

Transport Links and Connectivity in Kenya for Industrialization and Manufacturing Export Competitiveness: The Significance of Lamu Port and the LAPSSET Corridor

PRESENTED BY:

BRIAN OBARA
PRINCIPAL STRATEGY OFFICER
LAPSSET CORRIDOR DEVELOPMENT AUTHORITY

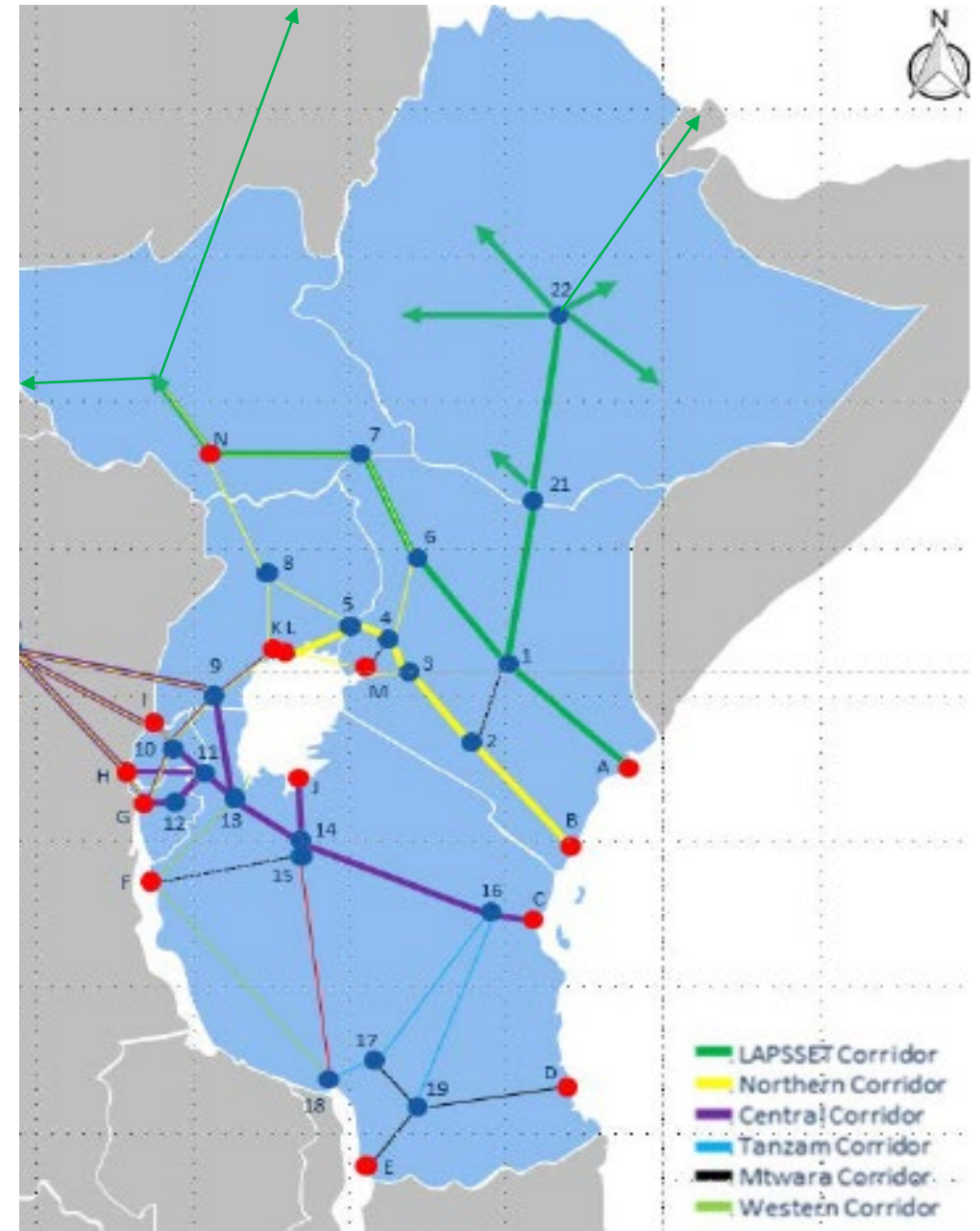
OVERVIEW OF THE LAPSSET CORRIDOR

- **LAPSSET** Corridor stands for Lamu Port, South Sudan, Ethiopia, Transport Corridor
- The Corridor presents a great opportunity for regional integration and increased trade in the Eastern and Horn of Africa area by supporting various Port to Port connections
- The Regional Components are:

1. Lamu Port
2. Highways
3. Oil Pipelines
4. Railway

Additional Components: **International Airports, Resort Cities, High Grand Falls Dam, Electricity Transmission, Fiber Optic Connectivity, Water Supply**

500 meter Inner Corridor
100KM Economic Corridor



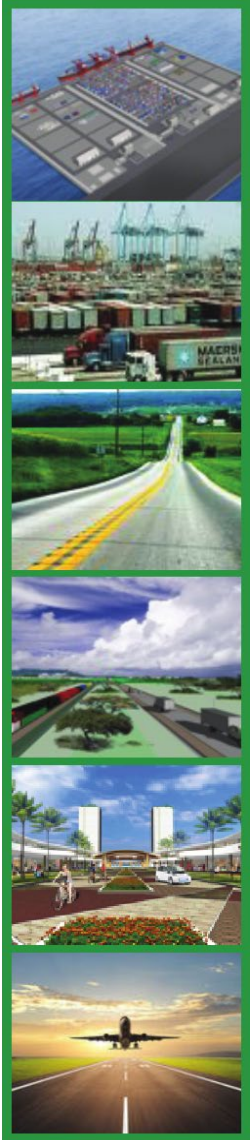
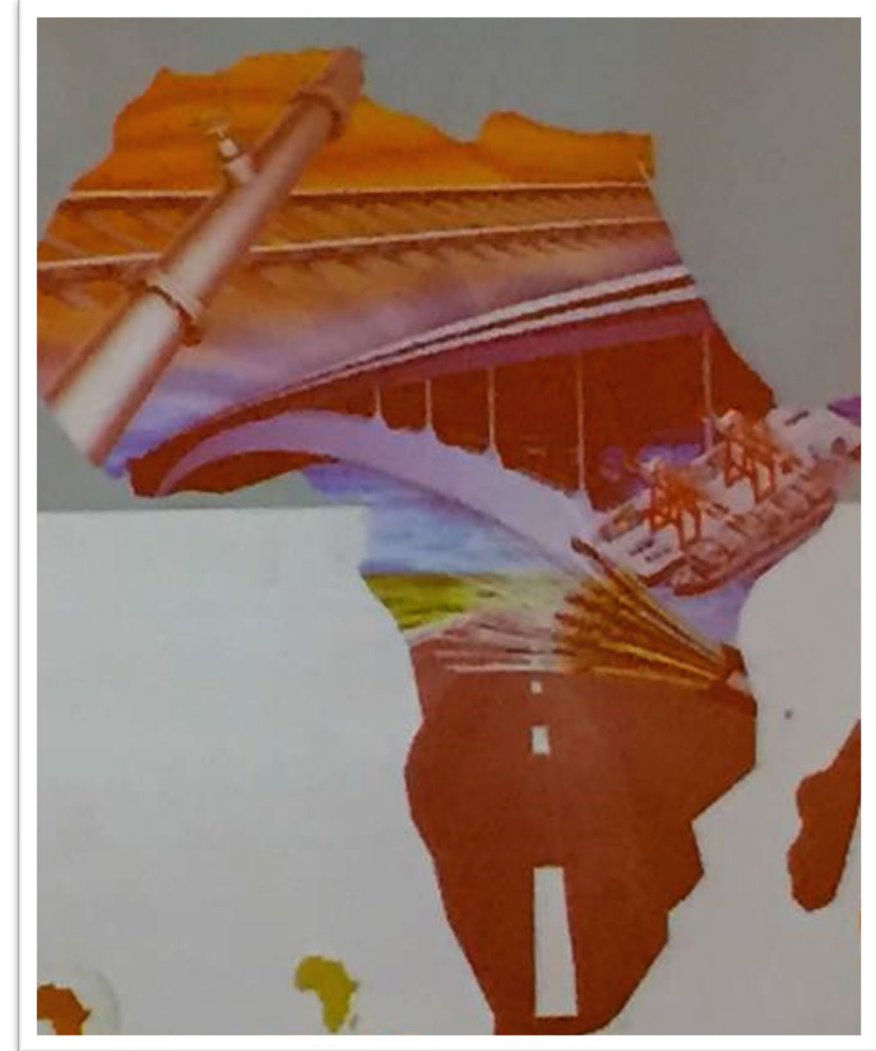
LAPSSET CORRIDOR PROGRAM FROM A REGIONAL PLANNING PERSPECTIVE

The LAPSSET Corridor Program is a Kenya Vision 2030 Project which is Kenya's blue print for long term development

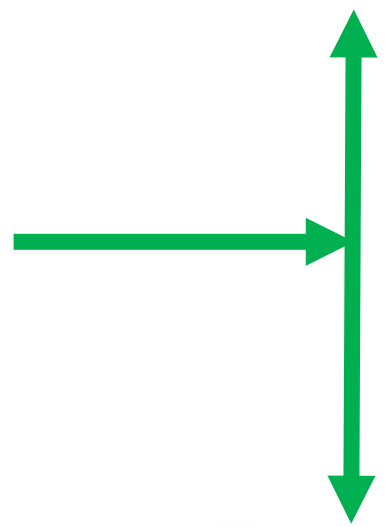
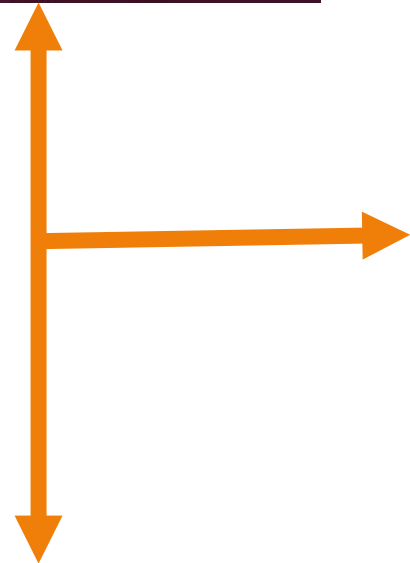
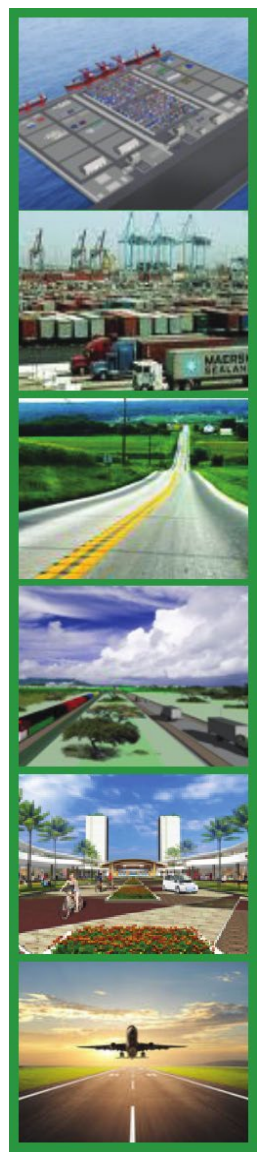
The Program was also admitted as one of the 11 African Union Presidential Infrastructure Champion Initiatives (PICI) giving it a continental platform for support and development

The Program is also a Program for Infrastructure Development in Africa (PIDA) priority. PIDA seeks to develop the following infrastructure in Africa as part of AU Agenda 2063:

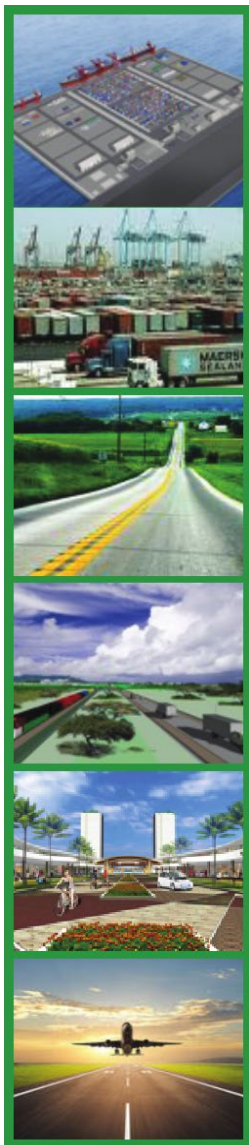
- **Modern Highways: 37,000 km**
- **Modern Railways: 30,200 km**
- **Port Added Ton Capacity: 1.3 billion tons**
 - Port of Durban plans to double capacity **44 M to 88 M tons/year by 2040**
 - Lamu Port plan to inject new ton capacity of **23 Million tons per year by 2030**
 - Suez Canal expansion project plans to inject new port added **ton capacity by 3.7 billion from 6.7 to 10.4 billion tons**



RELATIONSHIP BETWEEN CONTINENTAL PLANNING AND LAPSSSET



KENYA VISION 2030



The vision is anchored on three key pillars:

Economic

Improve the prosperity of all regions of the country and all Kenyans by achieving 10% Gross Domestic Product (GDP) growth rate per annum

Social

Invest in the people of Kenya and improve the quality of life for all Kenyans through human and social welfare projects & programs

Political Governance

Move to the future as one nation with a democratic system that is issue-based, people-centered, results-oriented & accountable to the public

Enablers & Macro – The Foundations of Vision 2030

Deploy world class infrastructure facilities and services
(Macroeconomic, Infrastructure, Energy, Science, Technology and Innovation (STI), Land Reform, Human Resources Development, Security, and Public Sector Reforms)



Kenya



Ethiopia



South Sudan



Uganda



REGIONAL MARKET AND DEMAND

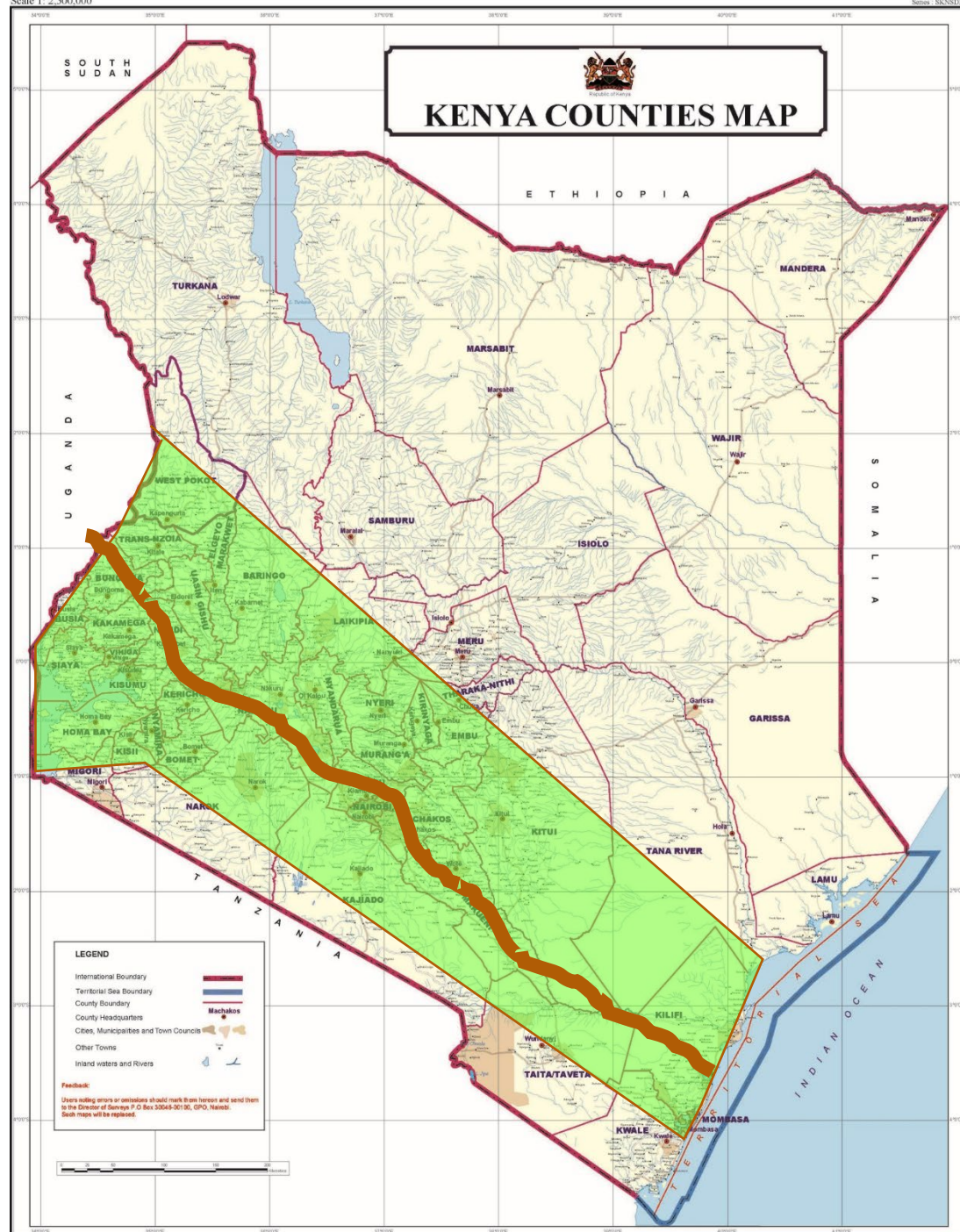
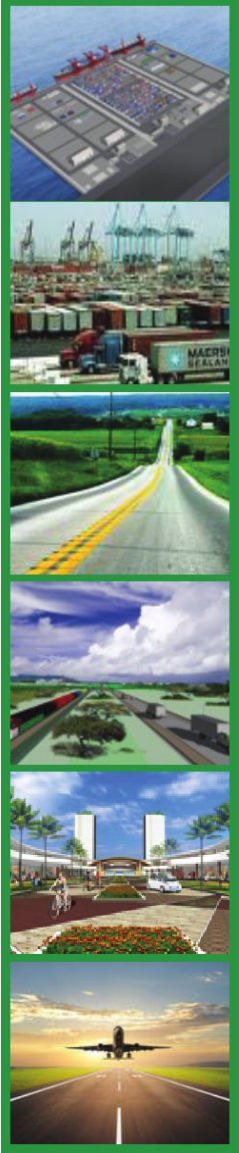
- **Kenya** - Population increased from 41.4M in 2010 to 47.2M in 2020. Over the same period, GDP per capita increased from USD 2,436 to USD 2,961.
- **Ethiopia** - Population increased from 87.7M in 2010 to 105M in 2020. Over the same period, GDP per capita increased from USD 1,075 to USD 2,722.
- **South Sudan** - Population increased from 10.1M in 2010 to 12.5M in 2020. Over the period from 2010 to 2016, GDP per capita increased from USD 1,403 to USD 1,678.
- **Uganda** - Population increased from 33.9M in 2010 to 42.9M in 2020. Over the same period, GDP per capita increased from USD 1,585 to USD 2,568.

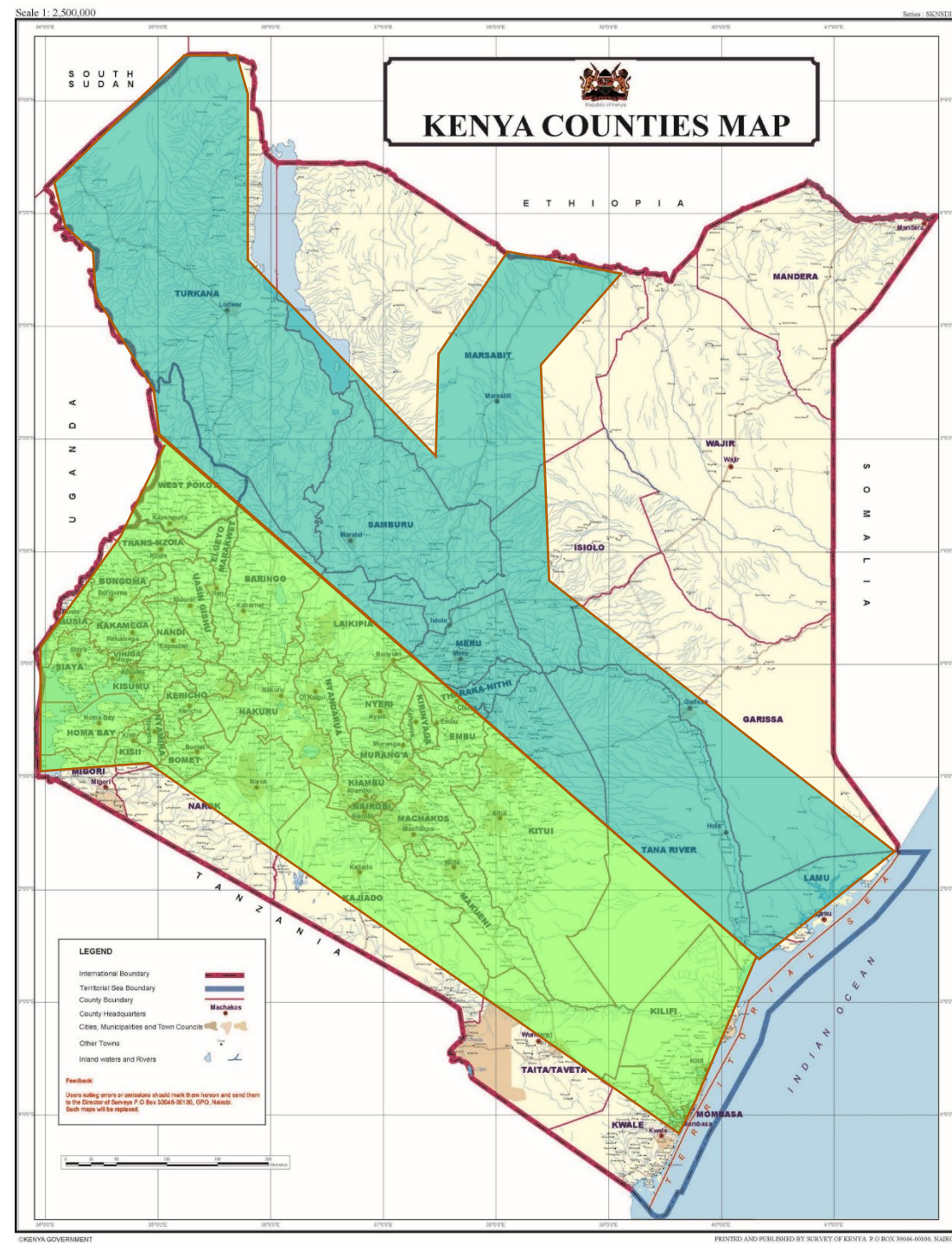
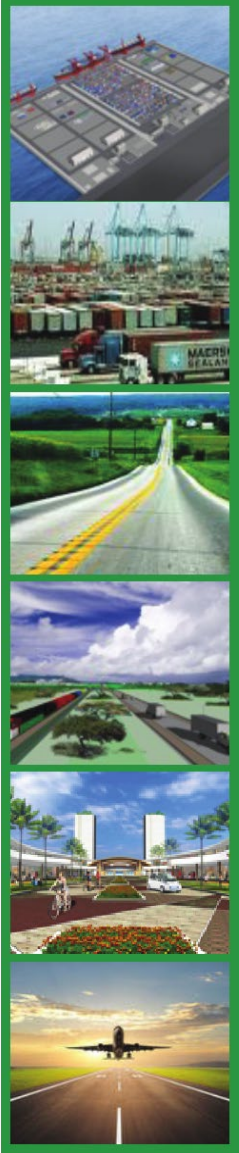
Substantial growth in port volumes is foreseen due to the following three trends:

- **Consumption growth exceeds production growth**
- **Significant growth in imports**
- **Considerable growth in exports**

300M People

Total Potential African Market Size

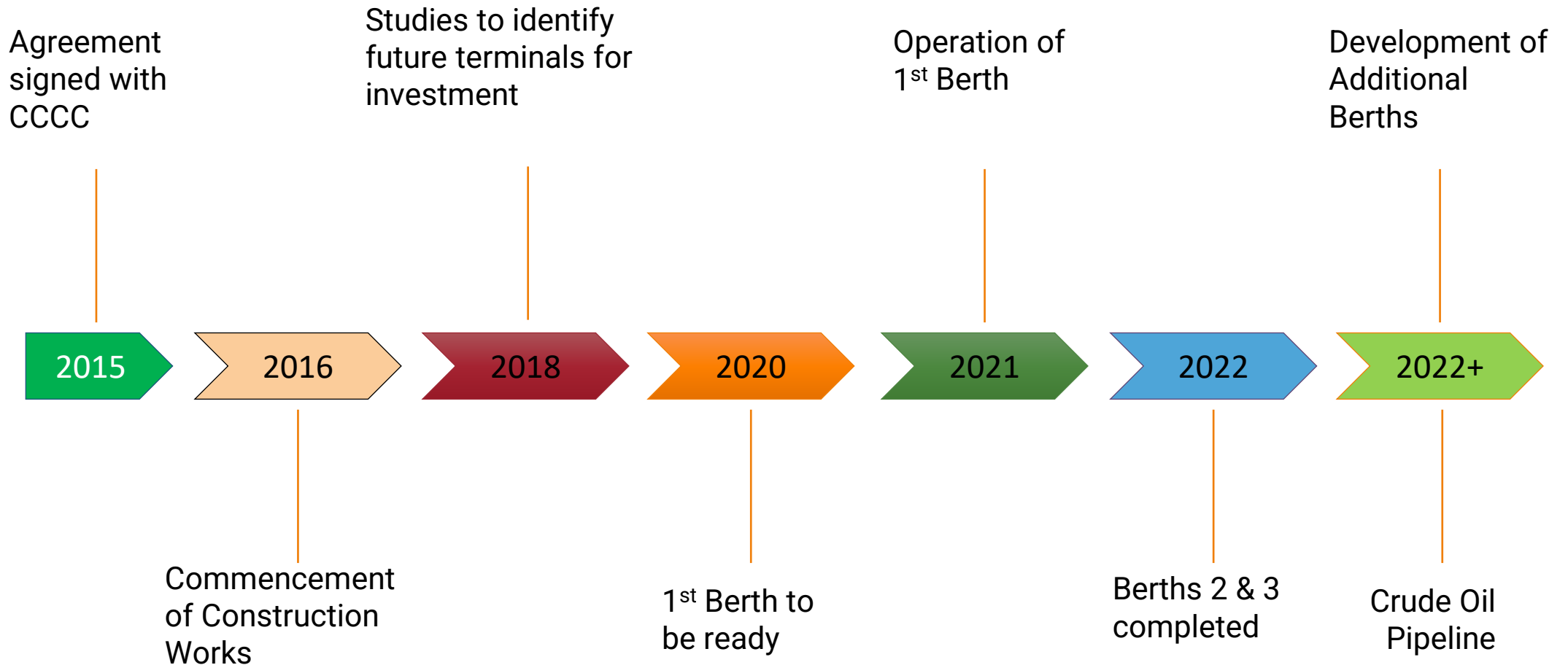
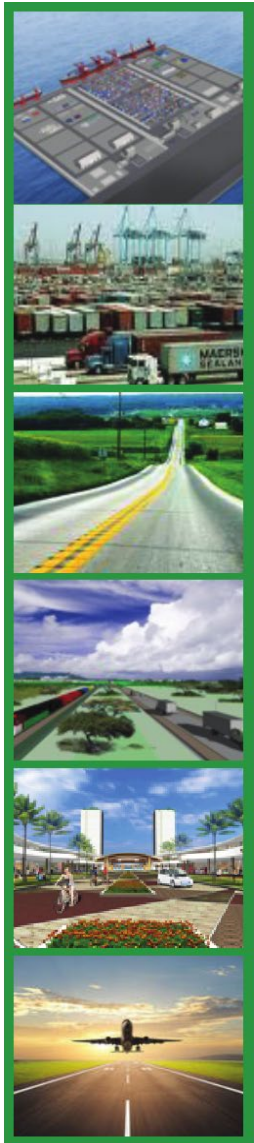




LAND BRIDGE / PORT TO PORT CORRIDORS



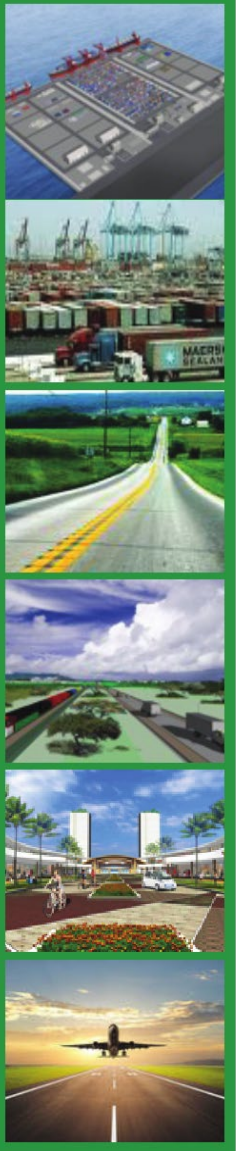
Project Timeline



1. THE PORT OF LAMU



1st 3 BERTHS OF THE PORT OF LAMU



PPP DEVELOPMENT PLANS AT LAMU PORT

LCDA together with its Transaction Advisors has identified 2 terminals at Lamu Port and Lamu SEZ as viable projects for Private Sector Investment under the Public Private Partnership (PPP) Framework.



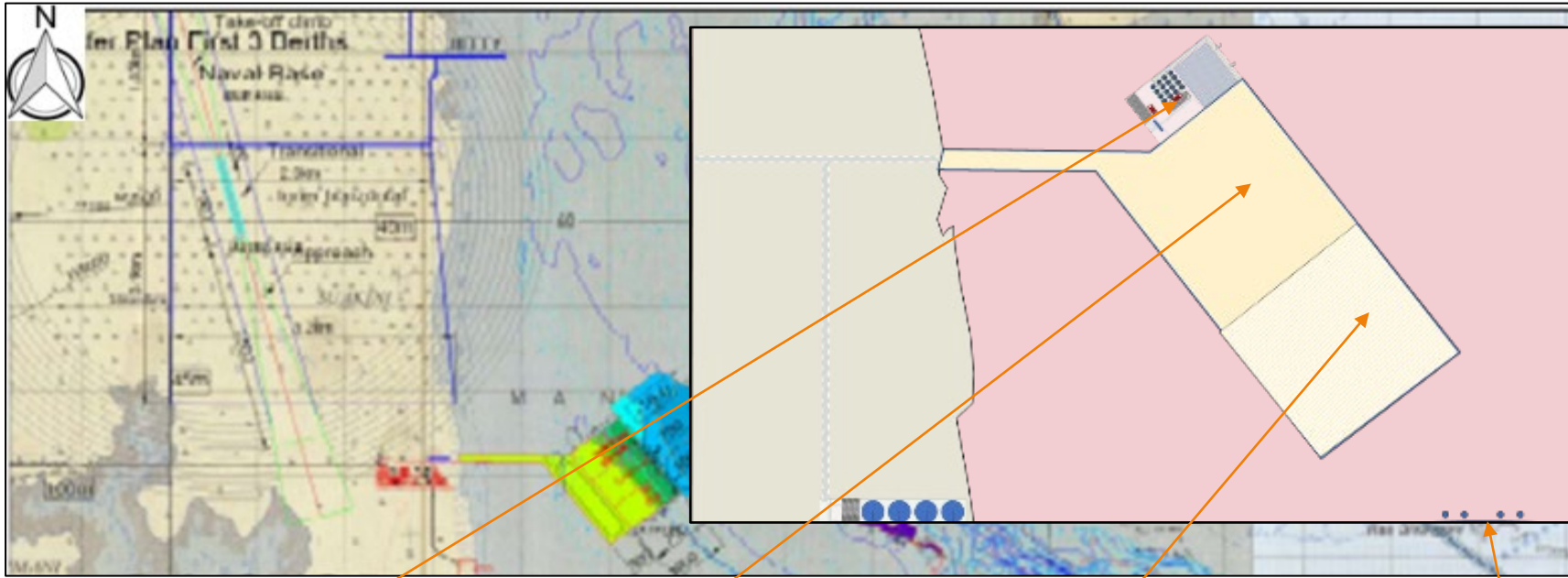
Lamu Port Agribulk Terminal



Lamu Port Liquid Bulk Terminal



Lamu SEZ



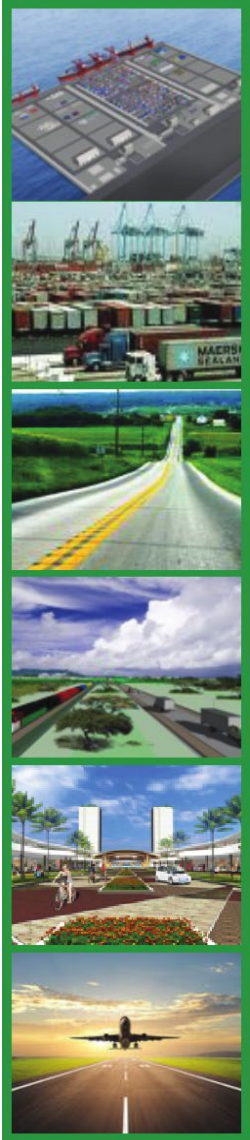
BERTH 8
DRY BULK

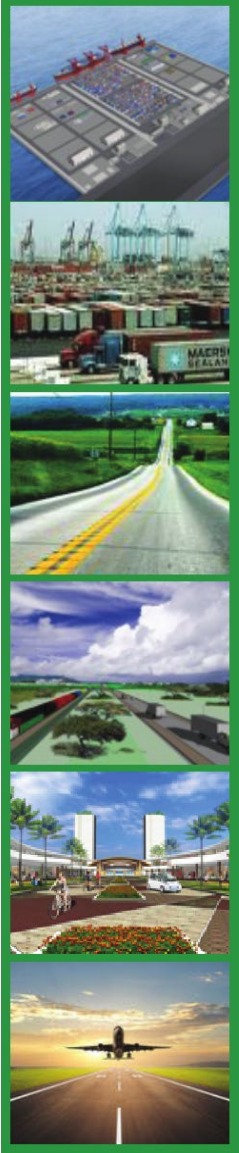
BERTH 7
AGRIBULK

BERTHS 1-3
CONTAINER/ BREAKBULK

BERTHS 4-6
CONTAINER/ BREAKBULK

OIL JETTY





- **Adopting a Port-Zone-City development mode in Lamu as a strategy for promoting greater economic activities in Lamu and to make the Port more vibrant.**
- **Port proximity:** the close proximity of a seaport to Lamu Port City saves the tenants time, costs, and enhances connectivity.
- **Trade Routes:** Lamu sits on the Eastern Coast of Africa facing the major maritime trade routes from the East. This is advantageous in the development of the Industrial city.
- **Greenfield:** the greenfield development with sufficient space availability, offers opportunity and flexibility to develop the asset free from existing obstacles.

1,200 KM²

Total area

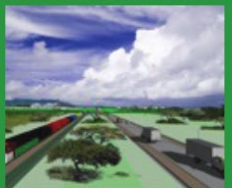
300 KM²

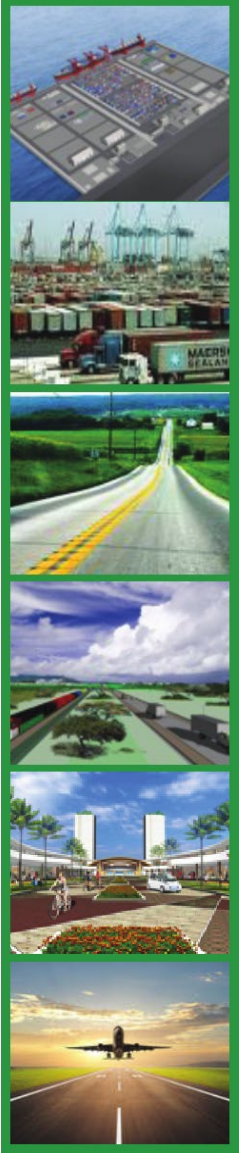
Total Industrial Land area

30 years

Development cycle

Kenya (.)





The Objectives of the SEZ are:

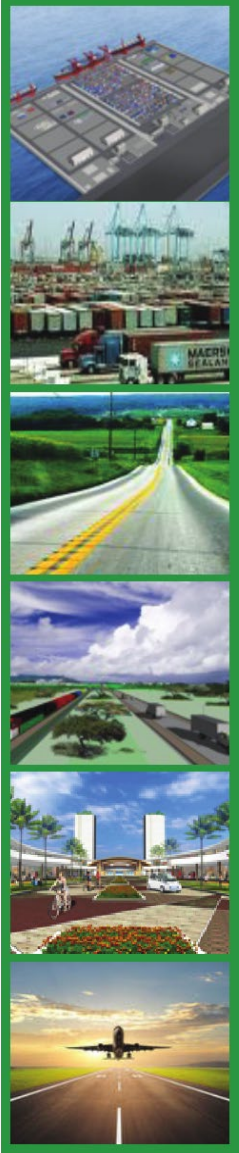
- To expand and diversify production of goods for domestic and export markets;
- To attract both local and foreign investments;
- To promote value addition;
- To promote local entrepreneurship through Small and Medium Enterprises (SMEs);
- To enhance technology development and innovation;



The Authority has made the following strides in realization of the Lamu Special Economic Zone:-

- Planning and Investment Framework completed and approved;
- Integrated Transport Infrastructure Master Plan for Lamu Port City concluded and approved.
- **LCDA is currently spearheading the process of site identification and acquisition of the Lamu SEZ**

SEZ Key Development Industries

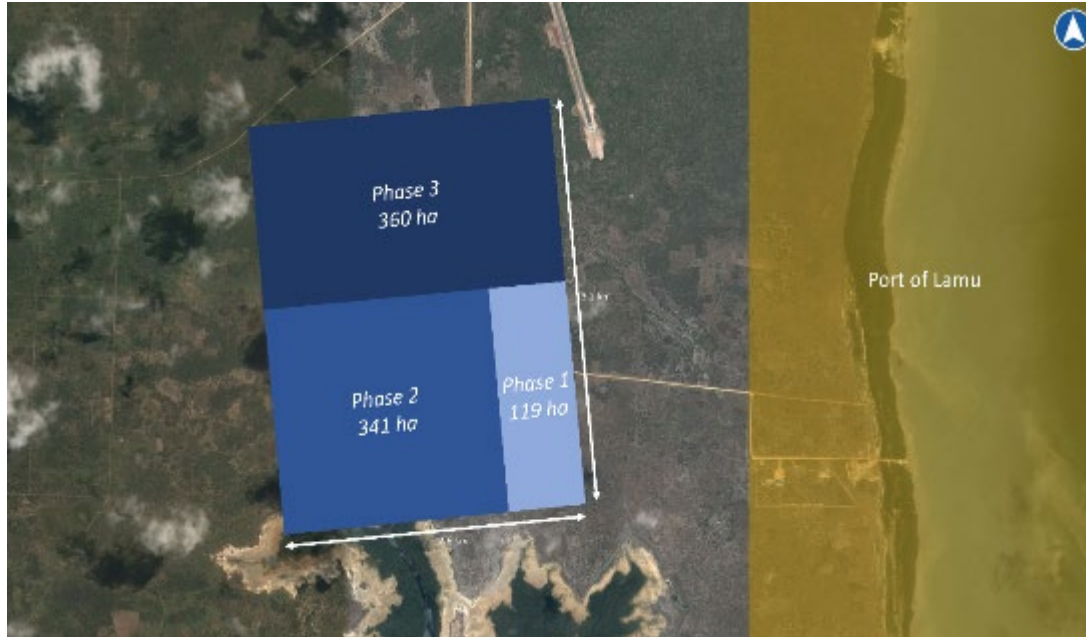


- **Iron & Steel Industries:** High demand for steel in the region with lower production. Kenya's steel demand is currently at 2.5 million tons, and is projected to double to 5 million tons by 2030.
- **Cement Industry:** with major infrastructure and real estate developments ongoing, there is increased demand for cement in the region. Kenya alone consumed 5.7 M tons of cement in 2015
- **Food and Beverages:** Drivers include: population and economic growth; disposable income; shifts in consumer choices (e.g. increasing meat and soft drinks consumption, demand for packaged or processed foods);
- **Vehicle Free Zone:** Importation of vehicles to Kenya and all land-locked countries in the region.
- **Apparel Industry:** Apparel production lags far behind its demand. The LAPSSSET partner states offer a significant cost advantage over other major producing countries such as China.
- **Petrochemical Industry:** There are massive Oil and Gas reserves in the region that have been largely underutilized.



Lamu Special Economic Zone (SEZ)

Location and key figures



820 ha

Total area

608 ha

For light industries

59 ha

For warehousing

2

Gates

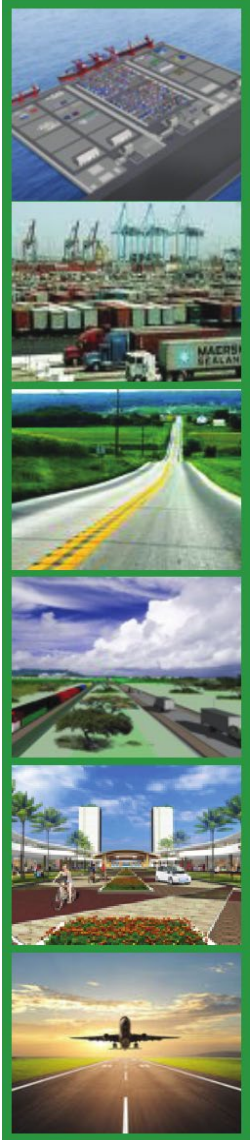
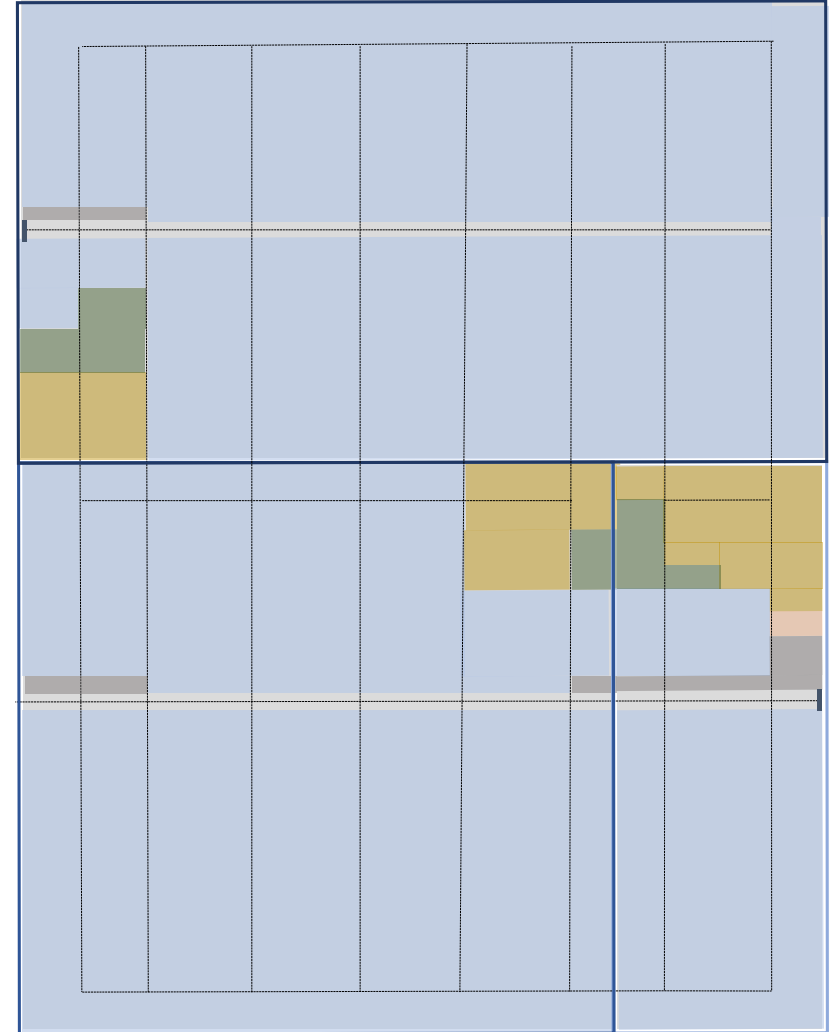
13 ha

Internal roads

2 ha

Plot size

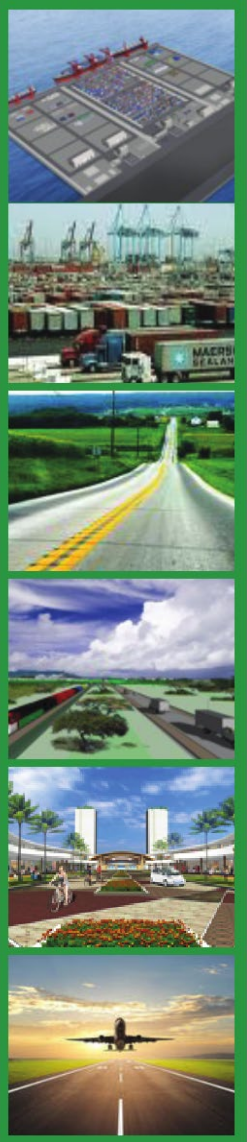
The layout covers a total area of 820 ha



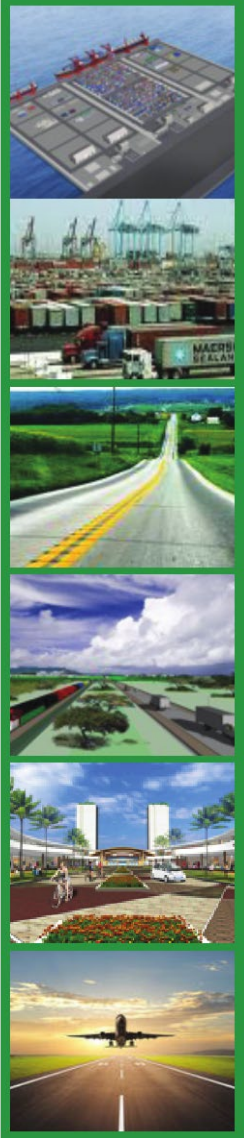
2. HIGHWAYS

Interregional Highways from Lamu to Isiolo, Isiolo to Nakodok and Juba (South Sudan), Isiolo to Moyale and to Addis Ababa (Ethiopia), and Lamu to Garsen (Kenya)

COUNTRY	ROAD SECTION	LENGTH (KMs)	COMPLETION	NOTES
KENYA	Lamu Port Access	12	100%	Complete
	Lamu – Garsen	114	100%	Complete
	Lamu - Garissa	250	12%	Contractor on site and works commenced
	Garissa - Isiolo	288	0%	Construction Supervision advertised
	Isiolo - Moyale	505	100%	Complete
	Isiolo – Lokichar	368	0%	Road Designs Complete
	Lokichar - Lodwar	85	100%	Complete
	Lodwar - Nakodok	252	55%	Construction Ongoing
SOUTH SUDAN	Nakodok - Juba	345		
ETHIOPIA	Moyale - Awassa	496	65%	To be completed by JUN 2022
	Awassa - Addis Ababa	282	100%	Complete



3. OIL PIPELINES



Crude Oil Pipeline from Lamu to Isiolo, Isiolo to Nakodok, and Nakodok to Juba (South Sudan);

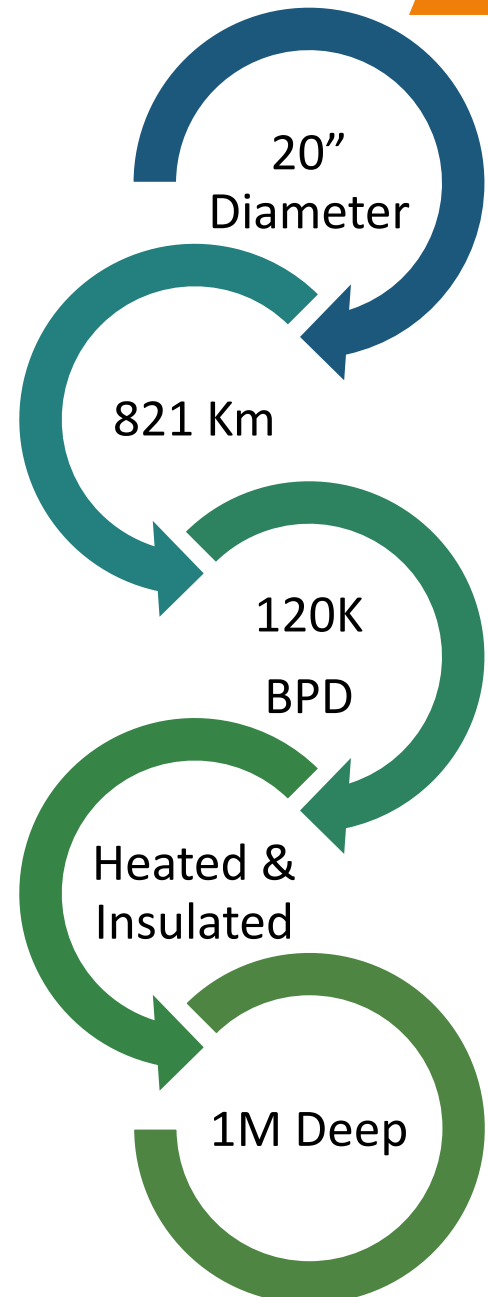
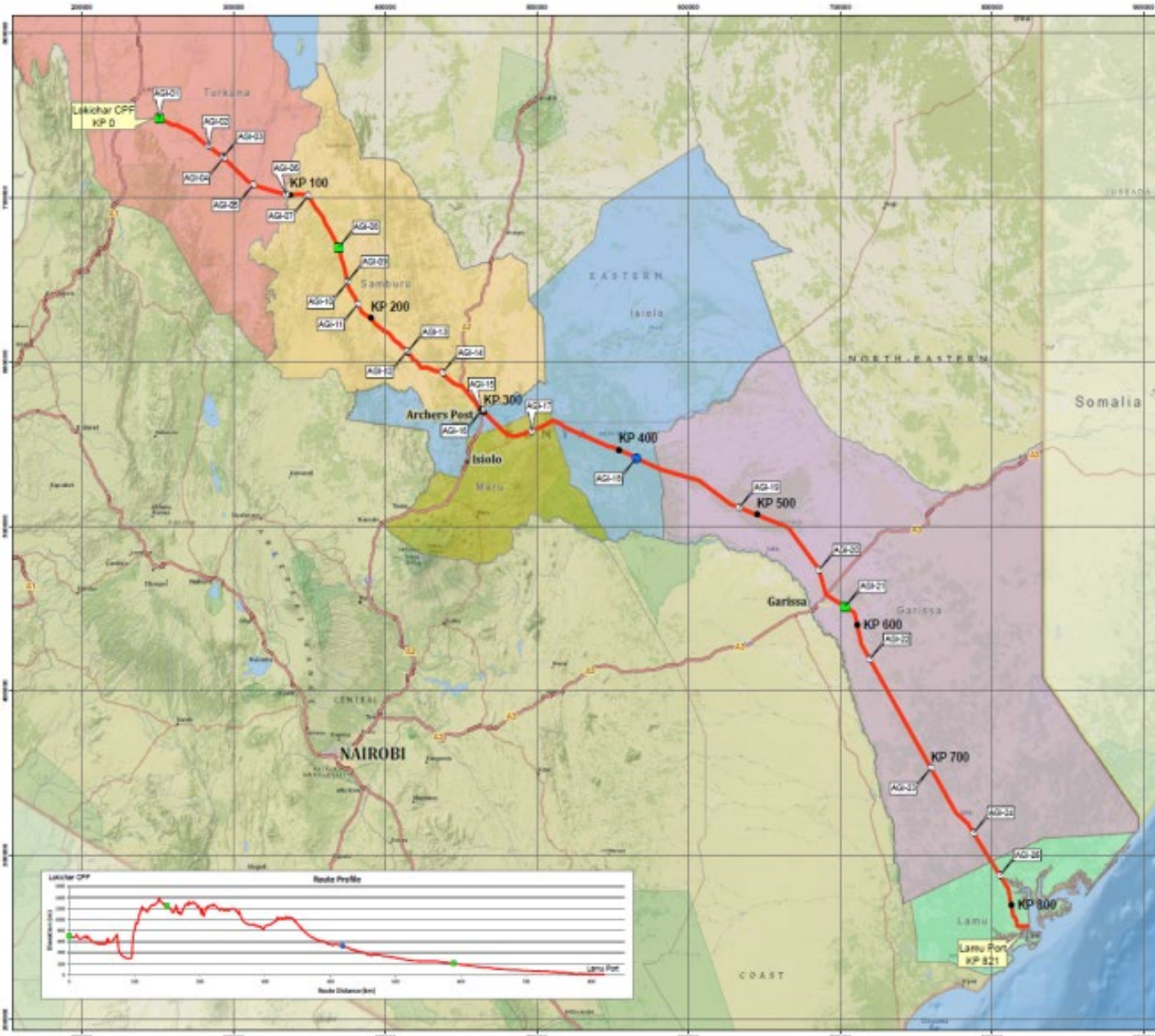
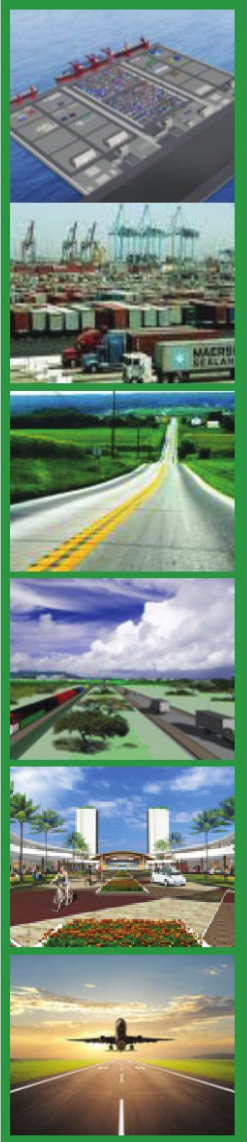
- **Joint Development Agreement (JDA)** signed between the upstream companies and GOK in 2017
- Front End Engineering Designs (**FEED**), Strategic Environmental Assessment (**SEA**) and Environmental and Social Impact Assessment (**ESIA**) studies already completed

Product Oil Pipeline from Lamu to Isiolo, Isiolo to Moyale (Kenya) and Moyale to Addis Ababa (Ethiopia);

- Bilateral Agreement between Kenya and Ethiopia to jointly develop the pipeline signed in 2018
- Kenya Pipeline (KPC) undertook preliminary studies on this pipeline in 2019/20 FY with detailed studies set to commence

Both Pipelines admitted under PIDA II

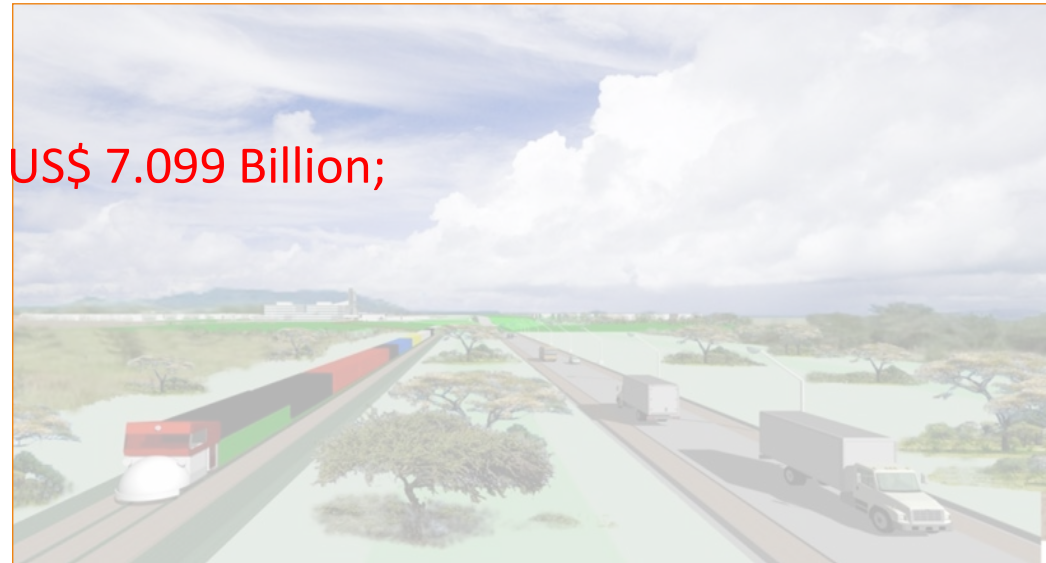
Kenya (Kenya) Crude Oil Pipeline



4. RAILWAY

Interregional Standard Gauge Railway lines from Lamu to Isiolo, Isiolo to Nakodok (Kenya/South Sudan border) and Juba(South Sudan), Isiolo to Moyale (Kenya/Ethiopia border) and Addis Ababa (Ethiopia), and Nairobi to Isiolo

- **Preliminary Engineering and feasibility studies undertaken in 2017.**
- Ethiopia and Kenya to develop a joint implementation Plan and Funding Strategy
- A joint due diligence tour to China done in 2015;
- Railway admitted under PIDA II
- **Project Cost**
- Total Estimated Investment Cost - **US\$ 7.099 Billion;**
- **Project EIRR: 17.3%**



5. INTERNATIONAL AIRPORTS

3 International Airports; one each at Lamu, Isiolo, and Lake Turkana

- Intermediary Airports in place (Manda – Lamu; Lodwar, Lokichogio - Turkana)
- Preliminary facilities at Manda Airport in Lamu completed, including a 2 Km runway and terminal building.
- Isiolo International Airport completed and commissioned.

187 \$M

Lamu
International
Airport Inv. Cost

19.1%

Lamu
International
Airport EIRR

175 \$M

Isiolo
International
Airport Inv. Cost

12.1%

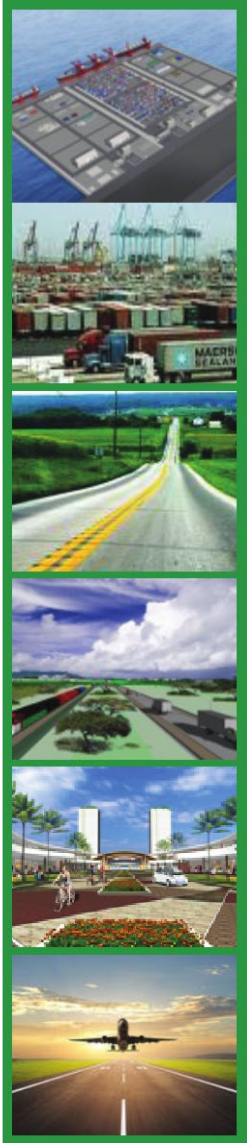
Isiolo
International
Airport EIRR

144 \$M

Turkana
International
Airport Inv. Cost

12%

Turkana
International
Airport EIRR



6. RESORT CITIES

3 Resort Cities; one each at Lamu, Isiolo and Lake Turkana

Cost Estimates



Lamu

\$900m

EIRR

15%

Isiolo

\$500m

EIRR

12.8%

L. Turkana

\$200m

EIRR

20.8%

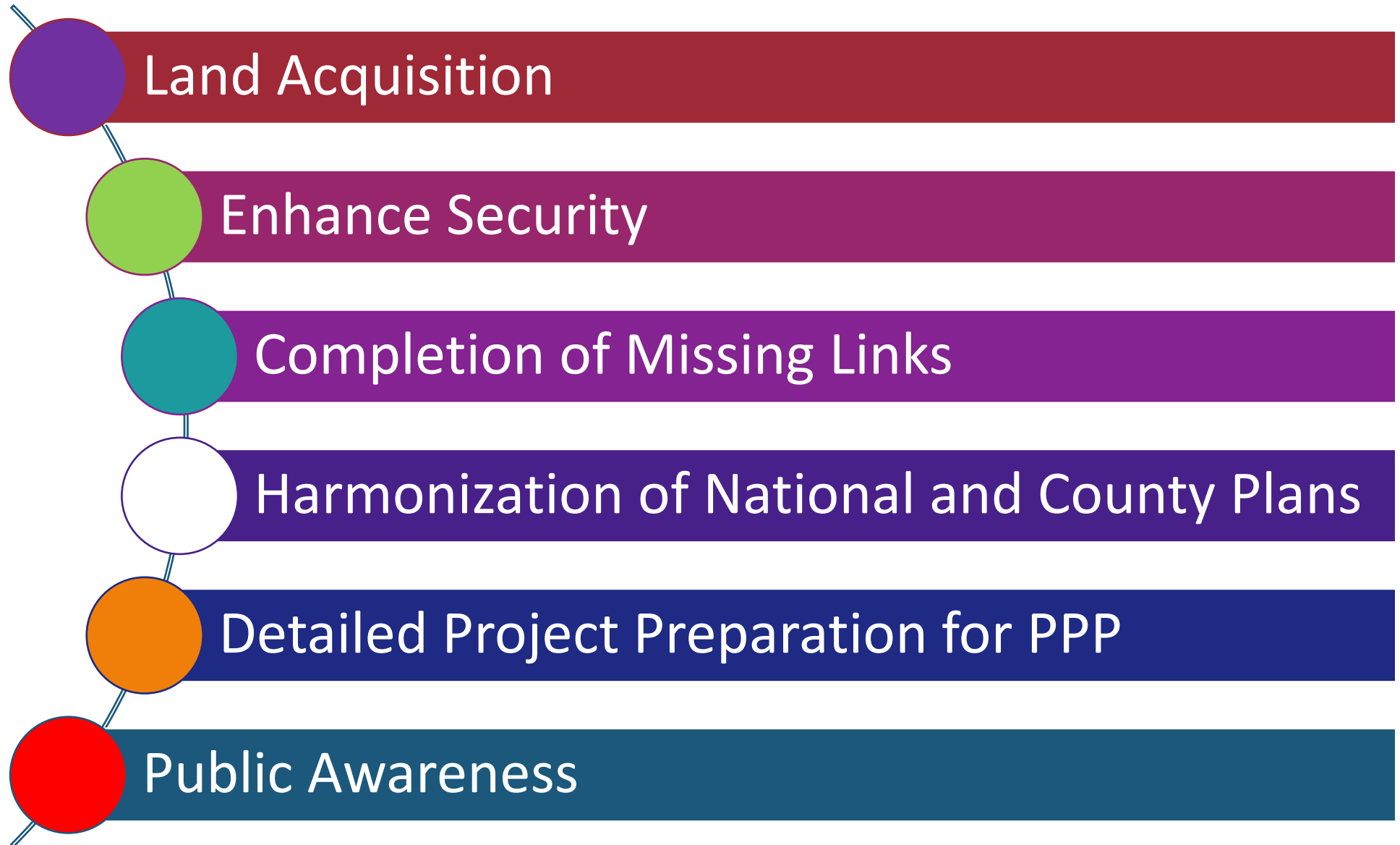
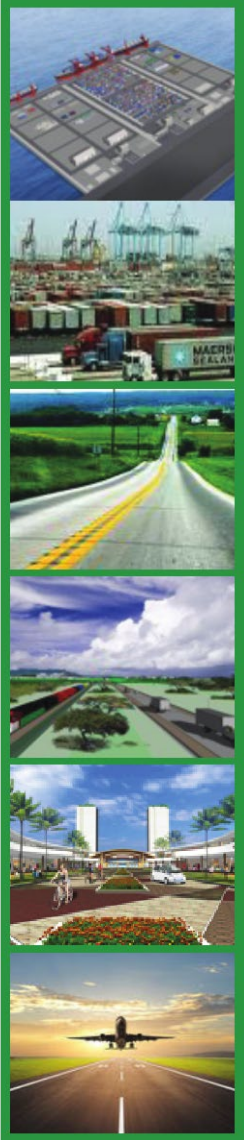
7. HIGH GRAND FALLS DAM

The multipurpose High Grand Falls Dam along the Tana River

- Dam to be used for Electricity generation and Irrigation of farmlands
- Feasibility Study complete
- TARDA seeking development partners



UNLOCKING THE LAPSET CORRIDOR





Thank You

CONTACTS / ENQUIRIES



LAPSSET CORRIDOR DEVELOPMENT AUTHORITY

CHESTER HOUSE, 2ND FLOOR, KOINANGE STREET

Tel: +254-20 - 2219098

dg@lapsset.go.ke

Website: www.lapsset.go.ke