

Addressing Soft Infrastructure: *AfDB's Experience and Lessons Learned*

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STRATEGIC FRAMEWORK

Corporate

Ten Year Strategy (TYS)

- ✓ Inclusive growth
- ✓ Transition to green growth



Bank's High-5

Light-up and power Africa
Feed Africa
Industrialize Africa
Integrate Africa
Improve the quality of life for the people of Africa



Integrate Africa Hi-5

Regional Integration Strategic Framework (RISF 2018-2025)

- ❖ Infrastructure connectivity (hard & soft)
- ❖ Trade, Investment
- ❖ Financial integration



Strategic & programming documents

Regional Integration
Strategy Papers (RISPs)

Country Strategy Papers (CSPs)
-RMCs

ADDRESSING SOFT INFRASTRUCTURE



The African Development Bank has supported the development of transport corridors over a number of years as part of its mandate



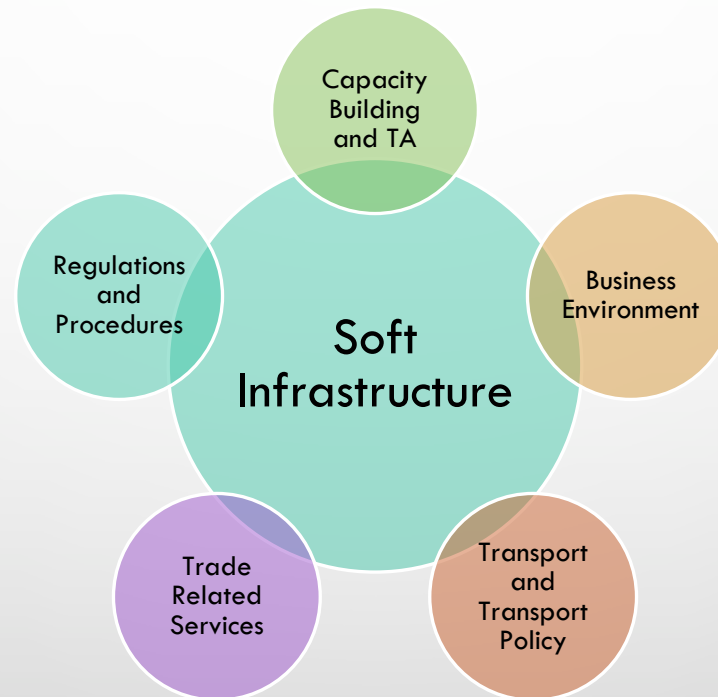
Hard infrastructure alone is not enough – hence emphasis is on ensuring the mainstreaming of soft infrastructure issues in physical transport projects



Under the Africa Development Fund (ADF), there is a requirement to set aside 10 percent of total project cost for soft infrastructure



WHAT ARE SOFT ISSUES?



IMPORTANCE OF SOFT INFRASTRUCTURE

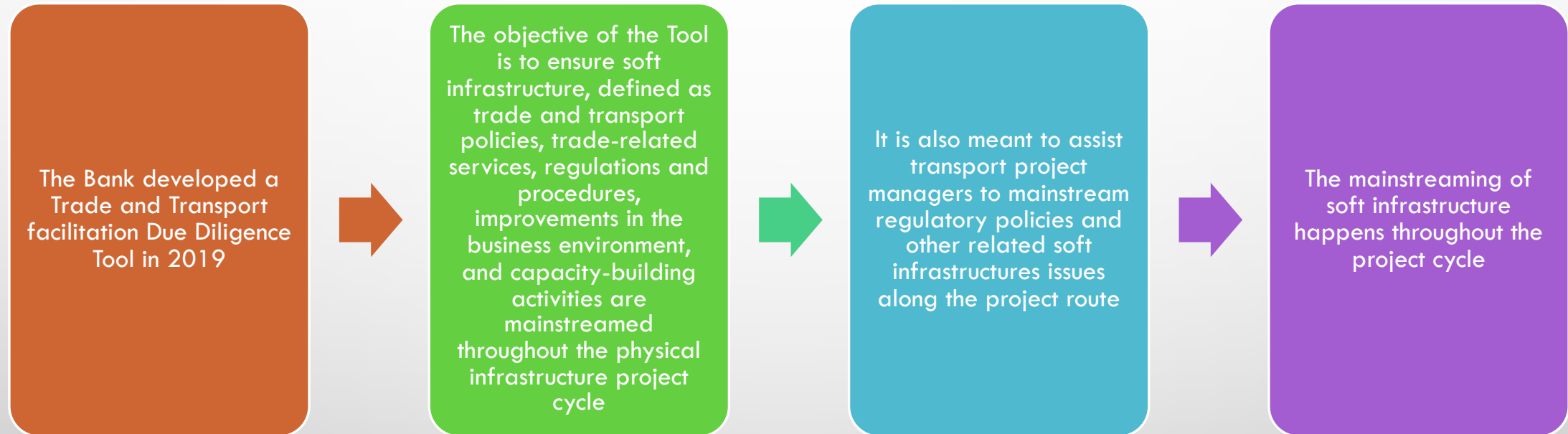


Investments in transport infrastructure seek to promote economic growth through lowering trade costs, stimulating trade and increasing efficiencies..

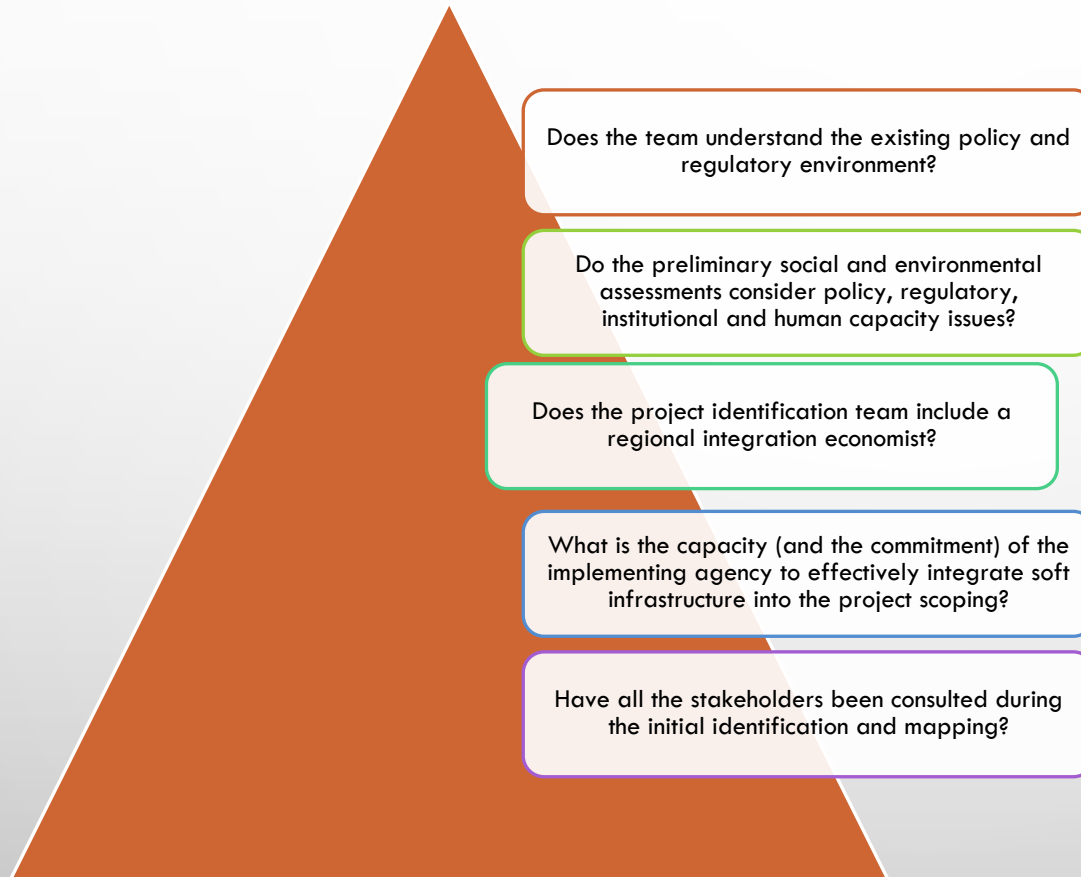


Supports RI and Economic Development – Encourages Govts to enforce common transport policies and regulations – enhances corridor and multimodal efficiencies

TRADE AND TRANSPORT FACILITATION DUE DILIGENCE TOOL



USING THE DUE DILIGENCE TOOL: PROJECT IDENTIFICATION



USING THE DUE DILIGENCE TO PROJECT DESIGN/APRAISAL



Establish baseline data on transport and trade costs for moving goods and people

Identify the policy and regulatory framework and their power relationships

Designate staff in project coordination teams who can ensure that trade and transport facilitation is integrated into project design

Make institutional arrangements for the design of the project to ensure the integration of soft infrastructure by briefing all staff on the Trade and Transport Facilitation Due Diligence Tool and by including soft infrastructure as a standing item on all quarterly progress reports

Include indicators relating to existing incomes, production, investment, the business-enabling environment, and access to social services (health and education)

USING THE DUE DILIGENCE TOOL: PROJECT IMPLEMENTATION & MONITORING

IMPLEMENTATION INDICATORS

- STAKEHOLDER CONSULTATIONS FOR PROJECT PLANNING AND IMPLEMENTATION
- IDENTIFICATION OF POLICY AND REGULATORY CONSTRAINTS
- IDENTIFICATION OF TRAINING AND CAPACITY-BUILDING REQUIREMENTS
- INSTITUTIONAL ARRANGEMENTS FOR IMPLEMENTATION AND ONGOING MAINTENANCE

OUTPUT INDICATORS

- INCREASE IN THE VOLUME AND VALUE OF GOODS TRANSPORTED AND THE NUMBER OF MEN AND WOMEN USING THE INFRASTRUCTURE
- INCREASE IN THE NUMBER OF MEN AND WOMEN WITH ACCESS TO APPROPRIATE PHYSICAL INFRASTRUCTURE
- INCREASE IN INVESTMENT, PRODUCTION, EMPLOYMENT, AND INCOME-GENERATING ACTIVITIES
- IMPROVED ACCESS TO HEALTH AND EDUCATION FACILITIES AND OTHER SOCIAL SERVICES



USING THE DUE DILIGENCE TOOL: PROJECT EVALUATION –IMPACT INDICATOR



Reduction in the prices of staple foods, agricultural inputs, and consumer goods



Reduced time and cost for moving goods (basic commodities/consumer products) to market



Reduced time and cost for men and women to reach the market



Increased investment in the infrastructure catchment area



Increased income for the population resident in the infrastructure catchment area



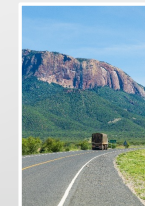
Increased security for communities in the region



Reduced number of traffic-related accidents



Increase in school enrolment rates and improved maternal and child health



Reduction in morbidity rates



DUE DILIGENCE CATEGORIES



Assessing the Political Economy issues around the infrastructure



Trade Agreements for goods and services



Trade and Transport Facilitation



Complementary Measures



Corridor Governance and Markets

1. POLITICAL ECONOMY ASSESSMENT

Ensure that **all** the key stakeholders are identified

Understand their power relationships

Identify potential “winners” and “losers” – enables compensatory or mitigation measures to be addressed

Who is driving the project? What is their level of commitment (evidence)?





2. TRADE AGREEMENT FOR GOODS AND SERVICES



Identify the trade agreements applicable along the corridor



Identify the tariffs along the route



Identify the products currently traded and potential products, and who is trading



Identify the regulations governing cross-border trade in services



Identify the legal and regulatory policies applicable to ICT and data transfer



3. TRADE AND TRANSPORT FACILITATION: TRADE POLICY, BORDER POSTS AND CUSTOMS MODERNIZATION

Issue	Information Required/Sources	Indicative Response/Intervention
Are tariffs applied at border posts along the proposed route?	Tariff Policies, Customs Schedules, DTIS reports, WTO TPRM reports	Regional commitments/AfCTFA/REC protocol
Are the border facilities adequate for the expected increase in traffic flows?	# of agencies present at the border Border processing procedures Gender responsiveness Current state of automation	Institutional reform-OSBP, integrated border management
What is the status of trade facilitation (WTO –TFA)?	Trade Facilitation Assessment	AEO, advance clearance, risk assessment
Transit regime	Benchmark procedures	Regional bond scheme, regulatory reform
Is trade-related information readily available? Identify key performance indicators?	Nature of existing trade (product/traders) Data on clearance times, delays, costs	Support transport corridor secretariat



3. TRADE AND TRANSPORT FACILITATION: NON-TARIFF MEASURES, TRANSPORT POLICY

Issue	Information Required	Indicative Response/Intervention
Technical Regulations	List of controlled commodities (by HS code) and certification requirements Review Non-Tariff Database (MAST –WITS/UNCTAD), and regional databases	Recommend streamlining and simplifying procedures through automation and electronic submission Harmonization of technical regulations, promote mutual recognition/equivalence
Sanitary and Phytosanitary measures and arrangements	Review the NTM databases SPS Requirements for moving products along the corridor	Recommend streamlining and simplifying procedures through automation and electronic submission, exchange of data, mutual recognition/equivalence, etc.
Tax treatment on goods and services along the corridor	Tax policies and regulations	Possible policy reforms to encourage intra-regional trade
Trucking sector competitiveness along the corridor	Transport regulations, cabotage, use of foreign drivers, transport safety, structure of the trucking sector along the corridor	Regulatory reforms, capacity building, access to finance

4. COMPLEMENTARY MEASURES

- IDENTIFY MEASURES THROUGH MEETING WITH GOVERNMENT OFFICIALS, PRIVATE SECTOR INVESTORS, SMALL SCALE TRADERS, AND CIVIL SOCIETY REPRESENTATIVES.
- ACCESS EXISTING INTERNATIONALLY ACCEPTED INDICATORS- FOR EXAMPLE, WORLD BANK DOING BUSINESS, LOGISTICS PERFORMANCE INDICATORS.
- ACCESS TO ESSENTIAL BUSINESS INFRASTRUCTURE (ENERGY, BUILDINGS, LAND)
- UNDERSTAND THE COMPETITIVENESS OF MARKET STRUCTURES (EASE OF ENTRY)
- IDENTIFY INDIVIDUALS/GROUPS WHO MAY BE ADVERSELY IMPACTED BY THE PROPOSED NEW INFRASTRUCTURE





5. CORRIDOR GOVERNANCE AND MARKETS

Issue	Information Required	Indicative Response/Intervention
Management of the transport corridor (institutional structure and capacity), reporting requirements	Lessons learn from transport corridors in Africa (Bank evaluation reports, Multi-donor Sub-Saharan Africa Transport Policy Program (SSATP) reports.	Institutional support, capacity building Develop a charter for the secretariat /observatory
Operation and maintenance of the transport corridors	Publications from existing Corridor Management Units/Observatories – Annual Reports	Institutional Strengthening, capacity building Role of Logistics Service Providers

LESSONS LEARNT



Mainstreaming is vital, but can only be successful if informed by robust upstream diagnostics:

- Reforms require upstream dialogue
- Need to mobilize funds and partnerships for this upstream work (the 10% from the RO should be for implementation)

Collaboration with a wide range of stakeholders (including DPs) is key

- Also means leveraging partnerships and designing stand alone TF projects

Strengthen capacity of the executing agencies, but also internally in the Bank

- To effectively add value to TMs and Regional Team

Corridor approach is key: Before the border, at the border, beyond the border. The whole range of trade and transport policies

- Transport policies, transit regimes, NTBs, etc.

THANK YOU!!!

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**REGIONAL INTEGRATION COORDINATION
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