SESSION 3

SUB-REGIONAL PERSPECTIVES FROM AFRICA AND LATIN AMERICA ON PROGRESS MADE IN DEVELOPMENT AND MANAGEMENT OF CORRIDORS

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Outline of the Presentation

About the African Development Bank (AfDB)
Significance of Transport Corridor to Africa’s Development
Bank’s Strategy on Connectivity and Infrastructure Development
Corridors Development: Bank’s Intervention
Challenges and Lessons Learnt
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About the African Development Bank (AfDB) Group

Bank Mission and Strategy

❑ To spur **sustainable economic development and social progress** in African Countries by:
  ❖ Mobilizing and allocating resources for investment;
  ❖ Providing policy advice and technical assistance to support development efforts.

❑ Ten Year Strategy with Five operational priorities: *Infrastructure development*; *Regional economic integration*; Private sector development; Governance and accountability; Skills and technology.

African Development Bank (AfDB)
- Established in 1964
- 54 African and 27 non-African countries
- Authorized capital: US$ 95 billion

African Development Fund (ADF)
- Concessional financing window of the AfDB Group
- 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
- Provides concessional loans
- Total resources: US$ 242 million
Program for Infrastructure Development in Africa (PIDA)

- The **Trans-African Highway network (also part of PIDA)** comprises nine transcontinental road projects

- To provide a meaningful level of continental connectivity, between 60,000 and 100,000 km of regional roads are required by 2030.

- The **total length of the nine highways in the network** is 56,683 km.

- Africa’s general infrastructure needs are about $130 billion per year.
PIDA and Corridors Development

- The Bank provides financial support for the implementation of the Programme for Infrastructure Development in Africa (PIDA) and other corridors not covered under PIDA;

- PIDA is a continent-wide program to develop a vision, policies, strategies and a programme for the development of priority regional and continental infrastructure in transport, energy, trans-boundary water and ICT...

- Key Corridors include - Abidjan-Lagos Corridor; Central Corridor (Dar es Salaam – Chalinze Toll Road), etc.,...
Bank Support to Transport Corridors

The Bank’s ‘corridor development’ approach seeks to address the lack of regional connective infrastructure to allow Africa’s economies to improve competitiveness and improve trade

- Increase levels of Intra-trade from 18% to 25% by 2025; (AfCFTA)
- Provide Support Africa’s 16 - Landlocked Developing Countries:
- Support Development of Regional Value Chains (Hubs)

The Regional Integration Strategic Framework (RISF, 2018-2025) lays roadmap for Bank Interventions:

- 3 Pillars (Infrastructure connectivity, trade and investment; financial integration)
- Regional Envelope of $1 Billion every three years: New Cycle (ADF 15) begins 2020-23
Corridors Development: Bank’s Intervention

Lomé – Ouagadougou Corridor

- The Lomé port in the Gulf of Guinea serves as a transshipment hub on the West African coast & is a gateway to landlocked Mali, Niger and Burkina Faso, including the northern parts of Nigeria.
  - The Corridor forms part of the priority highways of the West African Economic and Monetary Union (WAEMU) community road network.

- The Bank supported over 300km of road on the Lomé – Ouagadougou corridor and a one stop border post between the two countries.
  - The Lomé port project involved the construction, development and operation of a new transshipment container handling terminal with an annual handling capacity of 1.5 million 20-feet container units....
Corridors Development: Bank’s Intervention

Trans-Tunisia Corridor

- The Trans-Maghreb Highway is **interconnecting the 5 Arab Maghreb countries** by establishing a highway corridor linking Nouakchott, Mauritania to Cairo, Egypt.

- Despite its economic potential, **South-eastern Tunisia is struggling to gain competitiveness and generate enough employment opportunities**.

- In 2011 in coordination with **JICA and the Tunisian government**, the Bank financed a project linking the city of Gabes to the Tunisian-Libyan border.
Corridors Development: Bank’s Intervention

The **Bamako-Ouagadougou-Accra-Tema corridor** handles **about 30% of the transit traffic** of the landlocked countries of the zone.

- The corridor upgrade support by the Bank included:
  - 2 juxtaposed border control posts;
  - The Fufulso - Sawla road is the shortest link in terms of distance between Tamale, the largest city in Northern Ghana and Wa (the capital of the Upper West Region).
Other Corridors Supported by the Bank include:

- **804 km Mtwara Corridor** - connectivity from Southern Tanzania to Zambia...
- **1,900 Nacala Corridor** – connecting Zambia through Malawi and Mozambique to the Nacala Port...
- **North-South Corridor (North section)** - 460km Section along the banks of Tanganyika and Kivu lakes, connecting the Tanzanian border to northern Rwanda..
- **North-South Corridor (South section)**: Kazungula rail and road bridge - 923-metre-long by 18.5-metre-wide Kazungula Bridge linking the town of Kazungula in Zambia with Botswana...
- **Mombasa – Nairobi – Addis Ababa Corridor** – supported a large part of the 2000 km long corridor in several phases and over a ten-year period....
- **Nairobi – Lusaka Corridor** – supported about 1,200 of the 2 300 km section of the Trans-African Highway 4 running from Nairobi to Lusaka via Arusha.

**BUT Africa’s Corridor Development NEEDS exceed the available Resources – Leveraging, Co-financing and Private Sector Participation, etc.,**

Bank’s Intervention in the Development of Corridors [2004 -2018]:

- **USD 8 billion** injected by the ADB
- **12700 km** of road financed by the ADB
- **230 M** people in ADB project areas
- **26** one-stop border posts built
Challenges and Lessons Learnt

- **Capacity and institutional related challenges**
  - address the capacity and institutional challenges of the LLDCs to develop & implement corridor projects or programs along with the essential instruments...
  - Domestic policies & regulations: Visa requirements for truck drivers, NTBs such as road blocks, Domestic policies

- **Infrastructure challenges - the missing links in the transport infrastructure networks connecting the LLDCs to the getaway ports**
  - Addressing bottlenecks & integration of the LLDCs in regional trade, infrastructure development, etc.,
    - major challenges facing the development and maintenance of railway network in Africa, include aging track—most structures are in poor condition, thus closing of the missing links is essential...
  - Trans-African Highway, (the regional connectivity for the continent), is distributed along...

- **Weakness in Transit Regimes** i.e. the procedures under which goods and services are transported – facilitating the authorities in the implementation of transit instruments...
  - Despite the fact that trade corridor crosses several countries, the basic transit procedures are usually implemented at the national level......Regional Organisations require support to drive and harmonize national procedures at regional level...
    - Therefore, Corridors serving landlocked developing countries face several deviations from the core transit principles....

- **Weak information systems and poor guarantee management** result in major problems in implementing transit regimes.
  - The clearance which would occur in one place, transit usually requires an exchange of information from at least three places: transit initiation, transit termination, and the guarantor - essential to address soft & hard infrastructure components along with implementation of instruments is essential...
Challenges and Lessons Learnt

- Resources to develop and implement corridors – addressing soft and hard infrastructure components
  - Efforts to improve the road network in Africa include the implementation of PIDA...
  - PIDA provides a long-term vision for Africa’s infrastructure development & a platform for African countries to engage with investors and development partners...
    - services, such as warehousing and logistics.
Recommendations

- Importance of upstream investments such as project preparation
- Create Economic corridors (develop RVCs) for buy-in
- Importance of compatible ICT systems to support movement of goods and people (OSBP, Single Window)
- Coordinating mechanism is crucial for success (Corridor management authority)
- Foster multimodal transport, (Rail, Road and Maritime),
- Logistics key to improve intra-trade;
- Private sector involvement should support finance corridor development
- Rehabilitation of missing links along main corridors linking the LLDCs
- Deepening regional integration to improve corridor performance
- Addressing infrastructure challenges collectively...
- Resource mobilization
The Way Forward: Working Together with other MDBs to Mobilize Funds for Infrastructure Development

Mobilizing all sources of finance to increase the Resource Base for the development of Corridors - innovative infrastructure financing such as developing ‘Finance and Innovation mechanisms’, as part of long-term flexible financing of Africa’s Corridor…

- **Leverage and Co-financing** - increasing the capacity for domestic resource mobilization at national and regional levels to enhance investment in corridor development…

- **Enhancing Private Sector Participation** - Crowding in the private sector in financing corridor development. The private sector can play a larger role by investing, driving innovation, and improving delivery of infrastructure with a conductive investment climate.

- **Strengthening MDBs’ Capacity to Catalyze Finance** - Multilateral development banks need to strengthen and apply their balance sheets and platforms to increase private capital and other financial flows.

- **Creating development finance partnerships and building multi-stakeholder platforms** – increasing collaboration across a range of stakeholders to meet financing challenges…. AIF is an Investment Platform
Attracting Investments for Africa’s Development

- **Africa Investment Forum**: Platform to show case and discuss viable projects for investment
- **Objective**: a fully transactional platform to attract investment into Africa
- **Results of the 2018 AIF**: US$ 38.7 billion investments discussed.
- **Next Edition**: 11-13 November 2019 in South Africa
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