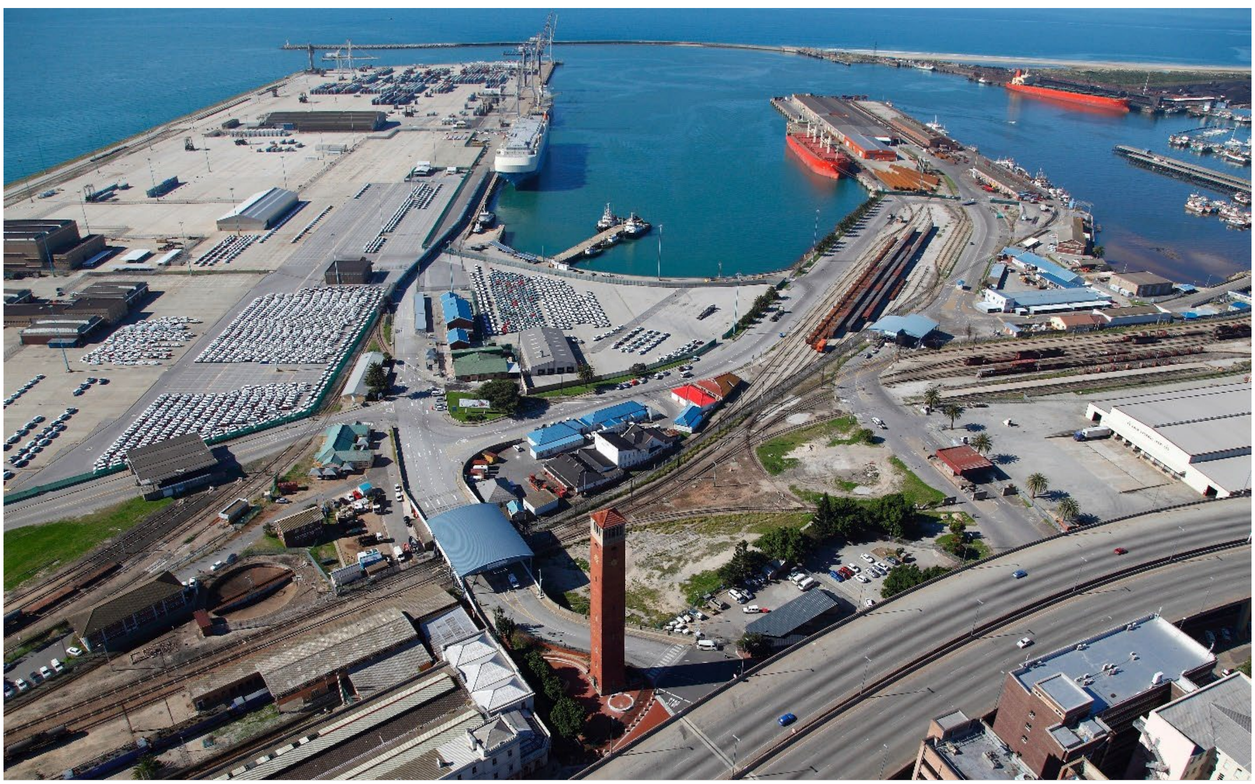
MOVING WITH AFRICA

OPPORTUNITIES IN PORT AND RAIL FOR U.S. COMPANIES IN SUB SAHARAN AFRICA



U.S. Commercial Service

Sub-Saharan Africa Port and Rail Team

Contents

FORWARD

The African region is primed for growth, and transportation infrastructure development will be essential in the coming decades. The UN forecasts that Africa's population is set to more than double to 2.4 billion by 2050, at which point half of that number will be under 25 years of age. The African Union (AU) estimates that, with the African Continental Free Trade Area (AfCTA) integrating African markets, the current USD 3 trillion economy could reach USD 29 trillion in today's dollars.

Seven countries have already begun trading tariff-free under this agreement, and the Brookings Institution estimates that increased intra-African trade will also drive demand for transportation infrastructure, particularly in rail, rollingstock, and ports. At the same time, the AU's Africa Integrated High-Speed Railway Network plan to connect Africa's capitals, a key part of the AU Agenda 2063, is pivotal to achieving Africa's goal of physical integration and facilitating trade across the continent, starting with 13 projects within its planned High-Speed Railway Network.

It is against this backdrop that our offices across ten markets in Sub Saharan Africa have written market briefs to give a high-level overview of the opportunities and challenges in their respective markets. The market briefs in this report indicate opportunities as well as real constraints. Our Commercial and Economic Specialists located in U.S. Embassies across the region welcome the opportunity to discuss the information found in this report. We stand ready to work with you to identify prospects and potential in-country partners to help your company enter or expand into the Sub-Saharan Africa region.

Contact information for our team is found throughout the report, and we also invite you to visit: www.trade.gov for more information on our organization, additional market intelligence resources, as well as upcoming trade events. We look forward to working with you to help the region build its transportation network for the future.

Cynthia A. Griffin

Cynthia A. Griffin
Minister Counselor for Commercial Affairs
Regional Senior Commercial Officer
Sub-Saharan Africa

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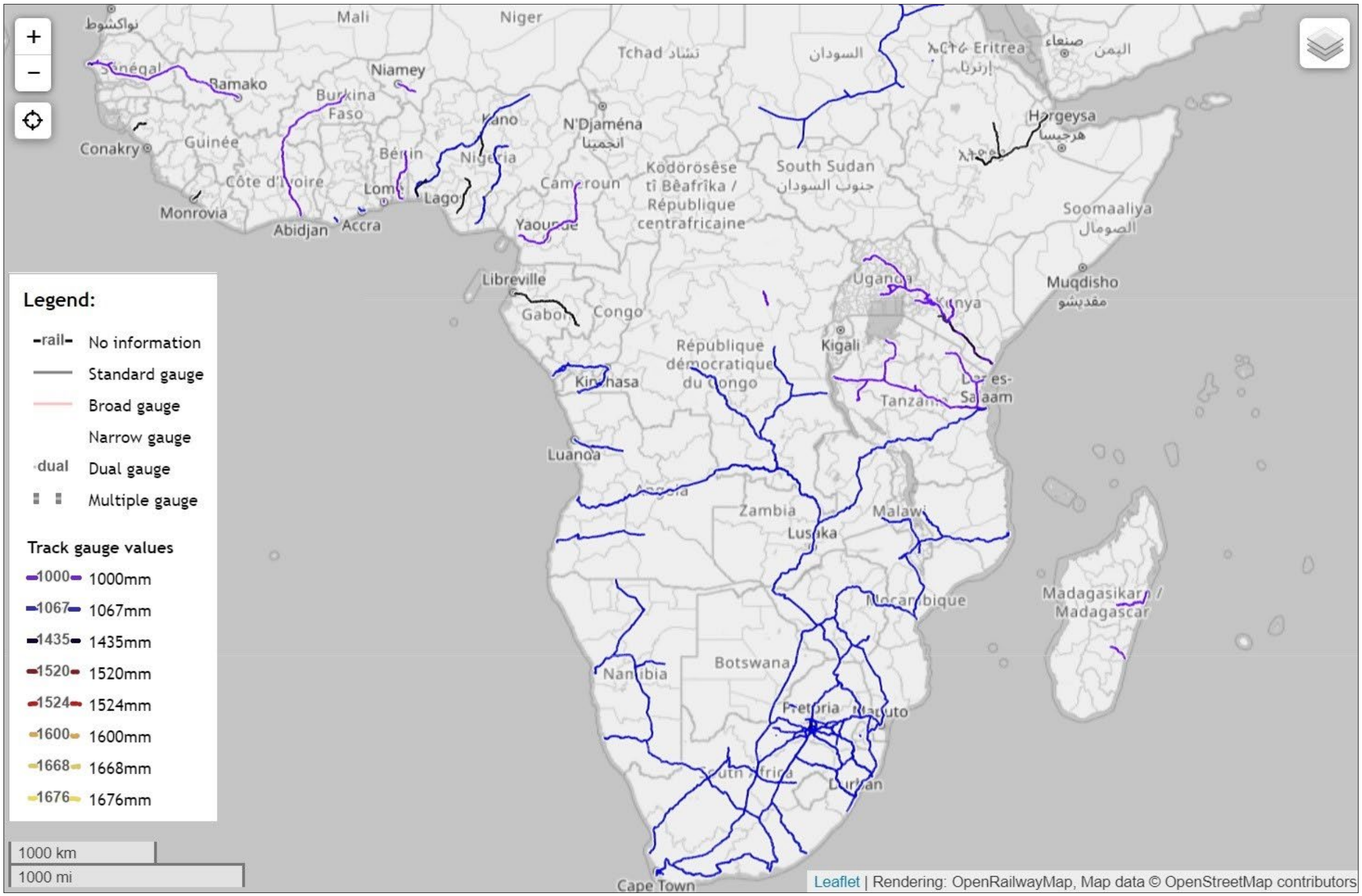
AFRICA RAIL GAUGE MAP



THE AFRICAN DEVELOPMENT BANK

AFRICAN DEVELOPMENT BANK GROUP

OVERVIEW

The African Development Bank (AfDB) is the premier development financial institution on the continent. Established in 1964, the AfDB is focused on combating poverty and improving living conditions in Africa by mobilizing and allocating funds to its regional member countries. The institution is comprised of 81 member countries of which 60% are African and 40% non-regional. The United States, which joined in 1984, is now the second largest and the first largest non-regional shareholder at the Bank.

One of Africa's most pressing challenges is the lack of integration, especially for the 16 landlocked countries of the continent, of which 14 are ranked low in the Human Development Index (HDI). Those countries face challenges in terms of trade, access to markets, resources, and development of economic infrastructure.

The African Development Bank has prioritized regional integration as one of its five strategic objectives for the continent, also known as the Bank's High 5s. In its Regional Integration Policy and Strategy (RIPoS) 2014-2023, the Bank highlights its will to develop corridors. By supporting port expansion, the Bank will help boost trade and promote multi-modal transport which includes, not only road transport, but also railways (including high speed railways) and water transport to provide affordable means of movement to people and bulk goods. In 2022, the Bank's Integrate Africa High 5, reached 18% of total project approvals compared to 15% in 2021, which allowed 2.9 million Africans to access improved transport services.

To further provide solutions to Africa's large infrastructure investment gap, the Bank decided to scale up financing for economic and social infrastructure with private sector participation by establishing the Public Private Partnership (PPP) Strategic framework 2021-2031. This framework is comprised of three pillars: Strengthening the PPP Enabling Environment, Project Preparation and Transaction Advisory Services and Financing of PPP Projects. It also proposes the establishment of a dedicated PPP Fund, the Africa PPP Development Fund (APDF), to support Pillar 1 and Pillar 2 operations.

Between 2011 and 2023, 205 transport projects were financed by the Bank but only 4% of those projects were railways projects and 6% were ports. 2024 will witness a more diversified program compared to 2023. 32 transport projects are planned in 2024, compared to only 12 in 2023. The AfDB has invested more than USD 1.2 billion in supporting rail transport and USD 900 million in maritime transport over the past 10 years. Among maritime projects financed are the construction of new port terminals in Walvis Bay (Namibia), Lagos (Nigeria), Doralhe (Djibouti), Nascala (Mozambique) and Lome (Togo). These ports are the starting points of important road corridors. Strengthening their capacity and making them more efficient makes it possible to improve the competitiveness of the countries in question and that of the landlocked countries they supply.

Zambia/Angola Lobito Railway Corridor

1,067 millimeter-gauge Benguela Railway which runs for 1,344 kilometers within Angola, eastwards from the port of Lobito on the Atlantic Coast to Luau on the Angolan border with Democratic republic of Angola (DRC). The Bank's role is to facilitate preparation of the studies and to support the investment as a regional operation in 2024. The study will also explore the option of PPP. This is a greenfield project estimated to cost over USD 1 billion.

Standard Gauge Railway Project (Tanzania- Burundi-DRC)

One of the largest Railway projects of the Bank for Board approval in 2023. The project's specific objective is to build 282 km of electrified SGR transport system from Uvinza in Tanzania to Gitega through Musongati in Burundi to connect to the Tanzania SGR system which is currently at various levels of construction to the rich mineral areas in Burundi and DRC on the Central Corridor with connectivity to the port of Dar es Salaam and other ports on the Lake Tanganyika.

Northern Corridor Kenya, Uganda, Rwanda, And South Sudan

Construction of standard gauge of the Mombasa – Nairobi – Malaba – Kampala - Kigali line (with Malaba – Nimule – Juba spur). For Rwanda, the Preliminary design was completed in January 2018. Resource mobilization for project implementation is ongoing as per the recommendations of the14th Northern Corridor Integration Projects (NCIP) Summit.

Other Projects

- Refurbishment of Kampala-Malaba Meter-Gauge Railway
- Comoros – Maritime Transport Corridor Development
- Egypt – National Railways Modernization Project
- Gabon – GSEZ Port Project
- Cabo Verde – Porto Ingles and Palmeira Ports Modernization and Expansion Project
- Multinational - Road-Rail Bridge over Congo River between Congo and DRC
- Guinea – Boke Mine Rail and Port Project
- Multinational – Lake Victoria Maritime Communications and Transport Project
- Namibia – Transport Infrastructure Improvement Project

- Mozambique – Ports and Railways of Mozambique EP (CFM)

Additional Resources

- African Development Bank Annual Report 2022
- AfDB's Business Opportunity Seminar – Infrastructure & Urban Development Presentation, December 2023
- African Development Bank Group PPP Strategic Framework 2021-2023
- Regional Integration and Policy Strategy 2014-2023

OPPORTUNITIES

- Public Private Partnership Strategic framework 2021-2031 - Project Preparation and Transaction Advisory Services and Financing of PPP Projects
- Consultancies for design of railway tracks, heavy railway civil works, railway stations, electrification railway systems, signaling, and telecommunication systems
- Construction of heavy railway civil works such as tracks, tunnels, viaducts, flyovers, bridges
- Electrified rail track and railway station construction
- Supply of rollingstock, machinery and marine vessel
- Rail and maritime sectors skills development
- Trade facilitation and institutional support (development of railway transport policy, preparation of railway transport master plan…)
- Environment and social impact studies

CONSTRAINTS

- Unskilled workforce in rail and port sectors
- African governments' price sensitivities for purchase or lease of machinery and equipment
- China's challenging competition and strong presence in infrastructure in Africa
- Lack of relationship with African governments for U.S. companies
- Weak U.S. presence in francophone and Lusophone countries
- Extended project cycles

- AfDB’s limited focus on private sector financing
- AfDB’s limited focus on SME financing
- Heavy bureaucracy in government agencies
- Lack of awareness about AfDB’s opportunities
- Limited investment in Rail and maritime in comparison to road transport

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ANGOLA

Capital: Luanda
Population: 35,588,987 (2022)
GDP: USD 106.78 billion (2022)
GDP Growth: 3.0% (2022)
Currency: Kwanza (AOA)
Language: Portuguese

OVERVIEW

Increasing Angola's transportation capacity is a high priority in the Angolan government's national development plan. The Angolan government's primary focus is to improve the movement of people and goods across all 18 provinces in Angola and increase Angola's connectivity to the sub-region and the rest of Africa. Angola wants to become a regional hub and an open market connecting exports and imports throughout the Southern region of the continent. To this end, there are critical areas in logistics, port management, transportation/infrastructure development, agriculture, telecommunications, and energy infrastructure where U.S. companies can play a key role.

Rail Sector

The Angolan government operates three separate railroad lines, the Luanda line, the Benguela line, and the Moçamedes line, each with its own Administrator reporting to Angola's Ministry of Transportation. The Angola National Institute of Railroad (INFCA) establishes the regulations and standards for railroad operations and holds the enforcement authority in the country. The government-owned railroad companies are responsible for the railroad operations and maintenance, including the purchase of spare parts. Opportunities for U.S. companies to provide services and equipment in railroad operation and maintenance exist with the government and with local companies in this sector.

The 2023 Angolan national budget allocated USD 62 million to support the development of the rail sector and economic growth. To expand the railroad cargo network, the Ministry of Transportation will require passenger, freight, tank carriages, and related rail operations and maintenance support. Future Angolan government plans include the construction of three additional lines, totaling over 10,000 km, that will link the three main railroad lines. However, financing has not yet been identified for this project. U.S. companies are encouraged to make connections now, outline requirements and product specifications, and promote company goods and services in anticipation of financing.

Ports Sector

Angola has a 1600 km Atlantic Ocean coastline and offers solid medium to long-term potential for maritime transportation. Angola has six ports: Luanda, Lobito, Cabinda, Soyo, Namibe, and Ambriz. According to the report from the Angolan Cargo and Logistics Certification Regulatory Agency (ARCLAA), during the third quarter of 2023, Angolan seaports supported the movement of 1,144,176 tons of cargo. The Port of Luanda is at the top of this list with 996,928 tons and processing about 87 percent of the country's entire cargo. Specifically, the port accounts for 70-80 percent of non-petroleum foreign trade such as automobile components, beverages, and cash crops including coffee, cotton, and oilseed. The port of Lobito follows with 92,911 tons, port of Cabinda with 35,790 tons, port of Soyo with 9,148 tons, port of Namibe with 9,001 tons, and the port of Ambriz with 399 tons.

Two new green-field ports were initiated several years ago to increase cargo capacity and competitiveness. The Caio Port (deep-water port) is under development in Cabinda with plans to provide regional services. However, the Barro do Dande project (a container terminal) in Bengo near Luanda stalled due to the country's economic downturn and resulting in drastic declines in cargo traffic.

In early 2020, the Angolan government launched an open public tender for the concession of the Multipurpose Terminal of the Port of Luanda-E.P. that was awarded to DP World, a UAE company.

OPPORTUNITIES

Rail Sector

Market Highlight: The Lobito Corridor

In October 2021, Angola launched a public tender for the concession of the Lobito railway line, and in July 2022, it was awarded to the European consortium, Mota Engil/Trafigura/Vecturis, which will develop and maintain the line for the next 30 years with the possibility of extension up to 50 years. There is considerable potential for U.S. companies to be involved in the development of surrounding areas.

The consortium is made up of Mota Engil, a Portuguese construction company that has been in Angola for about 70 years and is one of the main players in the Angolan market; the Swiss multinational Trafigura, which is one of the main world traders in the area of commodities; and Vecturis, a railway operator of Belgian origin, with strong rail transport activity (passengers, ores and commercial cargo) in African countries such as the Democratic Republic of Congo, Tanzania, Cameroon, Madagascar, Côte d'Ivoire, Burkina Faso and Algeria.

The Lobito Corridor has its starting point at the deep-water Port of Lobito and crosses the Angolan territory in an extension of 1,300 kilometers. The line heads east to the mining regions of the Democratic Republic of Congo, Katanga province and the copper belt in Zambia. Benguela, Huambo, Bie, and Moxico are the Angolan provinces that are within the corridor from Lobito to the Democratic Republic of Congo and Zambia.

This important rail transport line will have a strong impact on the region, as it will be the main point for the flow of all agricultural and mineral products that extends along the corridor, reducing transit times for goods inland to the port of Lobito considerably. With this solution, products transported from the three connected countries can be shipped through the Port of Lobito, connected to the Atlantic Ocean, instead of the Indian Ocean, as is the case through the port of Dar Es Salaam.

Leading Sub-Sectors

- Signaling and control equipment/systems
- Railroad maintenance equipment
- Passenger carriages
- Freight and tank carriages
- Maintenance and repair parts (wheels, axles, bearings)
- Maintenance centers and training
- Locomotives for shunting

Ports Sector

As Angola's economy improves and cargo volumes increase, there are opportunities for U.S. companies to export services and products. These opportunities are related to security, enhancing productivity, and vessel tracking all falling under the umbrella of technology-based port operations. Past Angolan national budgets have provided multi-million-dollar funding for seaport infrastructure rehabilitation and construction and more funding will be earmarked for seaports in future budgets.

An increased focus on maritime security opens opportunities for U.S. companies with solutions related to coastal patrolling, search and rescue, and related communications and monitoring technologies. The Ministry of Defense in Angola is the ministry lead for maritime security, with involvement from other ministries, including the Ministry of Transportation (Ports) and Fisheries.

A 2016 Angolan government decree formally authorized a new National Search and Rescue Center to be established under the Maritime and Port Institute (IMPA) with inter-ministerial involvement. Internal studies are underway to ascertain existing infrastructure and to determine needed communication systems, equipment, and training for the Center to be fully functional. However, due to current government budgetary constraints, funding has not been allocated for the development of the search and rescue center.

Leading Sub-Sectors

- Port operations – focus on technology-based solutions to increase port productivity.
- Maritime and coastal security technologies.
- Vessel tracking technologies for new control center at Port of Luanda,
- Engineering and design services for greenfield ports.
- Technical support and training
- Maintenance service and parts

CONSTRAINTS

Although Angola is considered a middle to upper income country, the country lacks economic diversification with the majority of the country's dividends coming from the oil and gas sector and is highly susceptible to oil/gas price shocks. High inflation costs have increased the price of local goods considerably. Angola also has high bureaucratic hurdles and while contracts between U.S. companies and government entities can reach a quick conclusion, the Ministry of Finance needs to approve the contract as well, which can lengthen the deal-making process. U.S. companies will primarily connect with Angolan government port and rail agencies for contracts and should be aware of this extra step.

Budget constraints: High government debt limits public infrastructure spending for major infrastructure development projects in Angola. For this reason, the Angolan government is looking to do additional port and rail concessions that follow the same economic structure model as the Lobito Corridor.

Portuguese Language: Angolan government officials and most business executives, outside of the oil industry, require some Portuguese-English interpretation support for meetings. Product labeling, marketing materials and most technical level training must also be in Portuguese. U.S. companies can take advantage of written marketing/technical material and training expertise from operations in other Portuguese language countries, such as Portugal or Brazil, to assist their Angola market entry efforts. However, distributors from other Portuguese or Spanish-speaking countries would not be effective as representatives for the Angolan market because local market expertise and in-country product servicing/training support is essential to business success in Angola.

Access to Foreign Exchange: In the past three years, businesses have faced challenges related to the availability of foreign exchange. With the additional revenues brought in from higher oil prices, that situation has shifted, and more foreign currency is available locally. The Angolan central bank introduced an electronic foreign exchange transaction platform to improve efficiency and transparency in the foreign exchange market. The BNA also removed the prerequisite for prior licensing on the transfer of capital or dividends by investors according to the BNA Notice No. 15/2019 of December 23, 2019. The regulation applies to all foreign investment, except for investment in the Petroleum sector, which is guided by specific sector regulations.

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BOTSWANA

Capital: Gaborone
Population: 2,359,609
GDP: USD 20.36 billion (2022)
GDP Growth: 5.8% (2022)
Currency: Pula (BWP)
Languages: English and Setswana, among other many local languages

OVERVIEW

Botswana's strategic position, centrally located, with a stable economic outlook and very low risk of political instability, positions it as a desirable place to do business, and a gateway to the Southern African Customs Union (SACU) and the Southern Africa Development Community (SADC) markets. The SACU, to which Botswana is a member, has a population that has been growing steadily over the past five years from 65.6 million in 2018 to 68.9 million in 2022, while the SADC regional population totals about 390 million people. These regional bodies also have trade agreements that aim to facilitate trade, reduce trade barriers, and improve transportation infrastructure in the region.

The rail infrastructure in Botswana is solely owned and operated by Botswana Railways (BR), a state-owned entity which was formed in 1987. BR boasts an 888 km rail line that connects Botswana with South Africa through the Mafikeng border and Zimbabwe through Plumtree border. Along this line there are other rail lines branching into mining towns to facilitate transportation of minerals which form a big share of BR's freight. The organization also owns and operates inland ports (Dry Ports) in strategic areas around the country and one in Namibia, which all offer safe and cost-effective movements of containerized cargo. These are Gaborone Container Terminal (GABCON), located in the capital city of Botswana, the Palapye Container Terminal (PALCON), located mid-way of the rail way line, in a town that hosts the country's major power stations and not far from several mining operations, the Francistown Container Terminal (FRANCON), located in the country's second city that is closer to Zimbabwe and on the route to Zambia, connecting all the way to central Africa, and finally Walvis Bay dry port in Namibia. However, GABCON is registered as a separate company owned by Botswana Railways and its counterpart South African company, Transnet Freight Rail (TFR). It is also through these ports that the organization operates a computerized door-to-door service called Blue Mark. The port also provides an opportunity for transshipment of goods to the SADC region. In addition to providing freight services and operating dry ports, BR has a subsidiary company, BR

Properties, a real estate company that develops and manages properties owned by Botswana Railways. Among these is one of the biggest and busiest malls (Rail Park mall) in Botswana.

The Botswana government has indicated its goals to develop and improve connectivity not just within the country but with the rest of the region to facilitate trade and promote economic growth. Botswana's unique positioning makes it a critical player in regional value chains and cross border trade. The ratification of the African Continental Free Trade Area (ACFTA) also brings numerous trade opportunities and gives access to a market of 1.3 billion people. Some of Botswana's projects in line with these goals, according to the 2024/2025 budget speech delivered by Botswana's Minister of Finance in February 2024, include optimizing utilization of the dry port in Walvis Bay, development of inland dry ports and developing the Mmamabula- Lephalale railway line that will connect the eastern part of Botswana to South Africa through Limpopo province, and the Mosetse-Livingstone, Zambia railway line. The Mmamabula-Lephalale line aims to connect to the existing South Africa's Richard's Bay-Maputo port route. Other projects not mentioned in the budget speech that BR is evaluating include a Tshele Hill-Walvis Bay, Namibia line, and a Trans–Kalahari railway line. BR has already concluded feasibility studies for the Mmamabula-Lephalale and Tshele Hill-Namibia railway lines. According to BR, the organization recently closed an 'Expression of Interest' tender with a good response and will be inviting the selected companies to submit proposals. Feasibility studies for the Mosetse-Livingstone railway line are still in progress.

BR is a member of Southern African Railway Association (SARA).

OPPORTUNITIES

Botswana's economy is primarily driven by mining and minerals, which contributes almost 80 percent of the country's foreign earnings. Mineral exports are the primary driver for rail investment in Botswana. The mining industry continues to grow, which means there is need for an improved transport infrastructure to move the minerals. Historically, Botswana's case for rail investment has centered on coal exports. The development of the above-mentioned railway lines could contribute to routes for traders to reach global markets.

BR already has some familiarity with U.S. products and equipment; BR has eight Electro Motive Diesel locomotives that were procured from Progress Rail, a U.S. company headquartered in Alabama.

CONSTRAINTS

Digitalization of customs related services and in-transit clearing remains slow, causing delays, and impacting on delivery times on Botswana's rail lines.

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DEMOCRATIC REPUBLIC OF THE CONGO

Capital: Kinshasa
Population: 111,859,928 (2023)
GDP: USD 67.512 billion (2023)
GDP Growth: 8.9% (2022)
Currency: Congolese franc (CDF)
Language: French, along with four national languages: Kikongo, Lingala, Swahili, and Tshiluba

Overview

The Democratic Republic of the Congo (DRC) is strategically positioned at the crossroads of Africa, making it a key transit point for goods between North and South, and West and East, especially once its infrastructure is modernized. The DRC is currently investing significantly in rehabilitating and upgrading its infrastructure, including roads, transportation, and energy systems, to enhance economic integration and competitiveness. The DRC's infrastructure challenges, such as its underdeveloped road networks, deteriorating agricultural access routes, outdated railways, and inefficient waterway transportation, have led to increased costs for businesses operating within the country. To overcome these hurdles and unlock its economic potential, the government of the DRC (GDRC) is prioritizing infrastructure development as part of its efforts to transition towards becoming an emerging market.

Strategic initiatives, such as the Local Development Program for the 145 Territories (PDL 145), the National Strategic Development Plan (NSDP) and the National Territorial Development Plan (NTDP), provide frameworks for guiding the country's infrastructure modernization efforts. Moreover, the DRC's participation in the African Continental Free Trade Area (AfCFTA) positions it to benefit from increased regional trade once its infrastructure is upgraded, allowing for more efficient movement of goods and services across borders. Additionally, international partnerships, such as collaborations with the United States and the European Union to expand rail corridors linking Angola, the DRC, and Zambia, demonstrate growing momentum towards enhancing transportation infrastructure in the region. These partnerships not only facilitate trade within the region but also contribute to the DRC's broader economic development goals.

Rail

The GDRC is strategically prioritizing the enhancement of its rail infrastructure to bolster trade facilitation and foster economic growth. Presently, the nation's rail sector is predominantly managed by two key entities: the National Railway Company of Congo (Société Nationale des Chemins de Fer du Congo, SNCC), primarily active in the Eastern and Southern regions of the DRC with its base situated in the Katanga region, and the Congolese Ports Authority (Office National des Transports, ONATRA), responsible for railway operations, port management, and inland barge transportation in the Northern and Western parts of the country along the Congo River. Together, they oversee a disjointed rail network extending over 5,033 km. Nonetheless, substantial challenges such as inadequate maintenance, outdated infrastructure, and frequent accidents have impeded the sector's operational efficiency and safety standards.

The DRC is actively improving its rail network to address transportation challenges, particularly in the rapidly expanding city of Kinshasa. Spearheaded by the Africa Finance Corp (AFC) and Trans Connexion Congo (TCC), the Kinshasa Urban Train project, known as MetroKin, aims to develop a 300-kilometer urban rail network in Kinshasa. Implemented in four phases, Phase One focuses on a 25-kilometer route from Centrale station to N'djili International Airport. The estimated cost for Phase One is USD 250 million, involving the rebuilding of the existing 1067-mm gauge route into a double-track 1435mm-gauge line, along with station construction, signaling upgrades, and bridge rehabilitation. The project seeks to bridge the significant transportation gap in Kinshasa, where the current system meets only 47% of daily demand and suffers from severe congestion. By refurbishing and expanding the rail network, the project aims to reduce greenhouse gas emissions, enhance mobility, and boost economic productivity. It is anticipated to create 1,500 direct and indirect jobs during construction and operation, positively impacting citizens' lives and fostering economic growth. AFC reached financial closure in Q4 2023, with service potentially to launch by Q3 2026. During a press conference on December 13, 2023, Eric Onepunga, the General Manager of Métrokin, announced that the project was scheduled to begin in March 2024. Onepunga highlighted significant progress made, including the completion of environmental impact assessments, formation of a clearance committee, and advancements in contract revisions and institutional studies.

In 2019, the SNCC reached a USD 500 million agreement with Russian Railways for the company to help upgrade the DRC's railway system. In February 2021, the launch of feasibility studies for a 10,000 km railway network in the DRC, led by a collaboration between the Congolese government, Congo Railway Firm, and the German firm Evagor, aimed to concession railway infrastructure for 30 years, costing USD 25 billion and connecting all 26 provinces of the DRC and nine neighboring countries, expected to generate over 100,000 jobs.

In December 2023, seven locomotives from a former JR Hokkaido Kiha 183 trainset made their arrival at Matadi Port on December 13, designated for implementation by ONATRA. These locomotives constitute a pivotal component of a substantial USD 956 million public-private partnership forged between the GDRC and ARISE Integrated Industrial Platforms. This ambitious collaboration encompasses a multifaceted agenda, encompassing the revitalization of railway infrastructure, the deployment of state-of-the-art signaling systems, the integration of trains meeting global standards, the establishment of a container storage facility in Kinshasa, and a dedicated dock for seamless container transfer to the Maluku Special Economic Zone. The overarching objective of this partnership is the modernization of the Kinshasa – Matadi route, stretching across 366 km with a gauge of 1,067 mm. In addition to the acquisition of the Kiha 183 locomotives, the investment is earmarked for comprehensive infrastructure rehabilitation and signaling system enhancements. The strategic intent behind this initiative is to mitigate congestion on the Kinshasa – Matadi primary thoroughfare by presenting a viable alternative in transportation modalities.

Strategic investments are underway to develop supplementary rail lines in the western, southern, and eastern regions of the DRC, expanding beyond the Kinshasa-Matadi corridor. This expansion project aims to interconnect diverse locales, providing a reliable transportation alternative to the poorly maintained roads prevalent in the interior of the country. One significant opportunity for investment in the rail sector lies within the Lobito Corridor. Facilitated by the Lobito Corridor Investment Promotion Authority, this initiative aims to enhance trade and economic integration among Angola, the DRC, and Zambia. At its core is the Lobito railway, spanning 1,300km from Lobito Port to Luau near the DRC border. This infrastructure has the potential to catalyze development in agriculture and mining, generating employment and economic opportunities. With the concession for railway services now with the Lobito Atlantic Railway consortium, significant investments are planned, promising improved connectivity, faster transportation, and safer transit for passengers and goods. Moreover, environmental benefits are expected, as the railway reduces road traffic, accidents, road degradation, and carbon emissions. The direct link from the key mining district of Kolwezi to Lobito port underscores the corridor's strategic importance. Despite challenges such as the need for substantial investment and uncertainties regarding funding and reconstruction timing, the Lobito Corridor remains a pivotal infrastructure project poised to amplify intra-African exports and regional economic growth.

The DRC's rail sector requires significant investment and financing to rehabilitate and modernize the infrastructure, which has been a challenge for the government and international partners. Chinese construction firms account for over half of all public works projects in the DRC, including in the rail sector, posing stiff competition for U.S. and European companies.

Ports

The DRC boasts a 37 km coastline along the Atlantic Ocean, yet its primarily landlocked status poses challenges for maritime transportation compared to its neighbors. Key ports like Matadi and Boma encounter limitations due to shallow waters in the Congo River. To tackle this, the DRC has initiated efforts to bolster its port infrastructure, including granting a 30-year concession to Dubai's DP World for establishing its inaugural deep-water port at Banana. This port, located at the mouth of the Congo River, is poised to handle 322,000 containers annually. Despite obstacles such as inadequate infrastructure and political-economic instability, the DRC's port industry shows promise for expansion and improvement, especially through ongoing modernization initiatives. Investments in port and rail projects not only enhance trade competitiveness but also fuel economic growth and employment opportunities within the DRC.

The Port of Matadi, positioned 150 km upstream from the Atlantic Ocean on the Congo River, serves as the DRC's primary seaport, managing 456,789 tons of cargo in the third quarter of 2023. Primarily dealing with imports like machinery, vehicles, and consumer goods, alongside exports of minerals, timber, and agricultural products, its efficiency is hindered by aged infrastructure and limited investment, leading to congestion and delays. In contrast, the Port of Boma, approximately 100 km downstream from Matadi, handles 78,921 tons of cargo during the same period, focusing on imports and exports to and from the DRC's western regions. However, its infrastructure and operations lag behind Matadi, resulting in capacity and competitiveness constraints.

Opportunities

Rail

Opportunities abound for U.S. companies seeking to engage with the DRC in its efforts to revitalize and expand its rail sector. With the government's strategic focus on bolstering trade facilitation and economic growth through enhanced rail infrastructure, U.S. firms can play a pivotal role in various aspects of the sector's development. Infrastructure development stands out as a key avenue, where U.S. companies specializing in railway construction, engineering, and project management can offer their expertise to modernize existing rail networks and construct new lines. Moreover, technology supply presents another promising opportunity, with U.S. companies able to provide cutting-edge equipment, locomotives, signaling systems, and track components to elevate the efficiency and safety of the DRC's rail operations. In addition to physical infrastructure, consulting services represent a valuable avenue for U.S. companies to contribute to the DRC's rail sector. Companies offering expertise in transportation planning, logistics optimization, and feasibility studies can collaborate with local stakeholders to develop strategic plans and implement effective rail solutions tailored to the country's unique challenges and opportunities. Furthermore, training programs offer another avenue for engagement, with U.S. firms equipped to provide specialized training for railway personnel, thereby enhancing local capacity and skills within the workforce. Lastly, exploring potential public-private partnerships (PPPs) presents an avenue for long-term collaboration, enabling U.S. companies to invest in and jointly manage large-scale rail projects with the DRC government and private entities. Through these avenues, U.S. companies can contribute to the DRC's development agenda while fostering economic growth and creating employment opportunities within the country's rail sector.

Ports

U.S. companies can contribute to the enhancement of the DRC's maritime transportation capabilities through partnerships and investments in port infrastructure. Initiatives like concession agreements present avenues for collaboration in port development projects. By leveraging their expertise and resources, U.S. firms can participate in the modernization of port facilities, ultimately improving trade efficiency and opening new markets for exports and imports. Moreover, the DRC's vast natural resources offer potential avenues for trade expansion, providing opportunities for U.S. companies to capitalize on the country's growing demand for goods and services.

Challenges

Rail

Several challenges must be addressed despite the opportunities in the DRC's rail sector. First, U.S. firms encounter formidable competition from Chinese and European companies, which often arrive with their own financing, complicating contract acquisition and market entry. Second, the DRC's rail infrastructure necessitates significant upgrades, coupled with potential capacity limitations that impede efficient project execution, necessitating substantial investment and expertise. Third, navigating the political and economic instability of the DRC poses risks to foreign investments and project realization. Therefore, U.S. companies must diligently evaluate these risks and devise mitigation strategies to ensure success in the DRC market.

Ports

Despite the opportunities, U.S. companies face challenges in navigating the complex landscape of the DRC's ports sector. Political instability, bureaucratic hurdles, and corruption pose risks to investment and operations in the country. Additionally, the presence of competing foreign interests and local stakeholders may complicate negotiations and partnerships. Infrastructure deficiencies and logistical bottlenecks further exacerbate the challenges for U.S. companies seeking to establish a foothold in the DRC's ports sector. Overcoming these obstacles will require careful strategic planning, risk assessment, and collaboration with local stakeholders to ensure sustainable and mutually beneficial engagements.

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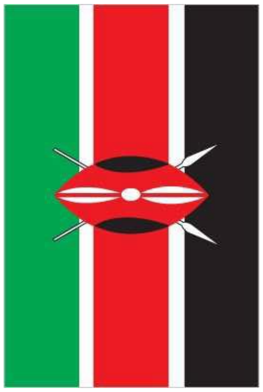
KENYA



Capital: Nairobi
Population: 55.1 million (2023 est.)
GDP: USD 251.431 billion (2021 est.)
Currency: Kenyan Shilling (KES)
Language: English, Kiswahili

OVERVIEW

Kenya is the transportation and logistics hub for eastern and central Africa, and Nairobi is the largest city between Cairo and Johannesburg. According to the World Bank, Kenya faces a significant infrastructure financing deficit annually, which constrains growth and development. Sustained expenditure amounting to USD 4 billion per year is required to meet the country's infrastructure needs. However, this cannot be met by public resources and the government has turned to the private sector to finance its infrastructure needs through Public Private Partnerships.

Kenya's total rail network stands at 2,778 kilometers which connects the Port of Mombasa to Nairobi and to the Kenya / Uganda border at Malaba. It consists of 2186 kilometers narrow meter gauge rail (MGR) and 592 kilometers of the Chinese-funded standard gauge rail (SGR) from Mombasa to Naivasha and is managed by the Kenya Railways Corporation (KRC), a state corporation mandated to provide rail and inland waterways transport.

The rail sector is identified as a key enabler to the realization of the aspirations set out in the country's long-term development blueprint, Vision 2030, and its attendant plans which envisage expansion of rail transport with an objective of increasing rail capacity and easing commuter transport in the country's major cities of Nairobi and Mombasa. Over the next five years, KRC will focus on investment in new railway infrastructure including locomotives and rolling stock, revitalization of operations of the existing MGR line and development of human capacity.

OPPORTUNITIES

Nairobi Railway City

The Nairobi Railway City is an iconic multi-modal urban development that sits on 435 acres within the Central Business District (CBD), which seeks to expand and decongest the CBD.

Inspired by famed railway cities around the world such as London's Kings Cross Station, the Nairobi Railway City vision is to create a fusion of travel, business, and leisure. Interconnected projects in this program include affordable housing, student accommodation, a new commercial precinct, a new JKIA rail-link line, Nairobi commuter rail stations, pedestrian bridges, and commuter lines. It is set to provide seamless integration to the city's transport nodes through an expanded Central Station, new bus rapid transit (BRT) lines and stations. The project, in partnership with the UK government, will be completed in 2030.

Construction, Rehabilitation, & Upgrade of Rail Network and Associated Infrastructure

From 2024-2027, the KRC plans to expand railway connectivity in the country and integrate it with existing networks within the region. This will include construction of SGR from Naivasha to Kisumu (269Km) and Kisumu to Malaba (107Km) and commence construction of the railway line along the Lamu Port South Sudan corridor.

KRC plans to upgrade 150kms of the MGR to accommodate the growing demand for mass haulage of cargo on the Thika and Mau Summit routes. The 118km Voi to Taveta MGR line will be rehabilitated to further stimulate trade between Kenya and Tanzania and be used as an alternative transit route for freight from the Port of Mombasa destined to Rwanda, Burundi, and the Democratic Republic of Congo via the Central Corridor through Moshi. Finally, rail associated infrastructure will be established along the networks to facilitate intermodal connectivity and enhance efficiency in operations including cargo handling facilities and SGR/MGR transshipment facilities in Voi and Konza.

Nairobi Commuter Rail

This will include the construction of Riruta/Lenana – Ngong/Rongai (28.9Km) line; Embakasi Village line – Ruai (12Km); and Nairobi SGR Terminus – JKIA (5Km) line. In addition, KRC plans to establish a commuter rail service by constructing a 2.8km line linking the Mombasa SGR Terminus to the old MGR station in Mombasa. This will also incorporate the construction of 20 mini commuter rail stations and associated equipment.

Improvement of Rail Operational Efficiency

KRC targets to increase MGR locomotive availability to 92% in 2027 and maintain SGR locomotive availability of above 95% by 2027. In addition, they plan to increase wagon availability above 85% for MGR and above 95% for SGR by 2027. To do this, KRC plans to acquire 60 MGR and 30 SGR locomotives; overhaul 22 MGR and 56 SGR locomotives; and rehabilitate 9 MGR locomotives. The company also plans to acquire 1000 SGR, 500 MGR wagons and 1500 high capacity MGR flat wagons. In addition, they will overhaul 1600 MGR and 200 MGR wagons. Finally, they plan to acquire and maintain assorted rail assets including lifting cranes, air compressors, assorted electric and hydraulic lifting jacks and winches, weighbridges and a train operating and signaling system for MGR.

CONSTRAINTS

The biggest hindrance to implementation of this Kenya's rail plan is the existing resource gap which Kenya will need to find ways to fill to achieve this vision. It is expected this will be addressed through mobilization of funding from the national government, development partners and Public Private Partnerships (PPPs).

Corruption, lack of transparency and adherence to contract sanctity for government procurements continues to be a challenge for U.S. companies.

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MOZAMBIQUE

Capital: Maputo

Population: 33,000,000 (2022)

GDP: USD 18.4 billion (2022)

GDP Growth: 4.4% (2022)

Currency: Metical (MZN)

Language: Portuguese

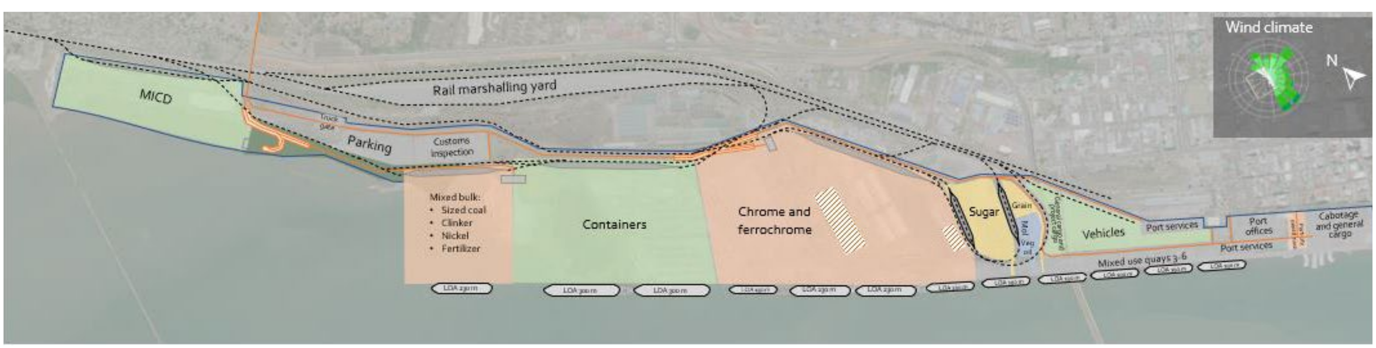
OVERVIEW

Mozambique is a Portuguese-speaking country located in Southern Africa along the Indian Ocean. With a surface area roughly the size of Texas and Louisiana, the country's coastline is over 1600 miles long extending from South Africa to Tanzania, or roughly the distance from Miami, FL, to Portland, ME.

Mozambique is divided into three development corridors that link its ports to industrial and mining regions as well as inland countries. The rail network is primarily used to export minerals and agricultural goods and import fuel, fertilizer, and machinery. Port operators are allocated long-term operating concessions by the state-owned port and rail company; *Portos e Caminhos de Ferro de Moçambique* (Ports and Railways of Mozambique; CFM), which in turn has a stake in these concessions.

Port Of Maputo

The largest and most developed port is the Port of Maputo, operated by the Maputo Port Development Company (MPDC), a joint venture between Dubai Port World and Grindrod. The port is linked to Eswatini, South Africa and Zimbabwe by road and rail exporting minerals and agricultural products from these countries.



Projected Port of Maputo Expansion (Source: MPDC)

Port Of Beira

The second-largest port, Beira, completed significant upgrades over the past decade and is Zimbabwe's main port of entry to the world market serving as transport hub for fuel, coal and machinery. This port has seen increased exports during the COVID pandemic and plans to expand its capacity in the future. It is operated by Dutch company Cornelder.

Port Of Nacala

The third-largest port is a natural deep-water port in Nacala, which is operated by CFM. It has recently been renovated, expanding its operations to accommodate more containers and refrigerated cargo. The adjacent Nacala-a-Velha Port is a coal terminal operated by Indian mining company Vulcan International. Nacala Port also services Zambia and Malawi's exports and imports through a rail network operated by Nacala Logistics, a subsidiary of Vulcan International.

Nacala Logistics Rail concession (Source: Nacala Logistics)

Ports Of Pemba and Palma

Finally, further north, the ports of Pemba and Palma are expected to become key servicing and logistics ports for large LNG projects in the northern Province of Cabo Delgado. The Port of Pemba is also becoming an export for critical minerals such as graphite, the port will need to upgrade its infrastructure to achieve this, including a new railway connection.

OPPORTUNITIES

Rail Sector

CFM is investing in rail expansion to keep up with higher volumes of trade, particularly mineral exports from South Africa. The company has partnered with MPDC to expand the Ressano Garcia line capacity running from the border with South Africa to the Port for Maputo. Phase 2 of the project will cost USD 80 million, doubling the lines capacity from 8 million tons to 20 million tons.

The Machipanda Line, also in the south of the country, is also undergoing a rehabilitation program valued at USD 150 million. CFM plans to acquire new rolling stock and locomotives to service these expansions.

Nacala Logistics and CFM are exploring the possibility of linking the Nacala Corridor to the Lobito Corrido from Angola, creating the first East-West rail link in Southern Africa.

Ports Sector

In February 2024 MPDC announced plans to invest USD 2 billion to boost handling capacity to an annual 48 million tons a year by 2033 and 54 million tons by 2058. USD 600 million is expected to be invested over the next 3 years. This will increase the capacity of the container terminal to 1 million twenty-foot equivalent units (TEU)/year, increasing the capacity of the Matola coal terminal to 18 million tons/year and the general cargo terminal to 13.6 million tons/year. The port will build new berths, expand the container terminal, and expand and simplify its rail infrastructure.

Additionally, the Matola Terminal will include the development of LNG import terminal with a new jetty with 4.9 MTPA capacity and additional fuel berth with 3.7MTPA capacity.

The Port of Pemba is also undergoing expansion to accommodate graphite mineral exports and service offshore LNG projects.

Finally, several new ports have been proposed, such as Macuse in Zambezia Province and Angoche in Nampula Province. Development of these will depend on demand for coal and natural gas, as well as the regional production of agricultural goods.

CONSTRAINTS

- Red tape and lack of transparency hamper trade and port and rail operations
- CFM's lack of technical expertise slows down decision making; political interference in the state-owned company also affects its commercial effectiveness
- The central and southern rail lines are underutilized, constraining port expansion
- Smaller ports lack attention and investment.

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NAMIBIA

Capital: Windhoek
Population: 2,567,012 (2022)
GDP: USD 12.91 billion (2022)
GDP Growth: 7.6% (2022)
Currency: Namibian dollar (NAD)
Languages: English

OVERVIEW

Namibia has a population of 2.5 million, but following the expansion of the port at Walvis Bay, the country is positioning itself as a gateway to the more than 345 million people in the broader Southern Africa market and beyond. If recent assessments are proven commercially viable, Namibia could become a top 15 global oil producer by 2035, thus unlocking an unprecedented revenue windfall for the Namibian government. Namibia enjoys one of the most stable and peaceful political environments in Africa.

OPPORTUNITIES

Rail Sector

Namibia's rail network runs from the South African border via Windhoek to the port of Walvis Bay and to the northern town of Ondangwa. The northern railway line from Ondangwa to Oshakati and Oshikango has been extended to the border with Angola but has not yet been met with rail from the Angolan side. Passenger and freight services are slow and often delayed. Namibia's rail network is old, narrow gauge, and requires considerable investment to improve operations and meet international standards.

Construction and rehabilitation of the rail infrastructure (which is maintained by the government) is essential for the Port of Walvis Bay (NamPort) to meet its growth objectives.

Extension of Namibia's Rail Network to Zambia

In April 2022, Namibia's transport ministry published a feasibility study into extending Namibia's rail network into Zambia, which was carried out by Mumbai-based consultant MR Technofin and funded by the Government of Namibia and the African Development Bank. It found that the project is commercially and environmentally viable and should go ahead. If implemented, the new railway line would cover 770 kilometers and could stimulate the development of mining activity along the corridor running from the port of

Walvis Bay to Lubumbashi in the Democratic Republic of Congo (DRC). A railway network from Namibia into Zambia could allow Zambia, Namibia, and the DRC to export copper and other minerals to buyers in the United States, Europe, and China. While the railway line primarily targets the mining sector, it could unlock other industries such as sugar production, animal feed production, and other value addition products which could be transported through the network. The project could provide various opportunities for U.S. private sector participation.

Upgrade of Kranzberg – Otjiwarongo Railway Line

In November 2023, the African Development Bank (AfDB) approved a loan of USD 196.43 million to construct a new 207 km track close to the existing line between Kranzberg and Otjiwarongo, using concrete railway sleepers and new rails. The works include the construction of 16 bridges, the renovation of two stations as well as the procurement of 55,000 tons of rails to build the track. Other components include modernizing the railway signaling system along the Walvis Bay – Tsumeb line to improve its reliability, safety, and capacity, as well as the overall performance of the railway system. Transporters, agricultural communities, and industries along the corridor will benefit from faster commuting thanks to affordable, reliable, safe rail transport that will boost regional and national development. Road maintenance costs will also decrease as bulk cargo transporters shift from road to rail.

Regional High-Speed Railway Linking Namibia, Botswana, and South Africa:

In 2023, Namibia announced plans to study the feasibility of a high-speed railway line connecting Windhoek (in Namibia); Gaborone (in Botswana); and Pretoria (in South Africa). The regional railway line is part of the first 10-year implementation plan of the African Union (AU) Agenda 2063. The Walvis Bay Corridor Group (WBCG)whose headquarters are in Namibia will contract a consultant to conduct a detailed feasibility, design, and engineering study to ensure the project is bankable. WBCG is a public-private partnership established to promote the utilization of the Walvis Bay Corridors, a transport network mainly comprised of the Port of Walvis Bay, the Trans-Kalahari Corridor, the Trans-Caprivi Corridor, the Trans-Cunene Corridor, and the Trans-Oranje Corridor.

Port Sector

Due to the high level of growth, in 2020 the Namibian state-owned port authority NamPort completed a new container port facility, which now handles 750,000 twenty-foot equivalent units (TEU) per year from 350,000 TEU previously. The new port is on reclaimed land, and its harbor was deepened from 12.8 meters to 15 meters.

The port of Walvis Bay is also positioning itself to become a world class ship and oil rig repair facility. Several ship repair companies have established themselves to provide support services to the African drilling rig and ship repair and upgrade market. Walvis Bay is ideally suited to service oil rigs situated on the Angolan coast, those operating Namibia’s exceedingly promising offshore Orange Basin where significant oil discoveries have been made, as well as rigs that previously would have been serviced in South African ports (Cape Town and Durban) or further afield. Walvis Bay will also need more cold storage facilities because of expanded business. Namibia is also underway to make tremendous strides towards establishing a green hydrogen economy. The country is developing green hydrogen and green ammonia (GH&A) projects in the south of the country. Preliminary estimates indicate that Namibia has the potential to produce about 2.5 million metric tons of green ammonia annually. The country expects to attract more than USD 6 billion in foreign direct investment (FDI) based on its green ammonia and green hydrogen production potential.

Expanding the Port of Luderitz to Accommodate Green Hydrogen

Namibia plans to develop the southern port of Luderitz to accommodate the country's green hydrogen and green ammonia plans. The port will be developed in three phases. Phase 1 involves expanding the existing port to enable the green hydrogen and oil and gas sectors to import construction material; Phase 2 involves developing the new port adjacent to the existing facility and completing a green ammonia export facility by 2028; and in Phase 3 the focus will be on improving the port's capacity to accommodate output from new green hydrogen projects as well as oil and gas projects.

Expanding the Port of Walvis Bay to Accommodate Oil and Gas Sectors

In its ongoing push for port expansion, Namibia announced at the end of 2023 plans for new berths and quay walls to support the country's booming energy industry. The country needs a private investment of USD 2.1 billion for the proposed port infrastructure expansion. The expansion targets the country's major port of Walvis Bay through the landlord port model, in which Namport will provide land for development and then invite private companies to establish operations in the designated plots. The Namibian government is scrambling to expand ports handling capacity, after Shell and Total Energies announced major oil and gas discoveries in the Orange Basin, off the country's Atlantic coast. The oil finds are estimated to hold approximately seven billion barrels of oil equivalent and if exploited fully, Namibia could become Africa's fifth largest oil producer by 2030 and a top global oil producer by 2040. However, this recently unearthed energy potential presents a challenge for Namibia, which currently is a net fuel importer. With Namibia aspiring to become a new global fuel and energy exporter, it means a total overhaul of its energy supply chain, including at its ports.

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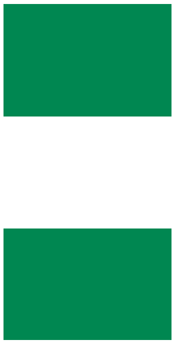
NIGERIA



Capital: Abuja
Population: 218,541,212 (2022)
GDP: USD 472.62 billion (2022)
GDP Growth: 3.3% (2022)
Currency: Naira
Language: English

OVERVIEW

With a population of more than 230 million people, Nigeria is the most populous country in Africa according to CIA Factbook's 2023 figures. It has the largest market economy with an enormous but mostly lower middle income labor force, is a major oil exporter and regional leader in critical infrastructure. In 2002, the government unveiled a 25-year strategic vision document for the development of the railway sector as a key component of the country's socio-economic transformation. This strategic plan includes the rehabilitation of existing narrow gauge rail lines, construction of new standard gauge lines and their operations and maintenance. This long-term strategic vision seeks to interconnect all of Nigeria's 36 States, the Federal Capital Territory and major airports and seaports to support mass transit and trade. If achieved, the plan will reduce pressure on road transportation which currently accounts for more than 80% of all passenger and cargo traffic. Although some rail projects have either been completed or are still ongoing, Nigeria remains far from achieving its 25-year strategic vision for rail transport development. The China Civil Engineering Construction Corporation (CCECC) has been the major contractor for most of Nigeria's rail projects due to the state-supported funding the company brings to the table.

OPPORTUNITIES

On March 17, 2023, the Nigerian President signed into law, a constitutional amendment which empowers state governments to build and operate independent railway transport systems. For several years, projects related to railways had been under the exclusive control of the federal government thus, impeding states which wanted to develop such infrastructure from doing so. Some state governors are already considering building railways to connect their regions.

Mota-Engil Limited, a Portuguese construction company with a presence in Nigeria, secured a USD 920 million contract to provide and finance railway rolling stock in Nigeria. The contract is a significant component to a larger rail project valued at USD 2 billion to design and construct a standard gauge rail line connecting Kano in Nigeria with Maradi in Niger Republic. The project is currently ongoing and set to be completed by 2025. Mota Engil is seeking to make U.S. targeted procurement of about USD 150 million worth of the rolling stock of locomotives, coaches, and freight wagons. The company has provided technical specifications for the equipment to the U.S. Commercial Service in Nigeria and the document will be made available to interested U.S. companies on request.

CONSTRAINTS

- Financing challenges due to a weak economy and poor tax revenues to support the national budget.
- Security challenges, including attacks on passenger trains and theft of rail track equipment and components.
- Lack of political will by the government to follow through on commitments.
- Lack of transparency in government tenders and corruption of government officials.
- Near monopoly of the China Civil Engineering Construction Corporation (CCECC) in handling rail projects.

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SOUTH AFRICA

Capital: Pretoria
Population: 59,893,885 (2022)
GDP: USD 405.27 (2022)
GDP Growth: 1.9% (2022)
Currency: South Africa Rand (ZAR)
Language: English, Afrikaans, Xhosa, Ndebele, Zulu, Tswana, Swati, Sotho, Southern Sotho, Venda, and Tsonga

OVERVIEW

Rail Sector

South Africa has the largest legacy railway and port infrastructure network in Africa. Almost all rail is based on Cape Gauge, ports are focused on bulk material exports, vehicle trade and containerized shipping.

With the increasing coverage provided by the more efficient road system, long-distance rail services have declined in South Africa. Nationally, only half of the 36,000 kilometers (22,000 mi) of track is being fully utilized, and some 35% of the nation's track carries no activity or very low activity. Accordingly, Transnet is moving towards an emphasis on freight, rather than passengers, to keep its rail system profitable.

Several large U.S. rail equipment OEM companies have been in the market since WWII.

Ownership of most infrastructure and operations is with SOE Transnet and its various separate business models. Small, short haul rail freight concessionaries include Traxion Sheltam, and Grindrod.

Technology

Gauge: 1,065 mm

Coupling system: AAR

Braking system: Most trains in South Africa continue to use vacuum braking. However, the conversion to air brakes has finally commenced.

Electrification: Between 50% and 80% of the rail lines in South Africa are electrified. Different voltages are used for different types of trains. Most electrified trains run 3 kV DC overhead, primarily for commuter lines. After the 1980s, higher voltages (25 kV AC and less frequently—50 kV AC - both overhead) have been used for heavy duty lines, primarily for the dedicated iron ore export line.

Ports Sector

The South African Government views the country's ports and terminals as key engines for economic growth. South Africa is situated on one of the busiest international sea routes, critical to international maritime transportation, and its geographical location presents a huge opportunity for investing in a diversified maritime market. Transnet National Ports Authority (TNPA) which is one of five operating divisions of SOE Transnet, is responsible for the safe, effective, and economically efficient functioning of the national ports system, encompassing eight commercial seaports, which it manages in a 'landlord' capacity. While this is the current organizational structure, in July 2021, the South African Government announced plans to address some of the Port operations problems, by creating a clear separation between the roles of the infrastructure owner, which is the Transnet National Ports Authority, and the terminal operator, which is Transnet Port Terminals. The functional and legal separation of these roles, which are currently operating divisions of the same company, should enable each to be fulfilled more independently and with greater efficiency.

In the long term this could mean that revenues generated by the ports can be invested in port infrastructure, both for the replacement of old equipment and for the upgrading and expansion of South Africa's ports. In addition, this will allow the ports authority to make its own investment decisions and will ensure that it treats all terminal operators fairly and equally in the interests of port users. Transnet will remain the sole shareholder of the subsidiary "to prevent any negative impact on the group's balance sheet, and to ensure that the ports authority remains an important part of the Transnet group. This reform forms part of the South African Government's Economic Reconstruction and Recovery Plan. The recent World Bank report that was published in May 2021 demonstrates the need for structural changes, ranking the Ports of Cape Town, Ngqura, Gqeberha, and Durban as four of the five worst ports in the world in operational efficiency (including Durban at #351 out of 351 ports analyzed).

More recently, in response to the continued poor performance of the Port operations, the South African Government created a National Logistics Crisis Committee (NLCC), that will meet with the President every six weeks to adopt a two-pronged approach to addressing the rail, port and road crises currently undermining growth and job creation in South Africa. Through the NLCC, several urgent interventions will be pursued in parallel with a reform agenda with longer-term implications, including the opening of rail and port networks to private operators. In terms of Port operations, a specific workstream will be created to focus on key corridors handling commodities such as coal and iron-ore, as well as containers.

In addition to this, the government has begun to embrace concession and privatization plans for its Port Operations which is a move away from its previous position of having State Owned Entities being the catalyst for economic growth in South Africa. In July 2023, South Africa's port authority announced a 25-year partnership with International Container Terminal Services (ICTSI). ICTSI is the preferred bidder for a joint venture that will initially expand Durban Container Terminal Pier 2's capacity from 2m to 2.8m twenty-foot equivalent units (TEU). Under this agreement, the JV partners will form a new company, with Transnet retaining a 50% stake.

OPPORTUNITIES

Rail Sector

Third Party Operators

Transnet is planning to open third-party access to the rail network from April 2024, after public consultation. This fundamental reorganization of the business model will open considerable opportunity for enhancing rail's ability to move minerals and manufactured products. The core notion is that third parties gain access to the network so that additional operators can operate and compete with the state-owned operator and provide services to a multitude of customers. There may be an upcoming opportunity for a third-part operator because Transnet Freight Rail cancelled a conditional contract in October 2023 with Traxion Sheltam, which had emerged as a successful bidder in November 2022 to operate the Kroonstad to East London railway line.

Meanwhile there is rising pressure for more rail service. The powerful Minerals Council SA (previously Chamber of Mines) suggested in 2023 that a third of coal exported was transported to ports via trucks rather than rail, at great expense to all stakeholders. According to the South African Association of Freight Forwarders, South Africa's freight demand is high, at nearly 500 billion ton-kilometers.

Public-private partnerships

While industry welcomes initiatives to improve freight logistics, the tangible impact on current operational challenges, particularly on export, remains negligible - clearer articulation and demonstrably faster results are required.

Public-private partnerships (PPPs) offer a self-evident option to expedite infrastructure development. Observers state that the SA government should create an environment conducive to PPPs, fostering deeper collaboration with private investors and leveraging their expertise and capital. The current cooperation agreement between Transnet and Richards Bay Coal Terminal (RBCT) seems to be an example of a functional relationship.

As an example, the recent delivery of seven full sets of batteries procured by RBCT is expected to improve the reliability of Transnet Freight Rail's available locomotive fleet. Procurement of locomotive spares – batteries and compressors – is one of the joint initiatives Transnet and RBCT embarked on following the conclusion of the agreement. In this regard, orders were placed for 50 compressors and 1,800 batteries (100 full sets of batteries). The 100 full sets of batteries are scheduled to be delivered by the end of April 2024.

Freight Logistics Map

The Freight Logistics Roadmap that industry is pinning its hopes on proposes three areas of intervention:

1. Operations and rolling stock improvements: This includes returning long-sidelined locomotives with service agreements with original equipment manufacturers to ensure a supply of spares.
2. Security and safety of the rail network: collaboration with law enforcement agencies to ensure the safety and integrity of the network.
3. A capital investment program for expansion plans and to sustain operations.

Ports Sector

The first area of focus for Operation Phakisa, which was announced in June 2014, relates to maritime development of the 'Blue Economy.' There are four priority sectors for the Blue Economy: marine transport and manufacturing activities (coastal shipping, trans-shipment, boat building); offshore oil and gas exploration; aquaculture and marine protection services; and ocean governance. The South African Government has consulted with 180 stakeholders in the four priority areas to develop detailed plans of action for each sector. Operation Phakisa complements U.S. interests in protecting fragile ocean ecosystems and generating economic development through the utilization of South Africa's abundant maritime resources. It is estimated that Operation Phakisa could create over a million sustainable jobs.

Port of Durban

The Ports Authority has several additional development projects planned for the next five to ten years. One such project will deepen the entrance channel of Durban harbor and widen it from 122 to 230 meters. The Ports Authority also plans to work with the municipality to build a R17 million bridge into the port. A dedicated car terminal for automobile transit will be created.

Port of Durban is the main container port on the South African coastline. While handling approximately 60 percent of South Africa's container traffic, the port serves KwaZulu-Natal, the Gauteng region, and a large portion of inland Southern Africa. Together with containers the port also accommodates dry bulk, liquid bulk, automotive and break bulk. Other port activities include facilities for local fishing industry, ship repair industries, visiting cruise liner vessels and recreational boating. The Port of Durban is bounded by the city center to the north, residential areas to the west and east, and industrial land to the south. Thus, the development of the Durban Dig-Out Port (DDOP) at the old airport site (11 km south of the existing port) is vital for future expansion. Improvements to the throughput capacity of the existing precincts in the Port of Durban have been a priority in recent years. These projects include deepening and lengthening of the north quay at Berths 203 to 205, infilling at Pier 1, Maydon Wharf and Island View berth reconstruction and berth deepening and construction of a new passenger terminal. Long-term expansion is planned at the Durban Dig-Out Port.

In 2019 Durban's container berth capacity dropped from 3.3 million twenty-foot equivalent units (TEU) per annum to 2.9 million TEU per annum due to the berth deepening project at DCT. During this time the container demand will exceed container terminal capacity. The shortfall in container capacity will be accommodated by diverting containers to the Port of Ngqura. By 2023, however, the container berth capacity is anticipated to increase to 3.8 million TEU per annum. This increase is based on the expected completion of the berth deepening (additional 0.4 MTEU/a) and lengthening (additional 0.5 MTEU/a) project. In terms of its performance, it currently handles 152 41106 million tons of Dry Bulk cargo and 3329 907 million tons of Break Bulk cargo, as well as 33 122 million tons of automotive equipment including vehicles.

Port of Richards Bay

The Port of Richards Bay is positioned as the bulk port of choice in the Southern African region. It currently has 13 deep water berths in operation and handles 8 million tons of Break Bulk and 20 million tons of bulk product per year. Furthermore, the signing of the MOU between uMhlathuze Municipality, Richards Bay Industrial Development Zone (RBIDZ) and Transnet National Ports Authority (TNPA) has ensured that the port is positioned to be a natural location for bulk handling capabilities, although foreign demand for bituminous coal is decreasing. With the two phases of RBIDZ that are juxtaposed with first class industry while the deep-water Port of Richards Bay provides substantial volume for beneficiation opportunities for investments. With strategic projects such as Richards Bay Expansion Project, additional liquid bulk terminals and the upgrading of roads and services will see the port take advantage of the N2 Business corridor links to provinces such as Gauteng, Mpumalanga, and Limpopo and further into East Africa. Currently the Port handles 149 58475 million tons of Dry Bulk Cargo and 832 0002 million tons of Break Bulk cargo as well as 585 17903 million tons of Coal.

Cape Town Container Terminal

Cape Town is South Africa's second-biggest seaport, and its strategic location ideally positions it as a hub terminal for cargo to South America and the Far East. West/East Africa cargo has grown substantially, making the Cape Town Container Terminal the terminal of choice for trans-shipment cargo. The port exports fruit, perishable and frozen products, and fish and has a cruise ship terminal. The terminal handles 1035896 million tons in Dry Bulk cargo, 459 118 million tons in Break Bulk cargo and 4933587 million tons in Liquid cargo. It is also the busiest container port, with 841 609 vessels per year. Transnet National Ports Authority (TNPA) has selected the V&A Waterfront as the preferred bidder for the development of a cruise terminal at the Port of Cape Town. The V&A Waterfront would invest about R179-million in financing and design to develop the terminal, which would remain at E berth, Duncan Dock, in the Port of Cape Town. All international cruise liner vessels are required to dock at the Port of Cape Town as the first port of call. The upgraded Cape Town cruise terminal facility to be developed by V&A Waterfront will be a new gateway for tourism. About R1.2-billion on capacity-creating projects in Richards Bay will be set aside as Transnet pursues re-engineering of the port to create additional capacity for bulk products at the terminal.

Gqeberha Container Terminal

The Gqeberha Container Terminal is one of the three specialized container-handling facilities along the South African coastline. Located in the center of South Africa's southern coastline, Gqeberha serves the immediate area of the Eastern Cape, where its main business focuses on the needs and requirements of the motor vehicle and components industry as well as various agricultural products. The terminal offers value-added services in the form of storage, packing and unpacking of containers and logistics management. The port is exploring the untapped market of boat building in niche market of tugboats and navy vessels. The Port of Gqeberha handled most of the cargo in the region. With the Port of Ngqura becoming operational, the role of Gqeberha is changing from being the primary central port to one providing complementary services to Ngqura. In the short term, Transnet plans to shift manganese exports and liquid bulk imports to the Port of Ngqura, while the Port of Gqeberha and East London will continue to handle significant volumes of containers and vehicles.

The Ports of South Africa currently operate on average at 65% of its overall capacity. This is largely due to Storage capacity and handling equipment constraints.

Sub-Sector Best Prospects

- Business Model Analysis
- Port Mobile Cranes
- Ship Repair
- Cargo Handling Services
- Weigh Bridges
- Quayside Systems
- Upgrading of Existing Port Equipment

CONSTRAINTS

Declines in rail (freight and passenger) and port capacity remain a severe constraint in domestic and regional trade, even in the currently constrained business environment. The South African Government's plans to spend R900 billion by 2027 on rail infrastructure, have been beset by regulatory and organizational challenges, as well as theft of cabling, rail, and station infrastructure. Since 2017, commodity exports have consistently dropped due to rail inefficiencies. The authorities' intentions to address failings in the rail environment have made little progress in streamlining the freight and passenger network with new tractive systems, carriages, hoppers, signaling and fare collection systems. Internal inefficiencies. sabotage and administered rail tariffs have made competing against road freight almost impossible.

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TANZANIA

Capital: Dodoma
Population: 67.4 million (est. 2023)
GDP: $84.03 billion (est. 2023)
Currency: Tanzanian Shilling
Language: Kiswahili, English

OVERVIEW

The United Republic of Tanzania, located in Eastern Africa, is comprised of mainland Tanzania and the semi-autonomous island of Zanzibar. It is bordered by Kenya and Uganda to the North, Rwanda, Burundi and the Democratic Republic of Congo to the West and Zambia, Malawi, and Mozambique to the South. The country's eastern border lies in the Indian Ocean which has a coastline of 1,424 km.

The United Republic of Tanzania achieved lower-middle income country status in July 2020, following two decades of sustained economic growth. The country's solid macroeconomic foundation, sound fiscal policies, rich natural resources, and strategic geographic position have fostered a diverse economy resilient to external shocks. This proved critical amidst persistent global crises, including the COVID-19 pandemic, food security concerns, and Russia's war against Ukraine. While these conditions resulted in an economic downturn, Tanzania avoided a more severe recession and economic growth is recovering, reaching 5.2 percent in 2023, and projected to grow to 5.4 percent in 2024.

An improving business climate and the implementation of structural reforms are expected to boost annual GDP growth to 5.6% in 2024, 6.0% in 2025, and 6.4% in 2026. Similarly, according to the International Monetary Fund (IMF) World Economic Outlook of October 2023, the real GDP growth of Tanzania is projected to be 6.1% and 7.0% in 2024 and 2025 respectively.

RAIL

Railway transportation is the second most important mode of transport following road and is critical for long-distance freight movement along the main transportation corridors of Tanzania. Tanzania boasts a total 3,676 kilometers of railway lines operated by two railway systems, Tanzania Railways Corporation (TRC) and Tanzania – Zambia Railways (TAZARA). The mainline of TRC comprises the central corridor between the port of Dar es Salaam in the east, linking central and western areas of the country and terminating at Kigoma on

Lake Tanganyika in the west. The TAZARA line is 1,860 kilometers in length, of which 975 kilometers is in Tanzania and 885 kilometers in Zambia.

Tanzania Standard Gauge Railway (SGR)

The Government of Tanzania is currently expanding the country's rail network with the construction of a Standard Gauge Railway (SGR) to replace the old, inefficient meter-gauge railway system. The SGR railway can carry heavy loads at high speed as opposed to the current Meter Gauge Railway (MGR). Tanzania's SGR utilizes electric locomotives and has the capacity to transport passengers and cargo shipments at 160 kilometers per hour. The SGR will link Tanzania, from the port of Dar es Salaam on the Indian Ocean to the port of Mwanza on the shore of Lake Victoria in northern Tanzania, and from there to neighboring countries of Rwanda, Burundi, and the Democratic Republic of the Congo (DRC). The SGR consists of a network of about 2,000 km developed in six phases: Phase 1: Dar es Salaam - Morogoro (Km 300) Phase 2: Morogoro - Makutupora (Km 422) Phase 3: Makutupora - Tabora (Km 294) Phase 4: Tabora - Isaka (Km 130) Phase 5: Isaka - Mwanza (Km 249) Phase 6: Tabora - Kigoma (Km 506).

Tanzania-Burundi Standard Gauge Railways SGR Phase II

In December 2023, Africa Development Bank (AfDB) announced a $3.9 billion project to improve transport connectivity along the Central Corridor to enhance regional integration and trade and to incentivize large-scale mining and farming through access to high-capacity railway transport services. The Central Corridor is a multimodal corridor comprising roads, dry ports, railways, inland waterways, and airports that integrates Burundi, DRC, Rwanda, Tanzania, Uganda, and Zambia, connecting them to the seaport of Dar es Salaam. The SGR will serve as the backbone for the Central Corridor and will anchor marine transport on the Lake Tanganyika and Lake Victoria corridors.

PORTS

Both sea and inland water ports in Tanzania are managed and operated by the Tanzania Ports Authority (TPA). The TPA's main Indian Ocean ports are Dar es Salaam, Mtwara, and Tanga. Minor seaports serving coastal traffic include Lindi, Kilwa Masoko, Mafia Island, Bagamoyo, Pangani and Kwale. A $10 billion port project is under consideration in the Bagamoyo Special Economic Zone (SEZ), 75 kilometers north of Dar-es-Salaam. It could be one of the largest government infrastructure projects in the country. Dar es Salaam is Tanzania's principal port with an intrinsic capacity of 10.1 metric tons per year. The port handles over 92% of the total maritime ports' throughput. The port serves the land-locked countries of Malawi, Zambia, Democratic Republic of Congo, Rwanda, Burundi, and Uganda. These countries are connected to the port through two railway systems (TRL-1.0 meter gauge and TAZARA-1.067 cape gauge), road networks as well as the TAZAMA oil pipeline to Zambia.

Lake Ports

TPA operates Tanzania's lake ports, maintaining roughly 20 ports on Lake Victoria including Bukoba, Kemondo Bay, Musoma and Nansio, and principal lake ports on Lake Tanganyika including Kigoma and Kasanga. These ports provide trade connections between Burundi, Eastern Democratic Republic of the Congo, and Zambia. Lake Nyasa has 4 important ports at Itungi, Mbamba Bay, Liuli and Manda. There are up to 10 smaller TPA ports on the lake that facilitate passenger movement along the lake and between the countries of Malawi, Mozambique, and Tanzania.

OPPORTUNITIES

- The Dar es Salaam Port provides a gateway for 90% of Tanzanian trade but is also the access route to six land-linked countries, namely Malawi, Zambia, Burundi, Rwanda, and Uganda, as well as the Democratic Republic of Congo (DRC) – connecting a market of over 300 million people.
- Tanzania is constructing a 1,219-kilometer rail link between the Dar es Salaam port and Mwanza City by Lake Victoria. The line will have branches west to Burundi, Rwanda, and the Democratic Republic of Congo. Once finalized, this will provide logistics for the transport of critical minerals and graphite mines under development in Tanzania.
- Tanzania is seeking $5.6 billion for a new railway in the south linking the Indian Ocean to Lake Nyasa (Malawi) and traversing regions rich in iron ore, coal, and graphite. Once finalized, this will provide logistics for the transport of critical minerals and graphite mines under development in Tanzania.
- Tanzania's central railway line received $200 million in World Bank funding. The key components of the project include infrastructure strengthening, transport studies support, climate resilience, operational and institutional support, and emergency response facilitation. U.S. companies can apply to implement projects under this funding.
- The Tanzania Ports Authority is implementing the Dar es Salaam Marine Gateway Project (DMGP) which will improve the port's effectiveness and efficiency by converting it to accommodate larger vessels. Other Port modernization projects include the strengthening and deepening of berths 1-7 and RORO terminal, dredging of the entrance channel, turning circle and harbor basin, strengthening and deepening berths 8-11, and construction of a new terminal jet. This will increase efficiency and provide cost savings for imports and exports into Tanzania and neighboring countries.

- Once completed, the Tanzania Standard Guage Railway (SGR) is expected to decrease freight costs by 40%. Each freight train is expected to transport up to 10,000 tons, equivalent to 500 lorry loads.

CONSTRAINTS

- The average waiting time for a ship to dock at Dar-es-Salaam port is 5 days compared to 2 days in rival regional ports, which in turn increases wharfage and demurrage charges.
- Container ship sizes are expanding, forcing ports like Dar-es-Salaam to dredge their channels and berths and to acquire appropriate equipment to handle larger vessels.
- Highly ineffective inland transport systems which see roughly 2% of container cargo moved by rail.
- Multiplicity and duplication of software and scanning systems between Tanzania Revenue Authority (TRA) and Tanzania Ports Authority (TPA), lead to inefficiencies and delays in processing cargo. Frequent system outages exacerbate the problem.
- The Tanzania-Zambia Railway Authority (TAZARA) faces operational challenges including a lack of spare parts, a lack of material to fix damaged railway tracks, and a lack of sufficient numbers of rolling stock.

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ZAMBIA

Capital: Lusaka

Population: 19.6 million (2022 National Census), 22^{nd} largest in Africa

GDP: USD 29.85 billion (Nominal, 2022 est.)

Currency: Zambian Kwacha (ZMW)

OVERVIEW

Zambia is a politically stable and secure country that has not experienced civil unrest and violence experienced by other African nations. It is a multi-party democracy and rich in natural resources with copper as the main forex earner. Zambia is the second largest copper producer in Africa and ninth largest producer in the world. In 2022, President Hichilema announced the Zambian government's goal to expand copper production in Zambia to 3 million metric tons per year by 2030. If the government can provide the investment climate to attract investors and facilitate increased cooper production, Zambia's economy would expand. The corresponding energy demand required to keep pace with increased mining means that Zambia must invest in and scale up its energy production, providing opportunities for investment.

Zambia's economy has been plagued by excessive external debt amounting to USD 13.4 billion, constituting official creditors USD 6.3billion (majority of which is bilateral Chinese debt), private bond holders USD 3.8 billion, and other private creditors USD 3.3 billion. In March 2024, the Zambian government successfully managed to restructure its debt with bond holders, a milestone hailed to pave way for macroeconomic stability and sustainable growth trajectory. The government hopes this will instill investor confidence and encourage private investment, especially in infrastructure and energy.

OPPORTUNITIES

Rail Sector

Zambia's limited rail networks are divided between two operating systems: Zambia Railways Limited and the Tanzania-Zambia Railway Authority (TAZARA), with significant efforts underway to develop the Lobito Economic and Development Corridor.

Zambia Railways Ltd (ZRL)

The Zambian state-owned and operated ZRL network stretches almost 1,200 km from Victoria Falls on the border with Zimbabwe to Sakania on the border with the Democratic Republic of Congo, running through the Copperbelt and other mining rich areas such as Ndola, Kitwe, and Chingola. The company owns and operates 25 locomotives and 1,300 wagons. It offers both passenger and freight service and has a bulk haulage capacity of 1,200 tons per train. The ZRL network connects to the TAZARA line at Kapiri- Mposhi in central Zambia and to the Chipata-Muchinji network that connects Zambia to Malawi and the Mozambican port of Ncala and is a gateway to the southern port of Durban in South Africa. ZRL presents significant opportunities for investments through upgrades and modernization as its infrastructure is more than a century old, having first been set up by the British South African Company in the early 1900s.

Tanzania-Zambia Railway Authority (TAZARA)

The TAZARA rail line is one of the symbols of Sino-Africa cooperation, a trilateral project between Tanzania, Zambia, and China. The rail project was funded by China and constructed between 1970 and 1975. The TAZARA line runs roughly 1,860 km from Tanzania's largest city, Dar es Salaam, on the coast of the Indian Ocean to Kapiri Mposhi in central Zambia. TAZARA is jointly managed by the Tanzanian and Zambia governments. The Zambian, Tanzanian, and Chinese governments are negotiating a mechanism to revitalize and modernize the rail line with China likely to fund the project, though the extent and details of the project are not public. TAZARA offers both freight and passenger transportation services between Tanzania and Zambia.

Lobito Corridor

The Lobito Corridor currently consists of a 1,300 km railway line traversing Angola from the Atlantic Ocean to the country’s borders with the Democratic Republic of the Congo (DRC) and Zambia. The corridor presents a significant investment opportunity especially on the Zambian side as it would see the development of a new rail line that connects to the existing infrastructure in Angola. The corridor has seen a resurgence in interest in recent months, as evidenced by the recent signing of several MOUs and agreements related to the Lobito Corridor, most of which concern the development of the corridor and activities related to green and clean energy technologies, in particular EV battery value chain products. The parties involved are diverse, including the United States, EU, Angolan, DRC, and Zambian governments as well as the AfDB, Africa Finance Corporation, and a consortium comprising Trafigura, Mota-Engil, and Vecturis.

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