

# **Developing Bankable Transport Projects in Landlocked and Transit Developing Countries**

## **A Regional Connectivity Approach in Africa Region**



**THE WORLD BANK**  
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# Outline of Presentation

## **I. How we work: World Bank Group Financial Instruments**

- ☐ Sources of Financing
- ☐ Investment Project Financing
- ☐ International Finance Corporation

## **II. Africa Transport Challenges**

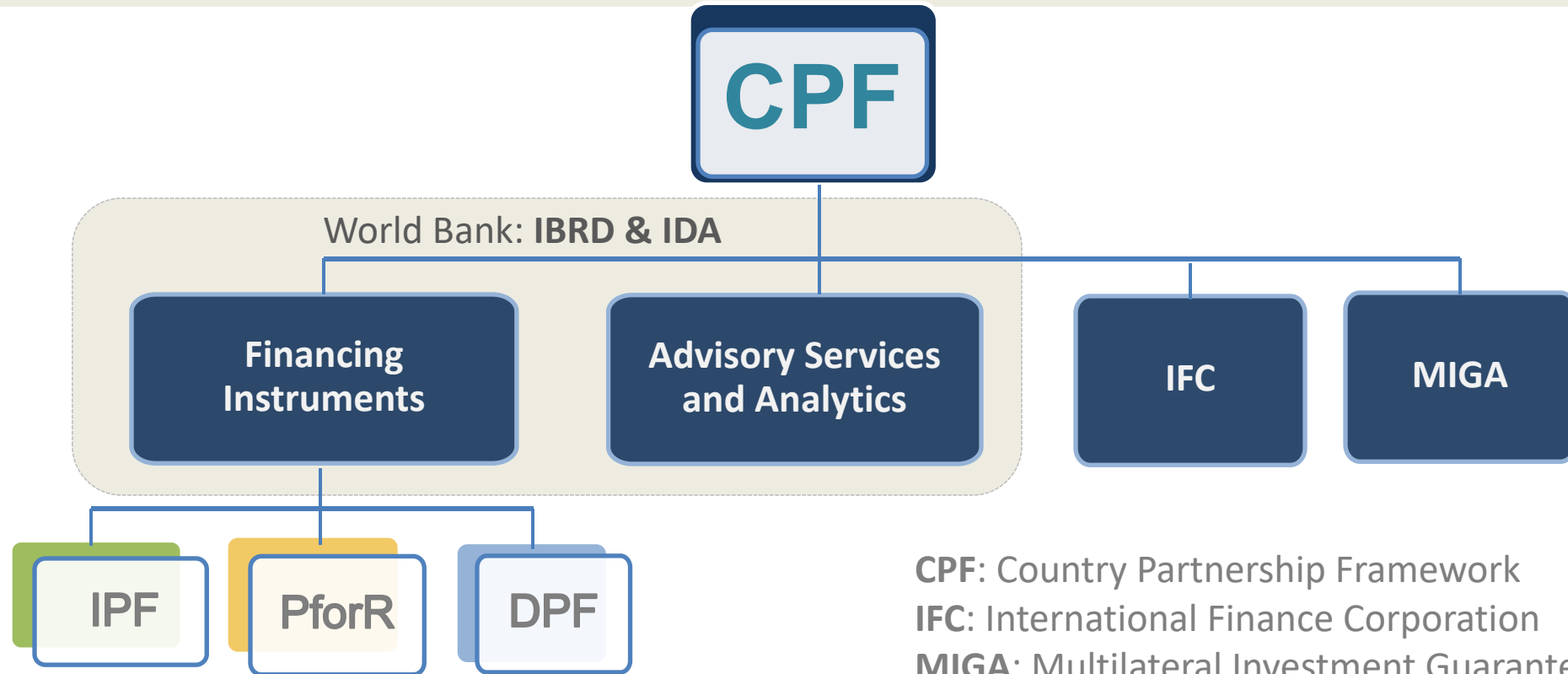
## **III. Africa Regional Transport Program**

- ☐ Three Priority Regions
- ☐ Pipeline of Corridor Operations

# Outline of Presentation

## **I. How we work: World Bank Group Financial Instruments**

# How we work: combination of WBG Financing Instruments, Advisory Services and Analytics (ASA) and IFC and MIGA instruments



**CPF:** Country Partnership Framework

**IFC:** International Finance Corporation

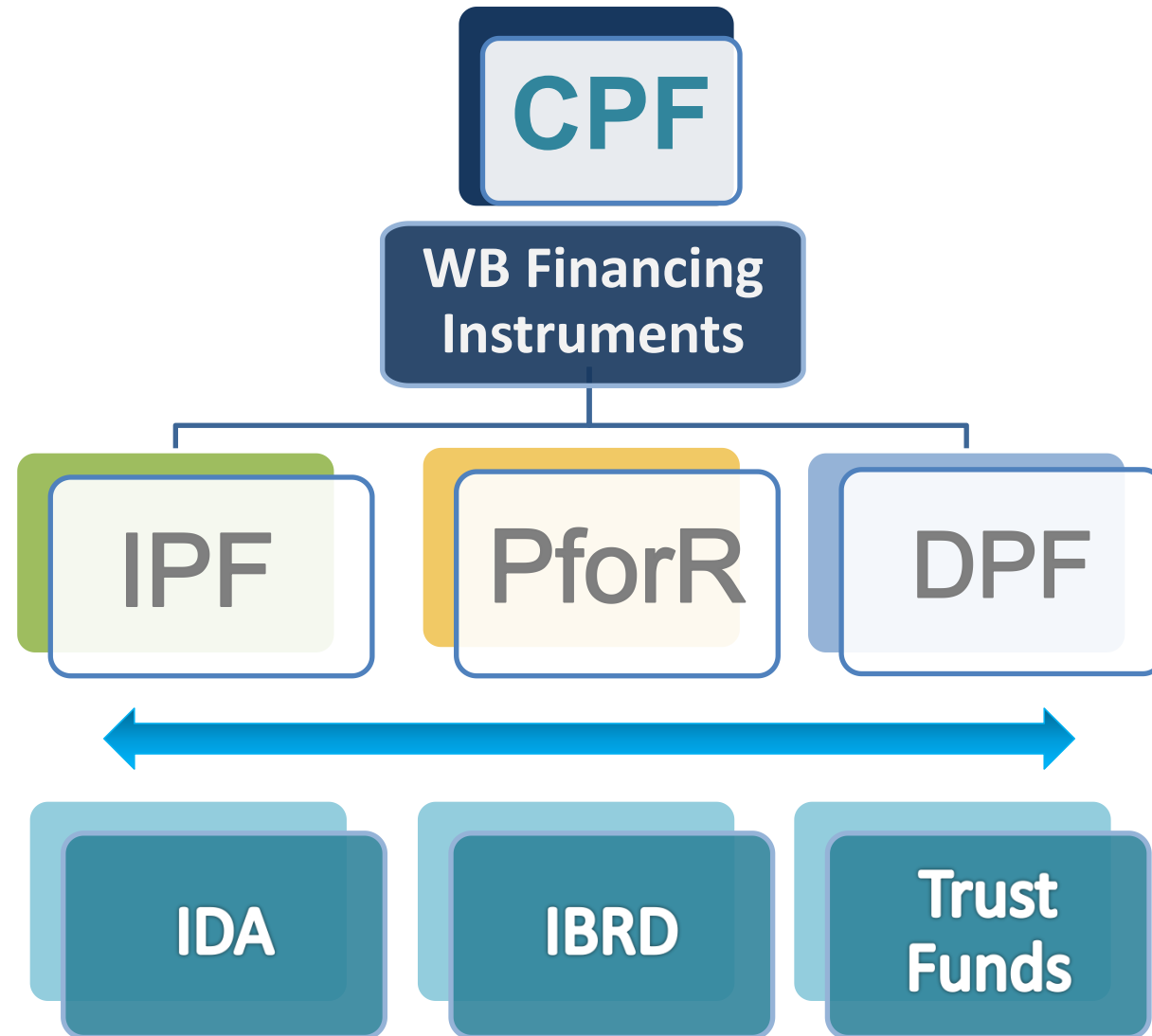
**MIGA:** Multilateral Investment Guarantee Agency

**IPF:** Investment Project Financing

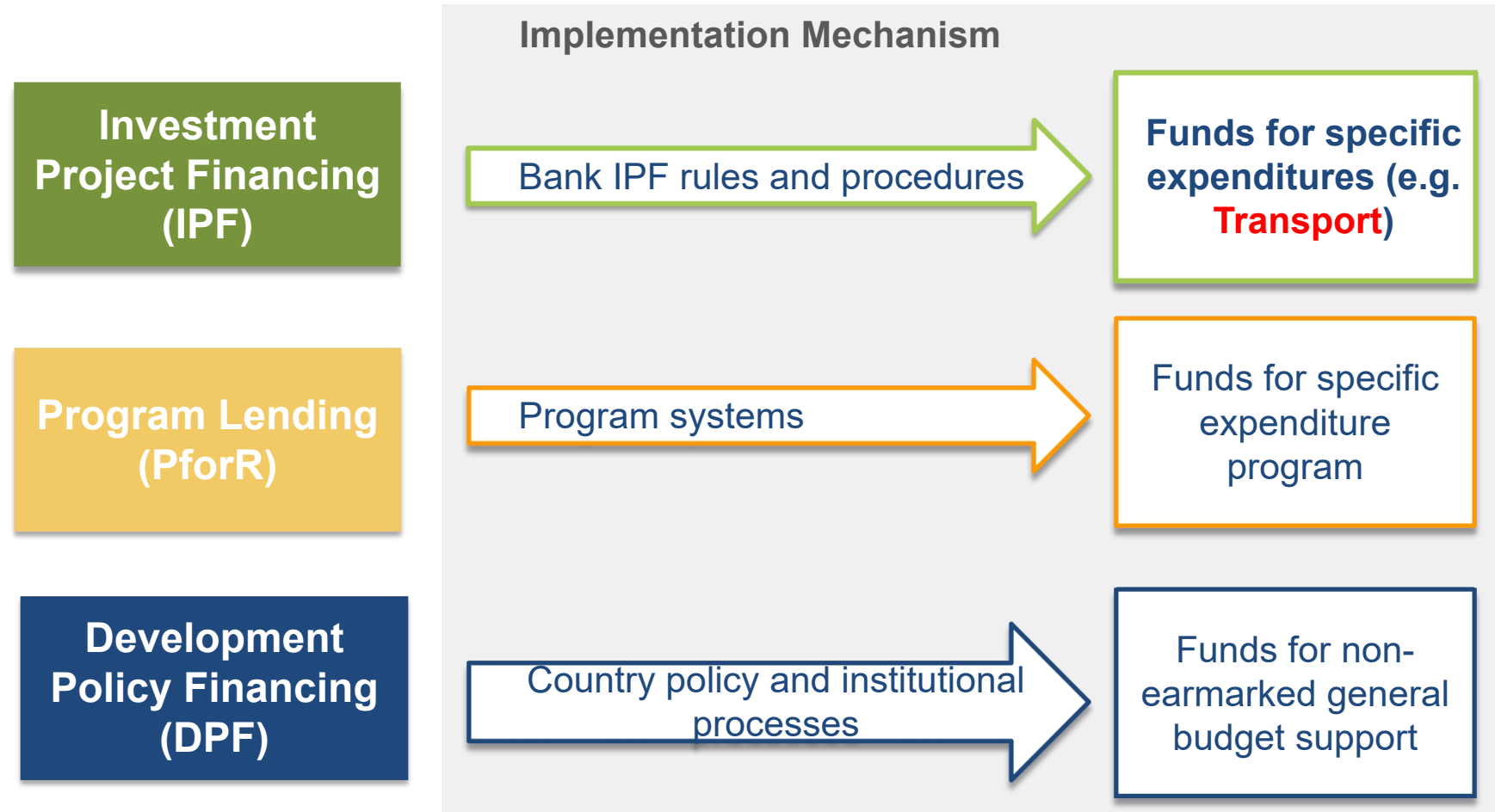
**PforR:** Program for Results

**DPF:** Development Project Financing

# Key World Bank Instruments and Sources of Financing



# WB Financing Instruments - Complementary tools



# World Bank's Investment Project Financing (IPF)

## Investment Operations provide funding to government:

- IBRD loans or IDA credits/grants, donor-funded trust funds and via project-based Guarantees
- For a wide range of activities aimed at creating the physical and social infrastructure, including in **Transport**

## Key characteristics of IPF

- Supports projects with defined development objectives, activities, and results
- Finances a specific set of expenditure transactions and disburses against eligible expenditures.
- Governed by World Bank Fiduciary and Safeguard policies
- Implementation lasts 5-7 years

# IFC Instruments

## ❑ Advisory Services

## ❑ Investment

- Works with private sponsors providing a mix of **debt and/or equity**
- Developing markets present challenges to private investors in transport infrastructure finance: IFC provides services to sponsors to **enhance the bankability** of their projects (e.g., lower and long-term debts; bankable concession terms)

## ❑ Examples of IFC-financed projects (completed):

- Nacala Rail - Port Corridor in Mozambique and Malawi
- Dakar – Diamniadio Toll Road
- MSC container terminal in Lome, Togo
- Transgabonais Railroad in Gabon
- Tunisia Enfida airport



# Outline of Presentation

## II. Africa Transport Challenges

# The 3 challenges of moving people and goods in Africa:

## Low rural accessibility, constrained urban mobility, poor regional connectivity



### Accessibility for the rural poor

**The rural poor in SSA are the most isolated in the world**

- ❑ Only **34%** of the population live less than 2 km away from an all-weather road
- ❑ **30%** of Africa's population is located more than 2hrs away from the nearest hospital.
- ❑ This is a clear evidential link between improved accessibility and better outcomes in terms of health, education and income for the rural population.
- ❑ The COVID-19 pandemic threatens large gains made in recent years in reducing poverty and food insecurity.



### Mobility in urban areas

**Africa is the fastest urbanizing region in the world**

- ❑ African cities are growing at **4%** annually.
- ❑ Due to congestion and low-quality public transport, **less than 1/5** of all jobs are accessible within an hour of travel and people in the largest cities travel **1–2 h** each day to reach jobs.
- ❑ Transport costs represent **10–40%** of household income
- ❑ **Public transport is essential to keep cities moving and connecting people to jobs.** COVID19 is impacting revenues, adding an enormous financial and economic stress on transport operators who have to invent new safety protocols.



### Connectivity to international & regional markets

**Africa is the least connected region - both on land and sea**

- ❑ **30%** of SSA's population lives in completely landlocked countries (38% if adding the DRC)
- ❑ **The African market remains highly fragmented and trade integration is low:** the share of intra-regional goods imports is only 5-10% of SSA's total goods imports, compared to 60% in the EU.
- ❑ African ports are smaller and less well served –the cost to import a container is **56%** above world average (**4 times** higher in landlocked countries), and transport costs contribute as much as **40%** of the final price of goods
- ❑ 90 percent of freight moves by road, and many African countries have had full or partial border closures – Keeping ports and logistic chains functioning and improving their resilience is essential post COVID19.

# Outline of Presentation

## **III. Africa Regional Transport Program**

- ❑ Three Priority Regions
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# **Africa Regional Transport Program:**

## **Improving connectivity at a regional level while maximizing the wider economic benefits**

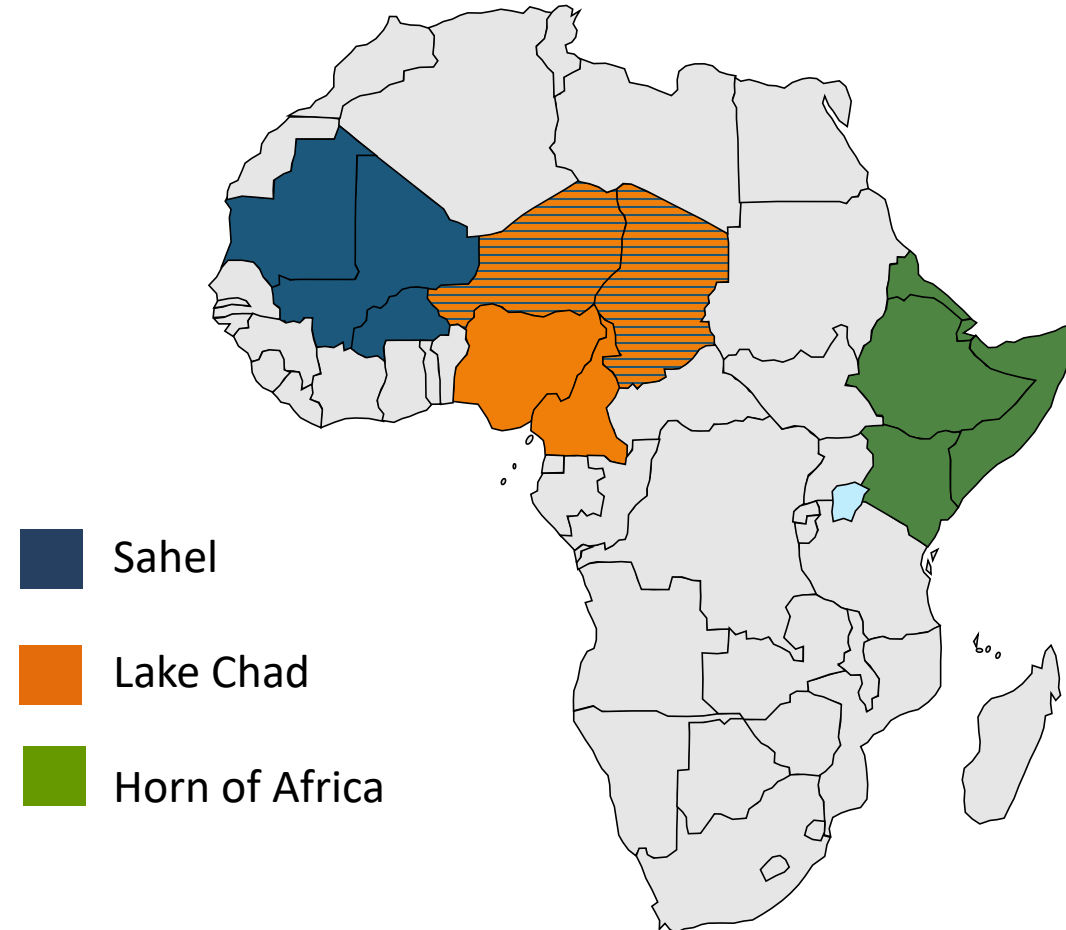
### **Transport priorities for the region**

- ❑ **Introducing 2<sup>nd</sup> generation Corridor programs:**
  - focus on transport & logistics services in addition to infrastructure
  - address multi-modal transport issues, road safety and digital infrastructure
- ❑ **Addressing “thick” national borders** – border crossings account for 15-20% of overall transport costs on international corridors (e.g., between landlocked Burkina Faso and coastal Togo)
- ❑ **Investing in missing road and rail links**, including last-mile connectivity (e.g., 70% of Ethiopia’s roads are in poor condition; 83 million people in rural communities in Ethiopia, Kenya and Somalia are disconnected from the road network)

# Africa Regional Transport Program - prioritization

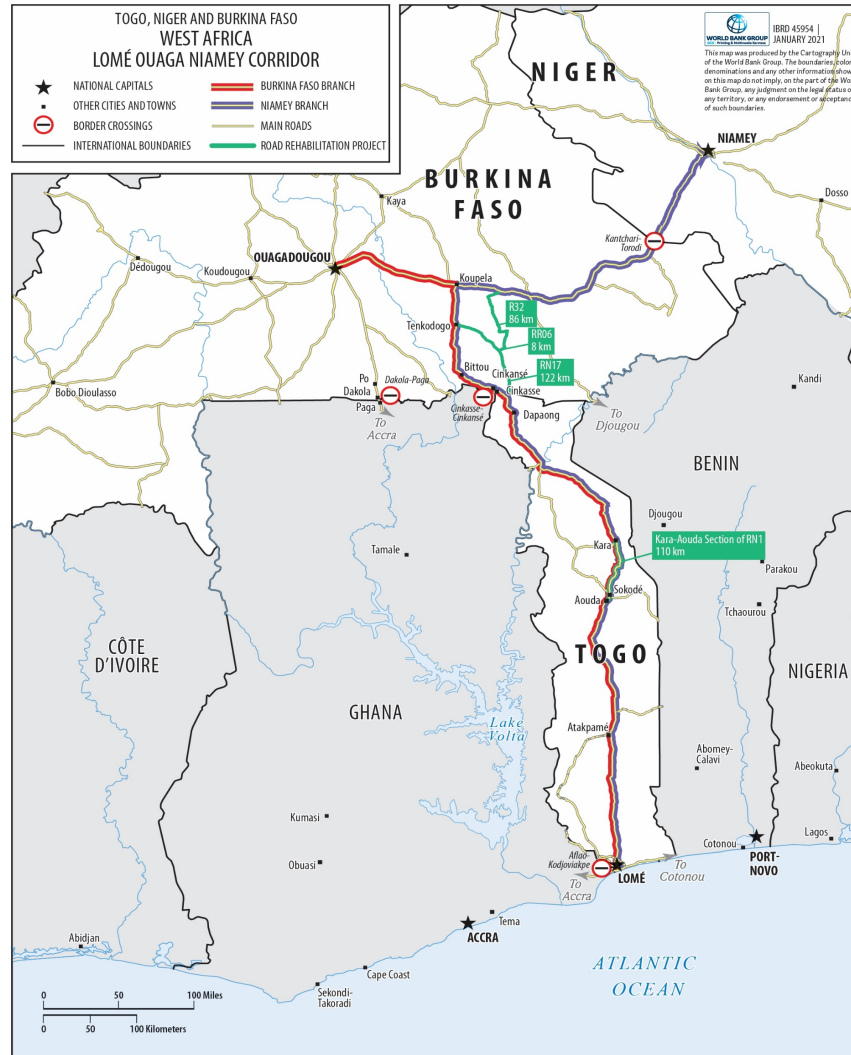
Focus on **three priority hot spots** in line with Africa's Regional Integration Strategy, based on

- Fragility
- Conflict
- Violence
- Strategic areas

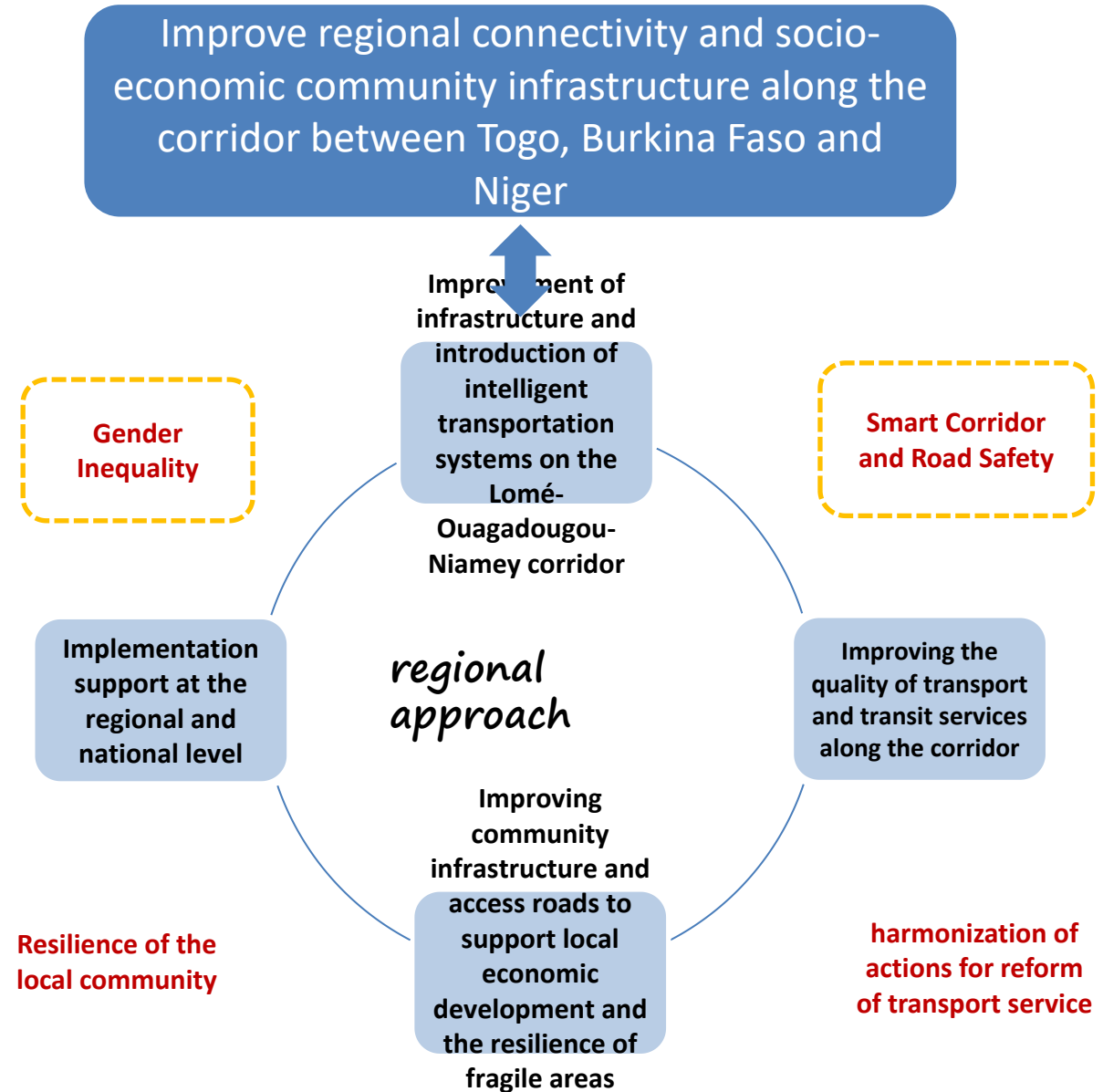


# (1.1) Sahel: Lomé-Ouagadougou-Niamey Economic Corridor

*A second-generation corridor to improve resilience in the Sahel*

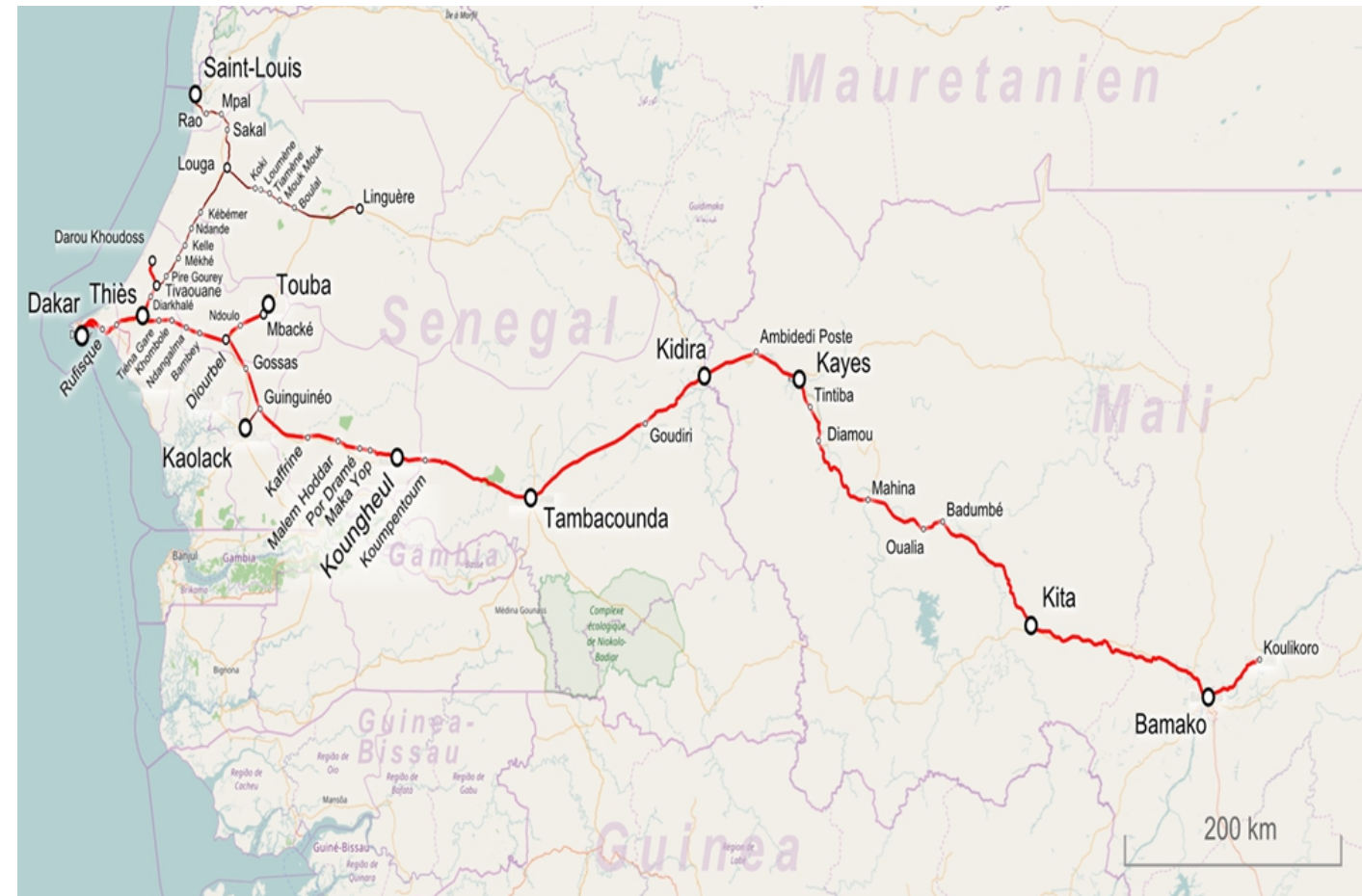


Total Cost \$ 450 million; Approval June 2021



## (1.2) Sahel: Dakar-Bamako Intermodal Corridor

### *Unlocking Mali and reviving vital regional railway line*



**Objective:** To reduce the trade and transport time and cost of carrying goods through the Port of Dakar and along the Dakar-Bamako intermodal (rail and road) corridor

**Key benefits:** clean solution to reduce Dakar port and city congestion; better connectivity for landlocked Mali; improve corridor efficiency; improve safety; reduce international and domestic trade and transport costs; create competition and complementarity between road and rail modes; enabling efficient corridor operation by private concessionaire

**Key activities:** (i) Improvement of rail infrastructure and logistics platforms; (ii) railway institutional reforms; (iii) modernization of road transport services and international trade and transit procedures; (iv) regional project mgt.

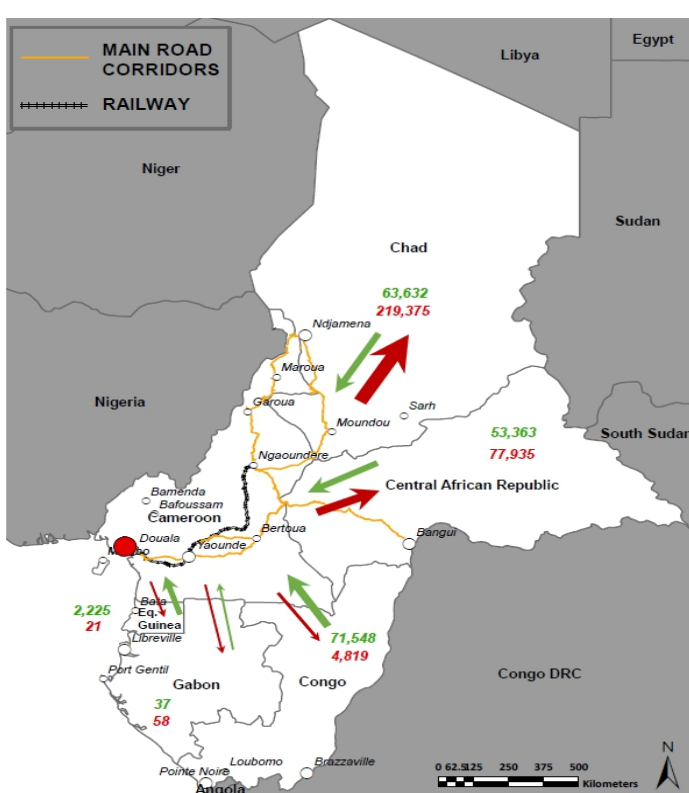
**Overall investment amount: US\$830m**

**Credit amount: US\$600m**

**Estimated approval: 2022**



## (2) Lake Chad: Cameroon-Chad connectivity project & proposed Lake Chad-Great Lakes connectivity project



*New proposed operation:  
Lake Chad-Great Lakes  
connectivity*

### *2<sup>nd</sup> generation multimodal corridor Douala-N'Djamena: railway (Cameroon) and road (Chad) corridor*

#### **Motivation:**

- Douala-N'djamena - critical link for Regional Integration between landlocked Chad and Cameroon: 79 % of all Chad imports out of which 2/3 by rail
- Railway freight volumes deeply impacted by the railway accident of Eseka and Chad's economic crisis 2015-2018. Better perspectives: new prospects: clinker, mining projects in the North Cameroon; new deep seaport in Kriby that opened in end of 2018

**Rail concession is a solid example of strong and sustainable PPP - successful railway concession.** Strong commitments from development partners: AFD, EIB to rehabilitate the northern part of the railway

**Estimated cost:** US\$495m

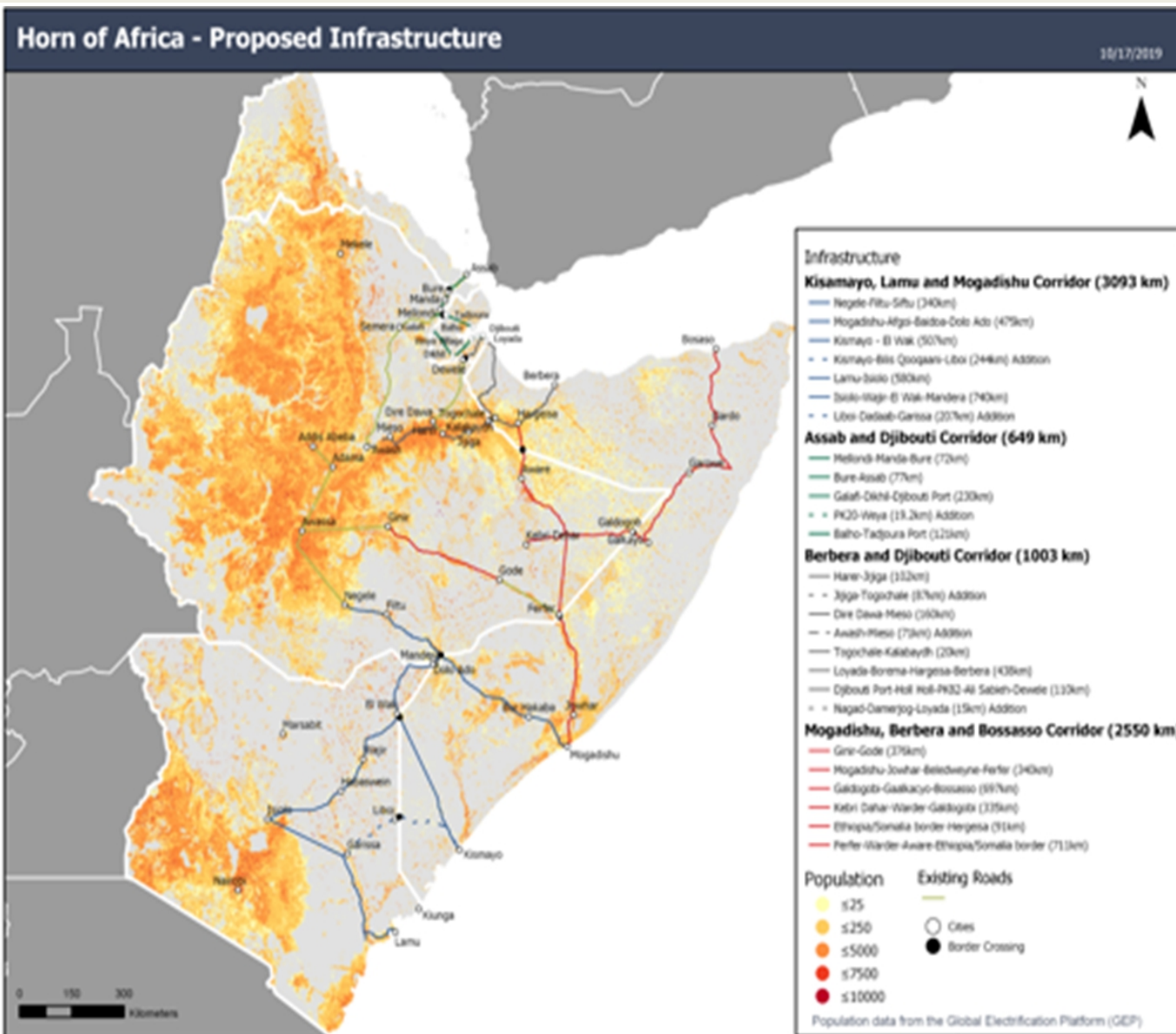
**Motivation:** Landlocked Chad and CAR interested in opening other corridors and not relying exclusively on Cameroon: corridor 13 (Pointe Noire in Congo) and corridor 14 (Mombasa).

**Approach:** Priority infrastructure investments + soft components + complementarities with DPO (road funds)

- Bosembele-Bosentele road section (CAR); Ubangui river crossing; Gemena-Buta road section (DRC)
- Performance-based road maintenance and road maintenance funds (FER in CAR and FONER in DRC), trade facilitation, Customs interconnection, cross-border facilitation, road safety, economic corridor, transit services.
- Other potential partners: AfDB, AFD, EU
- Estimated cost: US\$300mUSD; estimated approval: 2022



### (3) Horn of Africa: Priority Corridors



**Four Main Corridors** with a total length of 7300 km:

- Kismayo, Lamu and Mogadishu Corridor (3093 km);
- Assab and Djibouti Corridor (649 km);
- Berbera and Djibouti Corridor (1003 km);
- and
- Mogadishu, Berbera and Bossaso Corridor (2550 km)

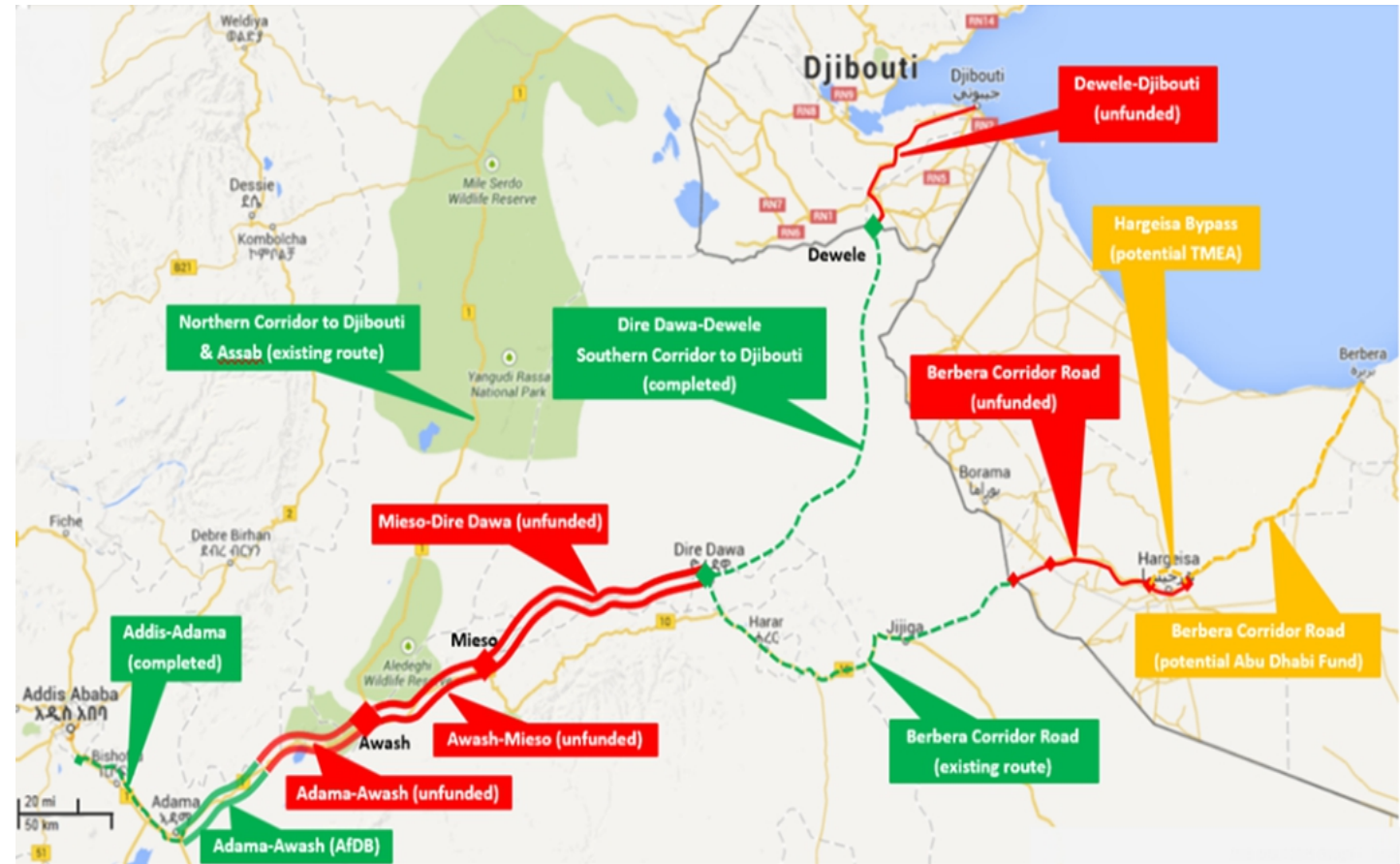
**5880 km need rehabilitation** at a cost of \$8.5 billion, roads distribution as follows:

- 2500 km in Somalia
- 1500 km in Ethiopia
- 1500 km in Kenya
- 300 km in Djibouti
- 80 km in Eritrea

**56 percent of the estimated cost of the Initiative.**

### (3) HoA Initiative: Djibouti-Addis Regional Economic Corridor

- **Motivation:** Priority Corridor supports the HoA Regional Integration Initiative of “Interconnected Horn”, towards “More Trade, more Growth, more Jobs
- A **Series** of complementary Projects in Djibouti and Ethiopia
- **Objective:** to provide safe, smart, resilient trade and logistics connectivity on selected infrastructure along the Corridor
- **Components:** Corridor rehabilitation; Trade facilitation and logistics; Complementary infrastructure
- **Estimated cost:** US\$545 million



Estimated approval: 2021