SESSION 3
CONNECTIVITY AND TRANSPORT INFRASTRUCTURE
Mid-term Review of the Implementation of the Vienna Programme of Action for LLDCs for the Decade 2014-2024 in the Africa Region
18 march 2019
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

**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
Integrate Africa—one of the five strategic objectives

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
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.
A Sample of Infrastructure Projects

- Invested in more than 22 regional transport projects which include: Bamako-Dakar highway, Nacala Corridor, Addis Ababa – Nairobi-Mombasa Road corridor, SeneGambia Bridge, Jomo Kenyatta Airport, Enugu-Bamenda Road.
  - The Nairobi-Addis-Ababa Highway Phase II, (completed in 2017) - 1200km highway and a One Stop Border Post at Moyale – The Bank loaned Ethiopia $670 million for this project.
  - Kazungula Bridge at a cost of: USD250 million – to be completed in 2020 - Financiers: AfDB and others (co-financing. 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.
  - Nacala Corridor forms part of the Spatial Development Initiative for Mozambique, Malawi and Zambia.
  - Enugu-Bamenda Road part of the Trans-African Highway – links Nigeria and Cameroon.
Sample of Infrastructure Cont’d

• 460 MW of new generation capacity installed in 2018, including 151 MW renewables; Nour Ouarzazate Project, Morocco, world’s largest concentrated solar energy complex - $6.3 million

• **Ethiopia – Kenya Power Interconnector Phases I and II.** This project is part of the Eastern Africa Power Pool which has 11 member states. The Bank provided co-financing as follows: provided an ADF loan of US$338 million, the World Bank US$684, Agance Francaise de Developpement US$118, Government of Kenya US$88 million and the Government of Ethiopia US$32 million

• **Southern Africa Power Pool**
  • Zambia-Tanzania–Kenya Interconnector project at the cost of US$ 780 million
  • Zimbabwe-Zambia-Botswana-Namibia Interconnector at a cost of USD 225 million

• In October 2018, the Bank’s Boards approved USD approved USD322 million to Burundi and Tanzania to finance the Rumonge-Gitaza and Kabingo-Kasulu-Manyovu road upgrading project (ongoing)
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 to 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 regional infrastructure 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
Way forward – Internal Tools

To deal with fragility, the Bank has developed a Country Resilience and Fragility Tool kit which will enable Bank Staff to identify triggers of fragility at an early stage of project preparation and implementation. Bank management will then engage the relevant authorities in countries to ensure project implementation is not affected.

To address soft infrastructure issues, which largely affect landlocked countries, the Bank has finalised the development of a trade and transport facilitation tool.
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)