



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

# Annual Report 2010



**Financial Commitments and Disbursements for  
Infrastructure in Africa for 2010**

## Overview





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## 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 fifth annual report provides a summary and trends of financial commitments and disbursements from members of the Infrastructure Consortium for Africa (ICA) for African infrastructure in 2010. It also discusses commitments to regional projects and support from other important sources of finance, most notably China, India, the Arab Fund Coordination Group and African Regional Development Banks. The ICA Secretariat has compiled this report based on responses to questionnaires by ICA members, other partners and web searches, with support from a financial analyst.

The 2010 questionnaire aimed to record both 2010 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.

The ICA Secretariat received most of the returned questionnaires in a complete and coherent form, but some responses contained gaps in allocating commitments or quantifying disbursements. For this reason the report is presented in four different ways: (i) total commitments (Figure 2 and Figure 3) USD29.1bn, (ii) commitments by region (Figure 4) USD26.7bn (plus USD2.4bn unallocated), (iii) commitments by sector (Figure 5) USD24.7bn (plus USD4.4bn unallocated), and (v) total commitments of members who also reported disbursements (Figure 6, 7, 8 and 9) USD25.6bn (plus USD3.5bn unallocated).

Assumptions and trends for the chapters on regions and sectors have not been extrapolated to reach the total amount of USD29.1bn but were derived from the available data.

While writing this report data from the USA was not fully available, so the ICA Secretariat assumed for 2010 the same figures as 2009 (USD1.0bn). Canada reported figures on actual disbursements and no data on commitments.

It is recommended to read this report alongside the Africa Infrastructure Country Diagnostic (AICD), originally commissioned by the ICA, now successfully migrated to the African Development Bank and subsequently renamed the "Africa Infrastructure Knowledge Programme" (AIKP, <http://www.infrastructureafrica.org/>). The AIKP provides further context and analysis on the demand side of 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>AIKP</b>	Africa Infrastructure Knowledge Programme
<b>bn</b>	1 billion = 1,000,000,000.00
<b>DBSA</b>	Development Bank of Southern Africa
<b>EC</b>	European Commission
<b>EIB</b>	European Investment Bank
<b>G8</b>	Group of Eight
<b>ICA</b>	Infrastructure Consortium for Africa
<b>ICT</b>	Information and Communication Technology
<b>ODA</b>	Official Development Assistance
<b>PPP</b>	Public Private Partnership
<b>RSA</b>	Republic of South Africa
<b>SSA</b>	Sub-Saharan Africa
<b>USD</b>	United States Dollar
<b>WB</b>	World Bank
<b>wo</b>	without

## Definitions

<b>Hard Infrastructure</b>	Where donor funds have been allocated and used to produce physical infrastructure outputs.
<b>Soft Infrastructure</b>	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 wo RSA</b>	Angola, Zambia, Malawi, Mozambique, Zimbabwe, Namibia, Botswana, Lesotho, Swaziland, Mauritius, Madagascar, Comoros
<b>RSA</b>	Republic of 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 = USD1.326; CAD1.0 = USD1.368; GBP1.0 = USD1.545; UA1.0 = USD1.53

Key Messages and Findings

ICA Members Total African Portfolio

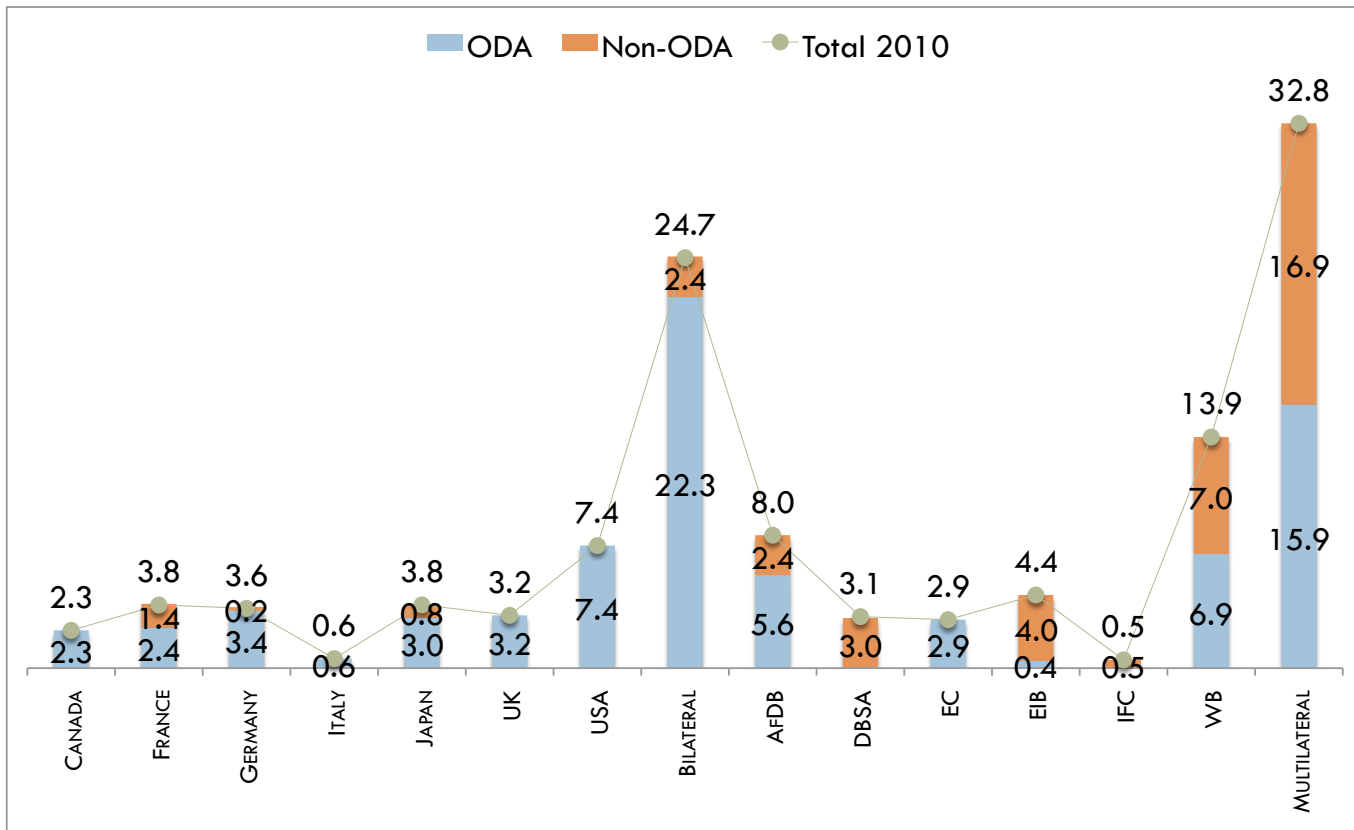


Figure 1  
ICA Members' Commitments (including non-infrastructure) to the African Continent in 2010  
Share of total of USD57.5bn  
Billions of Dollars  
Source: ICA 2011

**1. ICA Members reported total portfolio sizes for Africa including non-infrastructure commitments—the overall amount is USD57.5bn in 2010, an increase of 38% from USD41.6bn in the previous year.**

Figure 1 shows the allocation in Official Development Assistance (ODA) and Non-ODA and pictures portfolio size by member. In total, bilateral donors made 90% of total contributions, USD22.3bn, in form of ODA, which

was a proportional increase by bilateral Members in 2010, climbing from USD12.4bn in 2009. The total multilateral portfolio consists of 51% Non-ODA and 49% ODA totalling USD32.8bn.

External Financial Support to African Infrastructure

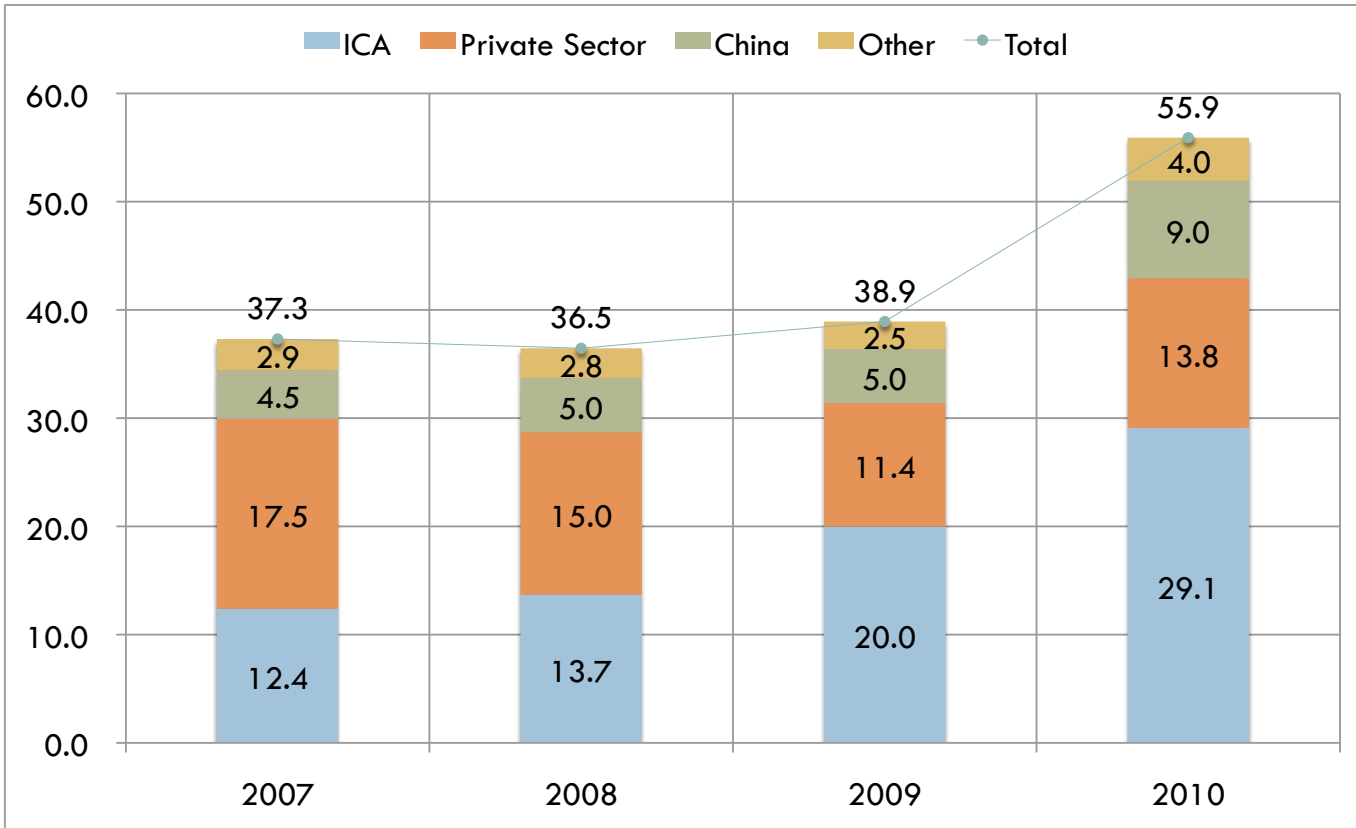


Figure 2  
The Big Picture – External Financial Support to African Infrastructure  
Billions of Dollars  
Source: ICA 2011

**2. Total commitments for infrastructure in Africa in 2010 were at USD55.9bn – a considerable increase of 44% from the previous year (USD38.9bn).**

**Commitments made by ICA members in 2010 were USD29.1bn**, more than half of the total volume and a substantial hike, of 46%, from 2009.

A preliminary estimation<sup>1</sup> of private sector support quantifies **private commitments at USD13.8bn** in 2010. After a decrease in the previous two years caused by the financial crisis, private sector support almost returned to the 2008 levels in 2010.

**In 2010 Chinese commitments almost doubled to approximately USD9.0bn<sup>2</sup>.** There is no official information on Chinese commitments to African infrastructure available, so this estimation is based on

independent ICA research. The Secretariat has compiled a detailed list of projects with Chinese involvement in 2010. Results are presented in the Appendix of the Annual Report 2010.

**Other support includes commitments from Arab Funds, India and African Regional Development Banks, reaching a total of USD4.0bn.** Arab Funds almost doubled their aid to African infrastructure in 2010 from USD1.7bn to USD3.3bn. Support from African Regional Development Banks also increased, from USD0.3bn to USD0.5bn in 2010. For Indian engagement ICA estimates a decrease from USD0.5bn in 2009 to USD0.2bn<sup>3</sup> in 2010.

External Financial Support – Trends

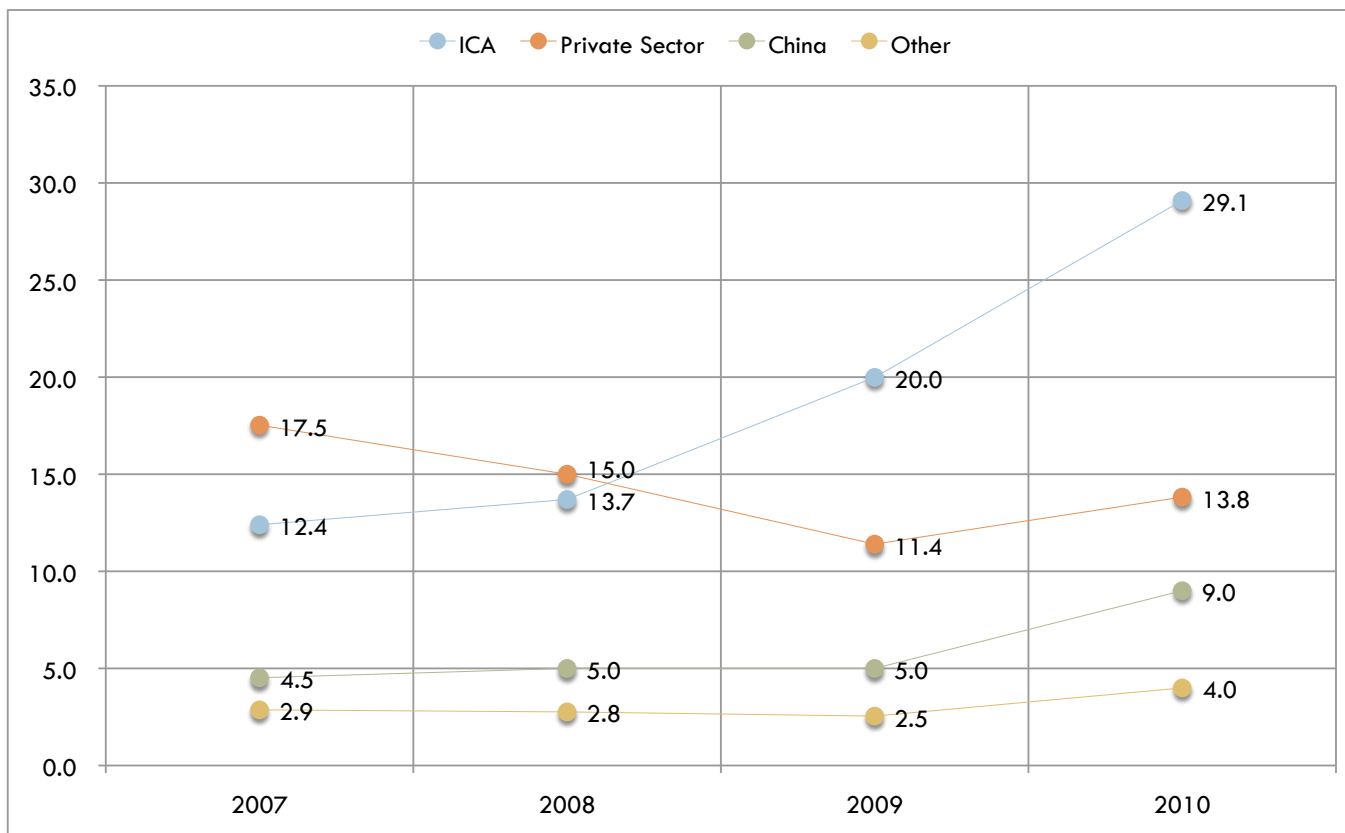


Figure 3  
The Big Picture – Trends  
Billions of Dollars  
Source: ICA 2011

**3. ICA members compensated for a reduction in private sector investment in 2009 and then provided a second vast augmentation in commitments to African infrastructure, by 45%, in 2010.**

**Private sector engagement dropped consistently during the financial crisis, but now seems to have recovered**, to a level of USD13.8bn in 2010, due to strong commitments to the ICT sector. Traditionally, the private sector is strongly engaged in ICT projects with a share of more than 80% of their commitments.

**Arab Funds, African Regional Development Banks and China backed the positive trends starting in 2009.** While China became the strongest bilateral supporter of infrastructure development on the continent, Indian commitments declined in 2010.

### Regional Distribution of ICA Support

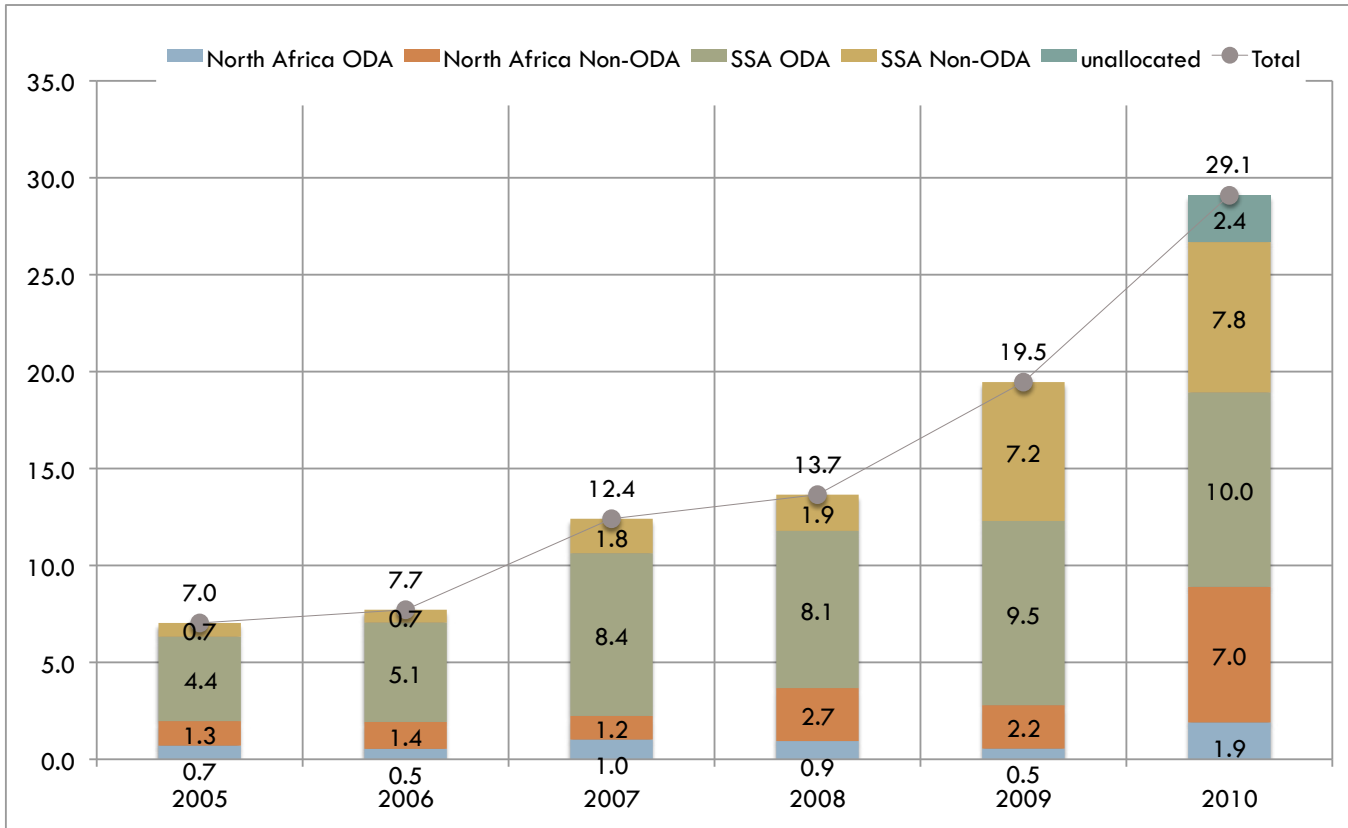


Figure 4  
ICA Total Commitments by Region 2005-2010  
Billions of Dollars  
Source: ICA 2011

#### 4. North Africa and RSA attracted the highest level of ICA members commitments.

**North Africa benefited most** from external financial support for infrastructure projects. Excluding unallocated amount this region received 33% of ICA members’ commitments, followed by the Republic of South Africa with 25% and the East African Region with 18%.

North Africa received USD8.9bn of total commitments, mainly from multilateral donors, and ranks at the top position. Strongest contributors are the EIB with USD2.6 followed by the WB (1.9bn), AfDB (1.5bn) and Japan (USD1.4bn).

**Second is the Republic of South Africa** (25%), which enjoyed again an extensive increase in commitments, from USD4.6bn to USD6.7bn. Non-concessional lending doubled compared to the previous year, to USD6.4bn. The biggest donor was the WB with USD3.75bn followed by the DBSA (USD0.34bn) and France (USD0.46bn).

The 2010 total commitment to infrastructure in the East Africa Region accounts for USD4.7bn, in the West Africa Region 8% (USD2.4bn) and in the Southern Africa Region without RSA 8% (USD2.3bn.) The Central Africa Region received the smallest share of commitments, 6% with USD1.6bn, while 8% (USD2.4bn) of the reported amount was not specified to any particular region.

## Sector Distribution of ICA Support - Trends

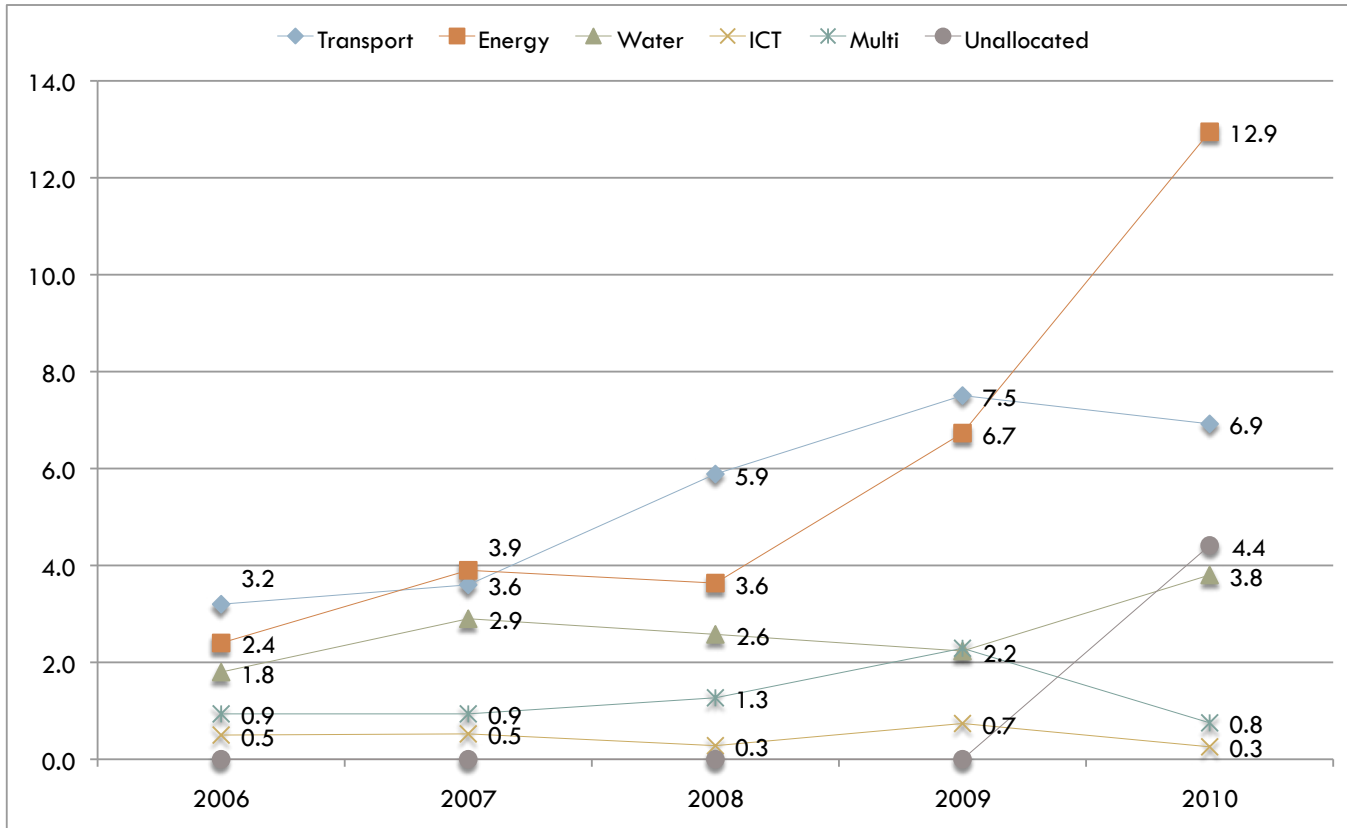


Figure 5  
Trends of ICA Commitments by Sector 2006-2010  
Billions of Dollars  
Source: ICA 2011

### 5. The key trend in 2010 was again the boost in finance for the energy sector.

The **key trend in 2010 was again the boost in finance for the energy sector**, where commitments doubled to USD12.9bn in 2010, mainly because of several large commitments to North Africa. This continued the upward trend from 2008 (USD3.7bn) to 2009 (USD6.6bn).

Finance for **transport projects edged slightly down** from the previous year's level to USD6.9bn and remains stable after steadily climbing since 2007.

The **water sector recovered** (USD3.8bn) in 2010 from the declines in the previous three years and reached its highest level since 2006.

**ICT and Multi-Sector decreased significantly** to USD0.3 and 0.8bn respectively. In 2010 15%, or USD4.4bn, of the total ICA assistance of USD29.1bn cannot be allocated to a specific sector, as this amount was not reported in detail<sup>4</sup>.

Disbursement of ICA Support

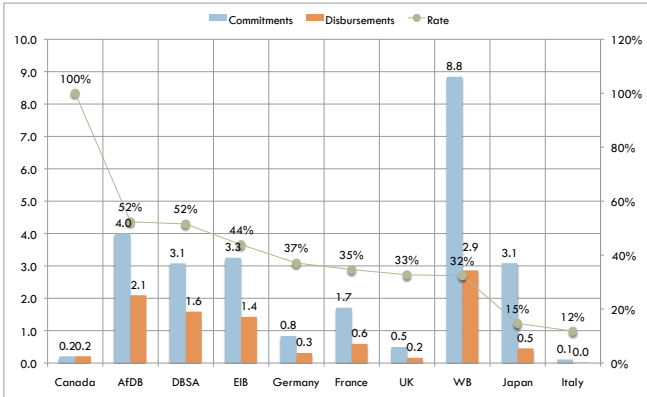


Figure 6  
Commitments, Disbursements and Disbursements Rates in 2010  
Total share of commitments USD25.6bn<sup>5</sup>, disbursements USD9.7bn  
Billions of Dollars  
Source: ICA 2011

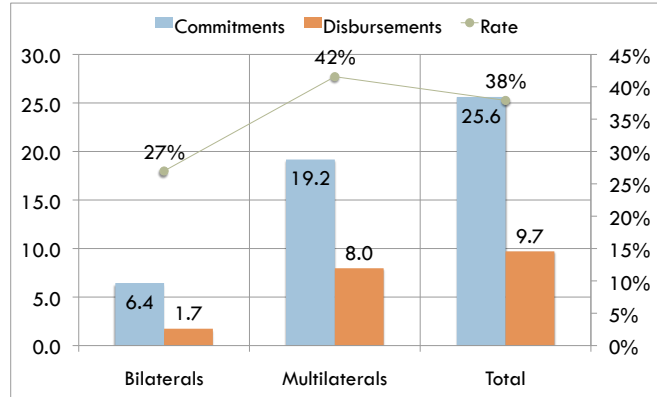


Figure 7  
Bilateral and Multilateral Commitments, Disbursements and Disbursements Rates in 2010  
Total share of commitments USD25.6bn<sup>6</sup>, disbursements USD9.7bn  
Billions of Dollars  
Source: ICA 2011

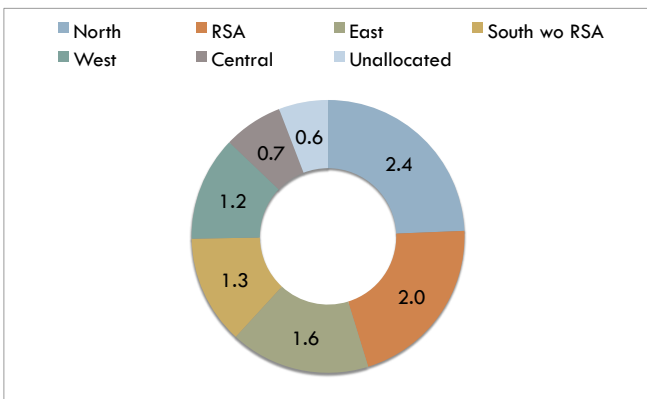


Figure 8  
Disbursements by Region in 2010  
Share of total of USD9.7bn  
Source: ICA 2011

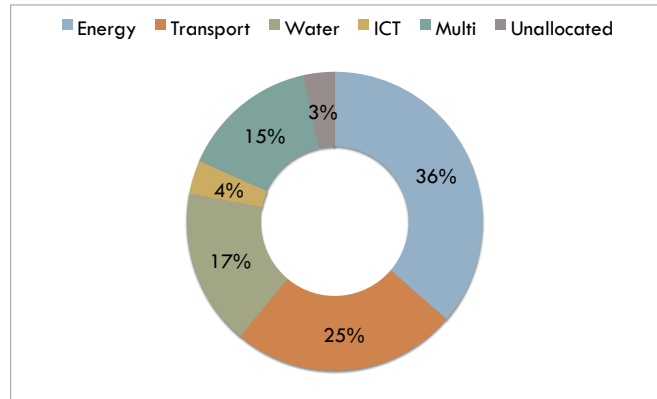


Figure 9  
Disbursements by Sector in 2010  
Share of total of USD9.7bn  
Source: ICA 2011

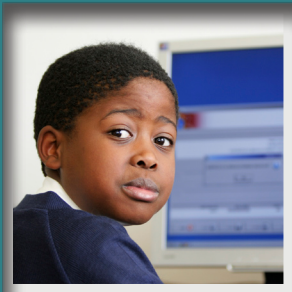
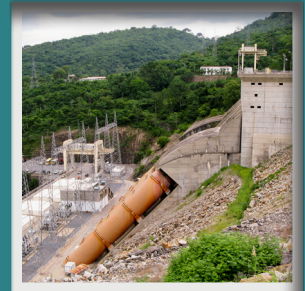
6. ICA members reported disbursements of USD9.7bn for 2010 - slightly up compared with USD9.4bn in 2009.

The sector ranking is similar to the commitments, led by the energy sector with 36% (USD3.5bn), followed by transport with 25% (USD2.4bn), water with 17% (USD1.6bn) and multi sector and others with 15% (USD1.4bn). The smallest amount of disbursements went to the ICT sector with 4% (USD0.3bn), 3% of disbursements were not allocated to a specific sector.

Figure 6 summarises the ratio of commitments and disbursements by ICA members in 2010, followed by Figure 7 showing the average of commitments as well as disbursements for bilateral and multilateral donors plus the grand total. **With 27%, the average disbursement rate for bilateral members is significantly lower than the multilateral one with 42%.** In 2010 ICA members disbursed 38% of the commitments made in the same period.

## Endnotes

- 1 Hamadoun Toure, Secretary General of the U.N.'s International Telecommunications Union (ITU) in "Africa telecom investment to exceed USD70bn by 2012"; 01.02.2010; Reuters Africa; Source: <http://af.reuters.com/article/investingNews/idAFJOE61007J20100201?pageNumber=1&virtualBrandChannel=0>
- 2 ICA estimation. This estimation is based on Annex 16 ("Project list of Chinese commitments to African infrastructure in 2010") of the ICA Annual Report 2010 where Chinese commitments including non-infrastructure sectors are totalling at an even higher USD15.9bn. In 2010 China started an outstanding bilateral cooperation in Ghana where three deals were signed, totalling in USD13.1bn. Commitments to Ghana were 82% of total Chinese commitments to Africa in 2010. Research by Sebastian Mogos-Lindemann, May 2011
- 3 ICA estimate. For 2010 research could identify two commitments totalling USD62m, but it is assumed that Indian commitments are above this level.
- 4 The ICA Secretariat received most of the returned questionnaires in a complete and coherent form, but some responses contained gaps in allocating commitments or quantifying disbursements. For this reason the report is presented in four different ways: (i) total commitments (Figure 2 and Figure 3) USD29.1bn, (ii) commitments by region (Figure 4) USD26.7bn (plus USD2.4bn unallocated), (iii) commitments by sector (Figure 5) USD24.7bn (plus USD4.4bn unallocated), and (v) total commitments of members who also reported disbursements (Figure 6, 7, 8 and 9) USD25.6bn (plus USD3.5bn unallocated). Assumptions and trends in the region and sector chapters have not been extrapolated to reach the total amount USD29.1bn, but were derived from the available data. While writing this report data from the USA was not available. The ICA Secretariat assumed for 2010 the same figures as 2009 (USD1.0bn)
- 5 Ibid.
- 6 Ibid.



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