SESSION 1
OVERVIEW OF STATUS OF IMPLEMENTATION OF THE TFA BY LLDCs AND TRANSIT COUNTRIES AND IMPLEMENTATION ISSUES INCLUDING TECHNICAL ASSISTANCE AND CAPACITY BUILDING OPPORTUNITIES
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Outline

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Africa’s Premier Development Finance Institution

- **Mission:** Spur economic development and social progress in Regional Member Countries

- **Model:** Mobilize and allocate resources for investment in Africa and provide policy advice

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**African Development Bank (AfDB)**
- Established in 1964
- 54 African and 26 non-African countries
- Authorized capital: US$ 95 billion

**African Development Fund (ADF)**
- Established in 1972
- Financed by 27 State participants and 4 African donors
- Subscription: US$ 42 billion

**Nigeria Trust Fund (NTF)**
- Established in 1976 by Nigeria
- Maturing in 2023
- Total resources: US$ 242 million
Importance of Trade Facilitation

Trade facilitation is important for the African Development for the following reasons:

- AfDB has invested massively in physical infrastructure development over the years. Infrastructure by itself without the accompanying trade facilitation measures doesn’t yield much in terms of returns on investments: This is more so for landlocked countries.
- The advent of the AfCFTA and the drive to promote intra-African trade requires a paradigm shift on how in trade related infrastructure is developed – historically rail and roads were constructed such that that they connected mineral rich countries to ports, with less emphasis on connecting African markets
- The fragmentation of African markets and the many borders require some concerted effort to ensure the free flow of goods, especially for landlocked countries
- For trade to play a role in poverty alleviation, there is need to reduce transportation cost on the continent
The Bank’s Strategy on Connectivity and TF

Regional Integration Strategy Framework (RISF) - 2018-2025 approved in March 2018

Infrastructure Connectivity at the core of the Bank’s operations (transport, energy and ICT)

RISF anchored on 3 Pillars: Infrastructure Connectivity, Trade and Investment and Financial Integration

Previous and current Regional Integration Strategy Papers focus on infrastructure Connectivity
African Bank’s Strategy on Connectivity

The vast majority of the 16 land-locked countries in Africa are LLDCs – high inland transportation costs.

Africa has an infrastructure gap of $130-$170 billion a year.

The Bank continues to finance transport, energy and ICT infrastructure and major corridors on the continent.
Corridor Development

The Bank’s approach to transport corridor development is quite comprehensive – covering both hard and soft infrastructure:

- Construction, Maintenance and rehabilitation of trade facilitation corridors – hard infrastructure
- Logistics Development – this entail harmonization of corridor policies, regulations, institutions, warehousing, trucking, insurance management.
- Cross border trade agreements – simplification, standardization and harmonization of immigration and promotion of ICT
- Economic and social development – promotion of investment and economic activities along the corridors
- The Bank has developed a Trade and Transport Facilitation Tool kit which will guide projects teams in mainstreaming soft infrastructure issues in the development of physical infrastructure projects.
Corridor Development: Trans-Africa Highway Network

This is a trans-continental road network project – jointly implemented by the AUC, AfDB and UNECA

The AfDB has financed portions of the transport corridors which also include multimodal transport infrastructure.

Covers a total length of 56,683 km across the continent – linking African cities:

- Cairo – Dakar
- Algiers-Lagos
- Tripoli – Windhoek – Cape Town
- Cairo – Gaborone – Cape Town
- Dakar – Ndjamena
- Ndjamena – Djibouti
- Dakar – Lagos
- Lagos – Mombasa
- Beira Lobito
Multimodal Infrastructure

Road

Rail

Port
Nacala Corridor

Covers 1900 km road: Lusaka-Nacala linking landlocked Zambia, Malawi and the interior of Mozambique.

AfDB has financed 971 km of the road plus two OSBPs.

It’s a multimodal transport project - road, rail and port.
North South Corridor of the Great Lakes Region

It covers a distance of 2700km of road from Northern Rwanda to Zambia.

Rwanda and Burundi have defined a corridor facilitation programme between them - reduced waiting time at the border from 7 hrs to 3.5 hrs.

The Bank has financed a 479 km of the stretch - $633 million.

Also covers the Kazungula bridge linking Zambia and Botswana – The bridge connects Zambia and Botswana across the Zambezi river and is a key route linking the port of Durban in South Africa to the inland countries of Botswana, Zambia, Zimbabwe, Malawi, DR Congo up to Dar es Salaam Port in Tanzania.
Mombassa-Nairobi-Addis Ababa

- Links Kenya and Ethiopia – AfDB financing $1.2 billion – covering a distance of 1,073 km road – with 1 OSBP (Moyale)
- The road contributed to trade growth between the two countries from $35 million before the upgrade to $175 million in 2019
- Travel time dropped from 30 hours to 10 hours
- Time spent at the border dropped from 24 hours to 6 hours
- Average transport costs dropped significantly.
- Revenue collection for the two Governments improved
This corridor connects Cameroon, Chad and Central Africa Republic-covering a distance of 1,026 km.

AfDB financed the portion that was untarred for $478 million.

The upgrade is expected to contribute to intra-regional trade from 27% in 2015 to 33% in 2020.

Travel time between Marona – Pous Section has been halved - from 4 hours to 2 hours.

The time spent at the border has reduced from 30 hours to 10 hours.
Bamako–San Pedro Corridor

This corridor is part of the Mano River Union — connecting landlocked regions to the Coastal South.

The road connects Mali and Côte d’Ivoire — 275 km and AfDB financing amounted to $195.

San Pedro Port in Côte d’Ivoire to be a transit port for Mali and Burkina Faso.

It is complementary to the Mano River Union Road Development and Transport Facilitation Programme.

It is part of the Trans West African Coastal Highway (Lagos, Dakar, Nouakchott Corridor).
Dakar-Abidjan

It enhances trade beyond the Mano River Union countries (Sierra Leone, Liberia, Guinea and Cote d’Ivoire)

The AfDB finance 665km road to the tune of $416 million

It is part of the Dakar-Lagos Trans Africa Highway

It include the SenGambia bridge launched in 2018- AfDB financed-$92 million
Abidjan-Lagos Corridor

This corridor is supported largely by the Programme for Infrastructure Development in Africa (PIDA).

AfDB has financed 212km portion of the 1,028 km road - $391 million.

It crosses 4 Coastal Borders – connecting to rail link network and major ports and airports.

It supports about 75% of trade in the region.
Other Initiative related to Infrastructure and Connectivity

- The Bank is developing a Trade and Transport Facilitation Toolkit that will assist mainstream soft infrastructure issues in the design and implementation of infrastructure projects

- The Single Africa Air Transport Market (SAATM) signed in January 2018 - aims to open up the African skies and the Bank has given support to the amount of $9.8 million

- The Bank Group continues with strategic engagement with key partners, including the Program for Infrastructure Development in Africa (PIDA)- with a Priority Action comprising 51 programs and 433 actionable projects (mainly in transport), requiring $68 billion
Challenges

• There is a huge demand for infrastructure financing – which is hardly met due limited funding: Africa has poorly developed capital/financial markets

• A number of the LLDCs are Transition states with a high level of fragility (affecting the implementation of trade facilitation projects)

• Non-Tariff-Barriers (related to border procedures, customs documentation, road blocks, pre-shipment inspections, SPS, TBT) are a major challenge in connecting landlocked countries – adding to high transportation costs

• Poor maintenance of existing infrastructure

• Low implementation rate of the Trade Facilitation Measures (African countries hardly sue one another, opting for alternative dispute settlement mechanisms – which may delay resolution of trade disputes)
Attracting Investments for Africa’s Development

• **Africa Investment Forum** Where viable projects are showcased among investors—mainly to close the infrastructure gap

• **Objective:** a fully transactional platform to attract investment into Africa

• **Results of the 2018 AIF:** US$ 38.7 billion secured in investment commitments, incl. US$2.6 bln deal to develop Accra Skytrain Project
The Way Forward: Working Together with other MDBs to Mobilize Funds for infrastructure Devpt

• Work closely with RECs to mobilize resources for regional infrastructure – leverage on Pensions and sovereign wealth funds

• Leverage strategic partnerships within and outside Africa

• Work closely with relevant partners to develop capital markets in Africa (regulatory environment and harmonization of polices)

• ADF 15 ambition: anchored on strategic priorities with robust pipeline of national and regional operations (dedicated resources for transition states_ most of which are landlocked)