



# BUILDING A REFORM CONSENSUS FOR INTEGRATED CORRIDOR DEVELOPMENT IN THE SADC COUNTRIES

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Transport & Digital Development Global Practice

March 2018

# OVERVIEW

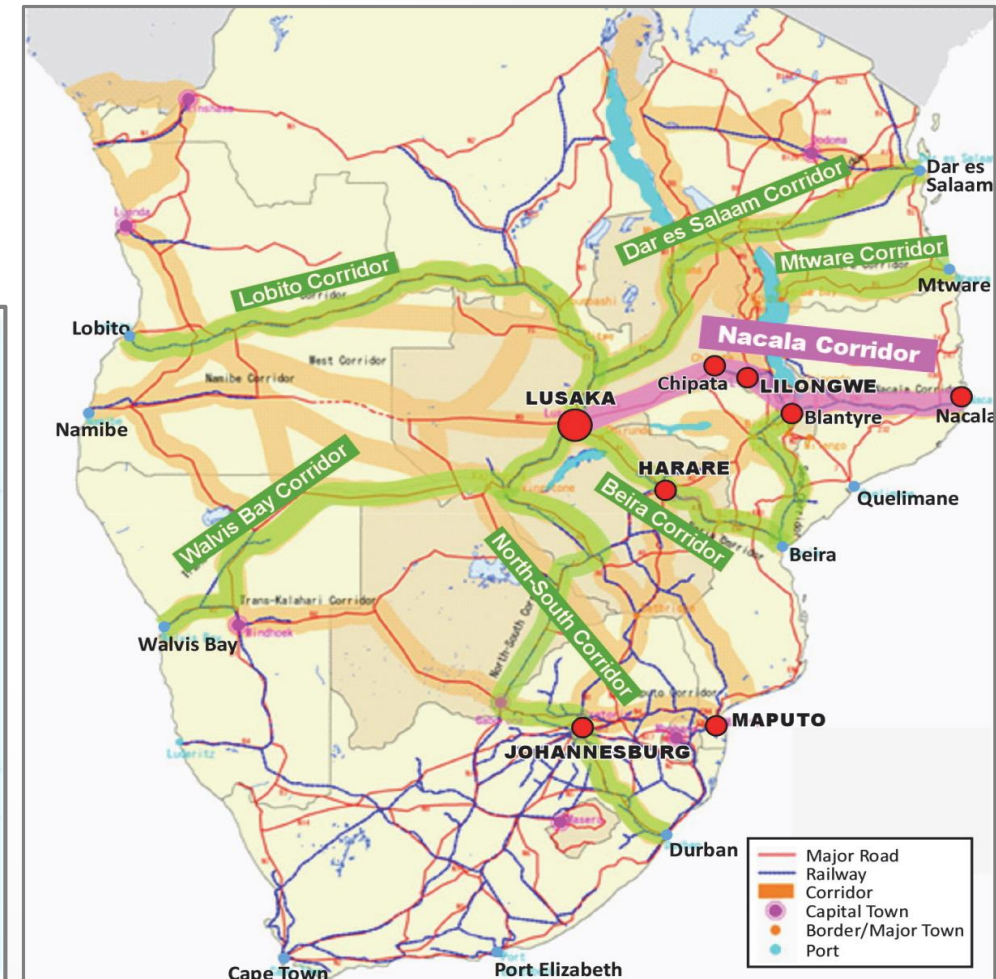
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1. Context
2. Challenges
3. Current Work
4. Proposed Program

# MAIN REGIONAL ECONOMIC CORRIDORS

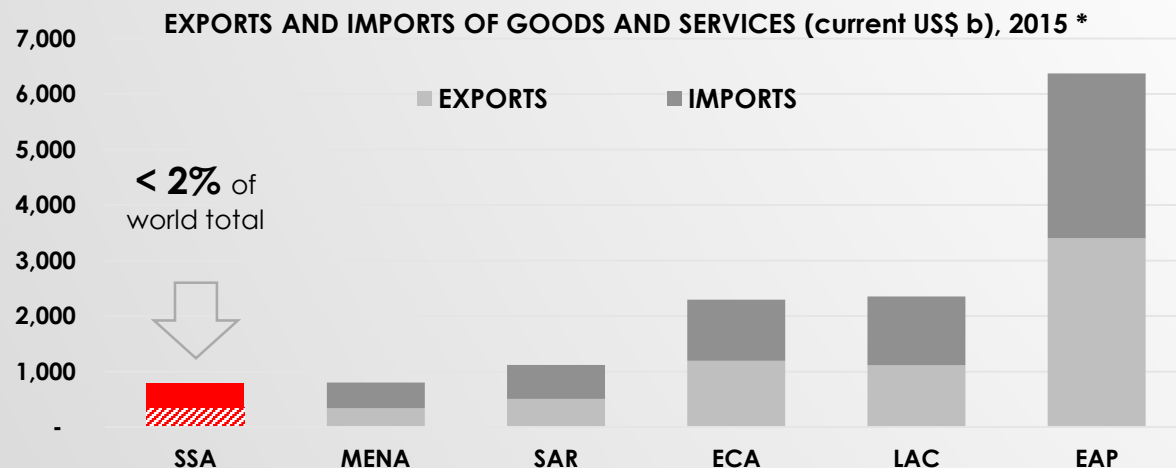
## 11 international corridors

1. Northern
2. Central
3. Dar es Salaam
4. North-South
5. Nacala
6. Beira
7. Maputo
8. Lobito-Benguela
9. Trans-Cunene
10. Trans-Kalahari
11. Ethiopia-Djibouti

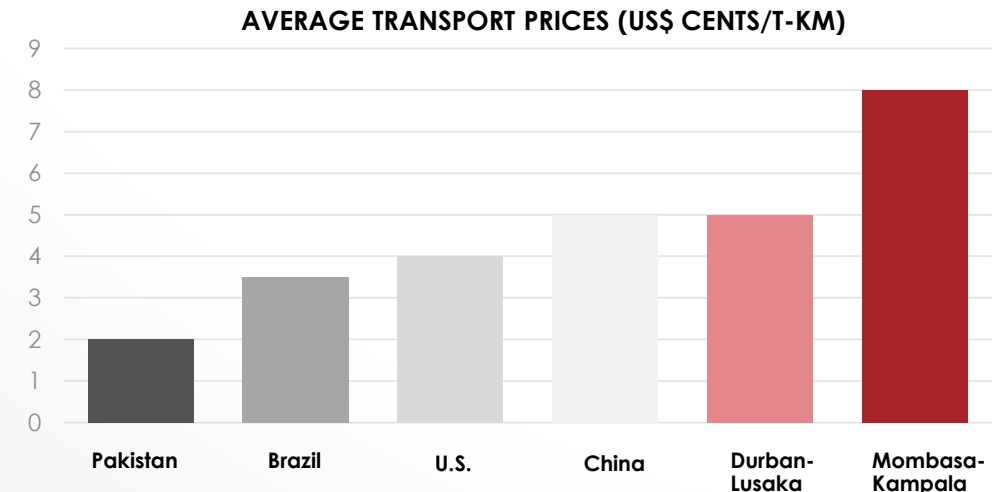


# LIMITED TRADE, HIGH TRANSPORT COSTS

- **Value added of Agriculture to GDP remains close to 50% in many countries in the region. Food commodities in some countries represent over 70% of merchandize exports** in Ethiopia, Sierra Leone, Uganda and Malawi.
- **Africa's internal trade remains low, with 88-90% of Africa's exports going to countries outside the region.** The share of intra-regional goods trade in total goods imports is only around 5% in COMESA, compared to 60% in EU. Only 12% of Africa's imported intermediates is sourced from the region.
- **With rising incomes in Africa there are emerging opportunities for cross-border trade** in basic manufactures that are costly to import from the global market. However, overland transport prices remain high compared to global standards.



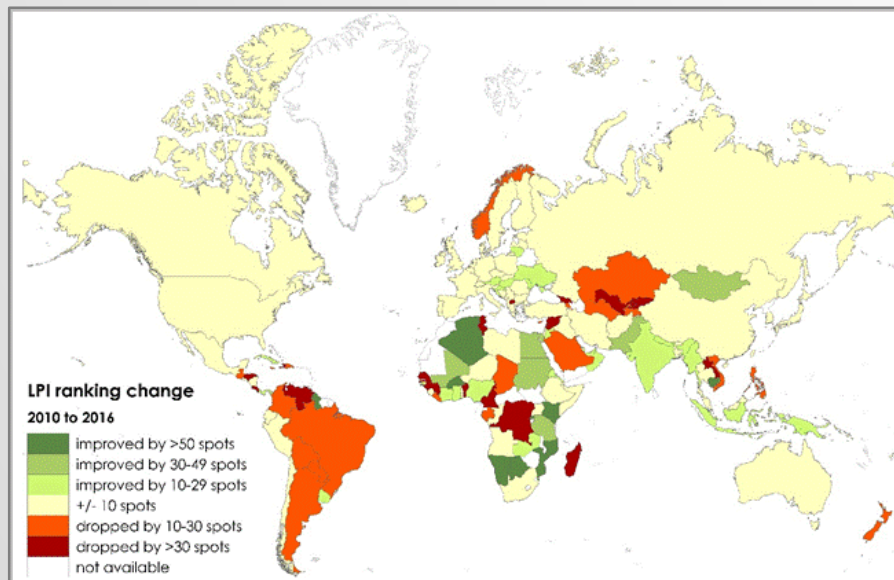
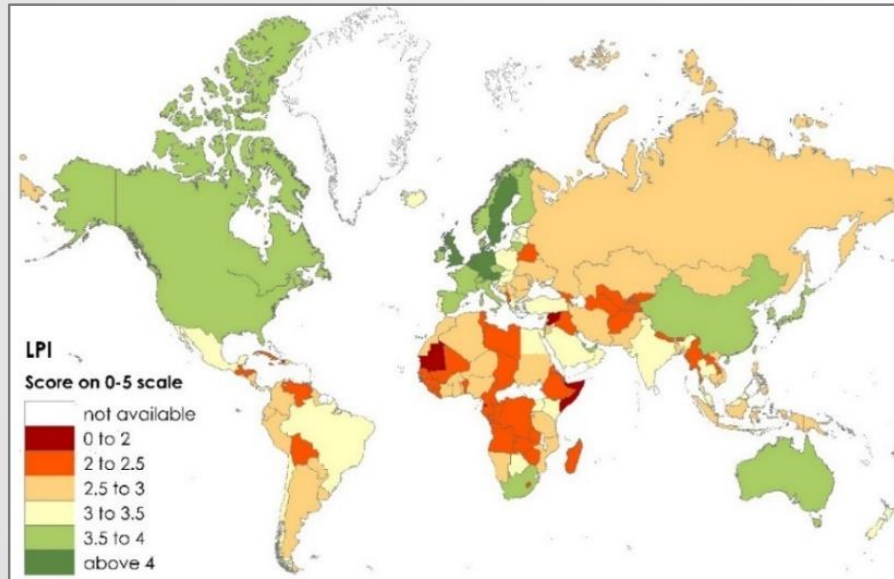
\* IDA and IBRD countries only



# LOW PERFORMANCE, SOME IMPROVEMENT

SSA remains the region with the lowest LPI in the world.

However, SAFR and EAFR overall saw the most improvement in the ranking over the 2010-2016 period.

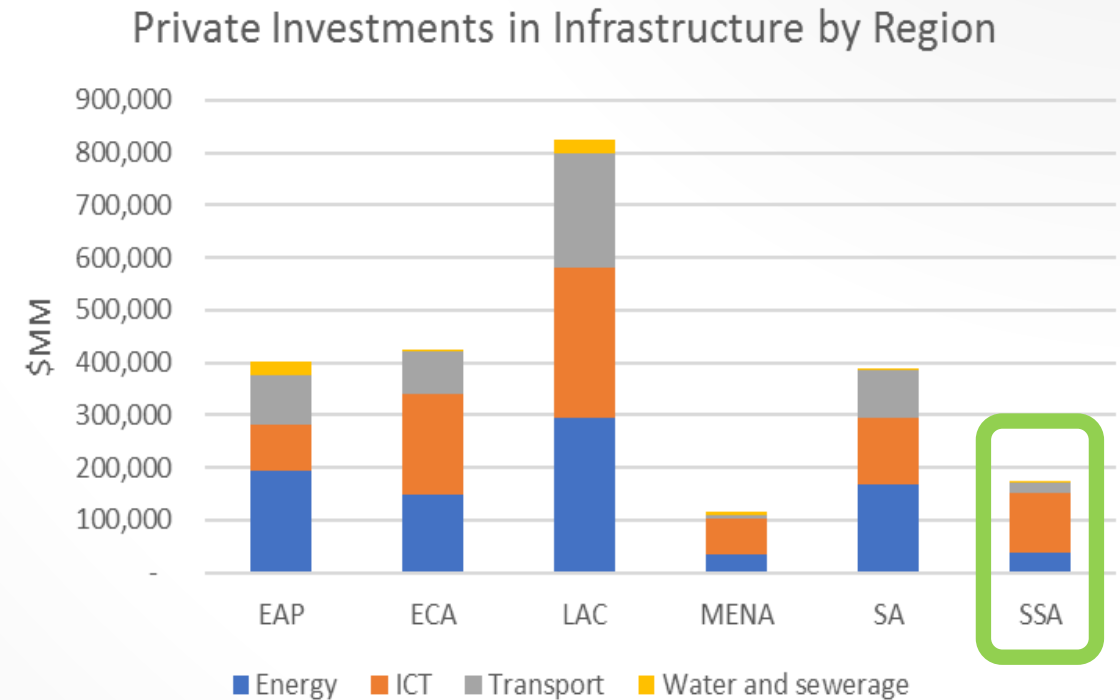
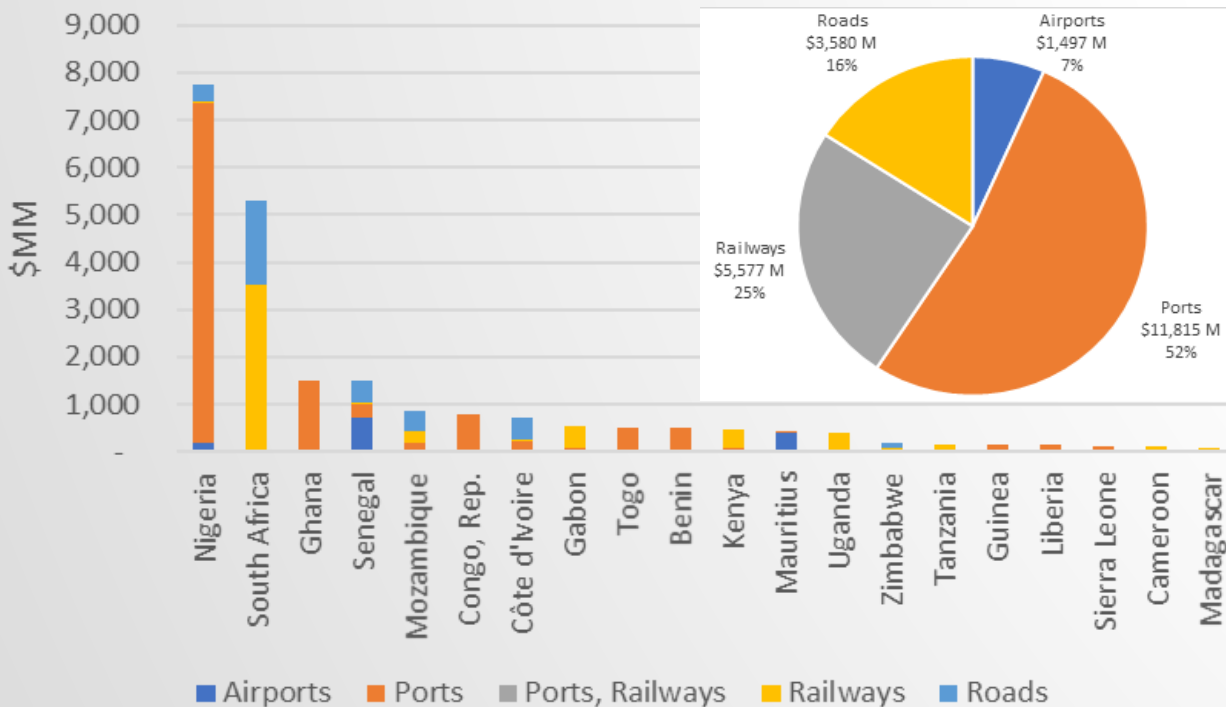


Sub-Saharan Africa Rank	Global Rank (out of 160)	Country	LPI Score (out of 5)
1	20	South Africa	3.78
2	42	Kenya	3.33
3	57	Botswana	3.05
4	58	Uganda	3.04
5	61	Tanzania	2.99
6	62	Rwanda	2.99
7	79	Namibia	2.74
8	81	Burkina Faso	2.73
9	84	Mozambique	2.68
10	88	Ghana	2.66
11	90	Nigeria	2.63
12	92	Togo	2.62
13	95	Côte d'Ivoire	2.60
14	98	Comoros	2.58
15	100	Niger	2.56
16	107	Burundi	2.51
17	109	Mali	2.50
18	114	Zambia	2.43
19	115	Benin	2.43
20	125	Republic of the Congo	2.38

# INVESTMENT IN PORTS, LITTLE PRIVATE INVOLVEMENT

Ports have been the main recipient of private sector investment in transport...

... but overall private investments in transport in Africa are lagging compared to other regions

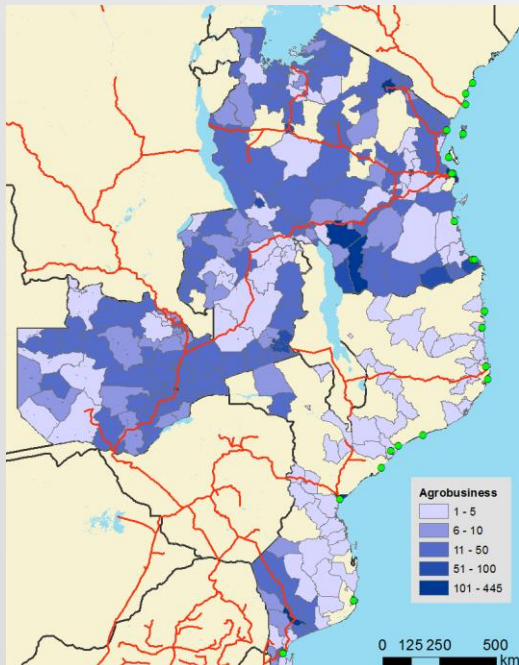


# POOR RURAL/REGIONAL CONNECTIVITY

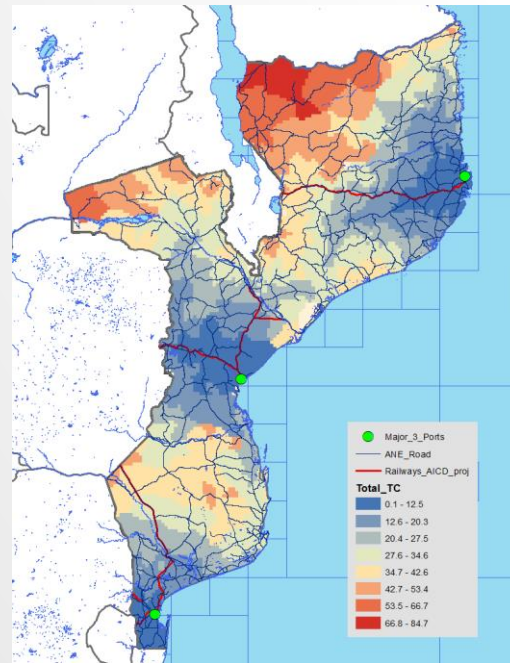
**Southern Africa is lagging behind in regional connectivity and integration – C.f. well connected Northern Corridor, from rural to regional connectivity**

- Rural Access to an all-season road is only 15% in the landlocked Zambia (compared to 56% in Kenya)
- Rural Access Index (RAI) is highly correlated with poverty and agricultural production

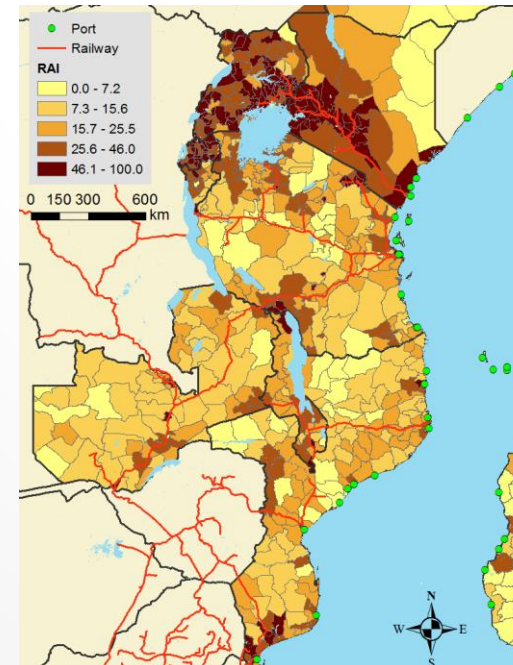
**Substantial agricultural potential exists in the region, and new agribusinesses are emerging, but the global market (ports) is often far for landlocked countries and inland areas**



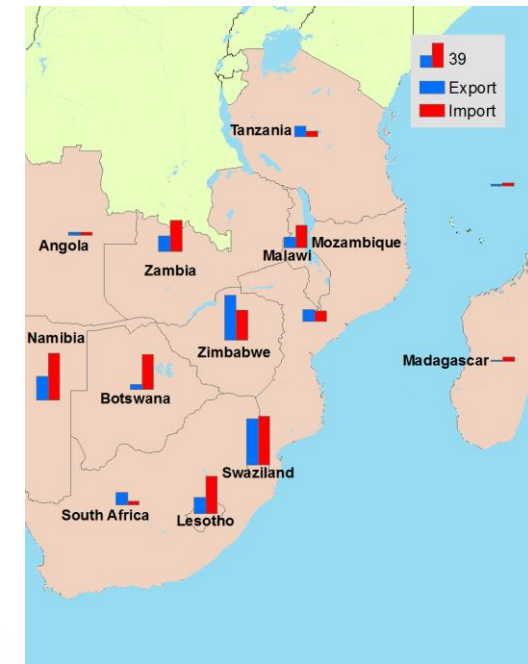
Agribusinesses registered in TZ, MZ and ZM



MZ: Transport costs to major ports



RAI and Regional Rail Corridors



Intra Region Trade Share in SADC

# GROWTH BUT POOR INTEGRATION & INFRASTRUCTURE

Trade in East Africa has grown faster than in other parts of Africa, at an annual rate of 17% in value terms in 2000-2009, compared to 10.5% for Southern Africa.

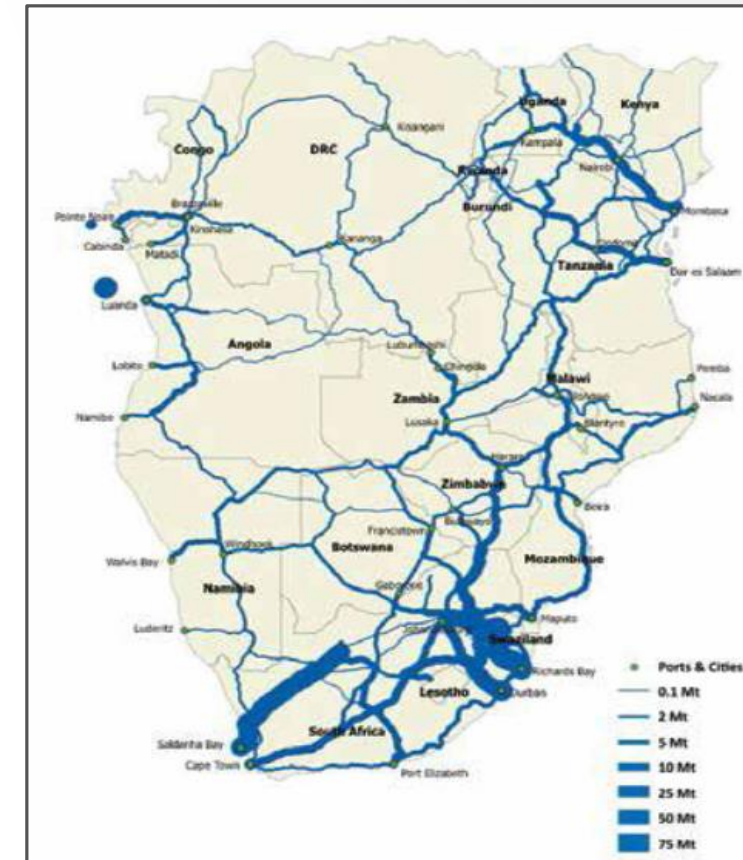
**Connectivity in the region is compromised in areas where there are missing road links.** This problem is particularly severe in Tanzania (and its neighbor DRC).

**The SADC region is highly diverse but has potential for significant gains from deeper regional integration.** In addition to the poor quality of infrastructure, institutional barriers are present, such as continued intra-regional policy and regulatory discrepancies

**Poor infrastructure and high trade facilitation costs are identified as critical constraints by firms, especially for export and import. For the landlocked countries/areas, high transport costs are particularly crucial:**

- Regional road transport corridors are important in linking these countries to African as well as to foreign markets via the main ports in South Africa, Mozambique, Angola and Namibia.
- Trade with South Africa accounts for more than half of total intra-regional trade, for example, 60% of Zambia's regional exports and 50% of its regional imports.

**With growing trade, transport demand is going to increase markedly over the next ten years, but the current state of infrastructure remains inadequate.** Most rail (outside South Africa) and inland port infrastructure generally dilapidated. Access to the maritime and inland ports is a systemic problem – port-city interface. Maritime safety is non-existent on the inland waterways. There is little integration between the modes – and little integration up the logistic chain.



Source: CSIR, 10th Annual State of Logistics Survey for South Africa 2013



# GROWTH WILL LEAD TO WORSENING CONGESTION

As shown by ongoing analysis conducted as part of the World Bank's *East and Southern Africa Port Demand and Capacity Assessment*, several ports in the region are experiencing delay and congestion.

Already by 2020, short-term container capacity gaps even after currently planned port and terminal expansion projects are completed are expected by the Port of Mombasa and by all Mozambique ports.

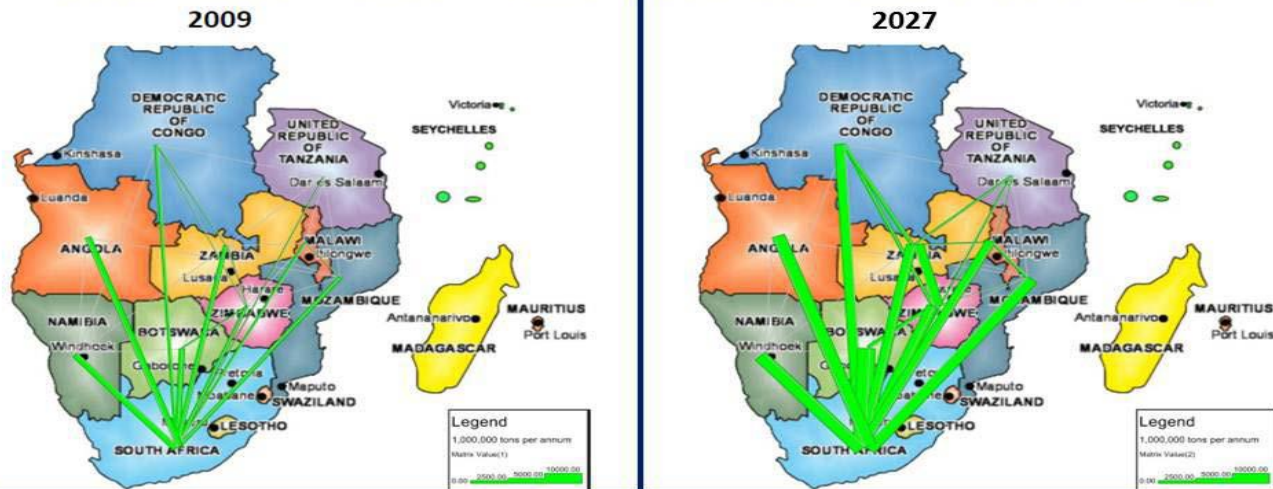
Transit traffic from landlocked Botswana, Malawi, Southern DR Congo, Zambia and Zimbabwe is expected to increase at a rate of 8.2% per year between now and 2040, rising from 32 million tons in 2020 to 148 million in 2040.

TRAFFIC DENSITY ALONG THE EAST AND SOUTH AFRICA COAST

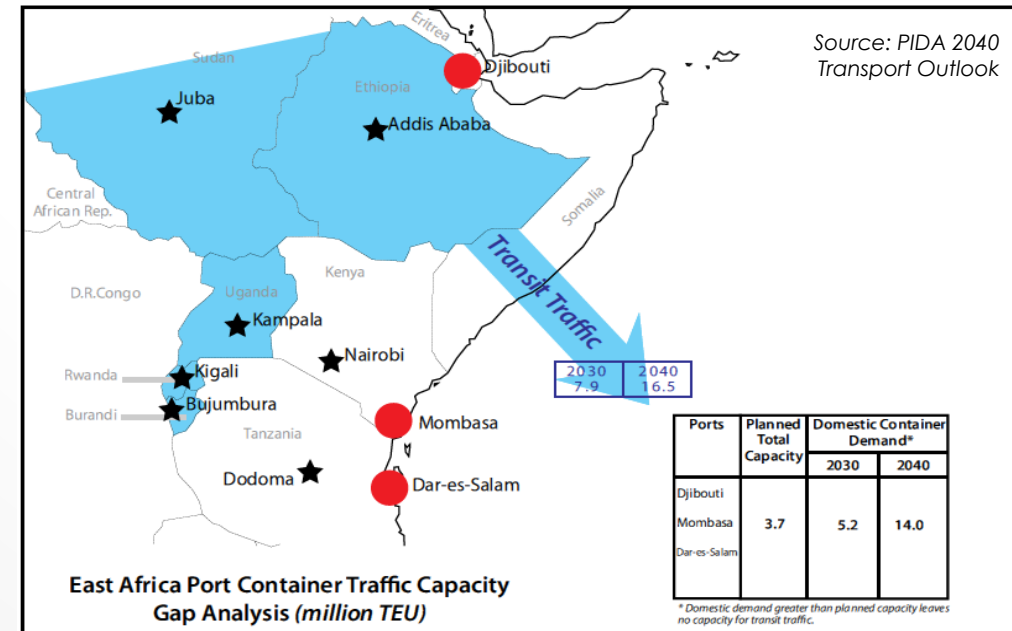


Source: MarineTraffic

## Estimated Trade Flows between SADC Countries



**Imports:**  
South Africa (45 million tons), Angola (10 million tons), and Zimbabwe (7 million tons).  
**Exports:**  
South Africa (81 million tons), Angola (51 million tons), Botswana (7 million tons), and Zambia (4 million tons)



Source: PIDA 2040 Transport Outlook

\* Domestic demand greater than planned capacity leaves no capacity for transit traffic.

# THE STATE OF THE INFRASTRUCTURE

- Most rail (outside SA) and inland port infrastructure generally poor;
- Border crossing time, whilst better, leaves much room for improvement
- Access to the maritime and inland ports is a systemic problem – port-city interface;
- Maritime safety on the inland waterways is very limited;
- There is little integration between the modes – and little integration up the logistic chain; and
- Road safety is a major public health challenge.

# THE INSTITUTIONAL FRAMEWORK

- The regulatory regime for road transport is out of date in many countries;
- An effective transit guarantee system is still not being implemented, and transit fees are charged on a tit for tat basis, with no empirical underpinning;
- There are restrictions on foreign ownership of firms, and access to certain types of trucks in some countries;
- Road transport licensing is complex, incomplete and inefficient;
- Integration of the different railway networks, let alone open access, remains very difficult.

# CURRENT PROJECT: PORT COMPETITION IN EAST AFRICA

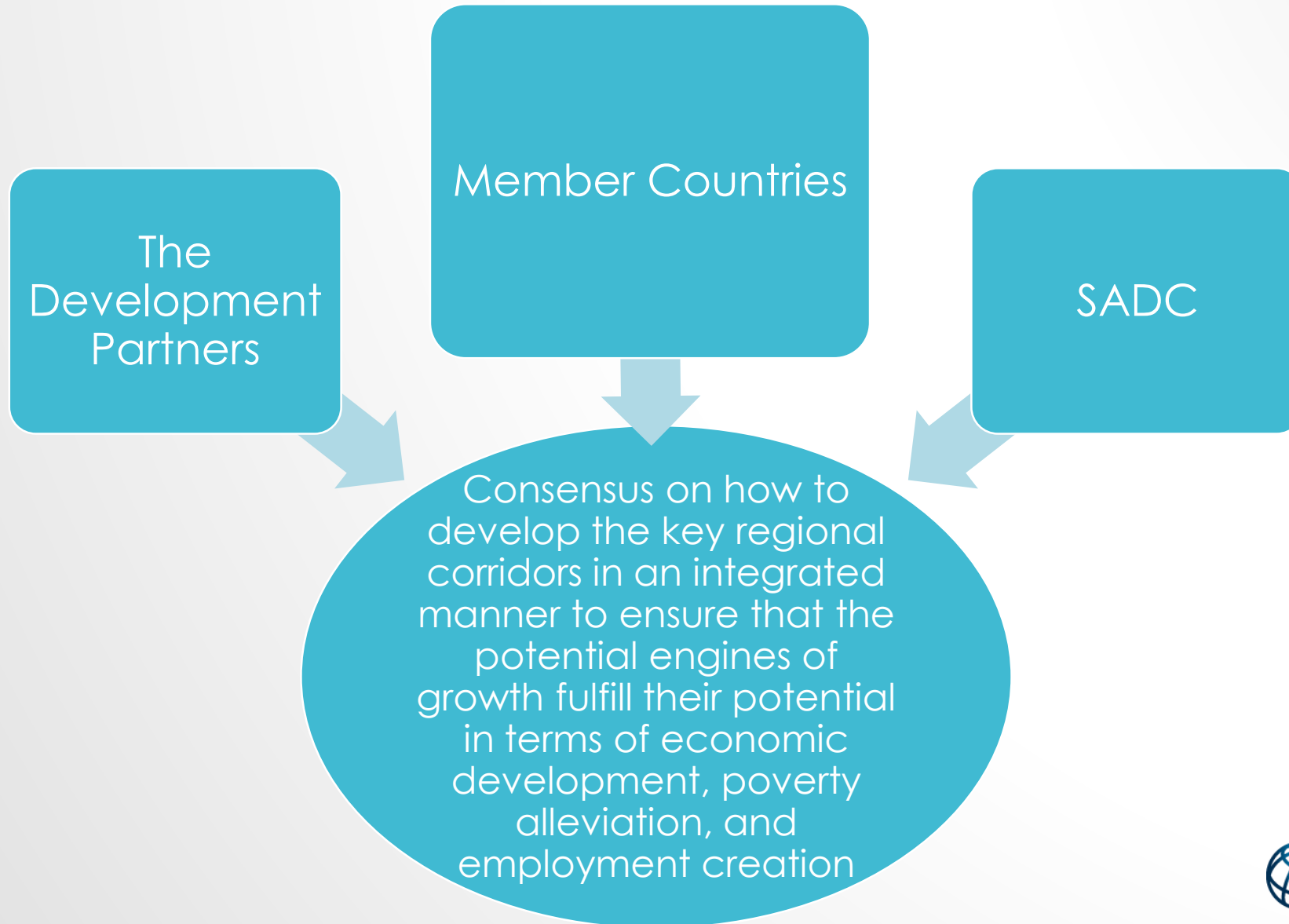
- Aimed at impacting on policy dialogue, port development, hinterland connectivity, and port–city interface.
  - ***A comparative assessment of the market demand and capacity needs***
  - ***A comparative assessment of the degree of vertical integration of major ports***
  - ***A comparative assessment of the port-city interface for the major ports***
  - ***Furthering the development of standardized port productivity indicators to benchmark port performance***
- Resulting port database will be a powerful benchmarking tool in the sector to inform policy dialogue.
- Estimated completion = **July 2018**

# DEVELOPING A REFORM AGENDA

- Integrated development of the key regional corridors has the potential to dramatically change the economic structure of the region
  - Firms are generally responsive to the quality of infrastructure services provided
  - Better infrastructure could bring in more private investment, generating local employment
  - The right institutional framework for doing business, connecting firms and markets, enabling access to power, and stimulating agricultural production and agglomeration economies is key in economic development, job creation, and poverty reduction
  - Maximizing job creation and poverty alleviation impacts



# CONSENSUS THROUGH PARTNERSHIPS



# THE PROPOSED PROGRAM

## INTEGRATED CORRIDOR DEVELOPMENT IN THE SADC COUNTRIES

The Proposed Program – 3 vertical pillars and one cross cutting pillar



**Pillar 4: Poverty Assessment and Impact Evaluation**

## EXPECTED OUTPUTS

**The expected outputs from the partnership with the RECs are proposed to be:**

- A draft investment plan to establish development corridors on the main trading routes.
- A matrix of complementary policy initiatives in the countries along the corridors to ensure that the benefits of the above are fully realized;
- An assessment of the poverty impacts of the investments in the primary, secondary and tertiary infrastructure along the corridors,
- A detailed Implementation Plan, indicating immediate next steps, roles and responsibilities of key stakeholders.



# MAIN REGIONAL ECONOMIC CORRIDORS

## North – South Corridor (NSC) ~3,900 km

- Dar es Salaam corridor from Dar es Salaam in Tanzania to Kapiri Mposhi in Zambia, 1860 km
- Durban to the DRC, via Botswana, Zimbabwe, and Zambia
- ~19 million tons of cargo is transported along the NSC, 85% of which is road freight, and 15% rail freight

## Nacala Corridor ~1774 km, 'integrated logistics corridor'

- Serving northern Mozambique, southern Malawi and Zambia
- Synergy with Vale Concession
- Combines with SATTFP work on the border crossing points in Malawi

## Beira Corridor ~1917 km

- Serving Mozambique, Zimbabwe, Zambia, DRC, and Malawi
- Prospects for the Beira corridor have been hit by instability in Zimbabwe – the main client for the port – where the economic crisis has caused a significant decline in traffic to the port, which is managed by a Dutch port operator, Cornelder de Mocambique, but potential is significant

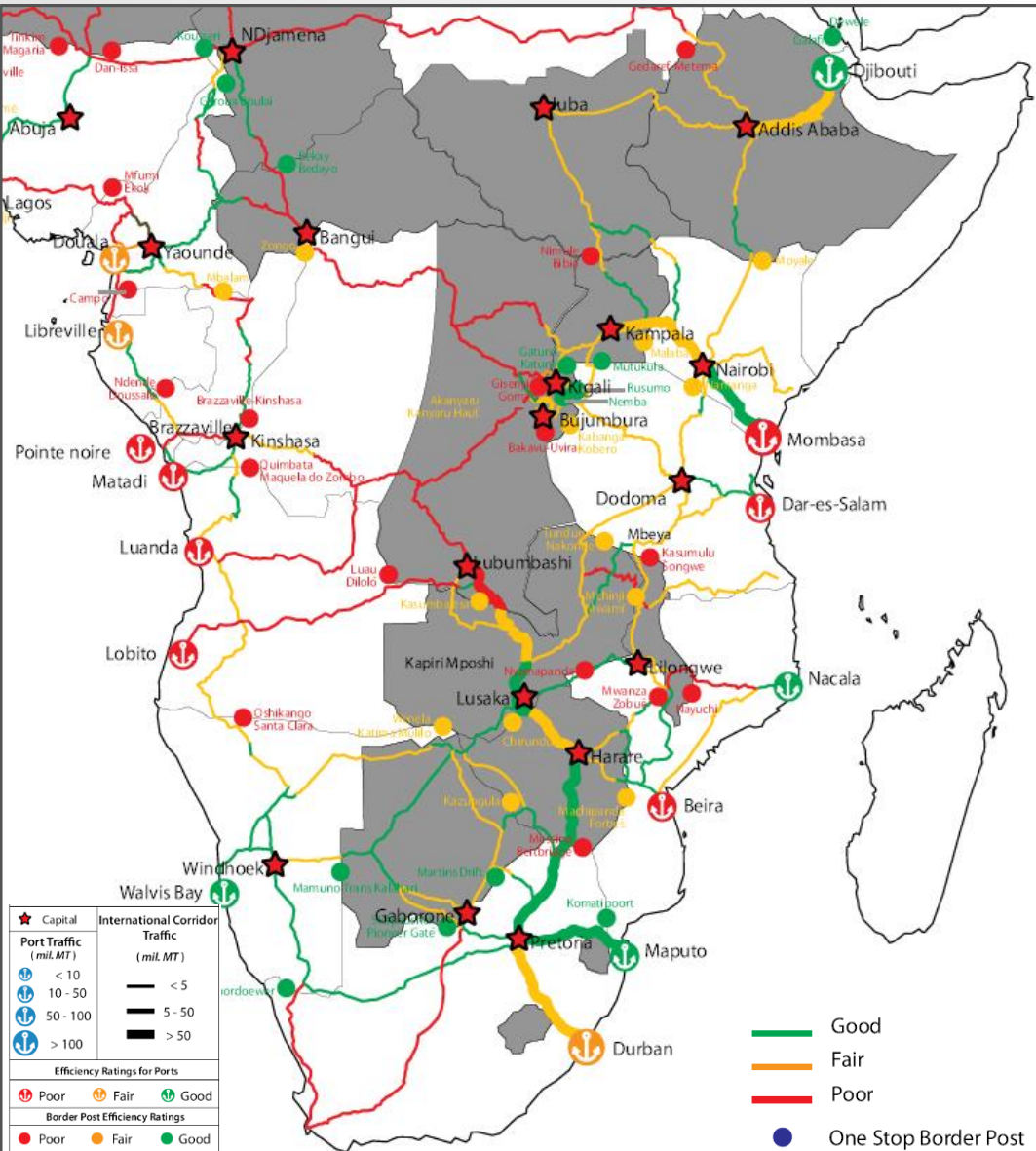
NORTH-SOUTH CORRIDOR ROUTE



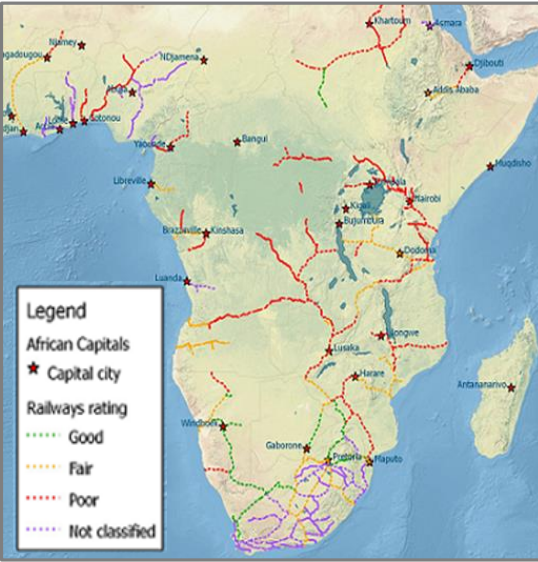
Source: C-BRTA (2014)

# MISSING LINKS AND FINANCING GAPS IDENTIFIED BY PIDA

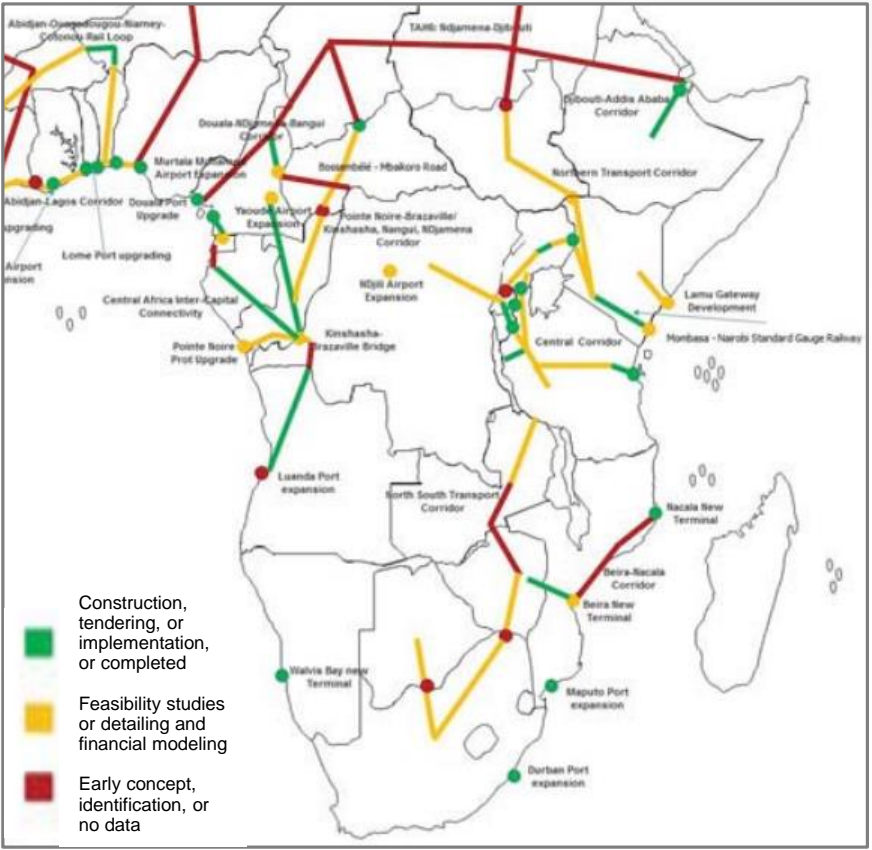
EFFICIENCY OF ARTIN CORRIDORS, BORDER CROSSINGS, AND PORTS (2009)



RAILWAY INFRASTRUCTURE CONDITION (2009)



PIDA PRIORITY ACTION PLAN PROGRESS UPDATE (2017)



# RECs' INFRASTRUCTURE PRIORITIES AND PLANS

## SADC

*SADC Regional Infrastructure Development Master Plan (2012), SADC Corridor Development Strategy (2008)*

- In July 2017, under PIDA, the SADC Task Force and Senior Officials responsible for both the North-South Corridor and the Beira Corridor cleared the legal instruments during their meetings in Beira, Mozambique.
- TA and capacity building for the Bulawayo Beitbridge Road project (Zimbabwe); guidance on border post reforms, e.g. Kazungula (Botswana/Zambia), Beitbridge (South Africa/Zimbabwe)

## EAC

*EAC Regional Transport Intermodal Strategy and Action Plan (2013-14)*

In May 2017, EAC Secretariat convened the 3rd EAC Regional PIDA meeting in Nairobi "The Scoping and Project Selection for Acceleration of The Development of EAC-based Multimodal Corridors" to shortlist mature projects from EAC to be packaged to bankability to unlock private investment.

- Supporting PIDA projects such as Dar es Salaam port modernization and upgrades (Tanzania)

## COMESA

*COMESA Region Key Economic Infrastructure Projects (2013)*

- Supporting PIDA projects such as upgrade of Serenje-Nakonde Road links (Zambia)

## IGAD

*IGAD Regional Transport and ICT Policy, Implementation Plan 2016-2020*

- Development of Sudan-Ethiopia Rail Line missing Link
- Trade facilitation study of Nairobi-Addis-Khartoum corridor
- Supporting individual PIDA links, e.g. Juba-Torit-Kapoeta-Nadapal road upgrade (Kenya, South Sudan)

SADC



EAC



COMESA



IGAD



# WORLD BANK'S PROJECT AND ANALYTICAL PIPELINE

## PRIORITY: SOUTHERN AFRICA TRADE AND TRANSPORT PROGRAM (SATTFP)

### A regional, multi-sector, and multi-phase program

- To facilitate trade integration by contributing to the alleviation of institutional, social, and physical constraints along the constituent parts of the NSC

### The SATTFP is a Series of Projects

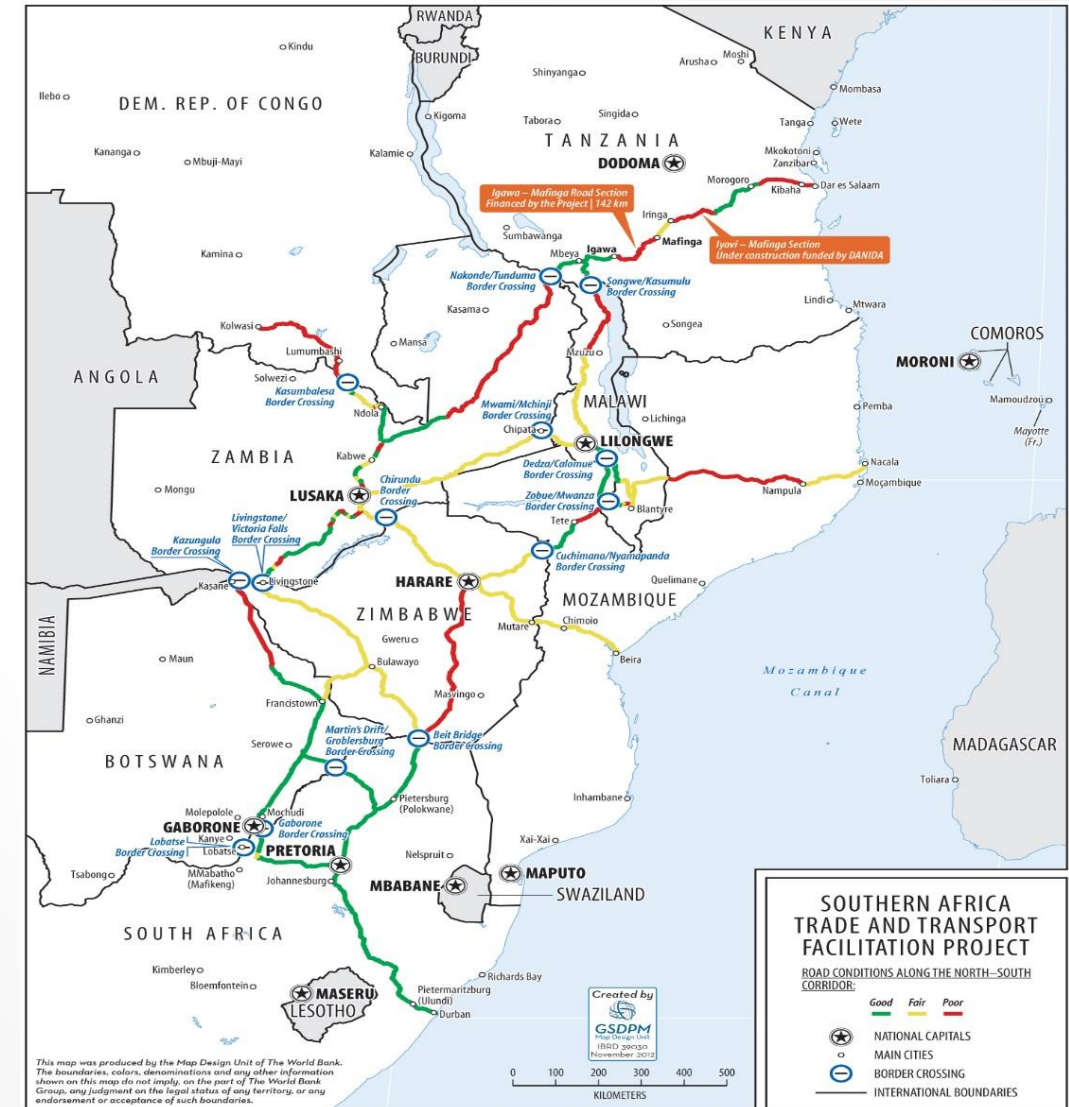
- The design and implementation of suitable interventions at a national level, implemented in sequence country by country

### Currently participating countries

- Tanzania (SOP1), Malawi (SOP2) – including the refurbishment of border crossings on the Nacala Corridor

### Potential participants

- Zambia, Mozambique, Zimbabwe, Botswana, and South Africa



# THANK YOU!

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