

Infrastructure Consortium for Africa – Catalysing the Development of Africa's Infrastructure



Infrastructure to be theme of 2009 AU Summit

The African Union is to dedicate the theme of its 2009 African Union Heads of States and Governments to Infrastructure – with 28 January 2009 titled Infrastructure Day.

The African Union Commission – which is responsible for providing leadership in Africa's economic and social development – is to dedicate the theme of the 2009 Summit to infrastructure in order to help put it in its rightful place within Africa's economic development agenda. The Summit will focus specifically on Transport and Energy.

The Summit will provide the African Union Commission and other African infrastructure stakeholders with an opportunity to promote policies for infrastructure development. The main outcomes expected from the Summit include:

- Political commitments to concrete projects, including identification of flagship projects to be implemented at regional and continental levels,
- An integrated approach to infrastructure development,
- A call to development partners to facilitate and speed up resource mobilisation, including making

good previous commitments on aid levels.

As part of the pre-Summit activities, 29 January 2009 will be dedicated as *Infrastructure Day*, featuring a conference and exhibition. The day will start with a closed session highlighted by presentations to Sector Ministers by high-level experts on a variety of key infrastructure issues, including from the World Bank and the African Development Bank.

This will be followed by an "open door" session which will include further presentations, from Africa infrastructure stakeholders, technical institutions and other infrastructure experts.

Throughout the day there will be an exhibition with stands featuring information displays by a wide variety of Africa infrastructure stakeholders, such the Infrastructure Consortium for Africa, Public-Private Infrastructure Advisory Facility and the EU-Africa Infrastructure Trust Fund.

Collaboration with China to be enhanced

Collaboration between China and the ICA Secretariat looks set to be enhanced, following a joint Infrastructure Consortium for Africa (ICA) and African Development Bank (AfDB) mission to China from 9 to 12 December 2009.

The objectives of the mission were to:

- enhance overall collaboration between ICA members and Chinese partners;
- identify prospects and modalities for co-financing large scale infrastructure projects;
- facilitate information sharing and analytical work between ICA members, China and Africa.

The mission was led by Alex Rugamba (Coordinator, ICA Secretariat), who was joined by Patrick Giraud, (Lead Expert, Office of the Vice President, OIVP, AfDB), Philippe Durand (Lead Expert, Infrastructure Department, AfDB) and Andrew Roberts (Infrastructure Expert, ICA Secretariat).

This was the first structured engagement between the ICA Secretariat and Chinese officials, who expressed genuine appreciation for the visit. The mission identified several areas for increased collaboration around information sharing and analytical work and

paved the way for a senior-level ICA visit in February 2009.

Commenting on the mission's return to Tunis, Alex Rugamba said: "We had a full and high-level agenda and were encouraged that many senior officials and executives made themselves available. Discussions were both candid and pragmatic and there was genuine desire for a follow-up senior-level ICA visit in February. China underlined its keenness to collaborate with the ICA Secretariat, AfDB and other ICA members. We now need to prepare for the senior-level visit to China in February, and to make it a resounding success."

Meetings were held with:

- People's Bank of China (PBC)
- China Development Bank (CDB)
- China Africa Development Fund
- China EXIM Bank
- Sinohydro
- China Road and Bridge Corporation (CRBC)
- Ministry of Commerce

Maintaining investment is vital if Africa is to meet rising demand for water services and achieve millennium development goals

For Africa's water needs to be met investment both in infrastructure and in operation and maintenance of water services has to be both maintained and increased. A greater role for the private sector is essential.

These were the main conclusions of the two-day *Financing Water for Growth in Africa* meeting in Dakar, Senegal, on 26 and 27 November, organised by the Infrastructure Consortium for Africa and hosted by the Government of Senegal.

Over 150 high-level representatives of finance institutions and African water operators attended the meeting. They reviewed developments in financing and private sector participation, and identified practical steps for action.

The African Ministerial Conference on Water (AMCOW) was represented by the host, H.E. Minister Oumar Sarr, Minister for Urban Planning, Housing, Urban Water, Public Hygiene and Sanitation and by Hon. Dr. Jean Donn  Rasolofoniana, Minister of Water, Madagascar.

The key messages from the meeting were:

1. An emerging African private sector has delivered local success stories in managing water services through public-private partnerships. These positive experiences can spur strong partnership developments elsewhere.
2. During 2008, African Governments have made commitments at the highest levels to make

the investment climate more attractive for sector finance and private sector engagement. More, and more effective, partnerships are required to achieve MDG outcomes.

3. There is a gap of four billion US\$ p.a. in finances needed to achieve the drinking water and sanitation MDGs. Utility reform, leveraging of already committed funds, tariffs and cashflow, predictability of donor support and avoiding crowding out local market finance, are all keys to getting the most out of existing resources amid the current global financial crisis.
4. New impetus is needed to find distinctive financing solutions for Africa's fragile states where there is the biggest gap in water services.
5. Urgent attention is needed to the means of financing multi-purpose dams and water resources infrastructure essential to boosting economic growth and mitigating impacts of climate change.

Further information about the meeting can be viewed at:

<http://www.icafrica.org/en/news/article/view/financing-water-for-growth-in-africa-documents-and-presentations/>

Africa Progress Panel calls for G8 to get their commitments to Africa “back on target”

In its 2008 report, the Africa Progress Panel warns that, despite progress on debt relief and significant increases in assistance by individual countries, “the G8’s commitment to double assistance to Africa by 2010 is not likely to be fulfilled”.

The report refers to commitments made by the G8 at Gleneagles and subsequent summits to increase overall aid levels from \$80 billion in 2004 to \$130 billion in 2010. For this to be realised, the rate of increase in core development programmes will have to more than double. The report refers to an OECD survey (OECD-DAC 2008) showing that unprecedented increases in aid levels will be needed if donors are to meet their targets for 2010. Early findings from the OECD survey of future spending shows that donors are making efforts to raise levels of aid but that there is still a gap of about \$40 billion (in 2007 dollars) that needs to be filled. The Africa Progress Panel called on G8 leaders to take immediate steps to get their commitments to Africa back on target.

A key recommendation of the Commission for Africa report, the Africa Progress Panel was launched in 2007 as a unique, independent authority on Africa to focus world leaders’ attention on delivering their commitments to the continent. The Panel is chaired by the former UN Secretary General, Kofi Annan, and includes other authoritative figures such as Tony Blair (former British Prime Minister), Michel Camdessus (former Managing Director of the IMF), Peter Eigen (Founder and Chair of Transparency International) and Graca Machel (women’s and children’s rights activist). Many members of the Panel are former members of the Commission for Africa.

The report – which can be read in full at www.africaprogresspanel.org – assesses the state of the continent by focusing on key areas and issues:

- The food crisis
- Aid levels and aid quality
- Trade
- Climate change
- Infrastructure
- Good governance

The section of the Panel’s report relating to infrastructure states that there is enormous scope for improvement of infrastructure, with a focus on regional projects. Increased funding from a variety of sources—both public and private—for regional infrastructure projects is critical.

The report continues that African governments must make every effort to attract private capital for the funding of infrastructure projects, and that regulatory and pricing reform, as well as monitoring mechanisms to prevent corruption, will need to be ramped up to achieve this goal. It goes on to say that Governments should also attract sovereign wealth funds to Africa for investment in infrastructure. Multilateral banks and other actors can devise new and better instruments for underwriting and guaranteeing investments in frontier markets as well as at regional and sub-national levels.

The Panel also observe that China and India, as well as Malaysia, the United Arab Emirates and others, have become significant investors in infrastructure in Africa. They point out that China is now Africa’s third largest trading partner and, together with other new entrants, has brought new dynamism and significant new resources.

Africa Infrastructure Working Group to be established

The Infrastructure Consortium for Africa, with a key role being played by the U.S. Department of the Treasury, is to coordinate a working group to promote private sector solutions to sub-Saharan Africa's energy infrastructure needs through direct public-private dialogue.

The aim of the working group, which will comprise of African governments, development institutions and private sector representatives, would be to build on the momentum from the symposium on private power development in the region hosted by the Department of the Treasury in Washington in October 2008.

During the symposium, participants noted that the ability to have frank dialogue between the private sector, African government officials, and development assistance providers helps the different actors

to coordinate practical solutions to infrastructure finance challenges.

The first meeting of the working group will take place in the margins of the AfDB Annual Meetings in Dakar, Senegal in May 2009. To make discussions as relevant as possible, the working group's meetings will be structured into a series of discussions of specific projects, including larger, regional-oriented investments. There will also be an overarching session at the end to cover broad, continent-wide issues.

Evaluation of Infrastructure Consortium for Africa currently underway

A major evaluation of the Infrastructure Consortium for Africa is currently underway which will assess the relevance, performance and impact of the ICA in helping to address Africa's infrastructure deficit since the establishment of the Secretariat at the African Development Bank in February 2006.

The main objective of the evaluation is to provide evidence on whether the ICA has taken a suitable approach towards addressing its objectives and on its progress in achieving them. Based on this evidence, the evaluation will also make recommendations to strengthen the future work of the ICA.

ICA members asked that such an evaluation be undertaken at the end of its first 3 years of

operation, and that a strategic direction and business plan for the next 3 years should then be considered.

Findings, lessons and recommendations from the evaluation will be considered by stakeholders at a one-day workshop held immediately before the ICA's annual meeting in Italy in March 2009.

ICA produces new guide to attracting investors to African infrastructure projects

A new guide to attracting potential investors to African infrastructure projects has been produced by the Secretariat of the Infrastructure Consortium for Africa.

Attracting Investors to African Public-Private Partnerships has been prepared by the ICA with support from the Public-Private Infrastructure Advisory Facility (PPIAF). The guide assesses the relevant issues for selecting a project for public-private partnership, the actions for preparing projects for market, and the management process.

Commenting on the purpose of the guide, the ICA's Coordinator, Alex Rugamba, said: "As growth and development in Africa increase rapidly, investment in infrastructure projects will often be best accomplished through public-private partnership. This project preparation guide offers the foundation blocks for public sector engagement with the private sector."

The guide addresses issues such as hiring and managing expert advisers, explains how the public sector should interact with the private sector during the project selection and

preparation phases to ensure that decisions during these phases are realistic, and analyses the issues of engagement with the private sector during the tender and after a contract has been signed.

Alex Rugamba continued: "This guide will help the public sector in Africa to attract private sector investment through effective project advertising, management, and implementation. It should enhance the chances of developing effective public-private partnerships by overcoming major obstacles to project delivery – by having the right information, on the right projects, for the right partners, at the right time."

The guide can be downloaded from the ICA's website, at:
<http://www.icafrica.org/fileadmin/documents/guides/Attracting-investors-to-African-PPP.pdf>

ICA Annual Meeting to take place in Rome in March

The ICA's Annual Meeting will take place in Rome in March. The ICA Annual Meeting is usually held in the country that is chairing the G8 and, with Italy taking on the chair of the G8 from January 2009, the Italian Ministry of Foreign Affairs will host the meeting on 10 and 11 March 2009.

The meeting will be preceded by a one-day workshop that will consider the findings, lessons and recommendations from the evaluation of the ICA.