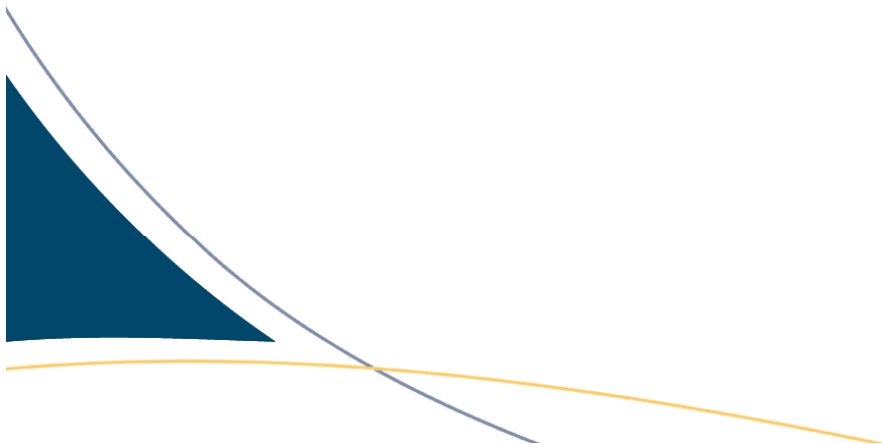




EC Continental Infrastructure Seminar

COMESA Priority Investment Plan





Outline of Presentation

- Introduction
- Objectives
- Harmonisation of Policy and regulatory framework
- Infrastructure Projects Development
- Funding
- Challenges and Opportunities
- Conclusions





Introduction

- One of the COMESA MTSP six strategic objectives is to effectively address supply side constraints related to the improvement of infrastructure and other related issues in the region in order to reduce the cost of doing business and enhance competitiveness.
- Infrastructure development is necessary to improve resource access, sharing and efficiency in the region to provide basic needs, such as water and electricity. The 16th COMESA Heads of States Summit, 23-24 Nov 2012, Kampala, Uganda, took decisions to speed implementation of the power cross borders interconnectivity and energy generation to achieve energy security, trade in energy services and resource sharing. The Summit further endorsed decision to fast track implementation of the transport and communications projects as well as identifications of the COMESA Infrastructure Fund seed investor.



Objectives

- The objective of the PIP is to identify infrastructure and other development projects in the Transport, Communications and energy sectors.
 - These projects will contribute towards regional integration throughout the Eastern and Southern Africa (ESA) region.
 - Supporting a peace and security initiative
 - Facilitating new trade opportunities or opening up a trade corridor
 - Facilitating trade and tourism amongst member States and between the region and the rest of the world
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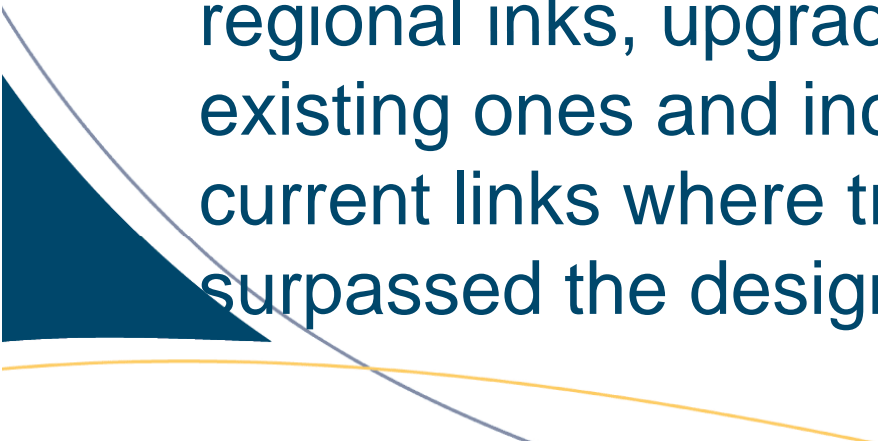


Harmonisation of Policy and Regulations

- Policy and Regulatory Harmonization is a key component in developing both regional economic infrastructures in transport, ICT and Energy and also in facilitation
- The policy provides a framework for the development of national policies which enhance the regional agenda which aims at providing for seamless regional physical connectivity and the smooth facilitation in the provision of transport , ICT and Energy services that are not impeded by regulatory, licensing, administrative and operational bottlenecks to cross border and transit services.



Development of Regional Infrastructure Projects

- Development of physical regional economic infrastructure is essential and critical in reducing the cost of doing business, fostering sustainable market development, trade promotion and enhancing regional integration.
 - The COMESA region has continued to promote the development of infrastructure networks through construction of missing regional links, upgrading and, rehabilitation of existing ones and increasing the capacity of current links where traffic volumes have surpassed the design volumes.
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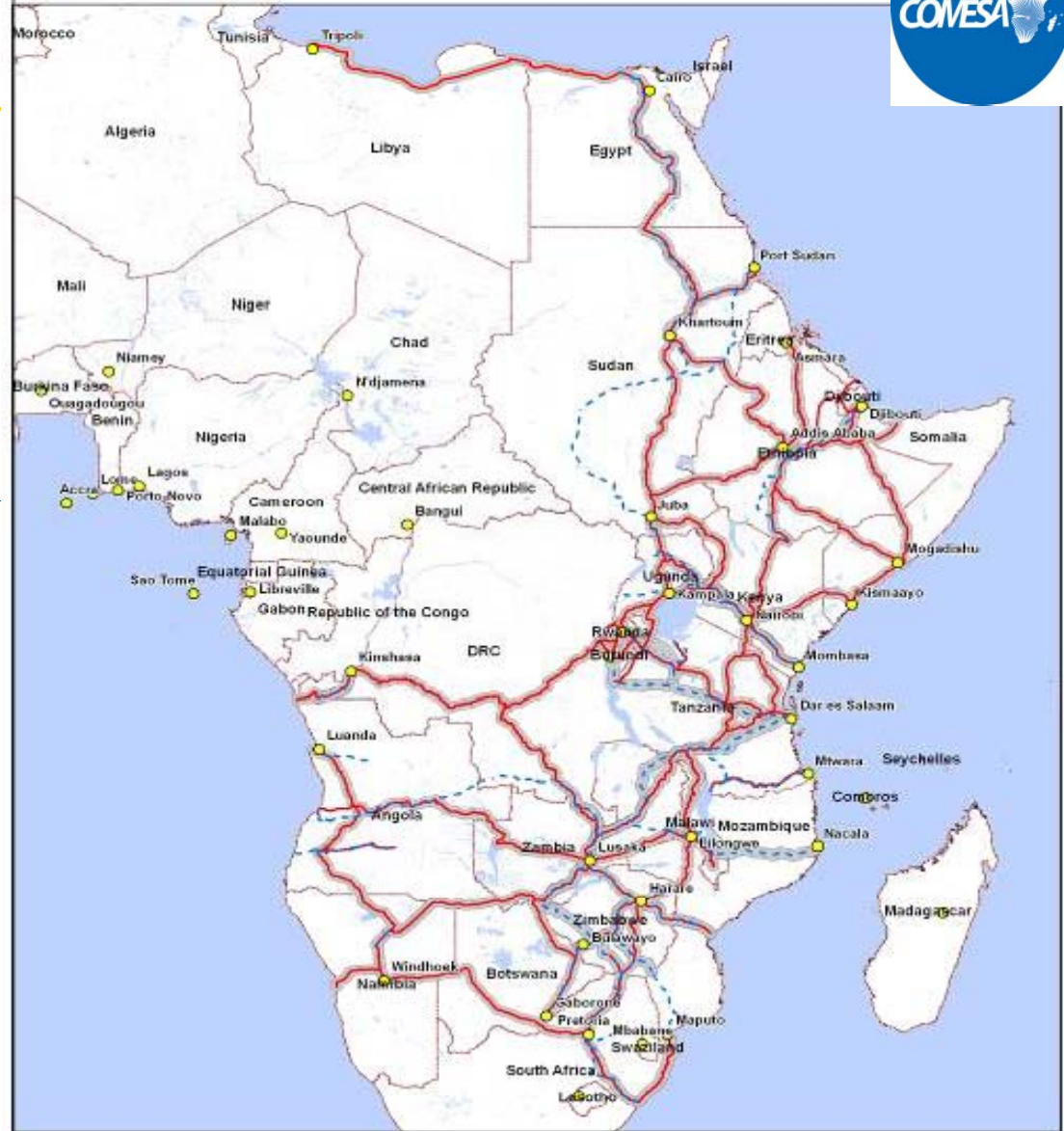
Corridor Approach

- The major transport corridors which include the Djibouti Corridor, Lamu Corridor, the Northern Corridor, Central Corridor, Dar es Salaam Corridor and the North/South Corridor among others.
- There are several projects in the pipeline for construction of new railways along corridors such as Djibouti, Lamu, Nacala and the reconstruction of legacy railway



All corridors

ESA REGION: TRANSPORT AND COMMUNICATIONS STRATEGY AND PRIORITY INVESTMENT PLAN



Legend

- Cities
- River
- - - Rail
- International Boundaries
- Roads
- Corridors



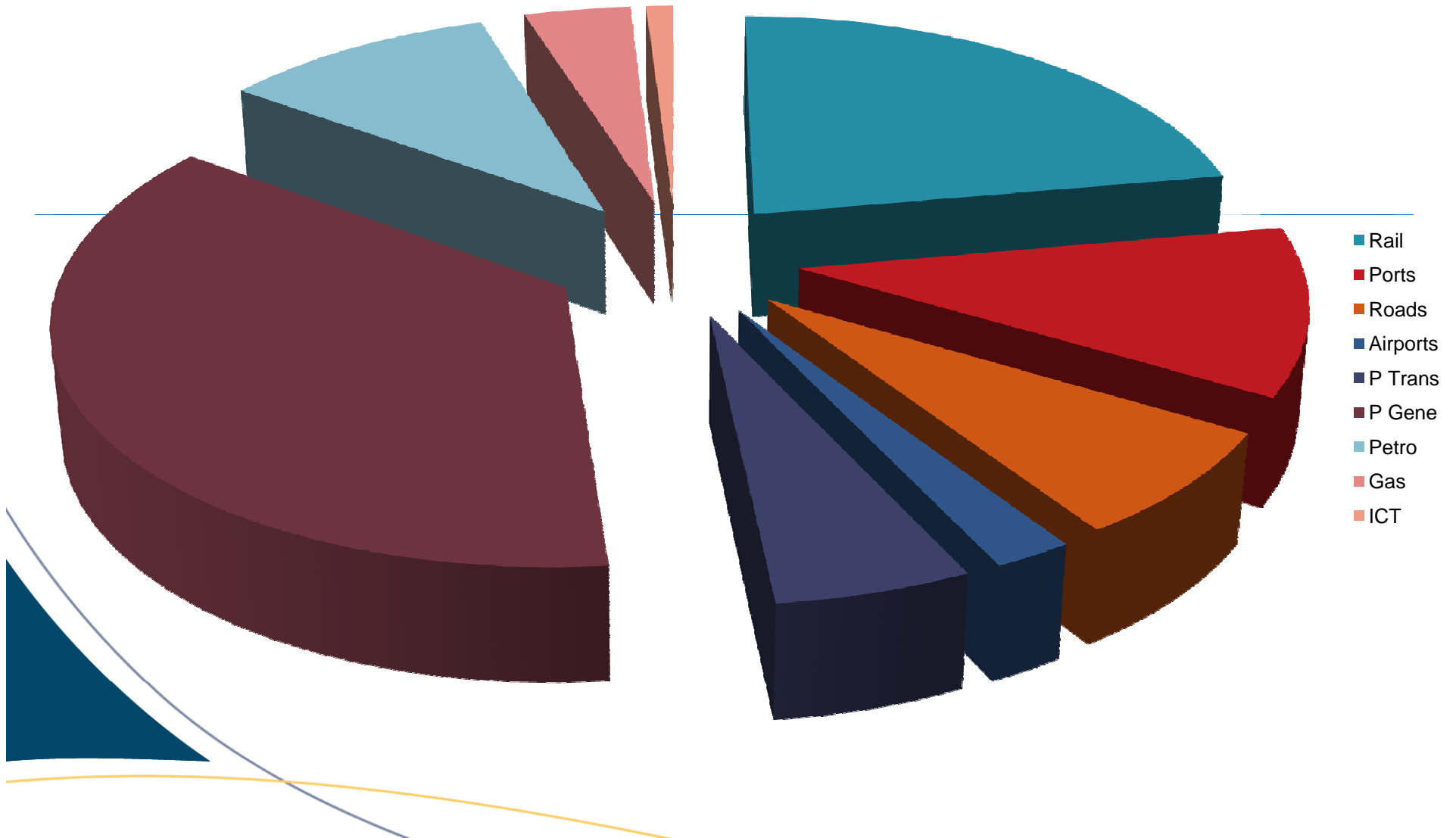
Development of Regional Infrastructure Projects



| Sector | SubSector | Projects for Preparation | | Projects Ready for Implementation | | Total amount in mUS\$ |
|--------------|--------------------|--------------------------|----------------|-----------------------------------|-----------------|-----------------------|
| | | No. | mUS\$ | No. | mUS\$ | |
| Transport | Railways | 7 | 2.5 | 2 | 12,200 | 14,700 |
| | Ports | 1 | 0.4 | 7 | 7,476.0 | 7,476.4 |
| | Roads | 6 | 2,720.0 | 14 | 2,071.90 | 4,791.90 |
| | Airports | | | 5 | 1,461.0 | 1,461.0 |
| Energy | Power Transmission | 4 | 4 | 4 | 3,609.8 | 3,613.8 |
| | Power Generation | 1 | 9.1 | 9 | 24,208.6 | 24,217.7 |
| | Petroleum | - | - | 3 | 6,721.0 | 6,721.0 |
| | Gas | 2 | 2.5 | - | 2,600 | 2,602.5 |
| ICT | Optic Fibre Links | | | | 635.0 | 635.0 |
| All projects | | 22 | 2,733.5 | 44 | 51,027.3 | 53,763.5 |

Composition of Investment

Projects cost





Interventions

| Intervention | Description |
|----------------|-----------------------------------------------------------------------|
| New | New capital investment |
| Upgrade | Upgrading of existing infrastructure |
| Rehabilitation | Rehabilitation of existing infrastructure |
| Periodic | Periodic / routine maintenance of existing infrastructure |
| Operational | Study with a view to changing operations / services |
| Study | Study with a view to changing institutional / regulatory intervention |
| Other | Study with a purpose other than one of the above |



Examples of Projects

- Kagitumba - Kayonza road, Construction of road connecting Rwanda to the Northern Corridor and provide an alternative route to the Gatuna border and Kigali. Feasibility studies complete. 82.0
- Upgrading of the road from the Ethiopian border to Damazin in Sudan. Detailed engineering design completed. 90.0
- Tadjoura Port, Djibouti, Exports of Ethiopian minerals such as potash, Designs already completed, 160.0
- Damieetta Port, Egypt, Increase the capacity of transshipment services, Designs already completed
- 1,690.0



Examples of Projects

- Lamu–Isiolo-Moyale-Nadapal Railway, Kenya, South Sudan, Ethiopia, Construction of a railway line that provides alternative routes from South Sudan to Kenya and Ethiopia, Feasibility study and master plan completed, 7,099.0
- Zambia-Tanzania-Kenya Power Interconnector, Construction of a power interconnector connecting the Eastern and Southern Africa power pools to facilitate trading in electricity; promote power systems stability and rural electrification. A Project implementation Unit (PIU) has already been established to coordinate fund mobilisation and project implementation , 1.116.0



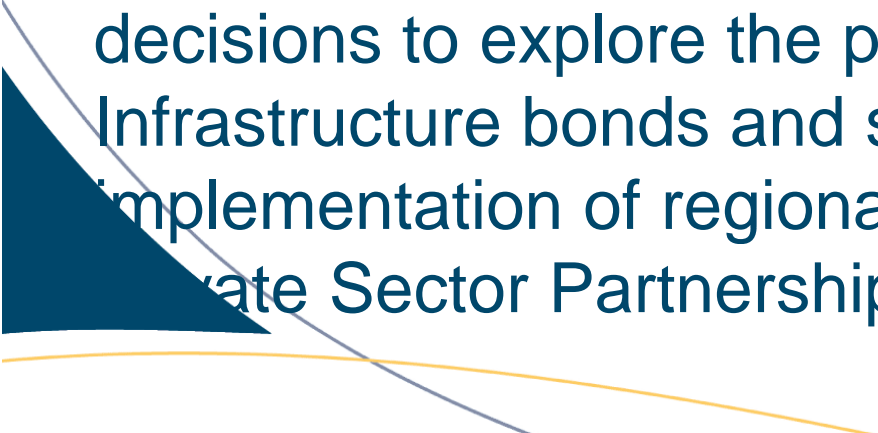


Examples of Projects

- Ayago hydro power project, Uganda, Construction of a 300MW power plant, Master plan study completed. 862.8
- Ruzizi III Hydro Project, Burundi D R Congo, Rwanda, Construction of a 147 MW hydropower plant on the Ruzizi River for supply of power to Rwanda, Burundi and the Democratic Republic of Congo., The design and feasibility studies have been completed. 530.4 including the cost of transmission lines
- Inga Power Project, DRC, Construction of a 3,500 MW Inga 3 hydropower project on river Inga. The objective is to provide affordable, reliable and clean power DRC and neighboring states. Awaiting results of a feasibility study complemented with studies on geology, hydropower production and the transmission system associated with the project, The feasibility study is estimated to cost USD 15 million. USD 7.600



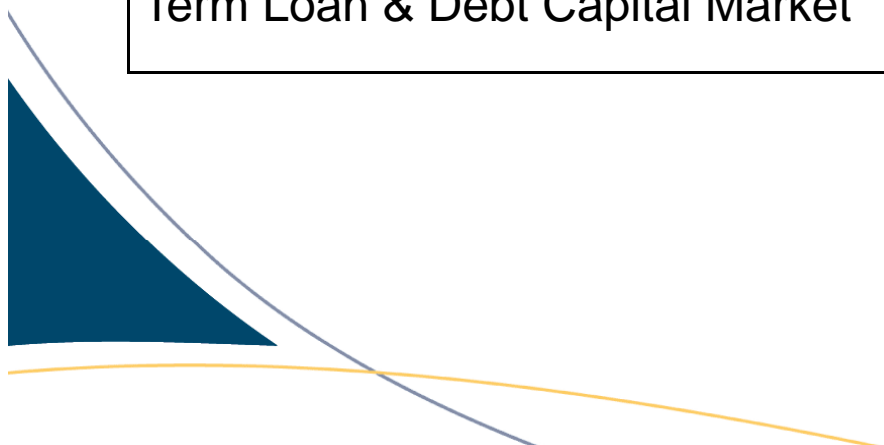
Funding

- COMESA has set up the CIF which will provide seed money and leverage funds from other sources including the private sector. The first trench of the CIF is US\$ 1 billion. There are fourteenth projects in the pipeline for financing by the fund.
 - The region has one US\$112 billion excess reserves part of which can be used to finance the infrastructure projects. The COMESA Council of Ministers meeting which was held in Kampala Uganda in November, 2012 took decisions to explore the possibility of floating regional Infrastructure bonds and special purpose vehicles for the implementation of regional projects on the basis of Public Private Sector Partnerships.
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Funding Instruments

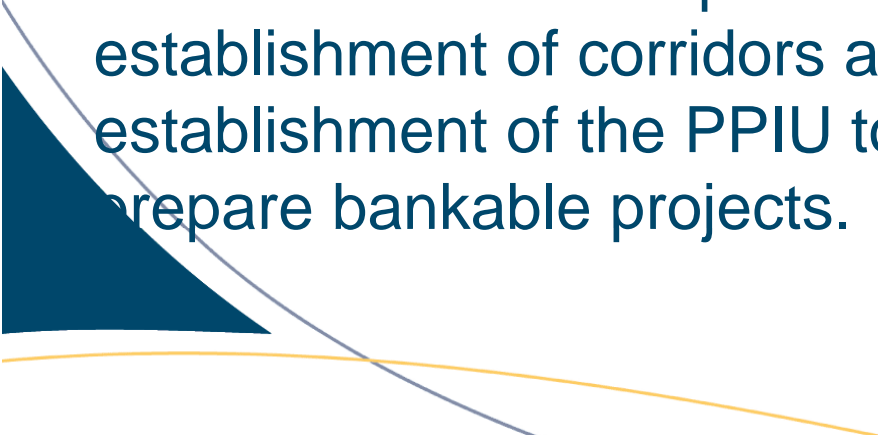


| PFF Report Categorisation | Project Assessment Questionnaire |
|---------------------------------|----------------------------------|
| Grants & Concessionary Funding | Transfers from Government |
| | Grants & Donations |
| | Concessionary (Donor) Loans |
| Equity | Shareholder (if not Government) |
| Term Loan & Debt Capital Market | Commercial Debt |





Challenges and Opportunities

- The COMESA regional infrastructure challenges are the result of different levels of economic and infrastructure development in Member States which include poor planning, low management capacity, inadequate financing, poor governance and a lack of integrated regional and national planning, high cost of maintenance and massive financing requirements.
 - The logistical concerns include the lack of quality road transport to ports, poor port infrastructure, cross borders delay, and sub-optimal shipping networks. In resolving these constraints, COMESA has developed regional enabling environment, establishment of corridors and OSBPs, creation of CIF and establishment of the PPIU to identify, develop, prioritize, and prepare bankable projects.
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Conclusions

- The COMESA region has a great opportunity for trade promotion, investment attraction, production, market development and economic integration. Hence investment in infrastructure development will be most welcomed to pave the way for the opportunities mentioned earlier to take place.
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