



The North-South Corridor Conference

A COMESA-EAC-SADC Aid for Trade Initiative

Infrastructure Consortium for Africa (ICA)
Rome, Italy

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On behalf of COMESA-EAC-SADC Tripartite

COMESA-EAC-SADC Tripartite Process



Background:

- Overlapping challenges resulting in diverse programmes for overlapping States;
- Harmonisation process in areas of trade and infrastructure deemed an optimal solution;
- COMESA-EAC-SADC Heads of State met in Kampala on 22nd October 2008 and approved the establishment of a COMESA-EAC-SADC Free Trade Area and directed the RECs to prepare a FTA roadmap.

The N-S Corridor is implemented in the light of the Summit Decisions.



Salient Issues:

- High cost of doing business in Africa and the region;
- More prohibitively high in landlocked LDCs,
- Derived mostly from landing transport prices.
- Focus on infrastructure development, trade facilitation and liberalisation and help reduce costs of doing business thus addressing the objective of deepening regional integration, supply side constraints, economic growth and overarching objective of poverty alleviation.



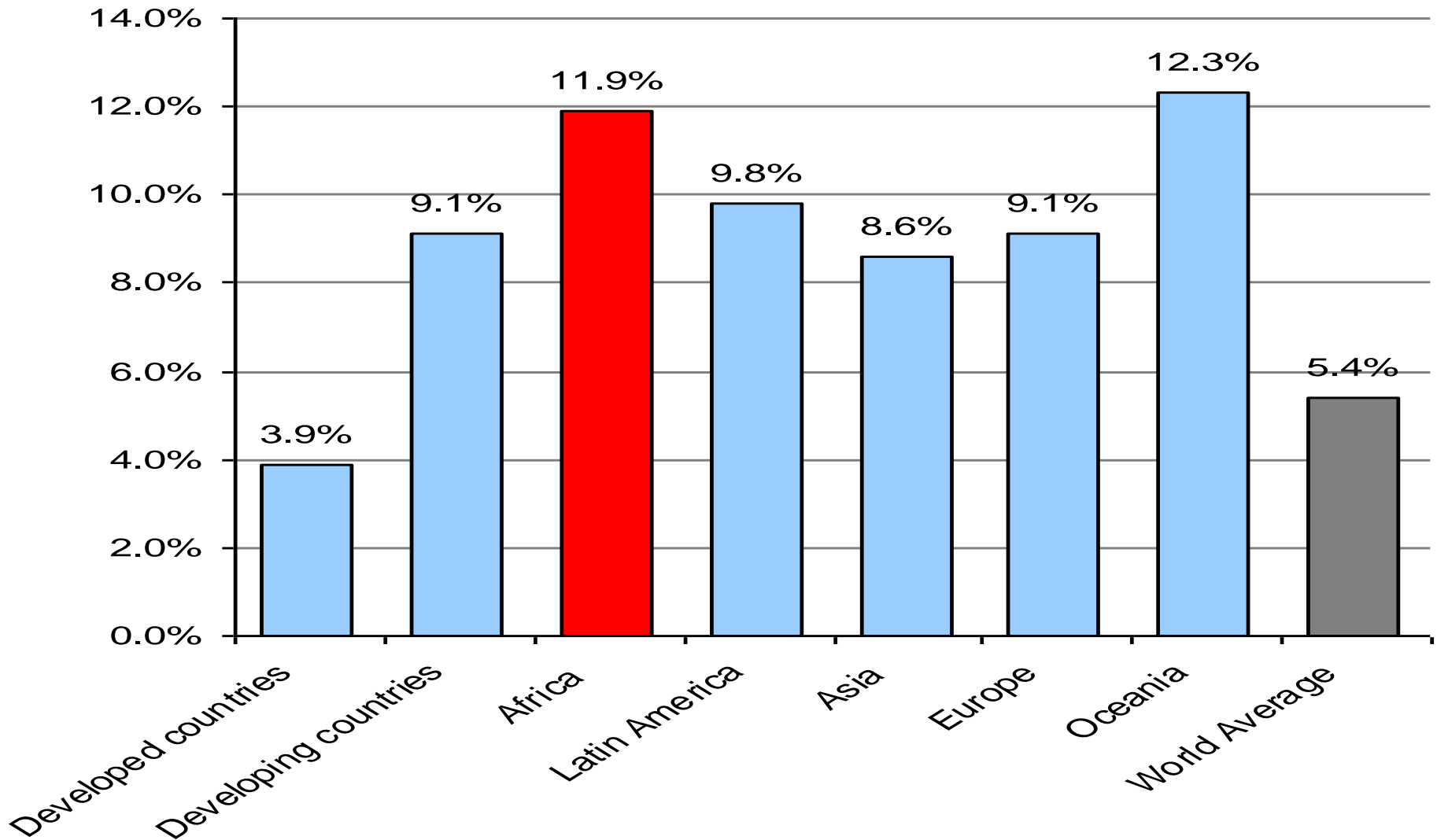
Salient Issues:

The NS Corridor pilot project addresses:

- Infrastructure development programmes;
- regulatory and trade facilitation issues along the corridor (such as reform and deregulation of the transport sector,
- one-stop border posts, regional customs bond guarantee systems, harmonisation of customs documentation,
- harmonised vehicle regulation, regional carriers license, regional 3rd party insurance, etc) as well as infrastructure programmes.



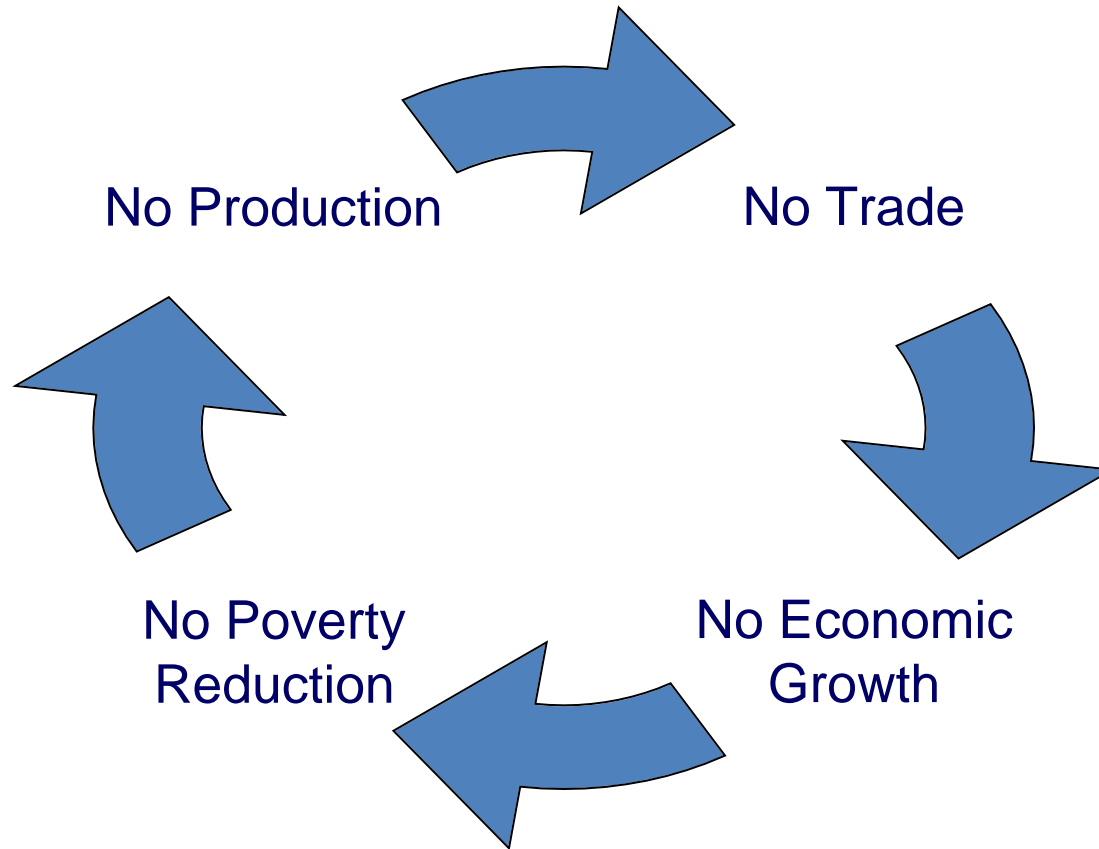
Freight Costs as a Percentage of Import Value



Source: UNCTAD, "Review of Maritime Transport, 2005," Chapter 4, based on data supplied by the IMF.



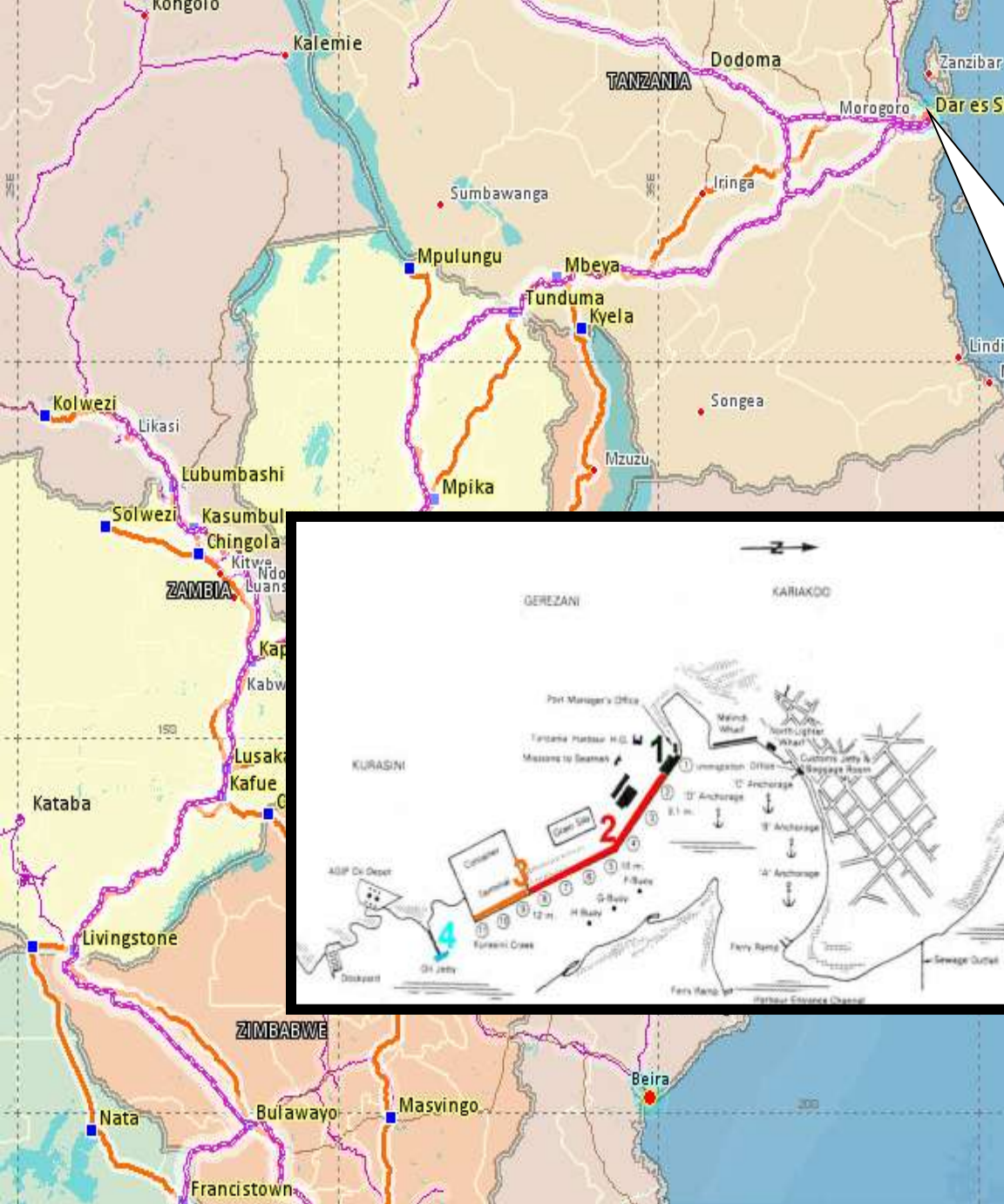
N-S Corridor is an Aid for Trade Solution and the DDA: A successful conclusion of the DDA would reduce tariff barriers but to take advantage need to address supply side issues - need AfT supply-side solution.



Trade Facilitation



Queues of northbound trucks, waiting to pass through the Beit Bridge border post between South Africa and Zimbabwe. February 2003.



Container terminal congestion at Dar es Salaam. Improved efficiencies on the road/rail transport network will add to this bottleneck





SENA line from Moatize (estimated deposit of 2.4 billion tonnes of coal) to Beira upgraded to transport coal but Beira port needs dredging and line into Malawi not repaired

Kasumbalesa Border Post (no-mans land Congo – Zambia)



Road from Kasumbalesa (DRC – Zambia) into DR Congo





Outline of Priority Infrastructure Projects: (Indicative List)

- 1) Weighbridges – linking weighbridges along the NS Corridor.
- 2) Road upgrades and rail infrastructure upgrades.
- 3) Rail track and communications upgrades.
- 4) One Stop Border Post (OSBP) Infrastructure (buildings, parking areas, ICT systems, signage)
- 5) Dar es Salaam Port Infrastructure (following the Dar port master-plan).
- 6) Regional power generation and transmission projects.
- 7) Kazungula Bridge

Financing Options for the N-S Corridor:



- 1) **Grant Funds and Concessionary Loans** – e.g. a section of road that is vital for the functioning of the overall corridor but which does not have a high enough rate of return to be financed through a PPP or the private sector. Can be financed via the government budget or through the Road Fund.
- 2) **Public-Private-Partnership** – e.g. special purpose vehicle is created to finance a bridge on a build-operate-transfer (BOT) basis.
- 3) **Private Investment** – e.g. a special purpose vehicle created to finance a power generation.

Structure of North South Corridor Conference



Session 1: High Levels Session

•Led by host Head of States, involves Chairs of COMESA, EAC and SADC, Heads of ADB, AU, World Bank, EC, WTO in WEC Roundtable dialogue

Session 2 : Surface Transport, largely Ministerial;

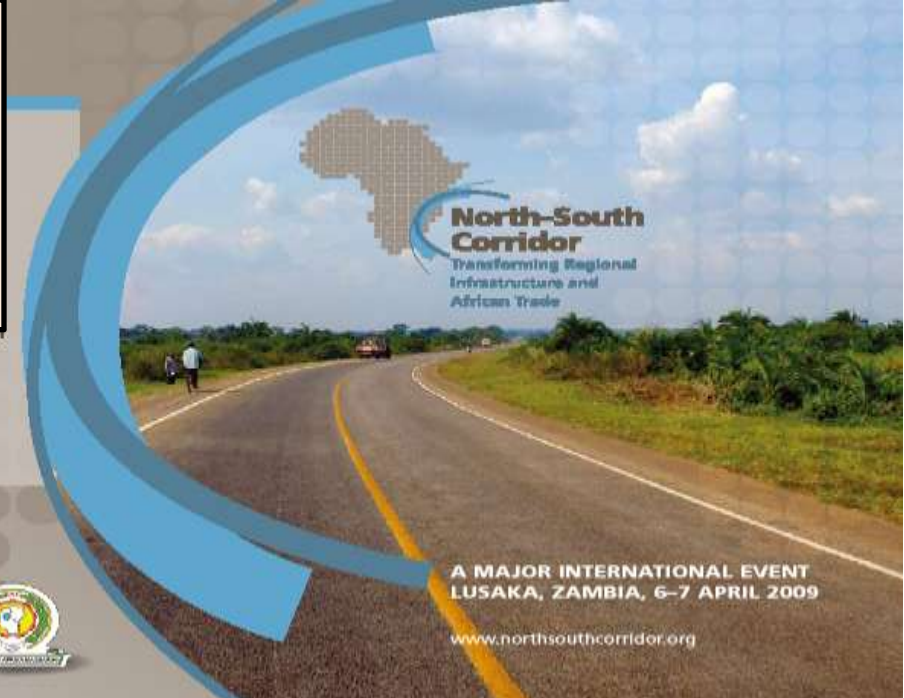
Session 3: Electrical Power Generation and Transmission;

Session 4: Aid for Trade Regional Review – ADB/UNECA updates

Wrap Up Session: Summary of outcomes of two day conference and the lessons learnt from the interaction

Register for the North South Corridor Conference:

6-7 April 2009 – Lusaka, Zambia



are thus held back.

To tackle the continent's transport and power needs, the regional economic communities of COMESA, the EAC and SADC, individually and as a Tripartite, are working to identify priority infrastructure programmes. One such initiative is the North-South Corridor, which is a major trading route across East and Southern Africa.

KEY ISSUES:

- Transporting a single cargo of copper from the DR Congo Copperbelt down to the southern ports or to Dar es Salaam can take up to 2-3 weeks. In Europe this same distance would take 48 hours.
- Owing to inefficient regulatory and administrative procedures, there are severe delays in moving goods across borders.
- A serious shortage of power in East and Southern Africa is constraining economic growth, preventing new mines from being opened and limiting the potential for irrigated agricultural production to expand.

A MAJOR INTERNATIONAL EVENT
LUSAKA, ZAMBIA,
6-7 APRIL 2009

www.northsouthcorridor.org



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By speeding up transit times and significantly reducing the costs of transportation along this vital trading route, the North-South Corridor programme will unlock the region's economic potential by facilitating faster and lower cost access for producers to regional and international markets. Improvements on the North-South Corridor, if implemented sequentially, could lead to transport cost savings to African based businesses in the order of US\$50 million per year.

Another initiative is to improve power supply and transmission in the 12 Southern African Power Pool member countries and establish linkages with the East African Power Pool member countries.

A major regional infrastructure and Aid for Trade conference will be hosted by the Government of Zambia in Lusaka on 6-7 April 2009. The meeting will show that it is possible to tackle major transport bottlenecks and address the region's electricity shortages by investing in infrastructure and undertaking a sequence of regulatory and institutional reforms.

High-level representatives from African countries as well as from major finance institutions, private companies, investment consortiums and bilateral donors are expected to attend. The UK Government is working in partnership with other donors to support this initiative. Participants at the conference will be asked to commit finance for energy and transport programmes, and to act as champions of regional trade and integration along the Corridor.

The power and transport infrastructure programmes are being developed as an innovative Aid for Trade initiative that will:

- create a modern transport network that offers users an efficient, reliable and low cost range of transport services
- reduce business costs, enabling producers to be more competitive and to reach regional and international markets more quickly
- simultaneously tackle regulatory, administrative and infrastructural constraints
- support a regional approach to trade policy and trade facilitation
- promote Aid for Trade in Africa working with partners such as the African Development Bank (AfDB), the United Nations Economic Commission for Africa (UNECA) and the World Trade Organization (WTO).

The North-South Corridor could offer a model for increasing trade and deepening regional integration across the continent.

For further information:
www.northsouthcorridor.org

THE CONFERENCE WILL DELIVER:

- a programme and timetable for implementing trade facilitation measures along the North-South Corridor;
- a financial package for improving transport infrastructure on the North-South Corridor and for increasing power capacity in East and Southern Africa;
- a commitment to the generation and trading of power in East and Southern Africa;
- a commitment to establish three new One Stop Border Posts along the North-South Corridor by 2012, and to set a timetable for opening others in the region;
- a commitment to reform rail concessions in East and Southern Africa and to establish a well functioning regional rail network by 2012;
- presentation of a project to install a system that will electronically link weighbridges along the North-South Corridor by 2010; and
- plans and mechanisms for implementing and monitoring Aid for Trade in Africa.





**For more information on the
North South Corridor go to:**

www.northsouthcorridor.org

***All roads lead to Lusaka
6-7 April, 2009 – Be there!!***

Thank You