

2nd Global Review of Aid for Trade 2009

African Development Bank Activities
2008-2009



African Development
Bank Group



AFRICAN DEVELOPMENT BANK GROUP

Second Aid for Trade Global Review

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addressing some of these undesirable effects. The AfDB, in particular, through its increased focus on both physical infrastructure and private sector development, recognizes its important role in financing Aid for Trade.

Since its inception in 1964, the AfDB has been involved in the creation of projects that develop and support regional integration through the creation of infrastructure including transport-related infrastructure (mainly road and rail networks, airports and ports), energy (mainly electricity and, more recently, gas pipelines), and information and communication technology (a new area with development potential).

The AfDB also played an important role in enhancing regional integration by working with international, regional, and sub-regional development organizations as well as national governments. Over the years the AfDB has collaborated with the African Union Commission, the New Partnership for Africa's Development (NEPAD), all of the regional economic communities, multilateral development banks, United Nations organizations and other development-orientated organizations to enhance and ensure that long-term sustainable development is achieved in Africa.

IV. MAKING PROGRESS ON AID FOR TRADE

The AfDB has been actively involved in moving this agenda forward given the important role that trade can play in the economic development of Africa. To move the Aid-for-Trade agenda in Africa forward, the Heads of the AfDB, the UNECA, and the Deputy Director-General of the WTO agreed to set up an Africa Aid-for-Trade Working Group. This Group comprises senior officials from the three institutions and its main objectives are to implement the 2008 Aid-for-Trade Roadmap through the Maputo Action Plan and to identify potential projects in the pipeline, while working towards establishing an Aid-for-Trade Network and defining the roles of the three institutions. In addition, the Working Group implements the Aid-for-Trade Roadmap on the continent.

The following are the activities in which the AfDB has participated since the first Aid-for-Trade Global Review held in Geneva in November 2007: WTO Advisory Group meetings; Symposium on Monitoring and Evaluation: Identifying Indicators for Monitoring Aid for Trade; the STDF Workshop on Mobilizing Aid for Trade for Sanitary and Phytosanitary-related Technical Cooperation in East Africa; the Aid-for-Trade meeting with the Southern African Customs Union (SACU) in Namibia; the Geneva Trade and Development Forum Conference; the Trade Finance Expert Group Meetings; the Central Africa meeting with the International Trade Centre; the West Africa Meeting with the European Union on the Economic Partnership Agreements (EPAs); the Regional Integration Workshop in Tunis; and the Africa Aid-for-Trade Working Group Meetings.

Monitoring Aid for Trade

The AfDB has completed the WTO/OECD Aid-for-Trade Donor Questionnaire detailing its Aid-for-Trade activities in 2006 and 2007. Both regional and project departments that have benefited from Aid for Trade collaborated in this comprehensive exercise. The AfDB funds a large number of infrastructure projects, mainly transport infrastructure (roads) and energy. The new commitments for infrastructure in 2007 were 75 per cent (USD684 million) of the total Aid for Trade that the AfDB was providing. The percentage of Aid for Trade in the agricultural sector decreased to about 25 per cent (USD230 million) in 2007. However, disbursements for agricultural projects remained high, evidenced by statistics of 84 per cent in 2007 when compared to the 65 per cent disbursed in 2006.

Implementation

On 6 and 7 April 2009, the AfDB participated in the North-South Corridor High Level Conference in Lusaka, Zambia, which was organized by the COMESA-EAC-SADC Tripartite. Development partners pledged to offer strong support for this initiative and total commitments from various development partners amounted to approximately USD1.2 billion. The AfDB committed USD600 million for four years to support activities on the Corridor. For the period 2008 to 2010, the AfDB has earmarked investment on the North-South Corridor (USD380 million) comprising the following projects: (i) Kazungula Bridge (USD90 million); (ii) Zomba-Blantyre Road (USD35 million); (iii) Lilongwe Bypass (Nacala Corridor); (iv) Lusaka-Malawi border (Nacala Corridor) (USD81 million); and (v) Iringa-Dodoma Road (USD176 million). At the Conference participants stressed the need to develop similar initiatives in other regions.

On 22 May 2009, the AfDB's Group Executive Directors approved a UA22.98 million (USD 35.6 million) African Development Fund (ADF) loan and a grant of UA1.124 million (USD1.7 million) to finance the rehabilitation of the Blantyre-Zomba road, one of the projects on the North-South Corridor.

Box 1: Financing for the North-South Corridor – Blantyre-Zomba road

Blantyre-Zomba road is part of the North-South spine linking the southern part of Malawi to the central and northern regions and further on to Tanzania. The 60km road is an important link on Route 29 of the SADC Regional Trunk Road Network (RTRN). The project is to be implemented over a five-year period for a total financial requirement of UA26.713 million (USD41 million), comprising UA25.53 million (USD40 million) for the Blantyre-Zomba road. Notable impacts on the beneficiaries will include increased economic activities due to improved transport services with reductions in the cost of transport, travel time and improved road safety and ultimately improve the living standards of the communities in the zone of influence. There will be additional benefits from the project through acquisition of jobs during construction and obtaining sub-contracts for supply of goods and services.

An additional USD350 million is earmarked for intervention in linking corridors and a number of projects are in the pipeline for the 2011-2013 period. Under the NEPAD-IPPF facility, an amount of USD11.6 million is being processed for preparatory studies, capacity building and trade facilitation(s)8.645.92h.

