



## SESSION 3

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

Ulaanbaatar, MONGOLIA

29<sup>th</sup> – 30<sup>th</sup> OCTOBER 2019



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**About the African Development Bank (AfDB)**

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**Significance of Transport Corridor to Africa's Development**

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**Bank's Strategy on Connectivity and Infrastructure Development**

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**Corridors Development: Bank's Intervention**

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**Challenges and Lessons Learnt**

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**Recommendations and Way forward**

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**Outline of the Presentation**



# 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 GROUP

### 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**

## Trans-African Highway Network





# 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-foot container units....

## Lomé – Ouagadougou Corridor

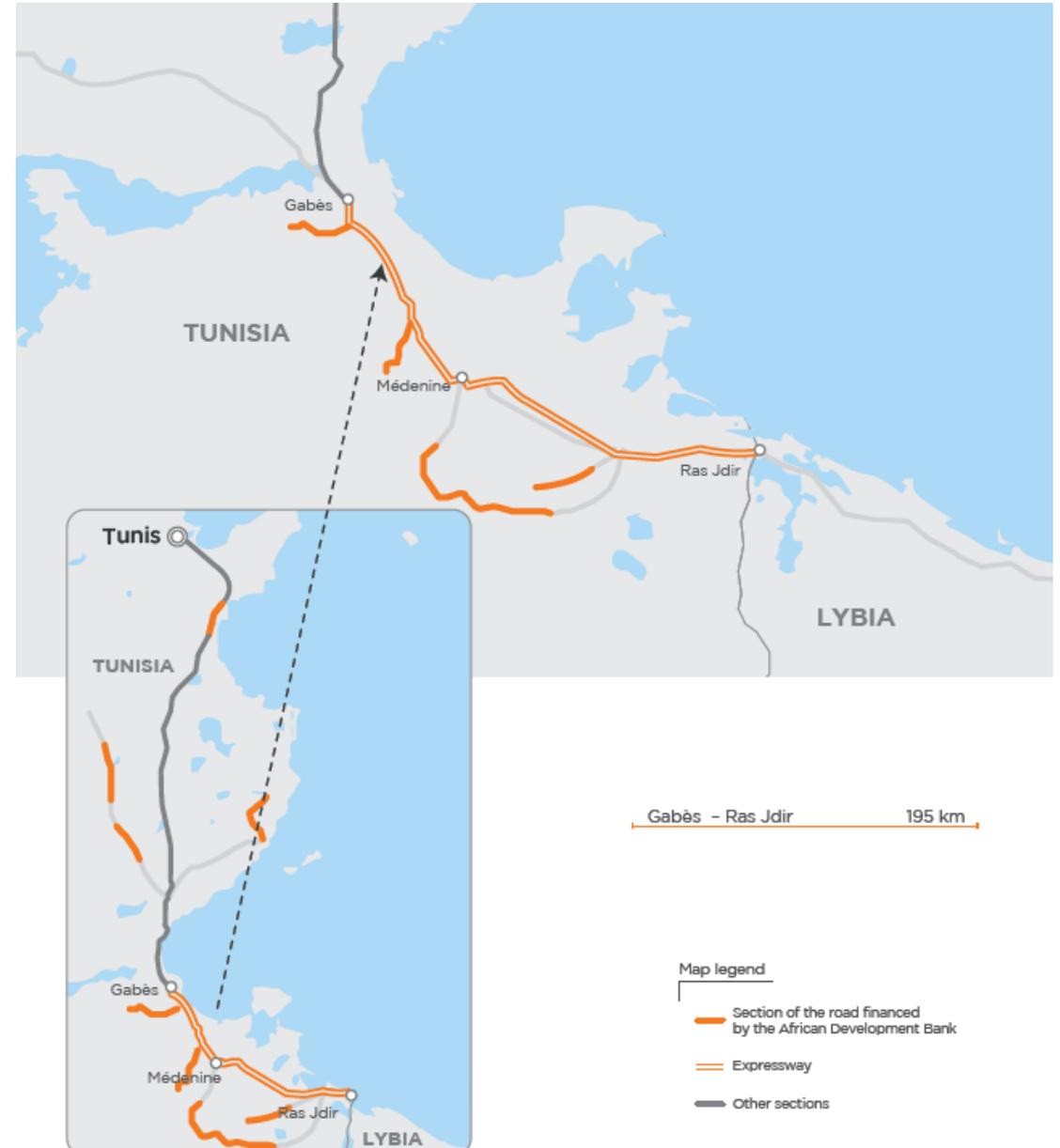


# Corridors Development: Bank's Intervention

## 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 Gabès to the Tunisian-Libyan border.

## Trans-Tunisia Corridor



# 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 Ffulso - 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).

Tema – Ouagadougou Corridor (approx. 2,000km)

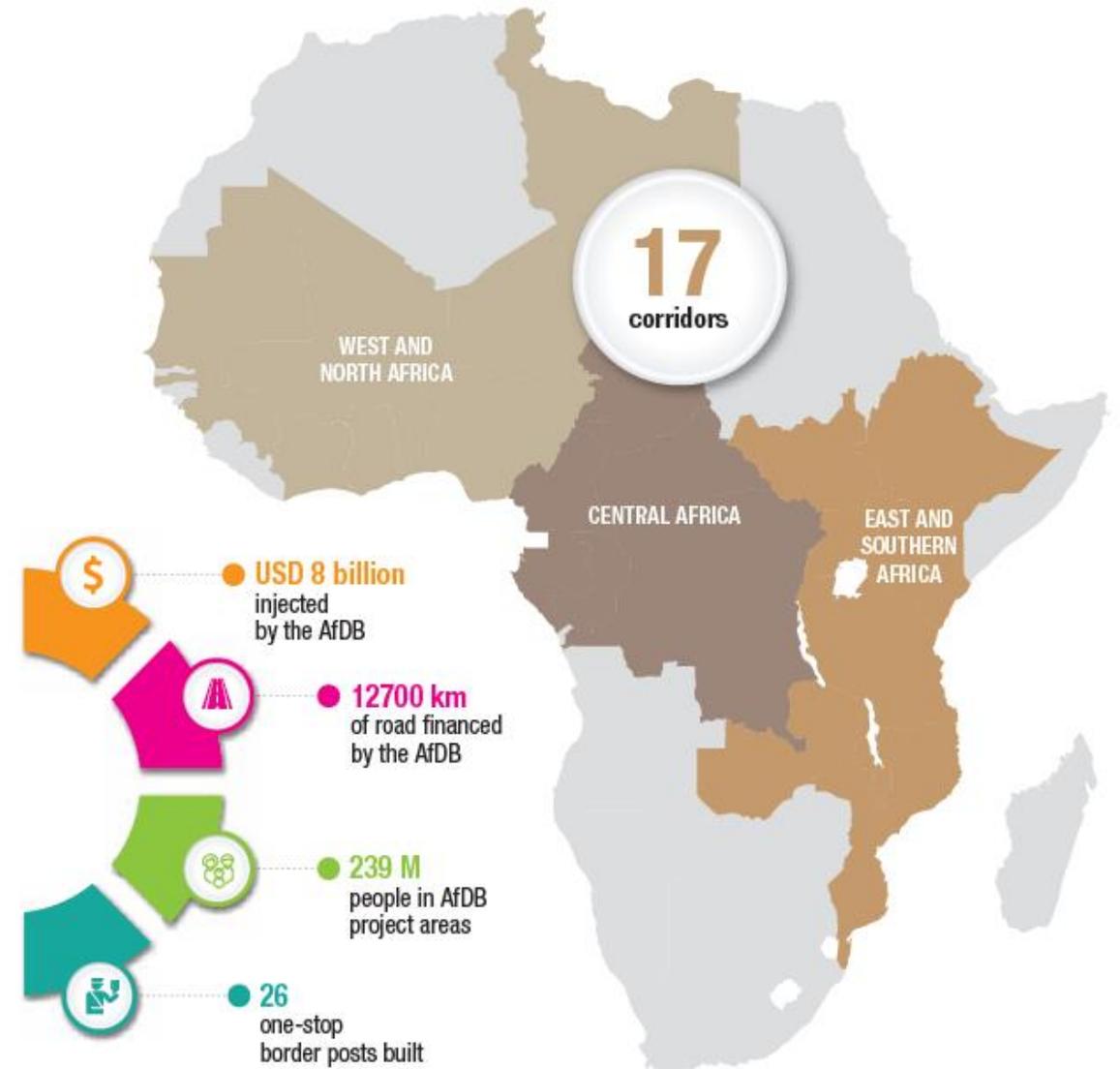


# Other Corridors Supported by the Bank include:

- ❑ **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]:



# 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 gateway 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 conducive 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**

**A TOTALLY TRANSACTIONAL  
OPPORTUNITY FOR INVESTORS**



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