

Economic Arteries – Corridors of Movement for Goods and People.



The Canadian-African Chamber of Business
2015 Infrastructure Program Day
September 10, 2015, Toronto.

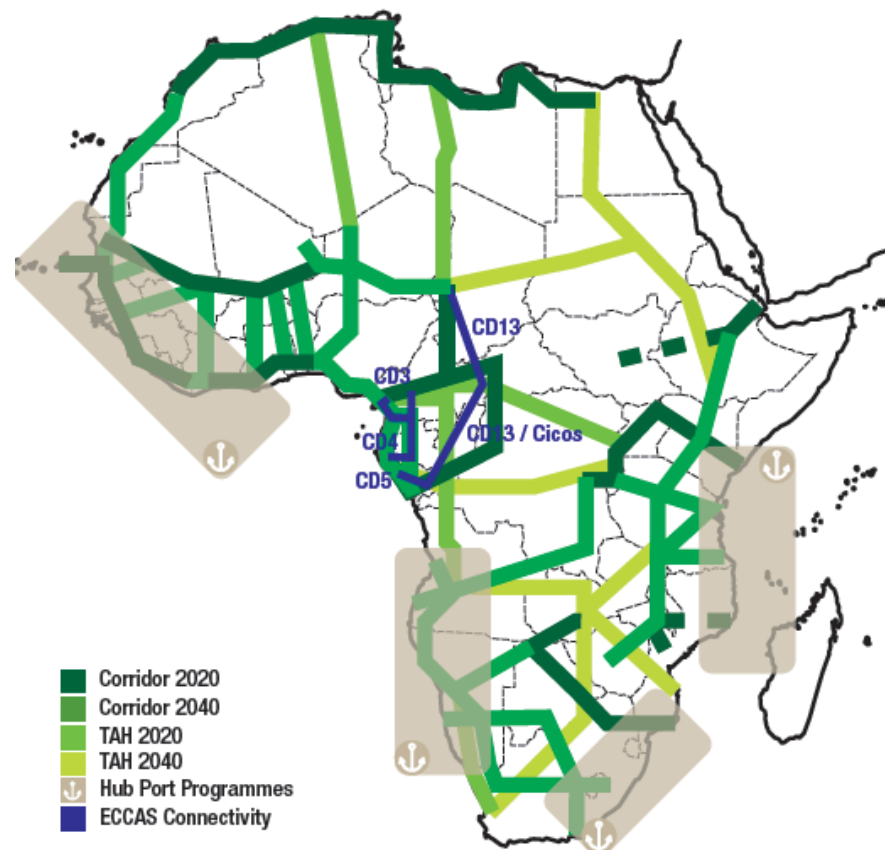


Key Characteristics

The PIDA transport programme links the major production and consumption centres, provides connectivity among the major cities, defines the best hub ports and railway routes and opens the land-locked countries to improved regional and continental trade.

- Covers smaller and defined geographic space, straddling a central transport artery;
- Highlights bilateral rather than multilateral initiatives, mainly at border crossings between two countries;
- Stresses physical planning of the corridor and its surrounding area for focused infrastructure development that will yield maximum benefits.
- Strong public-private partnerships, which promote sustainability.

PIDA's Transport Impact



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Corridor Development Stages

Cross-cutting issues such as social, environmental and institutional capacity concerns should be considered at each stage.

| Stages of Corridor Development | | | | | |
|--------------------------------|------------------|---|---|---|--|
| Stage | Type of corridor | Definition | Instruments | Interventions | Rationale |
| 1 | Transport | A route that physically links an area or region | Physical infrastructure—a road, a railway, a river, etc.—that serves to integrate economic activities in a region | <ul style="list-style-type: none"> The establishment, strengthening and improvement of transport links and associated elements, such as carrying capacity, the quality of the infrastructure, border facilities and safety measures The encouragement of multi-modalism | To diversify transport alternatives and use resources such as land and rivers sustainably, so as to move vehicles in an efficient and cost-effective manner |
| 2 | Multimodal | A route that physically links an area or region with more than one mode of transport | Several modes of physical Infra- structure—a road, a railway, a river, etc.—that serve to integrate economic activities in a region | | |
| 3 | Logistics | A corridor that has harmonized its institutional framework to enable the efficient flow of goods and services | Measures to harmonize a corridor's policies, regulations and institutional framework to facilitate cross-border transport and trade | <ul style="list-style-type: none"> The harmonization of the corridor's policies, regulations and institutional framework The creation of cross-border trade agreements The simplification, standardization, and promotion of information and communication technology; the establishment of logistics centers The upgrading of border areas and the correction of infrastructure deficiencies The provision of related services such as storage, warehousing, trucking, insurance, and freight management | To facilitate the efficient movement of both people and goods; to reduce travel times and by extension the cost of doing business within the region and overseas |
| 4 | Economic | A corridor that attracts investment and generates economic activity and benefits surrounding regions | Infrastructure and various measures to foster economic, social and spatial development | <ul style="list-style-type: none"> The promotion and facilitation of investments in industries such as agribusiness and other natural resource-based businesses, both small and large The encouragement of trade, for example in the form of roadside shops The promotion of tourism, including rest houses and hotels The provision of schooling, health facilities, and other social advantages The improvement of other infrastructure, such as water and power, to link priority areas; the correction of infrastructure deficiencies The creation of investment forums; the marketing of business opportunities in key industries; the establishment of special economic zones where appropriate; the dissemination of investment policies, rules and regulations; measures to approve business licenses efficiently and effectively; the provision of micro financing; and other measures | To promote economic and social development by maximizing the use of transport infrastructure and reducing poverty around the corridors |

Extraction vs Economic (value) Corridors

Corridor development allows economies to access trade supply chains – but long-term stakeholders are critical

Extraction Corridor

- Single or two commodity flows.
- Narrow skill development
- Potential to attract major multinational investment from multinationals – but
- Finite life cycle of the project.
- Export oriented development.
- Viability is based on a single center of a commodity and product.
- Temporary GDP growth and economic marginalisation of some sectors of the population
- Lever for sustained growth and development

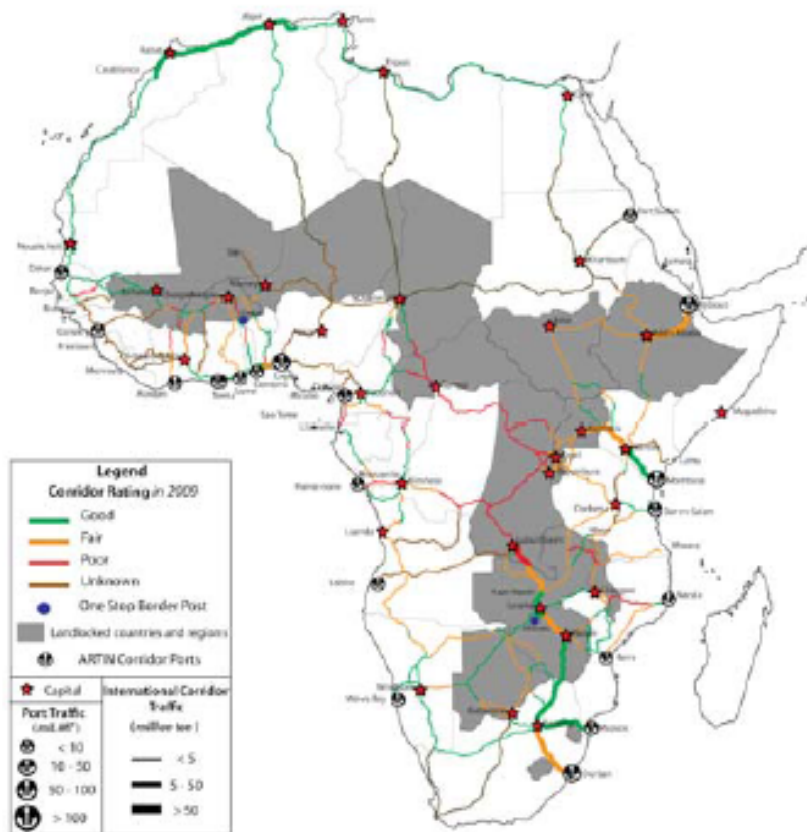
Economic (Value) Corridor

- Multiple trade flows,
- Diversified skill
- Creates optimal economic benefits to citizens
- Balanced and diversified flows create a sustainable and infinite project.
- Import, export and intermediate trade flows
- Focus on domestic and regional consumption
- Based on establishing & enhancing the viability threshold of EWPs.
- Balanced economic growth that leads to economic transformation
- Growth generally slower than and requires larger amounts of government investment than resource driven economies.

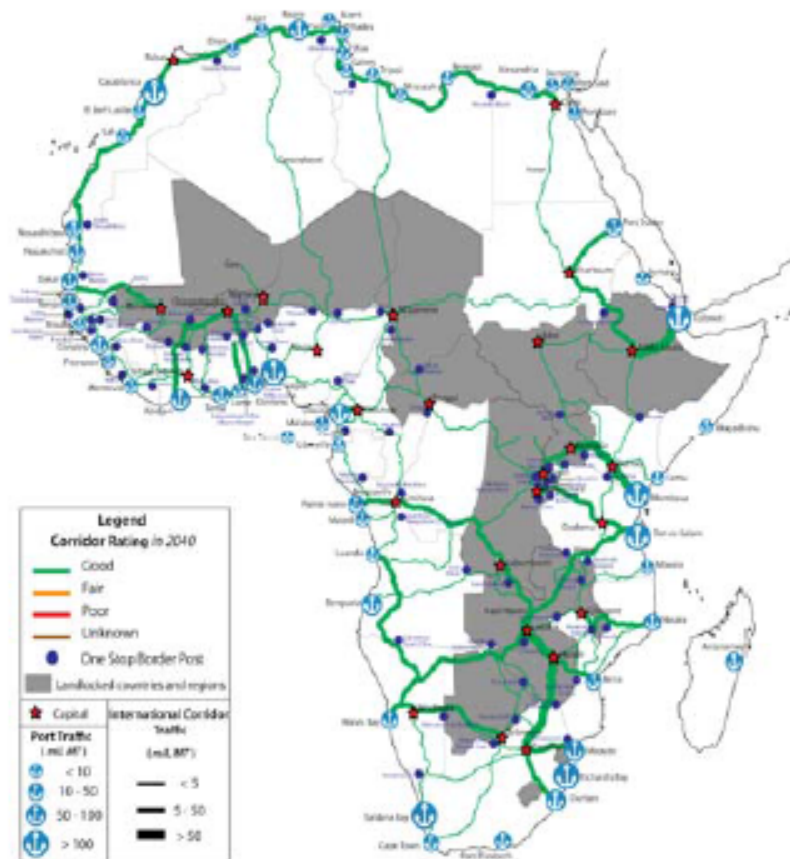
Africa's Corridors

Transport efficiency gains will be at least \$172 billion in the African Regional Transport Integration Network (ARTIN), with the potential for much larger savings as trade corridors open.

a. 2009



b. 2040

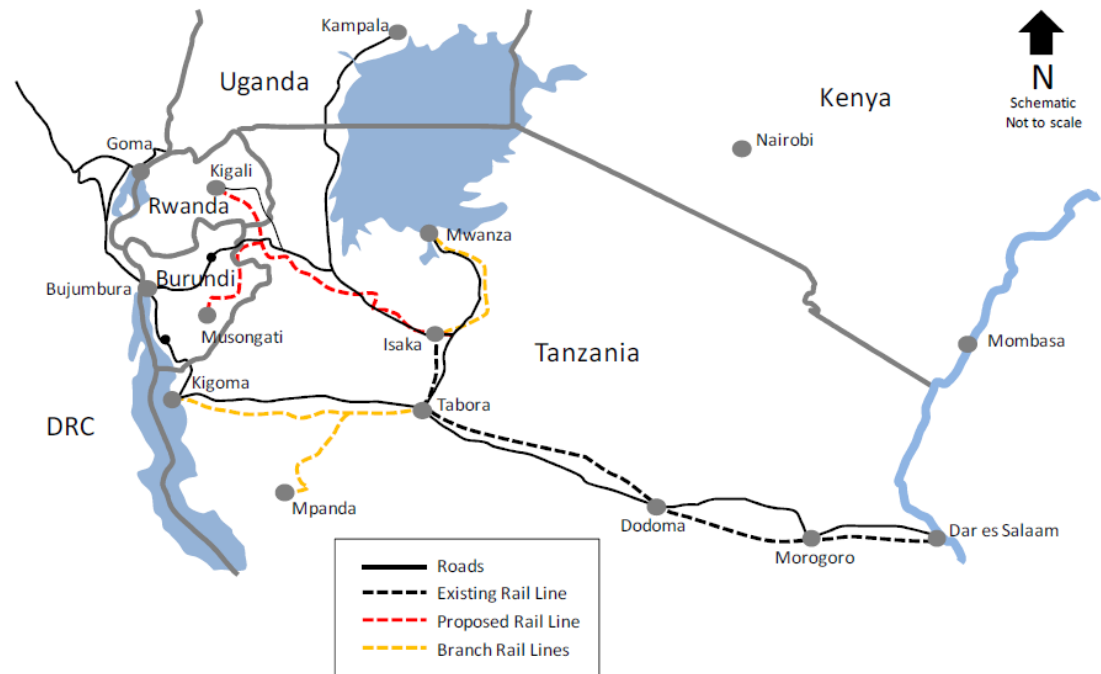


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The Central Corridor: A Case Study

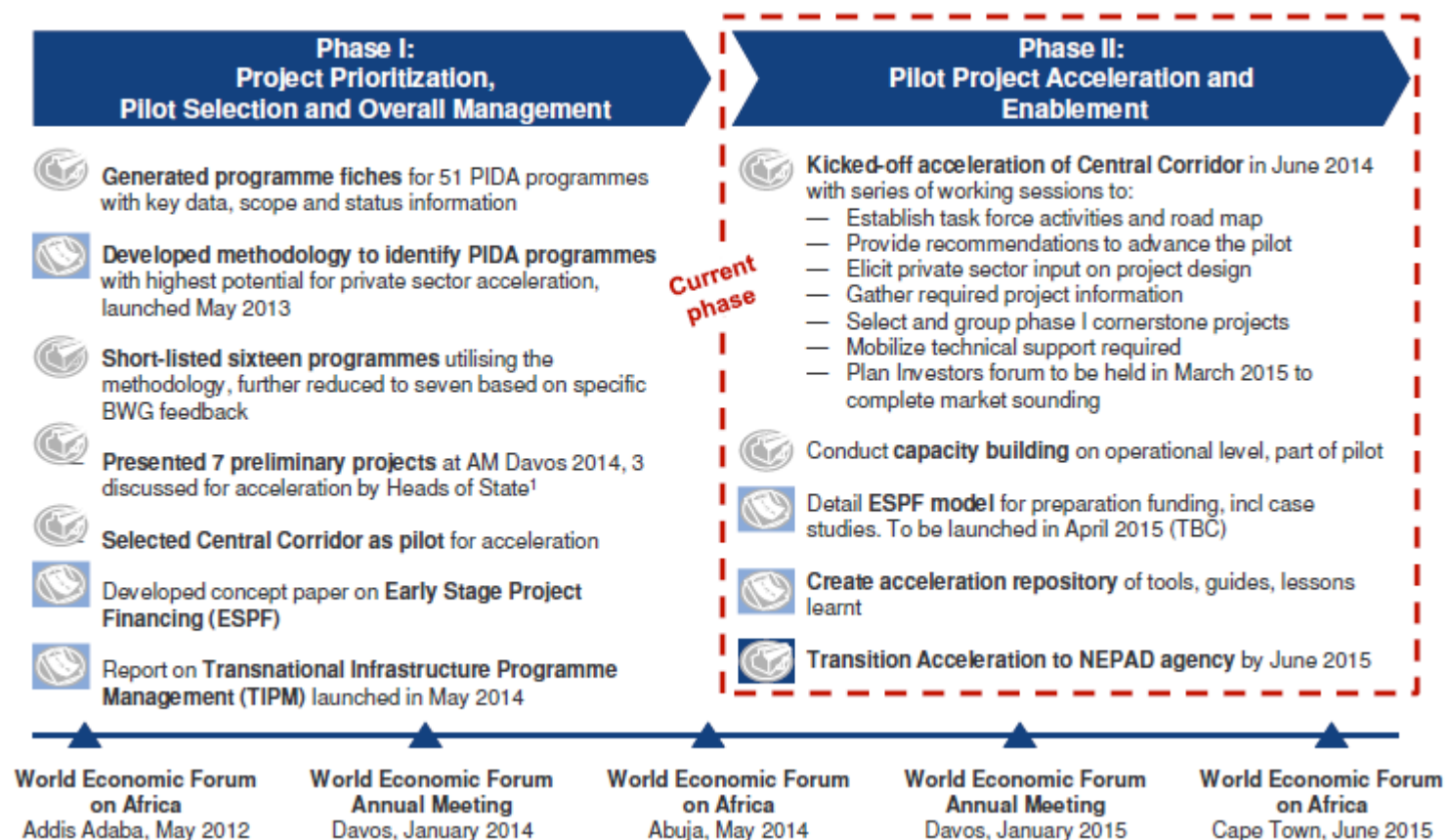
Various studies undertaken in the last 5 years justify the economic viability of the corridor in comparison to other corridors in the region.

- The Central Corridor is a multi-modal trade and transport corridor within the East African Region
- Combination of road and railway networks linking the port of Dar es Salaam to Rwanda, Burundi, Democratic Republic of Congo and Uganda.
- It has been the most cost effective Corridor in the region due to its geographical location and its abundant investment opportunities.



The Central Corridor: Prioritization Process

23 corridor projects selected for evaluation and which are now ready for investment from global investors



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The Central Corridor: Shortlisted Projects

Private funding sought to address the persistent insufficient investment in transport infrastructure to accommodate the ever increasing demand for the movement of people and cargo in the region and reduce the current burden on national government budgets

| Group | Number of projects | Project names |
|--|--------------------|--|
| A Private finance opportunities <ul style="list-style-type: none"> Generating a revenue stream Feasibility or Prefeasibility reports available Finance proposed models developed | 4 | <ul style="list-style-type: none"> Dar Port Berths Development (Tanz) Dar-Isaka-Keza-Kigali-Musongati Railway Line (Multi) Isaka-Mwanza Rail Line (Tanzania) Dar-Chalinze Toll Road (Tanzania) |
| B Private finance opportunities (under development) <ul style="list-style-type: none"> Generating a revenue stream Bankable feasibility required | 4* | <ul style="list-style-type: none"> Navigability of the Akagera River (Rwanda) Port Bell & Jinja Pier Upgrading (Uganda) Kigoma Port Mwanza South Port |
| C Development finance opportunities <ul style="list-style-type: none"> Not revenue generating Feasibility or Prefeasibility reports available Economic justification | 6 | <ul style="list-style-type: none"> Nyahua - Chaya Road (Tanzania) Malagarasi-Uvinza Road (Tanzania) Kyotera-Mutukula Road (Uganda) Ruhwago-Bujumbura-Rumonge-Mugina Road (Burundi) Ngoma-Bugesera-Nyanza Road (Rwanda) Port Kalundu-Uvira-Bukavu-Goma-Rutshuru-Bunagana Road (DRC) |
| D Other finance opportunities <ul style="list-style-type: none"> Mix of income generating and public sector Prefeasibility required | 8 | <ul style="list-style-type: none"> Port: Lake Tanganyika (Kigoma –Bujumbura) (Burundi) Bukavu Kisangani road (DRC) Urambo – Kaliua Missing Link road (Tanzania) Kazilambwa – Chagu Missing Link Road (Tanzania) Uvinza –Musongati Railway Line (Tanzania) Kalemie – Kindu – Kamina – Lubumbashi Rail (DRC) Tabora – Kigoma & Kaliua -Mpanda Rail (Tanzania) Highway to Bugesera (Rwanda) |

Port Bell and Jinja combined



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South African Corridors

The National infrastructure Plan with 18 identified Strategic Integrated Projects (SIPs) has been developed and adopted by Cabinet and the PICC to transform “*the structure of the economy into a more employment-friendly, equitable and inclusive trajectory.*”

1. Catalytic

Northern Mineral Belt

Durban-Free State-Gauteng Development Region

South-Eastern Node and Corridor

Saldanha-Northern Cape Corridor

2. Enabling socio-economic development

Greening the South African Economy,
Electricity Generation, Electricity Transmission
and Distribution, Water and Sanitation

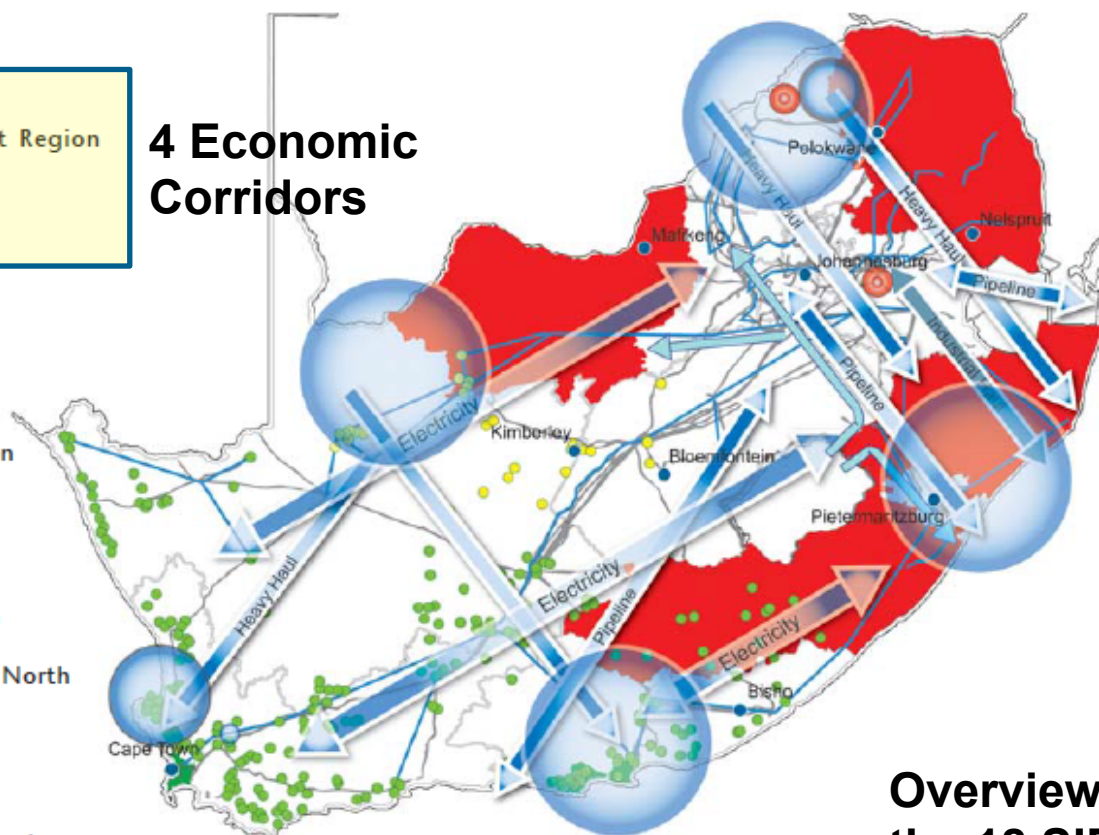
Municipal, Agro-logistics and Rural
Infrastructure, Urban Spatial
Re-organisation and Regional Integration

Unlocking the economic opportunities in North
West Province

3. Cross-cutting

Information and Communication Technologies,
National school build and Higher Education,
Revitalisation of public hospitals

4 Economic Corridors



Overview of
the 18 SIPs

NEW CENTRES OF ECONOMIC GROWTH IDENTIFIED ABOVE



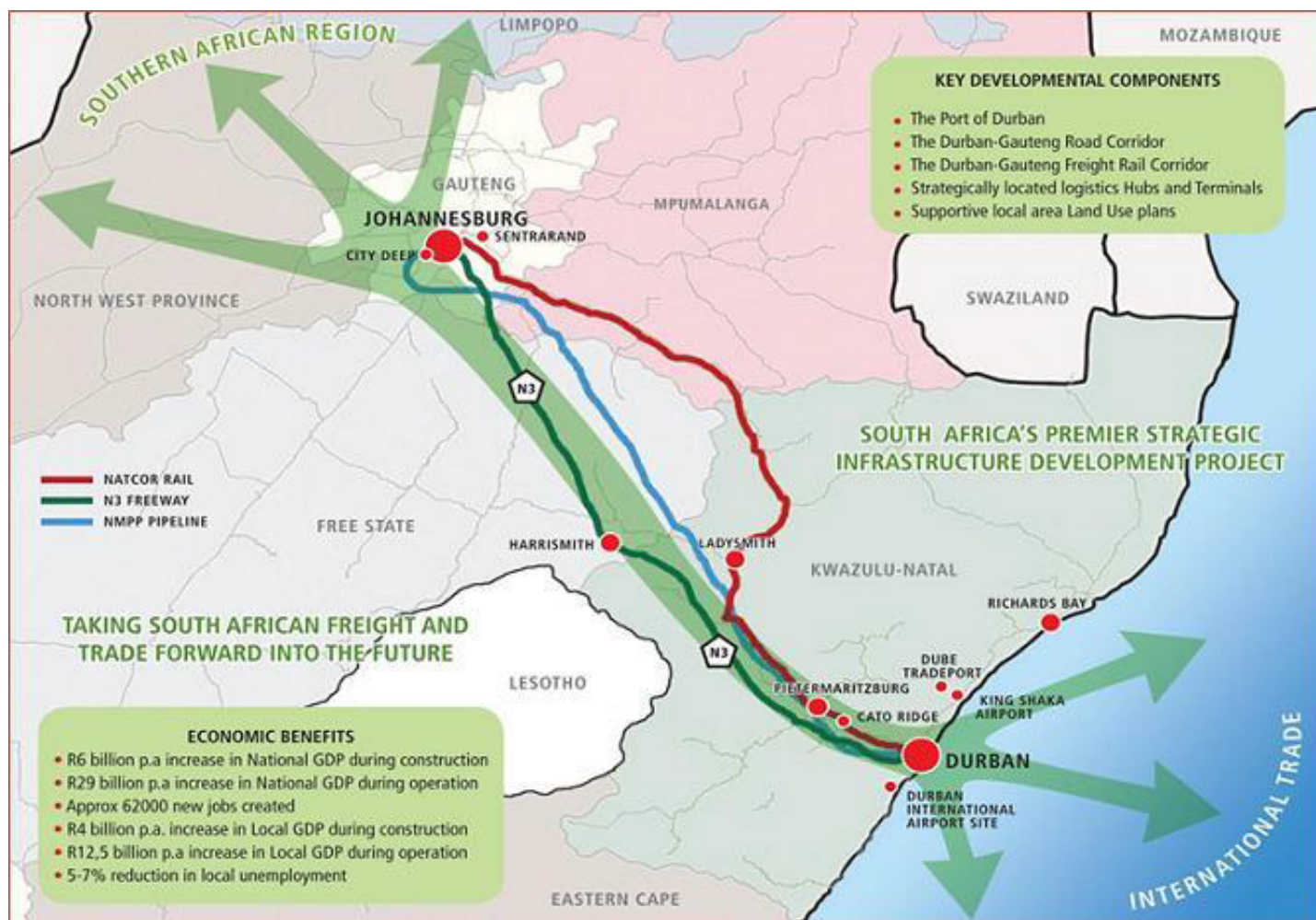
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SIP 2: Durban-Free State-Gauteng Corridor

The Durban – Free State - Gauteng logistics and industrial corridor forms the backbone of South Africa's freight transportation network and is vital in facilitating economic growth for the country and the Southern African region.

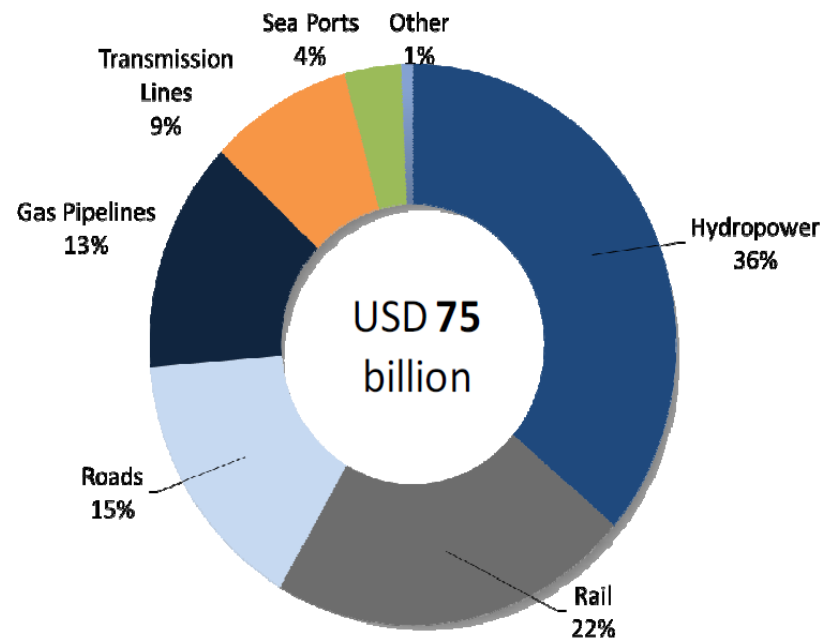


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Concluding Remarks

“Corridors must be viewed as engines of regional development in themselves and not only as conduits to growth and regional integration”

- Economic corridors are more than just transport corridors
- Can facilitate regional integration and trade but can also address other social issues such as poverty, particularly in catchment regions.
- Needs coordinating of the social, economic and physical development of the corridors and their surroundings.
- Regional harmonization of policies and social and economic strategies
- Strong potential for private sector involvement;
 - Planning
 - Funding
 - Building
 - Operating



Estimated investment by sector for PIDA

Source: Aurecon (March 2014); PIDA Stakeholder's Round table (November; 2014)

Thank You

Questions?

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