

The Evolution of African Ports Economics in the Age of Intermodal Transportation

Leveraging on Intermodal Corridors to Accelerate Economic Growth – The Role of the Port Authority

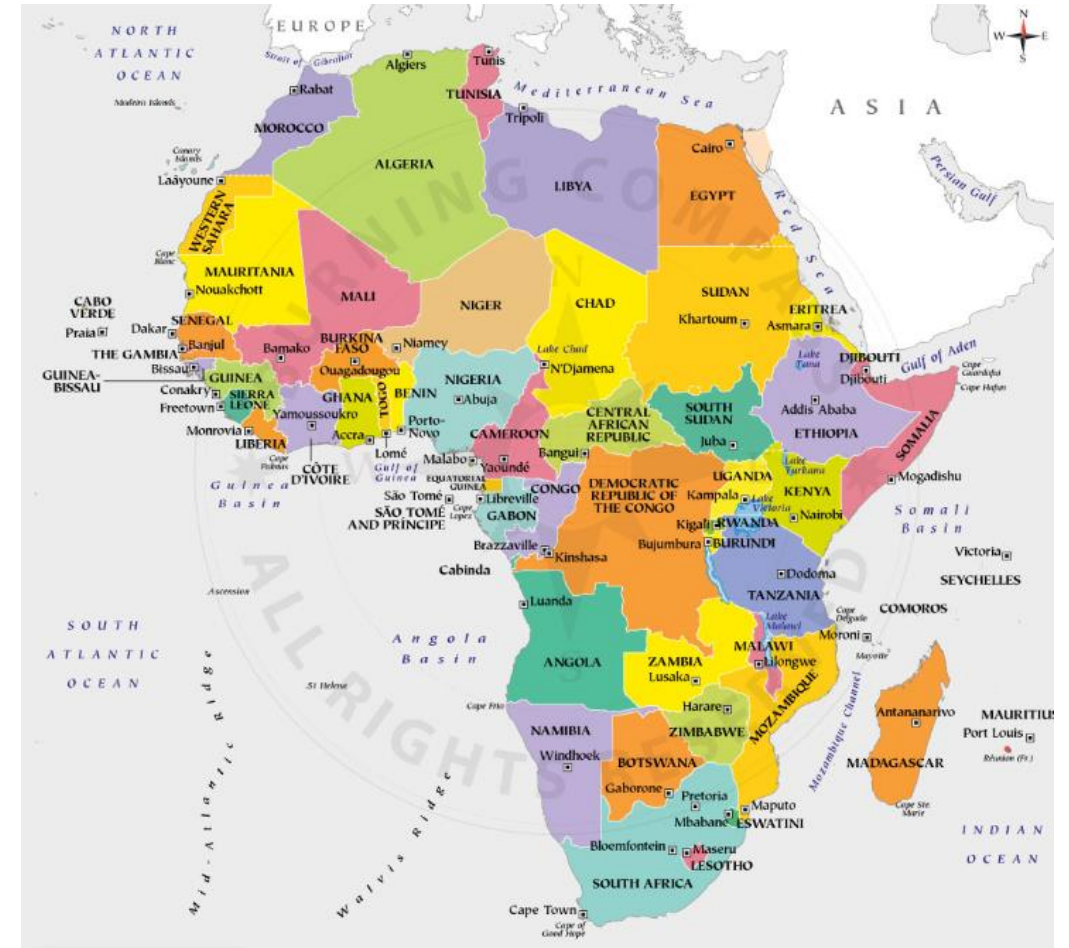
Exciting times ahead for Africa...

*“...multiple and dynamic shocks have weighed on Africa’s growth momentum, with growth in real gross domestic product (GDP) estimated at 3.8 percent in 2022, down from 4.8 percent in 2021. The GDP growth in 2022 is **above the global average of 3.4 percent**, and all but two African countries posted positive growth rates. Despite significant headwinds, Africa has also shown remarkable resilience, evident in the projected consolidation of economic growth in the medium term. The outlook remains positive and stable, with **a projected rebound to 4 percent in 2023 and further consolidation to 4.3 percent in 2024. Our projections show that 18 African countries will experience growth rates surpassing 5 percent in 2023, a number expected to increase to 22 in 2024.**”*

African Economic Outlook 2023, African Development Group

“...With Africa about to emerge as a major economic powerhouse...”

Beyond 2025: The Future of the African Growth and Opportunity Act, Centre for Strategic & International Studies



Opportunities for growth

We have the right ingredients:

- **Abundant natural resources:** massive reserves of raw materials – metal ores, minerals, petroleum,
- **Human potential:** the world's youngest and fastest-growing (tech savvy) population, growing cities, innovations in from fintech to clean energy

But also some constraints:

- Connectivity to international and regional markets
- Stable electricity for manufacturing



Connectivity

“African public- and private-sector leaders can find ways to realize the potential of the **African Continental Free Trade Agreement**, which aims to reduce border constraints that inhibit intracontinental trade and to enhance economies of scale, competitiveness, and flows of technology and talent across borders.”

Reimagining economic growth in Africa: Turning diversity into opportunity, McKinsey & Company

Connectivity to international & regional markets

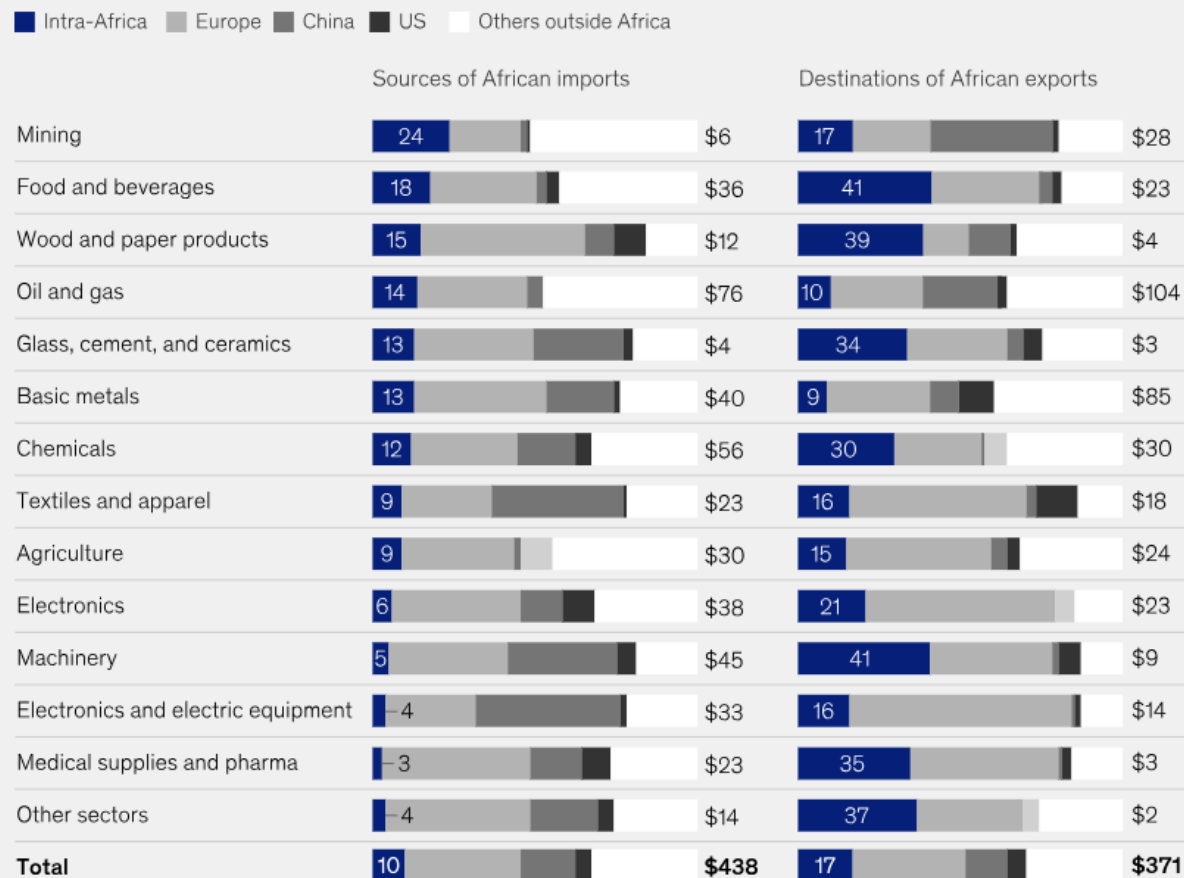
Africa is the least connected region - both on land and sea

- ❑ **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

Developing Bankable Transport Projects in Landlocked and Transit Developing Countries
- A Regional Connectivity Approach in Africa Region

Africa trades more with other world regions than itself.

Distribution of imports to and exports from Africa, 2021, %, with total value in billions¹



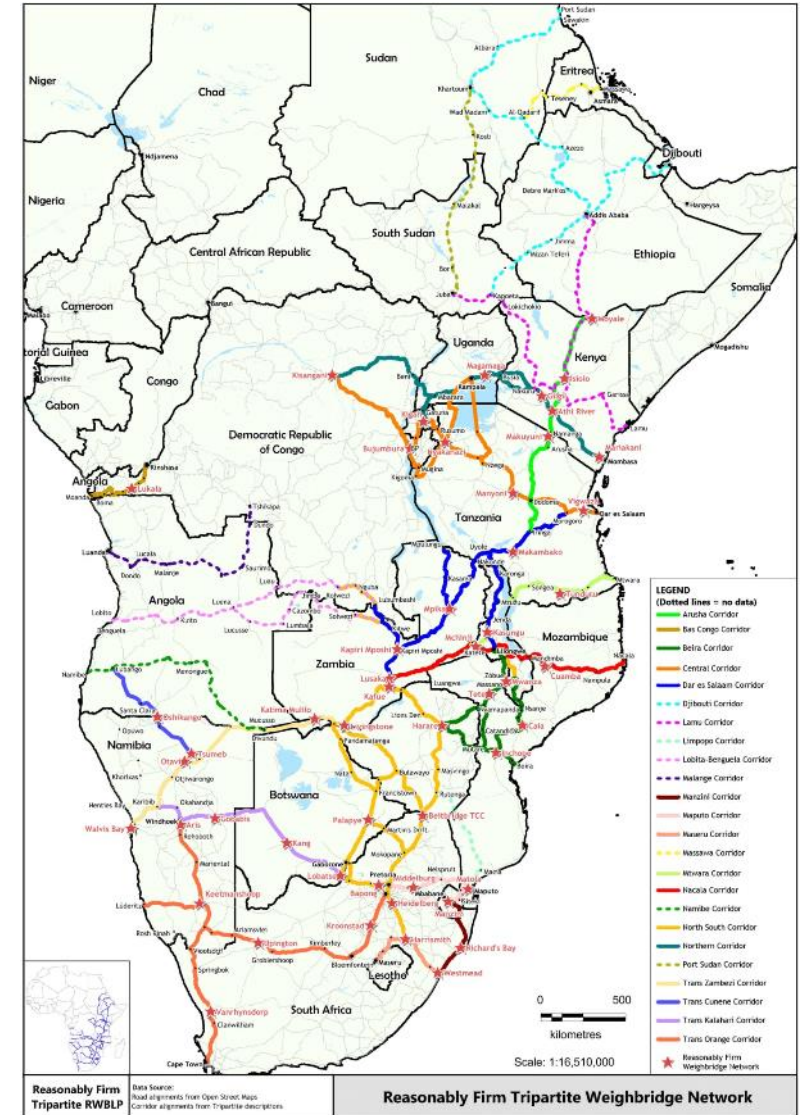
¹Based on data as reported as of March 2023. Sectors are approximated using two-digit Harmonized System codes. Source: UN Comtrade; McKinsey Global Institute analysis

Connectivity priorities

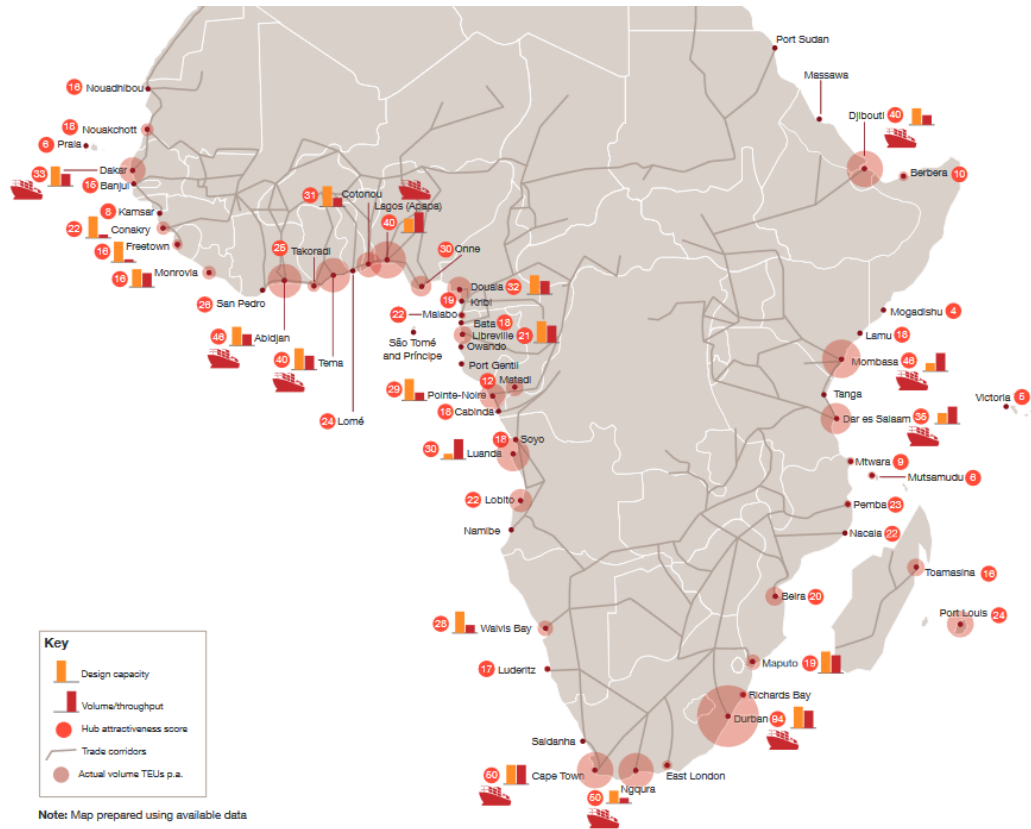
Transport priorities for the region

- ❑ **Introducing 2nd 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)

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Port Authorities – a key part of the solution



“Port actors have difficulty acting beyond the port perimeter but some port terminal operators have begun to demonstrate successful investments in inland terminals in order to manage their container throughput more strategically”

The role of intermodal transport in port regionalization (2013) Jason Monios and Gordon Wilmsmeier

- Identification of opportunities for extension/linking of corridors and participate actively in their development to reach further inland
- Identification of opportunities for short sea shipping to move goods around the continent