



Development Bank
of Southern Africa



REGIONAL TRANSPORT ROUNDTABLE

DBSA's Regional Transport Strategy

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...Transport ... more than a strategy....a development necessity

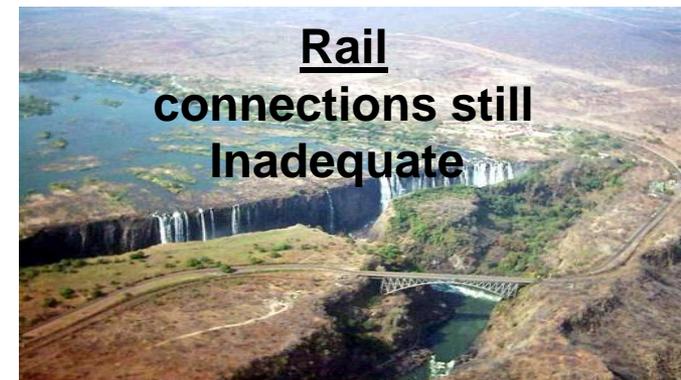


Transport

CORE SECTOR

Transport
Energy
Water
ICT

Air connectivity and safety needs improvement



Rail connections still Inadequate

Port Improvements a critical factor



**USD 18.9 Billion
Spend Per Annum**

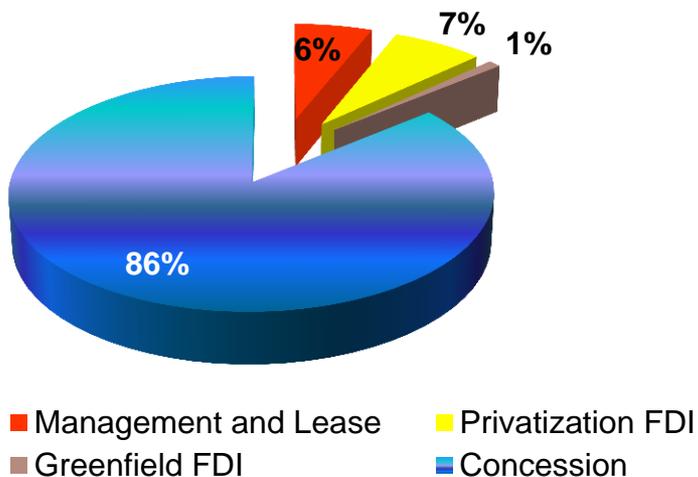
- 15 landlocked countries with high transport costs.

Missing Road connections

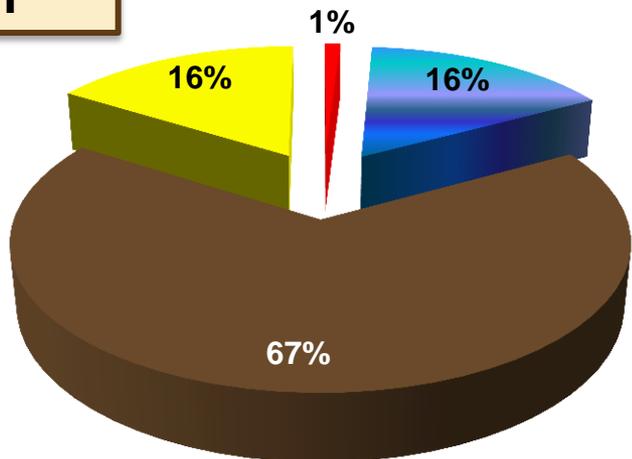


Spend in African Economies

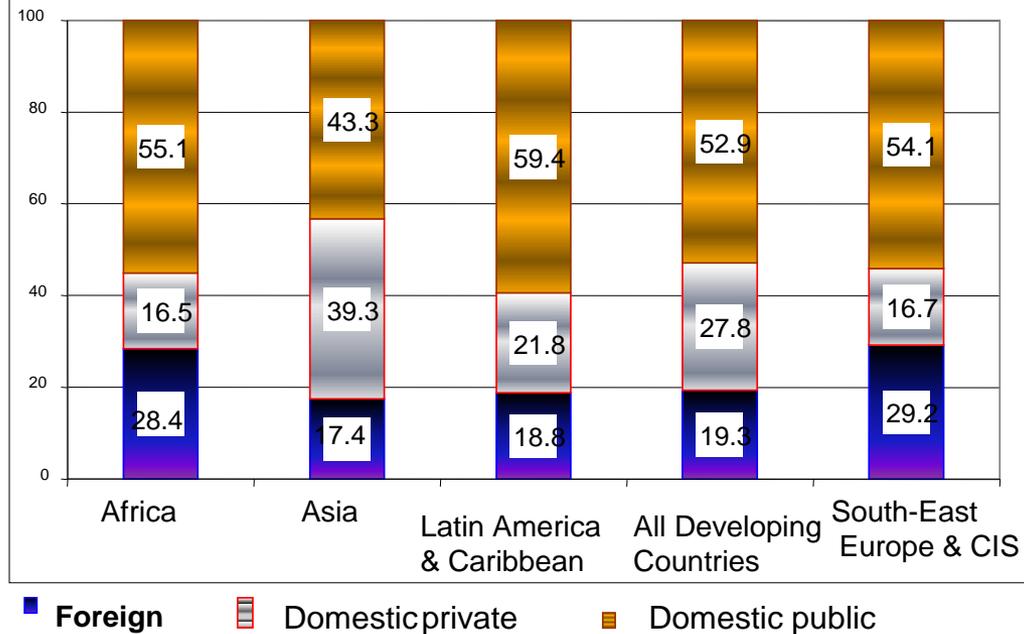
TNC Involvement in Africa's Transport Sector



ICT



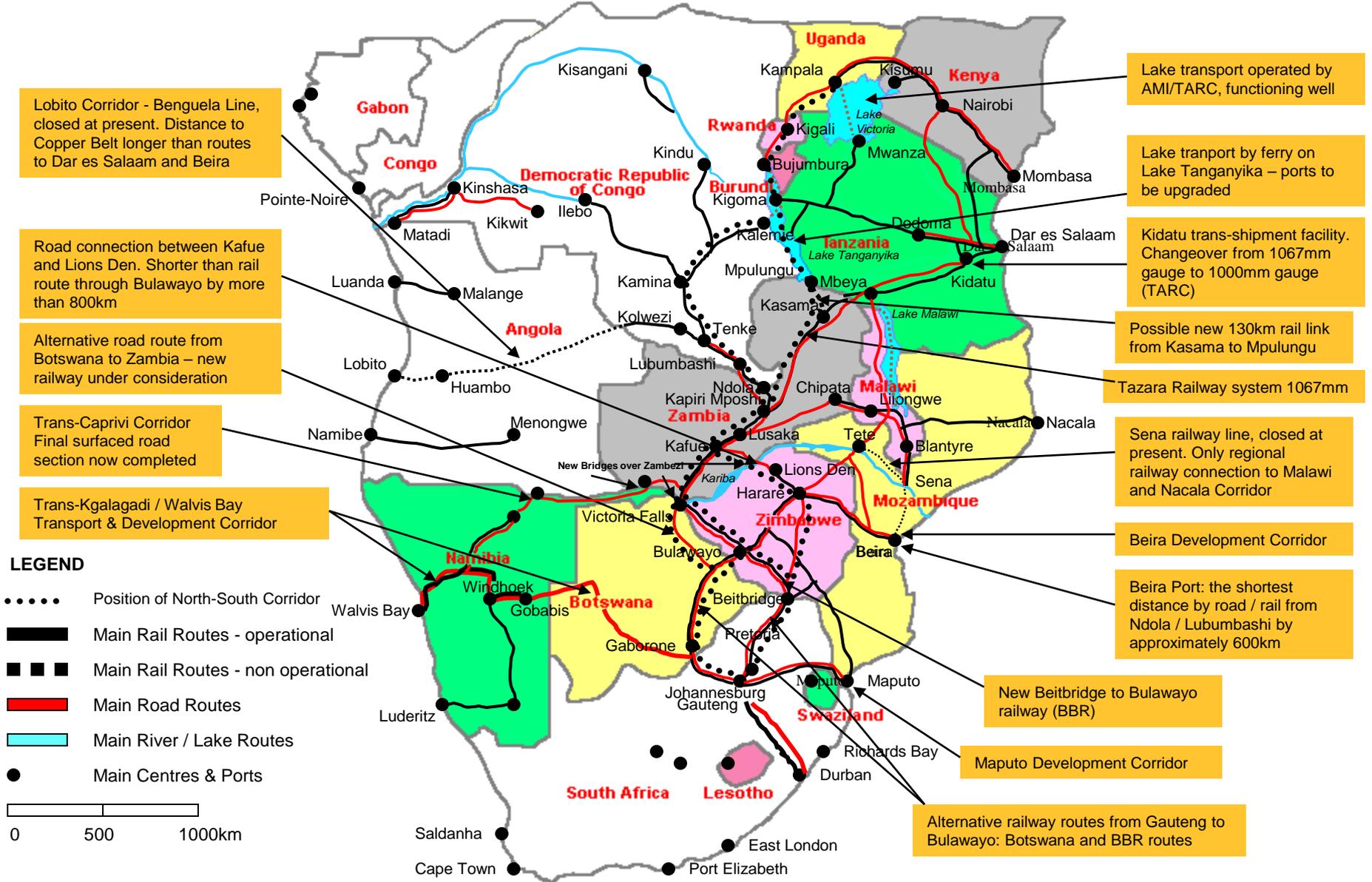
Share of Investment: Transport



FDI inflows concentrated in a few countries with top 5 recipients accounting for 63.2% of total inflows and top 15 recipients 87.9%

Regional Integration requires USD2.1 bn spend per annum (0.6% of GDP): but disproportionate burden

TRANSPORT SECTOR	INV/CAPITAL	O&M	TOTAL
Angola	34	36	70
Botswana	12	23	35
DRCongo	139	69	208
Lesotho	0	0	0
Madagascar	15	23	38
Malawi	2	11	13
Mozambique	14	36	50
Mauritius	0	0	0
Namibia	37	34	71
Seychelles	0	0	0
South Africa	11	79	90
Swaziland	11	26	37
Tanzania	28	32	60
Zambia	10	34	44
Zimbabwe	4	7	11
SADC	317	410	727



NSC as Cape To Cairo

Definition can be expanded beyond “Durban to Dar es Salaam”



- Rehabilitating and maintaining NSC Road Network (red lines from Durban to Dar es Salaam) to a “good” standard would cost **US\$9.1 billion**: US\$5.9 billion for capital and US\$3.1 billion annual maintenance costs.
- **Excluding RSA** would reduce costs to **US\$6.9 billion**: US\$4.5 billion for capital and US\$2.4 billion maintenance.

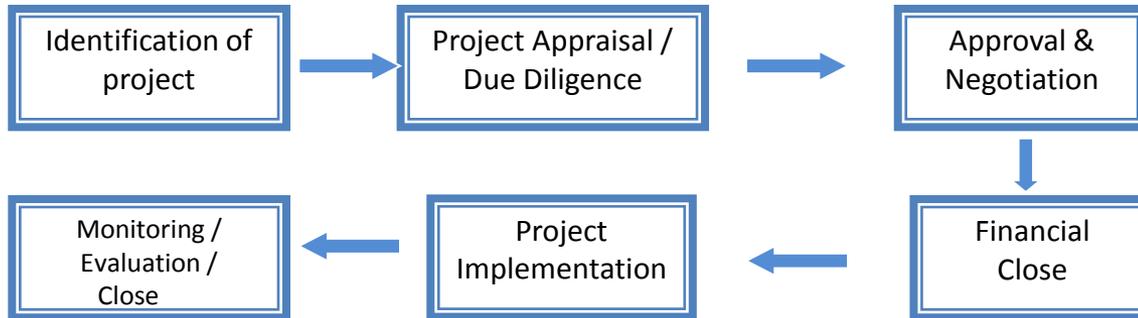
- Though projects have been identified and motivated on a regional context, financing of such is left to individual states due to lack of an appropriate funding model.
- Fragmentation of projects and differentiated application of terms and conditions for different segments of the project based on different risk regimes complicates funding structures;
- Lack of project champions to drive and from which the mandate is derived is a binding constraint to development of infrastructure projects ;
- Preparation and planning costs of cross-border projects come at inflated costs and results in delay in the roll-out and implementation of projects - such costs are estimated to be as high as 5 – 10% of the Total Cost of project;

Project Implementation Challenges....(continued)

- Lack of cross-border software impedes policy, regulatory, procedural, technical and environmental standards harmonization. These are significant constraints to regional project development.
- Although pockets of strength exist, a generally weak private sector within SADC
- Generally weak and shallow financial and capital markets;
- Conservative (risk-averse) nature and operations of financiers;
- Indebtedness restrictions imposed by donors and financiers on sovereigns;
- Institutional capacity challenges at implementing/oversight agencies inhibits quick progress, even where finances are not a factor.



Project Life Cycle & information required by Financiers



- Entire project appraisal and decision making may be completed within two or three months, provided that project is at an advanced state of preparation and required information is available;
- Appraisal process begins with the receipt of a **project information memorandum and/or business plan/model** that identifies the nature and scope of the project, as well as technical and financial ability of Sponsor to implement and successfully run the project.
- Projected **cash flows and related assumptions are analysed** and expected development impact should be addressed.
- Project team will, in close cooperation with the client/sponsor/co-founders or their advisors evaluate the **technical, financial, economic and legal aspects** of the project. This is a highly interactive process that culminates in the finalization of a project appraisal report and **Indicative Term Sheet**.
- Should application be approved, **negotiations** will commence with the client regarding proposed funding terms and conditions. This process is concluded by the finalization of the relevant legal documentation (financial close) and disbursements of funds follows.



Success Factors For Funding & Implementation

- Predictable Policy and Regulatory Environment
- Capacitated and/or Committed Implementing Agencies
- Capacitated and/or committed Oversight Agencies

Selected Pipeline Infrastructure Projects

ROAD	RAIL	PORTS	AIRPORT
<input type="checkbox"/> Beitbridge – Chirundu	<input type="checkbox"/> National Railways of Zimbabwe	<input type="checkbox"/> Dar es Salaam Port	<input type="checkbox"/> Ndjili Airport
USD80 million	USD350 million	USD600 million	USD110 million
USD250 000	USD300 000	USD750 000	USD500 000

CONCLUSION

The DBSA 's involvement in the Transport Sector is a core Mandate of its establishment as an Infrastructure Bank operating in SADC and the continent;

The CURRENT DRIVE is to:

- accelerate the appropriate packaging, funding and implementation of NSC projects (NINE PROJECTS IDENTIFIED);
- Strengthen partnerships to mobilise the required resources and creation of innovative transnational funding instruments;
- Provide support toward capacity building, policy harmonisation and innovative



Thank you