African Development Bank’s Support for LLDCs

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Since its establishment in 1963, the African Development Bank has supported regional integration on the continent as part of its core mandate. Integrate Africa is one of the Bank’s strategic priorities and in the next 7 years the focus will be on infrastructure connectivity, trade and investment and financial integration. Working together with the African Union, United Nations Economic Commission for Africa the Bank has adopted a corridor approach to connecting African cities. Transport corridors stimulate trade and economic development among the communities–by addressing the needs of the most vulnerable groups of countries, especially, landlocked developing countries, including countries in fragile situations. 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, among others. Between 2004 and 2018 the Bank has spent more than $8 billion on corridor development, covering 12700 km of roads. The Bank has also established 26 one stop border posts to enhance the free flow of goods and services. These corridors have benefitted more than 230 million people.

The corridor approach to developing transport infrastructure is aimed at reducing trade costs and improving connectivity–by addressing both soft and hard infrastructure components.

The Trans-Africa Highway initiative is aimed at connecting African Cities. There are nine of these highways, with sub-components in between.

• Cairo – Dakar
• Algiers–Lagos
• Tripoli – Windhoek – Cape Town
• Cairo – Gaborone – Cape Town
• Dakar – Ndjamena
• Ndjamena – Djibouti
• Dakar – Lagos
• Lagos – Mombasa
• Beira Lobito
For the year 2018, support to regional transport projects amounted to $860 million, representing 79 percent of Integrate Africa approvals. The African Infrastructure Investment Fund, a multinational, multisector investment fund, invests in core and core-plus infrastructure opportunities, mainly in transport, logistics, and power. The Fund will pursue equity and equity-like investments along the project lifecycle, including focusing on acquiring a significant stake in roads, airports, rail links, bridges, ports, logistics, power generation, utility distribution, and telecommunication.

Key Regional Transport Projects:

a. **Kazungula Bridge project (US$260 million)** will replace the ferry and border facilities between Zambia and Botswana. The project includes *trade facilitation instruments* and *improvements in border-related procedures* and policies in addition to the 932-meter road and rail bridge over the Zambezi River and 10 kilometres of approach and access roads. The bridge is key to linking landlocked countries such as Botswana, Zambia, Zimbabwe, the hinterland of DR Congo and the port of Da es Salaam and Durban.

b. **Mauritania–Senegal Rosso Bridge (ADF Loans - €31.3 million to the Islamic Republic of Mauritania and €9.4 million to the Republic of Senegal)**, to finance the construction of a bridge at Rosso, between the two banks of the Senegal River, the natural border between the two countries. Once completed, the project will promote economic development of the region, specifically ensuring regional connectivity between North Africa and West Africa along the trans-African corridors - Tangier-Lagos and Algiers-Dakar. Beyond its significant contribution to the dynamics of regional integration, the Rosso project meets the basic objective set by the Bank, which is connecting landlocked countries to ports and other African countries.

c. **Senegambia Bridge (US$93m)** funding to construct the bridge through its flagship Trans West Africa Corridor project. The 1.9km (1.2 miles) Senegambia bridge links the two halves of The Gambia, as well as allowing people from the north of Senegal to reach the southern Senegalese province of Casamance with ease. For instance, lorry drivers could spend days, and sometimes a week, in a queue waiting to cross meaning that perishable goods could spoil. The population within the project influence zone is about 925,000, of which 92 percent are women, the bridge offers a decrease of about 95 percent in transit time – this will facilitate sub-regional trade and open rural areas, while increasing the level and quality of service on the Nouakchott–Dakar–Lagos road corridors.

d. **Eldoret bypass (US$ 69 million)** regional project that provides an important link between Uganda and Kenya. The project road supports the regional integration objective of member countries of East African Community (EAC) and Great Lakes Region, especially Uganda and Kenya by connecting to Suam, and further linking with Democratic Republic of Congo (DRC) in the central Africa region as well as South Sudan. The project contributes to socio-economic development and regional integration in eastern Uganda and western Kenya. In both countries, the project also includes supervision consultancy, studies, *training of unemployed youth* and capacity building components.

e. **Other regional transport projects include:** reconstruction of the *Coyah–Farmoreah border road between Guinea and Sierra Leone* (UA 38.3 million); the *construction of a bridge over the Logone River between Yagoua, Cameroon, and Bangor, Chad* (UA 54.8 million); among others.

Other corridors include the following:

- **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..
- **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.

Specific to the Vienna Plan of Action, this is what the AfDB is doing:

- **Priority 1: Fundamental Transit Policy Issues** - Financing of OSBPs, Intermodal Connectivity and support for the Online NTB Reporting and Monitoring Mechanism

- **Priority 2: Infrastructure Development and Maintenance**: The Bank supports PIDA – Programme on Infrastructure development in Africa and the Presidential Infrastructure Champion Initiative. The PIDA plan includes 51 programmes and 433 actionable projects (mainly in transport). Between 2014 and 2016, the Bank built and rehabilitated more than 1500 km of roads (Mombasa-Nairobi-Addis Ababa) – part of the Trans African Highway

- **Priority 3: International Trade and Trade Facilitation**: The Bank has financed a number of OSBPs, streamlining border processes, enhancing cooperation between border agencies and reducing time to cross-the-border. A Trade and Transport Facilitation Due Diligence Tool has just been adopted by Bank Management to mainstream soft infrastructure issues in the design of transport infrastructure. These include harmonisation of transport policies along corridors.

- **Priority 4: Regional Integration and Cooperation**: The Bank has supported a number of regional and continental initiatives such as: Capacity Support for NEPAD Planning and Coordination Agency – PIDA CAP at a cost of UA5 million; Tripartite Capacity Building Project aimed at harmonizing trade regimes of 3 REC’s (COMESA-EAC-SADC) and 29 countries, many of which are landlocked. (UA5 million), and working on a second Phase of the project; and support to the AfCFTA through a grant of $4.8 million for institutional arrangements.

- **Priority 5: Structural Economic Transformation**: One of the strategic objectives of the Bank in the High 5s is ‘Industrialise Africa’, which aims at transforming African economies from predominantly trading in commodities to final products. The Bank is supporting a number of countries in value chains development. It also funded the Tripartite FTA countries to develop an instrument of cooperation in industrial development. Supporting the development of African fashion as an industry: Fashionomics: TDB and others. Working on developing economic activities along major corridors – such as staple food processing zones. Private Sector Division has been lending to several companies in the region.

With the advent of the African Continental Free Trade Area, the AfDB is focusing on integrating the African market through connectivity. You will recall that historically, transport corridors focused largely on connecting resource rich African countries to ports. There was never a deliberate policy stance to connect the African market. In line with the objective of alleviating poverty in Africa, the objective is to reduce trade costs in landlocked countries, which are currently high and negatively affecting competitiveness of African industries and firms. Ultimately the high costs are passed onto the consumer.

Some of the challenges include the following:
• 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 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)

In this regard, the Bank will continue mobilizing resources to finance infrastructure development in Africa. Working with other multilateral development partners, co-financing of major projects has worked well. The Africa Investment Forum brings together project promoters and financiers and so far the response has been positive.