



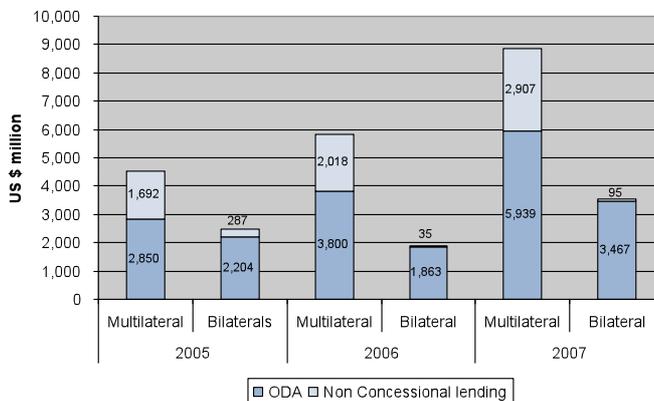
Significant increase in commitments to infrastructure projects in Africa

\$12.4 billion was committed to Africa by members of the Infrastructure Consortium for Africa (ICA) in 2007 to help the continent to build new roads, bridges, generate more power for companies and houses, and improve water supply.

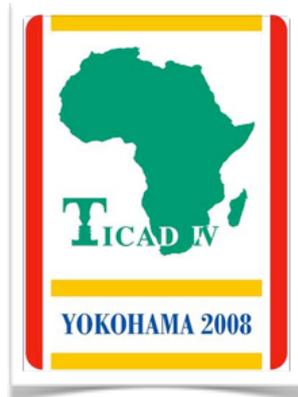
The Annual Report of the ICA (soon to be published) will show that in 2007 money to African infrastructure increased by 61% from the \$7.5bn that was committed the previous year.

ICA members have responded to the severe lack of energy which is affecting many homes and businesses by increasing funding by 62% to \$3.9bn. As a result of under-supply, 77% of households in sub-Saharan Africa are without electricity depriving them of a host of basic services such as lighting. There is also a negative impact on economic growth. 48% of firms currently identify deficiencies in electricity infrastructure as one of the major obstacles to doing business in the region.

ICA commitments in infrastructure projects in Africa



Strong support for regional infrastructure projects announced at TICAD IV



The Prime Minister of Japan, H.E. Yasuo Fukuda announced in TICAD IV that over the next five years Japan will commit \$ 4 billion of loans to Africa to increase infrastructure development.

The focus will be regional: roads between countries, so-called corridors, help to 'one-stop-border' posts which help to cut down customs delays and red tape for people and goods moving between countries, and electricity grids.

The Fourth Tokyo International Conference on African Development (TICAD IV), a Ministerial-level international policy forum dedicated to African development was held in Yokohama, Japan from 28 to 30 May. 2008.

During the meeting, participants stressed the importance of poor people being able to access infrastructure services, such as roads, potable water and sanitation, and electricity. They also highlighted the role which the private sector can play to help ensure roads, water pipes and power lines are properly maintained.

ICA's financial support to projects which connect two or more countries together or which have an important regional impact more than doubled to \$1.9 billion in 2007 (nearly one quarter of all financing).

Good progress to help regional integration

The NEPAD Infrastructure Project Preparation Fund (IPPF) managed by the African Development Bank has received significant new funding to help to prepare infrastructure projects for financing.

Roads and electrical transmission lines that connect countries are among the projects that will benefit. These projects will help to improve the flow of goods and people between countries to reduce costs and encourage greater investment.

Recognising the importance of new donations to the fund (DFID \$12m, Norway \$9m, AfDB \$10m), the Director for Infrastructure at the African Union Commission (AUC), Mr. Aboubakari Baba-Moussa, speaking at the bi-annual oversight committee meeting of the fund in Libreville, Gabon (9-10 June) thanked the ICA for its increased support to project preparation and to the IPPF. The Libreville meeting was hosted by the Economic Community of Central African States (ECCAS).

Working together with China

Coordination with China is a growing area of activity for the ICA.

At the Annual Meeting of the African Development Bank held in Mozambique in May, a memorandum of understanding (MOU) was signed between AfDB and China Exim Bank. The arrangement will lead to increased information sharing and possible joint funding of infrastructure projects in the future.

A similar agreement between the World Bank and China Exim Bank was signed last year – a staff exchange programme is already underway and the two institutions are working together on road and energy projects.

New development strategy of the World Bank gives greater focus to Regional Integration in Africa

The World Bank has launched a new Regional Integration Assistance Strategy to ensure that more money and staff are devoted to regional infrastructure programmes. Regional projects are large and technically complex, often highly political and so can take considerable time and effort to get built.

Mark Tomlinson, director of the Regional Integration Department in the Bank's Africa Region declared:

“By addressing obstacles related to high costs and low reliability of transport, power, and telecoms, regional integration can pave the way for a more competitive and faster growing Africa.”

“Regional integration holds a particularly strong promise for Africa's 15 land-locked countries since their economic potential is inherently linked to the particular interests and conditions of their surrounding countries”.

“Regional integration and cooperation also offers possibilities to ensure much improved and more sustainable management of shared natural resources—water and sensitive ecosystems, in particular—and to more effectively address regional commons, such as migratory diseases and climate change”.

Projects such as the East Africa Submarine System (EASSy) aiming to bring high speed broadband internet access to Eastern Africa and the West Africa Power Pool Project, connecting national power grids across West Africa to dramatically reduce costs and increase supply and reliability of electricity, serve as prime examples of how regional programs stand to benefit people across borders.

More help to local governments

Uganda's National Water and Sewerage Company (NWSC) are in the process of issuing a municipal bond with support from the Public-Private Infrastructure Advisory Facility (PPIAF) at the World Bank. Money raised from municipal bonds leads the way to infrastructure sustainable financing.

The example is quite unique in Africa. Often African municipalities cannot directly borrow money for infrastructure from market either because the government does not allow them to or because they are not creditworthy enough.

PPIAF's new Sun-National Technical Assistance (SNTA) programme will provide technical help and support to help municipalities to be able to access money from the financial markets without the need for support from Central Government, so-called sovereign guarantees.

The 9th Annual Meeting of the Public-Private Infrastructure Advisory Facility – www.ppiaf.org – was held in Tunis on June 4 and 5, 2008 in partnership with the African Development Bank and the ICA.

ICA members strengthen cooperation in the Energy Sector

The African Development Bank and the World Bank have decided to conduct regular meetings to discuss issues affecting Africa's energy sector. Improved cooperation will lead to joint country-visits to assess projects for possible financing, more systematic sharing of information, and the joint preparing of projects for co-funding.

The second energy sector coordination meeting between the two institutions took place on 5-6 June 2008 in Washington DC.

At that meeting the World Bank agreed to lead on preparing the 2nd ICA meeting on energy scheduled for February 2009. Five to ten energy projects offering opportunities for private sector participation will be tabled at the meeting.

African Union Commissioner for Infrastructure and Energy calls for faster implementation of projects

The newly elected Commissioner for Infrastructure and Energy of the African Union Commission, Dr. Elham Ibrahim pointed out that one of her priorities will be to build roads, ports, electricity grids more quickly to achieve greatest development impact.

In response to the energy crisis facing Africa, Dr. Ibrahim suggested that energy utilities could learn from each other through transfer of experiences and expertise.

The current inefficiency of many of Africa's energy utilities generates substantial hidden costs. Mis-pricing, low rates of revenue collection, and losses in transmission due to ageing infrastructure and theft, can account for up to 4.5% of GDP. With some countries spending a significant amount of their infrastructure budgets on power the result of these inefficiencies is that most expenditure goes on operating costs leaving no resources to invest in new generation capacity.

A delegation from the AfDB, ICA and NEPAD Secretariats met the new Commissioner on 17 June 2008 in Addis Ababa, Ethiopia, for a consultative meeting on the single programme for infrastructure development in Africa.

Increased cooperation between key donors

The first joint meeting between the African Development Bank, European Commission and World Bank took place in Tunis on 19 June 2008. Infrastructure was one of the three key thematic areas discussed. Together the three institutions are currently responsible for around 70% of all donor money to the infrastructure sector in the continent.

In infrastructure, the three institutions agreed to focus on the following five priority areas:

- More help to regional integration through support to regional projects.
- Support to AU/NEPAD 'flagship' projects which will have an impact on the whole continent.
- More money to the sector as a whole and better links made to the private sector for joint-funding.
- Better joint analytical work including the Africa Country Infrastructure Diagnostic (AICD) Study and the Sub-Saharan Africa Transport Policy Programme (SSATP).
- More collaboration within the sectors, for example in water at the country level, through so-called Sector-wide Approaches (SWAPs).

UN Report on Africa and MDGs unveiled in AU summit in Egypt

The lack of transport, power, communication networks, water, sanitation and other infrastructure services poses severe constraints on economic growth, trade and poverty reduction across Africa. The report of the UN MDG Africa Steering Group has emphasised the important role of infrastructure to attaining the Millennium Development Goals. Key recommendations in the report include:

- Launch a “New Deal” for the energy sector to plan and build transformational generation and transmission facilities across Africa, and improve the performance of power utilities.
- The international community should assist in financing regional infrastructure (e.g. road corridors, power pools, multipurpose water infrastructure, information and communications technology).
- The international community needs to support African countries in implementing national strategies to achieve the water supply and sanitation targets.
- ODA for infrastructure in Africa needs to be at least doubled by 2010.

The AU Commission Chairperson, H.E. Jakaya Kikwete formally launched the report at the AU Summit in Sharm El-Sheikh, Egypt on 1 July 2008.

Secretary General Ban Ki Moon set up the UN-MDG Africa Steering Group (leaders of multilateral development organizations) to identify the practical steps needed to achieve the Millennium Development Goals and other internationally agreed development goals in Africa. Recommendations and the full report can be downloaded at www.mdgafrika.org

First announcement of ICA Financing Water Meeting

The ICA “Financing Water for Growth” Meeting will be held in late November 2008 in Dakar, Senegal.

The objectives of the meeting are to:

- Promote private sector participation in water supply and sanitation and in water resource infrastructure (irrigation, dams, and reservoirs).
- Share best practices.
- Explore innovative approaches to financing water utilities (e.g. bond markets, credit rating).

Further details of the meeting including the concept note and agenda will be posted soon on the ICA website – www.icafrica.org

Upcoming Events

- Steering Committee Meeting for the Programme for Infrastructure Development in Africa – 16 July 2008, Addis Ababa, Ethiopia.
- Steering Committee Meeting for the Africa Infrastructure Country Diagnostic Study (AICD) – 17 to 18 July 2008, Addis Ababa, Ethiopia.