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THE ROLE OF PPFs IN AFRICA'S INFRASTRUCTURE CHALLENGE

- Africa has fallen behind other regions in infrastructure development - this is not just a lack of availability of finance but a lack of bankable projects
- Regional projects and / or private sector projects provide solutions to Africa's infrastructure challenge, but require considerable project preparation support
- Africa has many donor-funded PPFs that aim to provide financial and human resources for project preparation, but these are an eclectic lot; some:
 - focus solely on infrastructure project preparation, whereas others have a much broader remit
 - are dedicated to Africa as a whole, or regions or countries within Africa, whereas others have a global remit
 - are multi-sector whereas others are single sector
- Most, however, tend to be housed within MDBs, with varying degrees of openness to other users...

Background

CONSULTANCY OBJECTIVES

- The G20 has highlighted the need to improve infrastructure project preparation and to address the issue of fragmented donor facilities
- An immediate objective is to try and identify how much uncommitted funding for future project preparation exists and in which PPFs it resides
- The aim of the review is to provide evidence and recommendations for the potential changes to a number of PPFs to ensure facilities work more effectively
- This requires a performance review of individual facilities to establish what has worked, why and the typical challenges faced
- Whilst we cannot review all PPFs in detail, we have been asked specifically to focus on some of the more important PPFs and draw lessons from these
- Developing recommendations and an action plan needs to reflect the reality of the donor architecture, and the governance structures of individual facilities
- This is clearly a sensitive exercise: whilst sanctioned at the highest levels, broad-ranging political buy-in and support will be key to the success of the study

APPROACH

There are several components of our approach:

- A **performance review** of selected PPFs: we are in the process of finalising a shortlist of some 25-30 to review
- The undertaking of a series of **case studies**:
 - Project case studies of key African regional and private / PPP projects to ascertain the role of PPFs and other sources of project preparation funding
 - Project preparation in other regions: e.g. the Brazilian BNEDES PDF; EU JASPERS; and the Indian Infrastructure Project Development Fund.
- An **interview programme** with key stakeholders, such as PPFs, funders, developers / financiers, users and beneficiaries in order to obtain more broad ranging perspectives to inform our recommendations than can be achieved through the performance review by itself.

Progress to date

PPF SHORTLIST

- We developed a database of 67 PPFs that are *potential* sources of infrastructure project preparation funding for projects in Africa
- We have reduced this to a shortlist of approximately 30 facilities, covering three types of PPF:
 - **`global`** facilities in terms of country and sector focus
 - **`sector`** specific PPFs
 - **`country`** specific entities
- To develop a short-list we applied a number of criteria / filters:
 - **Scale:** over US\$5m in terms of total cumulative resources.
 - **Infrastructure project preparation focus:** dedicated to project preparation, or committing >US\$5m of its resources to project preparation
 - **Africa focus:** dedicated to African countries or committing a significant share of its resources to Africa

Project progress

INITIAL FINDINGS- SHORTLISTED PPFs

Africa specific

- African Development Fund- Project Preparation Facility (ADF PPF)
- European Union - African Infrastructure Trust Fund (EU-Africa ITF)
- Fund for African Private Sector Assistance (FAPA)
- Common Market for Eastern & Southern Africa Tripartite Trust Account (TTA)
- Development Bank of Southern Africa Development Fund (DBSA DF)
- DBSA- EIB Project Development and Support Facility (DBSA-EIB PDSF)
- ECOWAS Infrastructure Projects Preparation and Development Unit (PPDU)
- New Partnership for Africa's Development Infrastructure Project Preparation Facility (NEPAD IPPF)
- NEPAD Infrastructure Project Preparations Feasibility Studies (NEPAD PPFS)
- Southern African Development Community Project Preparation & Development Facility (SADC PPDF)
- InfraCo Africa
- Africa Infrastructure Program (AIP)

Project progress



INITIAL FINDINGS- SHORTLISTED PPFs

Non-Africa specific	<ul style="list-style-type: none"> • Arab Financing Facility for Infrastructure (AFFI) • EuropeAid • Islamic Development Bank Technical Assistance Fund (IsDB TAF) • Japan Policy & Human Resources Development Fund TA Grant Programme (PHRD TA GP) • Technical Assistance Facility (TAF) • Public Private Infrastructure Advisory Facility (PPIAF) • Infrastructure Development Collaboration Partnership Fund (DevCo) • IFC InfraVentures (InfraVentures) • International Finance Corporation Advisory Services in PPPs(IFC AS PPP)
Country specific	<ul style="list-style-type: none"> • Central PPP Unit, Egypt (PPP Unit Egypt) • PPP Unit, Mauritius (PPP Unit Mauritius) • Nigeria Infrastructure Advisory Facility • South Africa: National Treasury PPP Unit (PPP Unit RSA)
Sector specific	<ul style="list-style-type: none"> • African Development Bank Group African Water Facility (AfDB AWF) • EU-AU Energy partnership • Access to Energy Fund (AEF) • Energy Sector Management Assistance Program (ESMAP) • Globeleq

Progress to date



DATA COLLECTION

- We are in the process of collecting information for each of the PPFs from publicly-available resources (e.g. annual reports), in order to identify the scale of facilities, levels of resources committed and disbursed and residual amounts as yet uncommitted.
- This is the first project that has attempted to develop a database on every project undertaken by PPFs- it will provide a valuable evidence base for future work in this area
- Some facilities have excellent up-to-date information- in particular facilities tied to MDBs or IFIs - others have been found to have very poor information availability
- *To conduct the performance review effectively, however, we will need to request more detailed information from different PPFs - this will be an extremely challenging exercise - any help that the ICA members could provide on this issue would be very valuable!*

Progress to date



INITIAL FINDINGS- PROJECT CASE STUDIES

- We have undertaken six regional project case studies on the role of PPFs: CLSG Interconnector; Trans-Gambia River Crossing; East Africa Rail Corridor; Kazungula Bridge; Caboelica Wind Farm; Ruzizi III Hydropower.
- Our case studies have so far provided key insights into regional projects:
 - Grants dominate: closing cross-border deals needs concessional financing
 - Only one of the six projects recovered all its project preparation costs (and this was not a regional project)
 - Multiple sources of project preparation finance is common
 - National sponsors do not feature much with MDBs playing an important role
 - PPFs are only a part of project preparation; other sources are bilateral/country programmes, MDB project preparation advances/operations
 - Counterpart funding from African governments appears to be minimal

Next steps

COLLECTING THE EVIDENCE BASE

- Over the coming weeks we will be conducting interviews with the following groups:
 - Major PPFs undertaking project preparation in Africa
 - The main donor and other funders of PPFs
 - Beneficiaries / users / supplier of services of /to PPFs, including African governments, private sector financial and legal advisors, project developers and financiers
- This will require visits to PPFs and other major stakeholders based in Washington, Johannesburg, and Luxembourg, as well as teleconferences
- This will run in parallel with information gathering from PPFs, in which we will ask them to confirm and extend factual information requirements, as well as evaluating themselves against the evaluation criteria
- Once we have a strong evidence base we can begin to evaluate the facilities

Next steps

PPF EVALUATION

- The performance review of individual PPFs will draw heavily on the OECD DAC evaluation criteria:
 - *Relevancy*: the extent that a PPF is focused on infrastructure project preparation
 - *Efficiency*: how well the facilities have provided cost-effective and timely support
 - *Effectiveness*: whether or not the PPF is achieving its agreed objectives
 - *Adequacy*: whether support is sufficient in both scale and scope to tackle the problems / objectives set
 - *Sustainability*: whether the facility could survive without on-going donor support
- The evaluation will highlight how individual PPFs currently meet these different criteria as well as what needs to change if G20 objectives are to be met
- Individual PPFs will be asked to evaluate their own performance and to provide evidence to support this...
- ... but CEPA will be ultimately responsible for scoring PPFs, based on criteria agreed with the ICA Reference Group

Next steps

OPTIONS RECOMMENDATIONS

- As requested by ICA and the G20, after taking together the evaluation of PPFs, we will develop a series of options - these will relate to PPFs in general, as well as ones specific to individual PPFs, as appropriate
- The different types of options are likely to be grouped as follows:
 - *Informational:* improving the flow / availability of information – e.g. PPFs sharing more information on their operations with each other
 - *Behavioural:* changing how different PPFs work, e.g. developing better co-ordination between PPFs
 - *Structural:* the most radical of measures could include recommendations on merging, consolidating, and closing PPFs as well as the possible creation of new entities
- Options will be appraised based on their practicability, and the likelihood they will be able to realise identified strategic objectives
- These options will be discussed with the ICA Reference Group before we full develop our recommendations

Next steps

WORK PLAN GOING FORWARDS

- **Next 7 weeks (Until end of July)**

- Circulation of information requests to PPFs
- Undertaking of interview programme (prior to summer vacation)
- Completion of case studies and literature review

- **Mid July until beginning of August**

- Evaluation of results
- Development of options
- Submission of task one report (w/c 30th July)

- **Beginning August to end September**

- Development of recommendations and action plan
- Dissemination workshop (w/c 17th September)
- Submission of final report (w/c 24th September)

- **Support to G20 meeting in October (TBC)**

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