



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

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**PMAESA**

# Agenda

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



# Pan-African Association for Port Cooperation (PAPC)

## UAPNA Members = 8

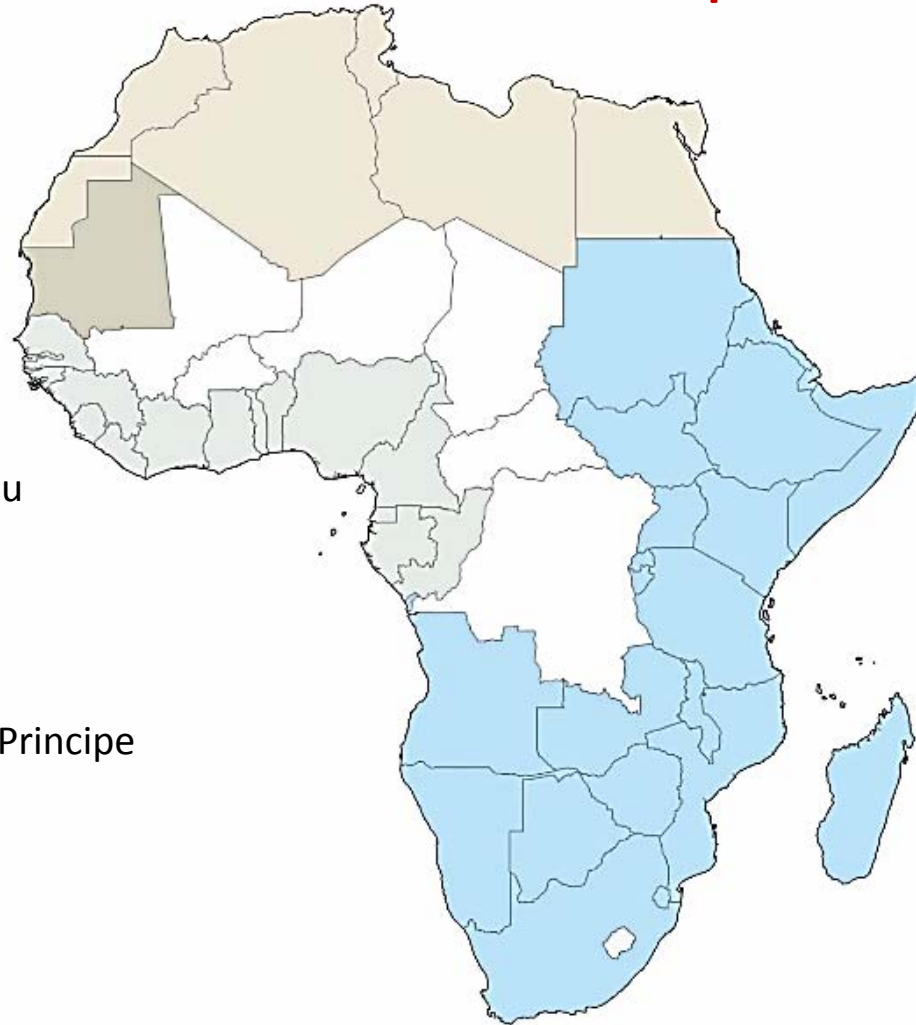
- Algeria
- Morocco
- Egypt
- Sudan
- Libya
- Tunisia
- Mauritania
- Western Sahara

## PMAWCA Members = 18

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

## PMAESA Members = 25

- Angola
- Namibia
- Botswana**
- Rwanda
- Burundi
- Seychelles
- Djibouti
- Somalia
- Eritrea
- South Africa
- Ethiopia
- South Sudan
- Kenya
- Sudan
- Lesotho**
- Swaziland**
- Madagascar
- Tanzania
- Malawi
- Uganda
- Mauritius
- Zambia
- Mozambique
- Zanzibar
- Zimbabwe



### Legend:

- PMAESA Region
- PMAWCA Region
- UAPNA Region

Darkened shaded areas imply membership to 2 associations

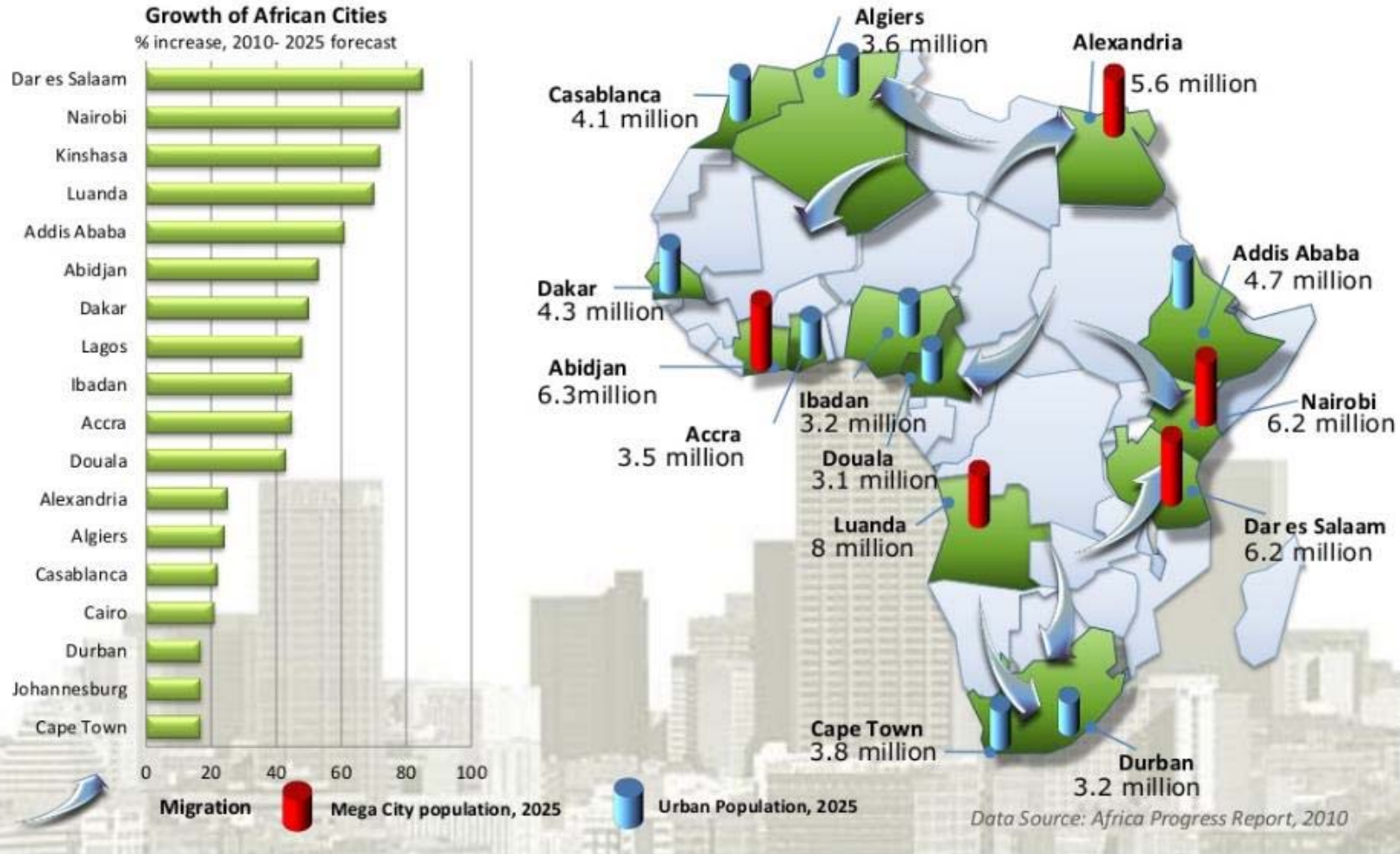


## Africa's Population and Urbanization Growth

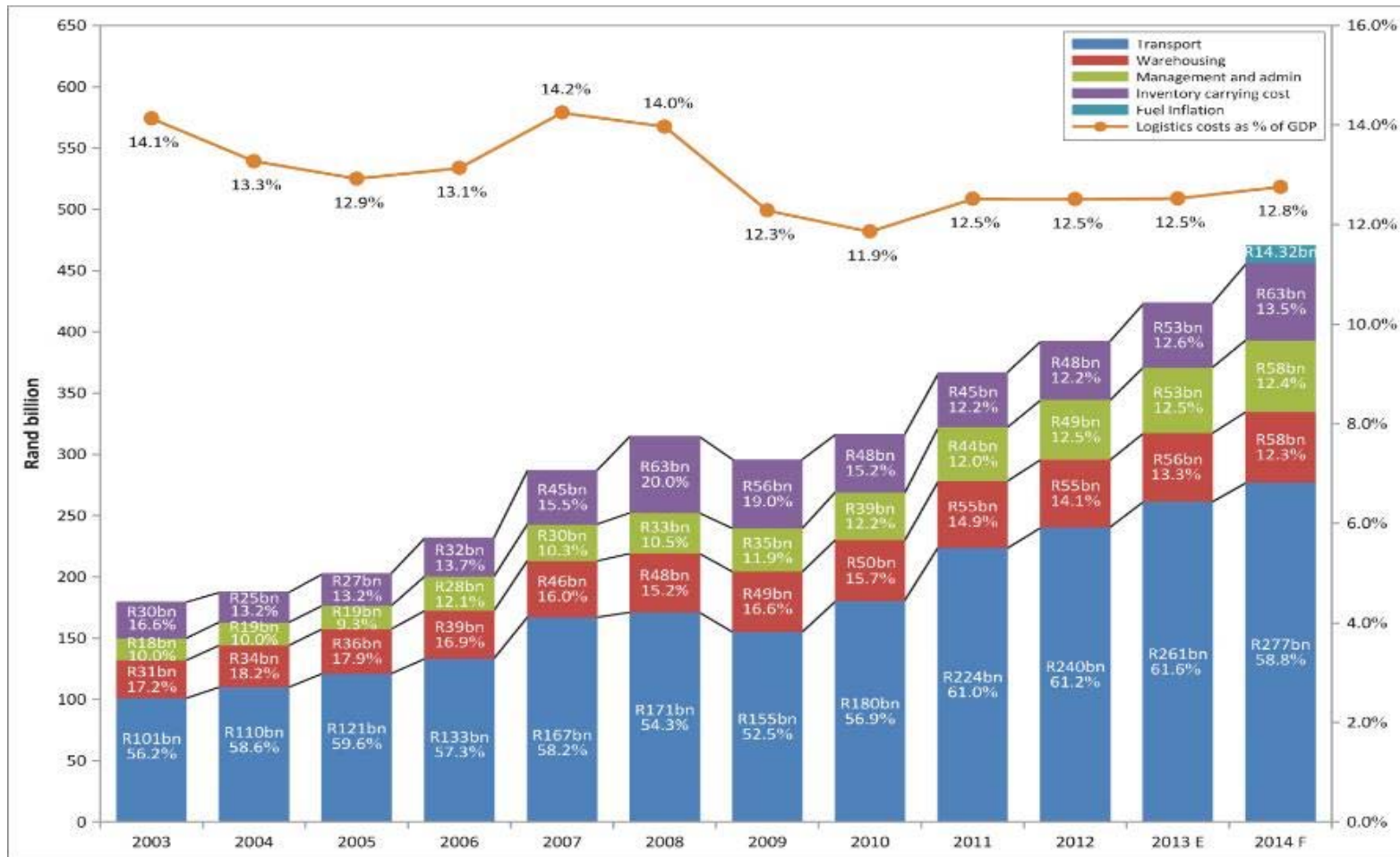
Year	Population	Yearly % Change	Median Age	Urban Population %
2016	1,216,129,815	2.53 %	19.5	40.2 %
2015	1,186,178,282	2.58 %	19	39.8 %
2010	1,044,106,862	2.56 %	19	37.8 %
2005	920,238,945	2.48 %	19	35.9 %
2000	814,063,149	2.47 %	18	34.2 %



**Mega Cities will increase by 25% by 2025; at an average growth rate of 3.4%, 1.2 billion people, 60% of Africa's population, will be urbanised by 2050**



# Logistic cost components

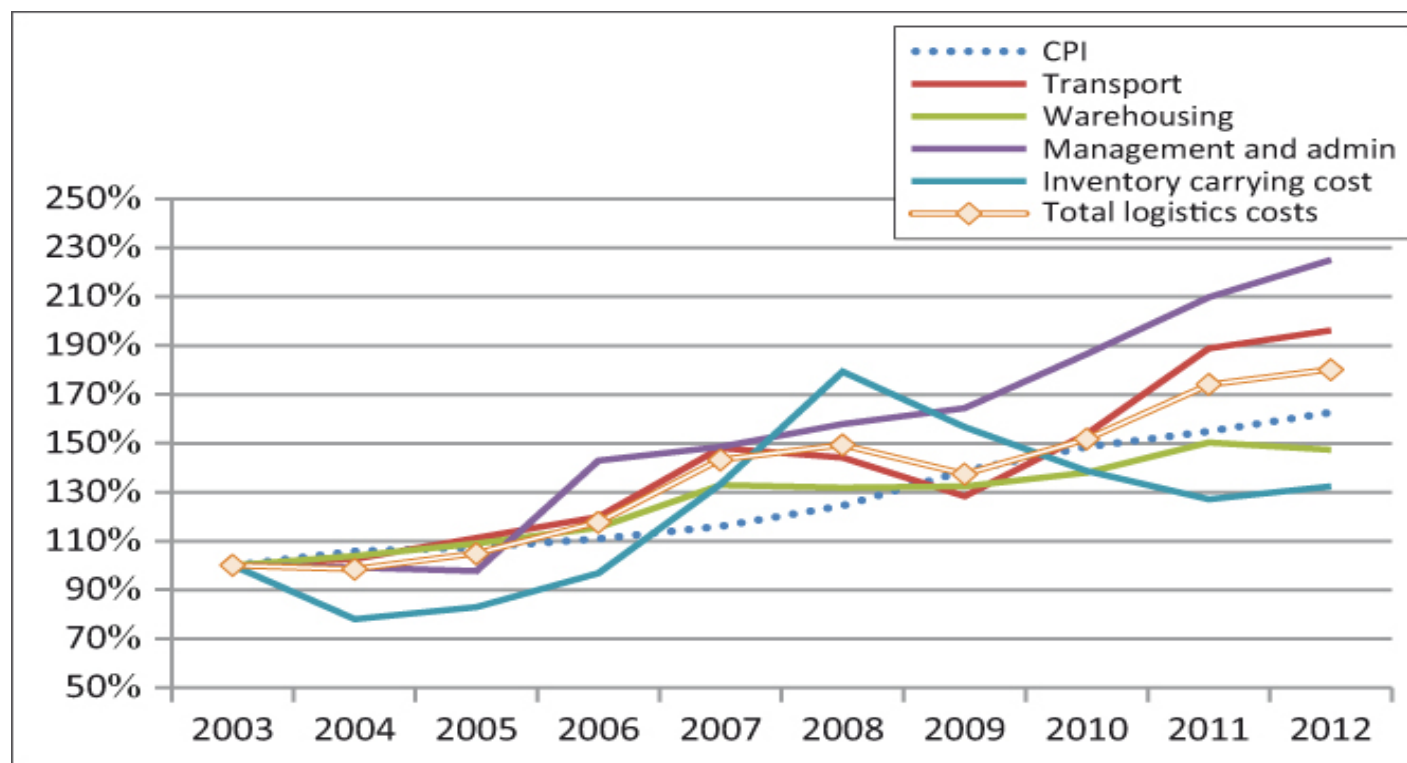


E, estimated; F, forecast; GDP, gross domestic product.

FIGURE 3: Total South African national logistics costs and the components, 2006–2014.



## Logistic cost vs CPI



CPI, Consumer Price Index.

**FIGURE 5:** Growth of South African logistics cost components compared to the Consumer Price Index, 2003–2012.



# Successes of Landlock Countries in the Region

- Role change of transport corridors logistics infrastructure engines of growth
- Government led investments
- Good progress – political stability
- Quality and capacity of hinterland modalities, roads and relays are essential to any expansion of trade
- Volume growth generated by Imports
- 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 Corridor, 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.

# 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

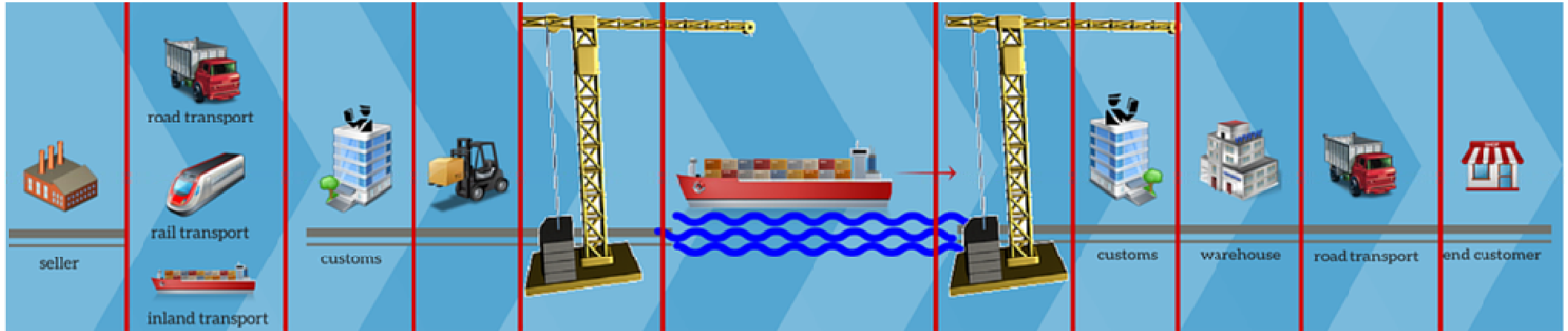
- Increase in intra-regional trade by 29%
- Trading partners have reduced tariff barriers
- Increased intra-regional trade especially in East Africa
- Reducing logistics costs is top priority for governments in the Region





# Value Chain Approach

- Feeder principles both land and sea side
- Integration of corridor network (road and rail) and ports (sea ports, waterways and dry ports)
- Developing trade transit corridors (e.g. Corridor Agencies)
- Awareness of cause and effect of value chain relationship



# 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



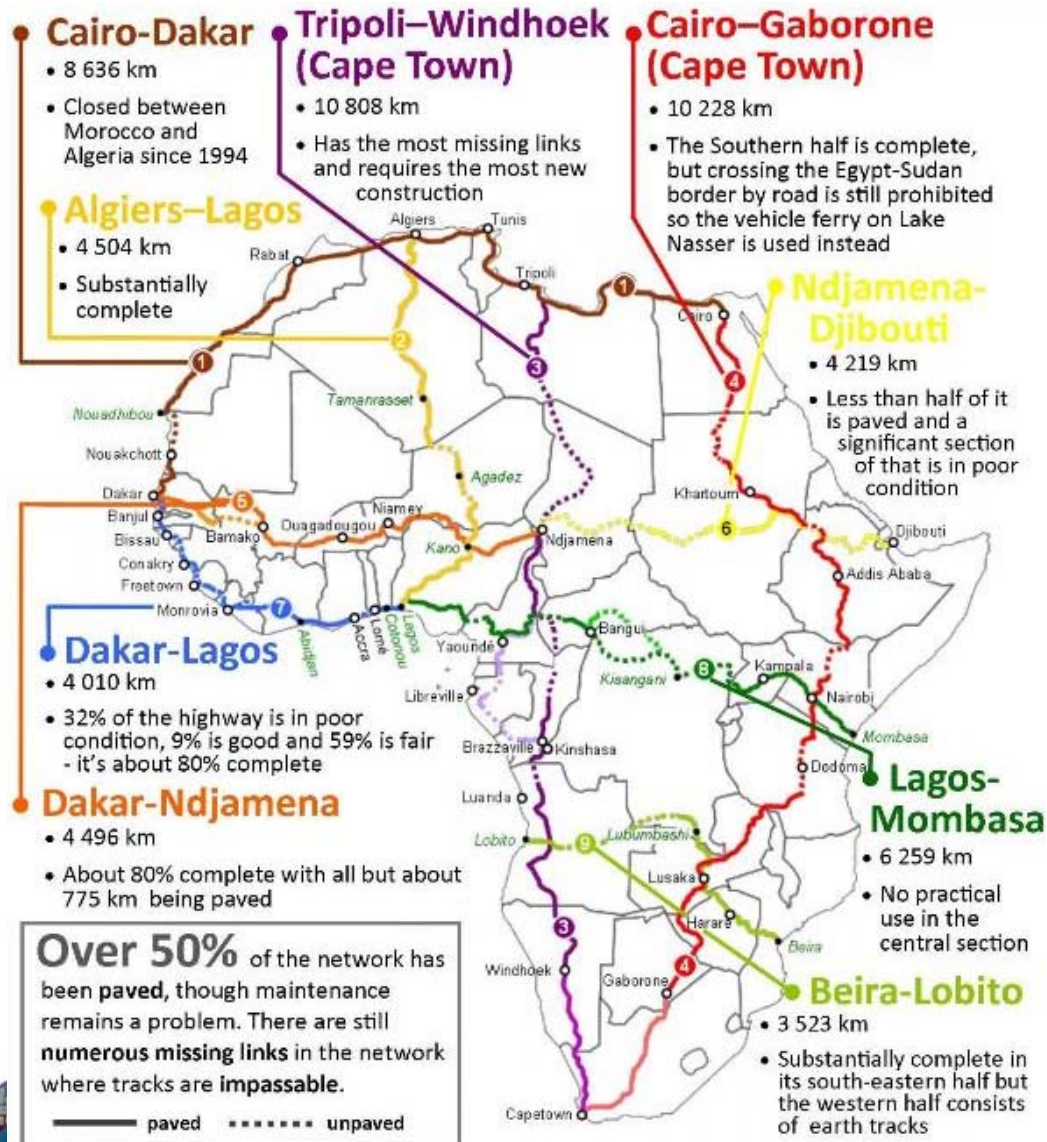
# Developing trade transit corridors

- 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.



# The Trans African Highway Network

- Developed by the UNECA, ADB, AU in conjunction with Regional International Communities.
- Infrastructure development
- Promotion of efficient road-based trade corridors
- Promote Intercontinental Trade
- Alleviate Poverty
- Total network of 56,683 km



(Sources: Africa Infrastructure Knowledge Program)

By @VickySidler



## 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



# 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.

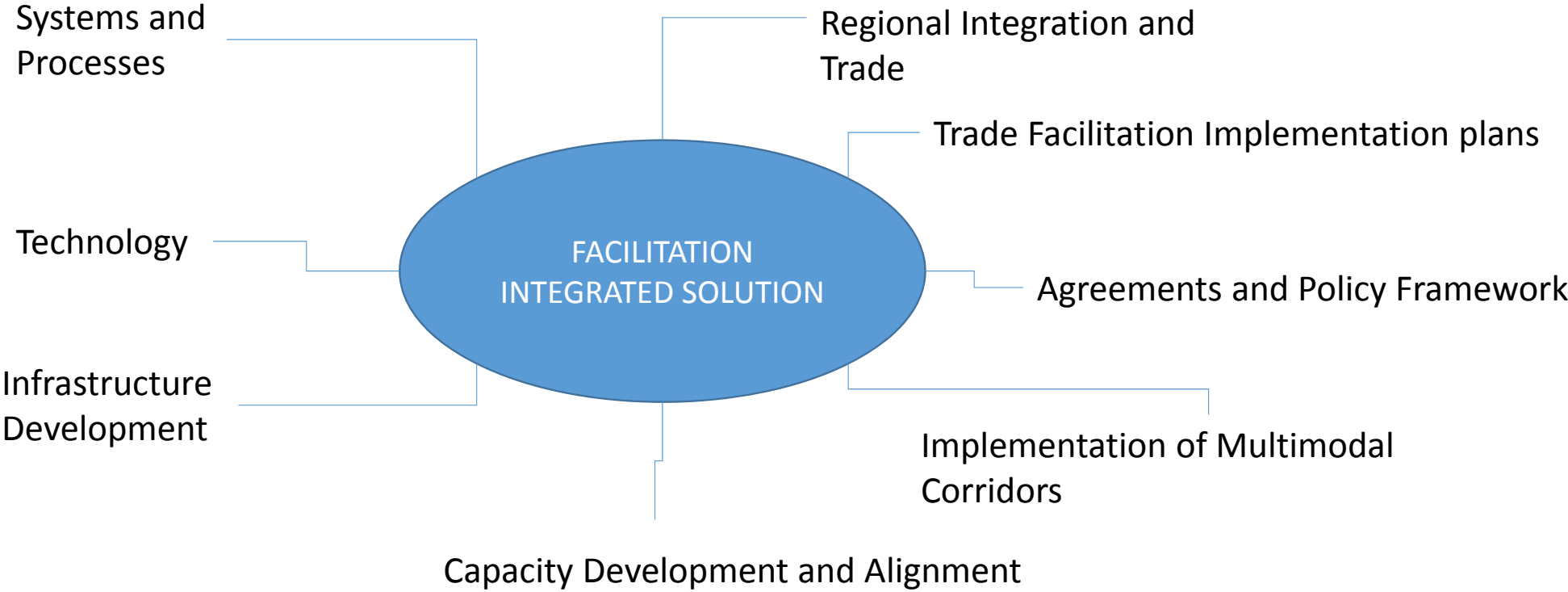


# Maputo Corridor

- 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.



# CONCLUSION - VALUE CHAIN SERVICE OFFERING





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