



III LUANDA FINANCING SUMMIT FOR AFRICA'S INFRASTRUCTURE DEVELOPMENT

Project Investment Prospectus – LAPSSET Railway

Project Summary

Project Name	LAPSSET Railway
Location	Kenya, Ethiopia, South Sudan
Sector	Transport
Sub-Sector	Railway
Development Stage	Kenya and Ethiopia – Feasibility Stage (S2B) South Sudan – Enabling Environment Stage (S0)
Project Sponsor	LAPSSET Corridor Development Authority (LCDA) along with Kenya Railways (KR) and Ethiopian Railways (ER) for the sections in Kenya and Ethiopia
Project Cost	USD 19.9 Bn (excluding rolling stock)
Funding Requirement	Funding required for Joint Bankable Feasibility Study (USD 9 million for Kenya and Ethiopia sections)
Project Preparation total cost	Not identified at this stage
Project Preparation funding gap	Joint Bankable Feasibility Study: USD 9 million for Kenya and Ethiopia sections
Financing Structure	Not identified at this stage
Development Timeline	<ul style="list-style-type: none"> • 2026–2027 – Feasibility study implementation (completion expected by end of 2027). • 2028–mid 2028 – PPP structuring, • mid 2028 – 2029 procurement, • mid 2029 financial closure • mid 2029 start of implementation phase
Project Description	<p>The LAPSSET Corridor Railway is a Standard Gauge Railway (SGR) project in Eastern Africa, featuring a single-track line of approximately 3,650 km. It starts in the port of Lamu (Kenya) with planned connections to South Sudan (via Nakodok) and Ethiopia (via Moyale). The line is designed for freight (heavy goods, oil products, non-pipeline products) and passenger transport.</p> <p>The project objectives are to:</p> <ul style="list-style-type: none"> • Enhance capacities for the transport of people and goods, improving connectivity and trade, and fostering economic growth • Reduce transport costs and improve the freight transport connectivity • Trigger private investment and development of industrial parks and logistic hubs • Improve passenger transport contributing to socio-economic regional integration

Strategic Importance	<ul style="list-style-type: none"> Core component of the LAPSET Corridor, a flagship project under AU Agenda 2063 and AfCFTA. Supports regional integration and intra-African trade. Identified as a flagship infrastructure initiative under Kenya Vision 2030. Included in the PIDA PAP-2 portfolio.
Market Demand	<ul style="list-style-type: none"> Expected to move over 40.7 million tons of freight and 2.4 million passengers per year, during the first year of operation Demand driven by agriculture, mining, manufacturing, and port logistics growth
Financial Overview	
Total Project Cost	USD 19.9 Bn (excluding rolling stock)
Capital Structure	Not identified at this stage
Financial Metrics	<ul style="list-style-type: none"> EIRR: 12.7% (Kenya), 15% (Ethiopia) B/C ratio: 1.33 (Kenya)
Revenue Model	Revenues expected from freight and passenger transport
Sustainability and Impact consideration	
Social Impact	<ul style="list-style-type: none"> Jobs Created: 40,000 during construction, 5,000 permanent. GDP Growth Contribution: 2%. annually for participating countries. Social Impact: Faster mobility for communities, reduced road accidents. Climate Finance: Eligible for green bonds and carbon credit
Environmental Impact	<ul style="list-style-type: none"> Shifting from road to rail supports climate change mitigation by reducing CO₂ emissions. Provides a more climate-resilient alternative to road transport, improving reliability during extreme weather events. Aligns with national and regional climate goals by promoting greener, low-emission transport. Demonstrates strong country ownership and participation from national and regional stakeholders
SDG and Agenda 2063 Alignment	<ul style="list-style-type: none"> SDG Alignment: SDG 8, SDG 9, SDG 13, SDG 17 Agenda 2063 Alignment: Aspiration 1 – goal 1, 4 and 7 Aspiration 2 – goal 10, 11 and 12
Project Technical details	
Technology & Design	Standard Gauge Railway (SGR) – single-track Designed for both freight and passenger transport
Capacity/Size	Approx. 3,650 km total length. Expected to move 40.7 million tons of freight and 2.4 million passengers annually (forecast for first year of operation)
Construction/Preparation Timeline	<ul style="list-style-type: none"> 2026–2027 – Feasibility study implementation (completion expected by end of 2027). 2028–mid 2028 – PPP structuring, mid 2028 – 2029 procurement, mid 2029 financial closure mid 2029 start of implementation phase
Offtake Agreements	Not identified at this stage

Key Stakeholders

Sponsors	Kenya Railways (KR); Ethiopian Railways (ER); Ethio-Djibouti Railway (EDR); Ministry of Transport of South Sudan; LAPSSET Corridor Development Authority (LCDA); Inter-Governmental Authority on Development (IGAD)
Investors	Not identified at this stage
Contractors & Operators	Not identified at this stage
Legal and Financial Advisors	Not identified at this stage

Way forward

Investment Ask	Funding required for Joint Bankable Feasibility Study (estimated cost USD 9 million for Kenya and Ethiopia sections).
Next Steps	<ul style="list-style-type: none"> • Secure funding for Joint Bankable Feasibility Study. • Complete feasibility phase (expected by end of 2027). • Launch PPP structuring phase following completion of feasibility. • Begin PPP procurement, financial close, and implementation phase (2028–2029)
Contact Information	To be completed by the Project Sponsor

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