

## ICA Regional Infrastructure Project Collaboration Meeting

Luxembourg, 15 February 2008

### Outcomes statement

An operational-level meeting of the Infrastructure Consortium for Africa (ICA) was held on 15<sup>th</sup> February in Luxembourg. The meeting, under the theme “Regional Infrastructure Project Collaboration”, was hosted by the European Investment Bank (EIB).

The meeting was attended by senior representatives of G8 bilateral agencies in charge of infrastructure-related programmes in Africa, multilateral agencies, China Development Bank and the African Union Commission. A full list of participants is attached as Annex 1.

Participants were welcomed to the meeting by Martin Curwen, Head of the EIB’s Africa, Caribbean and Pacific Department. In his opening remarks Mr Curwen called for more collaboration between public and private funding sources and enhanced prioritisation of regional projects by Africa. Speaking on the same occasion Dr Bernard Zoba, African Union Commissioner for Infrastructure and Energy praised the efforts of the ICA but urged further progress. *“Africa is impatient. The African Union is waiting for opportunities to move the cross-border infrastructure situation forward”*. Commissioner Zoba concluded by assuring the participants that the African side was committed to the prioritisation of infrastructure projects within the already agreed coordination mechanism among African institutions.

### Summary of discussions

#### Project prioritisation and planning

There is a need for African stakeholders to improve the prioritisation of projects in their plans. These projects need to be evidence-based. The African Union, with support from the African Development Bank, is coordinating plans and priorities to establish a single strategic framework for cross-border infrastructure. The output of the joint AU/AfDB/NEPAD study has to be credible to optimise funding.

The study is estimated to require 18 months to deliver. It needs to be fast-tracked in order to retain its strategic significance for Africa and relevance to donors. It should incorporate the outputs of the Africa Infrastructure Country Diagnostic along with other key growth and trade diagnostic studies. Participants also highlighted the positive experiences with the regional power pools with respect to their strategic planning and prioritisation of projects.

In the meantime the focus should be on mature projects i.e. those which are already technically and economically viable and enjoying political support. Weak project sponsorship remains a barrier to implementing cross-border infrastructure projects.

There is need to continue dialogue with Regional Economic Communities and other sector specialised agencies on their priorities. The ICA Secretariat was asked to identify lead partners in different regions and sectors using the example of what is already happening in the Southern African Development Community (SADC) region.

Participants stressed ICA's coordination role and welcomed a move among members to support priority infrastructure projects in Africa through more co-financing and sharing of project lists.

## **Finance**

Mobilising more money from the private sector, both foreign and domestic, is essential if Africa's infrastructure gap is to be filled. A mix of financing instruments will be required along with the more innovative use of public-private partnerships (PPPs).

Dialogue with the private sector on projects needs to begin at the early stages of project concept and design – there is a strong link between trade corridor development and private sector finance which needs to be better exploited.

Until the broader **investment climate** is made right in African countries and regions the private sector will continue to prioritise a narrow range of monopolistic and/or highly profitable sectors i.e. extraction industries / telecoms. Policy barriers remain, even in the ICT sector, which has benefited most to date from private finance.

The weak financial viability of some operators also remains a barrier. Governance and accountability take on added significance when more private sector investment is being sought.

Policy reform will not always be enough as Africa's markets remain small. More should be done to stimulate the involvement of Small to Medium Enterprises (SMEs) in infrastructure provision and operation while accelerating the regional integration agenda.

China, India and Arab partners represent a significant source of extra finance. More sustained engagement is needed from ICA members and other bilateral donors may have an important role to play.

When attracting new finance, African countries and their partners need to pay more attention to sustainability i.e. the operation and **maintenance of infrastructure**. Economic growth is key to widening the revenue base to ensure more Government funds are available for capital and operational expenditure.

## **Capacity building**

Capacity building support from donors for the Regional Economic Communities (RECs) and sector specialised agencies is required in order to develop 'bankable' projects. Governments and regional organisations on their part need to devote adequate resources to upstream project preparation and policy formulation to facilitate investment. Infrastructure will only be sustainable if there is also post-implementation capacity to manage investments.

The Infrastructure Project Preparation Facility (IPPF) is one key donor instrument helping to develop a pipeline of regional projects. It urgently needs more human and financial resources.

## **Key outcomes**

ICA members will:

- Look at new ways to try and mobilise additional finance for HIPC and fragile states.
- Continue to work together to harmonise procurement rules and allow for flexibility when co-financing.
- Through their ongoing dialogue – including at the bilateral/national level - play a greater role in bringing China, India and Arab partners into co-financing regional infrastructure projects. Information sharing will be an important first step.

The ICA Secretariat will enhance its communication and analyses functions by:

- As an early priority, develop an interactive site on the ICA website to allow information sharing between its members on projects. For each project it will highlight any specific constraints to progress.
- On the basis of information already provided to the ICA Secretariat, undertaking a mapping exercise of what ICA members are doing for infrastructure and in which sectors in line with the Paris Declaration. The mapping exercise will highlight infrastructure projects that further the attainment of the Millennium Development Goals in Africa.
- Refining the initial list of regional projects which are being supported by ICA members and identify potential flagship projects for enhanced collaboration in the transport, energy, ICT and water sub-sectors that was discussed in Luxembourg on 15 February 2008.

The ICA's next steps identified at the meeting will form the basis for discussion at the Consortium's annual meeting in Tokyo in March and will contribute to TICAD IV ( 28-30 May 2008) and the development agenda of the G-8 nations in general under the 2008 Japanese Presidency.

## Annex 1 – List of Participants

Alistair Wray	DFID	Senior Growth Advisor, DFID
Enoh Ebong	USTDA	Acting Regional Director, SSA
Ron Greenberg	USAID	Acting Director, Office of Sustainable Development
Jeff Humber	USAID	Senior Energy and Infrastructure Specialist, USAID
Jean-Luc Francois	France, MFA	Deputy Director
Jean-Marc Bellot	France, AFD	AFD Representative to the EC
Christelle Josselin	France, AFD	Development Banks Division
Klaus Ghir	Germany, KfW	Division Chief, Transport, Telco and Regional Infrastructure
Antonio d'Andria	Italy	Embassy of Italy, Luxembourg
Antonio Garcia Fragio	EC	Unit Chief
Alejandro Montalban	EC	Principal Administrator, Transport, Infrastructure and Urban Development
Constantin Kourkoulas	EC	Administrator
Martin Curwen	EIB	Director Africa, Caribbean and Pacific
Catherine Collin	EIB	Head of Division
Robert Feige	EIB	Senior Corporate Planner
Anja Schorr	EU-Africa Infrastructure Trust Fund	Budget and Coordination Officer
Yves De Rosee	EU-Africa Infrastructure Trust Fund	Head of Secretariat
Jacob Kolster	World Bank	Lead Programme Coordinator
Gilbert Mbeshherubusa	African Dev Bank	Director of Infrastructure
Lydie Ehouman	African Dev Bank	Transport Economist
Isabelle Van Grunderbeeck	African Dev Bank	Infrastructure Expert, NEPAD Department
Bane Maleke	DBSA	Head, Africa Partnerships
Gu Yang	China Dev Bank	Advisor to the Governor for International Operations
Benard Zoba	AU Commission	Commissioner for Infrastructure
David Kajange	AU Commission	Head of Transport Division
Maurice Niaty-Mouamba	AU Commission	Transport Consultant
Raundi Halvorson-Quevedo	APF Support Unit	Deputy Director
Frank Blackmore	KPMG	
Alex Rugamba	ICA Secretariat	Coordinator
Andrew Roberts	ICA Secretariat	Infrastructure Expert
Renaud Paubelle	ICA Secretariat	Infrastructure Economist
Ishi Jitsuya	ICA Secretariat	Infrastructure Expert