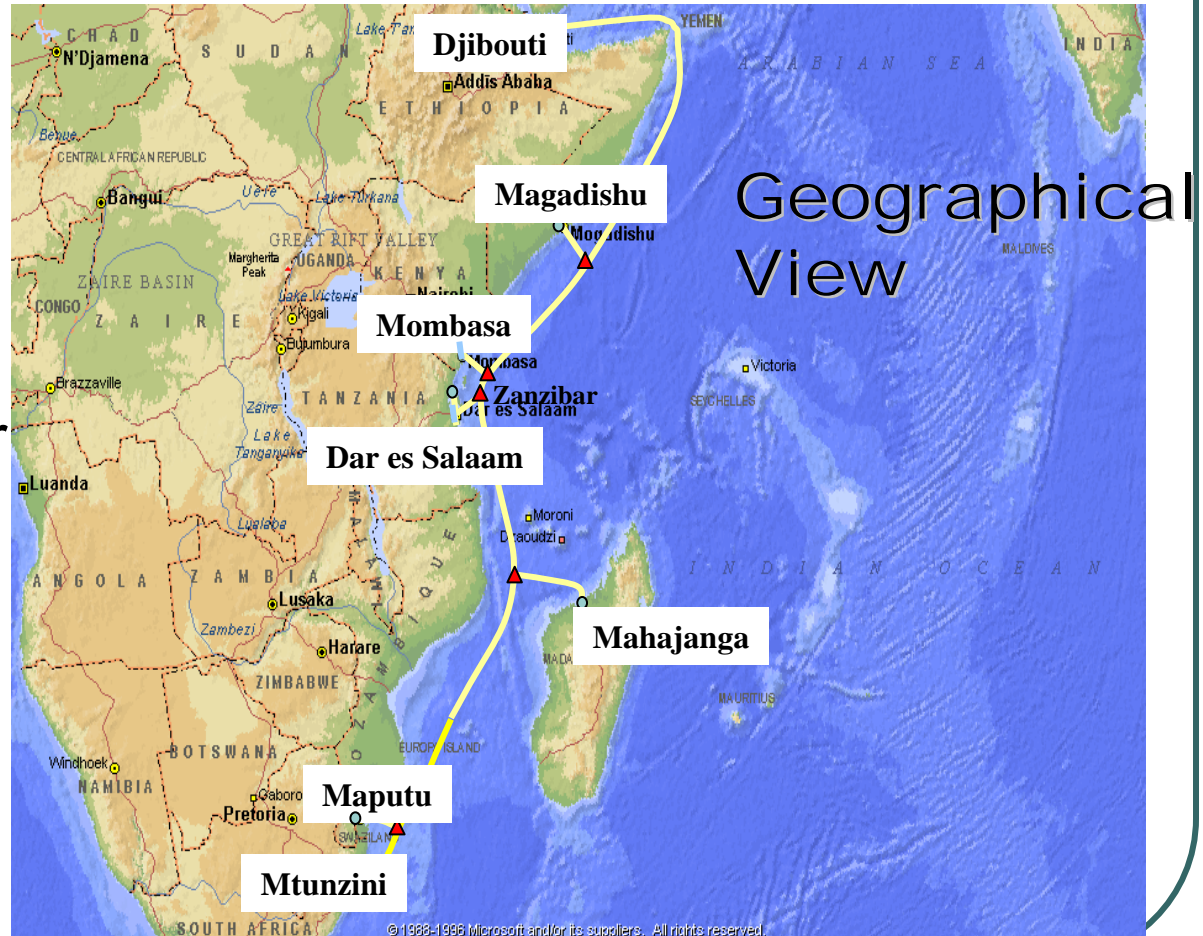
Postal and Telecommunication

.....contd.

- Study on regional interconnection, including harmonization of telecommunications tariff in the region is on-going
- Implementation of the East African Postal Automation project is on-going.
- A study on the EAC Broadband Infrastructure Network (EAC-BIN), funded by the AfDB.

Postal and Telecommunicationcontd.

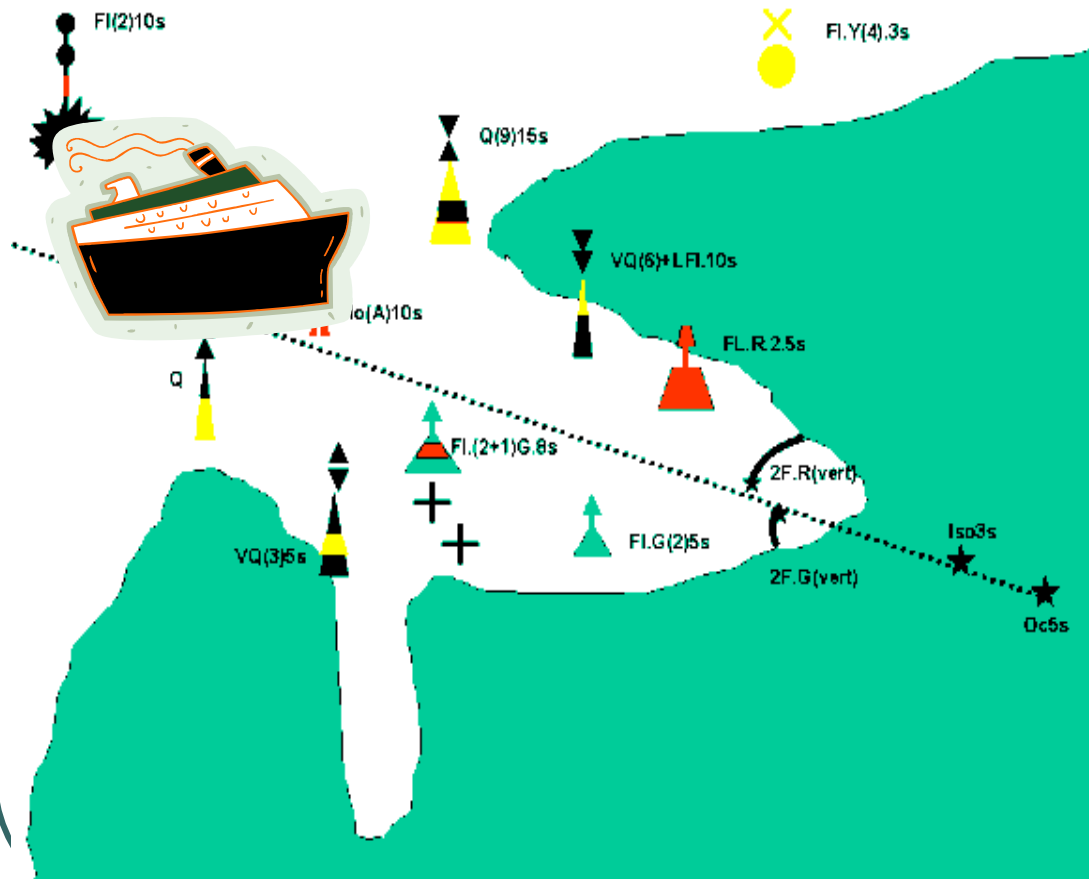
- Development of East African submarine fibre optic cable system (EASSy) Project by a Private Sector Consortium with international gateway licence.



Civil Aviation

- Implementation of the Tripartite Agreement on Search and Rescue is on-going;
- There is an MoU on Cooperation in the implementation of the International Civil Aviation Organisation's Safety Audit recommendations;
- CASSOA has been set up and is operational
- MoU on cooperation in Aviation Security and Safety in the region.
- A Joint Competition Authority (COMESA-EAC-SADC) has been established to oversee the air transport liberalization process

Inland Waterways



- Major focus is on the enhancement of Navigation Safety on Lake Victoria.
- Lake Victoria Transport Act 2007 enacted.
- Collaboration on the Lukuga Dyke Project

**As a result of prudent
macroeconomic
management of the regional
economies, govts borrow
less and repay loans freeing
up resources to be used by
private sector.**

Investment Opportunities

- EAC has the things that the world needs and we are aware of that.
- Prudent macroeconomic mgmt of regional economies by govts implies that there is less borrowing and more resources are freed up for use by private sector
- One market one destination is the ultimate aim of the EAC. Population is estimated at 125million with a combined GDP of 66 billion USD

Opportunities Cont'd

- Poor Infrastructure is a major constraint to growth and development in EA
- Huge opportunities therefore exist for investors in surface transport (road, rail, waterways, and pipeline) and air transport
- Kenya and Tanzania have huge potential to service landlocked neighbours namely Rwanda, Burundi, DRC, Malawi, Zambia, Southern Sudan. Govts now focus on a regional approach/context to infrastructure investment. Canada has a serious opportunity here

Opportunities cont'd

- Canadian companies facing domestic cost constraints should look at EA as the next frontier. Imagine a location where returns on investment is over 60% in the globe today!
- Regulatory framework has been a concern but is being addressed profusely by our Govts to facilitate infrastructure with a regional dimension. PPP is in the pipeline.
- Serious potential in privatisation /commercialisation of major natural monopolies such the port of Mombasa, Tanga, Lamu, Bagamoyo, Dar es Salaam
- Kenya Uganda Railway needs to be modernised as it has become a museum! It needs to be extended with same gauge to Rwanda and Burundi and even beyond. Concessioneing of the rail line with feeder lines is a major opportunity
- Many highways have been earmarked for concessioneing
- Consultancy services available in the construction of infrastructure projects
- Canadian companies are invited to participate in the bidding of international tenders for infrastructure projects. They are very lucrative!
- There enormous opportunities for offering financial services for these projects

Opportunities cont'd

- In civil aviation one would invest in the running of light aircrafts and even big ones,
- Airport services- can also be concessioned. Quality of life in EA has improved over the years and many people can afford chartered flights and there is sustainable demand for overall air transport in the region as a result integration efforts and a thriving tourism industry



Opportunities cont'd

- Infrastructure bonds are on trials especially in Kenya.
- Infrastructure drives technology which is fast changing globally. This means tremendous opportunity for investors
- We as a community share the second largest fresh water lake in the world after lake superior which is resident here in Canada as a transboundary resource. All the infrastructure opportunities related to the lake abound in EA. These include inland waterways, ports, liquid and solid waste management are a huge chance to make money for Canadian companies.

Opportunities cont'd

- For the Diaspora- brain gain vs brain drain
- I believe that EA in the Diaspora want to make an impact back home which is an incentive powerful enough to want to come back or invest from abroad. Life has improved. People can afford buying therefore you can make money. Your countries offer returns which are significantly and unbelievably higher than in many other parts of the world up to 50%-60%

**THANK YOU FOR YOUR
ATTENTION**