



# The AfCFTA

## The need for connecting infrastructure

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Africa's lack of connecting infrastructure such as bad roads and limited railways between neighbouring countries increases transport costs and creates delays. Poor infrastructure and bad maintenance reduce the competitiveness of businesses and undermine much-needed investment flows. In some East African countries transport costs are estimated to be about **five times more than** in Europe and North America even as neighbours exploit opportunities with their landlocked neighbours - which is a long list of countries including Ethiopia, Uganda, Rwanda, Burundi, Lesotho, Eswatini, Zimbabwe, Malawi, Uganda, Burundi, Rwanda and South Sudan.

For example, Africa has an average of **204 km of roads per 1 000 km<sup>2</sup>**, of which only one-quarter is paved. This average lags far behind the world average of 944 km of roads per 1 000 km<sup>2</sup>, of which more than half is paved. Most of the continent's paved roads can also be found in a single country — South Africa — where they are seriously degrading due to corruption and lack of maintenance.

According to the [African Development Bank](#), Africa has an annual infrastructure funding gap of US\$130 to US\$170 billion, with an annual financing gap of US\$68 to US\$108 billion.

Poor investment in infrastructure is compounded by lack of real commitment to regionalism. The Yamoussoukro Declaration of 1988 and the subsequent Yamoussoukro Decision of 1999, both named after the city in Cote d'Ivoire where the agreement was signed, commit its 44 signatory countries to deregulate air services and promote regional air markets open to transnational competition. Although the Yamoussoukro Decision became binding in 2002, it was largely ignored. Eventually, in 2018, 23 countries created the Single African Air Transport Market ([SAATM](#)) to allow for the full liberalisation of African air travel and a true open-skies agreement. But progress remains painfully slow.

In 2015, the International Air Transport Association ([IATA](#)) estimated that cross-border deregulation among just 12 African countries would create 5 million new passengers, US\$1.3 billion in annual GDP growth and 155 000 jobs. Instead, Africa's aviation sector remains constrained by excessive bureaucracy, high costs and a lack of an accommodating regulatory environment. Instead of facilitating business and tourism, access by air is a constraint, as countries restrict access to their skies to protect the share held by inefficient state-owned air carriers — with the lone exception of the thriving Ethiopian Airlines. Most African countries remain wedded to the notion that a national air carrier, owned by the government, is a non-negotiable signpost of national sovereignty instead of looking to the most cost-efficient way to connect.

Recent progress in building and financing infrastructure was largely spurred by the excess capacity that became available from China some years ago as its economy restructured towards domestic consumption. In the process, China effectively used its large fiscal surplus to export its spare infrastructure-build capacity, which was eventually packaged as the Belt and Road Initiative. The theme on [infrastructure](#) presents some of the associated challenges.

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## About the authors

**Dr Blessing Chipanda** joined the African Futures and Innovation (AFI) programme in January 2023. Before joining the ISS he worked as an assistant lecturer/research assistant at the University of Pretoria, Department of Economics. He is particularly interested in tasks within the wider realm of international trade, development economics, public policy, monetary policy, and econometric modelling. Equally interested in economic and socio-economic activities that impact social welfare. Blessing has a PhD in economics from the University of Pretoria, South Africa.

**Dr Jakkie Cilliers** is the ISS's founder and former executive director. He currently serves as chair of the ISS Board of Trustees, head of the African Futures and Innovation (AFI) programme at the Pretoria office of the Institute, and is an extraordinary professor at the University of Pretoria. His 2017 best-seller *Fate of the Nation* addresses South Africa's futures from political, economic and social perspectives. His three most recent books, *Africa First! Igniting a Growth Revolution* (March 2020), *The Future of Africa: Challenges and Opportunities* (April 2021), and *Africa Tomorrow: Pathways to Prosperity* (June 2022) take a rigorous look at the continent as a whole.

## About African Futures & Innovation

Scenarios and forecasting can help Africa identify and respond to opportunities and threats. The work of the African Futures & Innovation (AFI) program at the Institute for Security Studies aims to understand and address a widening gap between indices of wellbeing in Africa and elsewhere in the world. The AFI helps stakeholders understand likely future developments. Research findings and their policy implications are widely disseminated, often in collaboration with in-country partners. Forecasting tools inspire debate and provide insights into possible trajectories that inform planning, prioritisation and effective resource allocation. Africa's future depends on today's choices and actions by governments and their non-governmental and international partners. The AFI provides empirical data that informs short- and medium-term decisions with long-term implications. The AFI enhances Africa's capacity to prepare for and respond to future challenges. The program is headed by Dr Jakkie Cilliers.