

# What is the role of regional infrastructure in promoting green economies in the EAC?

## Summary

Infrastructure investments are thought to propel economic growth, particularly when the investments are regional (Shi et al., 2017; Bhattasali and Thomas, 2016; Kodongo and Ojah, 2016; Crescenzi and Rodriguez-Pose, 2012; Wagner, 2012; Roland-Holst, 2009). This study investigates the ways in which regional infrastructure development can promote the transition to green economies in the energy, transport and water sectors in the East African Community (EAC). The authors conducted a literature review, developed five international case studies, and engaged with stakeholders from the study countries to identify enabling national policies and plans and related financing options and incentives to build integrated, effective and sustainable systems. This study is based on the findings from fieldwork in Kenya, Rwanda, Tanzania and Uganda.

## Key Findings

### Policies, strategies and plans in the EAC have the potential to promote green economies.

Some countries have dedicated green growth strategies, including Kenya and Rwanda. Kenya used its National Climate Change Action Plan and Strategy to integrate climate resilience into their Vision 2030 and can now enforce climate actions and standards through its Climate Change Act of 2016. Stakeholders interviewed indicated that the EAC member countries will be better positioned to achieve the Nationally Determined Contribution (NDC) target (30% greenhouse gas emissions reduction by 2030) if regional cooperation occurs. Political support for regional integration from individual EAC member states is needed.

### Global examples of regional infrastructure projects included green growth-supportive conditions that could increase the chances for a transition to green economies.

By synthesising the case studies and stakeholder input, the study team developed a set of supportive conditions for green growth (see graphic right) that make green activities attractive for investors and businesses. There is variability in the number of supportive conditions in place for each case study. Some projects studied were not designed to promote green growth, but still provide green growth benefits. Sector-based policies may help countries meet green growth objectives even in the absence of formalised green growth policies or strategies.



### Capacity building in technical areas, and more generally in financing, could increase the potential for regional coordination and project implementation.

Developing local expert negotiators in national ministries to empower staff to design, implement, and promote infrastructure is needed to achieve green economic growth and allow the ministerial technical teams to negotiate effectively with contractors when seeking financing for infrastructure projects. Stakeholders interviewed indicated that the sector working groups established by the EAC Secretariat need a knowledge-sharing platform to promote the sharing of lessons learnt to inform policy-making and infrastructure project implementation across the EAC member states.

**Inclusive stakeholder engagement can result in strong stakeholder support and the eventual promotion of green economies and green infrastructure.**

Including stakeholders may facilitate ownership of the infrastructure by local communities, provide benefits at the household and local community levels and build the capacity of local communities to utilise the infrastructure in delivering other goods and services. Additionally, community members can derive benefits, such as skills development and job creation opportunities, particularly for youth.

**Regional Case Studies**

1. Central Asia Regional Economic Cooperation Transport Corridor 1 Investment Programme
2. Chaglla Hydropower Plant (Peru)
3. Gambia River Basin Development Organization [OMVG]) Interconnection Project
4. Mekong Integrated Water Resources Management Project
5. Niger Basin Water Resources Development and Sustainable Ecosystems Management Project

**Development bank investment in infrastructure projects provides an opportunity for them to drive the green growth agenda.**

MDBs could drive regional green growth by screening projects for supportive green growth conditions. Stakeholders interviewed suggested ideas such as the creation of regional transport policies; moving towards an intermodal approach linking rail, road, air and maritime transport; and increasing cross-border marine transport on rivers and lakes.

**The EAC has the potential to mobilise public financing and leverage PPPs.**

EAC member states can scale up their mobilisation of public finances through taxation and private sector pool formation. For example, the Government of Rwanda is contributing up to 50% of the total financial support for the construction of the Bugesera International Airport, which is the largest public investment in a mega-infrastructure project provided by the national government in the EAC. Private sector pool funding was successfully used in the Lake Turkana Wind project. National and regional authorities could promote viable green investment opportunities to the private sector across the EAC block. Although each EAC member country studied has a private sector development strategy, there is no regional EAC public-private partnership (PPP) strategy.

**Research Objectives**

1. Understand experiences from elsewhere in the world where regional infrastructure development has been used to promote a transition to a green economy;
2. Scope the opportunities for the role of regional infrastructure to promote the transition to green economic growth in the EAC with respect to energy-, transport- and water-related infrastructure; and
3. Make recommendations on effective policy and implementation approaches for regional infrastructure to support more sustainable growth patterns, reduce poverty and enhance climate resilience within the political context of the EAC.

**Research Methodology**

*Case Studies*

The study team developed a list of regional infrastructure projects by reviewing donor agency project databases and performing a sector-specific literature review.

*Stakeholder Engagements*

The study team conducted a stakeholder analysis and then engaged with over 100 stakeholders in Kenya, Rwanda, Tanzania, and Uganda from academia, civil society organisations, community-based organisations, the donor community, government ministries and departments, non-governmental organisations, private sector actors, and United Nations agencies. The study team conducted interviews and hosted focus group discussions and policy roundtables.

*EAC Policy analysis*

A first-of-its kind analysis of the climate change, energy, green growth, transport, and water policies helped the study team understand the policy and regulatory landscape.

**Summary of Key Recommendations**

**Policies, strategies and goals relating to green economic growth should be harmonized to increase cooperation and attract infrastructure investments from private sector and development partners.**

The EAC should develop a regional strategy for green growth and harmonise national and sectoral policies. For example, the EAC Secretariat has a strategic action and sustainable development plan for the Lake Victoria Basin. Stakeholders interviewed consider these policy instruments insufficient, which contributes to the

under-utilization of Lake Victoria for regional maritime transport. Harmonizing each country's National Vision and green growth strategy with the EAC Vision 2050 could guide finance mobilization for regional infrastructure and help member states achieve net-zero emissions. The path to harmonisation would be clearer after completing a policy gap and Strengths, Weaknesses, Opportunities and Threats analysis.

**Investments and financing from various sources should be coordinated.**

Coordination amongst the various entities at the regional level may help overcome the high cost of infrastructure investments and create a pool of resources to fast track integrated infrastructure development aligned with the aims of the EAC Secretariat and the member nations' National Visions.

**Gaps in technical capacity and negotiator expertise should be filled through capacity building and knowledge sharing.**

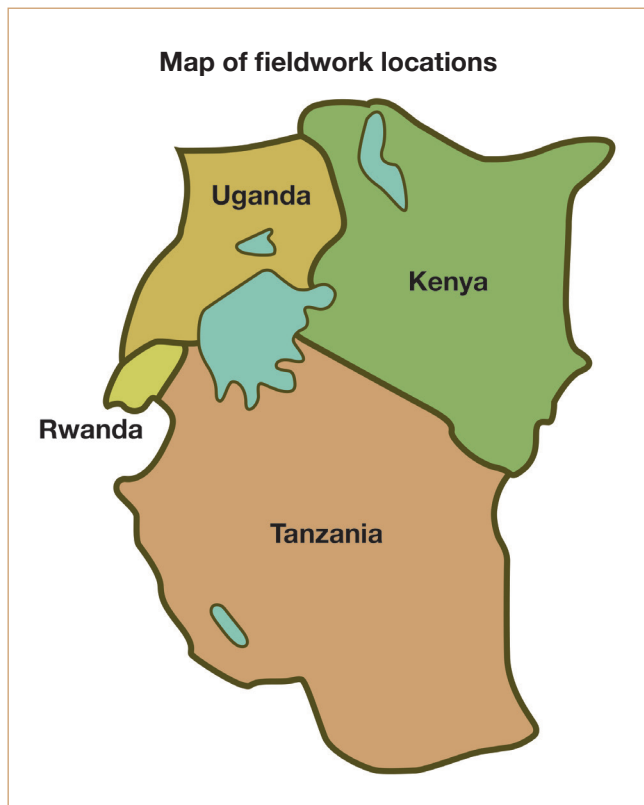
To implement regional policies, the EAC member states should invest in building their capacity in technical skills and negotiations. They should share knowledge about regional infrastructure project development by establishing information-sharing mechanisms, such as web portals, and working groups. They should also consider working with local academic institutions. Customised capacity building programmes related to developing proposals, managing financials and accounts for the Green Climate Fund and Adaptation Fund, and in mobilising resources for national or regional climate-proof infrastructure are also needed.

**Projects should be screened for their potential to prioritize regional infrastructure that promotes green economies.**

Lenders, such as the MDBs, should create new or adapt existing screening tools to evaluate and prioritize regional infrastructure projects in terms of their potential to promote green economies. Prioritisation tools should be used to help governments and lenders develop a pipeline of projects and to make evidence-based decisions on which projects to implement.

**A baseline assessment and feasibility study should be performed for all regional infrastructure projects.**

During the design stage, a baseline assessment can help determine the landscape for green growth and what projects can be prioritised. This step could help identify and even remove risks or barriers later in the project design and implementation stages and determine the project's technical and operational feasibility and chances for contributing to green growth.



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