

# Case Studies of Integrated Regional Solutions

## A Recent Practical Example: The Mtwara Development Corridor (Tanzania, Mozambique, Malawi and Zambia)



P.O. Box 1234, Halfway House, 1685  
1258 Lever Road, Halfway House, 1685  
Tel: +27(0) 11 256 3499 • Fax: +27(0) 11 206 3140  
E-mail: [thandim@dbsa.org](mailto:thandim@dbsa.org)  
Web page: [www.r-sdi-p.com](http://www.r-sdi-p.com)



The Regional Spatial Development Initiative Programme (RSDIP) is sponsored by the South African Department of Trade and Industry (DTI) and hosted at the Development Bank of Southern Africa (DBSA)



# MTWARA Development Corridor...

## Its Time Has Arrived ?

2

*“Colonial development was very largely territorial in conception to the limited extent that the relatively neglected regions of the Mtwara Development Corridor experienced it. The most spectacular effort placed into development, the Groundnut Scheme, was visionary in terms of its imperial imperatives but poorly conceived in terms of realities on the ground. **The Mtwara SDI suggests moving finally into a definitively post-colonial era.** While the core elements may remain at first sight territorial, the whole thinking behind **the SDI projects is trans-territorial, trans-national development.** It suggests the way that pan-African development can proceed, not on the basis of rhetoric and willpower but of practical building blocks allowing for African integration. **Transport links become nodes, which will create a networked grid,** hopefully paid for by the renewal of mineral prosperity, but allowing for **systematic regional development that can knit together different countries.** River basins and lakes can become, as to some extent they have been in the past under far more restricted circumstances, avenues of interaction rather than barriers.”*

*(Prof. William Freund, Emeritus Professor, Department of Economic History, University Of KwaZulu-Natal, Durban, South Africa: Concluding Comments On A Paper Commissioned By The RSDI Unit On “An Economic History Of The Mtwara Development Corridor”, January 2006; p.47)*



P.O. Box 1234, Halfway House, 1685  
1258 Lever Road, Halfway House, 1685  
Tel: +27(0) 11 256 3499 • Fax: +27(0) 11 206 3140  
E-mail: thandim@dsba.org  
Web page: www.r-sdi-p.com



The Regional Spatial Development Initiative Programme (RSDIP) is sponsored by the South African Department of Trade and Industry (DTI) and hosted at the Development Bank of Southern Africa (DBSA)



# Political Set Up Of MTWARA Corridor

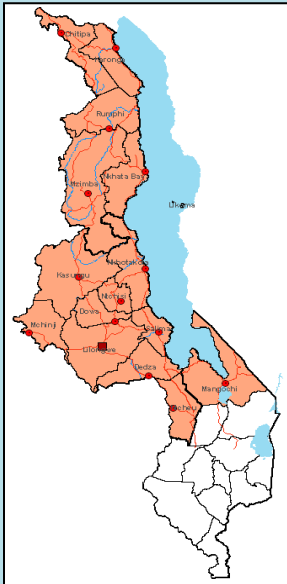
3

- Mtwara Development Corridor Agreement:
  - Signed by Heads of State, On 14<sup>th</sup> December 2004, In Lilongwe, Malawi
    - Republic Of Malawi (Minister of Transport + Public Works as political champion)
    - Republic Of Mozambique (Minister of Transport + Communications as political champion)
    - United Republic Of Tanzania (Minister of Works, as political champion)
    - Republic Of Zambia (Minister of Communications + Transport as political champion)
  - Agreement Supported By Complementary Agreements:
    - Songwe River Development Project Agreement Signed By Minister of Lands and Human Settlements Development, Tanzania and Minister of Water Development, Malawi On 1<sup>st</sup> July 2001, In Karonga, Malawi;
    - Unity Bridge 1 Agreement Signed By Presidents Of Mozambique And Tanzania On 8<sup>th</sup> January 2005, In Pemba, Mozambique; and,
    - Memorandum of Understanding (MoU) To Promote A Heavy Capacity Ferry Service from Mbamba Bay in Tanzania To/From Nkhata Bay In Malawi, Signed At Ministerial Level On 15<sup>th</sup> August 2003 In Dar es Salaam Tanzania.
  - Agreement Supported By The South African Department Of Trade + Industry (RSA-DTI) Under The Regional Spatial Development Initiative (RSDI) Programme, administered by the Development Bank Of Southern Africa (DBSA).

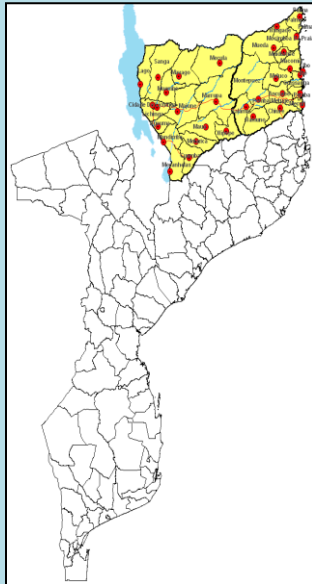
# MTWARA Corridor... Covers a large area with a significant population but in remote locations

4

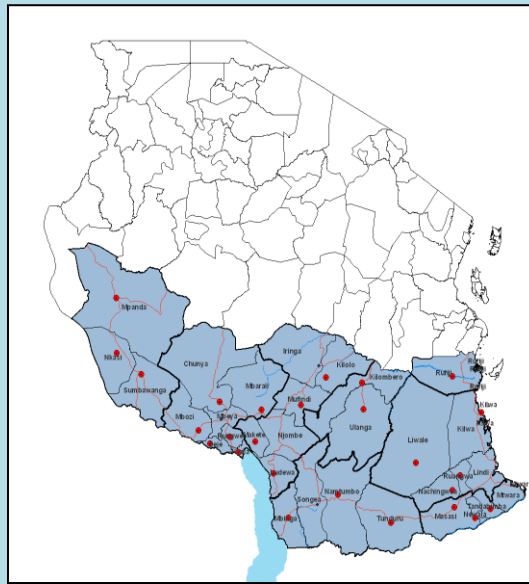
Malawi	Mozambique	Tanzania	Zambia	Total
Area 70%	25%	41%	35%	38%
Km2 49,000	50,068	160,785	94,667	354,520



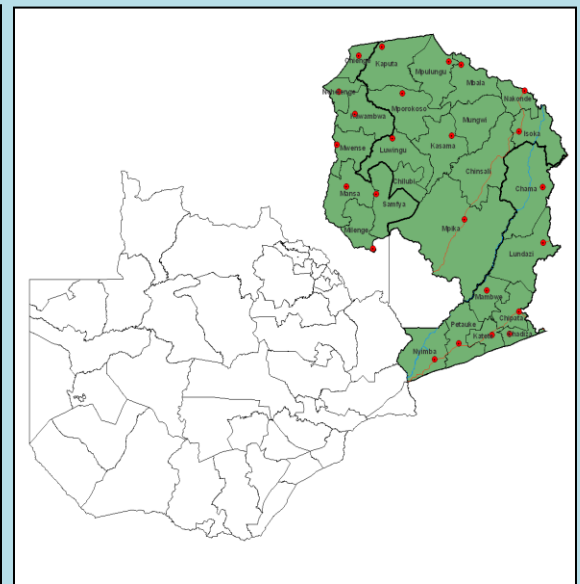
Pop 49%  
5,910m



11%  
2,044m



23%  
8,433m

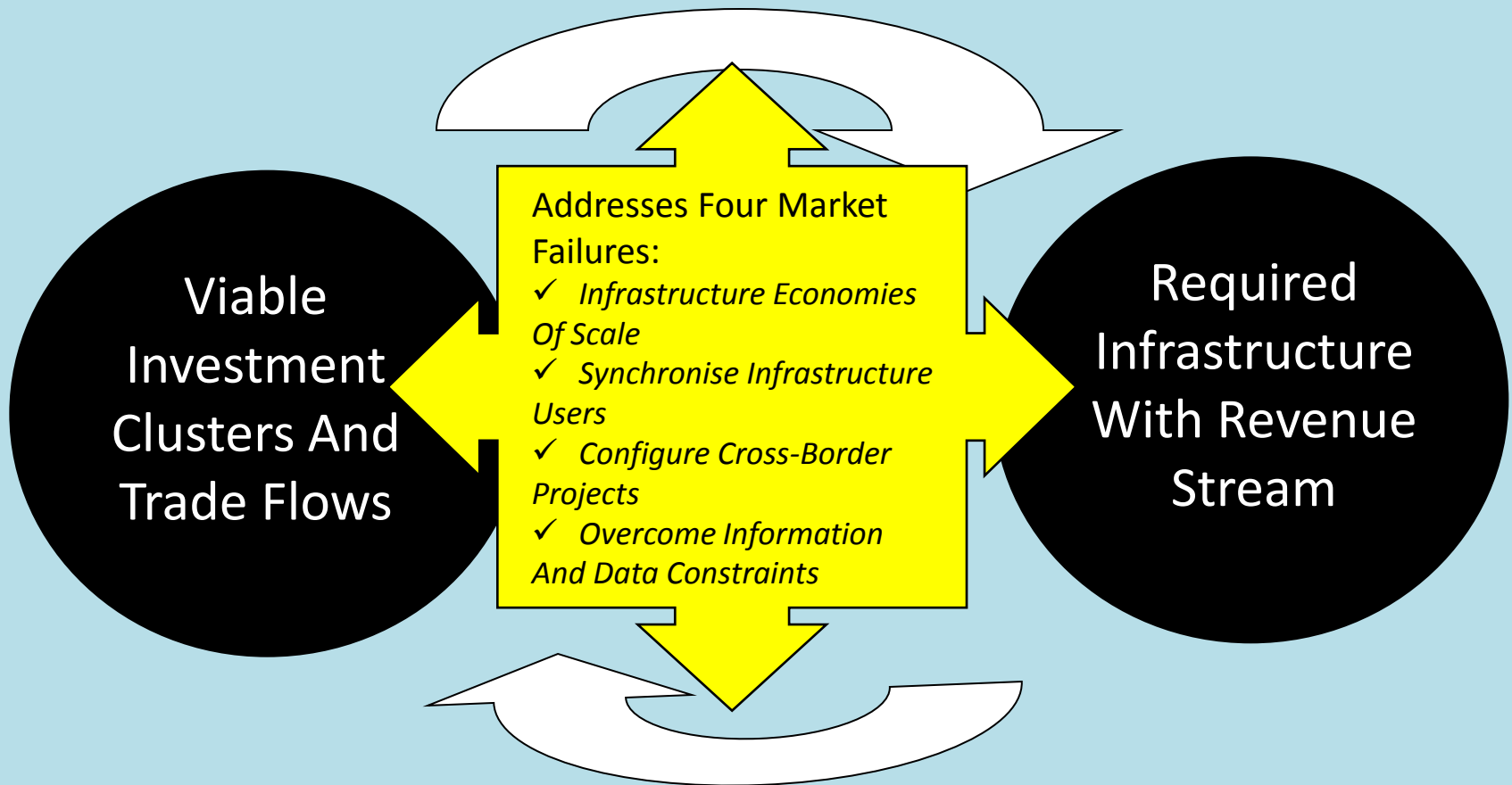


31%  
3,340m

25%  
19,727m

# SYNCHRONISING INVESTMENT

5



P.O. Box 1234, Halfway House, 1685  
1258 Lever Road, Halfway House, 1685  
Tel: +27(0) 11 266 3499 • Fax: +27(0) 11 206 3140  
E-mail: [thandim@dbsa.org](mailto:thandim@dbsa.org)  
Web page: [www.r-sdi-p.com](http://www.r-sdi-p.com)

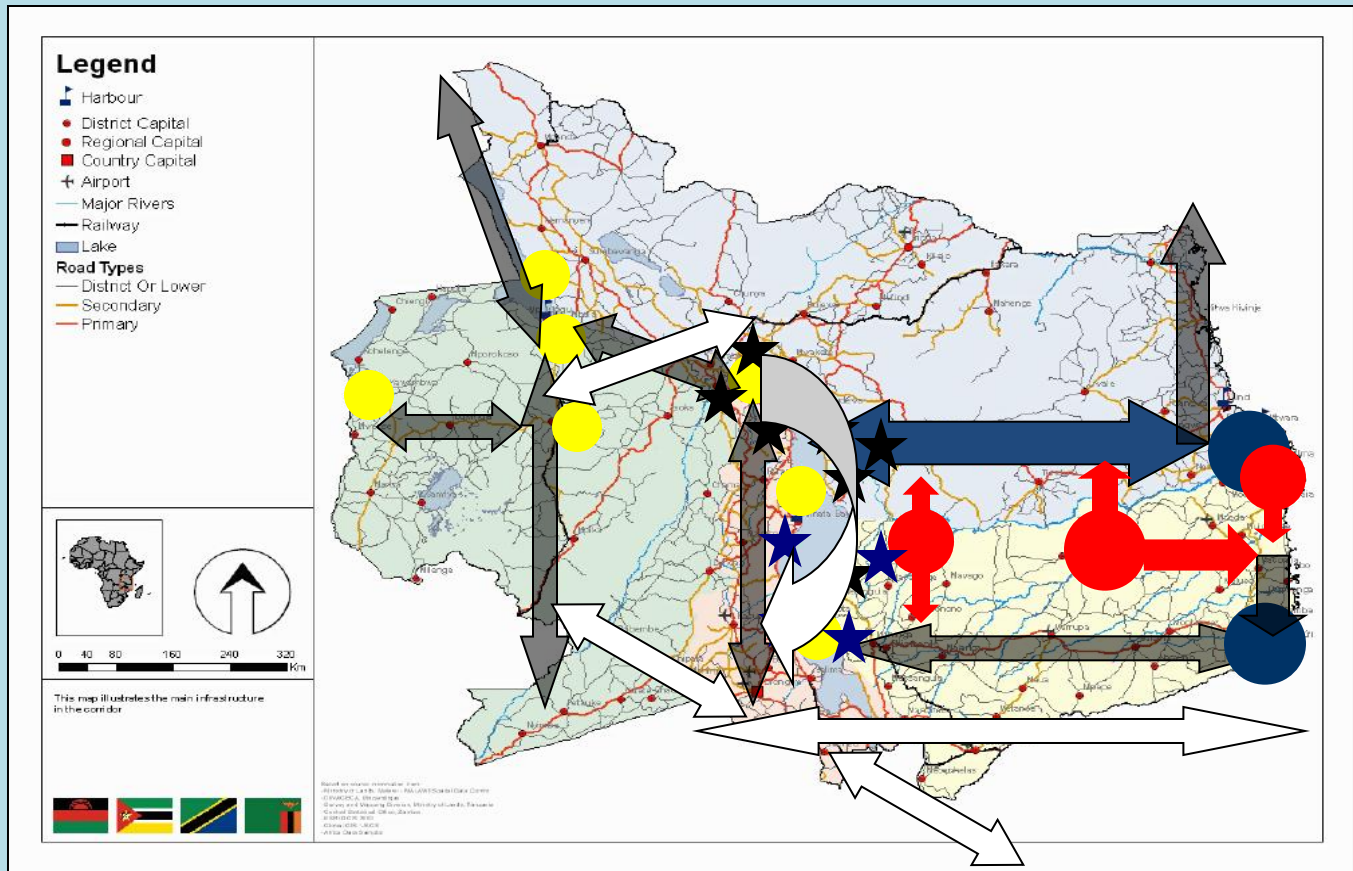


The Regional Spatial Development Initiative Programme (RSDIP) is sponsored by the South African Department of Trade and Industry (DTI) and hosted at the Development Bank of Southern Africa (DBSA)



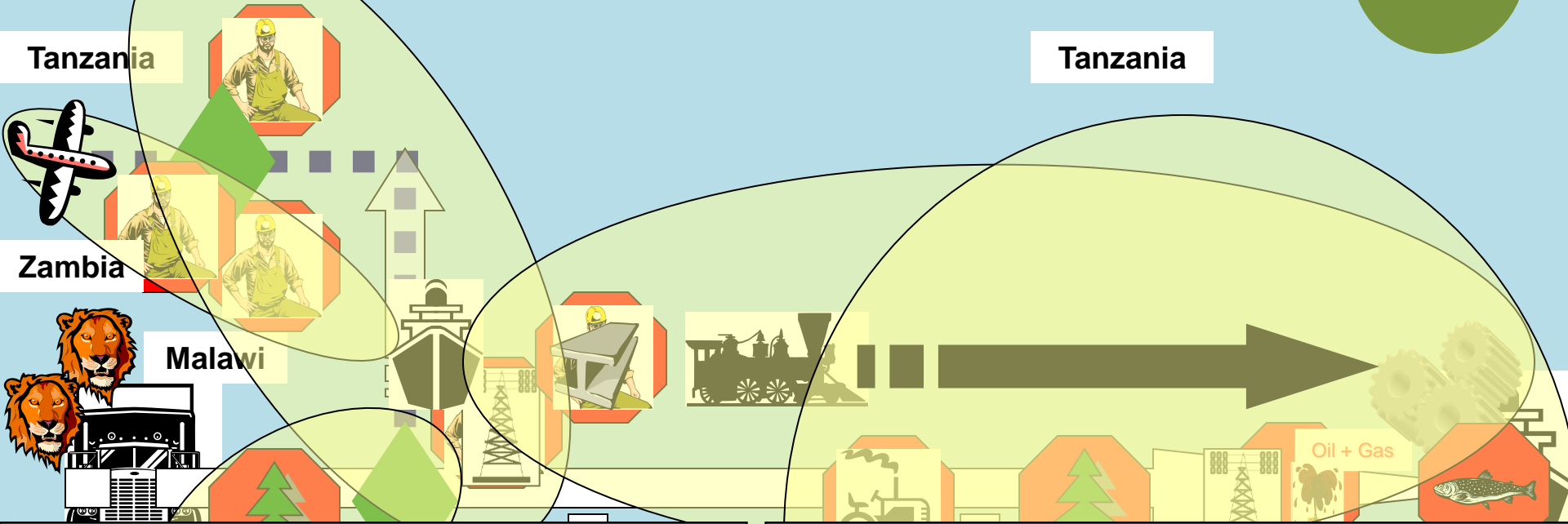
# MTWARA Development Corridor...

## Interlocking Infrastructure Sub-Systems

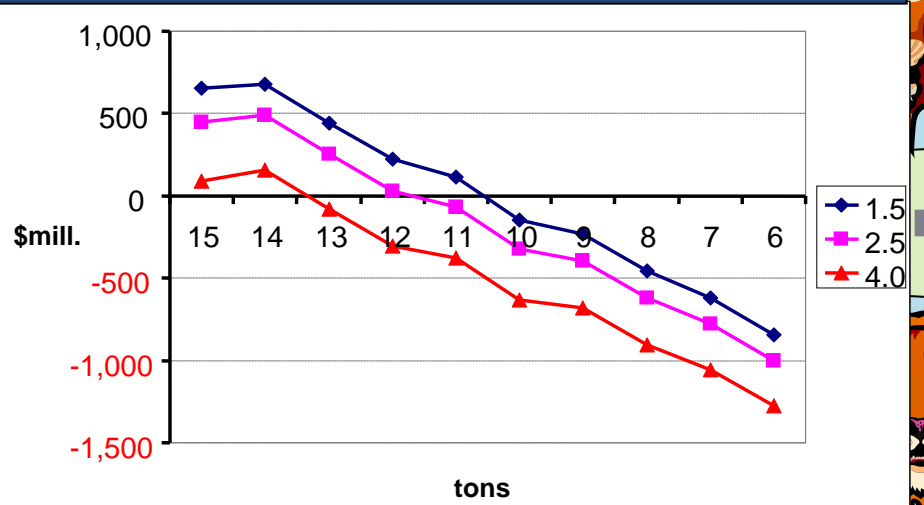




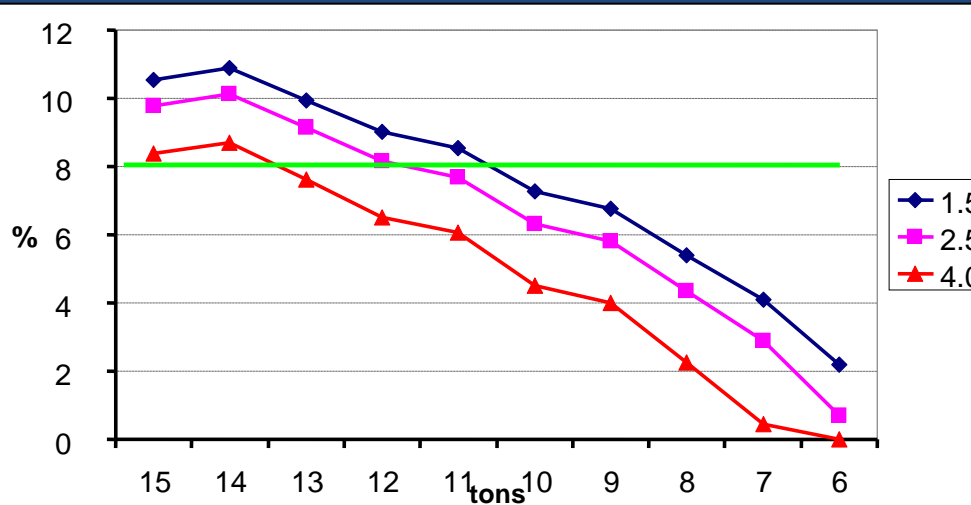
# Mtwara SDI Strategy: Original 'Business Case'



Mtwara Financial NPV (\$mill.)



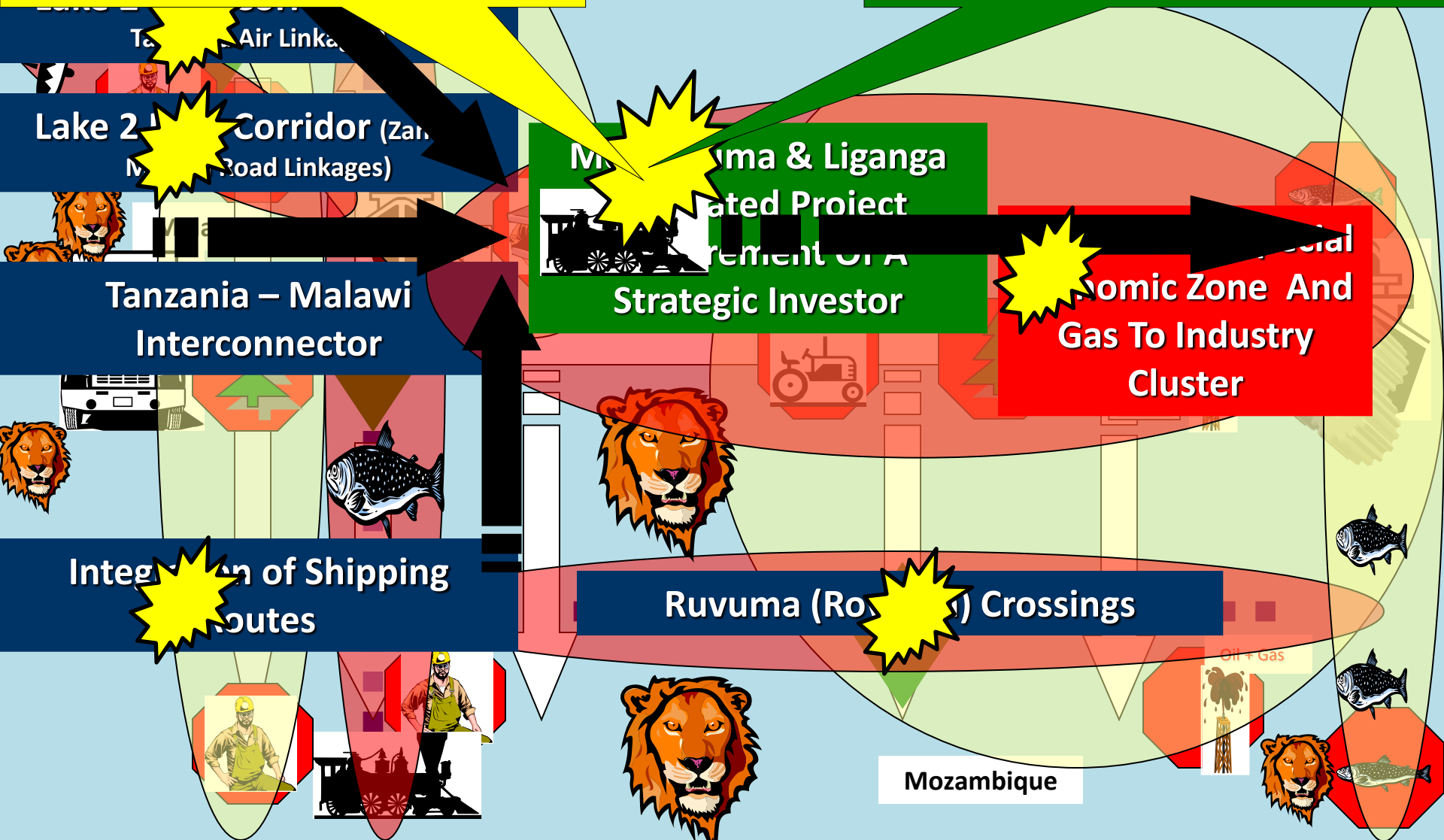
Mtwara Financial IRR (\$mill.)



Activities To Support A Pre-Feasibility Study (PFS) For The Malawi – Tanzania Industrial Development Cluster (MTIDC) Project Is To Be Anchored By In An Inter-State Multi-Sector Project Task Team Led By The MNREE (Malawi) and MOME (Tanzania) With The NDC (Tanzania) As Secretariat.

# Short Term

Support From DBSA-PPFS/RSDIP To Assist In The Procurement Of A Strategic Investor For The Integrated Mchuchuma-Liganga Project Has Been Guided By A Multi-Sector Project Task Team Chaired By The Ministry of Minerals And Energy With The NDC (Tanzania) As Secretariat.



Tanzania – Air Linkage

Lake 2000 Corridor (Zambia Road Linkages)

Tanzania – Malawi Interconnector

Integration of Shipping Routes

Mchuchuma & Liganga Integrated Project  
Procurement of A Strategic Investor

Special Economic Zone And Gas To Industry Cluster

Ruvuma (Road) Crossings

Mozambique

Oil + Gas



## **CHINA TO BUILD \$500M, 1,000 MW PLANT IN MALAWI**

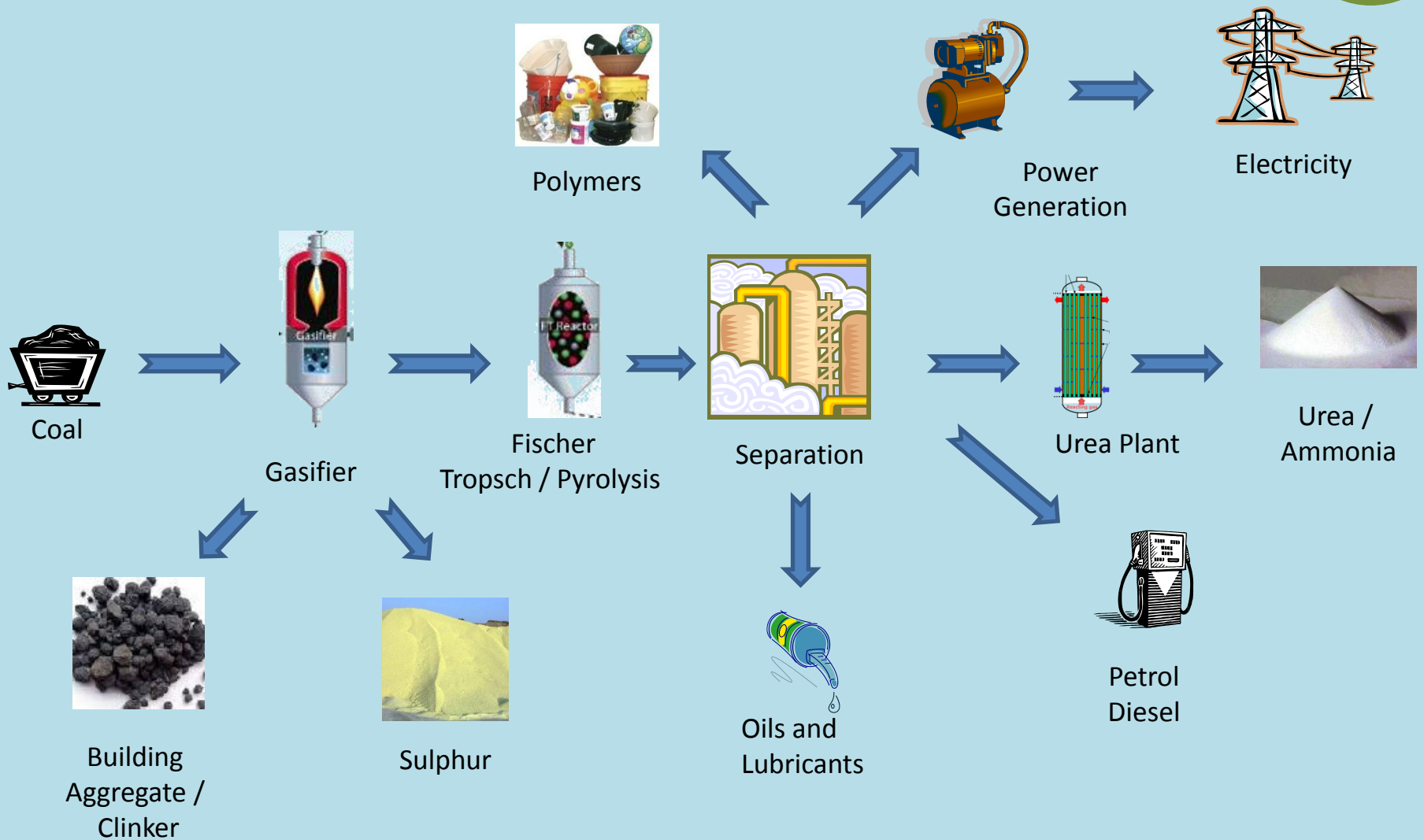
**Lilongwe:** China Gezhoubu Group Corporation plans to build a \$500 million, 1,000 megawatts thermal plant in Malawi, which suffers from frequent power shortages, the minister of energy and mining said on Thursday. "Construction of the power plant, which is expected to cost around \$500 million, is scheduled to start next year and will be completed between 2014 and 2015," Cassim Chilumpha told Reuters.

Malawi's hydro power plants produce a total of about 280 MW per day, compared with rising demand of around 300 MW, which has resulted in daily power cuts costing the country an estimated \$215 million per year in lost output. The coal-fired plant will be built in the central province along a railway line Brazil's Vale is rehabilitating to transport coal from Mozambique via Malawi to the ports at the coast. Part of that coal will be used to fire the plant.

In 2010, Malawi had 63 days of power outages, the worst out of 24 sub-Saharan countries (from TMSA Digest 24<sup>th</sup> August 2012).

# What Is The Proposed Technology (XTL) To Be Used In MTIDC Project?

10



Facility	Location	Products	Capital (USD)
HMS Separator	Malawi	Ilmenite, Rutile, Zircon	
HMS Smelter	Malawi	Ilmenite, Pig Iron, TiO <sub>2</sub>	\$ 622,600,000
XTL	Malawi	Diesel, Naphtha, Wax, Ash - Clinker substitute, Sulphur, Electrical Power	\$ 613,140,000 \$ 207,530,000 \$ 2,766,255, 000
Urea Fertilizer	Malawi	Ammonia, Urea, Ammonium Nitrate	\$ 46,200,000
XTL	Tanzania	Diesel, Naphtha, Wax, Ash - Clinker substitute, Sulphur, Electrical Power	\$ 3,065 ,000,000 \$ 622,600,000 \$ 3,688,300,000
Urea Fertilizer	Tanzania	Ammonia, Urea, Ammonium Nitrate	\$ 154,000,000

# Envisaged Benefits To Malawi

- **Malawi:** The following figures give some idea of the extent of benefits Malawi could receive from the MTIDC project comprising of the ***XTL Project*** and the ***Heavy Mineral Sand (HMS) Mine, Separation Plant and Smelter Projects***.
  - Power: up to 265MW /year (incl. Smelter project)
  - Diesel: 150,000 tons/year
  - Urea: 80,000 tons/year
  - Sulphur: 30,000 tons/year
- ***Heavy Mineral Sand (HMS) Mine, Separation Plant and Smelter Projects*** will provide unlock one of the most valuable untapped mineral resources in the country and if the project proceeds to a Smelter will constitute, by far the biggest investment the country has witnessed. The key aspects of this genuinely catalytic project are:
  - Zircon and Rutile Production: 100,000 tons/year
  - Titanium Dioxide (TiO<sub>2</sub>) Production: 562,000 tons/year
  - Fe (Pig Iron) Production: 625,000 tons/year
  - HMS/Smelter Project Employment: 2,075 permanent jobs
  - **Lake Transport:** approx. 2.40 million tons/year
  - **Rail Transport:** approx. 1.21 million tons/year
  - **Road Transport:** approx. 300,000 tons/year
- The above excludes other industries that would be develop, which is estimated to generate an additional 8,000 jobs and these additional industries will create further taxes and revenues for government.

# Envisaged Benefits To Tanzania

13

- **Tanzania:** The following figures give some idea of the extent of benefits Tanzania could receive from the **XTL Project**, which will avail products for exports and for domestic use, for products that are currently imported thus saving foreign exchange.
  - Diesel Production: 150,000 tons/year plus 480,000 tons/year
  - Light and Heavy Naphtha Oil Production: 780,000 tons/year
  - Power Production: Up To 350 MW /year
  - Urea Production: 300,000 tons/year
  - Sulphur Production: 105,000 tons/year
  - XTL Project Employment: 2,810 permanent jobs
  - **Lake Transport (Coal Barges): approx. 1,200,000 tons/year**
  - **Rail Transport: approx. 675,000 tons/year**
  - **Road transport: approx. 950,000 tons/year**
- The above excludes other industries that would be develop, which is estimated to generate an additional 10,500 jobs and these additional industries will create further taxes and revenues for government.



P.O. Box 1234, Halfway House, 1685  
1258 Lever Road, Halfway House, 1685  
Tel: +27(0) 11 256 3499 • Fax: +27(0) 11 206 3140  
E-mail: [thandim@dbsa.org](mailto:thandim@dbsa.org)  
Web page: [www.r-sdi-p.com](http://www.r-sdi-p.com)



The Regional Spatial Development Initiative Programme (RSDIP) is sponsored by the South African Department of Trade and Industry (DTI) and hosted at the Development Bank of Southern Africa (DBSA)



# RSDIP Program Management Unit

12

## *How Do You Get In Contact With The Regional SDI Program Management Unit?*

Graham Smith: Regional SDI Programme Coordinator

Tel: +27 (0)11 256 3504

Cell: +27 (0)76 9036290

E-mail: [grahams3@dbsa.org](mailto:grahams3@dbsa.org)

Thandi Myeza: RSDIP Administrator

Tel: +27 (0)11 256 3499

Mobile: +27 (0)82 685 8229

Fax: +27 (0)11 206 3140

E-Mail: [thandim@dbsa.org](mailto:thandim@dbsa.org)



P.O. Box 1234, Halfway House, 1685  
1258 Lever Road, Halfway House, 1685  
Tel: +27(0) 11 256 3499 • Fax: +27(0) 11 206 3140  
E-mail: [thandim@dbsa.org](mailto:thandim@dbsa.org)  
Web page: [www.r-sdi-p.com](http://www.r-sdi-p.com)



The Regional Spatial Development Initiative Programme (RSDIP) is sponsored by the South African Department of Trade and Industry (DTI) and hosted at the Development Bank of Southern Africa (DBSA)

