



# Creating value for Eastern and Southern Africa ports: Roles of hinterland countries

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Ms. Nozipho Mdawe, Secretary General

Port Management Association of Eastern and Southern Africa (PMAESA)





DOBRY DEN'

GOEIE MIDDAG

GOOD AFTERNOON

HABARI

NAMASKARA

DILIBWINO

BON APRÈS-MIDI

BOA TARDE

GUTEN NACHMITTAG

GOD EFTERMIDDAG



# Agenda

- Global context
- Introduction to PMAESA
- East and Southern Africa Context
- Hinterland/Landlock Countries
- Successes and Challenges
- Bilateral Agreements
- Proposed Model



# What is the Global Picture?

- Global Economic Downturn
- Infrastructure development in Africa
- Cost of logistics is still high despite treaties/agreements
- Presence of terrorists and piracy
- Instability in Government
- High rate of unemployment
- High rate of population growth



# Population of the World and Major Areas, 2015, 2030, 2050 & 2100, according to the medium-variant projection

<i>Major area</i>	<i>Population (millions)</i>			
	<i>2015</i>	<i>2030</i>	<i>2050</i>	<i>2100</i>
World .....	7 349	8 501	9 725	11 213
Africa .....	1 186	1 679	2 478	4 387
Asia .....	4 393	4 923	5 267	4 889
Europe .....	738	734	707	646
Latin America and the Caribbean .....	634	721	784	721
Northern America .....	358	396	433	500
Oceania .....	39	47	57	71

*Source:* United Nations, Department of Economic and Social Affairs, Population Division (2015). *World Population Prospects: The 2015 Revision*. New York: United Nations.





# Pan-African Association for Port Cooperation (PAPC)

## UAPNA Members

Algeria	Morocco
Egypt	Sudan
Libya	Tunisia
Mauritania	Western Sahara



## PMAESA Members

Angola	Rwanda
Burundi	Seychelles
Djibouti	Somalia
Eritrea	South Africa
Ethiopia	South Sudan
Kenya	Sudan
Madagascar	Tanzania
Malawi	Zambia
Mauritius	Zanzibar
Mozambique	Zimbabwe
Namibia	

## PMAWCA Members

Angola	Guinea (Conakry)
Benin	Guinea Bissau
Cameroon	Ivory Coast
Cape Verde	Liberia
Congo	Mauritania
Equatorial Guinea	Nigeria
Gabon	Sao Tome & Principe
Gambia	Senegal
Ghana	Sierra Leone
	Togo

### Legend:

- PMAESA Region
- PMAWCA Region
- UAPNA Region

Darkened areas imply membership to 2 associations



# PMAESA

## 1. Governance Body

## 2. Objectives:

- Strengthen relations among stakeholders
- Promote regional cooperation and integration
- Platform for exchange of information, ideas and benchmark
- Works towards improving conditions of operation and management of ports in its region of coverage with a view to enhance their productivity
- Maintain relations with other port authorities or associations, regional and international organizations and governments of the region to hold discussions on matters of common interest
- Co-ordination and facilitation of activities ranging from safety and protection of the marine environment, transit transport, port operations issues such as port statistics, the public sector-private sector partnership, communication, the cruise industry and regional cooperation are PMAESA's main areas of activity
- 2050 AFRICA MARITIME INTEGRATED STRATEGY
  - BLUE ECONOMY
  - MARITIME WOMEN DEVELOPMENT

## 3. What have we done so far?



# Landlock Countries

- Eastern and Southern African region comprises 11 landlocked countries that face very specific challenges. Botswana, Burundi, Central African Republic, Ethiopia, Lesotho, Malawi, Rwanda, Swaziland, Uganda, Zambia and Zimbabwe all lack maritime access
- Isolated from the world markets
- Suffer high transit costs, which seriously constrain their overall socioeconomic development.
- With the exception of Botswana, Uganda and Swaziland (which are middle-income countries), the countries listed above are classified as least-developed countries (LDC).





# Population Growth in EAC

Partner State/ Years	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2015
Burundi	6,7	6,8	7,0	7,2	7,4	8,0	8,0	8,0	8,1	8,2	8,4	8,7	11,2
Tanzania	32,8	33,9	34,4	35,3	36,3	37,3	38,0	39,4	40,7	41,9	43,9	44,5	51,5
Uganda	22,6	23,3	24,1	24,9	25,7	26,5	27,6	28,6	29,6	30,7	31,8	32,9	41,5
Kenya	30,4	31,3	32,2	33,2	34,2	35,1	36,1	37,2	38,3	38,6	38,6	38,6	47,4
Rwanda	-	-	8,1	8,3	8,6	8,8	9,1	9,3	9,8	10,1	10,4	10,7	12,7
<b>EAST AFRICA</b>			105,8	108,9	112,2	115,7	118,8	122,5	126,5	129,5	133,1	135,4	164,3



# Successes of Landlock Countries in the Region

- Over time roles of transport corridors are shifting from merely providing logistics infrastructure to being engines of growth in landlocked countries and subsequently foster regional integration (development corridors)
- Quality and capacity of hinterland modalities, roads and relays are essential to any expansion of trade
- Volume growth
- Slow visible recovery from strife and turmoil



# Waterways and Inland Ports

- Zambia
  - Lake Tanganyika – Mpulungu Harbour
  - Chipata
- Tanzania
  - Lake Victoria – Mwanza
  - Lake Tanganyika – Kigoma
- Kenya
  - Kisumu
  - Eldoret
  - Embakaseni
- South Sudan
  - White Nile - Juba
- Uganda
  - Tororo
  - Port Bell
- Swaziland
  - Matshapa



# Swaziland

- Export Commodities: soft drink concentrates, sugar, wood pulp, cotton yarn, citrus and canned fruit
- Export locations: South Africa, USA, China, Mozambique, Zimbabwe, New Zealand, Australia, Kenya, UK, Tanzania
- Import commodities: motor vehicles, machinery, transport equipment, foodstuffs, petroleum products, chemicals
- How imports are received: Maputo Development Corridor and Manzini-Durban Corridor
- 89% of exports and 77% of imports are destined to or sourced from SADC respectively



# Malawi

- Export Commodities: tobacco, tea, sugar, cotton, coffee, peanuts, wood products, apparel
- Export locations: USA, South Africa, Kenya, UK., Germany, Netherlands, Japan, Egypt, France, Belgium.
- Import commodities: foodstuffs, petroleum products, semi-manufactures, consumer goods, transportation equipment
- How imports are received: North South Corridor (Port of Durban)
- Dar es Salaam Corr, Mtwara Development & Nacala Development Corridors
- Malawi exports within the SADC (excluding RSA) are quite negligible and yet Malawi imports significantly from the region.





# Zambia

- Export Commodities: copper, cobalt, electricity, tobacco, flowers, cotton
- Export locations: UK, South Africa, Tanzania, Switzerland, DR Congo, India, Belgium, Netherlands, Malawi, Zimbabwe
- Import commodities: machinery, transportation equipment, petroleum products, electricity, fertilizer, foodstuffs, clothing
- How imports are received: Dar es Salaam Corr, Mtwara Development & Nacala Development Corridors, North South Corridor (Port of Durban), Lobito Corridor (port of Lobito) and Trans Caprivi (Walvis Bay Port)



# Landlock Neighbours

## Uganda

- Population growth = 36% in the last 10 years to 41.5 million persons
- Macroeconomic stability
- GDP growth at 4.5% in 2013/2014 against projected growth of 5.7%, expected to be 5.9% in 2014/2015
- CPI Inflation at 5% in the same period, expected to be in 2014/2015
- Exported \$2.66 billion
- Imported \$5.76 billion, resulting in a negative trade balance of \$3.1 billion
- Depressed exports and under execution of externally financed public investments
- Poverty levels reduced by 4.8% from 24.5%, i.e. 6.7 million persons

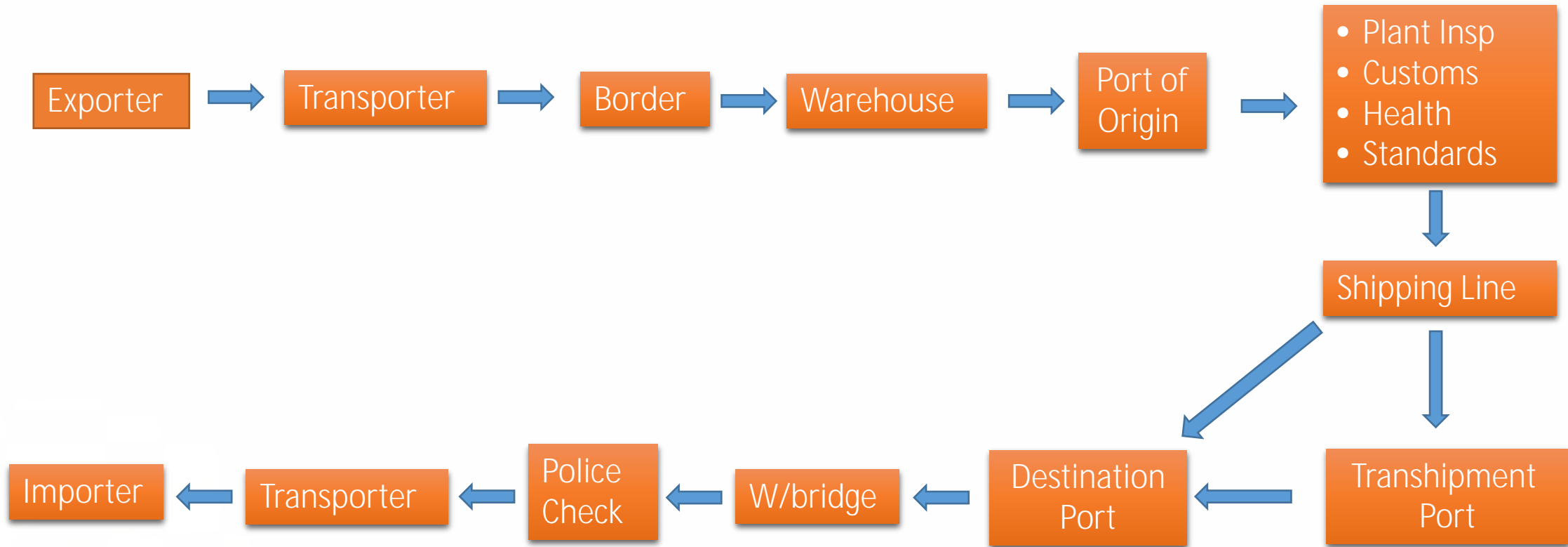
## Rwanda - "Land of a Thousand Hills"

- Population growth at 31% in the last 10 years to 31 million persons
- Recovering from ethnic strife
- 156th largest export economy in the world
- GDP growth at 7% in 2014/2015 from 4.7% in 2013/2014 against projected growth of 5.7%
- CPI Inflation at 2% in 2014/2015
- Exported \$934 million
- Imported \$1.85 billion, resulting in a negative trade balance of \$919 million
- Slow downturn in mining, manufacturing and construction
- 83% of the population is rural

Source: Data from domestic authorities; estimates (e) and projections (p) based on authors' calculations.



# Value Chain for Hinterland Ports



# Challenges

- Landlocked countries depend on goodwill of neighbouring countries to fully engage in international maritime trade.
- Additional border crossings and long distances from their markets substantially increase the cost of transport.
- Landlocked countries also are hampered by isolation from major markets and the coast, poor infrastructure and inadequate policies, legal instruments or institutions.
- Furthermore these countries pay almost three times more for transport services.



# UN Almaty Programme of Action

- Designed to develop efficient transport systems among landlocked and transit developing countries.
- Benchmarks to check on progress made in implementation:
  - Strengthening partnerships between landlocked and transit countries and their development partners at national, bilateral, subregional, regional and global levels, to promote efficient transit systems
  - Strengthening partnerships between public and private sectors
  - Promoting supportive administrative, legal and macro-economic environment in landlocked and transit countries at the national and subregional level to set policy and mobilize resources
  - Establishing mechanisms to ensure that the interests of landlocked and transit countries are fully addressed when establishing transit transport systems and transport corridors
  - Strengthening mechanisms for economic cooperation and integration that protect the interests of all members
  - Ensuring financial and technical support of international community, including financial and development institutions and donor countries.





# Benefits of the TRIPARTITE - Landlock Trade Facilitation

- Increase in intra-regional trade by 29%
- Trading partners have reduced tariff barriers
- Increased intra-regional trade especially in East Africa
- Reducing logistics costs is top priority for governments in the Region



# Developing trade transit corridors

- Corridors are routes linking several economic centres, countries & ports.
- Corridors, networks of transport facilities & infrastructure, have been established either through existing routes accepted by customs authorities, RECs protocols or protocols involving concerned landlocked and transit countries.
- They promote internal & external trade using efficient transport and logistics services. Corridors also focus attention on improving not only routes but also the quality of transport & other logistic services therein.
- A corridor's reliability is measured in terms of transit time & flexibility and the diversity of services offered on multimodal routes.





## Northern Corridor Characteristics

- It links the 8 countries of which 5 are EAC and 5 are landlock countries
- Created to link landlocked countries of Burundi, DR Congo, Rwanda and Uganda to Kenyan seaport of Mombasa. Also serves northern Tanzania, southern Sudan and Ethiopia.
- Governed by multilateral agreement, the Northern Corridor Transit Agreement (NCTA), signed by Burundi, Kenya, Rwanda and Uganda (1985) and by DR Congo (1987)
- Managed by the Northern Corridor Transit Transport Coordination Authority (NCTTCA) based in Mombasa. It is headed by a council of ministers responsible for transportation in the member



# Main Corridors in E & S African Region

Corridor	Distances	Mode or Transport
Northern Corridor (Mombasa – Rwanda – DRC)	1200 km to Kampala and 2000 km to Bujumbura	Multi Modal
Central Corridor (DSM – Rwanda – Burundi – Uganda – DRC)	1400 km to Kigali and 1600 km to Kampala	Multi Modal
Maputo – South Africa	600 km	Multi Modal
Trans-Kalahari (Walvis Bay – Botswana – South Africa)	1800 km	Road
Trans-Caprivi (Walvis Bay – Zambia – DRC)	2500 km	Road
Djibouti – Ethiopia	900 km	Multi Modal
Port of Richards Bay - Swaziland	330 km	Multi Modal



# Walvis Bay Corridor

- Links landlocked nations of Botswana, Zambia and Zimbabwe to the Walvis Bay Port in Namibia and to markets in the hinterland of the DRC & South Africa (Gauteng).
- It is made up of three trade-and-transit corridors linking the Port of Walvis Bay to neighbouring countries: Trans-Kalahari, Trans-Caprivi corridor and Trans-Cunene corridors.
- Secretariat of the Walvis Bay Corridor is the Walvis Bay Corridor Group (WBCG), established in 2000 as a public-private partnership to coordinate & integrate the various stakeholders along the WB Corridor.





# Maputo Corridor

- Maputo development corridor (MDC) was established in 1996.
- Links the Port of Maputo to Gauteng, South Africa.
- MDC, which is one of the successful examples of the NEPAD Spatial Development Initiatives (SDI), is a multimodal transport system comprising a toll road, a railway line and a gas pipeline.
- It is managed by the MCLI which was established as a public–private sector partnership to create greater awareness on and improved use of the corridor.
- The membership of the MCLI is drawn from stakeholders across South Africa, Mozambique and Swaziland.

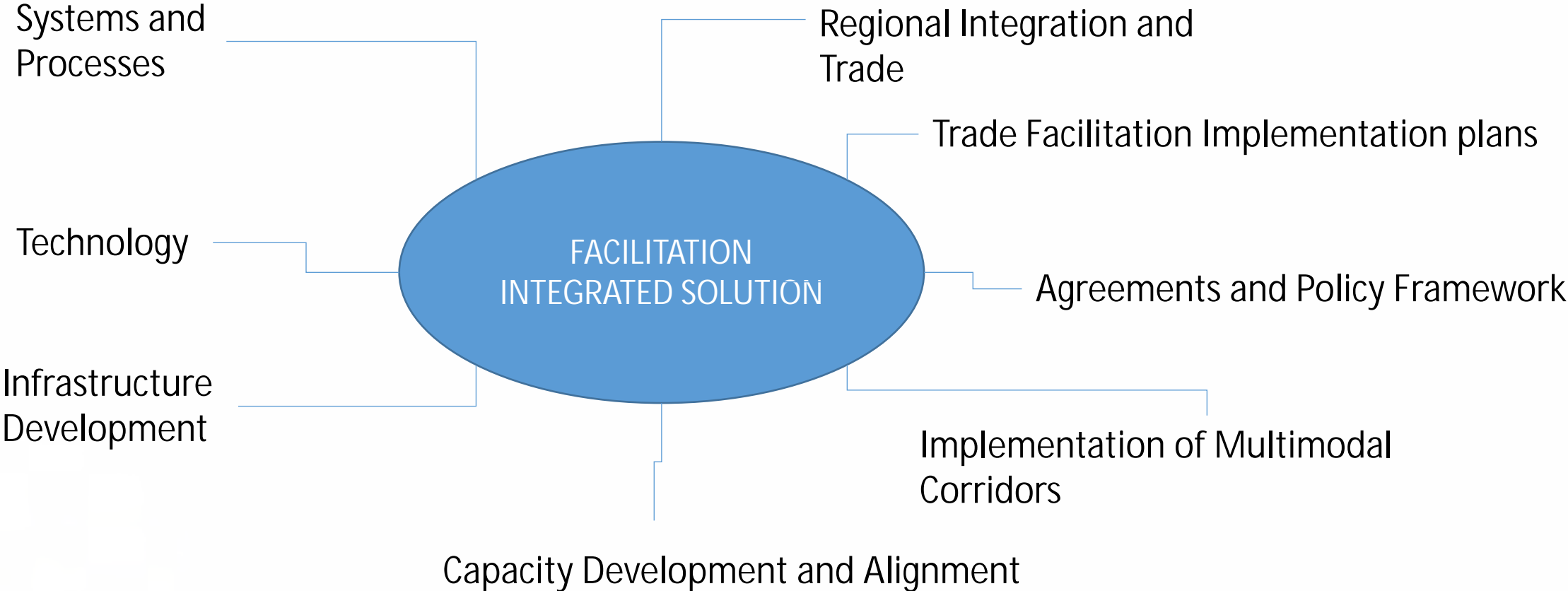


# Review of Corridors

- Corridors are important for addressing special needs of landlocked countries
- Corridor management arrangements are designed to advocate modernization of border agencies, equipment, operations, customs agents & infrastructure development
- Corridors focus on efficiency & trade facilitation through measures such as institutional reform, simplifying procedures, building capacity and mobilizing investment to upgrade infrastructure and facilities
- All stakeholders, private and public, involved in facilitation of trade must be encouraged to participate in corridor development
- Corridor secretariats may form working groups comprising all stakeholders to meet on an ad-hoc basis to address specific issues
- Corridor issues should be addressed through the interactions between private and public groups
- A corridor's organizational structure should ensure full public-private interactions



# CONCLUSION - VALUE CHAIN SERVICE OFFERING





# PMAESA CONFERENCE



15 - 17 February 2016, Dar es Salaam, Tanzania

## *Port Strategies for Harnessing the African Blue Economy & Investment Options*

- The Conference will contribute to the development of a port focused strategy for its inputs in terms of investment in projects.
- The thrust is to gain in-depth understanding of the Blue Economy concept, envisaged initiatives and regulatory issues that may impact on the ports as organizations.



[www.pmaesaconferences.org](http://www.pmaesaconferences.org)

**PMAESA**

# BACKGROUND SLIDES





# Conclusions

- **Infrastructure Development:**

- Landlocked and transit countries must contribute towards upgrade of corridor infrastructure and infrastructure of their ports.
- Policymakers should ensure regular maintenance of infrastructure takes place, and transport supply capacities are improved. This would strengthen facility management systems through information technology at ports and upgrading of railway lines, rolling stock, ships, trucks & ports and handling facilities.
- Developing proper infrastructure requires substantial financial resources, which are usually obtained from bi/multilateral donor agencies. However such resources are insufficient to finance long-term development. Therefore, countries must find alternative financing mechanisms to support such development. Alternatives could include vehicle charges, road taxes, petrol taxes and road charges. Receipts of these charges must go directly towards road/railway construction and maintenance.
- Pooling regional funds from public and private sources could also be considered to support infrastructure development.



# Ports

- Ports are vital components of a corridor.
- For all countries, how ports perform is an essential element of overall trade costs.
- This is especially the case for Africa, as 15 of its countries are landlocked and face severe infrastructural and trade facilitation problems. For the landlocked nations, ports — together with the inland waterway and land infrastructures (railroads and highways) — constitute a crucial link to the outside world and to the global marketplace.
- High transport-related costs represent a fundamental constraint to global competitiveness and economic growth of land locked countries.



# Ports (Cont'd)

- African ports became more congested following the rise in GDP growth and levels of global trade witnessed in most African countries in the years leading up to the global financial crisis of 2008.
- Over the last 15 years, the amount of cargo transiting through Africa's ports has tripled, but containerization is still low and the inland transportation linkages remain weak (World Bank, 2009).
- Nonetheless, governments are now demonstrating the political will necessary to confront this challenge, in a drive to improve port and other infrastructure.



# Investments for Rehabilitation and Expansion

- Many African countries are investing in port infrastructure to meet growing demand and improve port performance, while major international container operators are also eager to invest.

Kenya	Tanzania	South Africa	Namibia
<ul style="list-style-type: none"><li>• Construction of Berth 19 (Msa)</li><li>• Construction of 2<sup>nd</sup> Container Terminal (Msa)</li><li>• LAPSSET Corridor</li></ul>	<ul style="list-style-type: none"><li>• Construction of Port at Bagamoyo</li><li>• Upgrade of DSM port</li></ul>	<ul style="list-style-type: none"><li>• Dredging at Port of Durban</li><li>• Plans for 2<sup>nd</sup> Port at Durban</li><li>• Construction of Ngqura Port</li></ul>	<ul style="list-style-type: none"><li>• Expansion of Walvis Bay port</li><li>• Construction of 3<sup>rd</sup> Sea Port</li></ul>

