

EXPERT ROUNDTABLE

INVESTMENT IN TRANSPORT INFRASTRUCTURE



NEPAD-OECD AFRICA INVESTMENT INITIATIVE



East African Community

Overview of Regional Road Infrastructure Projects

This background paper was prepared for distribution as part of the official documentation at the Expert Roundtable on 11 December 2008. The views contained within do not necessarily represent those of NEPAD or the OECD or their member governments.

1. Introduction

Establishment of the EAC

The East African Community (EAC) comprises five Partner States namely Burundi, Kenya, Rwanda, Tanzania and Uganda. The Treaty for establishing the East African Community was signed in November 1999 and entered into force in July 2000. The broad goal of EAC is to spearhead the East African economic, social and political integration agenda, so as to create wealth in the region and enhance competitiveness through increased production, trade and investment.

Article 5 (1) of the Treaty for the Establishment of the East African Community states that “*The objectives of the Community shall be to develop policies and programmes aimed at widening and deepening co-operation among the Partner States in political, economic, social and cultural fields, research and technology, defense, security and legal and judicial affairs for mutual benefit.*”

Mission of the EAC

- A prosperous, competitive, secure, stable and politically united East Africa
- To widen and deepen economic, political, social, and cultural integration in-order to improve the quality of life of the people of East Africa through increased competitiveness, value added production, trade and investments.

2. EAC Infrastructure Projects and Programmes

Co-operation in infrastructure and services is articulated in Chapter fifteen of the Treaty for the establishment of the EAC. Article 89 in particular outlines the areas of co-operation in Transport and Communications. It states that Partner States shall undertake to evolve coordinated, harmonised and complimentary transport and communications policies; improve and expand the existing links; and establish new ones as a means of furthering the physical cohesion of the countries, so as to promote the movement of traffic within the Community.

To achieve these goals, the Partner States shall take steps to among others; harmonise their standards, regulations and practices, develop and integrate roads, railways, airports and ports within their territories, provide security and protection to transport systems and exchange information and technological developments in transport and communications. Roads and road transport are covered by Article 90 while Railways, Civil Aviation, Maritime Transport, Inland Waterways Transport and Multimodal Transport are covered by Articles 91 – 95. Co-operation in Postal Services and Telecommunications is presented in Articles 98 and 99.

3. Transportation Projects and Programmes

In order to implement the provisions of the Treaty, EAC set up a structure to handle policy and management issues. Policy directions are provided by the Summit of Heads of State and the Council of Ministers. Both these policy organs receive advice from the Sectoral Council of Transport, Communications and Meteorology, one of the ten Sectoral councils of the EAC. The EAC handles the following transportation areas, with emphasis on regional programmes:

- (i) Roads
- (ii) Railways
- (iii) Civil Aviation
- (iv) Maritime and Inland Waterways
- (v) Petroleum Pipelines

4. The East African Road Network Project

In 1998, EAC together with development partners, agreed on a regional road network that needed to be developed to the highest standards in order to promote regional integration. It was recognised early during the formation of the EAC that infrastructure, in particular transport, would play a pivotal role in the process leading to integration, i.e. customs union, common market and, most importantly, trade facilitation. The road network, shown on the map at the end of this paper, consists of the following transit corridors:

- | | |
|-----------------------|--|
| Corridor No. 1 | Mombasa – Malaba – Katuna (linking Kenya with Uganda and Rwanda) |
| Corridor No. 2 | Dar es Salaam – Mutukula - Masaka (linking Tanzania with Uganda, Rwanda and Burundi) |
| Corridor No. 3 | Biharamulo – Lockichogio (linking Tanzania with Kenya, Sudan and Uganda) |
| Corridor No. 4 | Tunduma – Nyakanazi (linking Tanzania to Burundi and Rwanda) |
| Corridor No. 5 | Tunduma – Namanga – Moyale (linking Tanzania with Kenya and Ethiopia and part of the great North Road) |

5. Transnational Road Projects

The EAC Secretariat apart from coordinating the implementation of the road network project, also implements its own projects through grant financing. The flagship road project is the transnational Arusha – Namanga – Athi River Road (235 km) linking Nairobi (Kenya) to Arusha (Tanzania). EAC was involved in the project preparation entailing feasibility studies and detailed designs which resulted in the securing of loans by both countries for civil works. Construction commenced in early 2008 and is expected to be completed by 2011. The road will provide the Northern Tanzanian region with an alternative trade route to external markets via the port of Mombasa, which handles a significant portion of imports and exports to the region. This project is being financed by the African Development Bank and the Japanese Bank for International Cooperation.

Following the successful preparation of this project, the ADB agreed to fund two more pipeline road projects, for which procurement of consultants is ongoing:

1. Arusha – Holili – Voi (240 km): this road links Northern Tanzania to Mombasa, in addition to being a tourist circuit road. Its development will spur growth in tourism as well as promote trade between the two countries.
2. Malindi – Lunga Lunga – Bagamoyo (400 km): is a road running along the East African coast between Kenya and Tanzania. This region, especially in Tanzania, has tremendous tourist potential which is not fully exploited due to a lack of supporting infrastructure. The road will also provide a terrestrial link between the ports of Mombasa, Tanga and Dar es Salaam, and an inter-regional link between EAC, COMESA and SADC countries.

In order to link up all the Partner States, EAC has several projects lined up for which funding support is being sought.

6. The East African Trade and Transport Facilitation Project

The EA Trade and Transport Facilitation Project is a regional project aimed at facilitating transportation and flow of goods across the borders. Transport costs in the region constitute an average of 30% of the value of exports and imports and this has in turn made the region less competitive on the international scene. Against this background, the World Bank has approved preparation of the East African Regional Trade and Transport Facilitation Project. The specific objectives of the Project would be to support trade growth in the region by:

- Securing an effective EAC Customs Union;
- Reducing transportation costs and transit times;
- Removing non tariff barriers along the transit corridors and border posts; and
- Ensuring safety along the region's main transport corridors.

The Project has national and regional components, with the national components focusing mainly on developing the one-stop border post concept and removal of non-tariff barriers along the transport corridors. EAC is implementing the regional component and has two projects in the transport sector being funded by the ADB:

1. Preparation of an EAC Transport Strategy and Road Sector Development Programme; the main objectives are to prioritise road projects in the region and develop strategies for sustainable financing among others; and
2. The E A Transport Facilitation Project; the objectives being to harmonise national policies, regulations and standards and develop regionally applicable documents for the various sectors (axle loading, road safety, design and construction).

EAC together with other RECs collaborate closely with the Sub-Saharan Africa Transport Policy, an institution of the World Bank that aims at ensuring that transport plays its full part in achieving the developmental objectives of Sub-Saharan Africa: poverty reduction, pro-poor growth, and regional integration through the development of policies that would result in reduction of transportation costs, enhanced safety and trade between the regions and the world.

7. Challenges

Challenges facing the implementation of projects and programmes in the road sector include:

- a) Insufficient resources to carry out feasibility and detailed design studies for transnational roads including:
 - Bukoba – Mwanza - Lokichoggio road, linking with Kapchorwa – Suam – Endebess – Kitale (Kenya/Tanzania/Uganda)
 - Ishaka – Ntungamo – Kakitumba/Kagitumba (Uganda/Rwanda – proposed)
 - New road priority links for Burundi and Rwanda into the major corridors
- b) No co-ordinated programme between the Partner States and the Secretariat on the development of pipeline road projects for transnational support;

- c) Lengthy procurement procedures for road projects;
- d) Ineffective implementation of the axle load control procedures in the region;
- e) Corruption and existence of cartels among contractors;
- f) Low local contractor capacity;
- g) Fluctuating costs of construction.

8. The Way Forward

- a) Development of a pipeline of bankable infrastructure projects for the region targeting in particular road and railway transport in readiness for financing;
- b) Establishment of an East African Transport Authority, initially responsible for road and railway transport, to coordinate the management, development and maintenance of the EA roads and railways and to oversee implementation of agreed strategies in the sub-sectors;
- c) Creation of an EA infrastructure development fund either through an infrastructure development bond, levy or funds raised through strengthened EA Capital markets, revamped EADB or a consortium of development partners;
- d) Update the Treaty Provision on joint financing of regional projects targeting mainly regional infrastructure projects. This strategy would favor those projects that are transnational in nature;
- e) Peg the decision on infrastructure project investments to approval of preliminary designs and feasibility studies (including preliminary environmental and social impact assessments). This will save on time for resource mobilisation for constructions and investments;
- f) Accelerate the ongoing harmonisation of policies, procedures, guidelines and standards in the infrastructure sub sectors;
- g) Depoliticise the development of regional infrastructure. Development partners should be lobbied to avoid pegging national conditionality for regional infrastructure projects as happened for the Kenyan portion of the Northern Corridor for a period of close to 10 years in the 90s; and,
- h) Partner States should accede to and ratify international conventions on road transport.

Annex: The East African Road Network Project

LOCATION MAP OF EAST AFRICA
EAST AFRICAN COMMUNITY ROAD NETWORK PROJECT
 (Including Proposed Additional Road Links)



Note:
 1. This Map is not to scale. It should therefore not be used for any other purpose other than purposes of reflecting the general alignment of the East African Road Network Corridors.
 2. The additional road links are in dotted lines in colours similar to the Corridors of their alignment.

1. ————— Mombasa-Malaba-Katuna Corridor
2. ————— Dar-es-Salaam-Dodoma-Isaka-Mutukula-Masaka Corridor
3. ————— Biharamulo-Mwanza-Musoma-Sirari-Lodwar-Lokichogio Corridor
4. ————— Nyakanazi-Kasulu-Sumbawanga-Tunduma Corridor
5. ————— Tunduma-Iringa-Dodoma-Arusha-Namanga-Moyale Corridor
6. ————— Sections/Links connecting with East Africa neighbours; those of interregional connectivity