



United Nations
Economic Commission for Africa

**Opening Remarks at the Specialised Technical
Committee on Transport, Energy and Tourism**

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Salutations:

On behalf of the Economic Commission for Africa's Executive Secretary, Mr. Abdalla Hamdok, the ECA's delegation and my own behalf, I would like to thank the Government and the People of Togo for the hospitality that we have received. Let me also thank the African Union Commission, for their leadership in this great partnership that we continue to enjoy as the two leading Pan-African institutions based in Addis Ababa, Ethiopia.

This is the First meeting of the Specialized Technical Committee on Transport, Energy and Tourism. It is the first time that these interrelated and crucial sectors meet under one roof. It is our hope that the cross sectoral inputs that will be shared during this week will enrich each sector's contribution to the transformation of the African economy.

Looking at the objectives of this Specialised Technical Committee meeting which are:

- To review the implementation status of the Decisions and Declarations adopted at the previous ministerial conferences and African Union (AU) Assembly sessions on transport, energy and tourism;
- Evaluate the progress made by major regional and international institutions in financing and investing in regional projects in the energy, transport and tourism sectors, especially those in the PIDA and other flagship projects under the AU Agenda 2063;
- Analyze ways of increasing domestic and regional financial resources for funding regional transport, energy and tourism projects;
- and to adopt updated action plans for infrastructure programs and initiatives to be undertaken for the period 2016-2018 at regional and continental levels.

I would like to focus my remarks mainly on the issue of infrastructure development, and the role of the ECA in support of the African agenda, especially our role in partnership with the AUC and other continental and Sub-regional bodies.

You will agree with me that the infrastructure landscape in Africa has been changing but not at the pace that we would like to see for

Africa's transformation.

Unfortunately, as noted in many publications, our continent has not done so well in infrastructure development, and as such, it is the least connected. Some estimates show that this is costing Africa between 2 to 3 percentage points of GDP growth every year. All of us gathered here are clear on the main reasons why we are where we are, and it is my hope that through this Specialised Technical Committee Meeting, we will be able to address some of the issues.

It is for this reason that the Programme for Infrastructure Development in Africa and other infrastructural programs, aim at connecting Africa through seamless infrastructure to address, amongst many issues, the small and unviable African markets, the limited and low level of job creation, the limited share of intra-Africa trade, the regional water resources and basins that are not managed well, ICT bandwidth which is the lowest among world regions, limited access to electricity and other modern sources of energy, inefficient transport logistics for goods, among other fault-lines.

Ladies and Gentlemen,

What are some of the emerging lessons in infrastructure development in Africa?

- There is no much disagreement as to where infrastructure deficiencies need to be mostly addressed, that is at the country level. However, for Africa to realize the full benefits of infrastructure investments, there is need for greater coordination, especially through the Regional Economic Communities. And at this point, I would like to commend the efforts of the African Development Bank and other multilateral development banks for coming up with financing instruments through their various windows that foster transboundary infrastructure development.
- Secondly, it is of no use to develop infrastructure, if the distribution of the associated services is constrained. For instance, the delivery of electricity services has been the biggest infrastructure challenge, limiting opportunities for businesses and industries to function effectively. On this point, a few countries are achieving success. Recently, Kenya

electricity access has increased to over 60 percent up from around 30 percent a few years back. As the ECA Global Tracking Framework (2017) shows, access to electricity is still one of the biggest challenge in many African countries and threatening to derail and reverse the economic performance of these countries.

- As we all know, the cost of transport and related logistics is a key element in being competitive. However, inadequate policies and infrastructure management are also key in making costs to be high. I would therefore like to encourage that even as we focus our attention on developing hard infrastructure, we do not lose sight of the necessity to support the efforts of Ministers in Charge of Trade and Integration to realize a Continental Free Trade Area (CFTA), that encompasses rules for intra-African trade in goods and in services, key among the latter being infrastructure services such as energy, and transport and logistics services among others.
- In the same vein, logistics performance needs to be addressed, particularly at the ports and their linked nodes as a matter of urgency. According to literature, Africa has three countries in the global top 50 (South Africa, Tunisia, and Morocco) but 27 in the bottom 50. The international norms for port performance (that is the number of days to get a container out) are 3-4 days from arrival. Durban, Casablanca, and Tunis are close to such performance, but the average for Africa's other large ports is 16 days.
- Still related to performance, the air transport costs are particularly important for tourism, business and high-value products. Opening access and eliminating ownership restrictions would increase the number of flights, reduce fares, and improve service.
- On the question of infrastructure financing, the funding from external sources tripled between 2004 and 2012 despite worldwide recession. Funding increase benefitted all countries but some countries get more and others less. The most important point that continue to be downplayed is that funding for infrastructure in Africa from domestically financed budget has increased dramatically and tend to dwarf funding from ODA sector. African countries finance about 65 percent of their infrastructure expenditures (\$60 billion). South Africa dominates

- these expenditures with about \$29 billion (in 2012), with Kenya, the next country, allocating about \$3 billion.
- Lastly, most of Africa is still predominantly rural. This situation is changing rapidly. It is estimated that by 2035, 50 percent of the population will live in urban areas. Currently, the challenges of urbanization and the need for critical infrastructure is already evident.
 - Therefore, considering these lessons (which are not exhaustive), the agenda of what needs to be done is now well documented and appreciated. The imperative now is to give a singular focus on the task of building the priority infrastructure.

Ladies and Gentlemen,

What then is it that we have been doing as ECA in this Agenda?

- Over the years, the ECA has been in partnership with AUC and other continental and Sub-regional bodies in furthering the African infrastructure agenda. We have given material support to all the AU infrastructure initiatives, particularly in areas of energy and transport, as well as specialists' studies, the recent of which was the Domestic Resource Mobilization for Infrastructure Projects, which was completed in 2015. We have also assisted in organizing the previous Conference of Energy and Transport Ministers for Africa, which are forerunners to the current STC.
- Significantly, and since 2010, we have, in partnership with AUC and NEPAD Policy and Coordinating Agency, been at the forefront of increasing the share of renewable energy through modern bioenergy development. This partnership has been successful in putting the bioenergy development centrally to African energy infrastructure discourse.
- To facilitate private sector investment in transboundary infrastructure in Africa, ECA at the request of African heads of state, undertook a comprehensive mapping of all policies, law and regulations pertaining to investment in infrastructure in Africa. A regional framework has been finalized and will soon be submitted to the AU Assembly for approval.
- It pleases me to note that the Yamoussoukro Decision conceived years back at ECA, will possibly this year, graduate

- into a Single African Air Transport Market (SAATM), ready for full operationalization.
- ECA also prepared, at the request of the NEPAD HSGOC, an advocacy tool to accelerate interest and investment in the 16 Dakar Financing Summit projects. The tool was launched in Dakar at the request of President Macky Sall.
 - ECA is assisting in popularizing the Lamu Port and South Sudan Ethiopian Transport (LAPSSET) corridor projects and making them more attractive to investors by demonstrating their economic, social and developmental benefits using a timeline and credible statistics to trigger private and public partnership. At the same time, we are helping forge closer working relationship (and remove elements which undermine implementation) between Ethiopia, South Sudan and Kenya in the context of LAPSSET.
 - A risk study is underway to better understand the nature, depth and impact of risks which may inhibit investment and private sector interest. The study includes de-risking steps and mitigation strategies.
 - ECA has just concluded a research study on 'Tourism Growth in Africa: Aviation and Tourism Policy Convergence' which aims at scaling up the rightful roles of the two sectors in African economies.

Let me conclude by saying that the ECA is committed in contributing to the sectors being addressed in this STC, mainly through shaping new discourses as well as tracking and documenting progresses. For instance, the ECA is currently undertaking the Global Tracking Framework in order to assess progress achieved in increasing universal energy access, doubling the share of renewable energy, and increasing energy efficiency. Similar monitoring and reporting frameworks could be done on Transport and Tourism.

I thank you for your kind attention