

Kenya Infrastructure Canvas Session

Business Case: Kisumu Port

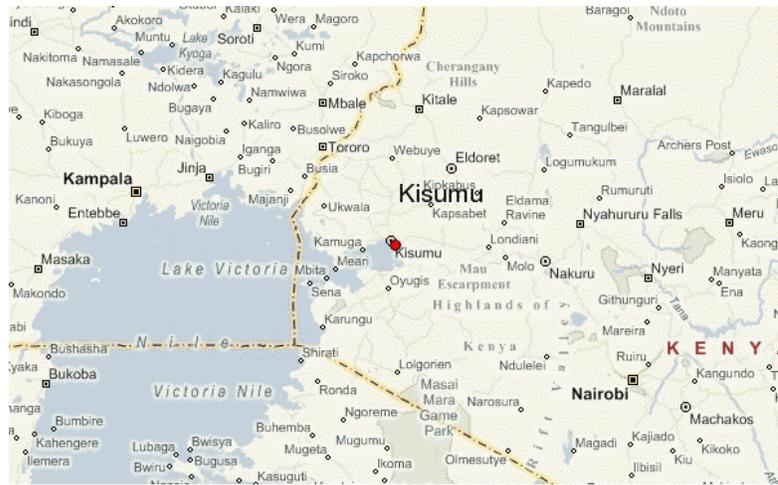
Background Information

Kisumu is located in Nyanza province, on the shores of Lake Victoria, a gateway to a number of land-locked regions in East and Central Africa. There is a road rail and network linking Kisumu to Nairobi and to Mombasa. Lake Victoria is the second largest freshwater lake in the world, providing opportunities for fast and cost effective water transport to neighbouring countries. Nevertheless, the poorly maintained and under developed transport infrastructure poses at present severe challenges to the efficient movement of goods and people.

Facts & Figures

The Port of Kisumu is most ideal to offload cargo from Mombasa and the most strategic to feed Jinja, Mwanza in Tanzania, Entebbe in Uganda and Muhoma Bay in Rwanda.

- Kisumu Port is located in Kisumu County, on the shores of Lake Victoria, the second largest freshwater lake in the world. The catchment of Lake Victoria, which encompasses parts of Kenya, Uganda, Rwanda and Burundi, has a population of around 35 million and a GDP of some USD 30 Billion i.e. 40% of the total EAC economy.
- Approximately 0.5 million people live in Kisumu and 10 million in the Kisumu region, accounting for approximately 27 percent of Kenya's population. As such Kisumu is the third largest city in Kenya and a commercial center with diverse unexploited resources in agriculture, commercial, industrial, tourism and transport services.



Current Situation

- The port is operating at a mere 20% of its capacity with infrequent lake transport and the lack of container port facilities limits the ability for businesses to use the lake. Additionally, the low water level by the port restricts the size of boats able to enter the port.
- The poor condition of roads outside of Kisumu – particularly the main artery connecting the city with Nairobi – is by far the largest infrastructure constraint impacting business activity in the region.
- Kisumu Port is currently managed by Kenya Railways Corporation (KRC), though the assets and operations of the port (along with the other ports on Lake Victoria) are scheduled to be transferred to Kenya Ports Authority (KPA). The transition is expected to be implemented by the end of this year.
- The Kisumu Port project is well embedded in the national and regional policy context and seeks to unleash the economic growth potential of the East African region.

Business and Investment Opportunities

The current challenges faced by the region can be considered as business opportunities for Dutch companies, NGO's and Knowledge Institutes, creating an entry point for further positioning of the Dutch private sector in the region.

The Kenya National Government set the following objectives for the redevelopment of Kisumu Port:

1. Promote local and regional trade;
2. Effectively manage the ports;
3. Create employment;
4. Support commercial, agricultural and industrial development;
5. Support tourism activities;
6. Facilitate movement of people and goods;
7. Ensure the efficient utilization of the ports for the benefit of the East African Community region.

Dutch companies can help realizing various of these objectives, mainly in the following areas:

Port Development and Modal Transportation:

- Kisumu (in Kenya) is the main Port; Musoma, Mwanza, and Bukoba (in Tanzania); and Port Bell, Jinja and Entebbe (in Uganda) form a good connection through the Lake.
- Lake transport services are potential mass transport for goods and passengers across the region and beyond
- At the Port, shipyard and dry dock services are practically absent
- Development of Kisumu Port storage facilities have high potential
- Water Management
- Multi Modal connections through ferry-boat, rail-ferry terminals at Jinga, Kisumu, and Mwanza has high potential

“A consortium led by Maritime & Transport Business Solutions (MTBS) of Netherlands has been appointed to advise on the planned construction of a modern Sh22.5 billion port in Kisumu as Kenya eyes bigger maritime trade in the region. The Treasury’s Public-Private Partnership Unit (PPPU) said the consortium will undertake a feasibility study on the commercial and technical viability of the project to be implemented by the Kenya Ports Authority (KPA). “The project entails development of Kisumu Port into a modern commercial Lake Port to serve the growing trade in the EAC region on a BOT (Build-Operate-Transfer). Source: www.mtbs.nl”

The Dutch companies can be instrumental on:

- Construction, operation and maintenance of the port and assets.
- Capacity building methods and approaches to increase port productivity and services Supply of equipment for port operations
- Water and sediment management
- mitigate potential social and environmental impacts
- Machinery service and maintenance
- Transport barges, dredgers and High Speed Crafts.
- Logistics and transportation/collection