AfBD-WORLD BANK JOINT MEETINGS
21-22 JANUARY 2013, TUNIS

Opening Session Speech Delivered by Gilbert Mbesherubusa, AfDB Vice-President in charge of Infrastructure, Private Sector and Regional Integration

1. Welcome

Let me welcome you, Colin Bruce [Director, Strategy and Operations and Regional Integration, World Bank Group], and your delegation to the African Development Bank (AfDB) and to Tunis.

We appreciate you taking time from your busy schedules and travelling all the way for us to put our heads together on how best we can collectively respond to the rapidly changing African landscape and deepening regional integration.

2. The Changing African Landscape

As trends show, Africa is changing very rapidly challenging all conventional norms including the way we do business as Multilateral Development Banks (MDBs).

Before we could fully absorb the full implications of an “Emerging Africa” hosting among the fastest growing economies in the world, we are now faced with the new reality of Africa being the world’s new “Oil and Gas Frontier”. African countries are already grappling with how to manage this new natural resource wealth and need sound advice.

Human development indicators and demographics are also changing. Whereas in the past, most of Africa was treated as rural, by 2060, nearly 60 per cent of Africa’s population is expected to be in urban areas. Not to mention the dynamics of climate change and food security among other challenges which require new responses.

Africa’s rapidly changing landscape has also brought with it what can be termed a new “Scramble for Africa”. While the new interest in Africa and number of new players is a positive development, it nevertheless needs to be managed and both our institutions are best placed to guide Governments on how best to respond to
these new dynamics and demands. African Governments are looking at both our institutions for leadership, guidance and advice.

3. Deepening Regional Integration

Regional integration in Africa is deepening and maturing. Almost all regions of Africa have negotiated Free Trade Areas (FTAs) of one form or the other and some have even gone further into Customs Unions or Common Markets.

The 26 Tripartite countries (COMESA, EAC and SADC) account for a combined population of nearly 600 million people, representing 57 per cent of the total population and 58 per cent of Africa’s GDP at US $700 billion. The vision of an African Economic Community (AEC) with the Regional Economic Communities (RECs) as building blocks is therefore, no longer as far-fetched as it may have appeared a few decades ago.

Regional Integration has been a part of the AfDB’s Charter since its establishment in 1964, reflecting the Continent’s aspiration. In addition, over the last decade, the Bank has significantly increased its share of Multinational Operations (or Regional Operations) from 5.9 per cent (2000) to 15.4 per cent (2010) of total Bank Group’s volume of approvals informed by the Bank’s Regional Integration Strategy (RIS) which gave priority to infrastructure, trade and regional public goods.

It has to be recognized that multinational projects pose additional demands as these projects tend to be complex, involving multiple levels and layers of negotiations in concluding the requisite cross-border agreements required to make these projects happen. This requires additional resources, capacities and skills on the part of both the lenders and the borrowers.

The AfDB’s new Long Term Strategy (LTS) for the period 2013 to 2022 builds upon the achievements, lessons and experience of past efforts and seeks to bring innovation to responding to Africa’s changing and dynamic landscape.

The LTS has a focus on Regional Integration (regional infrastructure and trade); Private sector development; and Governance including economic governance; while paying special attention to the needs of Fragile States. It emphasizes
implementation partnerships with African countries and stakeholders, both public and private and also strategic partnerships with other players on the Continent.

4. **Peculiar Circumstances of Africa**

While there have been positive gains in Africa, challenges remain, two most obvious being, Fragile States and Landlocked countries. Africa has 17 Fragile States, constituting one of the regions of the world with the highest number of such States and this poses special challenges in responding to their needs.

Africa also has 16 landlocked countries whose geography poses special challenges in terms of access. For these countries issues of infrastructure connectivity, trade and transport facilitation become critical to their economic competitiveness and literally survival.

5. **Infrastructure and Trade Are Key**

Underperforming infrastructure and barriers to trade have long been recognized as among Africa’s major challenges, limiting Africa’s growth and competitiveness. While there have been major responses to infrastructure investments by our two institutions and others, the gap is still wide.

As regional markets deepen and Africa moves more towards borderless trade and investment, the basis is being created for value added manufacturing and industrialization and efficient infrastructure will become even more critical.

The Programme for Infrastructure Development in Africa (PIDA) provides the strategic framework and priority projects for Africa’s infrastructure connectivity and integration across the Continent. PIDA was approved by the African Heads of State and Government at the 18th AU Summit held in Addis Ababa, Ethiopia in January 2012 paving the way for resource mobilization and implementation.

Total financing requirements for PIDA up to the year 2040 are estimated at US $360 billion. Of this, the PIDA Priority Action Plan (PIDA PAP) constitutes priority investments of 51 projects at a cost of US $67.9 billion comprising investments in energy, transport, ICT and trans-boundary water up to the year 2020.
While the infrastructure needs are huge, there is currently an insufficient pipeline of well-prepared projects that could be presented to potential investors. There is therefore also an urgent need for adequate funding of project preparation activities to address this gap.

The AfDB through the Infrastructure Consortium for Africa (ICA) has just completed an assessment of infrastructure project preparatory facilities in Africa. The study identifies as many as sixty seven (67) infrastructure project preparatory facilities with a focus on Africa out of which only about 17 can be considered viable.

To develop the transport corridors, energy corridors, ICT corridors and, going forward, water transport corridors across Africa, requires a re-look of our traditional financing approaches to embracing new innovative financing approaches. It will also require that we blend hard and soft infrastructure not just in terms of trade and transport facilitation, but also developing new market rules for emerging regional markets for trade, transport, ICT and power.

But we also need to go further and address impact. How do these new infrastructure investments respond to the needs of the green economy, inclusive growth and also food security, enhanced delivery of social services and related considerations? These challenges present opportunities for innovation.

6. Joint Consultations Timely

In the light of foregoing, these joint consultations therefore come at the right time for us to put our heads together on how best to coordinate our operations in Africa in areas of mutual interest and focus.

We expect the outcome to be strengthened collaboration between our two institutions on regional integration in Africa by defining a more systematic approach to working together in the key areas that will form the basis for our discussions over the next two days.

Welcome once again Colin and Your Delegation. We look forward to fruitful deliberations. Please do not hesitate to contact me or any of my colleagues
present here should there be anything we can do to make your stay more comfortable. I thank you.