CONNECTING AFRICA THROUGH NEPAD
REGIONAL INFRASTRUCTURE DEVELOPMENT PROGRAM

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OUTLINE

- THE NEED FOR INFRASTRUCTURE
- THE AU/NEPAD RESPONSE
- THE NEPAD-IPPF SPECIAL FUND
- CHALLENGES IN PROJECTS PREPARATION
- CAPACITY BUILDING INITIATIVES
- CONCLUSION
THE NEED FOR INFRASTRUCTURE
Regional infrastructure leads to large projects capable of attracting more private sector investments

Efficient infrastructure network generates new investments in other sectors

Weak infrastructure linkages condemns Africa to low competitiveness in the global market

African countries, individually, too small to generate economies of scale found in larger markets

Achieving meaningful integration is key to economic growth and competitiveness
STRATEGIC OBJECTIVES:

- AU/NEPAD aims at promoting regional integration in the continent to generate economies of scale.
- Bridging the infrastructure gap identified as an important element of promoting regional integration in Africa.
- Development of regional infrastructure is critical for sustaining regional economic development and trade.
- NEPAD Strategic Framework made up of
  - Short Term Action Plan (STAP)
  - Medium to Long Term Strategic Framework (MLTSF)
- AU Strategic planning – AU Infrastructure Master Plan
- AU/NEPAD Infrastructure Project Preparation Facility created to facilitate project preparation
- Merging the two continental initiatives into PIDA – Program for Infrastructure Development in Africa
STAP projects and Programmes are mainly of four types:

- **Facilitation** – establishment of policy, regulatory and institutional framework to create a suitable environment;
- **Capacity Building** initiatives to empower particularly the implementing institutions;
- **Physical/Capital Investment** projects and programmes; and
- **Studies** to prepare new priority projects and Programmes.

<table>
<thead>
<tr>
<th>Type of Project</th>
<th>Number in STAP</th>
<th>Cost USD million</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capacity Building</td>
<td>18</td>
<td>424</td>
</tr>
<tr>
<td>Facilitation</td>
<td>52</td>
<td>407</td>
</tr>
<tr>
<td>Physical/Investment**</td>
<td>36</td>
<td>7,133</td>
</tr>
<tr>
<td>Studies</td>
<td>18</td>
<td>161</td>
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</tbody>
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** 50% of Physical/Investments projects to be financed by Private Sector**
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PROGRAM FOR INFRASTRUCTURE DEVELOPMENT IN AFRICA-PIDA

OBJECTIVES

A Strategic Framework for 2030

Infrastructure Development Programme (2030)

Implementation strategy & process

OUTPUTS

• Vision on Africa’s infrastructure
• Strategic objectives
• Sector policies

• Regional and continental physical infrastructure projects
• Priority projects and measures
• To be implemented in 3 Phases

• Rolling plan of priority actions
• Financing
• Monitoring process
2002-2007
ADB total financing = USD 1,706 billion

23 physical projects

2 private sector projects

12 studies

5 Capacity Building/Facilitation

2002 - STAP is launched.

2007 - 7 Projects approved for USD 680 million.

A new review and updates is planned for 2009.
PURPOSE:
To contribute to mobilization of technical and financial resources to strengthen the capacity of African institutions and governments to formulate viable infrastructure development projects and programmes that can attract public and private investments.

KEY CHARACTERISTICS:
- Facility has been seed financed the Government of Canada in line with Kananaski’s.
- The Facility is untied and has been enlarged into a multi-donor facility which includes Denmark, DFID, Norway, Germany and AfDB.
- The Facility funds activities of an advisory or operational nature related to preparation of infrastructure projects and programmes within the framework of the New Partnership for Africa’s Development (NEPAD).
- Quick access and disbursement Facility
- Eligibility: African countries and institutions and PPP promoters
- Facility is managed by the ADB
THE NEPAD-IPPF SPECIAL FUND- SCOPE OF ACTIVITIES

KEY FOCUS AREAS

**Project cycle activities**
- Studies
  - Project review
  - Prefeasability and feasibility studies

**Project Structuring and Packaging**
- PPP assessment
- PPP packaging
- Transaction Support

**Enabling Environment**
- Support for reforms
- Harmonisation of frameworks
- Facilitation

**Capacity Building activities**
- Strengthen the RECs
- Develop skills
- Create knowledge
THE NEPAD-IPPF SPECIAL FUND- KEY ACHIEVEMENTS

ACHIEVEMENTS

- Togo-Benin-Ghana Power Interconnexion Project - under implementation with financing from the ADB, WB, BOAD, IDB
- EASSy Project: under implementation with financing from the ADB, IFC, EIB, AFD-PROPARCO, KfW
- Kenya-Uganda Oil Pipeline: secured financing for implementation through a PPP
- OMVG - securing financing from ADB, WB, AFD, EIB, KfW and private sector
- Ithezi-Thezi and Kariba North Bank (SAPP) securing financing through a PPP

IMPACTS OF THE IPPF SUPPORT

- Implementation of viable regional infrastructure projects worth USD 4.683 billion
- Closing the infrastructure gap in Africa
- Enhancing the competitiveness of African economies and supporting trade
THE NEPAD-IPPF SPECIAL FUND - IMPLEMENTATION CHALLENGES

MACRO LEVEL CHALLENGES
- Partially liberalised, weak regulated sectoral markets
- Perception of poor investment climate
- Lack of instruments to mitigate risk
- Limited development of local capital markets
- Non-African externalities, e.g. capital following high growth opportunities

PROJECT LEVEL CHALLENGES
- High cost and risk of project development
- Shortage of risk capital for early stage development work
- Additional Challenges for Private Sector Projects and PPPs
- Insufficient flexible and innovative financial instruments to support PSP

INSTITUTIONAL LEVEL CHALLENGES
- Capacity and institutional constraints
- Legal/regulatory issues
- Safeguards issues (different regulations and standards...)
- Procurement and financial mngt issues
- Monitoring and evaluation systems
**PURPOSE:**
To strengthen and build sustained capabilities of regional institutions in facilitating the preparation and implementation of regional infrastructure projects in the energy, transport, water resources management, and ICT sectors.

**TARGET GROUPS:** The AU Commission and the RECs. Other institutions such as River Basin Authorities or Power Pools access the facility with the RECs acting as intermediaries.

**KEY CHARACTERISTICS:**
- The IPPF has operationalised the Capacity Building Initiative
- RECs Capacity Needs Mapping carried out by the ICA in Feb.08
- The Cape Town Capacity Building Workshop in Marc 08
- Visits to some RECs to determine Action Plan during the Other capacity building related activities
  - The Operationalization of the AUC/RECs Coordination Mechanism for infrastructure in Africa
  - Implementation of African Infrastructure programs (NEPAD STAP, RECs/RMCs infrastructure programs and mechanisms in support of those.)
Approach/Actions

- Create political space by policy harmonization
- Coordination of infrastructure projects in consultation with regional stakeholders (AUC Led Coordination Mechanism)
- Strategic planning in infrastructure requirements, prioritizing
- Strategic engagement at all levels with private sector
- Resource mobilization
- Institutions to act as project enablers

For EAC

- Support the Rationalization process (FTA)
- To strengthen key institutions relevant for efficient infrastructure development
- To prioritize and implement transport Corridors
- To drive the private sector development efforts
- To be an efficient REC
CONCLUSION

- Projects preparation present more challenges.
- Better prepared projects attract better financing.
- An efficient REC invests in sustainable capacity building.
- Sustained capacity is essential to regional projects implementation.
- Regional projects are keys to greater integration.
- NEPAD-IPPF provide a unique window to the RECs and affiliated institutions to prepare viable projects and to mobilize resources.
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THANK YOU

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