



Opening Remarks

Fifth Meeting of the Tripartite Council of Ministers

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[Greetings]

- Honourable Ministers,
- Your Excellency Chileshe Kapwepwe, Secretary General of COMESA and Chair of the Tripartite Task Force,
- Your Excellency Peter Mutuku Mathuki, Secretary General of EAC,
- Your Excellency Elias Magosi, Executive Secretary of SADC,
- Distinguished delegates,
- Ladies and gentlemen,
- All protocols observed.

[Introduction]

Good morning!

On behalf of Dr. Akinwumi Adesina, President of the African Development Bank Group, I would like to thank you for inviting me to address the fifth meeting of the Tripartite Council of Ministers.

The COMESA, EAC, and SADC Tripartite Free Trade Area—the TFTA—is key to the region’s development and the Bank is committed to work with you to accelerate its implementation. The TFTA is more than a free trade area but includes key aspects that will facilitate trade among the countries of the Tripartite region: infrastructure connectivity and industrial development.

[Tripartite Free Trade Area]

Honourable Ministers:

More than three years after the pandemic hit the world, we are still grappling with its effects.

Implementing the TFTA would help the region overcome the devastating effects of the pandemic and help address inherent challenges like small, fragmented markets and overlapping memberships in different regional economic communities.

Sometimes overlapping trade regimes are compatible. Sometimes they are not. In either case, they increase complexity and require more resources from individual countries.

One of the objectives of the TFTA was to resolve the challenges of overlapping memberships. And indeed, the process helped the creation of solid structures, negotiation modalities, rules, and guidelines. It is no coincidence that the AfCFTA's principles, texts, annexes, and architecture resemble those of the TFTA on many points.

Despite a long and arduous journey since the launch of the TFTA Agreement in June 2015, today's occasion marks a major milestone towards the realization of the TFTA. You have finalised the development of the implementation instruments, guidelines, and rules. The adoption of these instruments, which is the purpose of today's meeting, will pave way towards implementation of the Agreement.

In this regard, time is of the essence. Fourteen (14) ratifications are necessary for the Agreement to enter into force. Let us not lose this opportunity. Let us do what we can to accelerate the implementation of the TFTA, and ratification of the Agreement by those Member States that have not yet done so is key.

How will implementing the TFTA benefit all of Africa? Because when it comes to tariff liberalization, the TFTA is more ambitious and will pave way to implementation of the AfCFTA. Once operational, therefore, the TFTA will demonstrate the value of freer trade and spur continental integration. The tools that have been developed under the TFTA- such as the online tool for reporting and monitoring non-tariff barriers to trade (NTBs) will be useful beyond the TFTA and are integral to the AfCFTA NTBs architecture.

[The Bank's Portfolio]

We are cognisant of the fact that trade agreements only go so far. For trade to take off, infrastructure connectivity is necessary. That is why the Bank Group has invested in several large regional infrastructure. Let me name three.

- The first is a project to upgrade a road corridor between Kenya and South Sudan. Phase I of the project was approved in 2022 and will cover the road sections in Kenya. Worth US \$226 million, the project will improve transport connectivity.
- The second is the EAC Railway Rehabilitation Support Project. Worth US \$391 million, this project will improve rail services on the Northern Corridor and lower transportation costs in the EAC region.
- And the third is a US \$300 million loan to the Namibia Port Authority to help the Walvis Bay Port increase its capacity by over 70%. This would

make the port into an efficient gateway, not only for trade with Namibia, but for trade with the region's landlocked countries, such as Botswana, Zimbabwe, and Zambia.

Ports are at the heart of Africa's trade logistics: through them transits 80% of the continent's trade. That is why the Bank has stepped up its financing for ports recently.

These three projects and others like them, come in addition to the Bank's technical assistance projects, such as our financing of the first and second phases of the Tripartite Capacity Building Program. This project has supported the processes including the development of the NTBs online tool and the instruments, guidelines and rules that will be considered today.

[The Infrastructure Gap]

But we know that the Bank's support and that of other development financiers can only stretch so far. Especially when it comes to the infrastructure gap.

Whether for roads, for rail, for water, ICT or for energy, Africa's gaps in infrastructure are among the largest in the world.

To close the gap, Africa will have to double annual investments in infrastructure to \$150 billion by 2025. We see several solutions.

The first is to reallocate government financing to crowd in private-sector financing. Concentrating public financing in infrastructure that is less commercially viable but more socially enriching—like water, sanitation, and transport—would reserve more commercially attractive opportunities, like energy infrastructure, for private investment.

Second, governments should mitigate risks around commercially viable opportunities, to make them more attractive to private investors. Less than 10 percent of infrastructure projects in Africa reach financial close. By reducing political, currency, and regulatory risks and by better preparing projects, governments would increase the flow of bankable deals.

This is why we created the NEPAD Infrastructure Project Preparation Facility. Since inception, the facility has catalyzed infrastructure investments worth more than \$24 billion.

A third solution is to imbed stronger capacity within countries and regional economic communities like COMESA, EAC, or SADC. Planning, negotiating,

allocating risk—strong skills in these areas help governments and intergovernmental organizations make smart choices from the pipeline of projects.

[The Bank's Moves Forward]

At the same time, we are growing our own capacity as the Bank.

For example, in December of 2022, the shareholders of the African Development Fund replenished the Fund to the amount of US \$8.9 billion. It was the largest replenishment in the history of the Fund, and it was secured with the support of many of the ministers of finance in this room today. Ladies and gentlemen, thank you again for the tremendous support during the negotiations' process.

We are now exploring options for leveraging more resources from global capital markets. The Fund has \$25 billion in equity. Leveraging part of this equity could help raise billions more from financial markets, drastically increasing the size of replenishments going forward.

We are also moving aggressively to mobilize finance to tackle Africa's food insecurity. Just two months ago, we organized the Dakar 2 Food Africa Summit in partnership with the AU and Senegalese development partners. The participants of the Summit committed US \$20 billion, and the Bank committed \$10 billion more. These resources will catalyze investments in projects that boost the resilience of Africa's agricultural and foods systems, whether through infrastructure, through processing and value addition, or through market development.

[Conclusion]

Honorable Ministers:

I will conclude by thanking you, Madam Kapwepwe, as well as your team at the T-REC Secretariat and your peers within COMESA, EAC, and SADC for your tireless work to integrate the region on multiple fronts: including trade, security, the economy, the environment, and more. It is because of dedication like yours that the African Development Bank Group, your Bank, is so optimistic about the future of our continent.

On behalf of the President of the African Development Bank Group, I reiterate the Bank's unwavering commitment to work with the T-REC Secretariats and its Member States, development partners, and the private sector, to mobilize the resources needed to reap the benefits of freer trade.

Thank you.

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