

## East African Community: Improving Infrastructure for Regional Integration and Facilitating Investment

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# Outline

- CPCS
- EAC Infrastructure Needs
- Private Sector Participation (PPP)
- Next Steps



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# CPCS

- Canadian consultants specializing in private investment in infrastructure
- Began in 1969 as a subsidiary of Canadian Pacific Railways
- Experience in more than 80 countries



CPCS Experience in Africa (blue)



# Major Accomplishments

- Enabled private investment in 9 railway systems in Africa (7 complete, 2 ongoing), including concession of Tanzanian Railway.
- Enabled private investment in ports in 8 countries in Africa (6 complete, 2 ongoing), including Dar es Salaam container terminal.



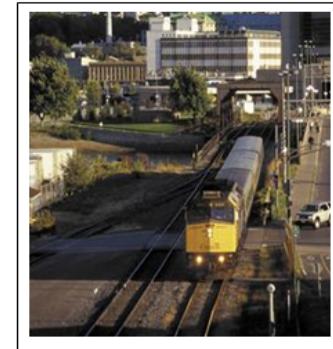
# Recent Projects in East Africa

- East African Community Railway Master Plan
- Dar es Salaam Waterfront Development
- Dar es Salaam 2<sup>nd</sup> Container Terminal Prefeasibility Study



**East African Railways  
Master Plan Study**

**Final Report**



Prepared for:

East African Community

Prepared by:

**CPCS**

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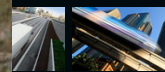
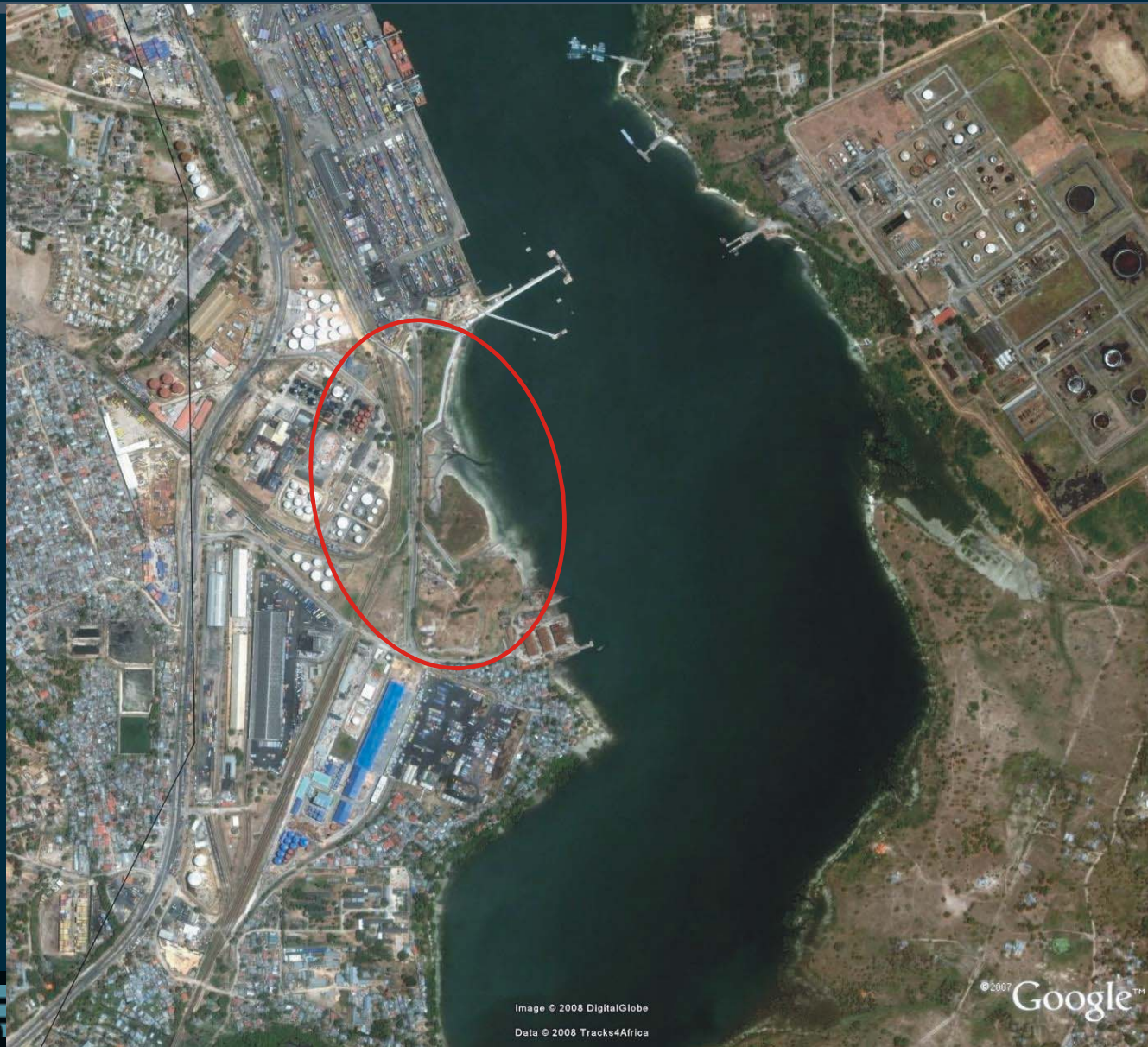




# Dar es Salaam Waterfront



# Dar es Salaam 2<sup>nd</sup> Terminal



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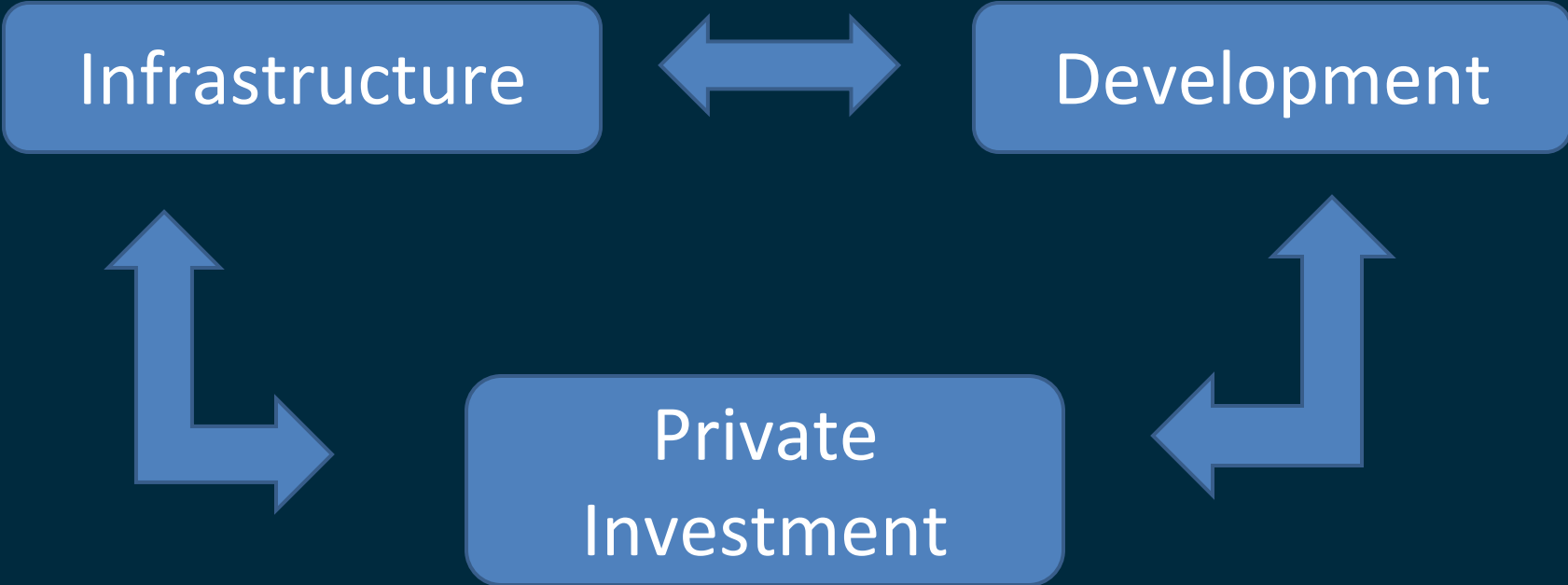


# EAC Population Projections

	<b>2007</b>	<b>2010</b>	<b>2030</b>	<b>2050</b>
Burundi	8,496	8,519	11,936	14,846
Kenya	37,531	40,863	63,199	85,410
Rwanda	9,736	10,277	16,104	22,082
Tanzania	40,432	45,040	75,498	109,450
Uganda	30,916	33,796	60,819	91,271
<b>Total EAC</b>	<b>127,111</b>	<b>138,495</b>	<b>227,556</b>	<b>323,059</b>

Source: World Bank and United Nations.





# EAC's Infrastructure Efforts

- Isaka-Kigali Railway
- Study of Navigability on the River Akagera
- Great Lakes Railway Study
- Kampala BRT Pre-feasibility Study
- Nairobi commuter rail plans
- Bagamoyo Port Feasibility Study
- 2nd Container Berth at Dar es Salaam
- Feasibility study for development of the Lamu-Juba Corridor



# EAC's Infrastructure Needs

- Transportation Infrastructure – among the main bottlenecks to productivity growth and competitiveness, social/economic development, and regional integration.
  - The impact is particularly severe for landlocked countries (Burundi, Rwanda, Uganda)
- Efficient infrastructure and associated logistics services are **CRITICAL** to attracting FDI.



# Roads

- Nearly 90% of Africa's passenger and freight traffic is on road.
  - An integrated system of expressways, local roads and feeder roads is essential to development in the 21<sup>st</sup> century
  - Roads maintenance and expansion of the road infrastructure should be the no. 1 priority



Source: EAC, Overview of Regional Road Infrastructure Projects, 2008.



# Railways

- Railway sector and associated rail/marine services have potential to play an important role in the development of the EAC
- Economic value for railways comes from freight/goods transport especially for imports and exports
  - The existing networks are expected to carry 16 million tonnes by 2030.
- Efficient connection with the two sea ports – Mombasa and Dar es Salaam – is critical.



# Waterways

- Waterways in EAC and its neighbouring states have great potential for providing competitive alternative transport routes.
- The role of waterways is less now but still has strong economic value that is under-exploited
- Transport on Lake Victoria should be encouraged and the recent initiative of Rwanda to look at the Kagera/Akagera River is sensible
- If Southern Sudan joins the EAC, the Nile River could be an important link again



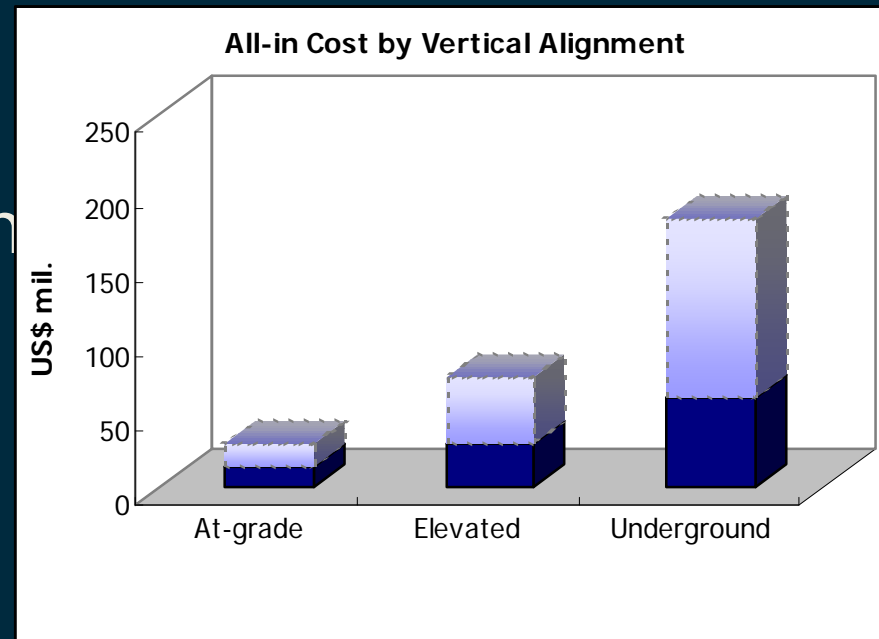
# Urban Transport

- Public transport is very important in all cities and towns in the region
- Assuming 50%, the urban population in 2050 will be **160 million!!!!!!**
- The largest cities must looking seriously at mass transit options. The options are: Bus, Bus Rapid Transit (BRT), Light rail, Heavy rail, and Monorail



# Approximate Costs of Infrastructure

- Full BRT systems cost about \$4 million per km
- Rail systems will cost approximately \$20 million per km for a normal system with stations every 2 km or so
- Elevated systems, including monorail, cost about double



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# Private Sector Participation

- Given high cost of fixed infrastructure, the private sector will not be able to undertake 100% of the project
- But the private investment is needed to provide operating expertise and **reality**
- A separation of roles is best
  - Government can provide the infrastructure (as it does for public roads)
  - The private sector will provide the trains or buses or boats and operate the system at its own risk

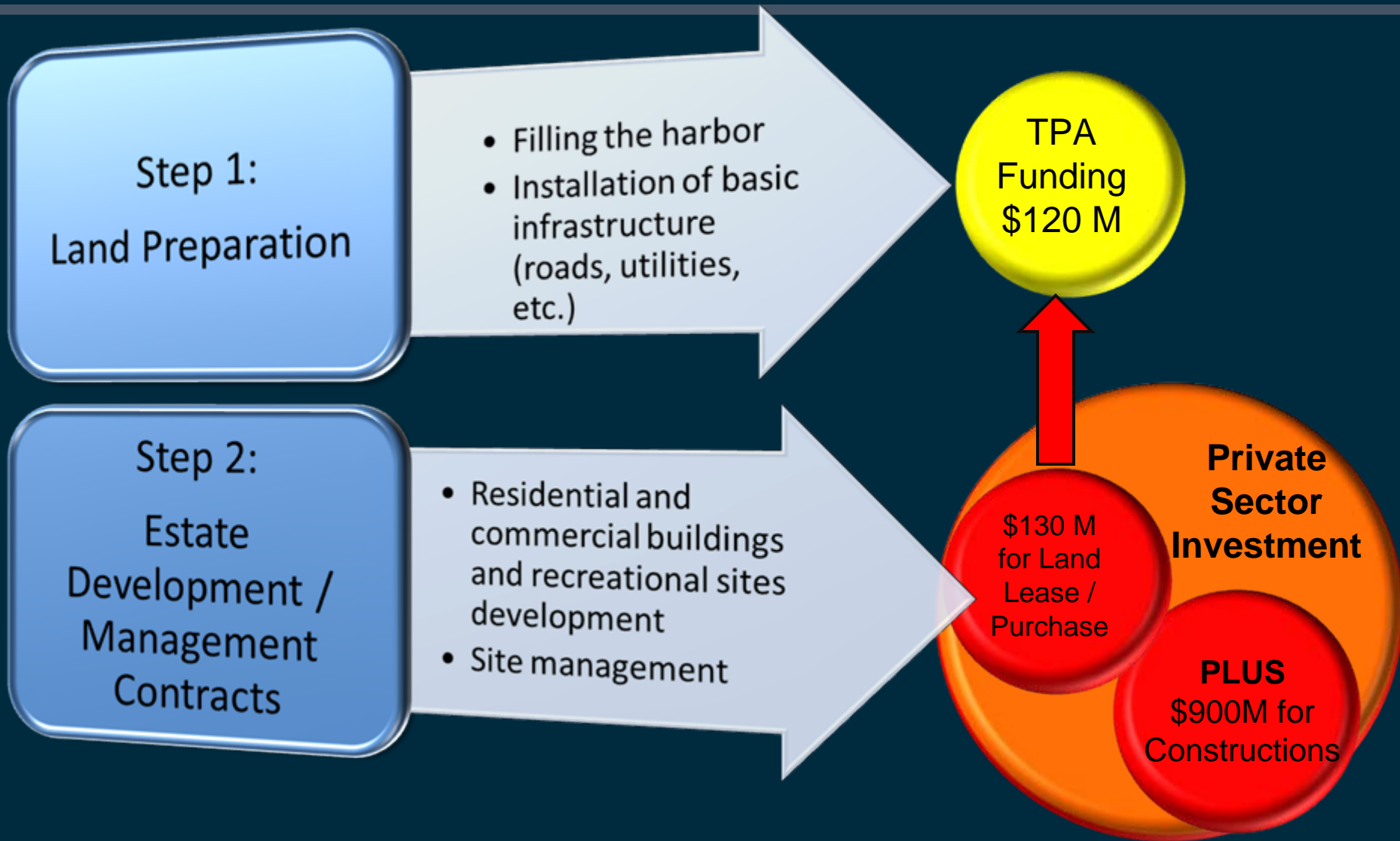


# Not Always Easy

- Uganda and Kenya have given notice to RVR that they intend to terminate the railway concession
- Uganda and Kenya have to assume their role as owners of the infrastructure and arrange for rehabilitation
- Unless the governments want to resume control of train operations, they should appoint advisors and begin to look for replacement investors
- The new concessions should exclude the Port Bell Line to allow access to Lake Victoria and the Port of DSM
- The concessions should also allow for development of urban rail services in Kampala and Nairobi



# Example: Dar es Salaam Waterfront



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# Integrated Inter-Regional Transport

- Key to Attracting FDI:
  - Enabling environment for businesses & efficient logistics network.

	<b>Doing Business</b>	<b>Competitiveness</b>	<b>Logistics</b>	<b>Logistics - Infra.</b>
Burundi	177	132	113	62
Kenya	82	93	76	100
Rwanda	139	-	148	148
Tanzania	127	113	137	122
Uganda	111	128	83	99

Sources: World Bank, Doing Business 2009 & Connecting to Compete: Trade Logistics in the Global Economy 2007, and World Economic Forum, Global Competitiveness Report 2008-2009.



# Integrated Inter-Regional Transport

- Develop integrated inter-regional transport network with:
  - Harmonized regulatory/legal framework;
  - Efficient multimodal connections;
  - Efficient infrastructure operation with private and public participation
- Develop missing links
- Harmonize and simplify cross-border transport procedures



# Thank You

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