Accelerating Growth in the Zambia-Malawi-Mozambique Triangle

Media Statement by Moono Mupotola

Director of NEPAD Regional Integration and Trade Department at the African Development Bank

The Southern Africa region is made up of diverse economies with considerable potential to position itself as a hub and gateway for trade with the rest of the world. The vision of the Bank is for a stable, integrated and prospering continent of competitive, diversified and sustainably growing economies. Deeper regional integration is a must to promote inclusive growth in the Zambia-Malawi-Mozambique triangle. However, the ZMM triangle is faced with a number challenges hampering regional integration efforts. We need to transform these challenges into real economic opportunities.

Opportunities for greater regional integration

New resource discoveries present opportunities for investment, for example, Cabo Delgado Province in Mozambique hosts the world’s second largest liquefied natural gas (LNG) sites after Qatar. These new resource discoveries and existing resources such as copper in Zambia, coal in Tete Province of Mozambique offer tremendous opportunities for beneficiation and value chain linkages with local SMEs.

The three countries also have a huge tourism potential and could benefit from easing barriers to trade and investment in targeted sectors, putting in place measures to facilitate the movement of tourists and tour operators across the three countries. Such measures have been shown to be successful in East Africa between Kenya, Rwanda and Uganda which have adopted a single tourist visa that enables a visitor to experience the diversity of the three countries without applying or paying for another visa. Similar tailored approaches could be implemented in sectors such as agriculture, mining, and energy.

Improved corridor infrastructure plus trade facilitation arrangements also provide a great incentive for expanding business in the Zambia-Malawi-Mozambique Growth Triangle Initiative. The development of Nacala deep sea port, which can be carried out with minimal cost of dredging, and the related Nacala transport corridor could provide possibilities of becoming a gateway to the world. There is a US $200-million Japanese investment in additional infrastructure on the port and further investment in rail and roads linking the main rail.

Accelerating growth in the region through an integrated approach

Fortunately, we have a number of options to accelerate growth in the ZMM Triangle. We can look into a regional value-chain approach to leverage the unique strengths of the three countries and accelerate growth in the ZMMGT. For example, natural gas from Mozambique can be shipped to neighbouring countries to generate energy for industrial and domestic use,
while easing the pressure on wood fuel which has led to environmental degradation in the Triangle.

For this to happen, it is important to map and quantify the available resources endowments but also identify complementarities and put in place favourable policies for their extraction and beneficiation. Such regional beneficiation has been known to work in the region. For instance, copper concentrates in Katanga Province in the DRC is transported to smelter plants in Zambia’s Copper belt area for further processing into high-value copper cathodes before exportation. This can be replicated in other sectors.

We also need to leverage on the Tripartite Arrangement. Zambia and Malawi are members of COMESA, while the three ZMM-GT countries are all party to SADC and the Tripartite Arrangement. The tripartite arrangement can give access to an even bigger market of around 600 million people, ranging from Cape to Cairo. The opportunities are there to be tapped into.

**AfDB and development partners’ role in Africa’s regional integration transformation agenda**

The Bank Group and development partners have a big role to play. In its agenda for the transformation of Africa, the Bank outlined five priority areas: Light up and power Africa, Feed Africa, Industrialize Africa, Integrate Africa and Improve the quality of life for the people of Africa. These five areas, which are in line with the Bank’s Ten Year Strategy, have been termed the “High 5s.”

The Bank’s commitment is strong and between 2016 and 2020, the group will invest about US $12 billion and leverage some US $50 billion in public and private financing for investments in the energy sector under the **New Deal on Energy for Africa**. This will substantially help address power shortages to enhance competitiveness.

In the ZMM Growth Triangle, the Bank is funding the rehabilitation and upgrading of several road sections under the Nacala Corridor Projects, including the upgrading of 175 km of gravel road to bitumen standards between Muita and Lichinga, through Mandimba, as well as a One-Stop-Border-Post (OSBP) with Malawi. Similar investments have been made in Malawi (Zomba-Blantyre Roads; Liwonde Mangochi Road, and Lilongwe Bypass Road); as well as in Zambia.

The Bank is also supporting the three countries in the implementation of trade facilitation measures along the Nacala Corridor including establishment of single windows and one stop border posts.

The Bank also promotes skills for competitiveness by advocating for freer movement of talent and business persons as well as investing in centres of excellence to develop skills.