

# Regional Integration Strategy, Aid for Trade

*Kennedy K. Mbekeani*  
*NEPAD, Regional Integration and Trade*  
*Department*



African Development Bank Group

# AfDB

## Regional Integration at the Core of AfDB's Mandate

- Regional Integration has been part of the **AfDB's Charter** since its establishment in **1964**.
- The **2003-2007 Strategic Plan**, adopted in **2000**, placed regional infrastructure development as a central pillar.
- The **High Level Panel (HLP)** reaffirmed in **2007** that *“economic integration should be a prime policy of the Bank and a distinguishing feature of its programs”*.
- Regional integration was also identified as an area of increased focus in the **Bank's Medium term Strategy (MTS) for 2008-2012**.
- The HLP and the MTS provide the framework for the Bank Group **Regional Integration Strategy (RIS) for 2009-2012**.

# RIS: Outcomes and Objectives

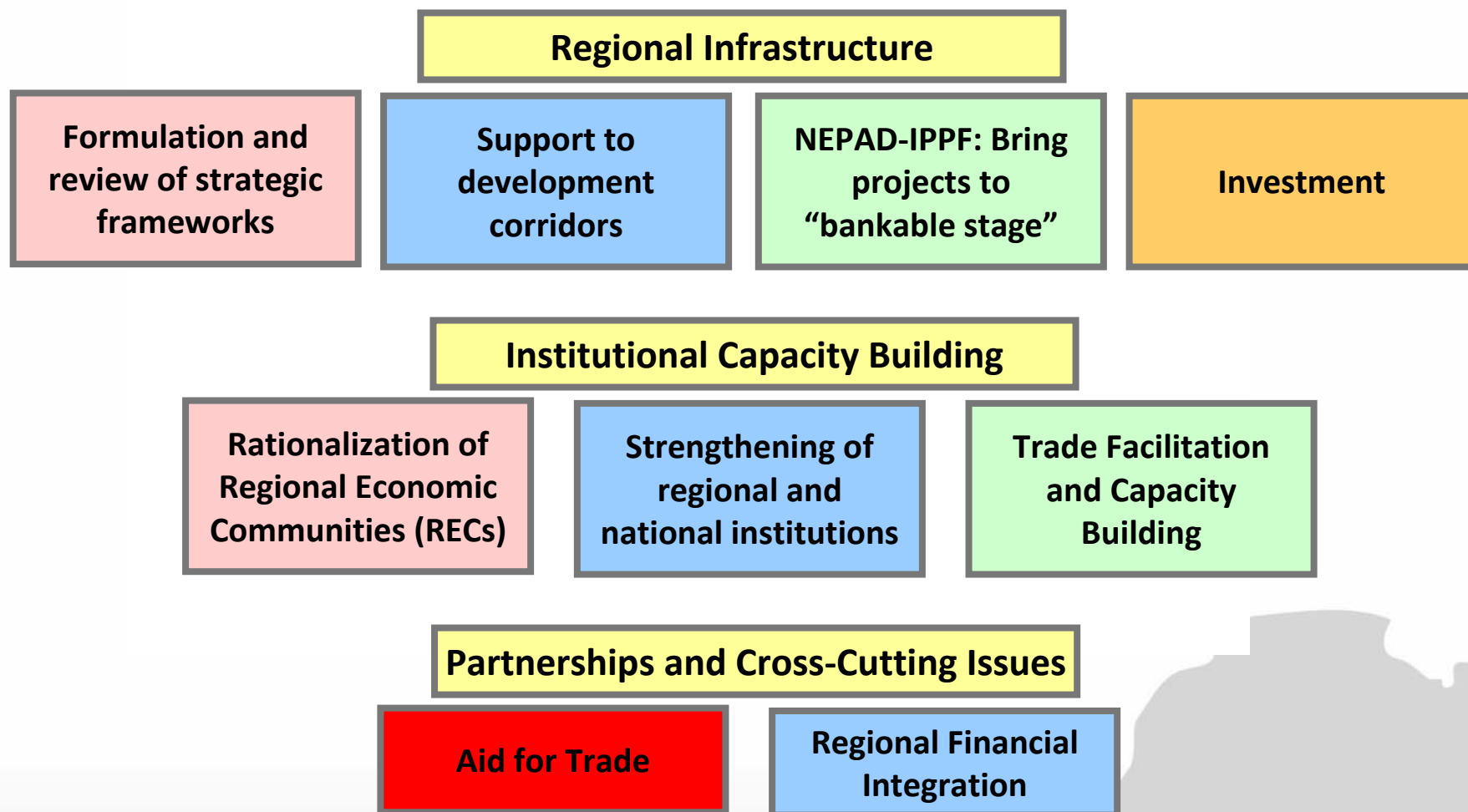
## Strategic Outcomes

- Attract foreign direct investment, deepen private sector involvement, and foster economies of scale.
- Enhance African presence in the global marketplace and intra-regional trade.
- Establish an effective African “voice” on development and regional integration.
- Efficiently provide regional public goods.

## Strategic Objectives

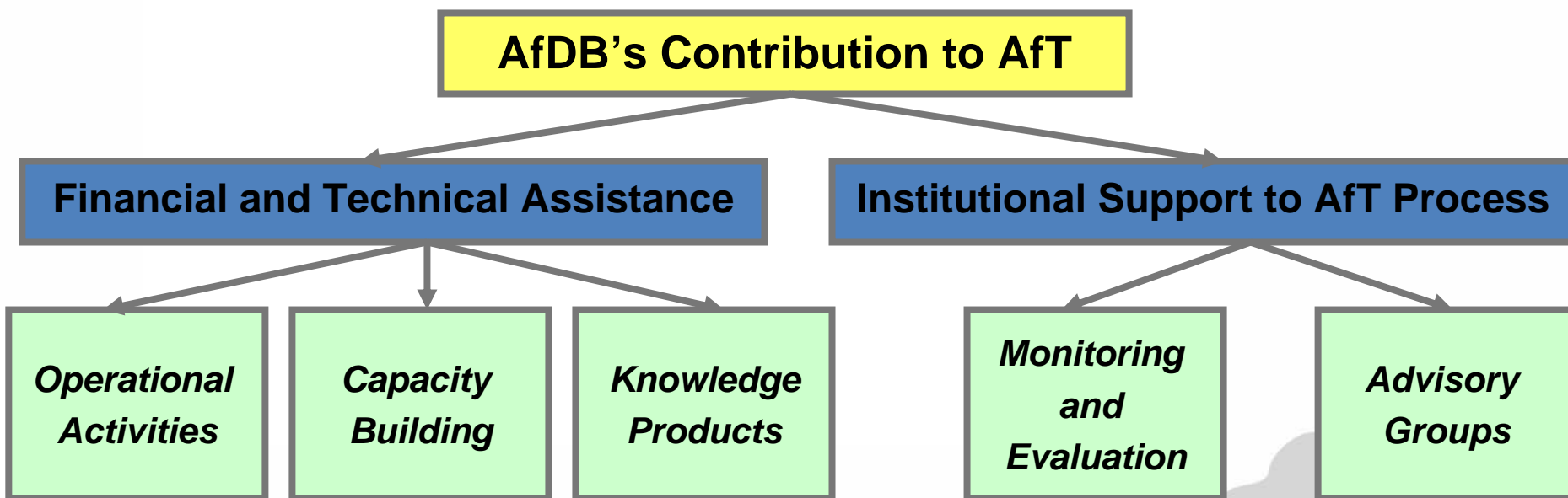
- Establish an effective institutional framework to promote trade and integration.
- Mobilize resources (financial, technical and knowledge) to ensure delivery of priority regional programs.
- Facilitate enabling policy framework for investment.

# RIS: Pillars and Cross Cutting Issues



# The AfDB's Contribution to Aid for Trade (AfT)

The AfDB's contribution to the Aid for Trade agenda is defined in the context of the **Regional Integration Strategy**.



# Financial and Technical Assistance: Operational Activities

## • Infrastructure Investment

- Infrastructure accounts for over **75% of the AfDB's activities** in AfT.
- In 2008, the AfDB invested nearly **US\$ 2.2. billion** in infrastructure: 45.4% in transport; 37.8% in power supply; 16.8% in other infrastructure.
- Investments in infrastructure have been **scaled up**.
- The AfDB has supported infrastructure projects such as the North-South Corridor, as well as trade facilitation projects within corridors:
  - *During the recent North-South Corridor Conference, the Bank committed **US\$ 600 million** for 2009-2012 to support activities in the corridor.*
  - *The Bank has also approved **US\$ 37.5 million** for the Blantyre-Zomba road and **US\$181 million** for the Nacala corridor.*

# Financial and Technical Assistance: Capacity Building

## • Trade policy and regulation

- Training of trade policy officials, especially through the African Development Institute.
- Support to trade facilitation programs to increase cross-border trade and regional integration.
- Participation in the Global Facilitation Partnership for Transportation and Trade (GFP).

## • Productive capacity building

- During 2006 and 2007, the AfDB committed US\$336 million and US\$230 million respectively to the agricultural sector.

## • Trade development

- Provision of emergency funds to support trade such as the Trade Finance Initiative.



# Financial and Technical Assistance: Knowledge Products

- **Studies, Reports and Policy Advice**
  - Conduction of studies, such as the African Competitiveness Report, and reporting on markets and trade in Africa.
  - Support to RMCs and RECs in the formulation of AfT strategies and trade policy.





# ■ Institutional Support to AfT Process

## • Monitoring and evaluation

- Monitoring and reporting of AfDB's financial commitments.
- Participation in and support to national and regional AfT reviews:
  - *First regional review was held in Tanzania in 2007.*
  - *Eastern and Southern Africa sub-regional review was held in Lusaka in April 2009.*
  - *Regional reviews are planned for other sub-regions in 2010 and 2011.*
- Participation in the AfT Global Review conducted by the WTO.

## • Advisory Groups

- Participation in WTO AfT Advisory Group.
- Leadership of the Africa AfT Working Group.



# Bank's Commitment

- The AfDB recognizes the importance of Aid for Trade in support of the **trade liberalization** agenda and its capacity to foster **economic growth**.
- The AfDB is committed to playing a **leadership role** in the implementation of the AfT in Africa by:
  - Addressing soft and hard infrastructure constraints through **operational activities**;
  - Assisting in **institutional capacity building**;
  - Providing **knowledge**;
  - Enhancing the **monitoring and evaluation** agenda to show the impact of AfT;
  - Sharing **lessons** with other donors, member countries and regional economic communities.