

Deputy Secretary-General Mario Amano Opening Speech for Session on Aid for infrastructure Investment

Good afternoon ladies and gentlemen.

This morning, we had a session on Bridging the Investment Gap in Infrastructure. Our afternoon session now is an extension of the morning one, and we aim to look in more detail at how partnerships among donors, the African governments, and the private sector can help support infrastructure, particularly to bridge the investment gap. I think we can all agree that infrastructure is an indispensable part of Africa's development, by boosting economic growth, accelerating progress on the Millennium Development Goals, and improving the quality of life of millions of people.

At the same time, there is a huge funding gap for Africa's infrastructure—roughly USD 48 billion a year, which is about the same amount that's been spent now, according to the World Bank. And if we look at who is currently paying for Africa's infrastructure, the African governments and taxpayers provide 2/3 of total funding. The private sector provides about 20% and development partners like China, India and the Arab States, 6%. Traditional bilateral and multilateral donors are not the most significant contributors to Africa's infrastructure, providing only 8% of total funding, although this is growing rapidly.

Aid can play an important role in supporting and improving the enabling environment, which consists of the policy, legal and institutional measures that provide a sound framework for the private sector to invest in infrastructure. I think many of us would agree that for investors, having a stable legal environment where contracts are enforced and regulations are transparent is essential for investment decisions. Furthermore, donors have supported Public-Private Partnerships by providing important risk mitigation instruments like guarantees that can be indispensable for drawing in investors. Therefore, in this session, we will focus on this aspect of how aid can mobilise private investment, as well as how donors, African governments, and the private sector can work more in partnership to develop Africa's infrastructure, which could then lead to economic development and poverty reduction.

In fact, the OECD Investment Committee and the Development Assistance Committee are starting a joint programme on Aid for Investment in Infrastructure, which will analyse the role of aid in leveraging private investment for Africa's infrastructure. I am therefore pleased to see the launch of this programme today with a presentation of a brief and preliminary mapping exercise of what donors are doing to support Africa's infrastructure, including on the enabling environment. This will be used to kick off a discussion.

Furthermore, the discussion in this session can help to contribute to preparing messages for the Fourth High-Level Forum on Aid Effectiveness (HLF-4) that will take place in Busan Korea, at the end of the year. In particular, it will feed into the thinking on how to forge better partnerships among different stakeholders to support countries in achieving the MDGs. You may know that in Monterrey, the world acknowledged that aid alone cannot help the MDG achievement and that other sources of finance for development, including from the private sector, need to be mobilised. Therefore, we have to learn more about good practices in different types of collaboration, such as public private partnerships. HLF-4 is envisioned to shape a new paradigm that calls for better partnerships in making the best use of more resources and capacities of various actors under the leadership of developing countries. In this regard, infrastructure is an appropriate area particularly since its contribution to economic growth is gaining political momentum, including in the G20.

Therefore, I look forward to a lively discussion on how we can pursue this common agenda together. Thank you.