## ACRONYMS

<table>
<thead>
<tr>
<th>Acronym</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>AGOA</td>
<td>African Growth Opportunity Act</td>
</tr>
<tr>
<td>BFS</td>
<td>Bankable Feasibility Study</td>
</tr>
<tr>
<td>BOO</td>
<td>Build, Own and Operate</td>
</tr>
<tr>
<td>BOOT</td>
<td>Build, Own, Operate and Transfer</td>
</tr>
<tr>
<td>BOT</td>
<td>Build, Own and Transfer</td>
</tr>
<tr>
<td>CAPEX</td>
<td>Capital Expenditure</td>
</tr>
<tr>
<td>CEPGL</td>
<td>Communauté Économique des Pays des Grands Lacs (Economic Community on the Great Lakes Countries)</td>
</tr>
<tr>
<td>CICOS</td>
<td>International Commission for the Congo, Oubangui and Sanga River Basins</td>
</tr>
<tr>
<td>COMESA</td>
<td>Common Market for Eastern and Southern Africa</td>
</tr>
<tr>
<td>DC</td>
<td>Development Corridor</td>
</tr>
<tr>
<td>DD</td>
<td>Due Diligence</td>
</tr>
<tr>
<td>DFI</td>
<td>Direct Foreign Investment</td>
</tr>
<tr>
<td>DMTU</td>
<td>Dry Metric Tonne Unit</td>
</tr>
<tr>
<td>DRC</td>
<td>Democratic Republic of Congo</td>
</tr>
<tr>
<td>DRI</td>
<td>Direct Reduced Iron</td>
</tr>
<tr>
<td>EAC</td>
<td>East African Community</td>
</tr>
<tr>
<td>EAF</td>
<td>Electric Arc Furnace</td>
</tr>
<tr>
<td>EEZ</td>
<td>Exclusive Economic Zone</td>
</tr>
<tr>
<td>EPZ</td>
<td>Export Processing Zone</td>
</tr>
<tr>
<td>ESC</td>
<td>Executive Steering Committee</td>
</tr>
<tr>
<td>EU</td>
<td>European Union</td>
</tr>
<tr>
<td>FDI</td>
<td>Foreign Direct Investment</td>
</tr>
<tr>
<td>FOB</td>
<td>Free On Board or Freight On Board</td>
</tr>
<tr>
<td>GDP</td>
<td>Gross Domestic Product</td>
</tr>
<tr>
<td>HBI</td>
<td>Hot Briquetted Iron</td>
</tr>
<tr>
<td>HFO</td>
<td>Heavy Fuel Oil</td>
</tr>
<tr>
<td>ICGLC</td>
<td>International Conference on Great Lakes Countries</td>
</tr>
<tr>
<td>IMF</td>
<td>International Monetary Fund</td>
</tr>
<tr>
<td>IP</td>
<td>Intellectual Property</td>
</tr>
<tr>
<td>KRC</td>
<td>Kenya Railways Corporation</td>
</tr>
<tr>
<td>LED</td>
<td>Local Economic Development</td>
</tr>
<tr>
<td>M&amp;E</td>
<td>Monitoring &amp; Evaluation</td>
</tr>
<tr>
<td>NEPAD</td>
<td>New Partnership for Africa’s Development</td>
</tr>
<tr>
<td>NBI</td>
<td>Nile Basin Initiative</td>
</tr>
<tr>
<td>NC</td>
<td>Northern Corridor</td>
</tr>
<tr>
<td>NCSDP</td>
<td>Northern Corridor Spatial Development Programme</td>
</tr>
<tr>
<td>NCTTCA</td>
<td>Northern Corridor Transit Transport Coordination Authority</td>
</tr>
<tr>
<td>NIC</td>
<td>New Industrialising Countries</td>
</tr>
<tr>
<td>NTB</td>
<td>Non-Tariff Barriers</td>
</tr>
<tr>
<td>PACA</td>
<td>Participatory Appraisal of Competitive Advantage</td>
</tr>
<tr>
<td>PFS</td>
<td>Prefeasibility Study</td>
</tr>
<tr>
<td>PPP</td>
<td>Public – Private Partnership</td>
</tr>
<tr>
<td>PSF</td>
<td>Private Sector Foundation</td>
</tr>
<tr>
<td>RADS</td>
<td>Resource-based African Development Strategy</td>
</tr>
<tr>
<td>Acronym</td>
<td>Description</td>
</tr>
<tr>
<td>---------</td>
<td>-------------</td>
</tr>
<tr>
<td>RAIDS</td>
<td>Resource-based African Industrialization and Development Strategy</td>
</tr>
<tr>
<td>REC</td>
<td>Regional Economic Communities</td>
</tr>
<tr>
<td>RSDIP</td>
<td>Regional Spatial Development Initiative Programme</td>
</tr>
<tr>
<td>RVR</td>
<td>Rift Valley Railways</td>
</tr>
<tr>
<td>SADC</td>
<td>Southern Africa Development Community</td>
</tr>
<tr>
<td>SDI</td>
<td>Spatial Development Initiative</td>
</tr>
<tr>
<td>SDP</td>
<td>Spatial Development Programme</td>
</tr>
<tr>
<td>SMME</td>
<td>Small &amp; Medium Enterprises</td>
</tr>
<tr>
<td>SOW</td>
<td>Scope of Work</td>
</tr>
<tr>
<td>TEU</td>
<td>Twenty-foot equivalent Unit</td>
</tr>
<tr>
<td>UNCTAD</td>
<td>United Nations Conference on Trade and Development</td>
</tr>
<tr>
<td>UNIDO</td>
<td>United National Industrial Development Organization</td>
</tr>
<tr>
<td>USGS</td>
<td>United States Geological Survey</td>
</tr>
</tbody>
</table>
**B. EXECUTIVE SUMMARY**

**Overview of the NCSDP Catchment Area**

The Northern Corridor Spatial Development Project (NCSDP) area and economic impact zone is defined by the main transport infrastructure links from the port city of Mombasa, through Nairobi and then north-west to Gulu, Pakwach and then into DRC and ending at Kisangani. From this main arterial the NCSDP branches northwards to the southern Sudanese city of Juba. The other continues from Kampala south westwards to Kasese (the rail terminal) and then southwards to Kigali and Bujumbura, via main road links. Besides Southern Sudan, Ethiopia and Tanzania are both falling within the catchment area of the Northern Corridor.

The Northern Corridor is well endowed with oil / gas as well as other mineral resources. However, some of these reserves are totally stranded or located in regions where access to transportation and energy infrastructure is still problematical. A further justification of the NCSDP is that it would increase the level of regional integration between the five member states which have complementary natural resources, infrastructure and competitive advantages.

The main characteristics of the NCSDP Economic Impact Zone are:

- the strong natural resource base (mineral resources, fresh water resources, fossil fuels & renewable energies, forests in the Congo river basin),
- the fairly well developed transport & energy infrastructure, in particular with existing road and rail infrastructure that provides the basis to strengthen links into DRC, Sudan and Ethiopia enhancing not only regional integration but providing these countries with improved access to the Indian Ocean through the port of Mombasa,
- the integrated regional economy with Kenya as the primary point of entry at the port of Mombasa and using the road and rail links to Nairobi and to Kampala in Uganda to access the larger hinterland,
- the fairly good diversification of the economies of Kenya and Uganda and their growing industrial base and well developed tourism and service sectors,
- good and sustained foreign direct investment,
- the good prospects in terms of mineral beneficiation.

Its key, existing and potentially growing, economic sectors are:- mining; oil, gas and other energy minerals; agriculture, agro-processing & aquaculture; manufacturing (fertilizer, iron & steel, cement); tourism; forestry & timber; regional trade.

**Business Climate**

Private investors and financial institutions will probably look at the business environment and risks within the NCSDP countries. Table 3 reveals that Rwanda, Kenya and Uganda will probably continue attracting the bulk of the private investments in East Africa. Rwanda and Kenya are the lead reformers of their business framework. Rwanda was even the global top reformer in 2008/09 enforcing reforms of its commercial laws, simplifying business start up procedures, improving regulations to facilitate access to credit, implementing measures to ease trade across borders, etc. Burundi and DRC are lagging behind.

Its key, existing and potentially growing, economic sectors are:- mining; oil, gas and other energy minerals; agriculture, agro-processing & aquaculture; manufacturing (fertilizer, iron & steel, cement); tourism; forestry & timber; regional trade.

**High cost of transport and logistics**

High cost of transport and logistics are caused by delays from ports to the final commercial centres in the hinterland of the Northern Corridor. The major delays are recorded at the port of Mombasa and at border
posts. The high time and cost of doing business is a major bottleneck to trade and investment particularly for the landlocked countries such as Eastern DRC, Burundi, Rwanda, Uganda and Southern Sudan. There are also other constraints such as corruption and the so-called non-tariff barriers.

**SDP Approach and Methodology**

With the exception of the Maputo Development Corridor and, to a lesser extent, the Zambeze/Sena SDI and Mtwara Development Corridor, all other SDIs have not proceeded to serious project development and investor attraction. Often SDIs have not gone beyond strategy formulation. Major anchor projects have also been the subject of legitimate criticisms. These mega-projects have required colossal investments and have generally created modest amounts of employment (e.g. MOZAL). Capital intensive projects in labour surplus economy are considered by some Analysts as controversial. The industrial focus on minerals and metals as well as slightly processed products (e.g. DRI) may indeed appear ill-suited to the NC where agriculture is dominant and where investment in low skills based agri-processing could be more appropriate.

Through the application of a Corridor-specific SDI methodology, the transport corridor could be transformed into an economic development corridor. The Northern Corridor (NC) has both the inherent economic potential and a large degree of political and institutional support which are essential elements for a successful implementation of a development corridor. The challenge will be to maintain political commitment at the highest level during the whole implementation period of the NCSDP.

Compared to other SDIs, the Northern Development Corridor may fall short of obvious major anchor project(s) that could enhance the viability of the whole NCSDP. The project that was seen by the study team as having the potential to become NCSDP's main economic anchor investment was the exploitation of the iron ore reserves in northeastern DRC. Among all identified potential anchor projects, the Zani - Kodo iron ore reserves would surely justify a major investment into a "trunk" infrastructure, i.e. railway upgrade or construction of a dedicated iron ore line, major port upgrade and power. This infrastructure would in turn benefit other smaller mineral and agricultural and processing development projects.

**Critical Success Factors & Enablers**

The SDP critical success factors are:- political buy-in & commitment, installation of an adequate technical capacity in host/participating country institutions; development of innovative economic development models based on potentials and competitive advantage and of robust business case; targeted engagement with the private sector partners who will have to act in concert with public sector if economic development objectives need to be achieved on the NCSDP; effective institutional arrangements for the corridor promotion and management; and knowledge of and access to financial and institutional frameworks.

The NCSDP will also benefit from the following critical enablers:- current and planned energy infrastructure projects (generation, transmission and interconnectors); in a multi-jurisdictional/national environment as the NCSDP area, a strong and empowered public institutional arrangement with access to key decision makers in the participating countries; clearly articulated shared benefits arising from and accruing to countries along the NC; country Champions who together with sector champions, will ‘lubricate’ the process – the former focusing on progress at a technical level, whilst the latter dedicate their efforts at removing political hurdles and vested interest obstructions; critical mass i.t.o. scale of projects implemented; relentless pursuit of synergies by the NCSDP spatial development and management team.

**Centres of Excellence**

The Study Team also believes that a Centre-of-Excellence-led and sectorally driven spatial economic development would contribute to the successful implementation of the NCSDP. This approach should preserve and rationalize available scarce know-how, technical expertise and finite funding through leveraging amassed experience. This experience would be made available across the region, and would
therefore accelerate technological adoption rates that would otherwise be contingent upon each sub-region’s capacity to absorb and assimilate same over a given time period.

The guiding principle of the Centres of Excellence’s approach is that fair distribution of authority and responsibility among member states would mirror proven endowment within the country charged with the promotion of any one sector initiatives, indisputable comparative advantage that constitutes a centre of excellence w.r.t. the respective economic sector and relevant activity at stake.

For example, Rwanda has, over time, develop a critical mass i.t.o. technical know-how as well as keen institutional capability and capacity for ecologically sensitive management of the methane gas exploitation in Lake Kivu. Also, the country has amply demonstrated its co-operative stance in taking further the development prospects of this resource within a regional spatial framework.

It is vital that concrete and compelling benefits be evidenced early in the development and promotion of the programme. Therefore, the Centres of Excellence could add value to the NCSDP, through sharing of expertise and experience, and increase ownership and buy-in among member states.

**Deepening via Resource Linkages**

The realisation of the resources potential brings with it further economic opportunities, namely the resource linkages clusters.

The resource linkages industrial clusters are indirectly anchored on the comparative advantage of the resources sectors and are comprised of:

- **Up-stream linkage industries:** plant, machinery, consumables (inputs), engineering services, financial services, consultancies, etc.;
- **Down-stream linkage industries:** resources processing (value addition) into intermediate products, semi-manufactures, components, sub-assemblies and finished, resource-intensive products. Resource processing usually also produces co-products and by-products, which also constitute potential feedstocks for further downstream linkage industries. These resource beneficiation industries in turn create markets for further up-stream industries (capital goods, consumables & services);
- **Side-stream linkages:** Power generation & supply, construction, process automation, logistics, marketing, transport infrastructure (rail/road & ports), environmental industries, HRD and skilling entities and other resource sectors that supply inputs into the resource sector (e.g. mineral inputs such as fertiliser & conditioners into agriculture, chemicals into mining, etc.). These in turn create new demand for up-stream industries.

**Zani – Kodo as the Key Anchor Project?**

Among all iron ore deposits, only the Zani - Kodo iron ore deposit should be considered in the first phase of the NCSDP, albeit a "long shot".

The Zani - Kodo project would require the construction of the longest commercial dedicated iron ore railway line in the world, about 1,800 km between Kodo and Mombasa. In addition, this railway line would cross two rift valleys with steep gradients.

The NCSDP unit shall have to determine whether a conservative reserve of 300Mt at 68% Fe at Zani - Kodo is sufficient to justify the massive rail/port upgrade CAPEX. The first step would be to undertake a proper resource evaluation. Based on its results, the Zani-Kodo deposit and its associated infrastructure would be auctioned / concessioned. The market would then determine whether or not we have a potential Development Corridor with Zani - Kodo acting as the main anchor project. Given the recovery of the steel industry and the fairly high level of steel prices, the iron ore deposits may attract investors (Developers - Consumers) from countries such as China or India.
Oil Production in the Albertine Graben, the Main Anchor Investment within NSCDP

The Lake Albert Oil Production Programme seems to offer better prospects for the NCSDP. The reserve is described as a “world-class find” and could amount to the equivalent of 2 billion barrels with a value of USD50 billion.

The early production scheme will require the importation of about 300,000 tonnes of material from abroad, and an additional 500,000 tonnes of construction materials sourced locally – cement and aggregates, all over a three year period. Once in production, the oil sector could generate an input demand for about 10% of the production output which would be equivalent to more than 1 million tpa of inputs. Tullow Oil has indicated that the railway service would be very important for their import of heavy equipment, and that the poor rail service from both Mombasa and Dar es Salaam is affecting their programme and costs.

Between 100,000 and 150,000 bpd of crude oil exports would be equivalent to 13,000 – 20,000 tonnes per day of 4.7 – 7.1 mill tpa. Assuming 40 wagons trains and 60 tonnes per wagon on the existing upgraded railway, this would account for 6 to 9 trains per day on rail and about one large crude tanker per week at the marine oil terminal. This could provide the ideal anchor project for the revival and upgrade of the RVR rail system in Uganda and Kenya.

Conclusion

The NCSDP shall focus on agriculture-based industries as well as resource linkages (beneficiation & inputs). Indeed, the NCSDP has a key-role to play in ensuring that a resource-based development strategy is achieved along the corridor by developing infrastructure ‘densification’ and facilitating the deepening of the oil and mining industries.

Existing anchor projects, especially the Oil Production Scheme near Lake Albert, Oil Exploration in Southern Sudan, and Gold Mining in North-Eastern DRC will induce ‘densification’ of the corridor through the creation of ancillary and feeder infrastructure that will enlarge the NCSDP catchment area and beneficiaries. The new or improved infrastructure shall in turn benefit other sectors like agriculture, tourism and manufacturing. ‘Deepening’ of the oil and mining industries is also a priority of the NCSDP with good prospects in terms of up-, side-, and down-stream linkages.

The oil production scheme with its input requirements (800,000 tonnes of construction materials and equipment), downstream linkages (topping plants and power plant) as well as likely impact on the revival and upgrading of the rail system in Uganda and Kenya appear to be the NCSDP main anchor investment.

The production is expected to peak at 250,000 bpd when all the fields have entered into production phase. If the future refinery in Uganda was dimensioned to maximise petrochemicals, it would expand downstream industrial opportunities as well as add cargo for the rail for export.

In addition to the projects identified in section E, other investment opportunities exist:

Energy

- Use of dehydrated & compressed natural gas for industrial & domestic usages.
- Combined cycle turbines power plant near Lake Kivu (methane gas turbines & steam turbines for increased efficiency).
- Bio-fuels in Easter DRC (jatropha) & in Kenya’s central & coastal region (jatropha, sugar cane, sunflower canola, sorghum, coconut, cassava, …)

Construction materials

- New cement plant near new combined cycle power plant.
- New cement plant in Kenya’s North Rift Region.
Mining beneficiation
- Modernisation of cassiterite (tin bearing ore) plants / operations in Rwanda & DRC.
- Phosphate by-products: fertilizers (attapulgite), gypsum blocks & prefabricated panels.

Agro-processing
- Privatisation and development of coffee sector in Burundi.
- New factory in Rwanda – green & black teas (ISO certified & Fairtrade accreditation).
- Fishing industry on Lake Victoria (100 tonnes of Nile Perch per year) and on Lake Albert – processing units and better management of resource.
- Diversification of Kenya’s agriculture and creation of new agro-processing supply chains, PPP in marketing & agri-business.

Tourism
- Development of ecological lodges in Kenya (Mwea National Park, Mt Elgon National Park, Saiwa Swamp National Park; Hell’s Gate National Park).
- Isiolo resort city in Northern Kenya and Northern Circuit: Meru, Kora, Marsabit National Parks.
- Rwanda’s sustainable tourism development with private sector & UN World Tourism Organisation (UNWTO): volcanoes in the north, Muhazi, Akagara, Nyungwe, Kibuye, Gisenyi, all proclaimed new Destination Management Areas.

Manufacturing
- Car assembly plant in Kenya by Toyota (Hilux pick-ups, Hino trucks, buses & Yamaha motorbikes). Land Cruisers are already being assembled at a plant in Mombasa.
- Kenya’s programme to develop industrial areas (Mombasa, Kisumu, Lamu).

The implementation of the NCSDP will take advantage of the increased hydropower generation in Ethiopia (generating capacity of 2,980 MW by 2015) and in Uganda (additional 2,000 MW by 2020) as well as the expansion of the interconnected network.

A further justification of the NCSDP is that it would increase the level of regional integration between the five member states which have complementary natural resources, infrastructure and competitive advantages. DRC’s Eastern borderlands which share many of their mineral resources with their neighbours, i.e. oil and methane gas would likely benefit the most from improved infrastructure, cross-border linkages as well as the setting up of Centers of Excellence as part of the NCSDP process.

Action plan

The action plan has takes into account the fact that the NCSDP will focus on resource linkages and lower levels projects while leaving mega-projects to their private initiators.

The Action Plan is divided into four main phases:
- Phase 1: Preparation & establishment of the NCSDP unit;
- Phase 2: NCSDP Regional Economic Development Strategy & project selection;
- Phase 3: Improvement of business environment;
- Phase 4 Development of local, national and regional economic empowerment capacity;

It will be implemented over a 5-year period. The provisional budget to implement the five-year programme has been estimated at US$1,592,256.

NCSDP will also have to carry out targeted interventions with regard to existing initiatives which clearly have the potential to produce significant short and longterm LED gains. These pilot runs and quick victories could
rapidly establish the NCSDP as a trendsetting facilitator in innovative, creative, sustainable, transformation-oriented local economic development as well as providing the partnership with experimentally verified action results to assist in determining viable directions for further economic development interventions.

Local economic development is by definition innovation oriented. An obvious barrier is lack of innovation resources and capacity within bureaucracies as well as within disadvantages circles. The NCSDP unit shall therefore competently combine a broad and sophisticated understanding of spatial planning, national, regional and local development principles and policies with hands-on investigative fieldwork in local economic development realities.

The NCSDP approach will have to be action-oriented allowing for a high level of interactions with private sector and economic role-players as opposed to a bureaucracy-building approach.

To start, the NCSDP unit shall adopt more realistic criteria to achieve LED:

- Market-driven sustainability structure around products which meet existing and evolving consumer preferences and expectations, i.e. customers for products offered or planned;
- Use of local economic potentials, competitive advantages or resources;
- Local / provincial / national / international buy-in providing synergies and support. It occurs only after innovators or risk takers have driven the initiative to the point where its economic status can no longer be overlooked and its potential for success is apparent to the wider potential stakeholder arena. Sharper understanding of this dynamic and of the economic value of innovation would appear to be priority provincial and local government capacity-building components;
- Knowledge of and access to development and institutional frameworks e.g. marketing, legalities, funding, etc.

The NCSDP Steering Committee shall make the final decision regarding the appropriate organization structure and powers for the future NCSDP unit. However, we can recommend that the NCSDP unit be hosted within a regional organisation with a focus on spatial and economic development. NCSDP staff will have to engage and interact with the CDC unit as both initiatives are strongly connected (i.e. same hinterlands and similar competitive advantages) and should build on their complementarities, synergies as well as competition for the benefit of regional development.
F. ACTION PLAN TO TRANSFORM THE NORTHERN CORRIDOR INTO A DEVELOPMENT CORRIDOR

F.1 APPROACH FOCUSING ON RESOURCE LINKAGES & LED

The 2005 report entitled “Strategies for transformation of the Northern Corridor into an economic development corridor” (COMESA / NCTTCA) already defined a program to “attract investors to viable transport concessions and other private sector projects”. It highlighted the need to secure the support from the Heads of State through a Presidential-level Executive Steering Group.

It also recommended:- the appointment of a Corridor Economic Development Coordinator who would receive when required input from high calibre Experts; the strengthening of the NC Steering Committee that would bring together a broad range of skills and Representatives from the 5 member States as well as from Southern Sudan, Ethiopia and Tanzania; the design of investment incentives (tax deductions, import duty) and creation of Special Economic Zones; the establishment of good working relationships with donors, lenders and governments; the exploration of available opportunities; the prefeasibility studies (PFS) of prioritised anchors; the organisation of an Investors’ Conference; fund-raising for PFS; the creation of technical committees with sub-committees in specialised areas; the start of a regulatory reform process induced by anchors; the formulation of Regional Development Strategies based on on-the-ground research; and project progress assessment and monitoring.

Some of the generic activities presented above are still valid today and have been incorporated into the 2010 Action Plan for the NCSDP. However, the action plan has also been informed by our findings and especially the views of key economic role-players operating within the NCSDP area. It also takes into account the fact that the NCSDP must rather focus on lower levels projects and leave mega-projects to their private initiators. However, the NCSDP would still ensure that a resource-based development strategy is achieved along the corridor by developing infrastructure ‘densification’ and facilitating the deepening of the oil and mining industries especially.

The regional and local economic development realities, potentials and dynamics in the NC area have not been directly experienced by the scoping study team. The Local Economic Development (LED) and economic empowerment being significant components of the action plan, an emphasis is made on hands-on fact finding fieldwork. The Participatory Appraisal of Competitive Advantage © or PACA, based on a set of tools that permit a rapid appraisal of the competitive advantages of a locality, could deliver concrete, practical proposals to stimulate the local or regional economy. A PACA exercise was recently conducted in the Kayunga district in Central Uganda. The short-term outcomes of PACA have been the definition of immediate and short term actions aimed at the main sectors with competitive advantages in Kayunga, i.e. coffee, crop cultivation (maize, cassava, bananas), fruits (pineapples & mangoes), livestock (beef & dairy, goats, piggery, poultry), beekeeping, fisheries, retail trade (agro vet stockists & agro-marketing), small-scale industries, and support institutions. The proposed actions included value chain improvement, on-farm value addition & processing, introduction of simple micro-irrigation technologies, training of producers and farmers, etc. The PACA approach emphasizes the need to build up rapid momentum and achieve quick victories. NCSDP will also have to carry out targeted interventions with regard to existing initiatives which clearly have the potential to produce significant short and longterm LED gains. These pilot runs and quick victories could rapidly establish the NCSDP as a trendsetting facilitator in innovative, creative, sustainable, transformation-oriented local economic development as well as providing the partnership with experimentally verified action results to assist in determining viable directions for further economic development interventions. While we recommend the use of the PACA approach in the NCSDP, one must bear in mind that innovative business ideas and product development are required as disadvantaged communities do not have necessary resources to develop their own market-related packages.
Local economic development is by definition innovation oriented. An obvious barrier is lack of innovation resources and capacity within bureaucracies as well as within disadvantages circles. The NCSDP unit shall therefore competently combine a broad and sophisticated understanding of spatial planning, national, regional and local development principles and policies with hands-on investigative fieldwork in local economic development realities.

The NCSDP approach will have to be action-oriented allowing for a high level of interactions with private sector and economic role-players as opposed to a bureaucracy-building approach.

To start, the NCSDP unit shall adopt more realistic criteria to achieve LED:

- Market-driven sustainability structure around products which meet existing and evolving consumer preferences and expectations, i.e. customers for products offered or planned;

- Use of local economic potentials, competitive advantages or resources;

- Local / provincial / national / international buy-in providing synergies and support. It occurs only after innovators or risk takers have driven the initiative to the point where its economic status can no longer be overlooked and its potential for success is apparent to the wider potential stakeholder arena. Sharper understanding of this dynamic and of the economic value of innovation would appear to be priority provincial and local government capacity-building components;

- Knowledge of and access to development and institutional frameworks e.g. marketing, legalities, funding, etc.

The NCSDP Steering Committee shall make the final decision regarding the appropriate organization structure and powers for the future NCSDP unit. However, we can recommend that the NCSDP unit be hosted within a regional organisation with a focus on spatial and economic development. NCSDP staff will have to engage and interact with the CDC unit as both initiatives are strongly connected (i.e. same hinterlands and similar competitive advantages) and should build on their complementarities, synergies as well as competition for the benefit of regional development.

**F.2 CENTRES OF EXCELLENCE**

Within the NCSDP catchment area, centres of competitive advantage exist. Specific skills have developed among agencies and departments to such an extent that one can say that de facto centres of excellence have emerged, particularly in the following fields: methane gas to power generation, oil/gas production, agro-processing, energy regulatory framework …

The guiding principle of the Centres of Excellence’s approach is that fair distribution of authority and responsibility among member states would mirror proven endowment within the country charged with the promotion of any one sector initiatives, indisputable comparative advantage that constitutes a centre of excellence w.r.t. the respective economic sector and relevant activity at stake.

For example, Rwanda has, over time, develop a critical mass i.t.o. technical know-how as well as keen institutional capability and capacity for ecologically sensitive management of the methane gas exploitation in Lake Kivu. Also, the country has amply demonstrated its co-operative stance in taking further the development prospects of this resource within a regional spatial framework.

It is vital that concrete and compelling benefits be evidenced early in the development and promotion of the programme. Therefore, the Centres of Excellence could add value to the NCSDP, through sharing of expertise and experience, and increase ownership and buy-in among member states.
F.3 Local Economic Development Fund

Given the nature and focus of the NCSDP, the availability of business support and financing will be essential. In this regard, the Africa Enterprise Challenge Fund may become a valuable partner.

The Africa Enterprise Challenge Fund (AECF) is a US$50-100 million private sector fund. AECF receives funding from the Australian Government (AusAID), the Consultative Group to Assist the Poor (CGAP), the UK Department for International Development (DFID), the International Fund for Agricultural Development (IFAD), and the Netherlands Ministry of Foreign Affairs (NMFA). AECF, which is hosted by the Alliance for a Green Revolution in Africa (AGRA), intends to provide investment support to private sector companies selected on the basis of their new and innovative business ideas. Operating from the Nairobi regional hub, AECF is supporting the following agri-business initiatives within the NCSDP catchment area:

Table 26: Agri-business projects supported by AECF

<table>
<thead>
<tr>
<th>Organisation</th>
<th>Project Name</th>
<th>Repayable grant amount</th>
<th>Country</th>
<th>Start – End</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Real IPM Company Ltd</td>
<td>Biological control of Striga, a weed of maize, millet and sorghum crops</td>
<td>US$172,000</td>
<td>Kenya (and then East Africa)</td>
<td>July 2009 – June 2012</td>
</tr>
<tr>
<td>InfraCo</td>
<td>Nairobi Fresh Produce Wholesale Market</td>
<td>US$1,000,000</td>
<td>Kenya</td>
<td>January 2009 – December 2011</td>
</tr>
<tr>
<td>Virtual City Ltd</td>
<td>Dairy Supply Chain Automation Project</td>
<td>US$375,000</td>
<td>Kenya</td>
<td>July 2009 – June 2012</td>
</tr>
<tr>
<td>Dominion Farms Ltd</td>
<td>Development and operation of a commercial fish farm and related industries</td>
<td>US$979,229</td>
<td>Western Kenya</td>
<td>July 2009 – October 2010</td>
</tr>
<tr>
<td>Lachlan Kenya Ltd</td>
<td>Development of natural terpene (botanical oil) products for control of insect pests, nematodes and diseases by smallholder farmers</td>
<td>US$360,000</td>
<td>Kenya, Tanzania, Uganda, Burundi, Rwanda, Ethiopia</td>
<td>Duration not mentioned</td>
</tr>
<tr>
<td>Western Seed Company</td>
<td>Bringing seed technology to the Farmers</td>
<td>US$700,000</td>
<td>Kenya</td>
<td>January 2009 – December 2011</td>
</tr>
<tr>
<td>Rift Valley Products Ltd</td>
<td>Increase of cotton production in Kerio Valley</td>
<td>US$677,048</td>
<td>Kenya</td>
<td>January 2009 – December 2011</td>
</tr>
</tbody>
</table>
### F.4 WORK FLOW – TIMEFRAME

The Action Plan is divided into four main phases:

- Phase 1: Preparation & establishment of the NCSDP unit
- Phase 2: NCSDP Regional Economic Development Strategy & project selection
- Phase 3: Improvement of business environment
- Phase 4 Development of local, national and regional economic empowerment capacity

It will be implemented over a 5-year period.

During the first phase and after the scoping study and action plan have been officially approved, a NCSDP Project Manager with DC capacity will be appointed and a Presidential-level Executive Multilateral Steering Group (six-monthly meetings) will be set up.

The second phase shall include:- fieldwork research; PACA exercises in selected localities with agroecological potential or near existing anchor investments; interactions with private sector, communities and professional associations. Quick victories and other catalytic projects will be identified. Regional cooperation and integration will be strengthened through the Centres of Excellence. Centres of Excellence and possibly other technical studies units will also be mobilised to produce data required by the NCSDP unit.

Besides identifying, designing new anchor and catalytic projects and establishing resource linkages, the NCSDP unit will assist in removing constraints and resolving problems which are currently blocking anchor investments.

Proper resource appraisal and evaluation will be conducted in Northern-Eastern DRC (iron ore deposits in Zani-Kodo) under the coordination of the NCSDP. This particular appraisal could result in the preparation of a comprehensive project packaging which could lead to competitive bidding.

| **Monitise East Africa** | Providing banking and payment services to the rural poor (access through mobile handsets, …) | US$1,000,000 | Uganda | January 2009 – December 2011 |
| **Agrobiotec** | Banana clean planting material micro-propagation for sustained food security and poverty alleviation | US$150,000 | Burundi, Rwanda and DRC | July 2009 – June 2012 |
| **Brarudi SA** | Local sorghum beer | US$200,000 | Burundi | Duration not mentioned |
| **Gourmet Gardens Ltd** | Collective fermentation of cocoa, a strategy to improve quality and add value to cocoa produced by smallholder farmers | US$334,140 | DRC (North Kivu) | March 2010 |
The third phase will aim at improving the business environment and investment facilitation with a particular emphasis on cross-border projects and on countries which are lagging behind in terms of business climate and investment regime (DRC and Burundi).

Bi- & Multi-lateral Agreements to underpin the concessions (PPPs) on potential new large anchor projects will be signed.

The NCSDP unit will play a role of investment facilitation in close cooperation with private investors, financiers and investment promotion agencies.

During the fourth phase, the NCSDP unit will gradually transfer some of its responsibilities to local, national and regional government levels while continuing to facilitate the deepening of the resource sector and the implementation of LED projects.

**F.5 Provisional Budget Estimates**

The provisional budget to implement the five-year programme has been estimated at US$1,592,256 (One Million Five Hundred Nintey Two Thousand Two Hundred and Fifty Six American Dollars). A detailed breakdown is given below.
## Phase 3 Improvement of business environment

### Strengthening & harmonisation of investment regime & legislation
- **Project Manager PM**
  - **Unit Price:** 6500 US$/mth
  - **Duration:** 3.50 m-mth
  - **Total Amount:** $22,750.00
- **Assistant / Administrator ASSIST.**
  - **Unit Price:** 1750 US$/mth
  - **Duration:** 3.50 m-mth
  - **Total Amount:** $6,125.00
- **Snr SDI Program Adviser (+ Specialists) PA+Spec.**
  - **Unit Price:** 15,680 US$/mth
  - **Duration:** 3.50 m-mth
  - **Total Amount:** $56,000.00
- **Technical Study Units / Agencies TSU**
  - **Unit Price:** 20,000 US$/mth
  - **Duration:** 3.50 m-mth
  - **Total Amount:** $70,000.00

### Joint work with investment promotion agencies / Submission & approval of strategies to NCSDP ESC
- **Project Manager PM**
  - **Unit Price:** 6500 US$/mth
  - **Duration:** 1.50 m-mth
  - **Total Amount:** $9,750.00
- **Assistant / Administrator ASSIST.**
  - **Unit Price:** 1750 US$/mth
  - **Duration:** 1.50 m-mth
  - **Total Amount:** $2,625.00
- **Snr SDI Program Adviser (+ Specialists) PA+Spec.**
  - **Unit Price:** 15,680 US$/mth
  - **Duration:** 1.50 m-mth
  - **Total Amount:** $7,840.00
- **Technical Study Units / Agencies TSU**
  - **Unit Price:** 20,000 US$/mth
  - **Duration:** 1.50 m-mth
  - **Total Amount:** $10,000.00

### Bi- & Multi-lateral agreements to underpin concessions & PPPs
- **Project Manager PM**
  - **Unit Price:** 6500 US$/mth
  - **Duration:** 6.00 m-mth
  - **Total Amount:** $39,000.00
- **Assistant / Administrator ASSIST.**
  - **Unit Price:** 1750 US$/mth
  - **Duration:** 6.00 m-mth
  - **Total Amount:** $10,500.00
- **Snr SDI Program Adviser (+ Specialists) PA+Spec.**
  - **Unit Price:** 15,680 US$/mth
  - **Duration:** 6.00 m-mth
  - **Total Amount:** $90,000.00
- **Technical Study Units / Agencies TSU**
  - **Unit Price:** 20,000 US$/mth
  - **Duration:** 6.00 m-mth
  - **Total Amount:** $40,000.00

### Investments targets / Identification & mobilisation of Financiers & Investors / Review of Investors’ proposals
- **Project Manager PM**
  - **Unit Price:** 6500 US$/mth
  - **Duration:** 6.00 m-mth
  - **Total Amount:** $39,000.00
- **Assistant / Administrator ASSIST.**
  - **Unit Price:** 1750 US$/mth
  - **Duration:** 6.00 m-mth
  - **Total Amount:** $10,500.00
- **Snr SDI Program Adviser (+ Specialists) PA+Spec.**
  - **Unit Price:** 15,680 US$/mth
  - **Duration:** 6.00 m-mth
  - **Total Amount:** $90,000.00

## Phase 4 Development of economic empowerment & LED capacity at all levels

### Deepening of resource sector, prov. implementation, LED support, transfer of responsibilities to governments & agencies (S+240 weeks)
- **Project Manager PM**
  - **Unit Price:** 6500 US$/mth
  - **Duration:** 7.00 m-mth
  - **Total Amount:** $45,500.00
- **Assistant / Administrator ASSIST.**
  - **Unit Price:** 1750 US$/mth
  - **Duration:** 7.00 m-mth
  - **Total Amount:** $12,250.00
- **Snr SDI Program Adviser (+ Specialists) PA+Spec.**
  - **Unit Price:** 15,680 US$/mth
  - **Duration:** 3.00 m-mth
  - **Total Amount:** $47,040.00
- **Technical Study Units / Agencies TSU**
  - **Unit Price:** 20,000 US$/mth
  - **Duration:** 2.00 m-mth
  - **Total Amount:** $40,000.00

### Development of economic empowerment & LED capacity at all levels (S+145 weeks)
- **Project Manager PM**
  - **Unit Price:** 6500 US$/mth
  - **Duration:** 12.00 m-mth
  - **Total Amount:** $78,000.00
- **Assistant / Administrator ASSIST.**
  - **Unit Price:** 1750 US$/mth
  - **Duration:** 12.00 m-mth
  - **Total Amount:** $21,000.00
- **Snr SDI Program Adviser (+ Specialists) PA+Spec.**
  - **Unit Price:** 15,680 US$/mth
  - **Duration:** 6.00 m-mth
  - **Total Amount:** $47,040.00
- **Technical Study Units / Agencies TSU**
  - **Unit Price:** 20,000 US$/mth
  - **Duration:** 1.00 m-mth
  - **Total Amount:** $20,000.00

## Phase 5 Monitoring & Evaluation

### Reports focusing on clustering, linkages as well as economic empowerment at local, district & prov. levels (S+240 weeks)
- **Project Manager PM**
  - **Unit Price:** 6500 US$/mth
  - **Duration:** 7.00 m-mth
  - **Total Amount:** $45,000.00
- **Assistant / Administrator ASSIST.**
  - **Unit Price:** 1750 US$/mth
  - **Duration:** 7.00 m-mth
  - **Total Amount:** $12,250.00
- **Snr SDI Program Adviser (+ Specialists) PA+Spec.**
  - **Unit Price:** 15,680 US$/mth
  - **Duration:** 3.00 m-mth
  - **Total Amount:** $47,040.00
- **Technical Study Units / Agencies TSU**
  - **Unit Price:** 20,000 US$/mth
  - **Duration:** 2.00 m-mth
  - **Total Amount:** $40,000.00

## Total (A + B)

**A TOTAL (FEES)**

**B DISBURSEMENTS / ADMINISTRATION**

**GRAND TOTAL (A + B)**

**Notes:**
- **F – ACTION PLAN:**
  - **DISBURSEMENTS / ADMINISTRATION**
    - Transport (flights) for PM & PA: 1600 US$, 115 U = $184,000.00
    - Accommodation/Subsistence: 250 US$/d, 520 U = $130,000.00
    - Local transport: 80 US$/d, 400 U = $32,000.00
    - Administrative fee: lump sum, 4.0% = $45,318.40
    - Contingencies: lump sum, 6.0% = $67,977.60

**GRAND TOTAL (A + B):** $1,592,256.00