The AfCFTA

The need for connecting infrastructure

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The need for connecting infrastructure

Africa's lack of connecting infrastructure such as roads and railways between neighbouring countries increases transport costs and creates delays. Poor infrastructure and bad maintenance of existing infrastructure reduce the competitiveness of businesses and undermine much-needed investment flows. In some East African countries, for example, transport costs are estimated to be about five times more than in European countries and North America.[1] As many states are landlocked (e.g. Ethiopia, Uganda, Rwanda, Burundi, Lesotho, Eswatini, Zimbabwe, Malawi, Uganda, Burundi, Rwanda and South Sudan), they are dependent on their neighbours for access to the sea.

According to the African Development Bank, Africa has an annual infrastructure funding gap of US$130 billion to US$170 billion, with an annual financing gap of US$68 billion to US$108 billion.[2] The numbers speak for themselves. Africa has an average of 204 km of roads per 1 000 km^2, of which only one-quarter is paved. This average lags far behind the world average of 944 km of roads per 1 000 km^2, 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.[3]

The Yamoussoukro Declaration of 1988 and the subsequent Yamoussoukro Decision of 1999, both named after the Ivorian city in which it was agreed, 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. Then, 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.[4] 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 many African 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.[5] Most African countries, such as South Africa, remain wedded to the notion that a national air carrier, owned by the government, is a non-negotiable signpost of independence instead of looking to the most cost-efficient way to connect.

However, there has been recent progress in building and financing infrastructure projects. This was largely spurred by the excess capacity to build infrastructure that became available from China some years ago as its economy was restructured towards domestic consumption. In the process, China effectively exported the excess infrastructure-build capacity, which was eventually packaged as its Belt and Road Initiative, which intends to connect China to the rest of Asia, Africa, and even Europe. Various aspects relating to connecting infrastructure is the theme on infrastructure.

Endnotes

1. African Development Bank Group, Eastern Africa Regional Integration Strategy Paper 2018–2022, Abidjan: African Development Bank Group, 2018
2. African Development Bank Group, African Economic Outlook 2018, Abidjan: African Development Bank Group, 2018, 63
3. Ashurst, Road infrastructure in Africa, 2016
4. TM Johnson, Looking skyward towards African economic integration, *Daily Maverick*, 11 March 2018
5. C Schlumberger, *Open Skies for Africa: Implementing the Yamoussoukro Decision*, Washington, DC: World Bank, 2010

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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 of the ISS. He currently serves as chair of the ISS Board of Trustees and head of the African Futures and Innovation (AFI) programme at the Pretoria oce of the ISS. 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.

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