



The Infrastructure Consortium for Africa  
Le Consortium pour les infrastructures en Afrique

# Annual Report 2009

## Overview



Financial Commitments and Disbursements for  
Infrastructure in Africa



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**August 2010**

## About the ICA

The Infrastructure Consortium for Africa (ICA) was launched at the G8 Gleneagles summit in 2005. Leading Africa organisations and aid donors attended the inaugural meeting in London on 6 October 2005.

The Consortium's mission is to help improve the lives and economic well-being of millions of people across the African continent through support to scaling up investment for infrastructure development from both public and private sources. Many African countries lack the essential building blocks of economic progress – roads and railways (which are well maintained), access to electricity, the internet and mobile phones and water for drinking and production, and sanitation.

The ICA also works to help remove some of the technical and political challenges to building more infrastructures and to better coordinate the activities of its members and other significant sources of infrastructure finance, such as China, India and Arab partners.

The ICA is supported by a secretariat hosted by the African Development Bank.

ICA bilateral members include the G8 countries Canada, France, Germany, Italy, Japan, Russian United States, United Kingdom and multilateral institutions such as the African Development Bank Group, European Commission, European Investment Bank, Development Bank of Southern Africa and the World Bank Group.

## Preface

The fourth annual report provides a summary and trends of financial commitments and disbursements from members of the Infrastructure Consortium for Africa (ICA) for infrastructure in Africa for 2009. It also discusses commitments to regional projects and support from other important sources of finance, most notably China, India and the Arab Fund Coordination Group. The ICA Secretariat has compiled this report based on responses to questionnaires by ICA members, other partners and web searches.

The 2009 questionnaire aimed to record both 2009 levels of commitments as well as disbursements to African infrastructure projects by ICA members (i.e. all funds and facilities). It contained four parts: One quantitative and one qualitative part for commitments and disbursements, respectively. Furthermore there was a follow up on non-concessional flows versus ODA, soft infrastructure versus hard infrastructure commitments as well as regional breakdowns, commitments and disbursements in regional projects.

This document gives a brief overview of the 2009 annual report and should be read alongside the Africa Infrastructure Country Diagnostic (AICD), which provides wider context and analysis on the state of infrastructure and investment needs in Africa.



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## Acronyms

<b>AfDB</b>	African Development Bank
<b>AICD</b>	Africa Infrastructure Country Diagnostic
<b>bn</b>	1 billion = 1.000.000.000,00
<b>BIDC</b>	Banque d'Investissement et de Développement de la CEDEAO (EBID)
<b>BOAD</b>	Banque Ouest Africaine de Développement
<b>DBSA</b>	Development Bank of Southern Africa
<b>DFI</b>	Development Finance Institution
<b>EBID</b>	ECOWAS Bank for Investment and Development (BIDC)
<b>EC</b>	European Commission
<b>EIB</b>	European Investment Bank
<b>EU-AFRICA ITF</b>	EU-Africa Infrastructure Trust Fund
<b>EXIM</b>	Export Import Bank
<b>ICA</b>	Infrastructure Consortium for Africa
<b>ICT</b>	Information and Communication Technology
<b>IDA</b>	International Development Association (World Bank)
<b>IFC</b>	International Finance Corporation (World Bank)
<b>INFRA</b>	Infrastructure Recovery and Assets (INFRA) Platform
<b>IPPF</b>	Infrastructure Project Preparation Facility
<b>JICA</b>	Japan International Cooperation Agency
<b>KfW</b>	Kreditanstalt für Wiederaufbau (Germany)
<b>LOC</b>	Line of Credit
<b>m</b>	1 million = 1.000.000,00
<b>MCC</b>	Millennium Challenge Corporation (USA)
<b>NEPAD</b>	New Partnership for Africa's Development
<b>ODA</b>	Official Development Assistance
<b>PIDA</b>	Programme for Infrastructure Development in Africa
<b>PPI</b>	Public Private Infrastructure
<b>PPIAF</b>	Public-Private Infrastructure Advisory Facility
<b>PPP</b>	Public Private Partnership
<b>SSA</b>	Sub-Saharan Africa
<b>USD</b>	United States Dollar
<b>WAPP</b>	West African Power Pool
<b>WADB</b>	West African Development Bank
<b>WB</b>	World Bank

## Definitions

<b>Hard Infrastructure</b>	Where donor funds have been allocated and used to produce physical infrastructure outputs.
<b>Soft Infrastructure</b>	If measurable... where donor funds have been allocated to support or accompany the production of physical infrastructure outputs, e.g. capacity building, enabling legislation, project preparation, etc.
<b>ODA</b>	Grant or loan with public concessional modalities
<b>Non ODA / NC</b>	Non-concessional funding (from public or private sources)
<b>North Africa</b>	Morocco, Algeria, Tunisia, Libya, Egypt, Mauritania
<b>Western Africa</b>	Cape Verde, Malí, Níger, Senegal, Gambia, Guinea, Guinea Bissau, Burkina Faso, Sierra Leone, Liberia, Ghana, Ivory Coast, Togo, Benin, Nigeria
<b>Central Africa</b>	Chad, Central African Republic, Cameroon, Sao Tome and Principe, Equatorial Guinea, Gabon, Congo, Democratic Republic of Congo, Rwanda, Burundi
<b>Eastern Africa</b>	Sudan, Eritrea, Djibouti, Ethiopia, Somalia, Uganda, Kenya, Tanzania, Seychelles
<b>Southern Africa excluding South Africa</b>	Angola, Zambia, Malawi, Mozambique, Zimbabwe, Namibia, Botswana, Lesotho, Swaziland, Mauritius, Madagascar, Comoros
<b>South Africa</b>	South Africa
<b>Transport</b>	Road, Rail, Ports, Airports
<b>Energy</b>	Generation, Transport, Distribution
<b>Water</b>	Water supply, Sanitation, Irrigation, Trans-boundary water resource infrastructure
<b>ICT</b>	Information and Communication Technology: Broadband, Mobile Network, Satellite, etc.
<b>Multi Sector</b>	Not sector specific, crosscutting e.g. implementation of a PPP unit, capacity building programmes
<b>Exchange Rates</b>	EUR1.0 = USD1.392; CAD1.0 = USD0.879; JPY1.0 = USD0.01069 ; GBP1.0 = USD1.564; UA1.0 = USD1.541

## Key Messages and Findings

Total commitments for infrastructure in Africa in 2009 were USD38.4bn – slightly up by 5.0% from USD36.6bn in 2008. With USD19.5bn, ICA members contributed half of this amount. The private sector and other sources (i.e. Arab Funds, China and India) contributed USD11.4bn and USD7.5bn respectively.

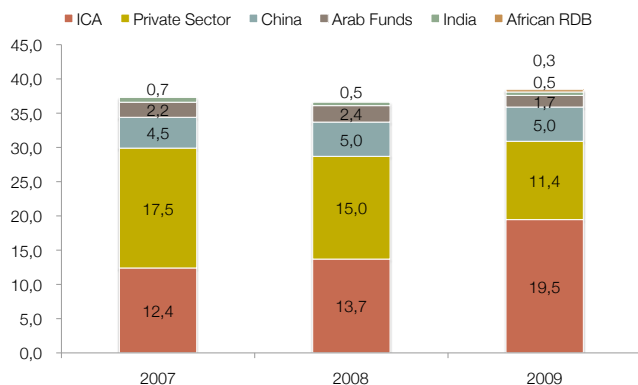


Figure 1: The Big Picture

Unit: USD billion

Source: ICA 2010

Note: RDB = Regional Development Banks

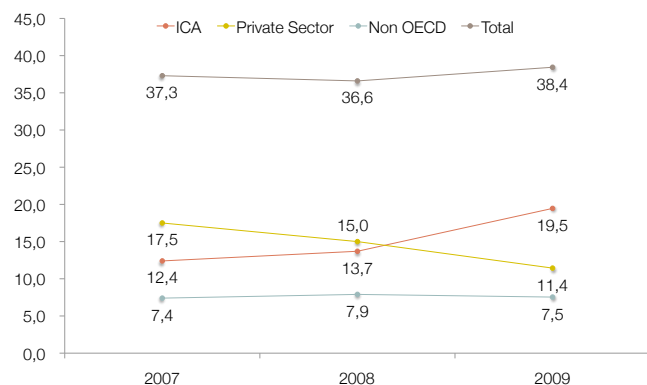


Figure 2: The Big Picture - Trend

Unit: USD billion

Source: ICA 2010

Note: Non OECD = China, Arab Funds, India, EBID and WADB

1. In 2009 private sector support decreased again, by almost 23.8% to about USD11.4bn. This trend was triggered by the financial crisis in 2008.

2. ICA members' commitments to infrastructure projects in Africa for 2009 have vastly increased, by 42.0%, acting in a countercyclical manner. DFI substituted several private sector commitments to port, airport and road PPP projects to ensure they were not abandoned.

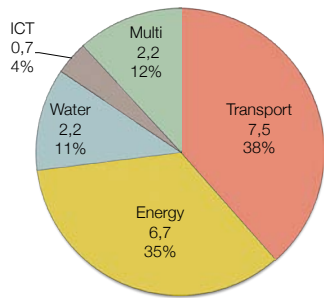


Figure 3: ICA Commitments to Infrastructure in Africa by Sector

Unit: USD billion

Source: ICA 2010

Note: Sector shares in this figure are projections for the total amount of USD19.5bn. Only 18.45bn were reported split by sector and region.

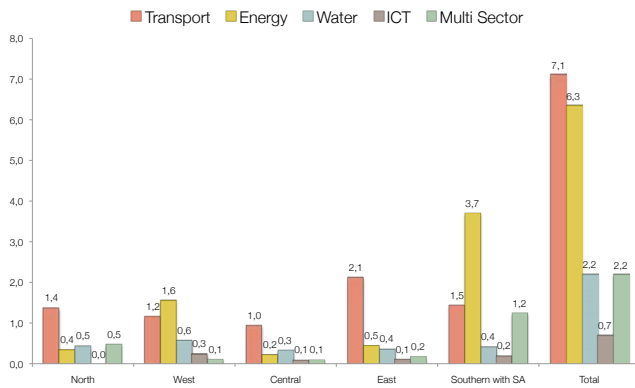


Figure 4: ICA Funding by Sector and Region in 2009

Unit: USD billion

Source: ICA 2010

Note: Sector shares in this figure are totaling in USD18.5bn. Further information for USD1.05bn was not available.

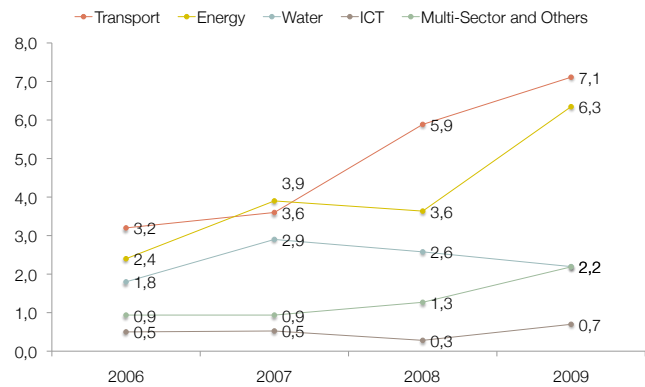


Figure 5: Trends of ICA Commitments to Infrastructure in Africa by Sector

Unit: USD billion

Source: ICA 2010

Note: Sector shares in this figure are totaling in USD18.5bn. Further information for USD1.05bn was not available.

3. Nearly **three quarters of ICA contributions were made to the transport and energy sector**, with USD7.1bn and USD6.3bn respectively. Commitments to the **water sector decreased** while those to multi-sectors remained stable compared to the previous year. The ICT sector barely attracted public money, with 4% of total ICA commitments, which is understandable given the fact that investments in the ICT sector so far have been predominantly made by the private sector.\*

4. Looking at the trend of ICA contributions by sector, the **energy sector saw the strongest increase, by 75% to USD6.3bn** in 2009. Transport sector commitments went up by 20% to USD7.1bn, but the water sector was affected again by a decrease, of 18% to USD2.2bn. The smallest share of finance was made to the ICT sector with 4%, doubling to USD0.7bn.

\* Shares in the sector and regional analysis are totaling in USD18.5bn. Further information for USD1.05bn was not available..

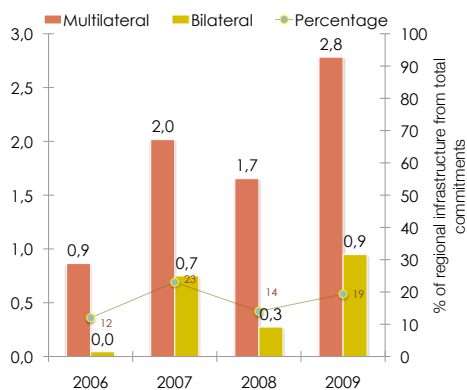


Figure 21: ICA Members Commitments Towards Regional Infrastructure Projects 2006-2009  
Unit: USD billion  
Source: ICA 2010

5. In 2009 overall commitments for regional projects from ICA members nearly doubled since 2008 to USD3.7bn, totalling 19% of total commitments. There is a strong potential pipeline of regional projects, which is likely to increase in the coming years. As a result, the challenge will be to increase the level of resources for regional projects.

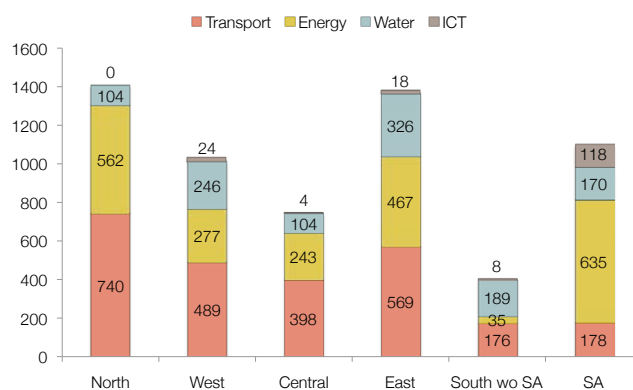


Figure 17: Disbursements to African infrastructure by Region and Sector in 2009  
Unit: USD billion  
Source: ICA 2010  
Note: From the total amount of USD9.4b for reported disbursements, only USD6.1b or 65 % were split by region and/or sector. Data in this Figure is based on the total amount of USD6.2bn.

6. The disbursements section, a new feature in this year's report, gives information to better understand the reasons for delays in disbursements and to categorise issues around risks. In 2009 the minimum spending flow to African infrastructure sectors was USD9.4bn. A disbursement rate of 54% of the commitments indicates room for improvement to eliminate risks and bottlenecks in project preparation and implementation.

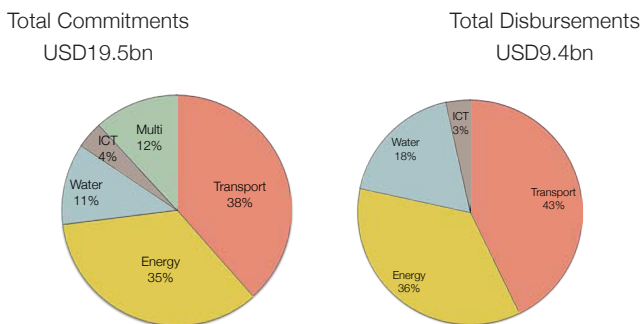


Figure 16: Comparison of Sector Shares in Commitments and Disbursements in 2009

Source: ICA 2010

Note: Multi = Multi-Sector

7. The African continent has demonstrated resilience to the financial crisis, thus it **is a much lower risk than often perceived**. A number of countries were sourcing funding through capital markets before the financial crisis, due to their good credit rating. This opportunity might reappear and help African nations to coordinate their own share in infrastructure development.

8. At the time of writing this report, bilateral donors are challenged by their domestic concerns, originating partly from the global financial crisis. This has resulted in reductions in domestic public sector resources and a re-prioritisation of spending in many countries. **The role of multilateral DFI is becoming more important due to their much needed countercyclical activities**, as already reflected in the 2009 figures.

9. According to the AICD, improved infrastructure could add 2% to African GDP and raise business productivity by 40%. **Infrastructure challenges remain not only financial; they are also political and regulatory**. Additionally, they demand better implementation of regional programmes such as NEPAD and eventually the Programme for Infrastructure Development in Africa (PIDA). Nevertheless finance remains the key bottleneck.



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