

# INFRASTRUCTURE FINANCING TRENDS IN AFRICA



ICA Annual Report 2012  
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**ICA**  
The Infrastructure  
Consortium for Africa



# Contents

<b>Foreword</b>	<b>1</b>
About the ICA	2
Interview with the ICA Co-ordinator	3
Definitions	5
Acronyms	6
List of Graphics	7
<b>1. Key Messages and Findings</b>	<b>9</b>
<b>2. Trends</b>	<b>11</b>
2.1 Introduction	11
2.2 Who is Financing Africa's Infrastructure	13
2.3 Momentum Builds Behind PIDA	16
<b>3. ICA Member Financing</b>	<b>17</b>
3.1 Introduction	17
3.2 Trends in Commitments and Disbursements	19
3.3 Trends in Regional Infrastructure Portfolios	21
3.4 Hard and Soft Infrastructure Commitments and Disbursements	23
3.5 Commitments to Disbursements Lag	25
3.6 Project Preparation	26
3.7 Qualitative Analysis	27
<b>4. Other Public Sector Financing</b>	<b>29</b>
4.1 Introduction	29
4.2 Regional Development Banks	31
4.3 China	31
4.4 Arab Co-ordination Group	33
4.5 Europe	35
4.6 Other G20 Sources of Finance	36
<b>5. African National Budgets for Infrastructure</b>	<b>37</b>
<b>6. Private Sector Financing</b>	<b>39</b>
6.1 Introduction	39
6.2 Public-Private Infrastructure Advisory Facility (PPIAF)	40
6.3 Investment Considerations and Risks	41
6.4 Countries Most Attractive for Investment	42
6.5 Project Preparation Challenges	43
6.6 Market Trends	44
<b>7. Sectoral analysis</b>	<b>45</b>
7.1 Introduction	45
7.2 Transport	47
7.3 Water	51
7.4 Energy	53
7.5 ICT	55
<b>Annexes</b>	<b>57</b>
Annex 1: Introduction	57
Annex 2: ICA Members' Selected PIDA Projects in the Pipeline	58
Annex 3: Data Notes	59
Annex 4: IFC 2012 data (Submitted post data analysis. Data not included in main report- Section 3. ICA Member Financing)	60



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# Foreword



For African nations to eradicate extreme poverty, or develop their diverse economies to a level where they can integrate more fully into the global economy, it is necessary to accelerate construction of energy, information and communications technology, transport and water infrastructure. In addition, to achieve these ambitious goals, they need to work more closely together, not least in promoting cross-border linkages and regional development initiatives.

The Infrastructure Consortium for Africa was created as a catalyst to help the continent to promote a virtuous cycle of closer co-operation and higher, more efficiently utilised development spending in its sectors of focus. This ICA Annual Report for 2012 shows this to be a work in progress, in which heartening progress has been registered, but with much more left to do in achieving the Consortium's goals of encouraging public and private sector investment in essential physical infrastructure, while acting to help create the conditions by which investment is mobilised as efficiently and effectively as possible.

Progress means removing the technical and policy blockages that have all too often slowed down the implementation of essential

infrastructure development projects and programmes. The ICA has emerged as an initiative for better understanding why those blockages persist and as an advocate of strategies to unblock them.

The ICA's approach is more valid than ever, during a period when the global community is uniting behind major initiatives to address the continent's infrastructure deficits – as underlined by announcements such as the African Development Bank's proposed \$20bn Africa50 Fund to help underwrite commercial infrastructure projects and a reinvigorated continent-wide Programme for Infrastructure Development in Africa (PIDA). This report shows that major donors are in support of and have committed resources to these continental initiatives for infrastructure development.

Even before financing is required for equipment procurement, engineering and construction, smaller but equally important envelopes of finance are often necessary to prepare projects to a 'bankable' stage.

Questioning of private sector operators, carried out for this report, suggests that lack of adequate project preparation financing remains a problem. The ICA has long argued the

need for early-stage funding (for feasibility studies and detailed design).

This issue is now being addressed, and while donor support will remain an important instrument for affecting change, increasingly the resources applied to unblocking the infrastructure project pipeline will come from within the continent itself.

I am glad to report that soundings of private sector opinion show growing enthusiasm from private businesses and investors to participate in infrastructure development on the continent, with a growing momentum for projects that will bring African economies closer together, and speed their integration into the global economy.

The continent is on the move. The ICA is there to benchmark the speed and intensity of financing for that development and help to point a variety of stakeholders towards strategies that will allow even more projects to leave the drawing board in the years ahead. ■

**- Alex Rugamba**

Director  
Regional Integration and Trade Department  
African Development Bank

# About the ICA

The Infrastructure Consortium for Africa's mission is to help improve the lives and economic wellbeing of millions across the continent, by supporting the scaling up of investment for project development from public and private sources.

With a focus on regional as well as country-specific initiatives, the ICA helps to facilitate infrastructure development in the water, transport, energy and ICT sectors. This is in recognition of the fact that many African countries lack the essential building blocks of economic progress, such as well-maintained roads and railways, access to electricity, the Internet, drinking water and sanitation.

The consortium is not a funding agency. Rather, it is intended to catalyse and facilitate the financing of African infrastructure projects and programmes, and works to help remove some of the technical and political challenges to make it easier to build more infrastructure.

Practical help is also a focus for the ICA, which recently launched The

Fund Finder, an online searchable database aimed at facilitating the complex process of project preparation – the entire spectrum of activities that have to be undertaken before a project financing structure can be put in place. Fund Finder helps project promoters to locate finance for early-stage institutional, legal, social, environmental, financial, regulatory, engineering and advisory services.

Among other resources, the ICA Knowledge Center has been developed as an information-sharing database, holding and publishing documentation in the key areas of energy, transport, water, ICT and general infrastructure.

The ICA has strong backing. Its bilateral members include the G8 countries: Canada, France, Germany, Italy, Japan, Russia, the United Kingdom and United States. Multilateral institutions include the African Development Bank Group, European Commission, European Investment Bank, Development Bank of Southern Africa and World Bank Group. The ICA decided in 2011 (at its annual meeting) to extend ICA

membership to all G20 countries in recognition of the increasing role of some G20 countries in Africa's infrastructure development. The expansion to G20 will present greater opportunity for an enlarged consortium to co-ordinate efforts to achieve greater impact for infrastructure development on the continent.

Increasingly, the ICA is working to improve the co-ordination of activities among members, as well as between members and other significant sources of infrastructure finance, including China, India, Arab/Islamic financiers (who form the ICA's Arab Co-ordinating Group), African regional development banks and the private sector.

The ICA helps to monitor progress, mobilise finance and resources, and promote knowledge and best practice in support of Africa infrastructure development, with a particular focus on regional programmes and projects. In the ICA's Strategic Business Plan 2014-2016, the African Union's PIDA will be the central focal point of ICA regional programme activities. ■

## ICA in Action

The ICA is supported by a small secretariat hosted by the African Development Bank in Tunis. The Secretariat is funded by voluntary contributions from ICA members and staffed by permanent staff from the AfDB, consultants and experts on secondment from ICA member countries.

The Secretariat works towards the ICA's mission to help scale up investment for infrastructure development from public and private sector sources.

A good example of this was the ICA's co-sponsorship of the third Lake Victoria Basin Donors Consultative Conference, held in Entebbe, Uganda, in June 2013. Some 22 project concepts were presented – and the majority of development partners present expressed a firm interest in supporting them. To achieve this, the ICA Secretariat worked closely with staff of the Lake Victoria Basin Commission (LVBC) to fine-tune the project concept notes, develop an agenda, promote the conference, invite international donors, set up matchmaking and networking sessions, facilitate break-out sessions and lead the follow-up sessions immediately after the conference. The 22 project concept notes reflected months of hard work by LVBC, supported by the ICA Secretariat.

Lake Victoria is the largest inland body of water in Africa and arguably its most important inland waterway, an important

resource for water supply and sanitation, for power production and irrigation. Its full potential as a natural resource is not fully exploited for lack of investment.

Yet sustainable development of the Lake Victoria Basin could play a pivotal role in unlocking the economic potential, and increasing integration, of the East African Community partner states. The main objective of the Lake Victoria Basin Donors Conference in Entebbe was to solidify partnerships with donors and development agencies – to support the Lake Victoria Basin Commission's social, environmental and infrastructure programmes.

The ICA, via its Energy Platform, also undertook a diagnostic of public sector technical capacity in the area of Power Purchase Agreements, with the objective of reviewing existing capacity, identifying needs and assessing the gaps in PPA negotiation in five Sub-Saharan countries (Kenya, Tanzania, Mozambique, Ghana and Senegal). The ICA also made recommendations to provide Technical Assistance (TA) on issues related to power agreements, with a particular focus on risks and risk management in IPP projects. As a subsequent phase of this diagnostic, ICA is currently working with the AfDB-based African Legal Support Facility (ALSF) to provide TA to pilot countries for negotiating and standardising PPAs.

***"ICA has produced a number of topical knowledge products/studies, all aimed at deploying specialist knowledge on Africa's infrastructure landscape"***

## Mohamed Hassan

***The ICA Co-ordinator answers questions on key aspects of the consortium's work***

How does ICA develop and deploy knowledge and analytical tools to help to match the demand for infrastructure with the supply?

The question of filling the gap between the unlimited demand for infrastructure tools and knowledge and the limited supply is not easy. However, I am pleased to note that ICA has made substantial contributions to address this issue. ICA produced a Project Preparation User guide. This was later converted into a web tool called Project Preparation Fund Finder. This tool helps project promoters looking for funds at each stage of the project cycle.

We also created an online knowledge centre for sharing reports and studies on African infrastructure issues. ICA has also produced a number of topical knowledge products/studies, all aimed at deploying specialist knowledge on Africa's infrastructure landscape. To cite a few examples:

- (i) When the Power Comes: An Analysis of IPPs in Africa;
- (ii) Regional Power Status in African Power Pools report;
- (iii) Study to assess the potential for enhanced private participation in the maritime and air transport sectors in Africa; and
- (iv) A study on the assessment of project preparation facilities in Africa, commissioned by the G20.

These studies and other updates about infrastructure development in Africa are also promoted in our quarterly electronic newsletter called @ISSUE. We also use these publications as advocacy tools – in that we disseminate them to policy-makers – who then take the necessary steps for implementing the recommendations within those

reports and publications.

So many planned African infrastructure projects exist in a regional context, which makes project preparation even more complex than projects located in just one country. How does ICA, help monitor progress, mobilise finance and promote knowledge and best practice in the development of regional African infrastructure?

It is a well-known fact that regional projects and programmes are much more complex in implementation than national projects because of the diversity in the interest, outlook and strategy of individual countries. ICA supports efforts led by the AU and the RECs and specialised continental institutions. The centre of convergence of all these efforts is the promotion of the Programme for Infrastructure Development in Africa (PIDA). Some ICA members champion specific programmes under PIDA e.g. Eastern & Central Transport Corridors, Horn of Africa Initiative, North South Corridor, and West African Power Pool. Priority projects under these four programmes are included in PIDA.

Under its regional programmes activities, ICA assists in resource mobilisation for project preparation and implementation of projects by advising on sources of financing, supporting investment and donor conferences, disseminating project lists and organising matchmaking events. As an example, ICA recently supported the Lake Victoria Basin Commission's (LVBC) Investment Conference where 22 project concept notes were presented and received firm commitments by participating financiers.

There is now a widespread recognition that the private sector will need to play an increasing role in funding PIDA's priority projects. Recognising that ICA serves as a platform to broker increased financing of African infrastructure projects, how

**can ICA become involved in efforts to help mobilise private sector funding for PIDA projects?**

ICA actively participated in the task force for PIDA implementation to provide support on the mobilisation of funds. ICA is also currently undertaking financial structuring for PIDA projects to examine the possible modalities of financing the PIDA PAP. It is worth noting that, ICA's second Strategic Business Plan (SBP) 2014-2016 prioritises and will thus allocate more resources to the facilitation of regional infrastructure programmes particularly PIDA PAP.

ICA will support more matchmaking, investment conferences and other resource mobilisation activities. ICA members will continue to support upstream project activities such as project preparation (feasibility studies, economic and financial analysis etc.) to improve the bankability of projects and programmes.

ICA's added value and comparative advantage in this regard is its convening and coordination power which is unparalleled. The consortium encompasses 13 key members which are the G8 countries, three multilateral banks – World Bank, African Development Bank and European Investment Bank – European Commission and the Development Bank of South Africa, all of whom are significant players with leverage in terms of infrastructure development in Africa.

**Respondents to our private sector survey indicate that a lack of institutional capacity and/or insufficient regulatory frameworks deterred them from investing in certain countries. What needs to be done to improve institutional capacity and regulatory frameworks, and how can ICA help in this process?**

ICA acknowledges that appropriate skills in local government agencies and line ministries are often inadequate to assess and plan appropriately for the formulation and management of infrastructure development and services, as well as the enforcement of policies and regulation. This lack of technical capacity leads to a coordination failure on the part of government, across the myriad of local agencies

involved in delivering infrastructure services.

Effective institutions are a key part of deepening policy reforms in the infrastructure sector with a view to attracting private sector participation. Such reform measures are necessary to strengthen regulatory mechanisms in order to create a level and well-defined, playing field for participants in infrastructure development.

Regulatory and institutional reform targeted at the removal of bottlenecks to enhance private sector participation in infrastructure development is a key mandate of the ICA. ICA notes that it is important that policy reforms balance national interests with private sector incentives.

ICA members and partner institutions are helping authorities and governments on the continent to determine the optimum public/private split of duties and responsibilities in infrastructure development and service provision and helping with the establishment of effective regulatory bodies that are independent and have appropriately defined mandates.

ICA members have helped establish PPP units in countries like Senegal and Ghana. ICA is also supporting institutional capacity building across the continent. The ICA Secretariat in collaboration with the African Legal Support Facility (ALSF) is supporting some African countries with the standardisation of PPP contracts in the energy sector with a particular emphasis on power purchase agreements (PPAs).

ICA via the Initiative for Risk Mitigation in Africa (IRMA, an ICA initiative) will promote risk mitigation instruments and other innovative credit enhancement/financing instruments to the private sector to help leverage additional resources for infrastructure development on the continent. We strongly believe that all these efforts will bridge the institutional capacity and regulatory constraints and contribute to the enhancement of the private sector's participation in infrastructure development on the continent. ■

**"Regulatory and institutional reform targeted at the removal of bottlenecks to enhance private sector participation in infrastructure development is a key mandate of the ICA..."**

**"ICA members and partner institutions are helping authorities and governments on the continent to determine the optimum public/private split of duties and responsibilities"**

# Definitions

## Budget Data

**Budget allocations:** Total approved government budget for the respective item.

**Total infrastructure budget:** Sum of energy, water and sanitation, transport, and ICT budget allocations. Where available, significant multi-sector or other infrastructure allocations are indicated separately.

## ICA Members

AfDB, DBSA, EC, EIB, G8 countries, and the World Bank Group. In 2011 all G20 countries were invited to join the ICA. The AU Commission, NEPAD Secretariat and Regional Economic Communities participate as observers at ICA meetings.

## Infrastructure

**Hard infrastructure:** Where funds have been allocated and used to produce physical infrastructure outputs.

**Soft infrastructure:** If measurable – where funds have been allocated to support or accompany the production of physical infrastructure outputs, including capacity building, enabling legislation, project preparation.

**Project preparation:** The undertaking of all project preparation cycles or development activities necessary to take an infrastructure project from identification through concept design to financial close. This includes feasibility testing and financial and legal structuring, as well as raising capital.

## Funding

**Commitments:** Direct loans and/or grants approved in a given year to projects over their lifetime.

**Disbursements:** Money outflow going to infrastructure projects during a given year.

**ODA (official development aid):** Grant or loan with public concessional modalities administered by donor government agencies.

**Non ODA/NC:** Non-concessional

funding from public or private sources.

## Location

**North Africa:** Algeria, Egypt, Libya, Mauritania, Morocco, Tunisia.

**Western Africa:** Benin, Burkina Faso, Cape Verde, Gambia, Ghana, Guinea, Guinea Bissau, Côte d'Ivoire, Liberia, Mali, Niger, Nigeria, Senegal, Sierra Leone, Togo.

**Central Africa:** Burundi, Cameroon, Central African Republic, Chad, Congo, Democratic Republic of Congo, Equatorial Guinea, Gabon, Rwanda, São Tomé and Príncipe.

**Eastern Africa:** Djibouti, Eritrea, Ethiopia, Kenya, Seychelles, Somalia, South Sudan, Sudan, Tanzania, Uganda.

**Southern Africa excluding RSA:** Angola, Botswana, Comoros, Lesotho, Madagascar, Malawi, Mauritius, Mozambique, Namibia, Swaziland, Zambia, Zimbabwe.

**RSA:** Republic of South Africa.

## Regional Development Banks

Central African States Development Bank (CASDB), DBSA, an ICA member), EBID, EADB, West African Development Bank (WADB)

## Sector

**Transport:** Airports, ports, rail, road.

**Energy:** Generation, transmission and distribution of electricity and gas (including pipelines, and associated infrastructure).

**Water and sanitation:** Sanitation, irrigation, (trans-boundary) water resource infrastructure, water supply, waste (solid & liquid) treatment and management.

**ICT:** Information and communication technology, including broadband, mobile network, satellite.

**Multi-sector:** Not sector specific, crosscutting. Could include implementation of a PPP unit, capacity building programmes.

## Acronyms

ADF – African Development Fund	IDA – International Development Association (World Bank Group)
AFD – Agence Française de Développement (France)	IDC – Industrial Development Corporation of South Africa Limited
AfDB – African Development Bank	IFC – International Finance Corporation (World Bank Group)
BADEA – Arab Bank for Economic Development in Africa	IPP – Independent Power Producer
BDEAC – Banque de Développement des Etats de l'Afrique Centrale	IPPF – Infrastructure Project Preparation Facility
BIDC – Banque d'Investissement et de Développement de la CEDEAO (EBID)	ISDB – Islamic Development Bank
bn – 1 billion = 1,000,000,000.00	ITF – Infrastructure Trust Fund
BIO – Belgian Investment Company for Developing Countries	JICA – Japan International Co-operation Agency
BOAD – Banque Ouest Africaine de Développement	KfW – Kreditanstalt für Wiederaufbau
CADF – China-Africa Development Fund	LIC – Low-income country
CAGR – Compound annual growth rate	m – 1 million = 1,000,000.00
CAR – Central African Republic	MDB – Multilateral development banks
CIF – Climate Investment Fund	NEPAD – New Partnership for Africa's Development
COFIDES – Spanish Development Funding Company	NTF – Nigeria Trust Fund
DBSA – Development Bank of Southern Africa	ODA – Official Development Assistance
DEG – Deutsche Investitions- und Entwicklungsgesellschaft (KfW Group)	OeEB – Development Bank of Austria
DFI – Development Finance Institution	OFID – Organisation of the Petroleum Exporting Countries (OPEC) Fund for International Development
DRC – Democratic Republic of Congo	PAP – PIDA Priority Action Plan
EAC – East African Community	PFM – Public Financial Management
EADB – East Africa Development Bank	PIDA – Programme for Infrastructure Development in Africa
EAPP – Eastern African Power Pool	PPIAF – Public-Private Infrastructure Advisory Facility
EBID – ECOWAS Bank for Investment and Development	Proparco – French Investment and Promotions Company for Economic Co-operation
EC – European Commission	RAPs – Resettlement action plans
ECA – Export Credit Agency	RSA – Republic of South Africa
ECOWAS – Economic Community Of West African States	SADC – Southern African Development Community
EDFI – European Development Finance Institutions	SFD – Saudi Fund for Development
EDF – European Development Fund	SME – Small- and medium-sized enterprise
EIB – European Investment Bank	SSA – Sub-Saharan Africa
EXIM – Export Import Bank	TA – Technical Assistance
G8 – Group of Eight (Canada, France, Germany, Italy, Japan, Russia, UK, US)	UEMOA – West African Economic and Monetary Union
G20 – Group of 20 (Argentina, Australia, Brazil, Canada, China, France, Germany, India, Indonesia, Italy, Japan, South Korea, Mexico, Russia, Saudi Arabia, South Africa, Turkey, UK, US and the EU)	UNECA – United Nations Economic Commission for Africa
GIZ – Deutsche Gesellschaft für Internationale Zusammenarbeit	\$ – US dollar
IBRD – International Bank for Reconstruction and Development	WAPP – West African Power Pool
ICT – Information and Communications Technology	WBG – World Bank Group
	WSP – Water and Sanitation Programme

# List of Graphics and Maps

## Graphics

<b>Figure i:</b> ICA commitments and disbursements, 2010-2012	9	<b>Figure 35:</b> Internal factors that cause disbursement delays	28
<b>Figure ii:</b> ICA member commitments ODA/non-ODA, 2012	9	<b>Figure 36:</b> External factors that cause disbursement delays	28
<b>Figure iii:</b> ICA members: Internal factors that cause delays in disbursements	10	<b>Figure 37:</b> Total non-ICA commitments by region, 2012	30
<b>Figure iv:</b> ICA members: External factors that cause delays in disbursements	10	<b>Figure 38:</b> Regional development bank commitments by sector	31
<b>Figure v:</b> Greatest challenge facing private sector participants	10	<b>Figure 39:</b> China: projects and commitments, 2011 and 2012	32
<b>Figure vi:</b> Private sector view: Top 10 countries most attractive for investment	10	<b>Figure 40:</b> Chinese commitments by sector, 2011 and 2012	32
<b>Figure 1:</b> ICA members' commitments & disbursements, 2010-12	12	<b>Figure 41:</b> Arab Co-ordination Group: projects and commitments	33
<b>Figure 2:</b> Non-ICA major commitments, 2010-2012	12	<b>Figure 42:</b> Arab Co-ordination Group commitments, 2009-2012	34
<b>Figure 3:</b> Private commitments by sector, 2010-2012	12	<b>Figure 43:</b> Arab Co-ordination Group commitments by sector	34
<b>Figure 4:</b> Financing flows into Africa's infrastructure, 2012	13	<b>Figure 44:</b> Commitments by selected European ICA members	35
<b>Figure 5:</b> Who is financing Africa's infrastructure in 2012	14	<b>Figure 45:</b> EDFI members' infrastructure commitments, 2012	35
<b>Figure 6:</b> Geographical sources of finance, 2012	14	<b>Figure 46:</b> Brazil – Total commitments by sector, 2012	36
<b>Figure 7:</b> Shares of external finance, 2012	14	<b>Figure 47:</b> India – Total commitments by sector, 2012	36
<b>Figure 8:</b> European bilateral sources, 2012	14	<b>Figure 48:</b> South Korea – Total commitments by sector, 2012	36
<b>Figure 9:</b> Arab Co-ordination Group, 2012	14	<b>Figure 49:</b> Infrastructure allocation as % of total budget, 2012; Infrastructure sector with the highest allocation, 2012	38
<b>Figure 10:</b> Asian sources, 2012	14	<b>Figure 50:</b> Sector with the highest growth rate, 2010-2012	38
<b>Figure 11:</b> Multilateral financing sources, 2012	15	<b>Figure 51:</b> Trends in infrastructure allocation, 2010-2012	38
<b>Figure 12:</b> The Americas, 2012	15	<b>Figure 52:</b> Trends in African national budget allocations	38
<b>Figure 13:</b> ICA member commitments by sector, 2012	17	<b>Figure 53:</b> Total private investment by sector, 2008-2012	40
<b>Figure 14:</b> ICA commitments by sector and by region, 2010-12	18	<b>Figure 54:</b> Total private investment, 2008-2012	40
<b>Figure 15:</b> ICA member commitments by region (%), 2012	18	<b>Figure 55:</b> Private investment by sector	40
<b>Figure 16:</b> ICA members' commitments by region, 2012	19	<b>Figure 56:</b> Total private infrastructure investment, 2012	40
<b>Figure 17:</b> ICA member's disbursements by region, 2012	19	<b>Figure 57:</b> Top considerations when deciding to invest	41
<b>Figure 18:</b> ICA members' commitments by sector and region	20	<b>Figure 58:</b> Risks that must be mitigated to secure financing	41
<b>Figure 19:</b> ICA members' disbursements by sector and region	20	<b>Figure 59:</b> Measures used to mitigate risks	41
<b>Figure 20:</b> Trends in selected ICA members' regional infrastructure portfolios, 2010-2012	21	<b>Figure 60:</b> Countries most attractive for investment	42
<b>Figure 21:</b> ICA members' multilateral commitments by region	22	<b>Figure 61:</b> Challenges in implementing infrastructure projects	43
<b>Figure 22:</b> ICA members' bilateral commitments by region	22	<b>Figure 62:</b> Challenges in organising finance	43
<b>Figure 23:</b> ICA members' hard and soft infrastructure commitments, 2012	23	<b>Figure 63:</b> Most important factor causing bottlenecks in project preparation	43
<b>Figure 24:</b> ICA members' hard and soft infrastructure disbursements, 2012	23	<b>Figure 64:</b> Greatest challenge facing the private sector	44
<b>Figure 25:</b> ICA members' hard and soft commitments by sector	24	<b>Figure 65:</b> Use of finance (project, corporate and donor)	44
<b>Figure 26:</b> Trends in ICA members' hard infrastructure commitments, 2010-2012	24	<b>Figure 66:</b> Revenue from African infrastructure	44
<b>Figure 27:</b> Trends in ICA members' soft infrastructure commitments, 2010-2012	24	<b>Figure 67:</b> African portfolio intentions	44
<b>Figure 28:</b> Relation between commitments and disbursements for projects completed in 2012	25	<b>Figure 68:</b> Total infrastructure commitments by sector, 2012	46
<b>Figure 29:</b> ICA soft infrastructure commitments by type, 2012	26	<b>Figure 69:</b> ICA member commitments by sector, 2012	46
<b>Figure 30:</b> Soft infrastructure commitments by category, 2012	26	<b>Figure 70:</b> ICA member disbursements by sector, 2012	46
<b>Figure 31:</b> Project preparation commitments by sector, 2012	26	<b>Figure 71:</b> Trends of ICA funding to the transport sector	47
<b>Figure 32:</b> Project preparation commitments by sub-component, 2012	26	<b>Figure 72:</b> Trends of ICA funding to the water sector	51
<b>Figure 33:</b> Most challenging project preparation phase: implementing projects	27	<b>Figure 73:</b> Trends of ICA funding to the energy sector	53
<b>Figure 34:</b> Most challenging project preparation phase: organising finance	27	<b>Figure 74:</b> Trends of ICA funding to the ICT sector	55

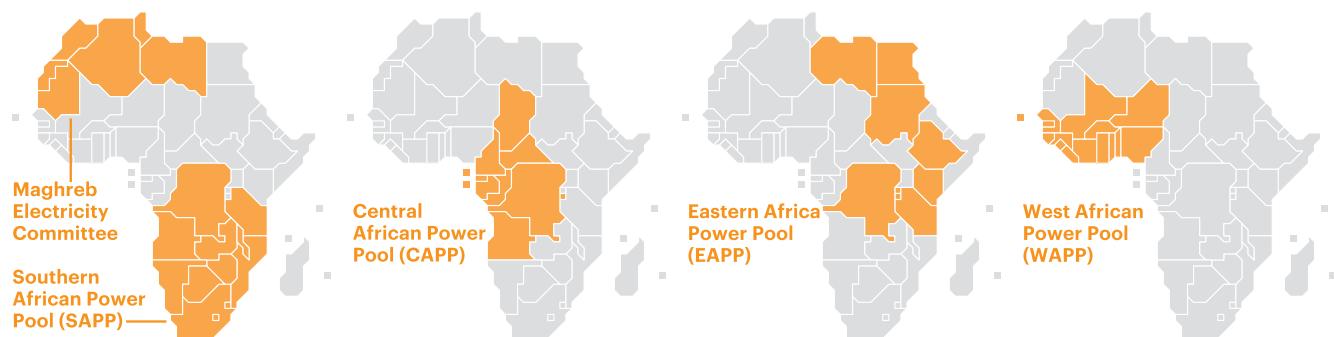
## Maps

<b>Map 1:</b> Infrastructure interconnections	8
<b>Map 2:</b> Transport infrastructure and 2012 commitments	48
<b>Map 3:</b> Nacala road corridor project (NRCP)	50
<b>Map 4:</b> Transport corridors and projects	49
<b>Map 5:</b> Water infrastructure and 2012 commitments	52
<b>Map 6:</b> Energy infrastructure and 2012 commitments	54
<b>Map 7:</b> ICT infrastructure and 2012 commitments	56

# Infrastructure Interconnections



## Power Pools



# 1. Key Messages and Findings

After a 59% slump from \$29.1bn in 2010 to \$11.9bn in 2011, ICA members reported commitments of \$18.7bn in 2012, up 57% on the previous year, of which about 6% were soft infrastructure commitments.

**ICA members reported 2012 disbursements of \$12.8bn**, up 47% from \$8.7bn in 2011 and up 32% from \$9.7bn in 2010.

Between 2010 and 2012 ICA members' non-ODA commitments decreased in absolute numbers and in relation to overall commitments. The EC and the UK have reported no non-ODA figures for the last three years. WBG (excluding IFC) reported reduced non-ODA lending from \$5.7bn in 2010 to just \$11m in 2011 to zero in 2012 (IFC \$820m non-ODA data was received post data analysis). EIB and AfDB reported a significantly higher proportion of non-ODA to ODA of 80% and 40% respectively. DBSA, in contrast, had non-ODA commitments only. The bilateral with the highest non-ODA share at 73% in 2012 was the US.

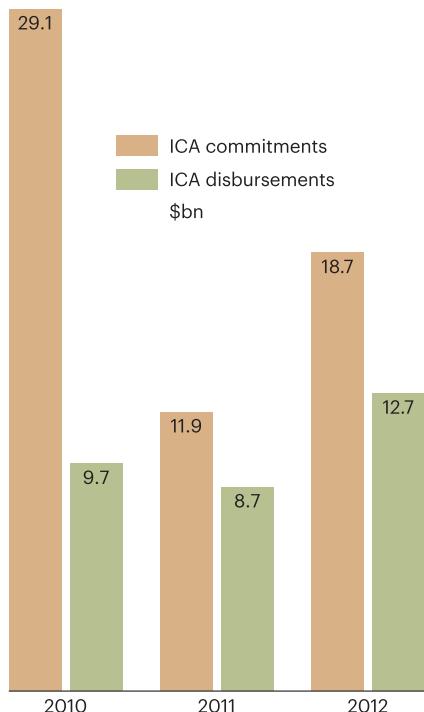


Figure i

ICA commitments and disbursements, 2010-2012

The largest share of commitments by sector went to energy (41.9%), followed by transport (30%) and water (24.6%). ICT attracted just 1% and multi-sector projects 2.5% of total commitments, with the remainder unallocated. The largest shares of commitments by region were made to Eastern Africa and North Africa.

**Strong growth is seen in regional commitments by ICA members since 2010 while data indicates momentum is building behind the PIDA initiative.** Disbursements to PIDA projects remain low, with commitments reported by ICA members standing at \$3.5bn in 2012, though there is a pipeline of potential future PIDA funding commitments worth more than \$8.7bn. The disbursement rate may be negatively affected by the number of projects still in the preparatory or resource mobilisation phase.

**Total ICA member disbursements in 2012 were \$12.8bn.** In 2012, Eastern Africa received most disbursements (21.8%) followed by North Africa (18.1%), Western Africa (15.6%) and RSA (20.3%) with Southern Africa and Central Africa at 8.8% and 8.7% respectively.

**Of 2012 disbursements by ICA members', energy received most (37.5%),** followed by transport (32.3%), water (20.7%), multi-sector projects (3.9%), and ICT (1.9%), with 3.7% unallocated.

**A group of twenty African national governments reported infrastructure spending to the ICA of \$42.2bn,** a proportion of which may have come from donor sources. This data indicates that their infrastructure portfolios are generally on the rise, growing 8.6% on average per year between 2010 and 2012, with the strongest sustained upward trend in the energy sector. Sectors with the highest budget allocations on the African continent are transport and energy, with 36% and 30% of total infrastructure budgets respectively.

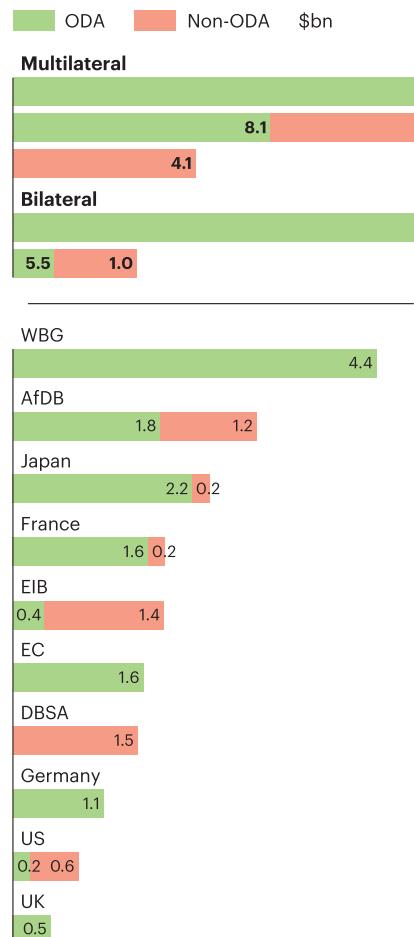


Figure ii

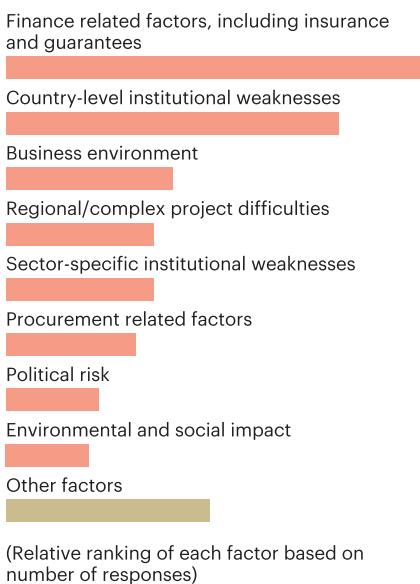
Total ICA member commitments by ODA/non-ODA, 2012

**China's lending continues to be strong, although slightly down on last year at \$13.4bn but still larger than any other single entity.** Brazil, India and South Korea are now significant contributors while there has been a significant increase in commitments from the Arab Co-ordination Group, totalling \$5.15bn in 2012, up from \$2.9bn in the previous year.

**Total reported commitments discussed in this report, including the sample of African national governments amount to \$89.6bn, of which 21% came from ICA members while 23% came from non-ICA external public sector funding.** This figure is incomplete and is based only on officially reported



**Figure iii**  
**ICA members: Internal factors that cause delays in disbursements**



**Figure iv**  
**ICA members: External factors that cause delays in disbursements**

data. There may also be double counting in respect of the African national budgets where donor money has gone into such budgets. The private sector contributed just 9% of total reported commitments, much of it focused on just a few big energy projects.

**Regional development banks** lent mainly to South Africa almost entirely for energy projects and Western Africa for energy and transport projects.

**There may be an increased availability of domestic/African/diaspora capital to fund projects**, possibly boosted by new catalysts for mobilising private capital, notably the Africa50 Fund. It aims to mobilise

domestic capital in the form of pension funds and central bank reserves, plus diaspora backing to finance infrastructure projects, with some focus on the PIDA project pipeline.

**Excluding exceptional investments in energy in Morocco and South Africa, the continent has seen a year-on-year decline in private capital for infrastructure projects.**

Elsewhere in Africa, a decline in investment is evident, falling from \$2.587bn in 2011 to \$578m in 2012. This was a year of extremely unbalanced investment. Energy projects in Morocco and South Africa accounted for 93% of total private investment in infrastructure across the continent. According to PPI data, these investments account for 34% of all private investment in infrastructure across the continent from 2008 to 2012.

**Across the continent, ICA members' commitments to water infrastructure have risen.** At \$4.6bn, 2012 commitments to water projects are 35% higher than 2011 and 21% up on 2010. Regional variance is problematic, however. While Eastern and Western Africa have fared well, for example, Central Africa has generally received the lowest level of investment compared to all other regions.

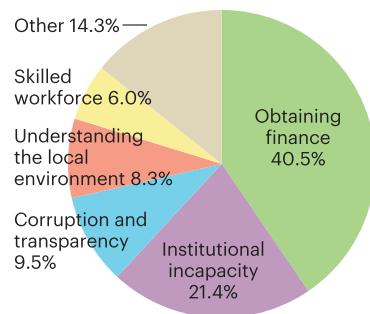
**ICA members' investment in transport infrastructure has been generally on the rise**, with 2012 seeing a 47% rise in investment over the previous year. However, Central Africa once again bucks the trend, seeing a 65% decrease in investment in 2012 over 2011.

**In the energy sector, ICA member funding substantially more than doubled to \$7.8bn** in 2012 from \$3bn in the previous year but is still less than in 2010, when members committed \$12.9bn to energy projects. North Africa received \$2.4bn or 31% of commitments for 2012, while RSA received 21%, Western Africa received 13%, Eastern Africa 16%, Southern Africa 7% and Central Africa 6%.

**ICA members committed just \$182m for ICT projects in 2012, with North and Western Africa**

**receiving the lion's share.** This is a very small amount compared with commitments to other sectors. While the private sector continues to invest substantially in existing mobile networks, there were no substantial commitments or financial closures reported on new ICT projects across the continent. Private sector interest in new ICT initiatives is waning, indicating that pump-priming from outside the private sector is required to stimulate investment in aspects of ICT that are still very much needed

**Partner risk appeared to be the main consideration taken into account by private sector investors deciding whether to invest**, followed closely by concerns about the legal and regulatory environment and about political risk, which ranked second and third respectively among respondents' concerns. Profitability and project feasibility ranked fourth and fifth. ■



**Figure v**  
**Greatest challenge facing private sector participants**



**Figure vi**  
**Private sector view: Top 10 countries most attractive for investment**

## 2. Trends



### 2.1 Introduction

Positive trends characterise a substantial amount of this analysis of African infrastructure, at least on the face of it:

- In 2012, ICA members committed substantially more than they did in 2011, even though they did not commit as much as they did in 2010 (Figure 1, right).
- China remains by far the biggest financier of Africa's infrastructure, although in 2012 it committed rather less than it did in 2011.
- High growth countries such as Brazil, India and South Korea are playing a role providing support for infrastructure that will benefit their domestic businesses as well as Africa.
- African national governments appear to be investing more in infrastructure, and regional development banks continue to play an important role.

Perhaps one of the most encouraging aspects of the headline trends is that private sector capital is mobilising fast, but scratch below the headline figure and some of the trends are disappointing, with very few substantial investments across Africa in the transport and the water and sanitation sectors and, with mobile telephony on the continent maturing, nowhere near as much interest in the ICT sector on the part of the private sector.

Moreover, it seems that by stripping away a few very large projects, often in North African countries or South Africa, the underlying trends among all financiers and across most sectors is broadly flat.

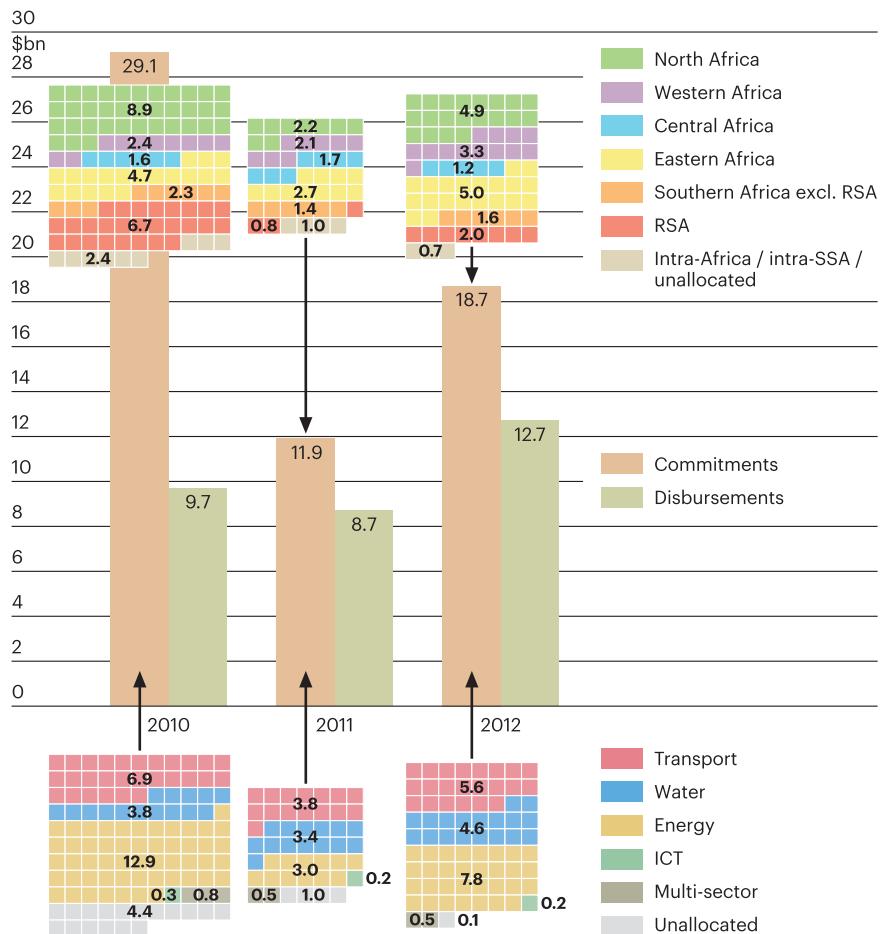
Another disappointing trend is an apparent slowdown in disbursements, the reasons for which are somewhat unclear but may reflect challenges encountered by ICA members canvassed for this report who reported that they were struggling to meet

demand and attempting to stem growing backlogs.

Members also reported that they thought regional projects – much favoured in principle by many stakeholders in Africa's infrastructure – may actually be a prime cause of such delays. Thus, if the current crop of planned PIDA and other regional projects in the pipeline go ahead, even more delays in disbursements may be encountered. So far however, it seems that the upwards trend needed for the private sector capital required for its pipeline to become a reality has yet to be seen.

There are limitations to the trend analysis contained in this section, notably the lack of consistent datasets and the absence of any central database of private sector investors' activities or commitments made by China. Nevertheless, some of the trends identified, though admittedly indicative, appear to point in reasonably accurate directions. ■

# Trends: The Big Picture



**Figure 1**  
ICA members' commitments & disbursements, 2010-2012

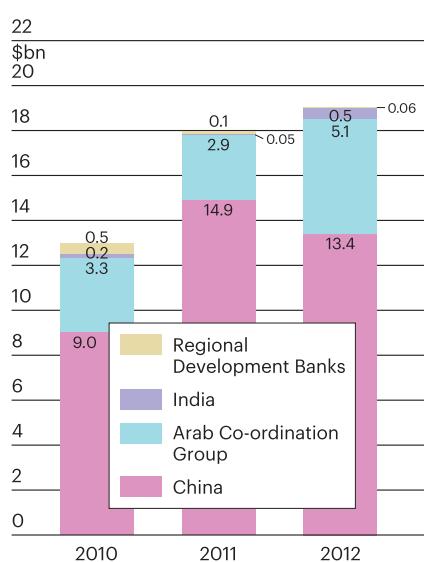
Figure 1 reveals some of the key trends in commitments and disbursements made by ICA members for the development of Africa's infrastructure in the three-year period 2010-2012.

It is immediately obvious there are some very wide swings in levels of commitments, notably in the energy sector and particularly in terms of amounts committed to North Africa and RSA, which were exceptionally large in 2010. Energy remains the most committed to sector while water is the only one of the four main sectors that received steadily more commitments in the three-year period.

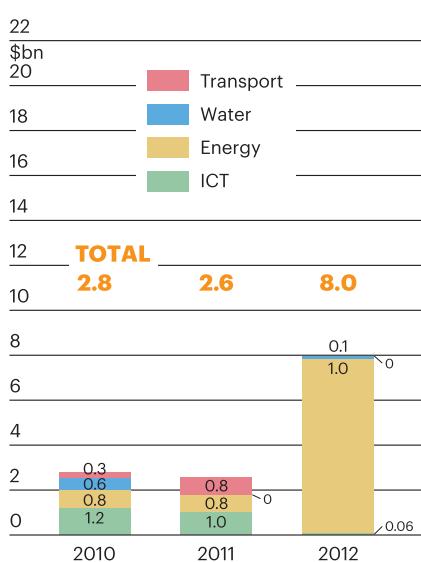
The level of disbursements lag behind commitments, underlining that the process of deploying finance to make projects happen is subject to delays. It is very encouraging to see in Figure 1 that disbursements of \$12.7bn were made in 2012 compared with \$8.7bn in 2011 and \$9.7bn in 2010, as reported in previous years' ICA annual reports. But, over the three year period, nearly \$60bn of commitments were made while disbursements amounted to around \$31bn.

Non-ICA members' commitments to Africa's infrastructure have broken the \$20bn ceiling for the first time, even though China's contribution fell back from \$14.9bn in 2011 to \$13.4bn in 2012. Figure 2 shows that this was more than compensated by the Arab Co-ordination Group – which tends to invest in a greater number of smaller projects than some other funders – whose commitments surged from \$2.9bn in 2011 to \$5.1bn in 2012. South Korea and Brazil are emerging as potentially big future investors alongside India.

Figure 3 indicates the overwhelming preference for private capital to flow into the energy sector, apparently indicating a need for strategies to attract private investors to other sectors. The vast majority of the private sector's investments in 2012 were earmarked for projects in North Africa and RSA, which seems to point to a need for strategies to attract private investors to other regions.

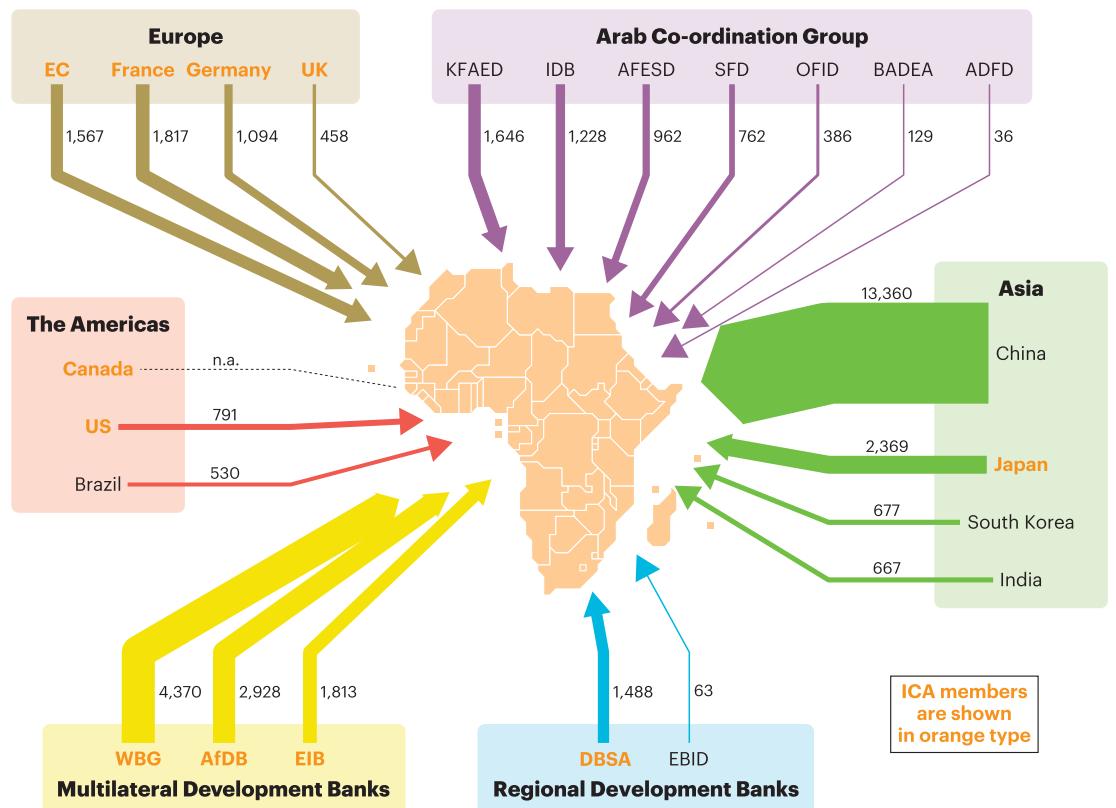


**Figure 2**  
Non-ICA major commitments,  
2010-2012



**Figure 3**  
Private commitments by sector,  
2010-2012

## 2.2 Who is financing Africa's infrastructure?



**Figure 4**  
Financing flows  
into Africa's  
infrastructure, 2012

Figure 4 does not show the total amount of money committed to Africa's infrastructure development. It merely shows, along with Figures 5, 6, 7, 8, 9 and 10, the total of amounts of funding verifiably committed by different actors or groups of actors. For example, Figure 4 excludes amounts committed by more than half of Africa's national governments and it excludes commitments from several sources – public and private – that have not been captured because they have not been reported in any official or otherwise noticeable or verifiable way.

But while its underlying dataset is incomplete, Figure 5 (right) does identify the main actors in Africa's infrastructure development and approximates the relative importance of their roles. It is apparent that, so far, the private sector capital some say is needed to breathe life into Africa's infrastructure development has not yet mobilised and later in this report it appears to be on a downward

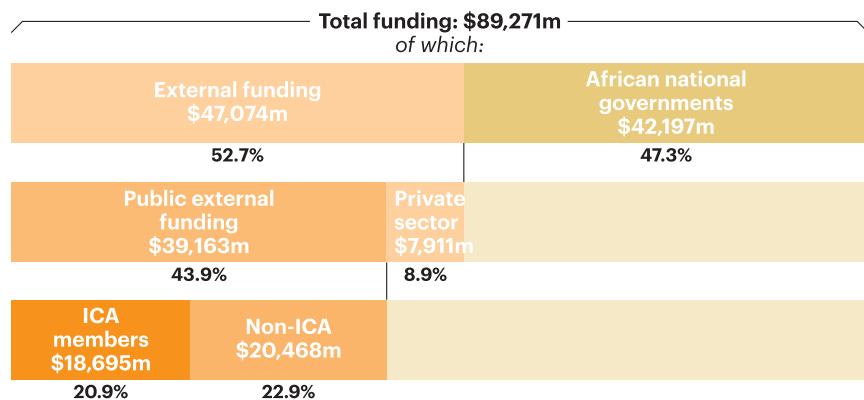
trajectory except in small segments of the energy sector. Hopefully, initiatives such as the Africa50 Fund will succeed in raising private sector capital but, for the moment, it seems that, without external support or incentives, infrastructure development in Africa has yet to be seen by a sufficient number of potential private sector actors as a commercially attractive proposition.

But the key dynamic noticeable in recent ICA Annual Reports has been the dramatic increase in bilateral commitments by China to infrastructure development. Chinese investments appear to have levelled off but an increasing amount of bilateral support appears to be coming from Brazil, India and South Korea, while commitments from Arab funds rose significantly in 2012 compared with the previous year. The total of non-ICA member external public sector commitments in 2012 exceeded by 11% those of the membership.

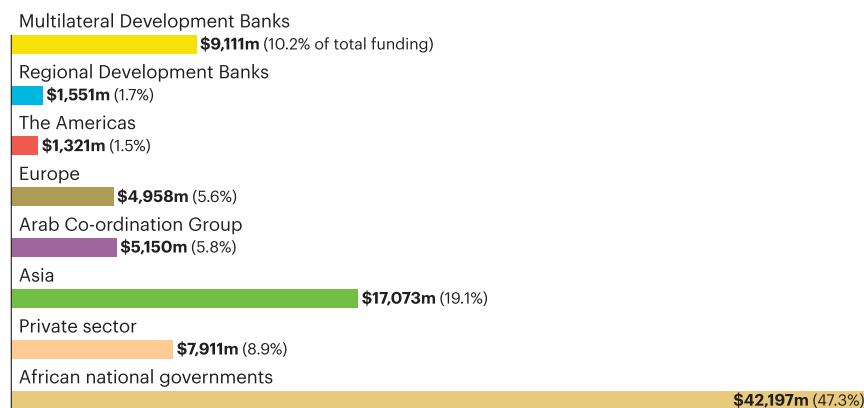
Some of the projects supported by this growing group of non-ICA members clearly support businesses domiciled in the funding source's country, for example Brazil's support for Brazilian construction giant Odebrecht and miner Vale in Mozambique. A similar paradigm is recognisable in projects funded by ICA members but may be more prevalent among the growing segment of bilateral investors in Africa's infrastructure.

So maybe the private sector is already playing a wider role than at first appears as a catalyst of bilateral public sector sources of finance in countries keen to do business with and develop new relations with countries in Africa.

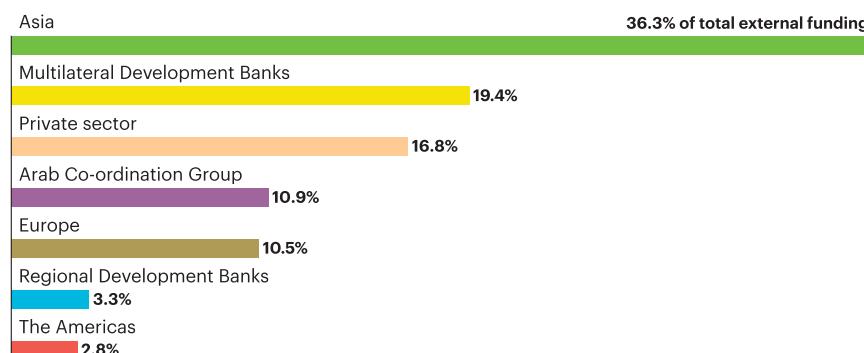
Total external financial support for Africa's infrastructure development in 2012 grew by 14% to reach \$47bn compared with \$41.5bn in 2011. But total commitments are still substantially less than was reported in 2010.



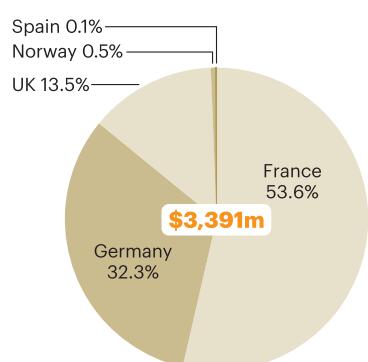
**Figure 5**  
**Who is financing Africa's infrastructure in 2012**



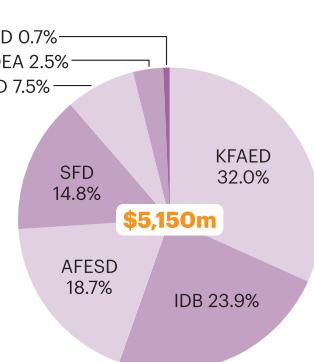
**Figure 6**  
**Geographical sources of finance, 2012**



**Figure 7**  
**Shares of external finance, 2012**



**Figure 8**  
**European bilateral sources, 2012**



**Figure 9**  
**Arab Co-ordination Group, 2012**



**Figure 10**  
**Asian sources, 2012**

In 2010, the ICA Annual Report indicated a surge in investment to \$55.9bn, after a significant increase of 44% from 2009, when \$39.6bn of external support for Africa was reported.

With total commitments appearing to be reasonably close for three out of the last four years, it seems that just a few very large commitments coinciding in one year may have spiked the figures for that year.

Certainly this is true in the analysis of external financial support for Africa's infrastructure development in 2012, where a few big energy projects on the northern and southern tips of the continent vastly inflated private sector investments, while across the rest of Africa and in all other sectors no such variations appeared.

Although the headline figure of commitments remains broadly constant for three out of the last four years, there has once more been a change in the proportion of support provided by different actors in African infrastructure development.

Commitments made by ICA members increased to \$18.7bn, an increase from the \$11.9bn reported in 2011 but still insufficiently revived to reach the \$29.1bn reported in 2010. Higher levels of commitment from ICA members were supported by some substantial increases reported by the EC and AfDB. These gains were offset by other multilaterals that, combined, committed only just over half of the \$12bn committed in 2010.

Beneath the headline figures, there are some significant shifts within the ICA membership too in terms of both regional and sectoral increases and decreases.

Support from China, which committed a record-breaking estimated \$14.9bn in 2011, has fallen back by one percentage point to \$13.4bn. External financial support from India and South Korea is becoming a

significant factor in Africa's infrastructure development, with each country committing at least \$650m based on known investments.

Signs are that Brazil is likely to become an even more significant stakeholder in Africa's infrastructure development after a flurry of dealings in Mozambique at the end of 2012. Several countries are also becoming very aware that Africa's infrastructural shortage presents difficulties to their private firms who want to do business on the continent. As a result, public funding of projects will increase as state-owned institutions, such as Brazil's Banco Nacional de Desenvolvimento Económico e Social (BNDES), seek to support their country's business ventures on the continent.

External financing from countries other than China in 2012 amounted to around \$1.8bn, although the figure could be much higher than that as it is based on reported investments and does not account unreported commitments.

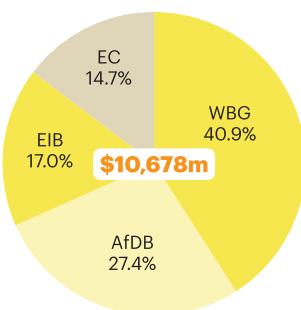
There has been a surge in external financing from Arab funds, driven by post-'Arab Spring' sentiment and perceptions that Islamic finance provides excellent tools for infrastructure development, which was reported as substantially more than the figure of \$2.9bn recorded in 2011 to \$5.2bn in 2012. Increased availability of Islamic funding for

infrastructure projects across Africa is also likely to continue in the medium term.

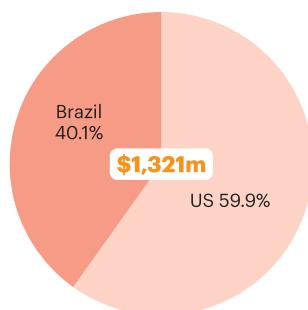
Regional development banks have provided an additional \$1.5bn. This means that during 2012, other public sector sources of finance, including large emerging economies, members of the Arab Co-ordination Group, DBSA and EBID combined to commit some \$22bn to African infrastructure projects.

Private sector commitments to the ICT sector are no longer, as they were in previous years, buoyed by investments in genuinely new mobile telephony projects, although operators are investing substantially to expand and improve existing mobile networks. The biggest private sector investments in 2012 are thus not in the ICT sector, but in the energy sector where there has been multi-billion dollar interest in Morocco and South Africa.

External financing clearly continues to play a very important role in Africa's infrastructure analysis. Budget allocations made in 2012 by selected African countries amounted to a total of \$42.2bn, around 11% less than the \$47.2bn of external financing committed to the continent, underlining the importance of the world's efforts to stimulate infrastructure development across Africa. ■



**Figure 11**  
Multilateral financing sources, 2012



**Figure 12**  
The Americas, 2012

## 2.3 Momentum builds behind PIDA

Data provided by ICA members confirms the observations of financiers and other stakeholders that momentum is building behind the continent-wide initiative to raise a swathe of the African population out of poverty by developing energy, transport, ICT and trans-boundary water resources, the Programme for Infrastructure Development in Africa (PIDA).

In response to a question posed by the ICA Secretariat, ICA members reported that they had made disbursements of \$81.7m in 2012 to support PIDA projects. But commitments reported to the ICA Secretariat from members alone stood at \$3.5bn and questionnaires exhibited a broad enthusiasm among members to support PIDA projects.

This is a new dataset in the ICA's reporting of African infrastructure trends and, therefore, historic comparisons will not be possible until future reports. But questioning of ICA members' future intentions showed a pipeline of PIDA projects – 185 different schemes were mentioned – of more than \$8.7bn.

This build-up of support for PIDA is essential as the infrastructure development programme has some

very ambitious targets, including achieving minimum 60% energy access for the African population by 2030. PIDA is based on an initial list of some 51 projects, but as the ICA responses show, there are many more schemes included within the programme, given that many PIDA schemes involve multiple projects, such as transport corridor initiatives. Some of these transport corridor schemes are described and illustrated in some detail in this report (*see pages 47-50*), using data from the PIDA partners – NEPAD, AUC and AfDB – and analysis of the Nacala Road Corridor Project.

Transport features heavily among the 2012 PIDA disbursements. Donors prominent in this listing include the EC, which is actively supporting projects in the energy and water sectors as well as several transport projects. The AfDB, meanwhile, disbursed to as many transport schemes as it did to energy and water schemes. Japan's disbursements are also heavily skewed towards transport projects. The German agencies' portfolios are more balanced between energy and water. The EIB provided some of the biggest disbursements during 2012, including to the West African Gas Pipeline and the ASECNA IV transport project. ■

### What is PIDA?

An important element in the evolving architecture that will help to structure the continent's accelerated socioeconomic development, the Programme for Infrastructure Development in Africa (PIDA) has been designed to provide a vision and strategic framework for the development of regional and continental infrastructure – covering the four key sectors of energy, transport, ICT and trans-boundary water resources.

PIDA is working to merge several earlier continental initiatives, helping to build momentum behind programmes previously included in the NEPAD Short-Term Action Plan, NEPAD Medium to Long-Term Strategic Framework and AU Infrastructure Master Plans.

This is intended to accelerate projects that will contribute to meeting PIDA's objective: to promote socioeconomic development and poverty reduction through improved access to integrated regional and continental infrastructure networks and services.

PIDA is a huge undertaking. The hard infrastructure will cost dozens of billions of dollars, but the political backing and institutional rigour now being channelled into PIDA suggests that the initiative's ambitious targets are achievable in the period to 2030.

The Priority Action Plan (PAP) within PIDA lists selected projects due for completion by 2020. It comprises 51 projects and programmes: 15 energy; 24 transport; 9 trans-boundary water and 3 ICT. They focus on: Energy: hydropower, interconnections, pipelines; Transport: connectivity, corridor modernisation, ports and railways modernisation, air transport modernisation; Water: multipurpose dams, capacity building, water transfer; and ICT: capacity building, land interconnection infrastructure, internet exchange points.

The overall capital cost of PIDA's long-term implementation to 2040 is currently estimated at more than \$360bn. The overall capital cost of delivering the PAP through 2020 is expected to reach \$68bn or about \$7.5bn annually.

#### Selected projects in the PIDA pipeline

Project	Sector	Region	Estimated total (\$bn)
1. Inga III hydro	Energy	Central Africa	5.99
2. OMVG energy project at Kaléta and Sambangalou	Energy	Western Africa	1.11
3. Lesotho HWP II water transfer component	Water	Southern Africa	1.10
4. Zambia-Tanzania-Kenya power link	Energy	Southern Africa	0.74
5. Rusumo Falls hydro	Energy	Eastern Africa	0.57
6. Ruzizi III hydro	Energy	Eastern Africa	0.51
7. West Africa air transport	Transport	Continental	0.42
8. Central Africa air transport	Transport	Continental	0.42
9. ECOWAS-wide area network (Ecowan)	ICT	Western Africa	0.25
10. Bandajuma-Liberian border road and bridges	Transport	Western Africa	0.08

### 3. ICA Member Financing



#### 3.1 Introduction

In 2012, overall ICA member commitments totalled \$18.7bn. Multilateral institutions contributed \$12.2bn and bilateral members \$6.5bn. The share of ODA was \$13.6bn or 73% compared to \$3.6bn or 27% non-ODA commitments.

As the majority of ICA members reported a slump in 2011, total commitments in 2012 are up 57% compared to the previous year's report and 75% higher on the basis of a comparable sample using data from AfDB, EC, EIB, France, Germany, Japan, UK and WBG. Taking 2010 as the reference year, ICA total commitments in 2012 reached 64% of the 2010 level.

Only the EC and German portfolios continuously grew since 2010, while there have been significant differences in members' commitments in relation to the relatively very high levels of commitments reported in that year. The EC's commitments in 2012 are about 3 times higher than they were in

2010 while the UK's and Germany's commitments have approximately doubled. In contrast, WBG's commitments in 2012 are about half of those made in 2010 while France, Japan and AfDB's 2012 commitments are respectively 37%, 23% and 22% lower than they were in 2010.

Non-ODA commitments all seem to have decreased since 2010, except for DBSA, whose portfolio consists of non-ODA commitments only.

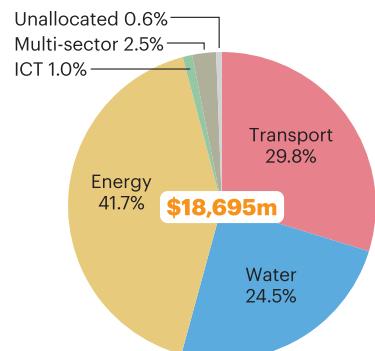
The largest share of ICA member total commitments in 2012 went to the energy sector (\$7.8bn or 41.9%), followed by transport (\$5.6bn or 30%) and water and sanitation (\$4.6bn or 24.6%) (Figure 13, right).

At the same time, Eastern Africa was the favoured destination for most commitments (\$4.98bn or 26.8%), very closely followed by North Africa (\$4.93bn or 26.5%) and then Western Africa (\$3.3bn or 17.9%) (Figure 15, far right). While multilateral ICA members engaged most with Eastern

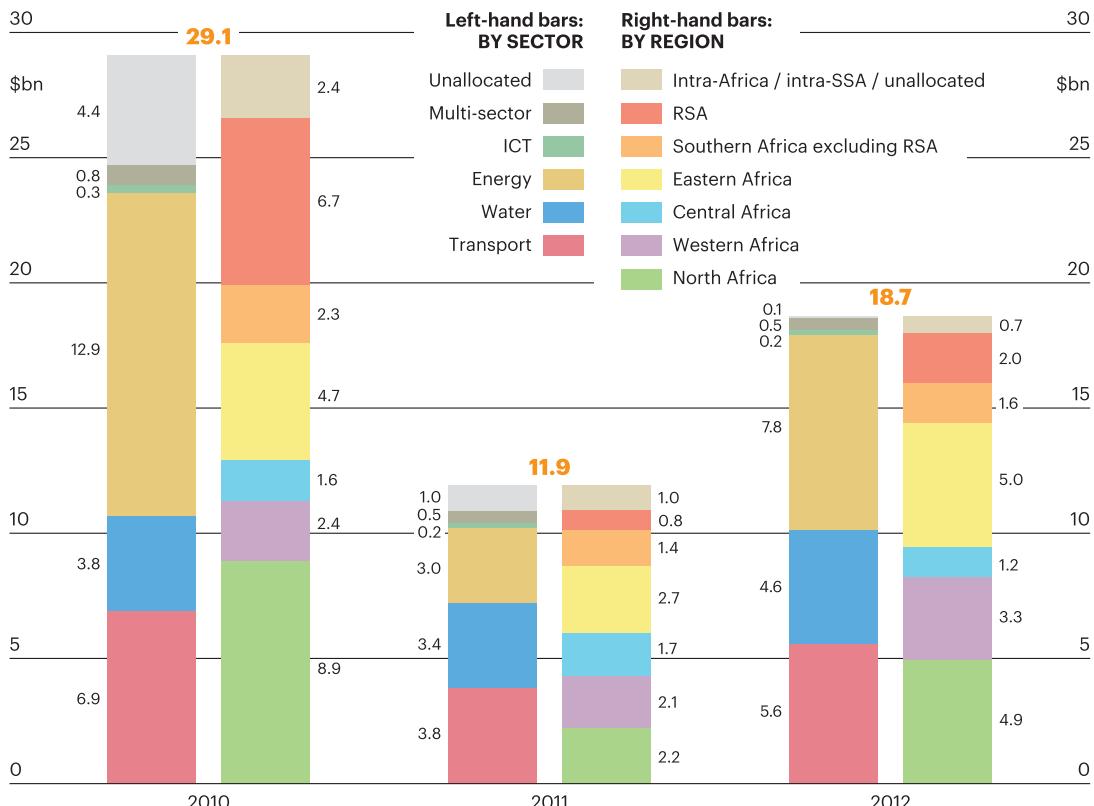
Africa, bilateral ICA members seem to have concentrated on North Africa.

In both the transport and water and sanitation sector, the biggest share of commitments as well as disbursements went to Eastern Africa. For energy, the same was true for North Africa.

Overall commitments by selected ICA members grew by 27% on average per year between 2010 and 2012. Germany and the WBG had the



**Figure 13**  
Total ICA member commitments by sector, 2012



**Figure 14**  
ICA commitments by sector and by region, 2010-2012

highest relative additions, more or less increasing their regional engagement tenfold since 2010, while European institutions and France scaled it down.

In 2012, AfDB, France, the EIB and Germany each made most new commitments to North Africa. Japan committed roughly the same amounts to North and Eastern Africa. The WBG, the US and the UK focused their commitments largely on Eastern Africa and the EC on Intra SSA. AfDB and DBSA disbursements were ones with a large RSA share, while the EIB and France had most disbursements in North Africa.

Comparing data in the two previous years' reports, Eastern Africa has overtaken both North Africa and Southern Africa as the preferred commitment location.

In 2010, the year that ICA members reported a record \$29.1bn of commitments, RSA received \$6.7bn, but it benefited from just \$2bn in 2012. North Africa, with commitments of

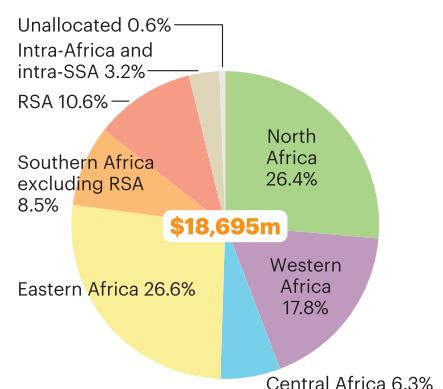
\$8.9bn in 2010 received just \$2.2bn in 2011, recovering somewhat in 2012 to \$4.9bn. Eastern Africa received commitments of \$4.7bn in 2010, falling away to \$2.7 in 2011 but more than recovering in 2012 to benefit from \$5bn of commitments. Central Africa received about the same amount of commitments in 2011 (\$1.7bn) as in 2010 (\$1.6bn) but benefited from fewer commitments (\$1.2bn) in 2012.

The highest shares of soft infrastructure commitments were entered into by the UK, Germany and the US. Canada, however, which does not report on commitments at all, had 100% of its disbursements in soft infrastructure projects, followed by the UK and Germany.

In 2012, multi-sector projects had the highest share of soft infrastructure (24%), followed by ICT (21%) and Water (10%). The energy and transport sectors had a 4% and 3% share respectively.

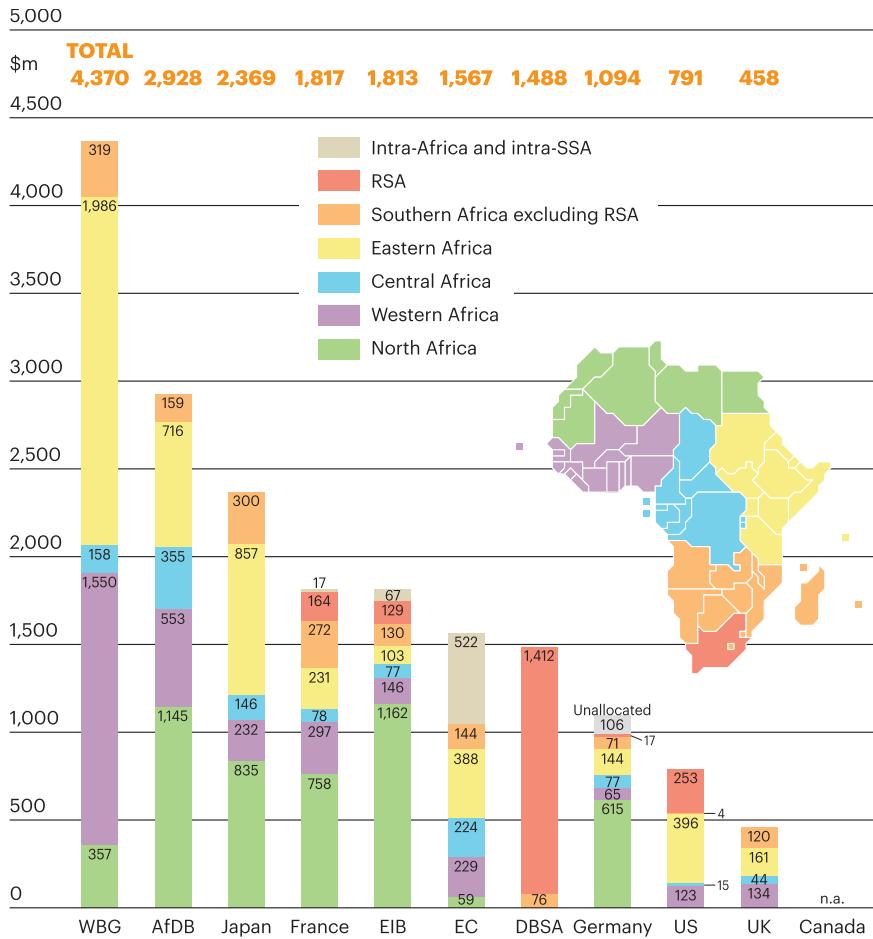
Since 2010, the UK, the EC and

Germany have had the highest compounded annual growth rates (CAGR) in hard infrastructure – 244%, 76% and 40%, respectively, with the UK starting from a very low baseline. For soft infrastructure, the CAGR figures were: EC 76%, Germany 67% and the EIB 62%. ■



**Figure 15**  
Total ICA member commitments by region, 2012

## 3.2 Trends in Commitments and Disbursements



**Figure 16**

ICA members' infrastructure commitments by region, 2012

The WBG committed \$4.4bn to African infrastructure in 2012, with nearly \$2bn of that going to Eastern Africa and more than \$1.5bn going to Western Africa. Relatively smaller amounts of \$357m, \$319m and \$158m went to North Africa, Southern Africa excluding RSA and Central Africa respectively (Figure 16, left).

Large commitments to North Africa were made by the AfDB with \$1.1bn and the EIB with \$1.2bn. The AfDB also made substantial commitments to Eastern Africa of \$716m and to Western Africa, which received \$553m.

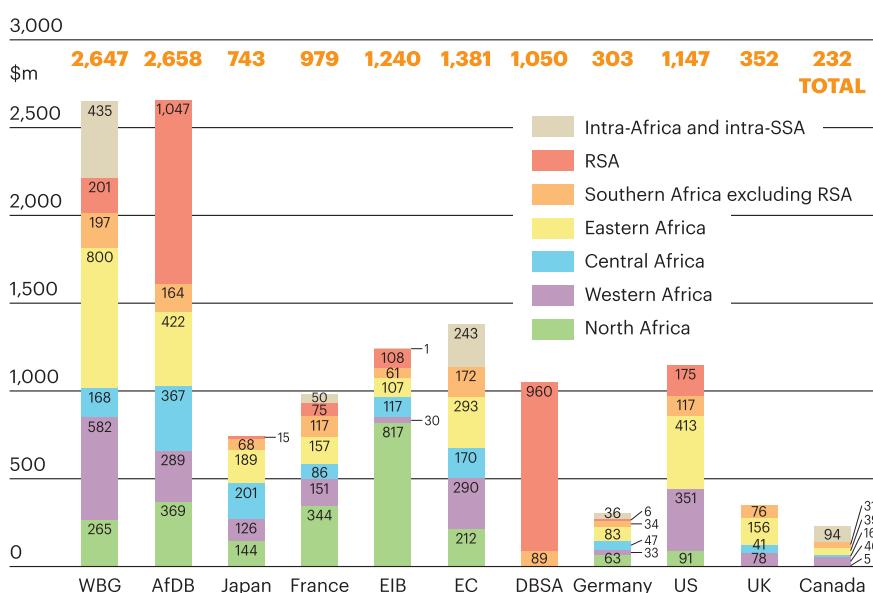
While the majority of EIB's commitments went to North Africa, much smaller commitments of between \$77m and \$146m went to each other region and \$67m going to intra-African or intra-SSA projects.

Germany also gave more to North Africa in 2012, providing commitments of \$615m to that region compared with relatively small sums of between \$71m and \$144m provided to other regions. France committed \$758m to North Africa, representing 42% of its total commitments.

DBSA committed mostly to the energy sector in RSA allocating a total of \$1.1bn in this respect with \$76m going to commitments elsewhere in Southern Africa.

The US, the UK, Japan and WBG each ploughed more commitments into Eastern Africa than any other region. The EC was the only member reporting significant commitments in an intra-SSA context, committing a total of \$522m in this respect, of which \$516m went to the energy sector.

The AfDB and WBG disbursed \$2.7bn and \$2.6bn in total, together representing 42% of disbursements made by all ICA members (Figure 17, left). Other members reporting disbursements of \$1bn or more were



**Figure 17**

ICA members' infrastructure disbursements by region, 2012

the EC (\$1.4bn), the EIB (\$1.2bn), the US (\$1.1bn) and DBSA (\$1bn).

Of the AfDB's disbursements, rather more than \$1bn or around 39% went to RSA, while \$551m went to Eastern Africa. The WBG disbursed \$800m to Eastern Africa, \$582m to Western Africa and made the most substantial of all ICA members' disbursements of \$435m to intra-African projects. The EC, Canada, France and Germany also disbursed respectively \$243m, \$94m, \$50m and \$36m to similar intra-African projects.

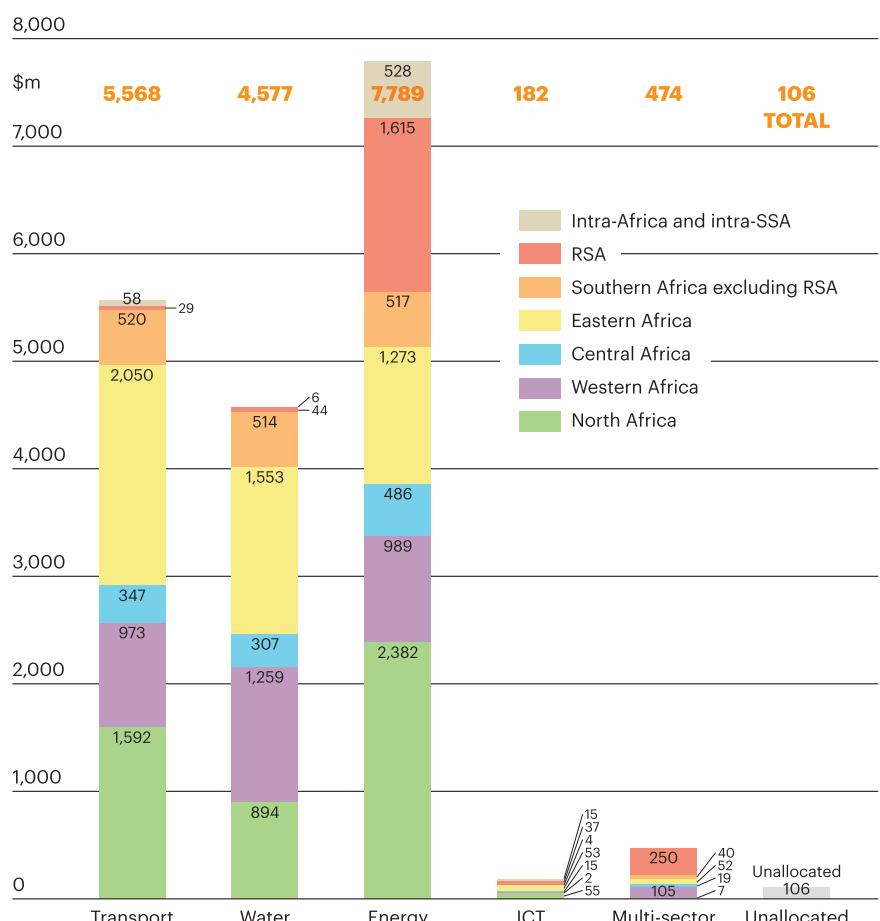
At \$817m, the EIB made substantially the largest amount of disbursements to North Africa while the AfDB, France and the EC disbursed \$369m, \$344m and \$212m respectively to the same region.

Eastern Africa received \$800m from the WBG as well as \$551m from the AfDB, \$413m from the US and \$293m from the EC. Western Africa received \$582m from the WBG as well as \$351m from the US, \$369m from the AfDB and \$290m from the EC.

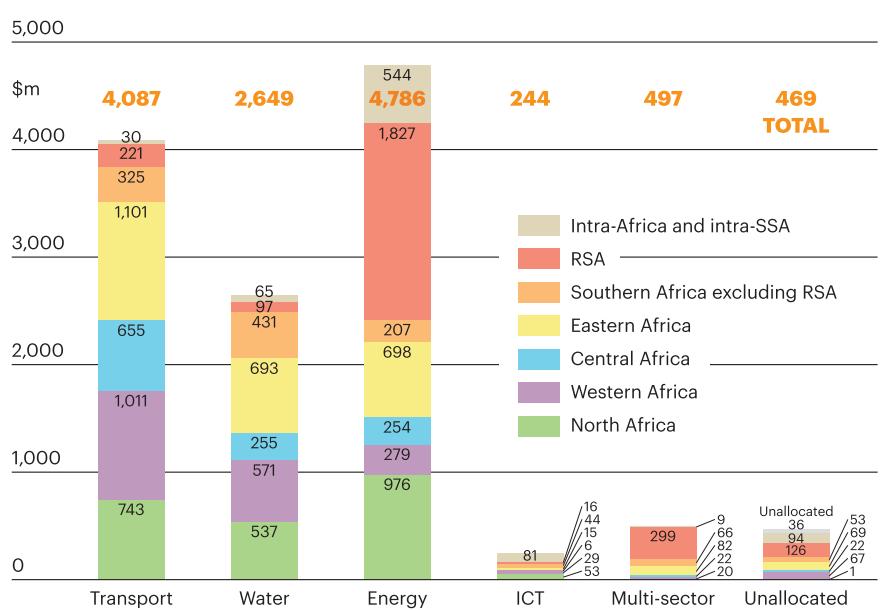
The UK disbursed more to Eastern Africa than any other region, providing \$156m or 44% of its total disbursements of \$352m. Germany also disbursed more to Eastern Africa than other regions, providing it with \$83m or 27% of its total disbursements of \$303m. Canada provided more to intra-SSA projects than any other region, disbursing in this direction \$94m or 41% of its total of \$232m.

The AfDB made the most disbursements out of all ICA members to Central Africa providing \$262m while Japan provided \$201m with the EC and the EIB disbursing \$170m and \$117m respectively.

Southern Africa excluding RSA received the most from the WBG, the EC and AfDB, which disbursed \$197m, \$172m and \$164m respectively. ■

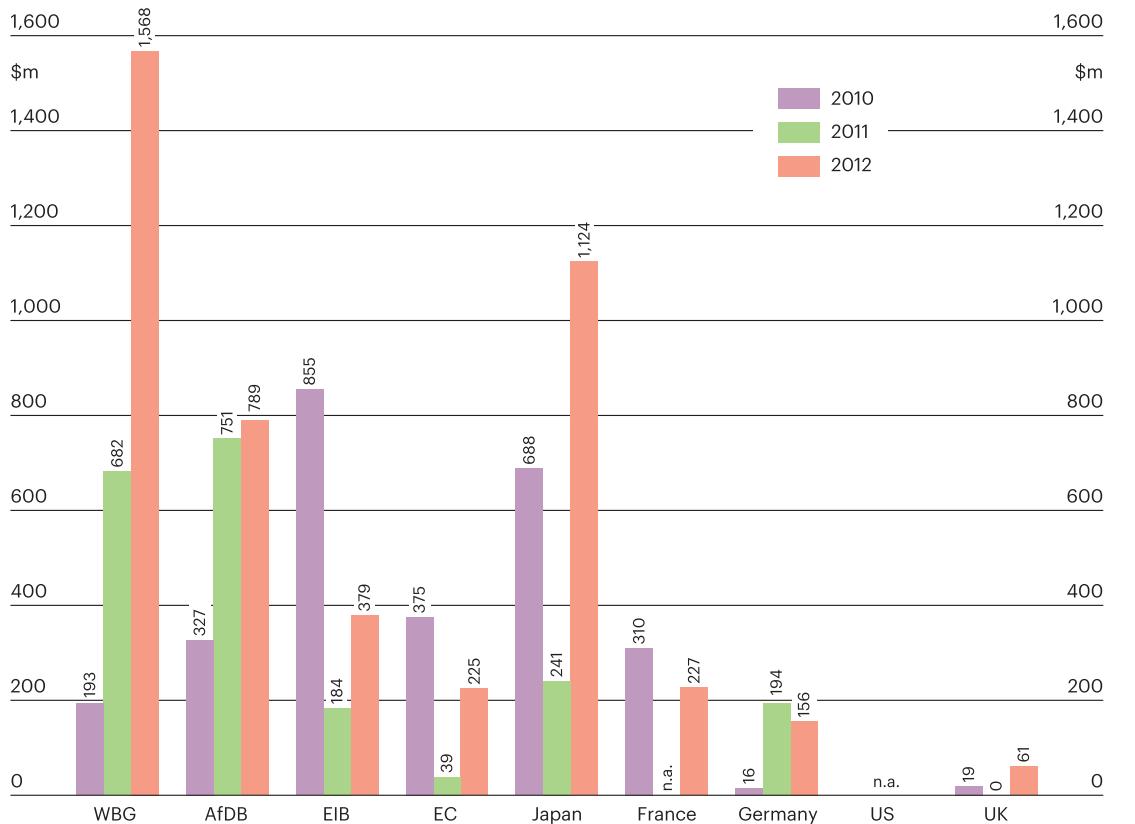


**Figure 18**  
ICA members' infrastructure commitments by sector and region, 2012



**Figure 19**  
ICA members' infrastructure disbursements by sector and region, 2012

### 3.3 Trends in Regional Infrastructure Portfolios



**Figure 20**  
**Trends in selected ICA members' regional infrastructure portfolios, 2010-2012**

In line with overall commitment trends, the total of selected ICA members' regional infrastructure portfolios fell back in 2011 compared with 2010 but more than regained their value in 2012. In 2010, portfolios totalled \$2.8bn but declined 25% to \$2.1bn in 2011 before surging 117% to \$4.5bn in 2012.

Some ICA members' regional infrastructure portfolios are growing very substantially. The fastest growing portfolio between 2010-12 was the WBG's, which stood at just \$193m in 2010 and has more than tripled in size in 2011 and more than doubled in size in 2012 so that by 2012 it stood at \$1.6bn (Figure 20, above).

The WBG's biggest commitment of \$684m in 2012 was to the \$1.3bn Eastern Electricity Highway Project, which is co-financed by AfDB and ADF with commitments of \$354m and \$118m respectively.

In the water sector, WBG committed \$203m to the \$785m Niger River Basin Water Resources project alongside multiple co-financiers comprising the Abu Dhabi Fund (\$10m), AfDB (\$105m), BADEA (\$10.3m), ECOWAS (\$7.5m), IDB (\$76.15m), West African Development Bank (\$71.37m), France (\$103.5m), Kuwait (\$38.42m), Saudi Arabia (\$38.62m) and OPEC (\$15m).

In the energy sector, WBG committed \$176m towards the \$472m West African Power Pool APL4 (Phase 1) project with cofinanciers AfDB (\$133m), EIB (\$105m) and Germany (\$40m).

Japan's portfolio reduced substantially in 2011 to \$241m from \$688 in 2010 but more than regained its size in 2012 when it surged up to \$1.1bn. All of Japan's 2012 regional infrastructure commitments went to the transport sector.

The largest of these was a \$336m yen loan providing 100% of the finance for

the Mombasa Port Area Road Development project in Kenya while Japan's remaining commitments all went to Southern Africa. These comprised the Nacala Port Development Project (Phase I) in Mozambique (\$95.7m); Kazungula Bridge Construction Project in Zambia (\$34.9m) and Botswana (\$105.9m).

The AfDB's regional portfolio in 2012 stood at \$789m, slightly more than its 2011 value of \$751m but comfortably more than the \$327m it was reported at in 2010.

The EIB's portfolio value is less than it was in 2010 when it was reported at \$855m but, at \$379m in 2012, it is more than double its 2011 value of \$184m.

Similarly, the EC's portfolio reduced from \$375m in 2010 to \$39m in 2011 but substantially grew in 2012 to \$225m.

Conversely, Germany's portfolio grew in 2011 to \$194m from just \$16m in

2010 but reduced slightly in 2012 compared with the previous year to a value of \$156m.

Overall commitments from ICA members to different regions vary substantially. In 2012, Eastern Africa and North Africa benefited from commitments of \$5bn and \$4.9bn, making up more than half of commitments \$18.7bn recorded in this report.

Central Africa received the lowest amount (\$1.2bn) while commitments to Western Africa stood at \$3.3bn. RSA received \$2bn while the rest of Southern Africa benefited from commitments of \$1.6bn. Around \$600m was earmarked for other intra-African regions.

In Eastern Africa, the transport sector received the most commitments (\$2.1bn) while the water and energy sectors benefited from \$1.6bn and \$1.3bn respectively.

In North Africa, the energy sector was the prime beneficiary with commitments of \$2.4bn while the transport and water sectors received \$1.6bn and \$900m respectively.

The energy sector received most commitments in Central Africa, totalling about \$500m, with \$300m committed to each of the transport and water sectors.

In Western Africa, the water sector received most commitments (\$1.3bn) while the transport and energy sectors each received \$1bn. In Southern Africa excluding RSA, each of the transport and water and energy sectors received about \$500m.

The ICT sector received commitments of just \$182m across the entire continent.

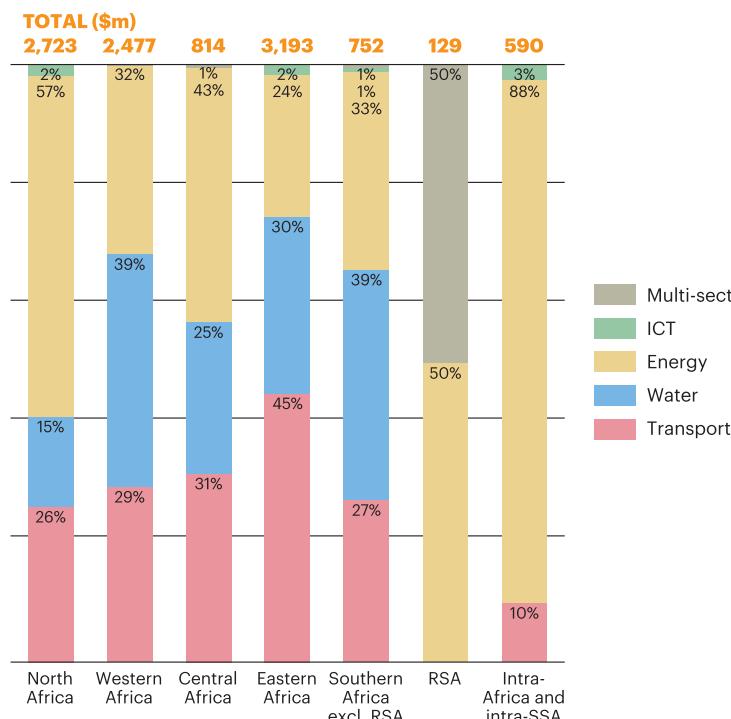
Disbursements were highest in 2012 in Eastern Africa which received \$2.8bn or 22% of the \$12.8bn

disbursed in that year. RSA and North Africa received disbursements of \$2.6bn (20%) and \$2.3bn (18%) respectively with the rest of Southern Africa and Central Africa each benefiting from \$1.1bn or 9% of total disbursements.

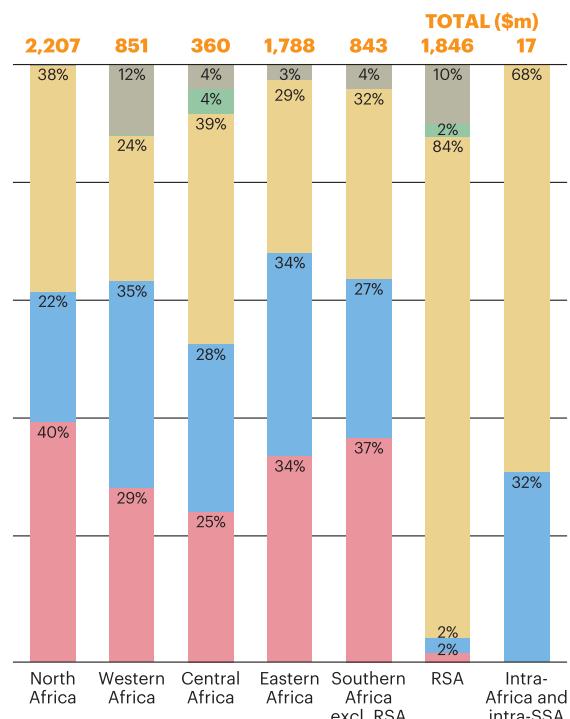
RSA benefited from the most disbursements in the energy sector (\$1.8bn), while North Africa received \$1bn of energy sector disbursements. The rest of the continent received \$2bn, with Eastern Africa benefiting from \$700m of that.

Eastern Africa saw the most disbursements in the transport sector, receiving \$1.2bn while Western Africa received \$1bn.

In the water sector, Eastern Africa also saw the most disbursements (\$700m), with Western Africa and North Africa receiving approximately \$600m and \$500m respectively. ■

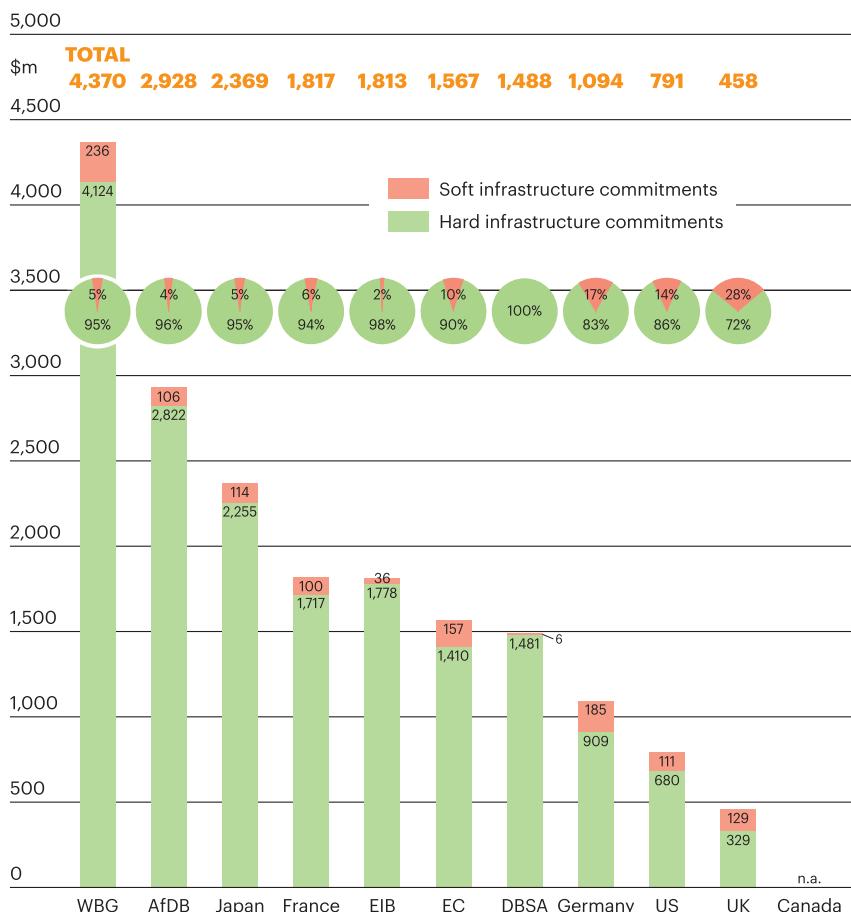


**Figure 21**  
ICA members' multilateral commitments by region, 2012 (% share)



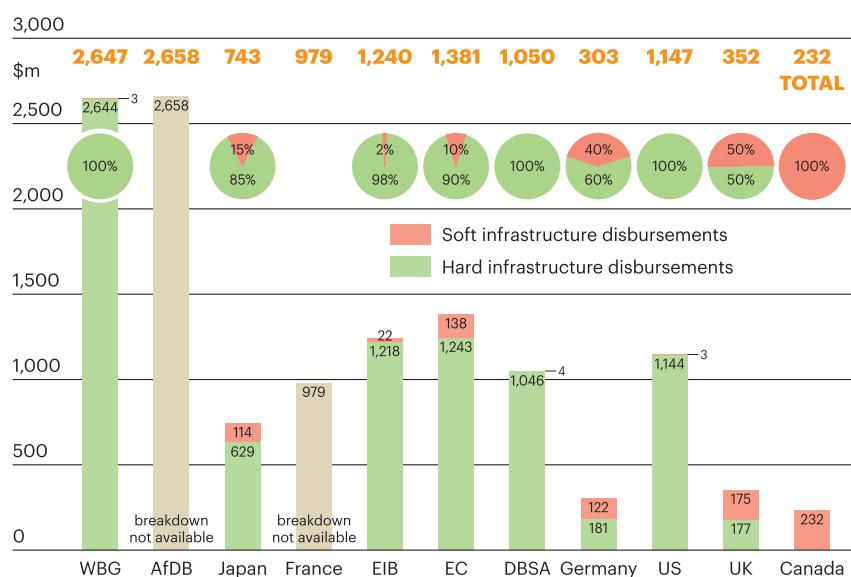
**Figure 22**  
ICA members' bilateral commitments by region, 2012 (% share)

## 3.4 Hard and Soft Infrastructure Commitments and Disbursements



**Figure 23**

ICA members' hard and soft infrastructure commitments, 2012



**Figure 24**

ICA members' hard and soft infrastructure disbursements, 2012

At 28%, the UK provided the largest proportion of soft infrastructure commitments to total commitments. At the other end of the spectrum, the EIB directed 2% and the AfDB 4% of their funds towards soft infrastructure commitments (*Figure 23, left*).

Other members providing larger proportions of soft infrastructure commitments include Germany, the US and the EC, providing respectively, 17%, 14% and 10% of funds directed at soft infrastructure commitments.

In absolute figures, the WBG reported the largest (\$236m) commitments to soft infrastructure followed by Germany, the EC and the UK, which provided \$185m, \$177m and \$129m respectively.

Canada provided \$232m or 100% of its disbursements for soft infrastructure purposes. At \$175m, the UK disbursed only slightly less to soft infrastructure projects than the \$177m it disbursed for hard infrastructure purposes (*Figure 24, below left*).

Some 40% or \$122m of Germany's \$303m of disbursements in 2012 were directed towards soft infrastructure. Japan disbursed \$114m or 15% and the EC approximately 10% of their total disbursements towards soft infrastructure.

Conversely, WBG, the US, AfDB and EIB directed 98% or more (99% in WBG's case) of their disbursements towards hard infrastructure, leaving the EC as the only multilateral disbursing as much as 10% of disbursements for soft infrastructure in 2012.

There was a marked difference between the proportions of soft and hard infrastructure commitments directed towards different sectors in 2012. Just 3% and 4% respectively of commitments to the transport and energy sectors were directed at soft

infrastructure (Figure 25, right).

Contrastingly, some 24% and 21% respectively of commitments to multi-sector and the ICT sector were directed at soft infrastructure. Of the \$4.6bn committed to the water sector, around \$448m or 10% of commitments were made to soft infrastructure.

The UK has reported the steepest growth of 244% in hard infrastructure commitments between 2010 and 2012 (Figure 26, below right). At the same time, its commitments to soft infrastructure have declined by some 14% (Figure 27, below far right).

The EC is the only member reporting steep and consistent growth in terms of both hard and soft infrastructure commitments, with a 76% increase for both types of commitment.

Germany has recorded growth of 40% in hard infrastructure and 67% in soft infrastructure commitments between 2010 and 2012. France reported growth of 21% in hard infrastructure and 8% in soft infrastructure commitments in the same period.

The WBG reported the sharpest decline of 29% in hard infrastructure commitments while the AfDB recorded the steepest fall of 60% in soft infrastructure commitments between 2010 and 2012.

France, Germany, the EC and the UK are the only members reporting continuous growth in hard infrastructure commitments between 2010 and 2012.

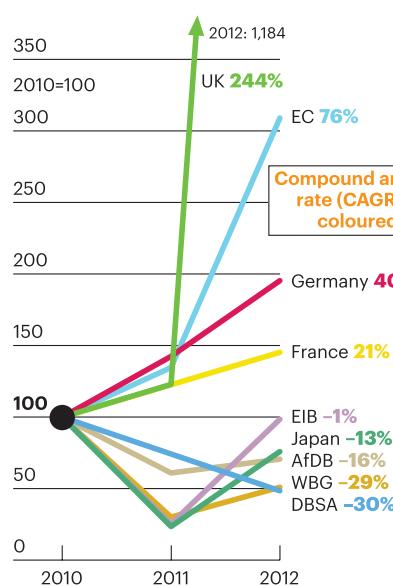
The EIB, Japan, AfDB and WBG recorded sharp declines in hard infrastructure commitments in 2011 compared with 2010.

While the EIB largely recovered to its 2010 position in this respect, the levels of commitments to hard infrastructure were still 13%, 16% and 29% lower for Japan, AfDB and WBG respectively in 2012 than they were in 2010. ■



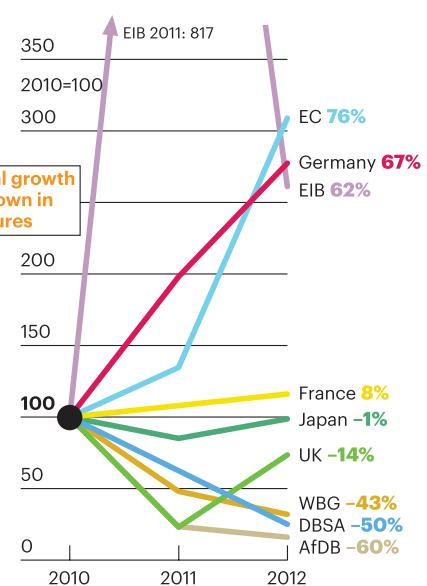
**Figure 25**

ICA members' hard and soft commitments by sector, 2012



**Figure 26**

Trends in ICA members' hard infrastructure commitments, 2010-2012



**Figure 27**

Trends in ICA members' soft infrastructure commitments, 2010-2012

### 3.5 Commitments to Disbursements Lag

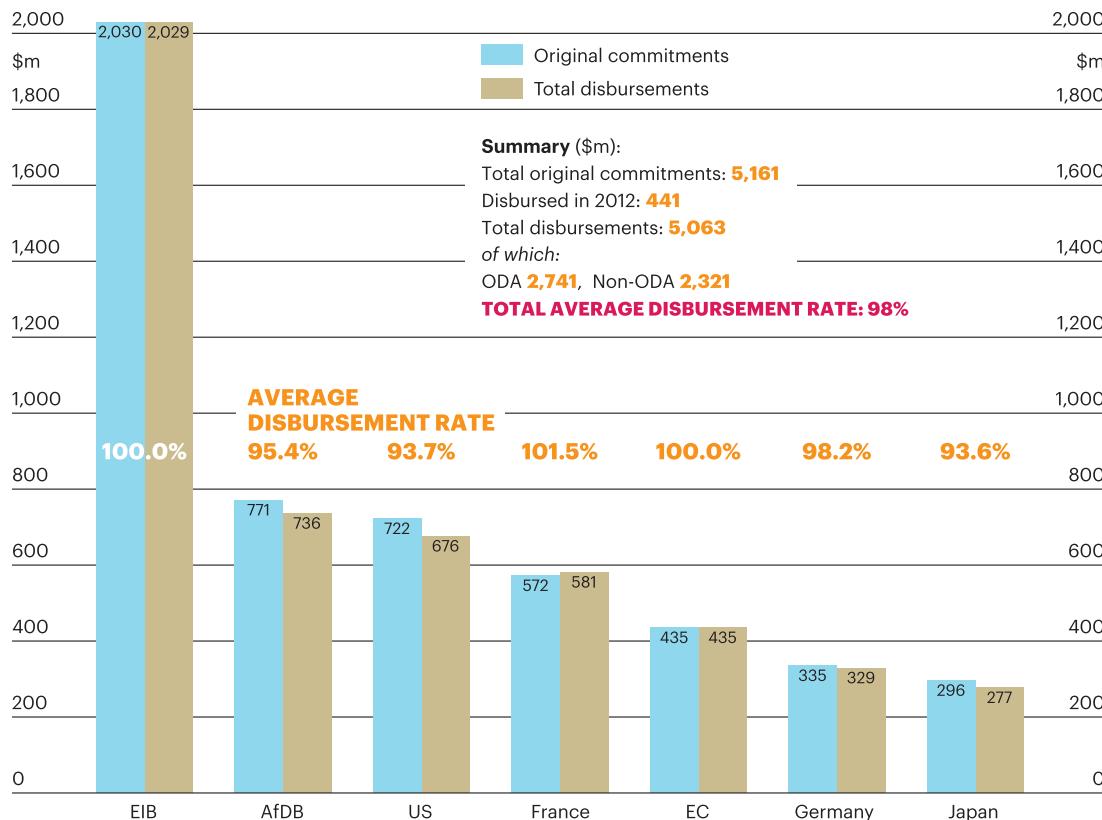


Figure 28

Relation between commitments and disbursements for projects completed in 2012 (selected countries and institutions)

ICA Members reported disbursements amounting to \$12.8bn in 2012. ODA disbursements amounted to \$7.4bn and non-ODA disbursements amounted to \$4.3bn representing 58% and 34% of total disbursements respectively.

There have been substantial increases in disbursements among a selected group of seven ICA members. The UK reported a massive 530% increase in disbursements of \$352m compared with \$66m disbursed in 2010 and an even bigger (2260%) increase on the \$16m disbursed in 2011. The EIB disbursed \$1.24bn in 2012, an increase of 259% compared with 2011 and 155% compared with 2010.

All ten ICA members that reported disbursements in previous years disbursed more in 2012 than they did in either 2010 or 2011.

The consistent sample group of seven ICA members (the AfDB, the WBG, the EIB, France, Japan, the UK and Canada) made 50% more

disbursements in 2012 compared with 2010 and 39% more than it disbursed in 2011.

Average disbursements rates based on projects completed in 2012 stood at 98%, with ODA disbursement rates slightly lower at 96.7% compared with average non-ODA disbursement rate of 99.8% (*Figure 28, above*).

Out of a selected 140 projects completed in 2012, 84% of disbursements made in 2012 were for commitments made between 2007 and 2011, while 92% of disbursements made were for commitments made between 2005 and 2011. This points to an average of five years for project implementation and/or disbursements.

In 2012, more disbursements were made against projects with original commitments in 2007 than any other year.

Some 2012 disbursements relate to projects for which the original commitments date back as far as 1985,

with 17 relating to commitments made in 1999 or before, thus indicating the lag between commitments and disbursements.

In this year's survey of ICA members, several members when discussing delays between commitments and disbursements indicated that delays became longer in bigger projects. Of the large projects where total disbursements reached in excess of \$100m in 2012, all had original commitments made between 2005 and 2010 which perhaps suggests – by this purely indicative measure – that the gestation time for larger projects may not, on average, be any longer than that for smaller projects.

Other likely causes of delays between commitments and disbursements were identified as internal factors such as meeting conditions and lack of capacity as well as external factors such as making financial arrangements, country-level institutional weaknesses and procurement-related factors. ■

## 3.6 ICA Members: Project Preparation

Several ICA members reported working with project preparation facilities in the course of their activities (*Figures 29-32, below*).

The AfDB's energy unit worked with the Scaling Up Renewable Energy in Low Income Countries (SREP) Project Preparation Grant (PPG) under the Climate Investment Fund (CIF) while the bank's water and sanitisation unit worked with the African Water Facility.

The UK and Germany's KfW worked with NEPAD's Infrastructure Project

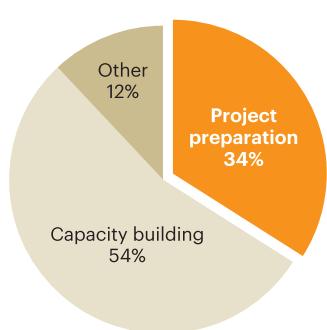
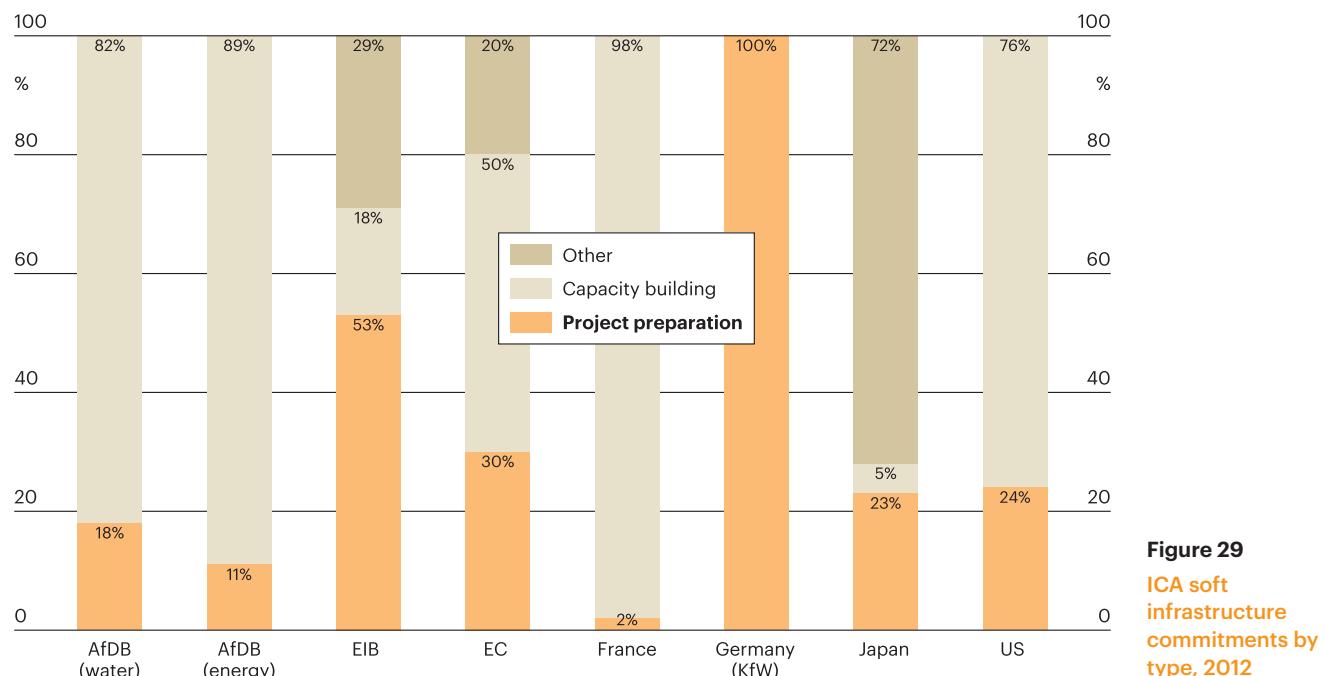
Preparation Facility while the EU Africa Infrastructure Trust Fund was employed by the UK and France (which also works with the African Water Facility).

In the US, the Millennium Challenge Corporation works with PPIAF while US Ex-Im Bank has an Engineering Multiplier Programme (EMP) to finance feasibility studies. While this programme has been sporadically used, Ex-Im Bank is seeing increased interest in its EMP programme.

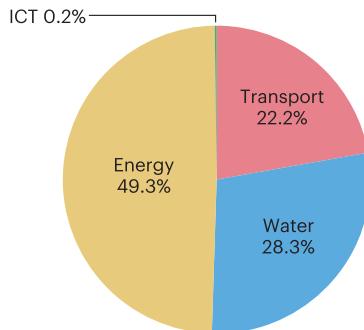
The regionally focused DBSA provides

soft infrastructure grant funding for pre-investment investigations on infrastructure projects through the AFD/DBSA Project Preparation and Feasibility Study (PPFS) Fund, as well as technical assistance facilities available to the South African Operations Division and the International Division.

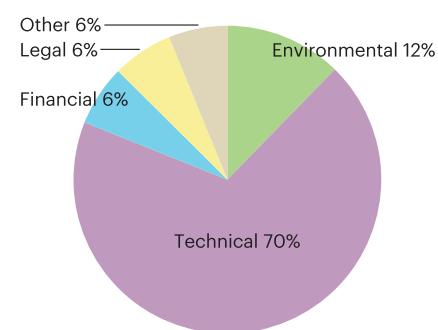
The DBSA also provides further soft infrastructure/grant funding for capacity building support through its Vulindlela Training Academy as well as the Capacity Development and Deployment Division. ■



**Figure 30**  
Soft infrastructure commitments by category, 2012



**Figure 31**  
Project preparation commitments by sector, 2012



**Figure 32**  
Project preparation commitments by sub-component, 2012

## 3.7 Qualitative Analysis of ICA Member Commitments and Disbursements

*“Implementing agencies should be more familiarised with procedures and guidelines of DFIs”*

*“Strengthening management oversight and operational support in legal, procurement, and financial matters”*

*“...formulation and implementation of demand-driven technical assistance programmes under an integrated approach with other development partners”*

*“Strengthening implementing agency capacity, particularly regional institutions”*

*“Regular execution of technical and financial audits”*

### Unblocking the pipeline

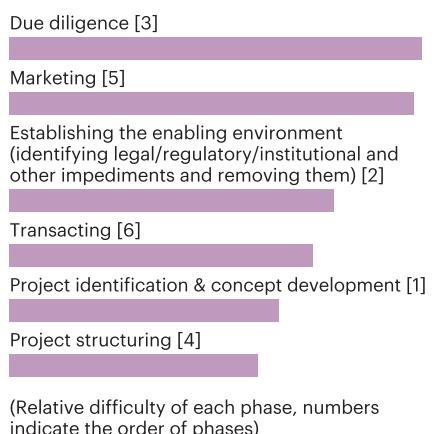
Delays in disbursement happen. Sometimes because of a lack of capacity at DFIs, some of which according to this year's ICA survey of members, appear to be deluged by applications and working to prevent growing backlogs. More often, blockages in the infrastructure project pipeline are caused by a mix of complex partner arrangements, cross-conditionality and financial planning while complex and especially regional projects are more likely to be delayed than smaller ones.

According to ICA members, the biggest external delaying factors relate to arranging finance, insurance and guarantees. Insufficient institutional capacity, as indicated in the 2011 ICA Annual Report, remains a huge delaying factor. Moreover, substantial blockages in the pipeline begin at the start of the infrastructure development cycle, at the project preparation stage.

ICA members were asked to rank six key challenges in project preparation in general and then rank the same set of challenges, specifically in the process of arranging finance during project preparation (*Figures 33 and 34*).



**Figure 33**  
Most challenging project preparation phase: implementing projects



**Figure 34**  
Most challenging project preparation phase: organising finance

Members were also asked to identify and rank what internal and external factors caused delays in disbursement, how they mitigated those delays and what measures they employ to build institutional capacity so it is there when it is needed.

Establishing the enabling environment – identifying legal, regulatory, institutional and other impediments and removing them – was ranked the most challenging aspect of project preparation, by some margin. Respondents ranked project structuring, project identification and concept development as well as due diligence quite closely as, respectively, the second, third and fourth most challenging phases of project preparation. Transacting ranked as the fifth most challenging aspect of project preparation while marketing was perceived the least problematic activity in the process.

In contrast, marketing was considered the second most challenging task in project preparation – not so far behind due diligence which ranked topmost – when members ranked the challenges specifically connected with organising finance for a project. Establishing the enabling environment followed by transacting and then project

identification and concept development were ranked third, fourth and fifth respectively. Project structuring was ranked the least challenging aspect of organising finance for a project, even though structuring was considered a big challenge in the overall project preparation process.

Meeting conditions emerged as the dominant internal factor causing delays in disbursements because of the very high ranking given by two multilateral respondents – only one bilateral donor and one regional development bank mentioned meeting conditions as cause of delay (*Figure 35, below*). However, several factors concerned with meeting conditions relate to those in the third ranked lack of capacity, indicating that perhaps many respondents struggled with finding sufficient human resources to deal with high volumes of work.



**Figure 35**  
**Internal factors that cause delays in disbursements**

Financing issues ranked second as a delaying factor. These included local currency arrangements, long valuation processes including financiers' 'no objection', insufficient equity, avoiding inequitable distribution of risks and rewards, systematic underestimation of project costs, identifying bankable projects, cost overruns and complicated cross-financing arrangements.



**Figure 36**  
**External factors that cause delays in disbursements**

Finance-related factors, including insurance and guarantees, ranked as the most likely set of externalities to cause delays, again due to the high rankings given to this set by multilaterals, where finding capacity to put all the elements of finance in place appears to be an issue (*Figure 36, above*).

Country-level institutional weaknesses ranked second but if added to sector specific institutional weaknesses, then institutional weakness across the board becomes the prime cause of delays.

Political risk – highlighted as a big consideration for private sector investors elsewhere in this report – did not feature highly. Procurement related factors and intrinsic difficulties in complex, often regional, projects were ranked higher than political risk by respondents. "Difficulty in identifying the 'client' in regional projects," neatly describes one of several frustrations in complex cross-border projects.

Other factors mentioned included over-ambitious planning as well as environmental and social issues, especially resettlement. ■

## Mitigating delays and building institutional capacity

Providing project support to stakeholders was seen as a key activity in avoiding delays in project preparation. Support should start early with, "launching workshops including training of the members of the project management unit on... rules on project management." Throughout the process, "regular follow up with project implementation units" and "close coordination with the local office in the implementing country," were typical activities considered vital by ICA members.

With institutional weaknesses ranked so highly as a delaying factor, many respondents said they prioritised capacity building or technical assistance. "Technical Assistance has proved the right mechanism to address some of the shortcomings of the promoters with weak project implementing capacities," according to one respondent while another said, "ensuring that partner organisations are adequately resourced and have the necessary required capacity," helped to avoid delays.

To support implementing agencies, one respondent suggested that, "sector dialogue and sector diagnosis,[can] identify the necessary institutional reforms needed for increased institutional capacity including contract and asset management." Another suggested that rather than blanket capacity support, specific support should be targeted at high potential projects.

Other tools for delay mitigation included close coordination among donors and other stakeholders as well as regular supervision, follow-up and reminders both to internal teams working on a project and, more so, to in-country partners in a project, including beneficiaries.

Mechanisms for planning and improving procurement process and management systems also featured in delay mitigation strategies while several respondents suggested scaling back ambitions might be a good idea, with one respondent recommending, a "reality/plausibility check for modest planning."

# 4. Other Public Sector Financing



## 4.1 Introduction

During 2012, other public sector sources of finance, including Brazil, China, India and South Korea, members of the Arab Co-ordination Group and the EBID played a crucial role in diminishing the continent's infrastructure deficit, committing some \$21bn to African infrastructure projects.

Their participation, particularly that of leading emerging market economies such as Brazil and South Korea, but also of the regional development banks, is demonstrative of two trends:

- the continent is increasingly important as a strategic partner of rapidly industrialising countries;
- it is becoming increasingly possible to raise capital for infrastructure projects domestically and through the African diaspora.

Of the group, China was by far the largest lender to African

infrastructure projects in 2012, committing some \$13.4bn, or 64%, of financing. Members of the Arab Co-ordination Group were the second most substantial contributor for the period, combined signing 25% of loan agreements for projects, at \$5.15bn.

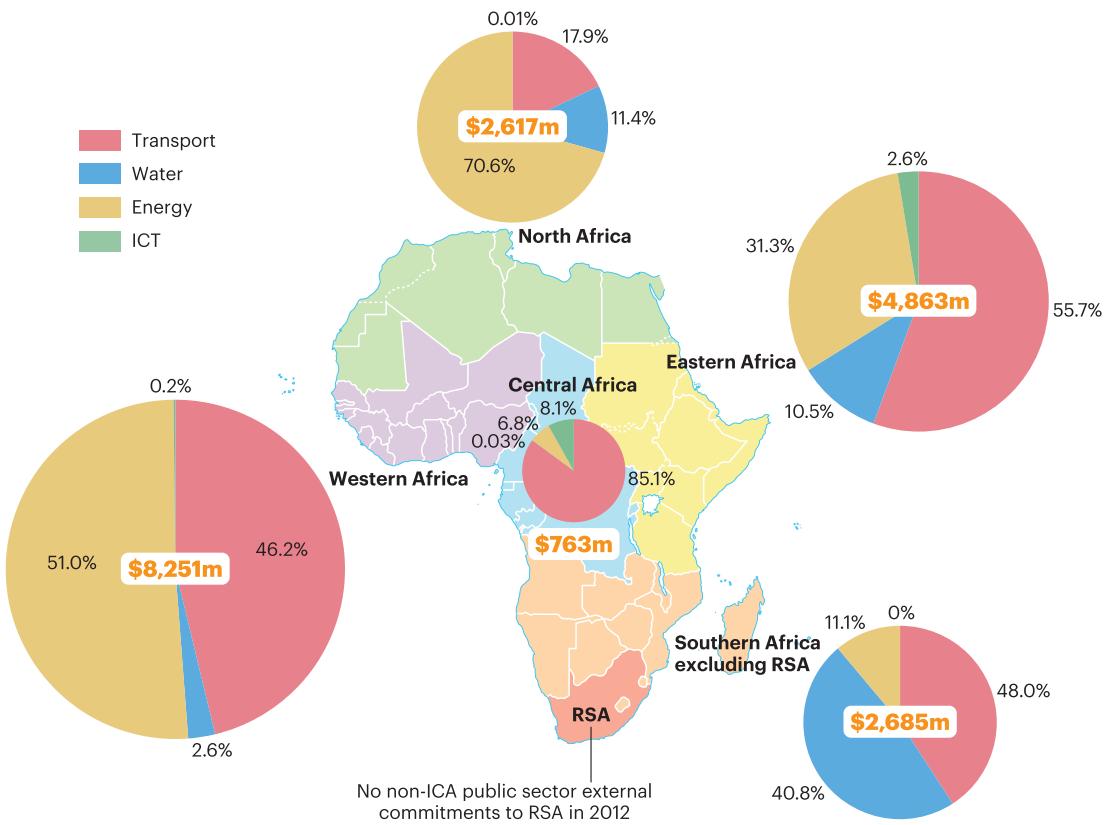
China's fellow BRIC members, India and Brazil, together with South Korea, lent \$1.9bn, totalling 9% of projects. Regional development banks (including ICA member DBSA) and the EBID provided some \$1.5bn-worth of commitments.

It is possible to identify an overall upward trend in lending to African infrastructure projects from leading emerging market economies. This is in part due to the maintenance of strong funding from China's Export-Import Bank and China-Africa Development Fund, an encouraging sign, but also because other rapidly growing economies are following China's lead.

In particular, India, Brazil and South Korea are increasingly engaged as financers of African infrastructural development, and more than ever, Africa is viewed as a strategically vital partner.

In part, the need to secure access to natural resources to fuel growth and industrialisation has crystallised this trend, but, as African economies continue to grow at a rate of knots, these countries are increasingly viewing Africa as a potentially lucrative market for manufactured goods.

Brazil, with an affinity with Africa's Portuguese-speaking countries, certainly looks very likely to expand its presence in commercial activities from agriculture through to the oil and gas sector in Angola and Mozambique, and investment in infrastructure will be needed to support Brazilian businesses and their African partners.



**Figure 37**  
Total non-ICA  
commitments by  
region, 2012

As a result, public funding of projects will increase as state owned institutions, such as Brazil's Banco Nacional de Desenvolvimento Económico e Social (BNDES), seek to support their country's business ventures on the continent. As the continent continues to grow, these trends will develop and should provide major source of capital for project finance in the future.

In 2012, Arab and Islamic financing of African infrastructure projects was also strong, representing a substantial increase on commitments made by the Arab Co-ordination Group over the past three years.

To some extent, this is because, in the wake of the financial crisis, Islamic financing is increasingly perceived as a more sustainable alternative to more conventional banking models, but also because the political changes wrought by the 'Arab Spring' have encouraged an environment in North Africa which is more favourable to

Islamic financing of projects. In consequence, increased availability of Islamic funding for infrastructure projects across Africa is also likely to continue in the medium term.

During 2012, African regional development banks also made substantial commitments to African infrastructure, with the DBSA mainly focusing on energy projects in RSA and EBID choosing to concentrate on transport and energy projects within Western Africa. Both institutions have endorsed the AfDB-led Africa50 Fund, an initiative which aims to address Africa's infrastructural gap by 2063.

AfDB, which is spearheading the creation of the Africa50 Fund, has identified a lack of capital as the primary impediment to infrastructure development on the continent and will seek to mobilise available domestic funds, such as central bank reserves, pension funds and African sovereign wealth funds, as well as the African diaspora to fund

infrastructure projects across the continent.

The domestic availability of capital is an important development, and its mobilisation will be an increasingly important source of funding for projects in coming years.

As economies across the continent continue to grow, Africa will become more attractive as a potential market for manufactured goods and as a place to do business, and, accordingly, funding for infrastructure projects to support these developments, particularly from other rapidly growing economies, will continue to increase.

Yet the African growth story is also fostering another dynamic: the increased availability of domestic capital to fund projects. Both will play a crucial part in closing the continent's infrastructural deficit in coming years. ■

## 4.2 Regional Development Banks

Regional development banks play an important role in infrastructure development on the continent. In 2012, the regional development bank for southern Africa, DBSA (an ICA member), and its counterpart in the ECOWAS region, EBID, had a common focus on energy. Energy investments accounted for 81% of DBSA's and 62% of EBID's infrastructure portfolios. Out of \$1.5bn, DBSA committed \$1.2bn to energy, \$185m to multi-sector and \$37m to ICT projects. Transport and water projects each received commitments of \$29m (Figure 38, right).

In 2012, DBSA committed \$1.5bn for hard infrastructure – about half the amount of 2010 – complemented by \$6.3m of soft infrastructure, far less than the \$25.2m committed in 2010. DBSA's disbursements – about two thirds of disbursements in 2010 – totalled \$1.05bn for hard infrastructure and about \$4m for soft infrastructure.

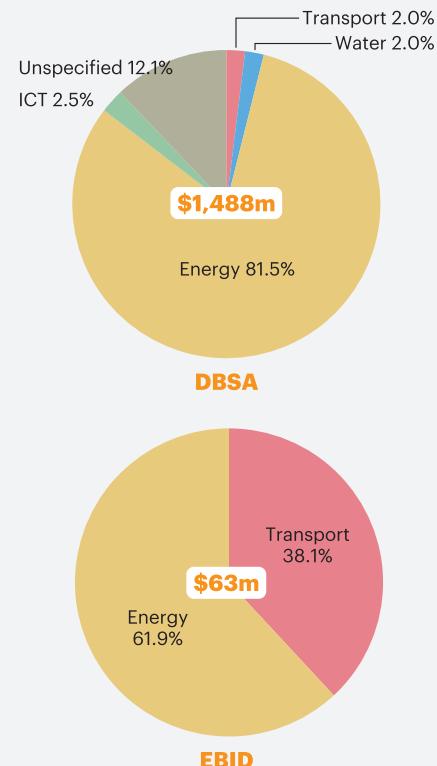
EBID committed a total of \$63m to hard infrastructure projects in 2012, about half the amount committed in 2011, of which \$39m went into energy and \$24m into transport projects. EBID made no soft infrastructure commitments during 2012. EBID's disbursements amounted

to \$80.3m in 2012, compared with \$65.7m in 2011, with about half of it dedicated to energy.

While no data was provided to ICA for 2012, infrastructure is a priority for the East African Development Bank as it provides financial services to strengthen socio-economic development and regional integration in Kenya, Uganda, Tanzania and Rwanda. The bank considers investments in projects which build capacity in both urban and rural infrastructure.

Banque Ouest Africaine de Developpement, which provided no data to ICA for 2012, was actively supporting infrastructure development in Francophone West Africa, lending around \$51m to part finance upgrades to Cote d'Ivoire's electricity transmission infrastructure and its interconnection with Ghana. The upgrades impact on the commercial capital of Abidjan and areas close to the borders with Ghana and Burkina Faso.

Clearly regional development banks are now playing an active role facilitating cross-border infrastructure integration, and may play an increasing role as participants in projects.



**Figure 38**  
Regional development bank commitments by sector, 2012

## 4.3 China

China's contribution to closing Africa's infrastructure deficit continues to be the largest of any single government or multilateral funding institution, when commitments over the year are calculated. The proportion of those commitments that are actually disbursed are much harder to quantify, and will be the subject of research for future ICA reports.

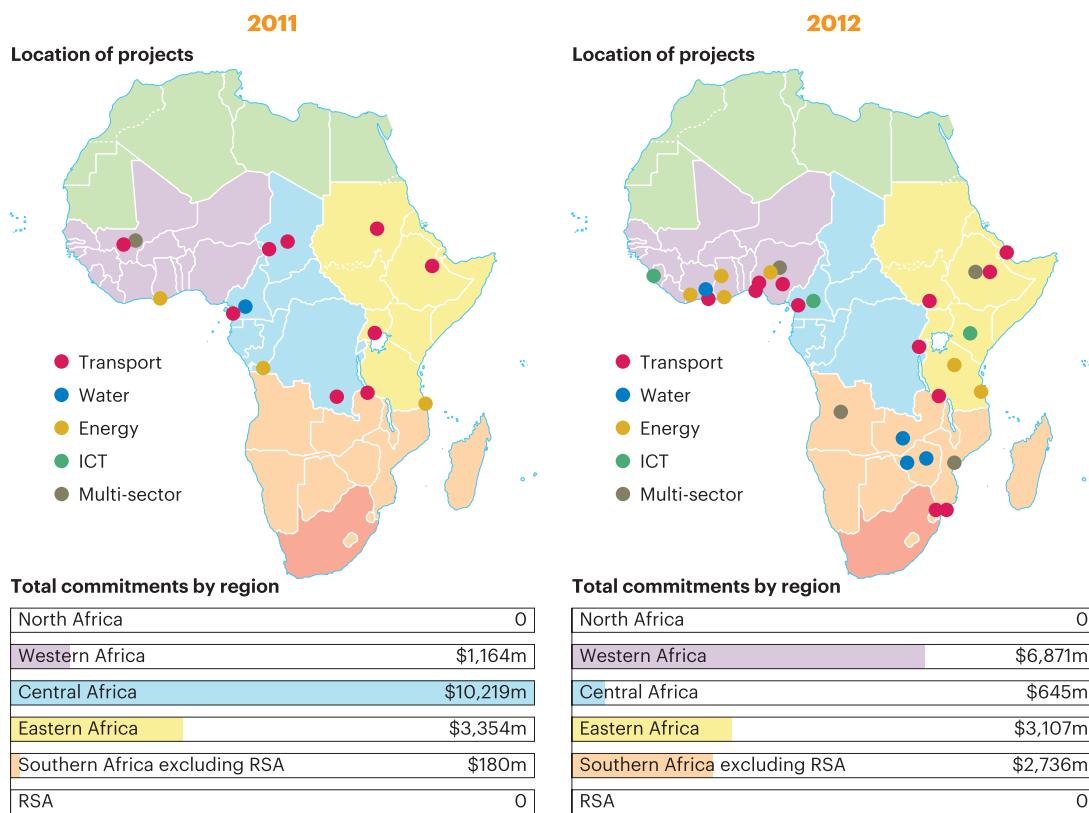
During 2012, data culled from the monitoring of projects and agreements carried out for the ICA Secretariat, suggests that China committed \$13.4bn for African infrastructure projects. This was down on the \$14.9bn recorded in 2011, but substantially up on the \$9bn estimated to have been committed in 2010.

As it works to fuel its booming growth and maintain rapid industrialisation, China views Africa as a strategically important partner. In July 2011, former Chinese prime minister Hu Jintao pledged to offer the continent \$20bn in loans between 2013 and 2015, almost double the figure pledged in 2009. Following Xi Jinping's nomination as state president in November 2012, he made Africa the destination for his first official overseas visit, stopping in Tanzania, South Africa and Republic of Congo.

Although China Development Bank is expected to become a big player, most official loans are still administered by Export-Import Bank of China (China Eximbank) and the China-Africa

Development Fund (CADF). Commitments tend to be large – with around half the agreements made in 2012 worth more than \$500m – but are relatively few in number: monitors for the ICA Secretariat recorded 31 agreements in 2012 and 14 in 2011.

Chinese public funding follows opportunities across the continent's energy and extractive industries. Countries that are well-endowed with natural resources – notably Angola, Nigeria, Sudan, Algeria and Zambia – have been the main beneficiaries of Chinese loans. However, while Nigeria is again a major focus for commitments (reflecting an upturn after few of the multi-billion dollar commitments agreed in the last decade resulted in



**Figure 39**  
China: projects  
and commitments,  
2011 and 2012

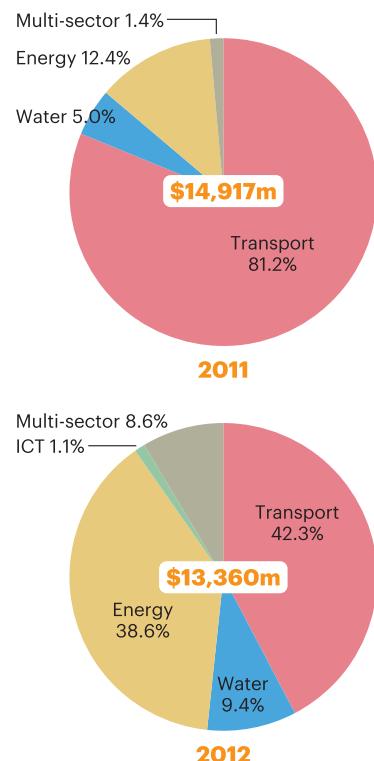
successful project implementation), other partners received fewer commitments in 2012 (when there were no agreements signed with a North African country). Nigeria signed agreements for projects worth more than \$3.7bn with China in 2012 (*Figure 39, above*).

Other countries have started to emerge as major recipients of Chinese funding. In 2011, Ghana, which discovered commercial reserves of oil in its offshore Jubilee field in 2007, has become an oil producer with ambitions to exploit associated gas reserves; it signed a loan of \$800m with CADF to develop gas transmission and processing infrastructure. A further \$2.2bn was committed by CADF in 2012, also to be spent on gas-related infrastructure.

Tanzania, with estimated in-place natural gas reserves of up to 21tcf, signed a \$1.2bn agreement with China Eximbank in July 2012 for a 230km pipeline from Mtwara to Dar es Salaam to use gas reserves domestically. Tanzania also plans to develop LNG export capabilities, with China among target markets.

Transport projects continue to receive the lion's share of Chinese public funding for infrastructure, according to monitoring by ICA data (*Figure 40, right*). The sector received \$12.1bn of commitments in 2011, and \$6.2bn in 2012, of which \$1.2bn was committed to developing Nigeria's airports, nearly \$1.6bn to Nigerian railways and \$1.4bn for Ethiopia's national railway. Also signed was a \$467m agreement to build a road linking Cameroon capital Yaoundé to the country's economic hub, Douala.

There was a substantial increase in energy sector commitments, with China agreeing \$5.2bn funding in 2012, compared to the \$1.9bn signed in 2011. In addition to the \$3.3bn for gas infrastructure in Ghana and Tanzania, commitments were made for three hydropower projects: the 700MW Zungeru power plant in Nigeria (\$927m), a 275MW plant in Côte d'Ivoire (\$556m) and an additional \$151m buyer credit facility for Ghana's Bui hydropower project. Western Africa received the largest chunk of Chinese funding in 2012, at \$6.9bn. ■



**Figure 40**  
Chinese commitments by sector 2011  
and 2012

## 4.4 Arab Co-ordination Group

In 2012, Arab Co-ordination Group members signed nearly \$5.2bn-worth of infrastructure agreements with African governments.

This represented a near doubling of the \$2.9bn committed in 2011, and there was also a doubling the number of projects that received commitments from the group.

Analysing the ICA dataset, it is possible to identify a strong upward trend in Arab and Islamic lending to infrastructure projects on the continent since 2009, when the group committed \$1.7bn (*Figure 42, right*).

The group tends to make commitments to relatively smaller projects or programmes, averaging \$55m in 2012 and \$33m in 2011. In the wake of the global financial crisis, the funding of projects using a growing range of Islamic instruments

is proving an attractive option, not least due to their perceived sustainability in contrast to conventional funding.

During 2012, Arab Co-ordination Group members signed 32 loan agreements with North African governments, followed closely by 26 in Western Africa and 17 in Eastern Africa (*Figure 41, below*).

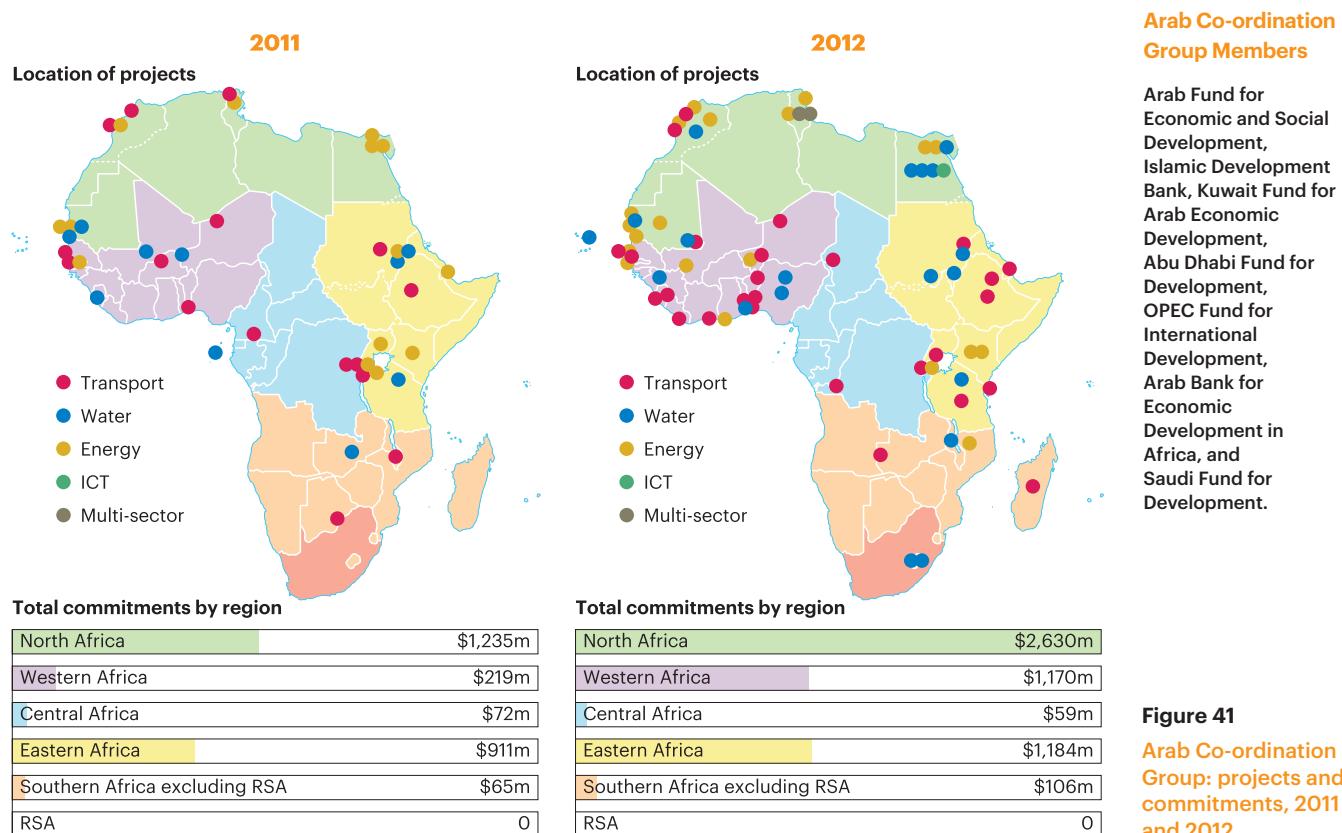
Yet despite the relatively even spread in project numbers, 50% of total funds committed (\$2.6bn) were directed towards North Africa, while 46% was split roughly evenly between Western and Eastern Africa (\$2.4bn).

In percentage terms, this represents a small increase on the 42% of total funding committed to North Africa in 2011, but less than the region's 64% share in 2010, when the 'Arab Spring' revolts had yet to unfold. In actual

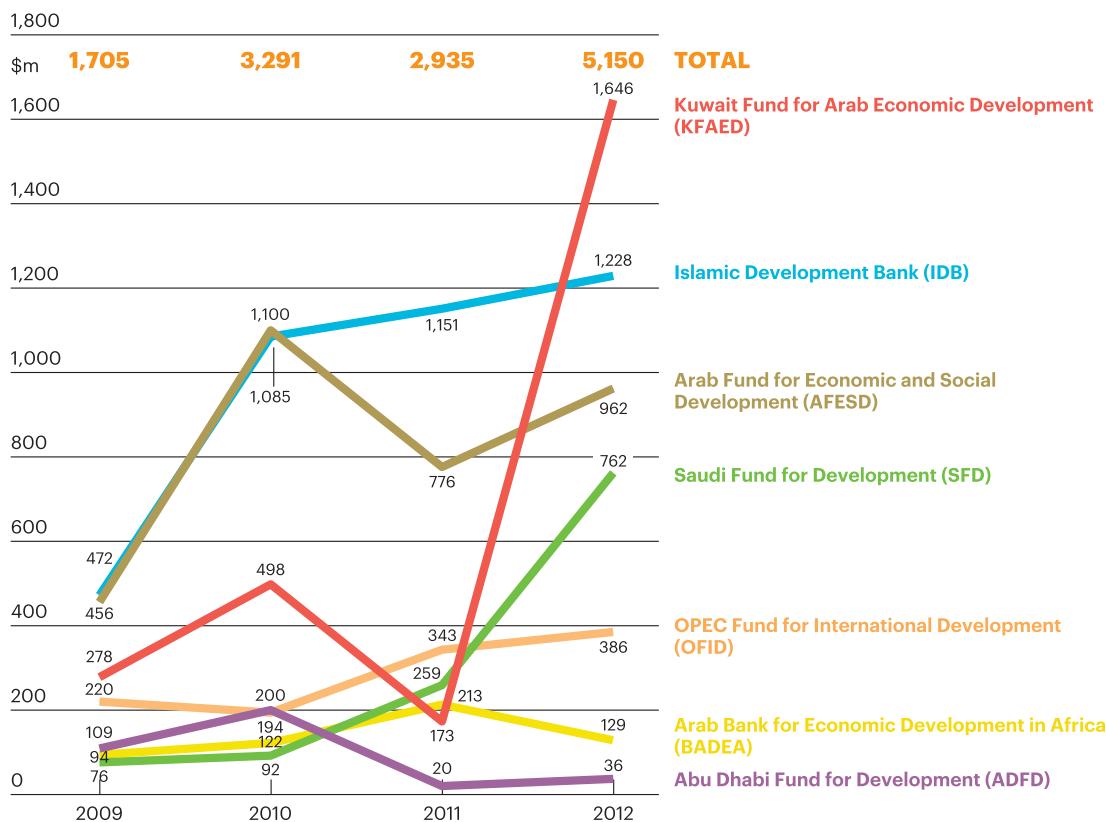
terms, the 2012 number represents an overall \$500m increase on the 2010 figure.

To some extent, the 'Arab Spring', which brought sweeping political change across North Africa in 2011, improved the fortunes of Islamic lending to African infrastructure projects. Tunisia and Morocco received big commitments of \$460m (an increase of \$83m on 2011) and \$651m (an increase of \$231m) from the Arab Co-ordination Group.

Among sectoral trends (*Figure 43, bottom right*), transport accounted for 43% of total Arab Co-ordination Group commitments in 2012 (\$2.2bn), an increase on 2011's 34% (\$967.3m). Transport commitments in 2012 include the \$709m Kétou-Igodja-Savè road in Benin, funded by the Kuwait Fund for Arab Economic Development (KFAED), the \$200m



**Figure 41**  
**Arab Co-ordination Group: projects and commitments, 2011 and 2012**



**Figure 42**  
Arab Co-ordination Group commitments 2009-2012

Tangier to Casablanca high-speed train project, (Saudi Fund for Development) and a \$106.4m commitment to the El Jadida-Safi motorway in Morocco by the Arab Fund for Economic and Social Development.

Energy projects accounted for 35% of total 2012 commitments (\$1.8bn), compared to 42% in 2011 (\$1.2bn). The Islamic Development Bank (IDB) supported the \$142m upgrade of the Jorf Lasfar Coal Quay project in Morocco and the \$194m Sousse power plant in Tunisia, as well as contributing \$250m to the Helwan power plant in Egypt, to which the KFAED also committed \$106m.

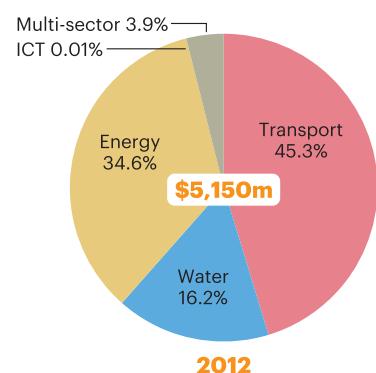
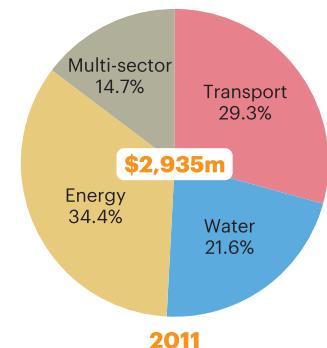
Loans for water projects remain less of a priority for the group, although there has been a steady increase in funding: \$329m in 2010, \$632m in 2011 and \$836m in 2012.

The Kuwait City-based KFAED is

responsible for 32% of Arab Co-ordination Group commitments in 2012, its engagement to provide \$1.6bn an enormous leap from the \$173m committed in 2011, mainly because of the Benin road project. The IDB made 24% of the group's commitments in 2012, its \$1.2bn engagement up from \$1.1bn in 2010 and \$1.15bn in 2011.

As in 2011, Mauritania, Morocco, Sudan and Tunisia continue to receive the most substantial commitments from the Arab Co-ordination Group, with Tunisia taking 12.5% of total commitments and Morocco a 9% share.

Both Sudan and Mauritania, while continuing to be major recipients of loans from the group, saw a decrease in funding, with Sudan down to \$463m from \$784m in 2011, and Mauritania falling to \$330m from \$348m. ■



**Figure 43**  
Arab Co-ordination Group commitments by sector 2011 and 2012

## 4.5 Europe

While the substantial bulk of European direct commitments for African infrastructure during 2012 came from ICA members, there were some interesting commitments from non-ICA member European DFIs during the year.

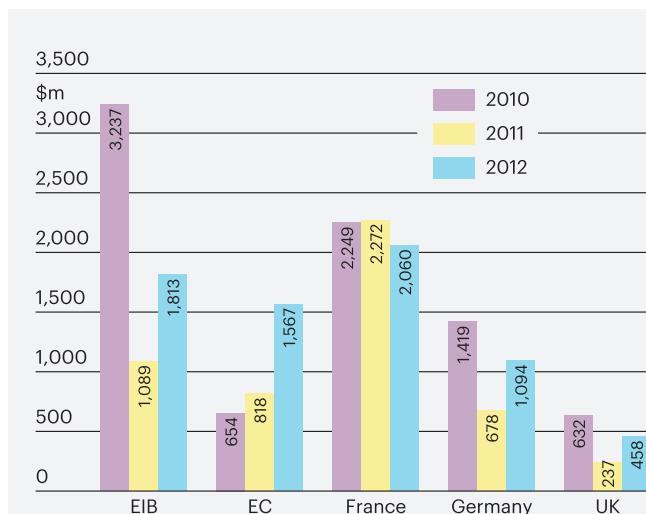
Norfund committed around \$14m equity funding to a solar project in South Africa of which around \$2.8m was disbursed in the same year. The Norwegian DFI also committed approximately \$3.2m funding towards project development costs of two small hydro and two wind projects in Eastern Africa and of a waste to energy project in Southern Africa. Around \$2.5m was disbursed in 2012.

Belgium's BIO made a new commitment of \$23m to the Azito project in Côte d'Ivoire, to which AfDB provided \$50m via its private sector lending window. It contributed to a \$350m debt package arranged by IFC and Proparco of France and which also included commitments of \$30m and \$27m from Germany's DEG and FMO of the Netherlands respectively.

FMO provided funding for three solar energy projects. It provided a convertible €1.9m grant towards the €3.99m total investment in Toughstuff International, a commercial social enterprise providing affordable solar power solutions to the lower end of the market with activities in several African countries. Via Lereko Metier Solafrica Fund I it provided €7.9m equity funding to Solafrica Thermal Energy, a 50MW concentrated solar thermal power in South Africa.

In Senegal, the Netherlands' DFI provided €1.6m via AEF out of the €4.03m funding needed for Inensus, a technology oriented off-grid energy company to fund electricity systems in 30 villages in Senegal, making use of wind, solar and (bio-)diesel energy sources.

Austria's OeEB indirectly provided two credit lines to the African



**Figure 44**  
Commitments by selected European ICA members, 2012

Commitments by selected European ICA members' have recovered towards the very high levels of commitments made in 2010, which were largely due to large commitments made by EIB in that year. Most of these comprised non-ODA funding in North Africa, amounting to more than \$2bn, of which around 73% of which was

committed to the energy sector and 23% to the transport sector.

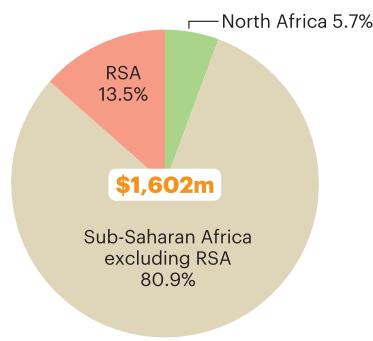
Excluding EIB, commitments reported by selected European ICA members were more even over the three year period, amounting to \$4.9bn, \$4bn and \$5bn respectively in the three years up to 2012.

infrastructure sector. One commits \$32.5m to a multilateral institution but earmarked for private sector projects in Western Africa, with a focus on infrastructure and industry investments. The other provides \$19.35m to local financial institutions earmarked for SME and infrastructure financing in South Africa and Sub-Saharan Africa.

In December 2012, Spain's COFIDES and South Africa's IDC signed a memorandum of understanding to establish a framework agreement for enhanced co-operation. COFIDES describes the agreement as a commitment to assist in establishing and developing comprehensive long-term co-operation and commits the Spanish DFI to up to €100m.

This could result in COFIDES funding projects on a case by case basis either alone or co-financing with IDC in the Republic of South Africa and other African countries, provided that Spanish companies will

hold directly or indirectly a relevant equity stake in the project companies incorporated in African countries. ■



**Figure 45**  
EDFI members' African infrastructure commitments 2012

European Development Finance Institutions (EDFI) is the association of 15 bilateral institutions based in Austria, Belgium, Denmark, Finland, France, Germany, Italy, the Netherlands, Norway, Portugal, Spain, Sweden, Switzerland and the UK.

## 4.6 Other G20 Sources of Finance

Other leading G20 economies, in particular India, Brazil and South Korea, have been slower to engage with African infrastructure projects, but of late have sought to take advantage of the continent's potential as a market or source of natural resources.

Russia and Turkey have also taken steps to strengthen bilateral ties with

African governments, although neither Russia's Vnesheconombank, nor the Turkish International Co-operation and Development Agency (TIKA) signed agreements with African governments to fund infrastructure projects during 2012.

TIKA has offices in Addis Ababa, Khartoum and Dakar through which it seeks to support local development

projects and, since 2009, has opened 15 new embassies across the continent: it now has 20 in Africa, 15 of which are south of the Sahara.

Similarly, Russian president Vladimir Putin has sought to deepen ties with the continent, hosting several African heads of state, including Uganda's Yoweri Museveni and South Africa's Jacob Zuma. ■

### Brazil

Brazilian financing takes the form of lines of credit issued by state development agency Banco Nacional de Desenvolvimento Económico e Social (BNDES), which issued its first \$149m line of credit to Africa in 2007.

BNDES's commitment to infrastructure projects in 2012 was \$530m, with a \$300m line of credit extended to the government of Mozambique to

support infrastructure developments, including the construction of the Nacala international airport, and a \$150m loan agreed with the government of Kenya to rehabilitate the country's roads.

Public financing of projects has been slow to catch up with activities of private Brazilian companies on the continent, and in consequence, loans have tended to crystallise around the extractives sector. ■

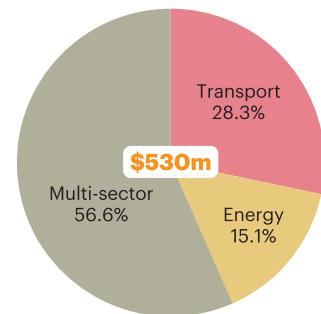


Figure 46

Total commitments by sector 2012

### India

The majority of Indian funding takes the form of lines of credit extended by the Export-Import Bank of India. During 2012, the Ex-Im Bank issued seven lines of credit worth \$667m to support infrastructure projects in Africa, a substantial increase on 2011, when it funded only one energy project, the \$280m Katende I hydroelectric power plant in southern DR Congo.

The bulk of Indian funding for infrastructure projects tends to be directed towards the energy sector, and 2012 was no exception, with \$402m committed, including \$250m agreed with the government of Mozambique to improve power supply in the country, and \$100m agreed with the government of Mali to provide a transmission link between Bamako and Sikasso. Water projects also received a substantial \$255m commitment from India in 2012. ■

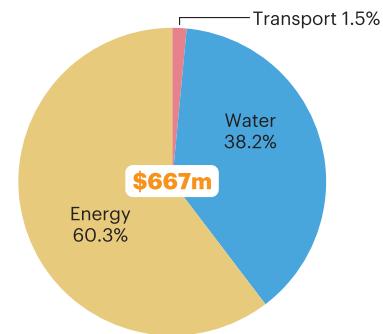


Figure 47

Total commitments by sector 2012

### South Korea

In 2012, South Korea, through its Economic Development Co-operation Fund (EDCF), part of the Korean Export-Import Bank, signed \$677m of infrastructure loan agreements with African governments, marking a continued increase in the country's lending to Africa since the early 2000s. At \$463m, representing some 70% of total commitments, energy projects received the bulk of funding,

\$350m of which was directed towards the 700MW expansion of Morocco's Jorf Lasfar power complex.

While oil comprises some 50% of its imports from Africa, South Korea is also keen to cultivate an export market for its high-end technical products. In October 2012, it pledged to loan \$590m to Africa in 2013 and 2014, with around \$370m to be committed to infrastructure and the extractives sector. ■

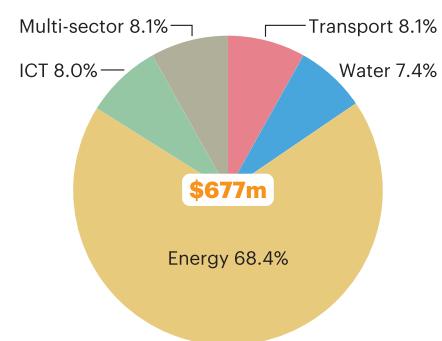


Figure 48

Total commitments by sector 2012

# 5. African National Budgets for Infrastructure



## 5.1 Trends

African national government spending on infrastructure appears to be on the increase. A comprehensive look at data collected for infrastructure budgets from 20 selected African national governments reveals that spending grew by 8.6% on average between 2010 and 2012 (*Figure 52, right*).

The strongest sustained upward trend can be seen in the energy sector (18.5% CAGR), while public funding of ICT – after an initial massive surge of 51% between 2010 and 2011 – dropped to only 2% in the next year.

Overall budget allocations to water and sanitation as well as transport slightly decreased between 2011 and 2012 compared to the previous year. Nevertheless, water and sanitation investments seem to stay high on the political agenda with an average growth rate of 13.9% between 2010 and 2012.

In 2012, the sectors with the highest budget allocations on the African

continent were transport and energy totalling 36% and 30% of total infrastructure budgets, respectively.

In terms of absolute national budget numbers, South Africa's \$29.08bn, Kenya's \$3.04bn, Namibia's \$2.97bn, Tanzania's \$1.66bn and Ethiopia's \$1.65bn finances had the largest infrastructure allocations in 2012. Regarding infrastructure share in overall budgets, Cape Verde's 44%, Namibia's 39%, Uganda's 28% and South Africa's 24% proportion of funding allocated to infrastructure outshine their African peers (*Figure 49, right*).

Between 2010 and 2012, the highest increases in total infrastructure budgets were reported by Liberia, Zimbabwe and Kenya while São Tomé and Príncipe, South Sudan and Sierra Leone saw the greatest overall reductions.

In 2012, South Africa and Kenya were again far ahead with their energy budgets in absolute numbers of

\$10.42bn and \$0.99bn respectively. However, over the last three years, the highest growth rates were in Liberia, Uganda, Ghana and the Central African Republic.

Water and sanitation sector budgets are highest in South Africa at \$2.76bn, Namibia at \$1.10bn and Kenya at \$0.48bn while increasing the most in Ethiopia, Côte d'Ivoire, Zimbabwe, Kenya and Sierra Leone.

Transport features prominently in South Africa, which budgeted \$9.04bn while Kenya, Namibia and Tanzania allocated \$1.75bn, \$1.69bn and \$1.12bn respectively and is set for the highest growth rates in Sierra Leone, Ethiopia, Liberia, Zimbabwe and Kenya.

Average annual growth rates for ICT were highest in Liberia – surging from practically zero to \$2m – and Kenya where ICT is one of the key sectors in its “Vision 2030” strategy. ■

# Trends in African National Infrastructure Budgets

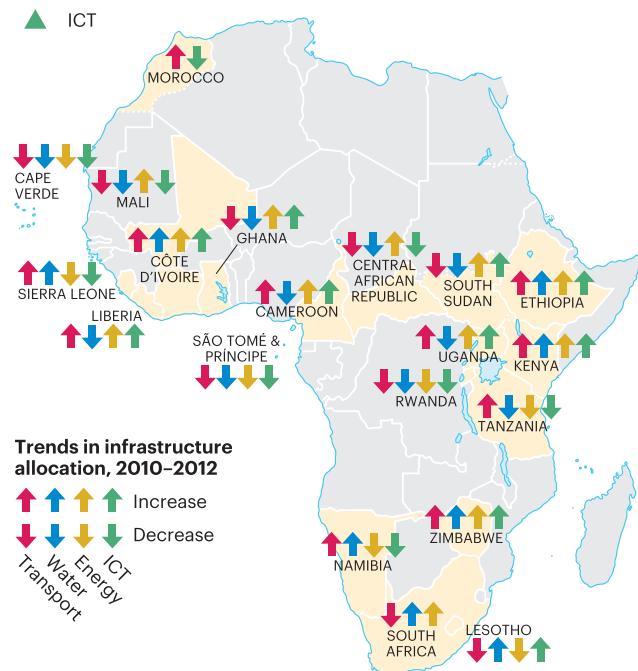
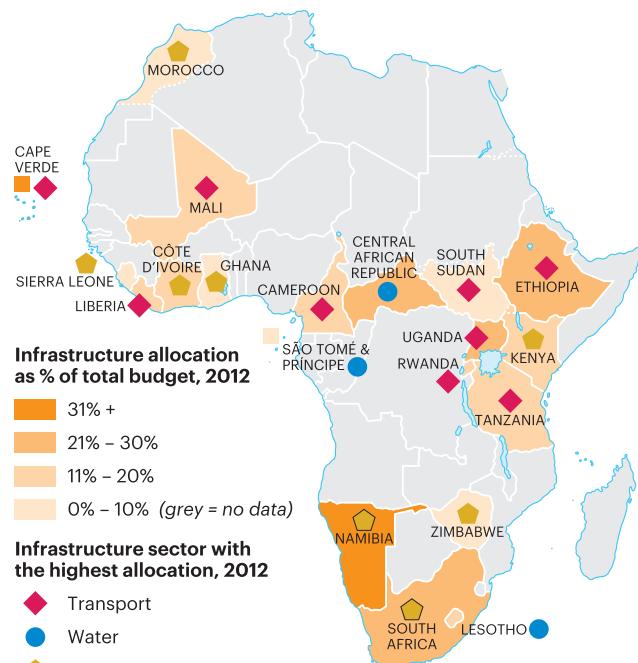


Figure 49 (top left)

Infrastructure allocation as % of total budget, 2012; Infrastructure sector with the highest allocation, 2012

Figure 51 (bottom left)

Trends in infrastructure allocation, 2010-2012

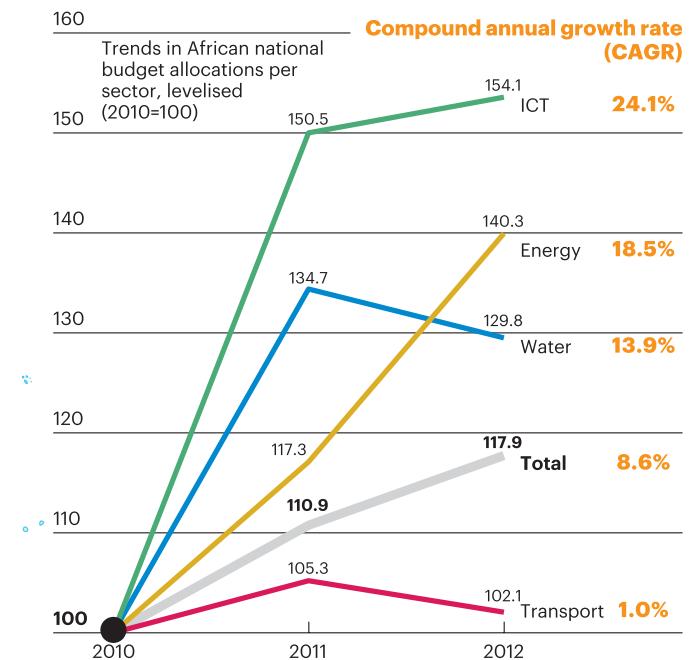
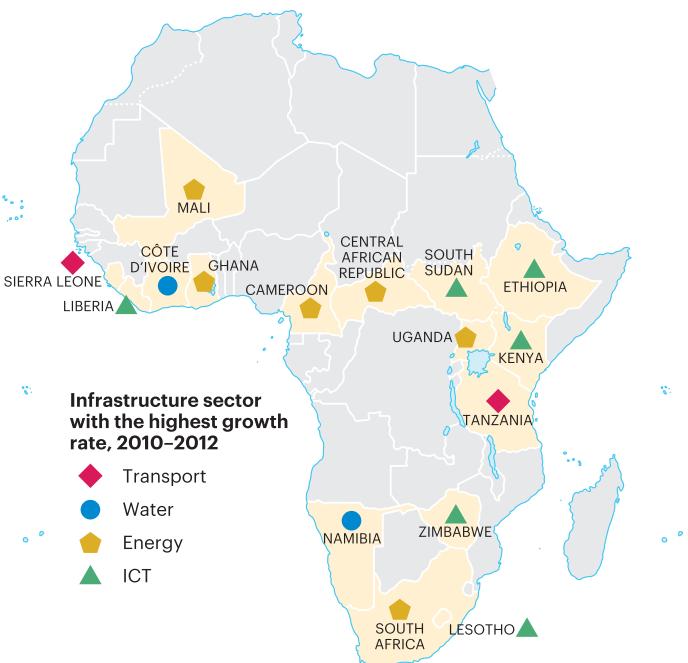


Figure 50 (top right)

Infrastructure sector with the highest growth rate, 2010-2012

Figure 52 (bottom right)

Trends in African national budget allocations per sector, levelised (2010 = 100)

# 6. Private Sector Financing



## 6.1 Introduction

Some encouragingly large private sector commitments to Africa's infrastructure in 2012 appear in the PPIAF's PPI Projects Database. But while the headline figures point to a big increase in private sector financial flows, the increase is related to big commitments in Morocco and South Africa, where major thermal and renewable energy developments have reached financial close (*Figure 56, right*).

Private sector investor interest in wholly new projects in all other sectors across Africa appears negligible in comparison, the PPI database shows. No new money was committed by private investors to projects reaching financial close in the transport sector in 2012, compared with the \$2bn committed in 2008 (*Figure 53, right*).

Similarly, ICT, which received commitments of more than \$1bn in three out of the four preceding years,

also failed to attract any investment beyond that fuelling considerable expansion of pre-existing mobile telephony in countries such as South Africa and Nigeria. Commitments made in the water and sewerage sector in 2012 by private sector investors was just \$126m, according to the PPI database.

The question is whether stakeholders in Africa's infrastructure development should be encouraged by the \$7.3bn of private capital committed to energy projects in two countries at the northern and southern tips of the continent, or discouraged by the fact that only \$522m was committed by the private sector to projects in the transport, water and ICT sectors combined across the entire continent, including Morocco and South Africa.

For the first time, the ICA Secretariat has sought to garner the views of private sector investors in an effort to gain a more granular understanding

of the issues that need to be addressed to mobilise private sector investment in Africa's infrastructure. Arguments for the mobilisation of private capital to make the PIDA pipeline of projects move forward are well rehearsed. From the responses gleaned from the ICA survey, there is a strong prospect of private sector support building for big-ticket projects.

This first ICA Survey of Private Sector Investors is indicative; a larger sample group of respondents is needed to determine strategies for mobilising private capital – which will be achieved by larger surveys in subsequent years.

Even so, the information gathered from the initial group of 47 indicates some trends quite clearly. For example, Kenya and South Africa are seen as the prime investment locations, while the biggest consideration for private sector investors by far is political risk. ■

## 6.2 Public-Private Infrastructure Advisory Facility (PPIAF)

The PPI Projects Database provides a consistent source of data on private sector commitments to infrastructure projects across low- and middle-income countries. The data allows for broad analysis of private capital flows into the water, transport, ICT and energy sectors.

Apart from some very large 2012 commitments to energy infrastructure in South Africa and Morocco and multi-billion dollar investments to expand existing mobile networks – particularly in South Africa and Nigeria, in the five years from 2008 to 2012 there has been a year-on-year

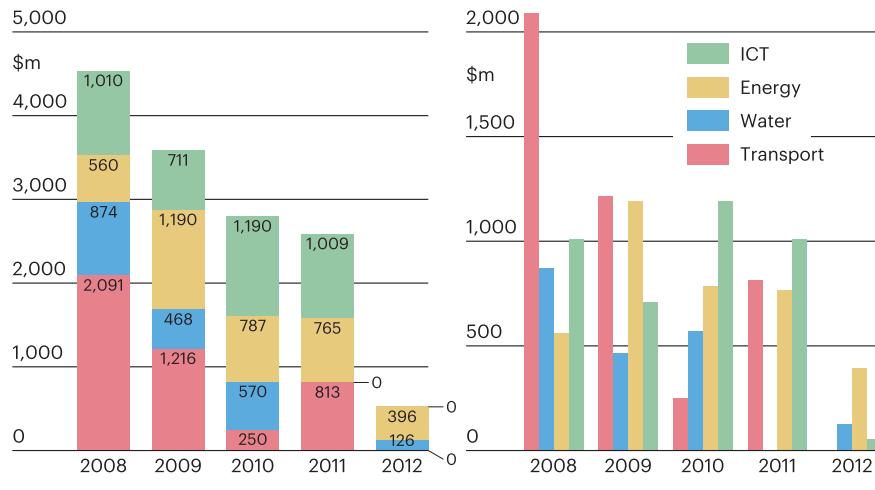
decline in the overall levels of infrastructure commitments from the private sector for projects reaching financial close (*Figure 54, below*). There have been some promising signs – investment in telecoms and water and sewerage rose by 67% and 22% respectively in 2010, for example – but the overall trajectory is downwards.

A reduction in commitments to new rather than expanding mobile telephony projects is a major cause: the market is maturing in the African infrastructure sectors most favoured by private investment.

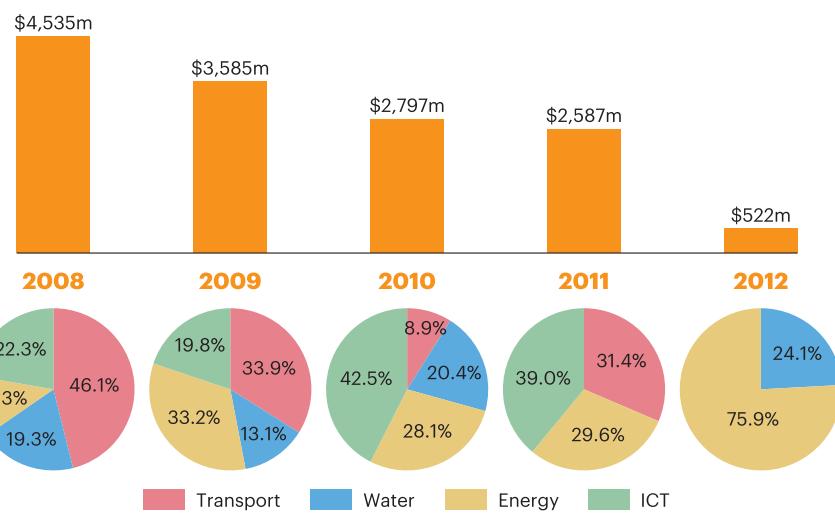
But sectors like water and sewerage receive little, compared to their potential, in part reflecting the perceived poor returns.

For the transport sector, 2012 was a disappointing year, with no new commitments, confirming a trend of decline in private sector interest after a promising 2008-09.

The undoubtedly bright spots for private capital in 2012 were South Africa and Morocco, which attracted a combined commitment of \$7,389m, with South Africa reeling in \$4,084m and Morocco attracting \$3,305m (*Figure 56, below*). ■

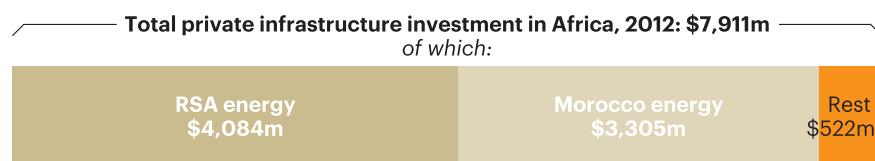


**Figure 53**  
Total private investment by sector 2008-2012 (less South Africa and Morocco energy projects in 2012)



**Figure 55**  
Private investment by sector as a proportion of yearly investment (less South Africa and Morocco energy projects in 2012)

**Figure 54**  
Total private investment 2008-2012 (less South Africa and Morocco energy projects in 2012)



**Figure 56**  
Total private infrastructure investment, 2012

## 6.3 Investment Considerations and Risk

Respondents to the new ICA Survey of Private Sector Investors were asked for their main considerations when deciding to invest in an African infrastructure project. They were then asked about the risks experienced and mitigation strategies employed in African infrastructure investments.

Partner risk appeared to be the main consideration taken into account by investors deciding whether to invest (*Figure 57, below*), followed closely by concerns about the legal and regulatory environment and about political risk, which ranked second and third respectively among respondents' concerns. Profitability and then project feasibility ranked fourth and fifth.

At the top of risks that must be

mitigated to secure financing, by a very wide margin, was political risk (*Figure 58, below*). Credit and payment risk and then transparency and corruption were ranked second and third respectively as risks to be managed in the process of securing finance.

Contractual, as well as foreign exchange/currency risks, also featured prominently. Respondents were also concerned about legislative or regulatory stability.

Considerations such as security, stability of existing infrastructure and supply, construction risks, economic and market stability as well as environmental and social risks were cited less frequently.

The survey responses highlighted the

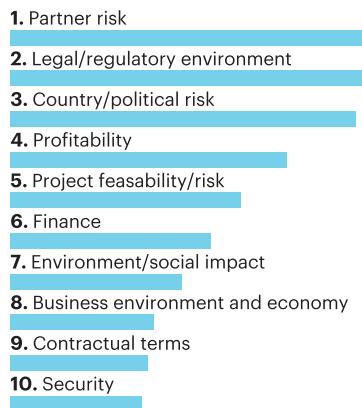
important role played by multilateral and bilateral institutions and bodies – 30.3% of respondents cited multilateral finance support or guarantees as important to mitigate risks (*Figure 59, below*), while 54.5% reported that they arranged political risk insurance (PRI), MIGA and other insurance and/or guarantees.

Respondents consistently said that corruption was mitigated through investors' internal controls, to ensure transparent business partnerships and practice, and by installing measures to avoid corruption.

No single mitigation strategy emerged to allow investors to deal with poor institutional capacity, although the most mentioned was, typically, "having a strong local partner and [being] well networked locally". ■

**Figure 57**

**Top considerations when deciding to invest**



**Figure 58**

**Risks that must be mitigated in order to secure financing**



(Relative popularity of top ten considerations)

**Political risk insurance/guarantees**  
(including MIGA)

**36.4%**

**World Bank/MIGA guarantees or multilateral funding participation**

**30.3%**

**Sovereign guarantees**  
(to cover public parties, payment risk, support project finance)

**21.2%**

**Robust contracts including PPA and offtaker agreements**  
(to mitigate against operational risks, construction risks, to secure income and repayment risk)

**15.2%**

**Due diligence**  
(partner risk, project identification, project implementation risk)

**15.2%**

**Local partners**  
(to mitigate against currency exchange problems, human resources issues, host country accounting systems, regulatory environment and bureaucracy)

**15.2%**

**Up-front initial payments**  
(to cover risks including exchange and payment risk and offtaker credit-worthiness)

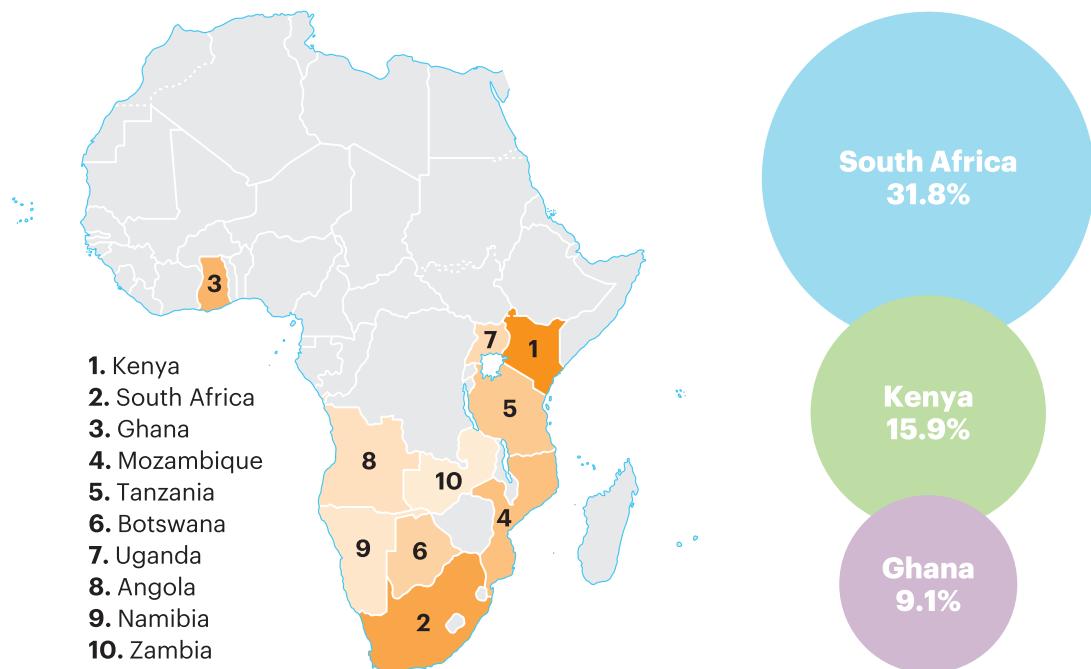
**12.1%**

(Some companies indicated multiple measures)

**Figure 59**

**Measures used to mitigate risks**

## 6.4 Countries Most Attractive for Investment



**Figure 60**  
Countries most attractive for investment: Top 10 countries (left), and top three first choice investment destinations (right)

Respondents to the first ICA Survey of Private Sector Investors were asked to rank, in order, the five African countries they considered the most attractive (*Figure 60, above*).

Kenya scored the highest average ranking, while South Africa was most consistently ranked the most attractive country for investment. In all manners of analysis, Kenya and South Africa gained significantly higher rankings than other countries ranked in the top ten, which are shown in the graphic above.

Kenya's appeal to investors appears to be a result of its established history of successful private sector investments in infrastructure.

Established investors reported that Kenya was an attractive investment option due, as one energy sector respondent put it, to its "cost reflective-tariffs and good IPP track record".

Other respondents said establishing new infrastructure projects in Kenya was a relatively straightforward task

in comparison with a number of other Eastern African countries.

Other factors attracting investors to Kenya were its "stage of development" and (despite negative newsflow) political and economic stability. Several companies were attracted by Kenya's growth prospects and what they saw as its transparent operating environment. Typically, one respondent said Kenya's "growing economy and emerging sector in ICT [and] low rate of criminality and corruption" appealed.

Another respondent said the country was attractive because "the Kenyan government is very pragmatic in its approach" when dealing with private investors, while others cited its institutional capacity and its clear and fit-for-purpose regulatory framework, which ensured projects are run relatively efficiently.

Similarly, South Africa appears to have been ranked consistently highly due to its advanced stage of development, economic and political

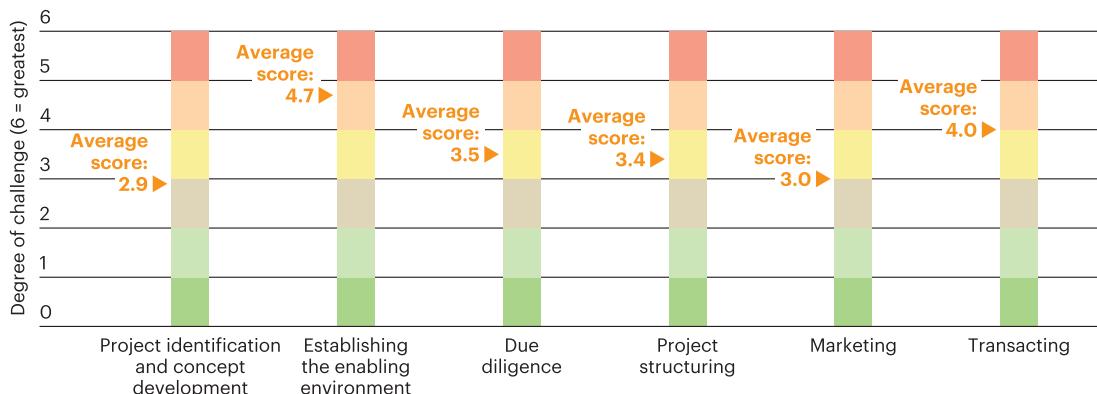
stability and sound regulatory environment. One survey respondent said South Africa's "established infrastructure and sound government policy framework" was an appealing factor to potential investors; several other companies provided similar responses.

Participants in the energy sector noted the importance of South Africa's Renewable Energy Independent Power Producers Procurement (REIPPP) programme, which is likely to attract very substantial investment commitments for years to come.

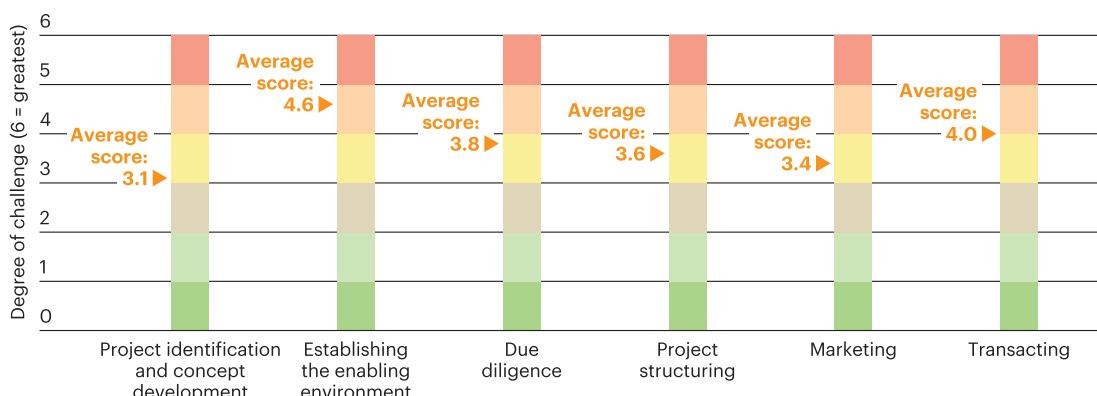
Kenya and South Africa were ranked markedly higher than other countries. Kenya's average ranking was over 4.5 times that of the tenth most attractive country, Zambia, which was predominantly listed due to its growing number of investment opportunities and rapid development.

The survey results lead to the unsurprising conclusion that investors feel more comfortable in a more established market. ■

## 6.5 Project Preparation Challenges



**Figure 61**  
Challenges in implementing infrastructure projects (graded 1-6, where 6 is extremely challenging and 1 is not challenging at all)



**Figure 62**  
Challenges in organising finance (graded 1-6, where 6 is extremely challenging and 1 is not challenging at all)

The challenges posed by the stages of project preparation in general, and financing in particular, were ranked by respondents to the ICA Survey of Private Sector Investors (*Figures 61 and 62, above*). They also identified what they perceived to be the causes of bottlenecks in project preparation.

Stages in project preparation and arranging finance for projects were: project identification and concept, establishing the enabling environment, due diligence, project structuring, marketing and transacting.

The most challenging stage across the whole process of project preparation was identified as “establishing the enabling environment” – identifying legal, regulatory and institutional impediments and removing them.

Marketing and project identification and concept development were considered the least problematic.

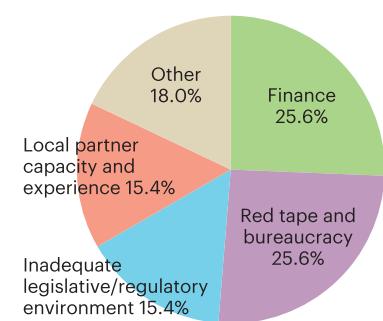
Establishing the enabling environment

*“There is an enormous lack in capacity of power purchasers... and host governments and other local relevant actors – finance, insurance, legal – to manage and support a transaction”*

was ranked the most difficult stage of raising finance for projects, followed by due diligence; marketing as well as project identification and concept were found to be the least difficult stages.

Finance, along with red tape and bureaucracy, ranked equally as the most important factors causing bottlenecks in projects (*Figure 63, right*).

Other commonly cited factors were inadequate legislative/regulatory frameworks and local partner capacity, each of which ranked equal third. ■



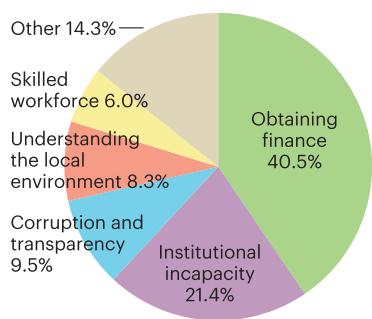
**Figure 63**  
Most important factor causing bottlenecks in project preparation

## 6.6 Market Trends

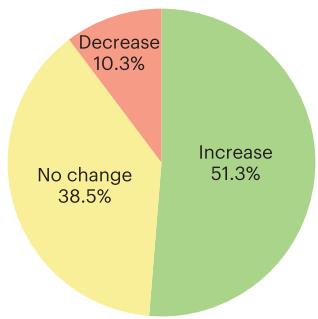
Companies provided a general overview of their investments in African infrastructure projects in 2012. The majority of respondents (75%) reported that their contracts had been won following competitive tendering.

In terms of different types of finance used, 80% of respondents said they had used project finance, 44% had recourse to corporate finance and 40% had access to donor finance (Figure 65, below).

Companies were asked what they considered to be the single greatest challenge facing private sector participants in African infrastructure projects. Obtaining finance was reported to be the greatest obstacle (by 40% of the participants). Lack of institutional capacity in the host country was the biggest challenge for 21% of respondents, while 10% said corruption was the major issue for them (Figure 64, below).



**Figure 64**  
Greatest challenge facing private sector participants



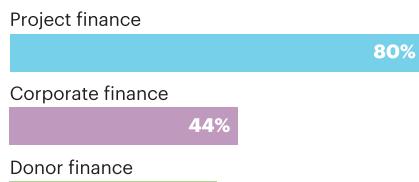
**Figure 66**  
Revenue from African infrastructure:  
Change from 2011- 2012

A further 8% of respondents reported that understanding the local environment was the greatest challenge, while finding a skilled workforce was the biggest issue for 6% of respondents.

In terms of revenue from African infrastructure projects, 51.3% of respondents reported an increase in revenue, while 10.2% reported a decrease and 38.5% reported no change (Figure 66, below).

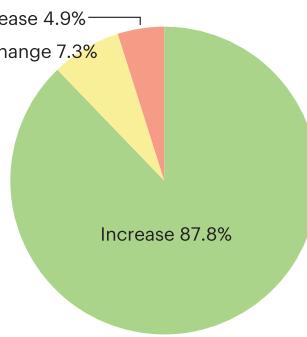
The vast majority (88%) of companies expressed intentions to increase their African portfolio over the next five years; a further 7% wished to maintain their investments in African infrastructure at current levels (Figure 67, below).

Only 5% of respondents suggested that they anticipated decreasing the size of their continental portfolio over the next five years. ■



(Some companies indicated use of more than one type of finance)

**Figure 65**  
Use of project finance, corporate finance  
and donor finance



**Figure 67**  
African portfolio intentions over the  
next five years

### Private sector view: the biggest challenges

*“The unavailability of early risk capital makes it difficult for investors to put money into Africa’s infrastructure”*

*“...government inertia and lack of clarity...”*

*“Mostly, the private sector doesn’t have sufficient capacity”*

*“Timeliness and transparency of political decisions”*

*“Inadequate venture capital for all sectors in general ...”*

*“...the debt financing market is still dominated by DFIs, the requirements of which upon host governments are so stringent so as to impact the volume of transactions that can be developed and ultimately lead to financial close...”*

# 7. Sectoral Analysis



## 7.1 Introduction

*Of ICA members' 2012 commitments to specified regions and sectors, 41.9% went to energy and 30% to transport. Some 24.6% was committed to water, followed by ICT with 1%, and multi-sector projects accounting for 2.5% of the total*

Each of the main sectors that are the focus for ICA activities, and the priority for consortium members' infrastructure development departments, are confronted by different specific challenges – such as the problems associated with operating across borders for stakeholders in the transport sector; access to fuel and vulnerability to prices for energy operators; or the vulnerability of trans-boundary water resources to geo-political pressures that has emerged as an issue of concern for governments and populations along major rivers such as the Nile.

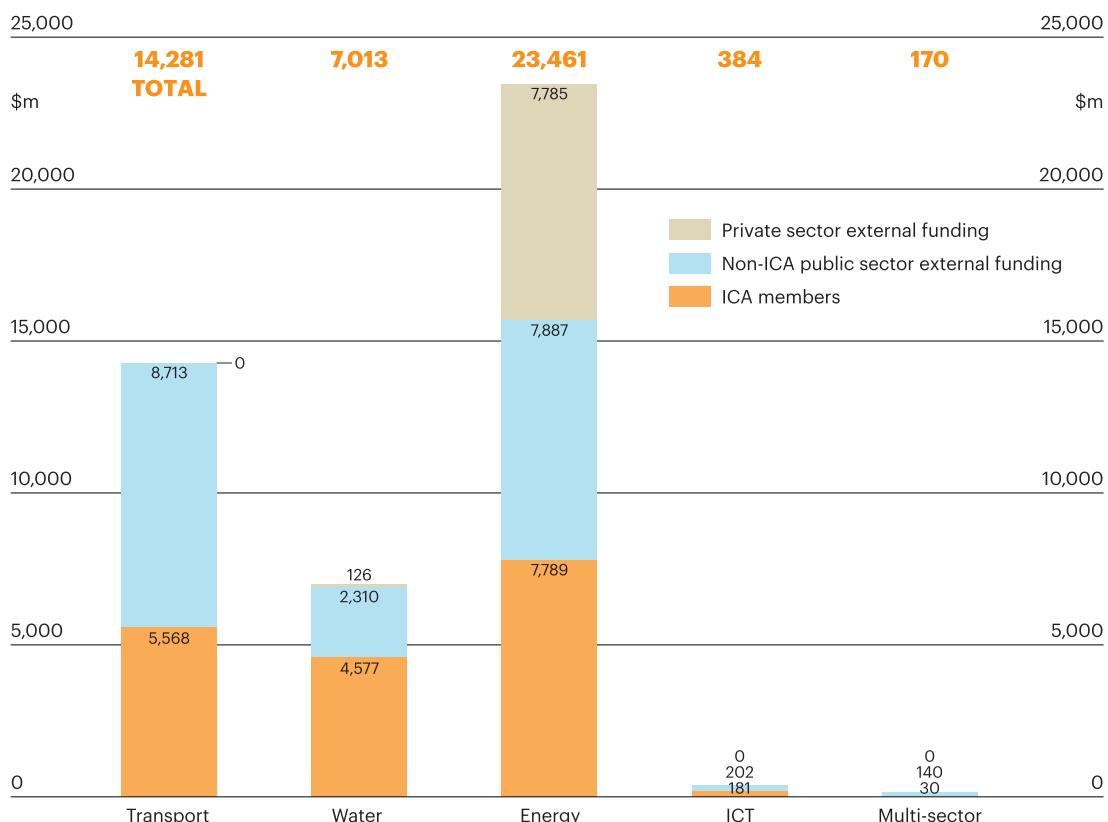
A clear focus on new ICT projects is yet hard to see, and commitments to a sector that could vitally connect Africa with global communities and economies with the rest of the world, receives relatively very little in terms of financial commitments. However, infrastructure development is also subject to more generalised political and economic pressures that have

been a constant theme of submissions to the ICA by its members and other public and private sector operators.

Among issues that weigh heavily on the development of much-needed infrastructure are the negative impacts of subsidies, state monopolies, poorly implemented laws and regulations (an important issue in economies blighted by sub-standard governance) and imbalances between public sector and private sector ownership. Such issues featured large in answers to the ICA's new private sector questionnaire, as well as in comments made by member governments and institutions.

As the data shows in this section, commitments to each sector vary markedly from year to year. ICA members made their biggest sectoral commitments in 2012 to the energy sector (*Figure 69, right*).

However, the annual transport sector commitments in the 2008-12 period highlight the extent of volatility, with



**Figure 68**  
Total African infrastructure commitments by sector, 2012

a \$7.2bn peak in 2009 and a \$3.7bn trough in 2011.

The development of integrated transport corridors is a focus for initiatives such as the revitalised PIDA initiative, the policy orientations and activities of which are described on page 16, and which are expected to see more integrated socioeconomic developments such as the Nacala Road Corridor Project.

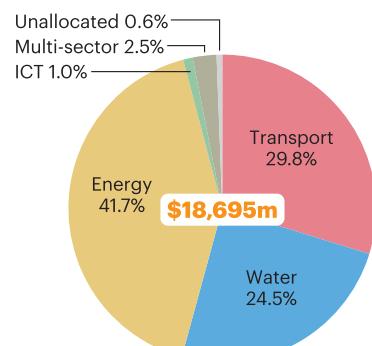
Total commitments of \$7.8bn went to energy in 2012. This was up from \$3bn in 2010 but still dwarfed by the \$12.9bn committed in 2011 – \$4.9bn of which went to North Africa while \$8bn was committed in SSA.

The map on page 54 gives an overview of the continent's electricity supply industry infrastructure, whose modernisation and expansion is expected to continue apace in the next three decades as major projects to improve levels of access get under way. Huge investment is essential, as levels of electrification and access to modern

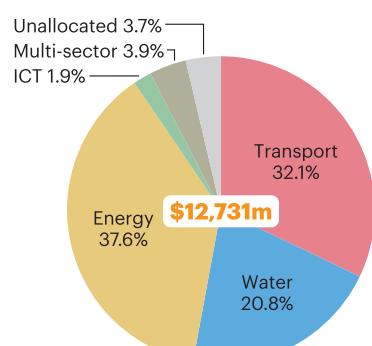
cooking fuels remain unacceptably low in much of SSA.

The water sector received 2012 commitments of \$4.6bn (\$3.7bn for SSA). A map in this section (page 52) shows the potential for developing water resources by exploiting the continent's 'water towers', but also the challenges posed by Africa's variable water resources and too many populations' sustainable access to clean water.

On a regional basis, the biggest share of commitments to the transport and water sectors went to Eastern Africa. Southern Africa was the biggest recipient for private sector capital for energy, as financial support lined up behind thermal and renewables developments in South Africa. After a severe dip, as the impacts of the 'Arab Spring' political transitions were felt, there was an upturn in commitments to most sectors in North Africa. ■



**Figure 69**  
ICA member infrastructure commitments by sector, 2012



**Figure 70**  
ICA member infrastructure disbursements by sector, 2012

## 7.2 Transport

Projects to develop transport networks are confronted by the general political and economic pressures that weigh heavily on infrastructure projects across the continent.

But the development of transport infrastructure is subject to sector-specific complexities too. Developments may find themselves prey to the competing claims of national governments, service providers and other stakeholders.

Looking to protect their perceived national or local interests, neighbours are often reluctant to accept the harmonisation of rules and procedures whose introduction might significantly speed project delivery.

Analysis of ICA member funding across the 2008-12 period shows a mixed performance (*Figure 71, below*). It is encouraging to see that total investment in transport across the continent increased by more than 50% in 2012 over 2011. But data from ICA members' reporting of trends show

significant annual differences in commitments, spanning a high of \$7.2bn in 2009 and a low of \$3.7bn in 2011.

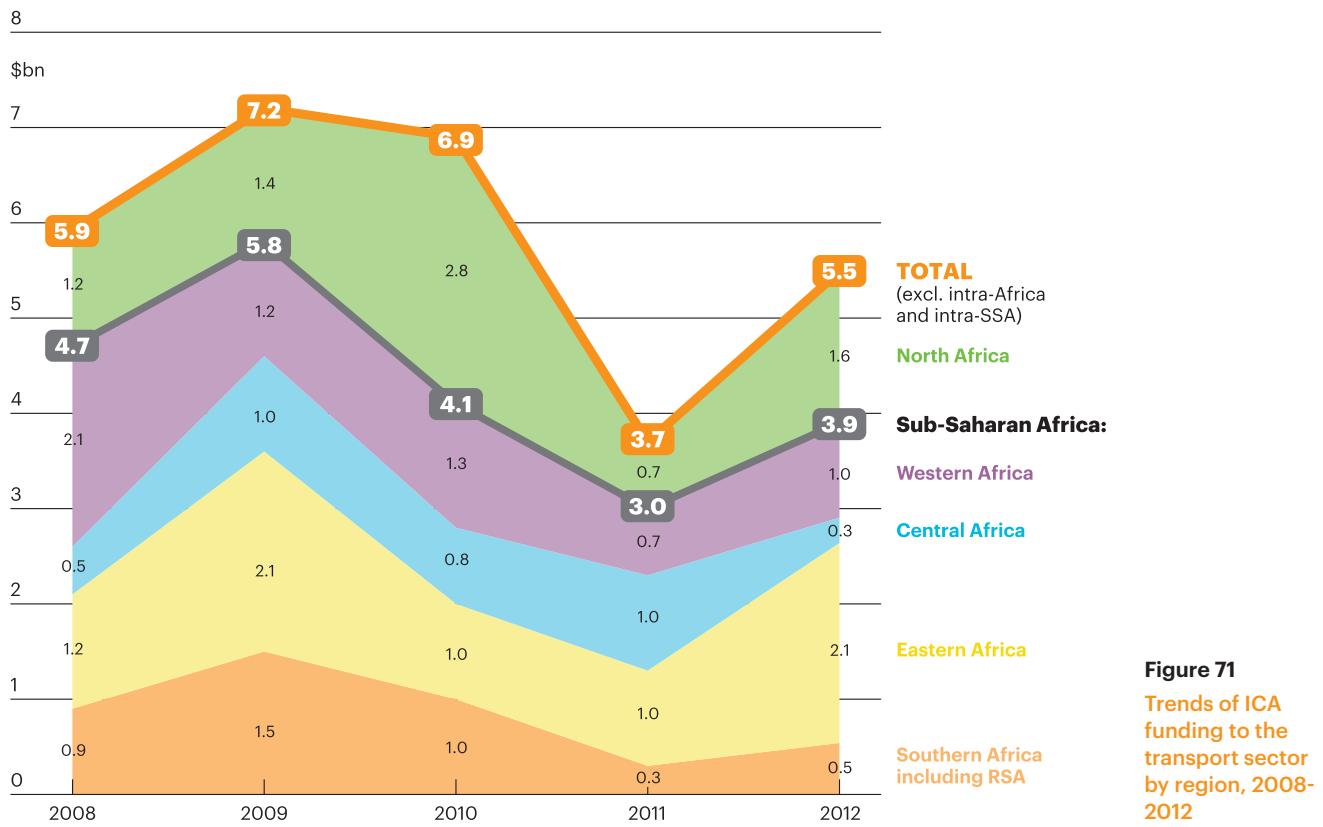
The development of transport corridors and other planned initiatives can be expected to strengthen performance in coming years, and there is huge demand for support: the movement of goods for import/export requires developing a range of transport modes.

Performance in some regions gives cause for concern. Central Africa – much of which is landlocked – received just \$347m in 2012 compared with around \$1bn in 2011 and the lowest annual amount in the 2008-12 time period.

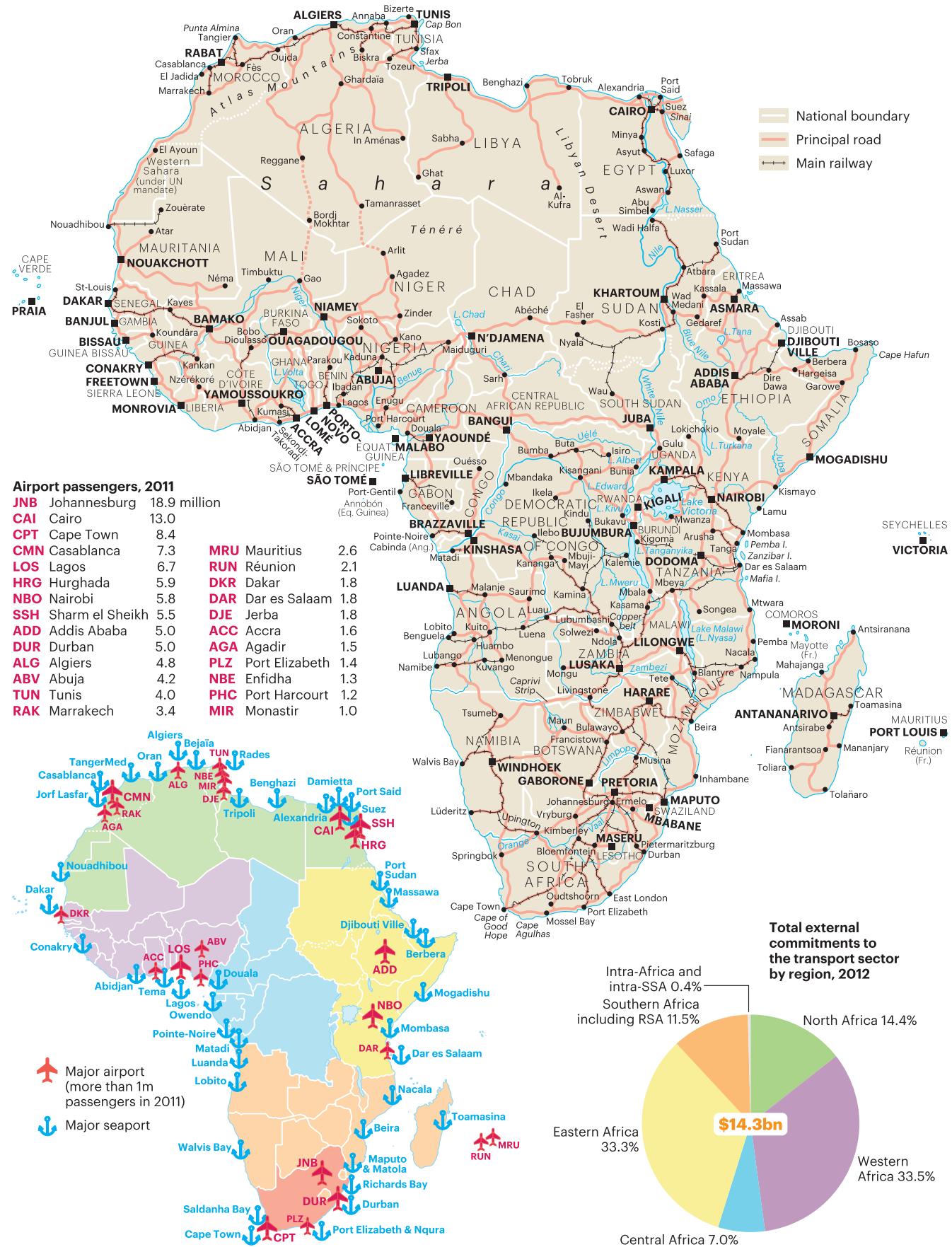
With the exception of 2011 – when Central and Eastern Africa received the highest share of investment (27% each) – Central Africa attracted the lowest portion of investment by region during each year of the time series, just 6% in 2012.

Eastern Africa consistently receives a high proportion of transport investment. Even considering a decline in investment (down 52%) in 2010, which levelled off in 2011 before surging in 2012 to \$2.1bn, the region has generally attracted a high percentage of ICA members' investment – especially in 2012, when Eastern Africa received the highest share of investment by region (37%).

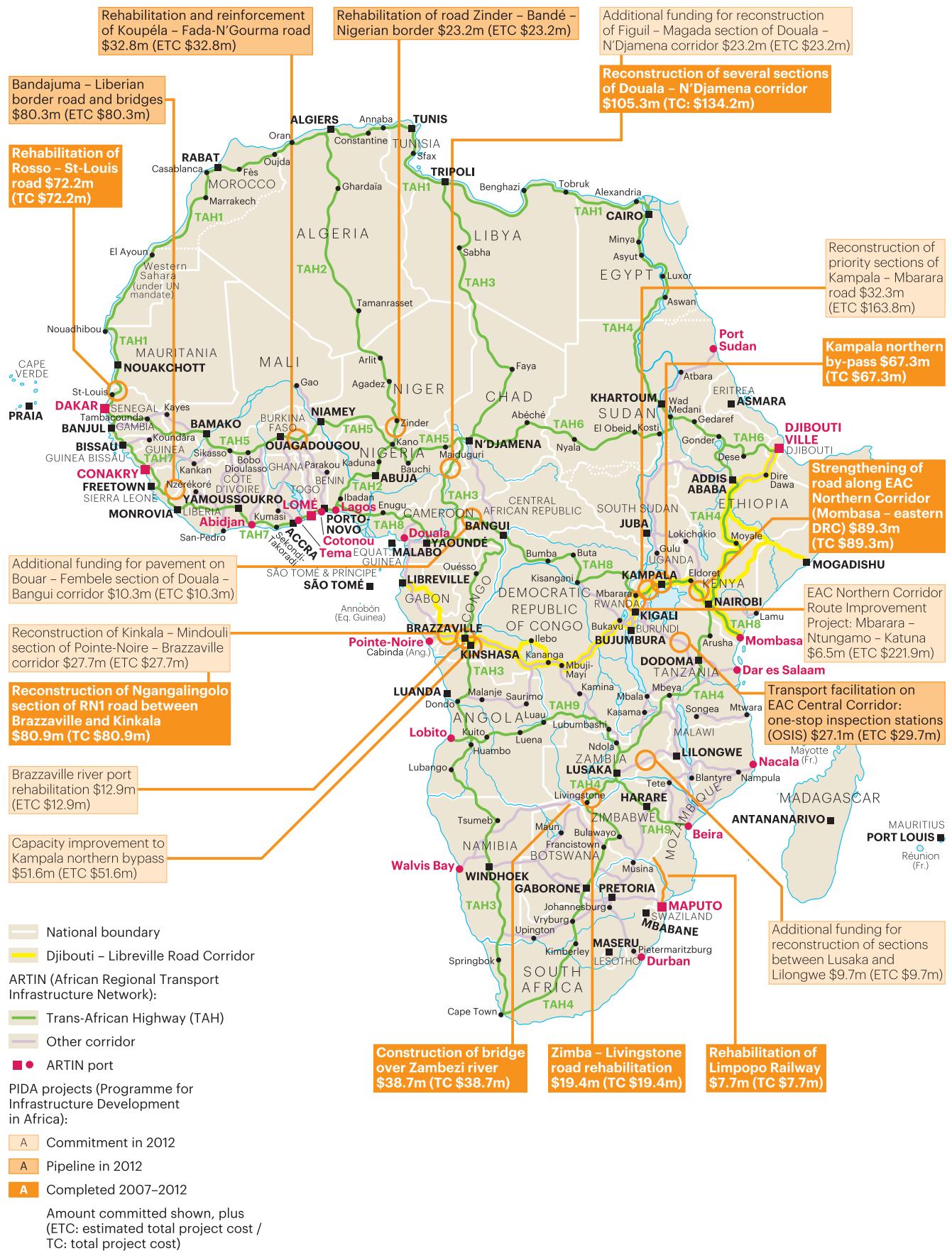
North Africa received the largest investment in volume terms in 2008-12, at around \$7.7bn. It has also received generally high levels of investment. This was most evident in 2010, when the region attracted roughly 41% of ICA members' total investment across Africa (\$2.8bn) – more than double the investment made to any other region of the continent. This figure dropped back sharply in 2011, as the region was confronted with popular uprisings and government changes; an increase to \$1.6bn in 2012 reflects a resumption of development activity. ■



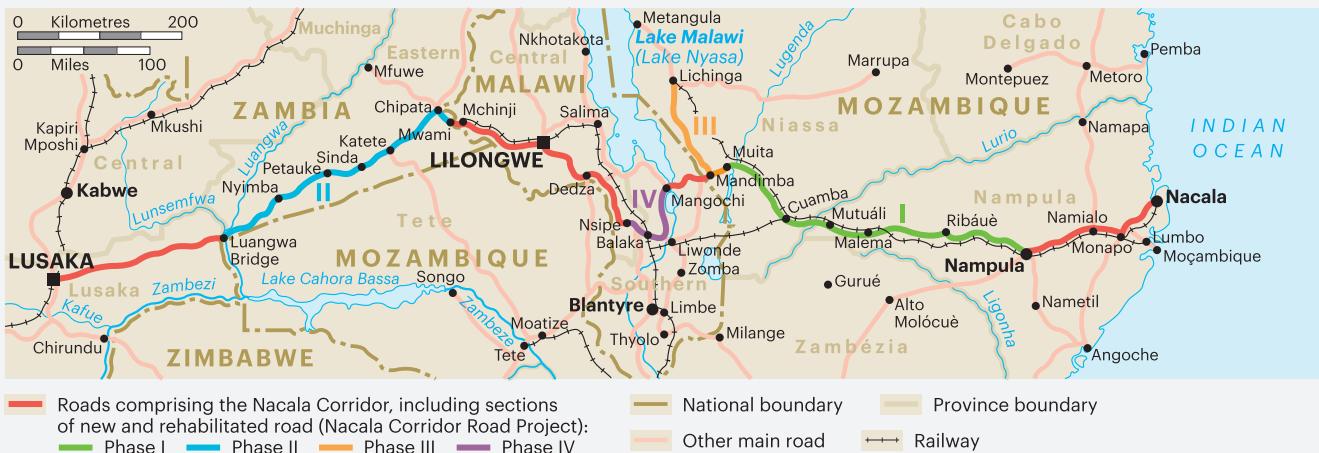
# Transport Infrastructure and 2012 Commitments



# Transport Corridors and Projects



# Case Study: Nacala Road Corridor Project (NRCP)



The goal of linking landlocked markets and populations with major ports and transport links has long been central to economic development planning in Central and Southern Africa. However, in many cases integrated projects have taken decades to get off the drawing board.

This is now changing, reflected in the sense of collective purpose that now unites the stakeholders developing and managing transport infrastructure networks in Malawi, Mozambique and Zambia, partners in the Nacala Road Corridor Project (NRCP).

In the wake of Mozambique's devastating civil war there has been only sporadic progress during the last two decades in rehabilitating and developing the Nacala Corridor. A concession for the railway in Malawi was granted in 1999, but it was not until 2003 that the complementary concession in Mozambique was granted, opening up the potential for a cohesive rail network linking Nacala Port to landlocked Malawi.

With further expansion and modernisation of the rail network and development of a modern road network, the process of unlocking socioeconomic potential in the hinterland of Southern Africa's deepest port is now gaining yet more momentum.

The Nacala Corridor has also seen some paradigm shifts in development financing, with private sector involvement.

US operator Railroad Development Corporation is taking an early role alongside donors such as the UK's DfID and USAID, by participating in an innovative financing mix that even included Malawi's army.

The Nacala Road Corridor Project aims to break new ground. It goes beyond tarmac, incorporating Michi no eki – the roadside stations familiar to Japanese motorists that connect highways with local communities. They aim to foster an inclusive employment environment based on trade and farming, in which youth and women can actively engage in the economy alongside the highway. NRCP aims to provide a route towards greater regional mobility and prosperity for individuals and businesses alike.

Recognised as a SADC priority project, the Nacala Corridor is included in PIDA. Local, regional and international financing has been mobilised, including from the AfDB, JICA and the Nordic Development Fund; their involvement leverages value-added from partners' previous experiences.

A key element in the Spatial Development Initiative for Mozambique, Malawi and Zambia, NRCP will connect those countries to the global economy. It should also provide a paradigmatic example of intelligent development financing, offering strong returns across the socioeconomic spectrum.

Shorter journey times and maintenance cost reductions due to upgraded roads are expected to bring substantial economic advantages to rural communities close to the 1,033km NRCP. The project has been split across four phases with January 2016 set as an anticipated completion date.

Work on Phase I began in 2010 and covers 361km of land across Mozambique and Malawi – including an upgrade of the Nampula-Cuamba Road and the construction of Lilongwe bypass. Phase II comprises 360km of road

connecting Luangwa in Zambia with the Malawian border at Mwami; it includes the rehabilitation of the Nyimba to Sinda road. Phase III consists of work in Mozambique, upgrading 175km of the Muita-Mandimba-Luchinga Road, while phase IV involves work in Malawi, covering 125km of the Nsipe-Liwonde-Mangochi Road. Work on phase IV is expected to run from January 2014 until June 2016.

Additional projects are taking shape alongside NRCP within the Nacala Corridor. In Mozambique, the authorities are leveraging finance from private and public sector Brazilian partners to improve rail and air infrastructure. The Mozambique government, in a joint venture with Brazilian mining company Vale, is to upgrade and build 912km of railway from the Moatize coal basin to Nacala port.

Assistance in the shape of an \$80m loan from Brazilian development bank Banco Nacional de Desenvolvimento Econômico e Social (BNDES) enabled work to begin to transform a former airbase in the Nacala Corridor into the Nacala International Airport. BNDES is also funding significant work at Beira port.

A generation ago, infrastructure on the Nacala Corridor – Malawi's lifeline to the Indian Ocean – was damaged and destroyed during Mozambique's civil war. Thanks to some innovative mixes of finance from regional development banks, DFIs, national governments and, significantly, with the private sector playing a substantial role, the prospects in this region are far brighter for the next generation.

## 7.3 Water

Of all the primary infrastructure sectors, it is the development of water-related infrastructure projects that arguably best tracks the global community's desire for an improved standard of life across the continent.

The rational mobilisation of water resources is an essential condition for sustained economic prosperity in Africa. The challenges are significant at a national and regional level, particularly given the trans-boundary nature of African water resources, such as the Congo, Nile and other rivers that span several countries.

Africa's economic emergence demands that water resources, which are often trans-boundary in nature, are effectively used and managed through cross-border programmes.

The increased political will reflected in initiatives like PIDA (and those of river-based organisations such as Lake Victoria Basin Commission (LVBC) is

helping to drive ambitious projects that will help Africa overcome the preventable consequences of high hydrological variability aggravated by the impact of climate change.

ICA members reported promising indicators, with \$4.6bn of investment committed in 2012. This represents a 35% rise over 2011 and is the highest recorded level of investment by ICA members during the 2008-12 time series (*Figure 72, below*).

While water receives less investment than either energy or transport infrastructure, ICA members still committed \$3.7bn in Sub-Saharan Africa in 2012 – representing a 54% increase on equivalent investment in 2011.

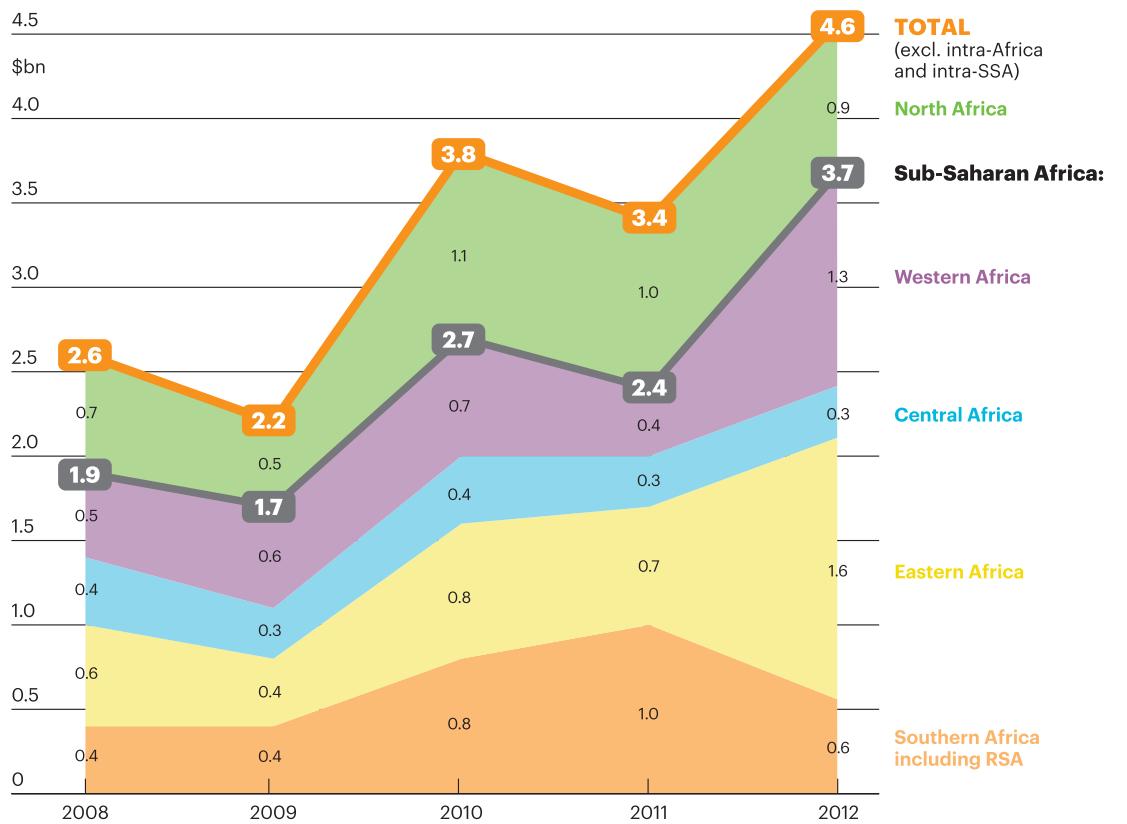
But there are nuances to this broad account. Despite its huge potential, Central Africa has received the lowest share of investment in water infrastructure projects year on year

compared to all other regions. At around \$1.7bn, total investment from 2008 to 2012 in Central Africa is only slightly above half that achieved by Southern Africa (around \$3.1bn), which is the second lowest figure.

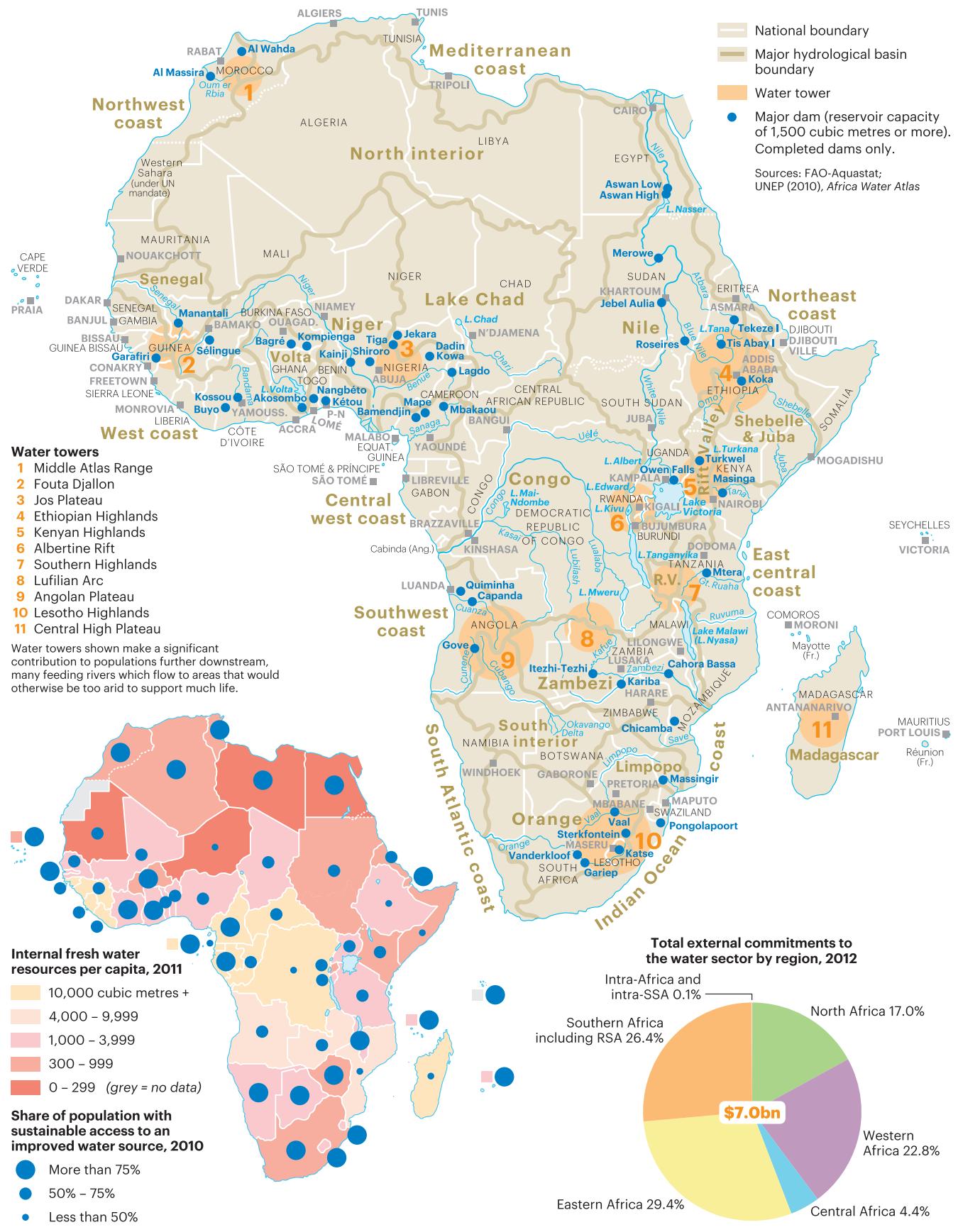
The picture in North Africa is more positive. The region experienced an 11% drop in investment from ICA members in 2012 – a year of political turmoil in several countries – but North Africa has generally seen high levels of water sector investment, with total investment at nearly \$4.2bn in 2008-12.

North Africa has thus consistently garnered 20-30% of reported annual commitments to water infrastructure across the continent.

Given the cross-border nature of water resources, more investment is expected across the continent as PIDA and other water-specific regional programmes are accelerated in the coming years. ■



## Water Infrastructure and 2012 Commitments



Sources: FAO-Aquastat; World Bank, *Africa Development Indicators* 2012/13

## 7.4 Energy

ICA members committed \$7.8bn to energy projects in 2012, substantially more than double the \$3bn committed in 2011, but nevertheless considerably less than 2010, when the continent benefited from commitments of \$12.9bn, of which \$4.9bn was directed to North Africa; it was also less than the \$6.4bn committed in 2009 (*Figure 73, below*).

North African projects received 31% of all energy commitments, at \$2.4bn – a substantial increase on 2011's \$500m commitment.

SSA received \$5.4bn, of which \$1.6bn went to RSA, \$1.3bn went to Eastern Africa, \$1bn to Western Africa, \$517m to Southern Africa excluding RSA and \$486m to Central Africa.

Exceptionally in 2010, commitments for Eastern Africa spiked at \$2.5bn before falling to around \$800m in 2011 and then recovering to nearly \$1.3bn in 2012.

Funding for Western African projects increased from \$800m in 2011 to nearly \$1bn in 2012.

Southern Africa, over a four-year period, has witnessed a decrease in public external funding commitments, from \$3.7bn and \$4.8bn in 2009 and 2010 to \$500m and \$925m in 2011 and 2012 respectively. The region's share of funding also steadily decreased.

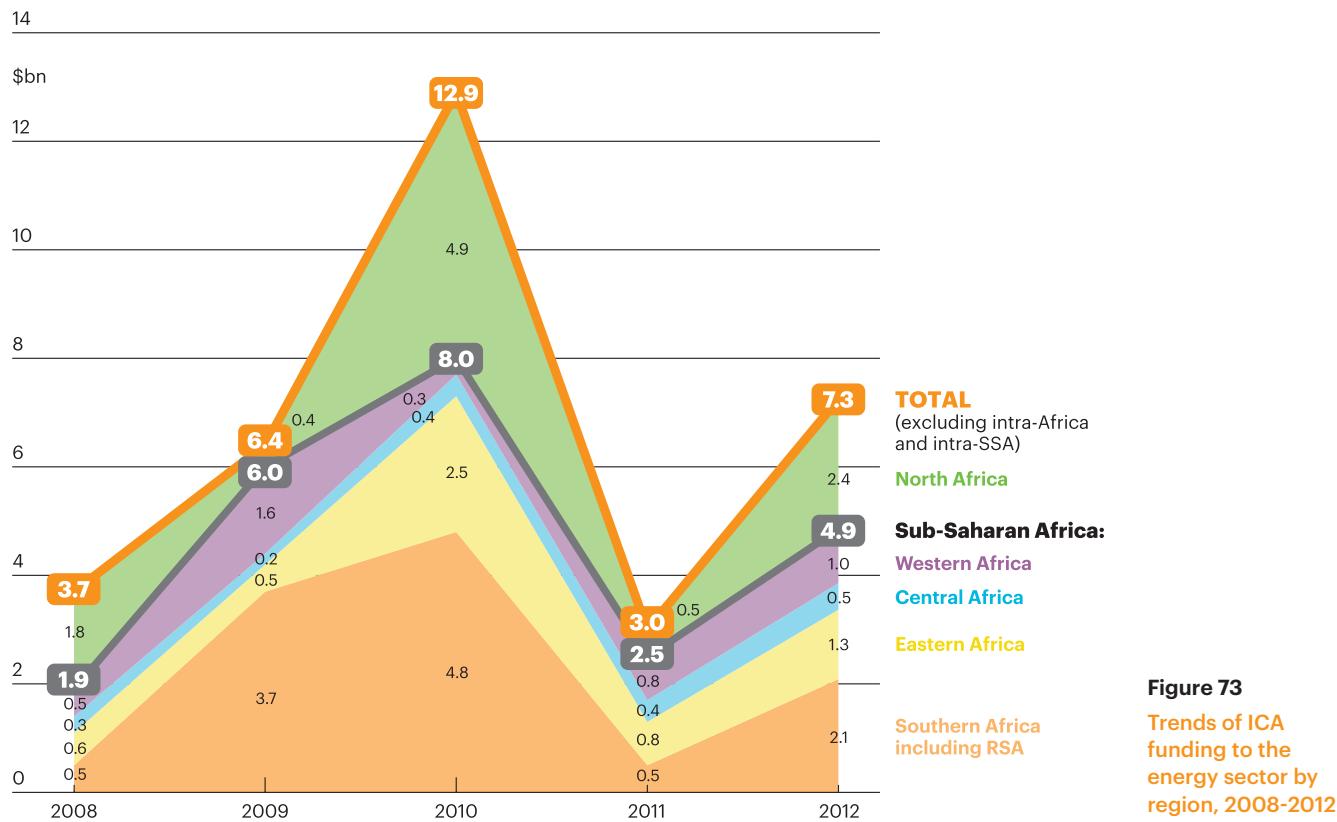
Central African energy projects have witnessed a steady increase in funding: the region has received more than 10% of total commitments for the past two years, in contrast to 2009 and 2010, when it averaged around 3%.

This trend could continue given ICA members' stated interest in backing Inga, Ruzizi and other projects in the region. Indeed, the huge hydropower potential of DRC, Ethiopia and other 'water towers' should support the

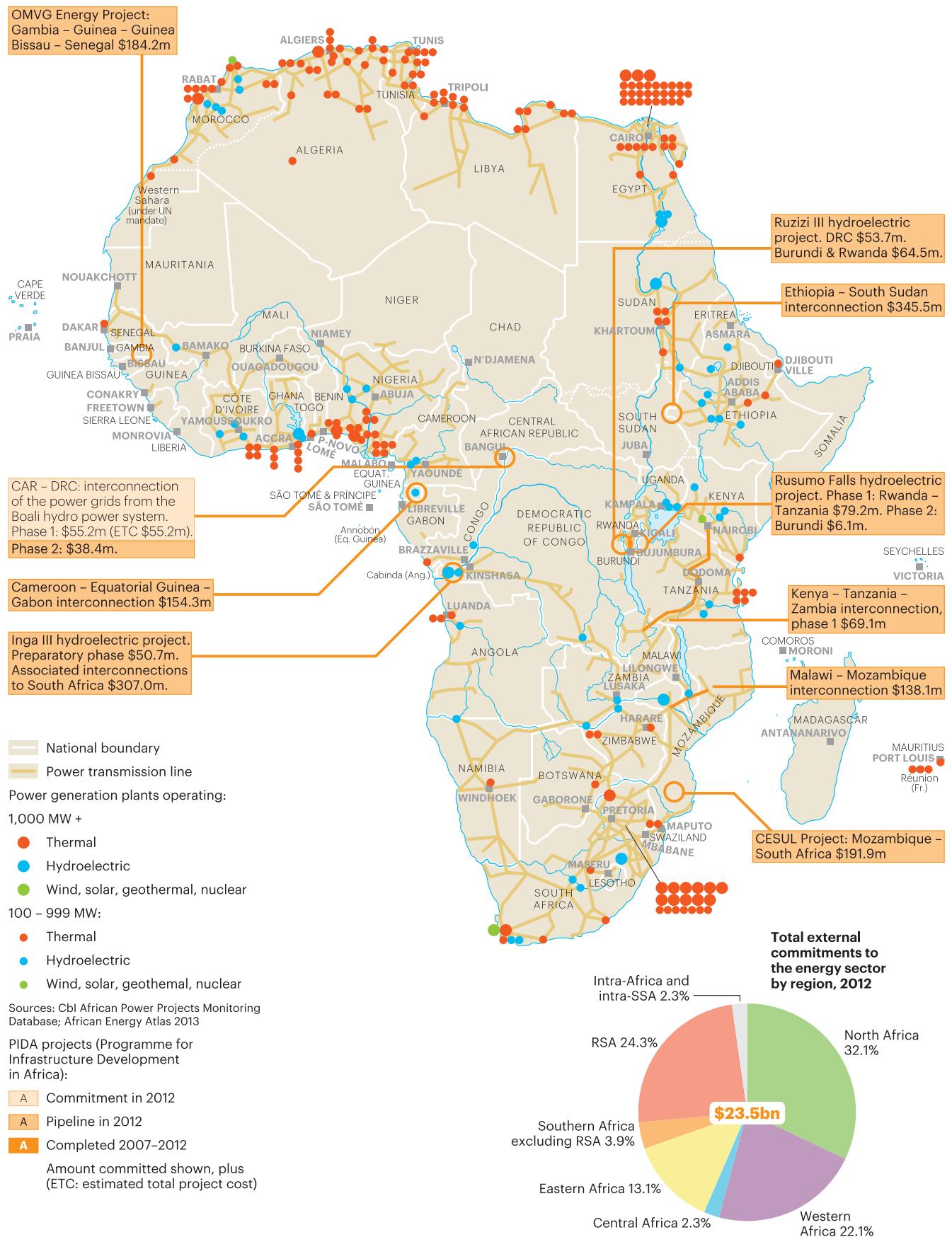
much-increased cross-border trade in electricity over the next decade, reducing the cost of electricity for consumers. But more funding is needed and current investment levels must be quadrupled if the continent's energy requirements are to be met.

For many ICA members, energy projects compete with transport projects for the bulk of funding. The AfDB committed the most to energy projects by putting up \$1.5bn, while WBG reported \$1.3bn of commitments. The DBSA committed \$1.2bn to energy infrastructure, mainly to projects in South Africa.

Only one-fifth of the SSA population has direct access to electricity and, with sustained economic growth causing demand to boom, increased investment is essential to tap the continent's enormous thermal and renewable (such as wind, solar, geothermal and hydropower) energy potential. ■



# Energy Infrastructure and 2012 Commitments



## 7.5 Information and Communications Technology

During 2012, ICA members reported just \$182m of commitments to ICT projects. North Africa received the most commitments (\$55m), followed closely by Eastern Africa (\$53m) and RSA (\$37m).

Central Africa's \$15m lagged some way behind, but not as much as the meagre \$4m and \$2m of commitments that went respectively to Southern and Western Africa.

Historically, Western and Southern African ICT projects have been primary beneficiaries of ICA member funding, with the former receiving 70% of total commitments in 2011 and 38% in 2009, and the latter receiving an average of 44% of total funding between 2008 and 2010 (*Figure 74, below*).

ICA members' 2012 funding commitments are broadly the same as in 2011. In terms of trends, commitments to the sector have been relatively irregular, with funding

spiking at \$690m in 2009, but falling to \$255m in 2010.

Most ICA members appear to consider funding ICT less of a priority than water, energy and transport, with the sector receiving substantially fewer commitments over the past five years. During 2012, ICT projects received just 1% of total ICA member funding for projects, down from 1.5% in 2011.

In 2012, just four members made commitments to ICT hard infrastructure, with WBG providing most of these commitments (a total of \$91m), and much smaller amounts coming from the DBSA, the UK and the US. The WBG's commitment to ICT has been consistent over the past few years, funding \$105.5m-worth of projects in 2010 and \$95m in 2011.

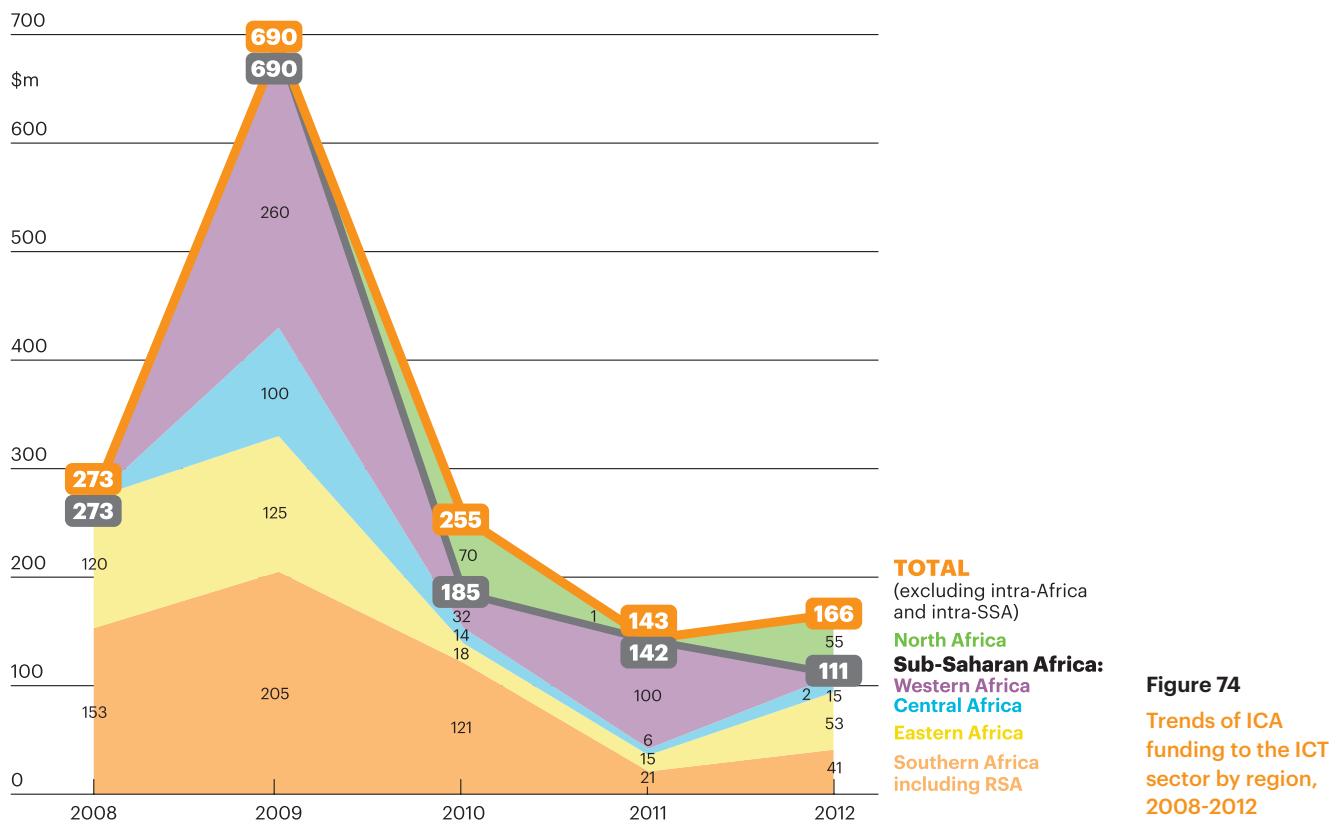
Members commented that perceptions of a highly connected continent which banks by mobile phone have diverted funds to other sectors.

Respondents to an ICA private sector survey covered elsewhere in this report noted that their commitments were lower in 2012, down from previously very high levels, as an increasing number of African mobile markets matured.

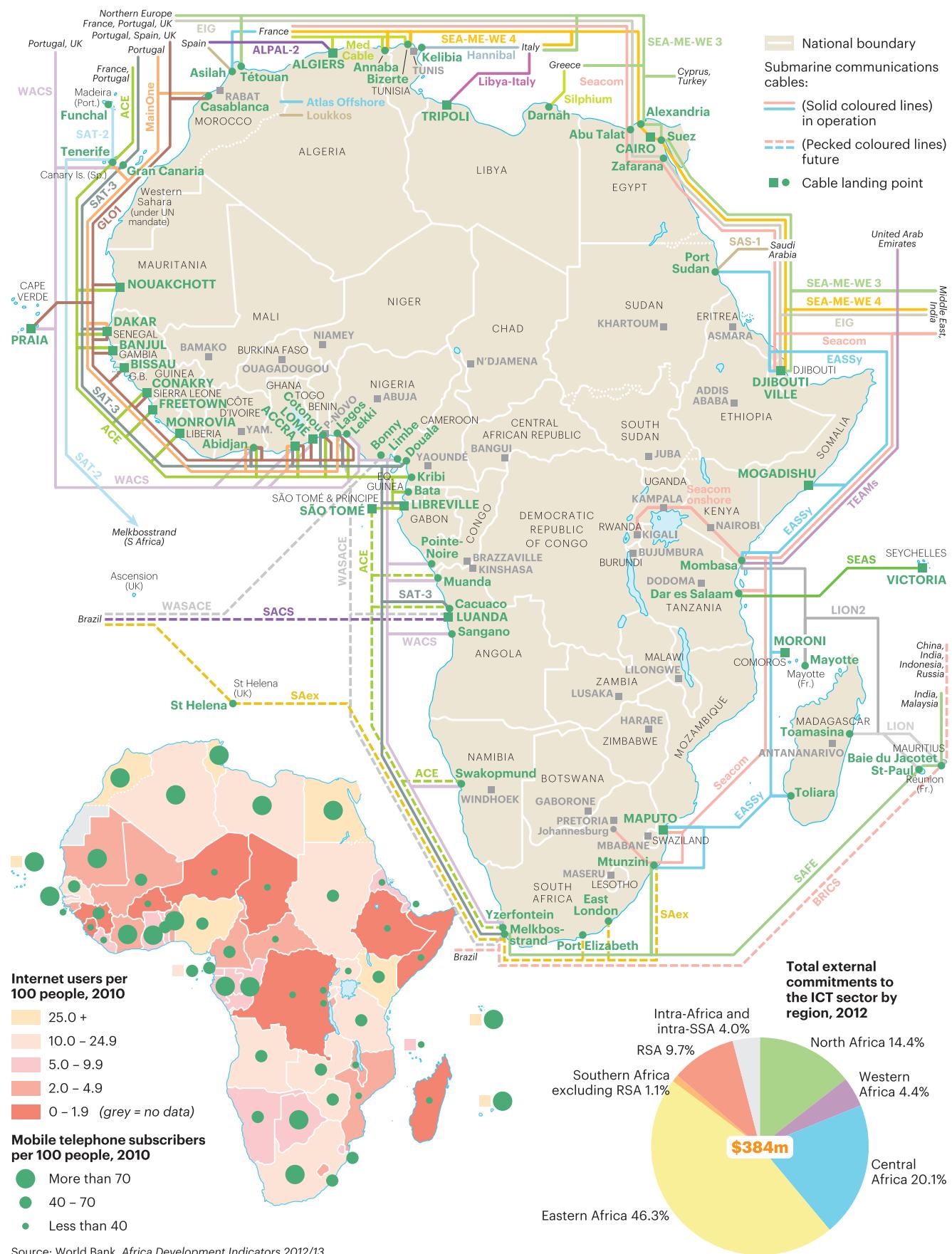
Despite the rapid growth in mobile use in urban and rural areas, critical infrastructure is still lacking.

Expansion in fixed-line telephones and broadband internet has been less successful than mobiles – that anyhow do not affordably connect users with global communities and economies – and in remote areas such infrastructure is absent.

Thus, while ICT in Africa has developed into a multi-billion dollar business, driving growth and generating revenue, project developers need access to more finance so that all Africans can have access to the internet and other forms of communication. ■



# ICT Infrastructure and 2012 Commitments



# Annex 1 – Group Definitions

## Group Definitions

### ICA Members

The governments and development agencies of all G8 countries:

Canada, France, Germany, Italy, Japan, Russia, UK, and US.

As well as:

African Development Bank Group, Development Bank of Southern Africa (DBSA), European Commission, European Investment Bank (EIB), and the World Bank Group.

### Participants as observers in ICA meetings:

AU Commission, NEPAD Planning and Co-ordinating Agency, and Regional Economic Communities.

ICA recently decided to extend membership to all G20 countries.

### Arab Co-ordination Group

Arab Bank for Economic Development in Africa

Arab Fund for Economic and Social Development

Islamic Development Bank

Kuwait Fund for Arab Economic Development (KFAED)

OPEC Fund for International Development (OFID)

Saudi Fund for Development

### Multilateral Development Banks

African Development Bank Group, European Investment Bank, World Bank Group.

### Regional Development Banks

Central African States Development Bank (CASDB), DBSA, an ICA member), EBID, EADB, West African Development Bank (WADB)

## Annex 2 – Selected PIDA Projects in the Pipeline

Country/ Institution	Project	Sector	Hard or soft Infrastructure	Region	Commitment \$m	Est total cost \$m
AfDB	Ethiopia-South Sudan Transmission Interconnection	Energy	Hard	Eastern	345.3	
WBG	Rusumo Falls Hydroelectric	Energy	Hard	Eastern	340.0	
AfDB	INGA III Hydroelectric and Interconnections	Energy	Hard	Central, Southern	307.0	
EIB	Zambia-Tanzania-Kenya Power Interconenction	Energy	Hard	Southern	193.5	774.0
AfDB	STE/CESUL transmission project: Mozambique/South Africa	Energy	Hard	Southern	191.9	
AfDB	OMVG Energy Programme (Gambia-Guinea-Guinea Bissau-Senegal)	Energy	Hard	Western	184.2	
WBG	South Sudan/Kenya EAC Transport Corridor	Transport	Hard and Soft	Eastern	181.0	
AfDB	Cameroon–Gabon–Equatorial Guinea Interconnection	Energy	Hard	Central	154.3	
WBG	Rusizi Hydroelectric Rehabilitation	Energy	Hard	Eastern	150.0	
WBG	Mozambique-Malawi Interconnection	Energy	Hard	Southern	150.0	
AfDB	Malawi-Mozambique Interconnection	Energy	Hard	Southern	138.1	
WBG	Kenya-Tanzania Interconnector	Energy	Hard	Eastern	135.0	
EIB	Lesotho HWP II Water Transfer Component	Water	Hard	Southern	129.0	1,096.5
WBG	WAPP–Adjaraala Hydropower	Energy	Hard	Western	120.0	
WBG	Senegal River Basin Water Resources Management APL 2	Water	Soft	Western	110.0	
WBG	Regional Communications Infrastructure Program APL 5	ICT	Hard and Soft	Eastern	110.0	
EIB	OMVG: Kaleta and Sambagalou	Energy	Hard	Western	103.2	1,105.8
AfDB	ECOWAS-wide area network (ECOWAN)	ICT	Soft	Western	100.0	252.0
WBG	Central Africa Backbone APL 5	ICT	Hard and Soft	Central	100.0	
EIB	Inga III Hydroelectric	Energy	Hard	Central	96.8	5,998.5
EC	Bandajuma-Liberian Border Road and Bridges	Transport	Hard	Western	80.3	80.3
AfDB	Rusumo Falls Hydroelectric (phase 1: Rwanda – Tanzania)	Energy	Hard	Eastern	79.2	
WBG	West Africa Regional Communications Infrastructure Program	ICT	Hard and Soft	Western	71.5	
AfDB	Kenya-Tanzania-Zambia Power Interconnection (Phase I)	Energy	Hard	Eastern, Southern	69.1	
EIB	Ruzumo Falls Hydroelectric	Energy	Hard	Eastern	64.5	567.6
EIB	Cote d'Ivoire-Ghana interconnection	Energy	Hard	Western	64.5	
AfDB	Ruzizi Hydroelectric (Phase I: Burundi, Rwanda)	Energy	Hard	Eastern	64.5	
WBG	Southern Africa Trade and Transport Facilitation APL 2	Transport	Hard	Southern	60.0	
AfDB	Ruzizi III Hydroelectric – RDC	Energy	Hard	Central	53.7	
EIB	Ruzizi III Hydroelectric	Energy	Hard	Eastern	51.6	513.4
AfDB	Inga III Hydroelectric Preparatory Phase	Energy	Soft	Central, Southern	50.7	
WBG	Inga III Feasibility Studies	Energy	Soft	Central, Southern	50.0	
AfDB	CAR-DRC Electrical interconenction (Boali phase 2)	Energy	Hard	Central	38.4	
EC	Rehabilitation and strengthening of Community Road Cu2a: Koupéla-Fada N'Gourma (Burkina Faso)	Transport	Hard	Western	32.8	32.8
AfDB	Central African Backbone	ICT	Soft	Central	30.0	155.0
EC	Transport facilitation on EAC Central Corridor: One Stop Inspection Stations	Transport	Hard	Eastern	27.1	29.7
AfDB	EAC Backbone/Maritime Communication for Safety on Lake Victoria Project	ICT	Soft	Eastern, Central	25.3	
EC	Zinder-Bande Border Road Rehabilitation Nigeria/Niger	Transport	Hard	Western	23.2	23.2
WBG	Regional Communications Infrastructure Program APL 4	ICT	Hard and Soft	Southern	22.0	
AfDB	Rusumo Falls Hydroelectric (Phase 2 : Burundi)	Energy	Hard	Eastern	6.1	
WBG	Kariba Dam Hydroelectric	Energy	Hard	Southern Africa		
KfW	Ruzizi III Hydroelectric	Energy	Hard	Central, Eastern		
KfW	Rusumo Falls Transmission line (Tanzania)	Energy	Hard	Eastern		
EIB	Yamoussoukro Decision Implementation	Transport	Soft	Continental		5.0
EIB	West Africa Air Transport	Transport	Hard	Continental		420.0
EIB	Central Africa Air Transport	Transport	Hard	Continental		420.0

## Annex 3 – Data Notes

### AfDB

The AfDB total consists of data from the Transport and ICT; Water and Sanitation; Energy, and Private Sector divisions. The Energy division reported on African Development Bank (ADB); African Development Fund (ADF); the Nigeria Trust Fund (NTF) and the Climate Investment Fund (CIF). The Water and Sanitation division reported on the Water Partnership Programme, the Rural Water Supply and Sanitation Initiative Trust Fund, and the AWF Trust Fund.

### BADEA

All data has been assumed as ODA (no indication in response).

### DBSA

The DBSA provides hard infrastructure non-ODA investment funding via two operating vehicles: the South Africa Operations Division and the International Division.

### EBID

EBID reported on the Fonds Spécial des Télécoms and the Fonds des garanties des industries cultuelles.

The conversion rate applied was 1 EBID UA = \$ 1.518227.

### EIB

EIB resources in North Africa are: EIB own resources; ; Risk Capital Envelope; FEMIP Technical Assistance Support Fund, and NIF Trust Fund. EIB resources in Sub-Saharan Africa are: EIB own resources; Investment Facility, and EU-Africa Infrastructure Trust Fund.

### EC

The EC reported on the European Development Fund (for sub-Saharan Africa countries), and the Development Cooperation Instrument (for Northern Africa countries). The EC also reported the contribution of the European Development Fund to the EU-Africa Infrastructure Trust Fund (ITF), excluding projects approved and implemented with a contribution of the ITF.

The amount committed to hard infrastructure is estimated at 90 % of the total amount committed. Hard and soft infrastructure components are mixed in individual specific commitments.

### France

France reported on the Agence Française de Développement, Proparco, and the Fonds Français pour l'Environnement Mondial.

### Germany

The German total consists of KfW and GIZ data. In the water sector, GIZ committed another \$59.2m with co-financing partners. In the energy sector, a GIZ programme co-financed commitments of \$42.27m across Africa without an explicit regional focus. Co-financing not included under BMZ's commitments are not included in Regional/PIDA Projects to avoid double counting.

### Japan

Japan reported on Japanese Grant Aid, Yen loan projects and technical assistance projects through the Japan International Co-operation Agency as well as loan projects by the Japan Bank for International Cooperation. Commitments include Export credit finance.

### Spain

Spain reported on the Fondo de Inversiones para el Exterior" and the Compañía Española de Financiación del Desarrollo, (Cofides), S.A."

### UK

UK infrastructure data provided relates to DFID bilateral and regional programmes. Data excludes DFID core funding of multilaterals and global programmes which are partially spending in Africa such as the Private Infrastructure Development Group and humanitarian aid programmes which may include an undefined element of infrastructure provision. It includes DFID contributions to multilateral Africa-specific funds such as the EU Africa Infrastructure Trust Fund and DFID budgetary support to African countries for infrastructure provision.

### US

The US government response for this report includes data from four agencies: Export-Import Bank of the United States; the Overseas Private Insurance Corporation; US Agency for International Development, and the Millennium Challenge Corporation.

The data reported is for US Government fiscal year 2012 (October 1 – September 30). Soft infrastructure may be underrepresented due to the fact that there were 'soft infrastructure' components within predominantly 'hard infrastructure' projects that were not broken out as separate projects.

### WBG

The WBG reported on IDA credits, IBRD loans, Global Environment Facility, Guarantees, Special Financing, Carbon Fund and the Reliable Energy Trust Fund.

IFC 2012 data (Annex 4) was submitted post data analysis. The data is not included in the main report (Section 3. ICA Member Financing).

## Annex 4 – International Finance Corporation (IFC)

### 2012 Data Reported

Commitments: \$819m, of which:

Hard infrastructure: \$817.5m

Soft infrastructure: \$1.5m

#### Commitments to hard infrastructure:

(All non-ODA)

	Transport (\$m)	Water (\$m)	ICT (\$m)	Energy (\$m)	Total (\$m)
North Africa	100.6	6	69.53	176.13	
Western Africa			320.84	320.84	
Eastern Africa	25		30	124.06	179.06
RSA				147.51	147.51
<b>Total (\$m)</b>	<b>25</b>	<b>100.6</b>	<b>36</b>	<b>661.94</b>	<b>823.54</b>

\*Excludes intra-Africa commitments listed below.

#### Commitments to soft infrastructure:

	Energy (\$m)	Total (\$m)
Western Africa	1.5	1.5

All commitments to soft infrastructure are non-ODA for project participation.

Soft infrastructure delivery uses InfraVentures, the IFC fund created to support and proactively develop private and public-private partnership infrastructure projects.

### Commitments and disbursements to intra-Africa projects

Commitments to intra-Africa projects: \$50m

Disbursements to intra-Africa projects\*: \$13.5m

\*Intra-Africa disbursements only reported:

Project	Sector	Commitment (\$m)	Disbursement (\$m)
SunEdison	Energy	100.6	6
SunEdison BV	Energy		
IHS Africa	Energy		30

