



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

# FINANCIAL COMMITMENTS FOR INFRASTRUCTURE IN AFRICA FOR 2008



## About the ICA

The Infrastructure Consortium for Africa (ICA) was launched at the G8 Gleneagles summit in 2005. Leading African organisations and aid donors attended the inaugural meeting in London on 6 October 2005.

The Consortium's mission is to help improve the lives and economic well-being of millions of people across the African continent through support to scaling up investment for infrastructure development from both public and private sources. Many African countries lack the essential building blocks of economic progress – roads and railways (which are well maintained), access to electricity, the internet and mobile phones and water for drinking and production and sanitation.

The ICA also works to help remove some of the technical and political challenges to building more infrastructures and to better coordinate the activities of its members and other significant sources of infrastructure finance, such as China, India and Arab partners.

The ICA is supported by a small secretariat hosted by the African Development Bank. Members include the G8, World Bank Group, African Development Bank Group, European Commission, European Investment Bank and Development Bank of Southern Africa.

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Infrastructure Consortium for Africa  
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# Abbreviations and Acronyms

<b>ADF</b>	African Development Fund
<b>AfDB</b>	African Development Bank
<b>AFD</b>	Agence Française de Développement (France)
<b>AICD</b>	Africa Infrastructure Country Diagnostic
<b>AUC</b>	African Union Commission
<b>DAC</b>	Development Assistance Committee
<b>DBSA</b>	Development Bank of Southern Africa
<b>DFI</b>	Development Finance Institution
<b>DFID</b>	Department for International Development (UK)
<b>EC</b>	European Commission
<b>EIB</b>	European Investment Bank
<b>EU-TF</b>	EU-Africa Infrastructure Trust Fund
<b>EXIM</b>	Export Import Bank
<b>ICA</b>	Infrastructure Consortium for Africa
<b>ICT</b>	Information and Communication Technology
<b>IDA</b>	International Development Association
<b>INFRA</b>	Infrastructure Recovery and Assets (INFRA) Platform
<b>JBIC</b>	Japan Bank for International Cooperation
<b>JICA</b>	Japan International Cooperation Agency
<b>KfW</b>	Kreditanstalt Für Wiederaufbau (Germany)
<b>LOC</b>	Line of Credit
<b>MCC</b>	Millennium Challenge Corporation (USA)
<b>MDB</b>	Multilateral Development Bank
<b>MIC</b>	Middle Income Countries
<b>MOU</b>	Memorandum of Understanding
<b>N-C</b>	Non-concessional
<b>NEPAD</b>	New Partnership for Africa's Development
<b>NEPAD-IPPF</b>	NEPAD Infrastructure Project Preparation Facility
<b>ODA</b>	Official Development Assistance
<b>OECD</b>	Organization for Economic Cooperation and Development
<b>PIDA</b>	Programme for Infrastructure Development in Africa
<b>PPIAF</b>	Public-Private Infrastructure Advisory Facility
<b>SSA</b>	Sub-Saharan Africa
<b>WAPP</b>	West African Power Pool
<b>WB</b>	World Bank

# 1. Introduction

The following report provides a summary of financial commitments from members of the Infrastructure Consortium for Africa (ICA) for infrastructure in Africa for 2008 by overall volume, sector and geographic distribution. It also discusses commitments to regional projects and support from other important sources of finance, most notably China, India and the Arab Fund Coordination Group. The data for this report has been compiled by the ICA Secretariat based on web searches and responses to questionnaires by ICA members and other partners.

The report is designed to provide a snap shot of commitments in 2008 and should be read alongside the Africa Infrastructure Country Diagnostic (AICD), which provides wider context and analysis on the state of infrastructure and investment needs in Africa.

### Key findings in this report are:

- Total commitments for infrastructure in Africa in 2008 were US\$36.5 – slightly down from US\$37.3 in 2007.
- ICA member commitments for infrastructure financing have increased by 10% from US\$12.4bn in 2007 to 13.7bn in 2008. However, private sector support has decreased by around 15% in the same period to about US\$15bn indicating a difficult investment climate and the early impacts of the financial crisis.
- There has been a 64% increase from ICA members for transport projects, particularly in the aviation sector in North Africa. But a 10% drop in finance for energy and slightly less of a percentage decline for water. ICT remains the least publically financed sector, with private sector engagement taking on bulk of the share.
- North Africa and Western Africa have seen a sharp increase in support for infrastructure since 2007, while East and Southern Africa have declined. Support for Central Africa remained around the same level as 2007. Nevertheless in all cases, ICA member commitments for 2008 exceed 2006 levels.
- Overall commitments for regional projects from ICA members in 2008 have declined compared to 2007. However, there is a strong potential pipeline of regional projects, which is likely to increase in future years. The challenge will be to increase the level of resources for regional projects.
- 2008 saw demand from Middle Income Countries (MICs), such as South Africa and Tunisia for financial support to maintain the momentum on infrastructure deals in light of the financial crisis. By virtue of the long term nature of infrastructure projects, the implications of the financial crisis are not yet reflected in the 2008 aid figures. 2009 and 2010 data will show the full impact of the crisis on infrastructure spending and the international response.

At the time of writing this report a number of countries were facing difficulties in protecting core spending on essential

infrastructure. While some countries particularly the MICs such as South Africa and Mauritius have the capacity for counter-cyclical spending, the low income countries lack the resources for a substantial fiscal response. Furthermore, there have been dramatic cuts in investment flows to the infrastructure sector. In some projects commercial lenders have actually withdrawn due to shortage of liquidity.

Multilateral Development Banks (MDBs) and Development Finance Institutions (DFIs) have responded by filling the gaps left by commercial lenders, introducing new instruments and have front loaded concessional resources. Given this response, the available resources are being consumed faster than planned.

The forthcoming replenishment of the concessional windows of the African Development Bank (ADF) and the World Bank (IDA) are opportunities for the development partners to deliver on their commitments to financing infrastructure in Africa. It will be important to ensure that substantial funds are available to these institutions to help invest in the necessary improvements in services for people and to support trade, regional integration and economic growth.

Notwithstanding the important contribution made by development partners, a substantial share of Africa's infrastructure financing needs must come from the continent. Indeed African governments are paying more attention to infrastructure development than in the past. The AICD study has shown that domestic resources are almost entirely responsible for covering operation and maintenance requirements, but also contribute significantly to investment. Countries with strong macroeconomic fundamentals and a good investment environment will benefit from public private partnerships for funding large infrastructure projects.

Africa's infrastructure programmes can only be kept on track by scaling up financing for new projects and projects under distress to stimulate growth. There is also need to provide adequate resources for building a strong pipeline of projects and preserving existing assets during the downturn. Africa has established priorities as demonstrated at the Africa Union (AU) Summit at the beginning of this year. There are specific investment opportunities in all the sub-sectors. Moving these projects forward will require creativity, flexibility and good coordination among all participants.



## 2. ICA Member Support in 2008

### Total Aid Volumes

Figure 1 shows the minimum external financial support to African infrastructure in 2008. Total commitments for infrastructure in Africa in 2008 were US\$36.5 billion – slightly down from US\$37.3 billion in 2007. The total commitments made by ICA members for infrastructure in Africa in 2008 were US\$13.7 billion. This is an increase of US\$1.3 billion from 2007. Private sector support has decreased by around 15% in the same period to about US\$15 billion indicating a difficult investment climate and the early impacts of the financial crisis.

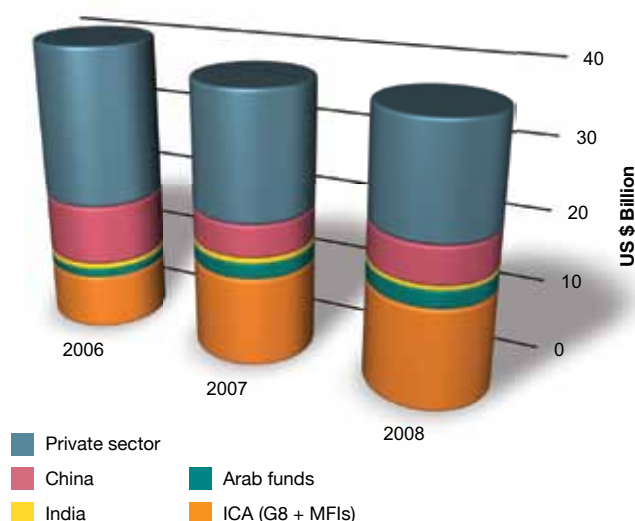
Figure 2 shows the trend of total ICA commitments to infrastructure in Africa from 2005 to 2008. While Official Development Assistance (ODA) for Africa decreased by 6% to US\$9.0 billion in 2008, this was more than offset by a surge in non-ODA flows increased from US\$3.0 billion in 2007 to US\$ 4.6 billion in 2008.

The total commitment to infrastructure in Sub-Saharan Africa excluding South Africa, was almost US\$8,7 billion in 2008 – a decrease of around 8% compared to 2007. However, while the size of the aid volume in 2008 decreased in terms of both ODA and non-ODA it remains significantly higher than those in 2005 and 2006.

The North African region benefited from a \$1.4 billion increase in non-concessionary multilateral lending. The Republic of South Africa also enjoyed an increase in non-ODA lending which nearly doubled from US\$ 502 million in 2007 to US\$ 983 million in 2008.

Annex 1 contains tables on ICA commitments to infrastructure in Africa 2005-2008 (US\$ million), as well as tables breaking down bilateral and multilateral commitments for 2008.

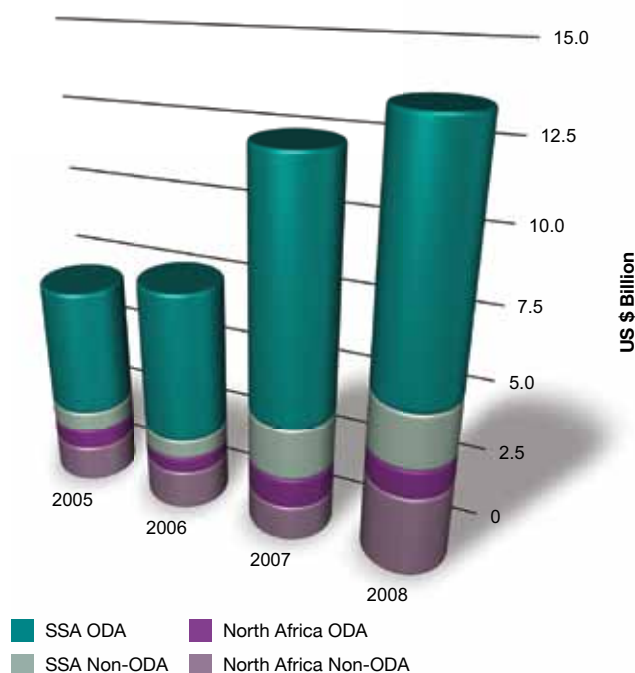
**Figure 1: The big picture – minimum external financial support to African infrastructure 2006 to 2008<sup>1</sup>**



<sup>1</sup> 1) The source of the private sector commitments in 2006 and 2007 is the PPI database, PPIAF. The PPI data for 2008 is not available except the water sector, thus the 2008 figure was estimated by assuming 85% of the 2007 level. The 15% reduction came from "PPI data update 22" released in June 2009 by PPIAF saying that "between July 2008 and March 2009, the rate of project closure fell 15% by investment compared to a similar period in the previous year."

2) The private sector's commitment in 2007 is updated with the recent PPI data.

**Figure 2: ICA commitments to infrastructure projects in Africa 2005 – 2008 (US\$ Billion)**



Source 2006-2008 from ICA secretariat and 2005 from OECD DAC database

### 3. Infrastructure Commitments by Sector

Figure 3 provides a summary of the ICA commitments in 2008 by sector. The transport sector received the largest amount, US\$5.9 billion, accounting for around 43 percent of the total commitments. The power sector and the water sector ranked next with 27 percent and 19 percent respectively. The ICT sector barely attracts public money with 2 percent of the total ICA commitments, which is understandable given the fact that investments in the ICT sector so far have been predominantly made by the private sector.

**Figure 3: Summary of the ICA commitments in 2008 by sector.**

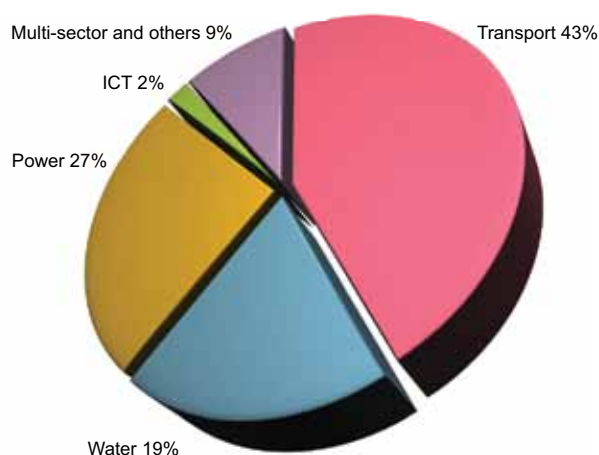
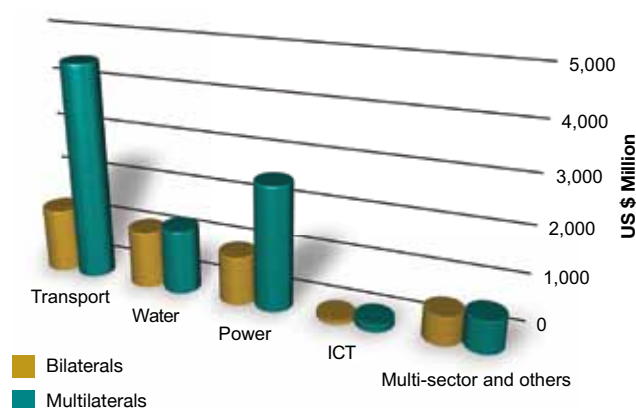


Figure 4 provides a summary of ICA commitments to infrastructure in Africa by sector. There is a significant difference between bilateral and multilateral institutions in their sector allocations. Multilateral members concentrate their support on the transport and power sectors which together accounted for 76 percent of the total multilateral commitments, while bilateral commitments are more evenly distributed across the sectors.

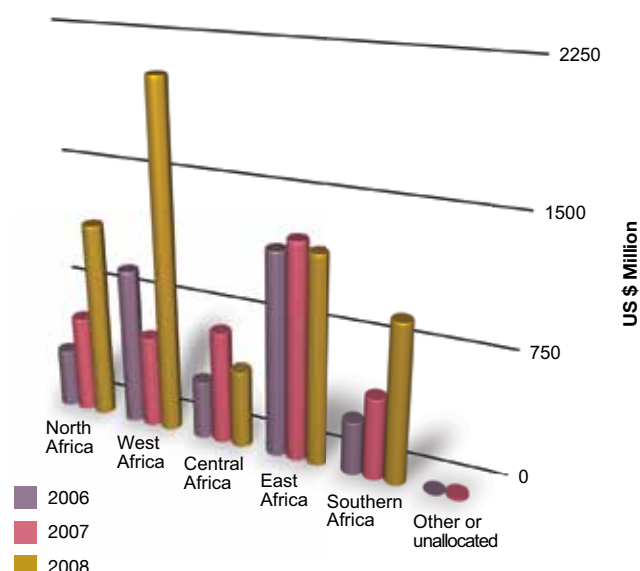
**Figure 4: ICA commitments to infrastructure in Africa by sector, US\$ million**



#### Transport

Figure 5 shows the ICA commitments to the transport sector by region 2006 to 2008 in US\$ millions. The total commitments to the transport sector in Africa increased from US\$ 3,595m in 2007 to US\$ 5,886m in 2008. This represents a 64 % increase. This gain came from North, West, and Southern Africa. North Africa's share almost tripled from US\$352 million in 2006 to US\$ 1,179 million in 2008, with 80% being non-concessionary loans by multilateral members for large-scale projects including the Enfidha Airport in Tunisia and the Tangier Med port in Morocco, partly in response to closing gaps caused by the financial crisis. The commitments to Western Africa amounted to US\$2,065 million, growing almost two-fold compared to 2006. EC and World Bank are particularly significant contributors to the region with their total commitments US\$735 million and US\$674 million respectively. In Southern Africa, more than half of the commitments were from EC's road sector policy support programs.

**Figure 5: ICA commitments to the transport sector by region 2006 to 2008 (US\$ million)**



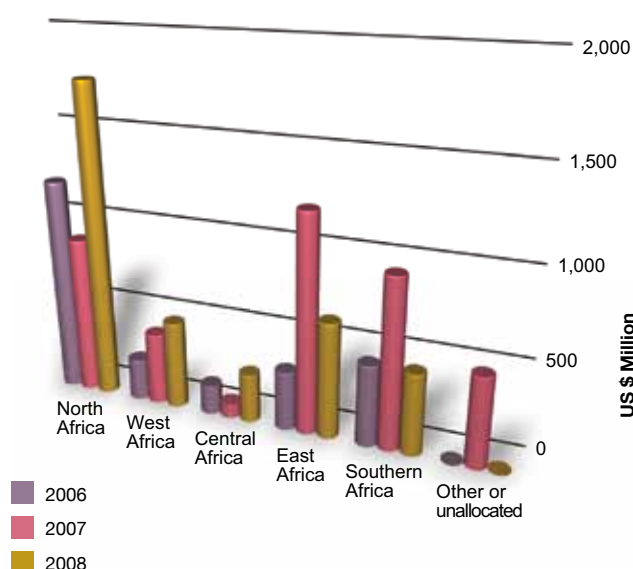
#### Energy

Figure 6 shows the commitments to the energy sector by region for 2006 to 2008 in US\$ million. The share of Africa's energy sector in 2008 dropped by about 10% from US\$4,064 million in 2007 to US\$3,636 million in 2008, but remained as the second largest sector of ICA's assistance next to the transport sector. AfDB, EIB and World Bank are the most significant financiers to the sector, with their

commitments of US\$846 million, US\$1,084 million and US\$648 million respectively. This accounts for 70% of the total sector commitments.

North Africa's share of energy sector support nearly doubled from US\$894 million in 2007 to US\$1,758 million in 2008. Major deals are the Medgaz Pipeline project in Algeria (US\$ 720 million) funded by EIB and the Ain Sokhhuna Electricity Power project in Egypt (US\$ 480 million) funded by AfDB. The shares in both Eastern and Southern Africa almost halved.

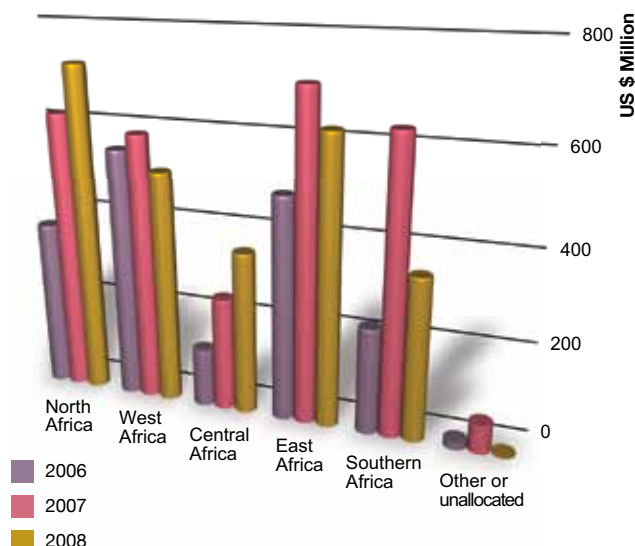
**Figure 6: ICA commitments to the energy sector by region 2006 to 2008 (US\$ million)**



## Water

Figure 7 shows the ICA commitments to the water sector by region 2006 to 2008 in US\$ millions. The water sector saw a slight decline from US\$ 2,866 million in 2007 to US\$ 2,578 million in 2008. Central Africa's share of support has risen nearly three-fold since 2006. France and World Bank were the most significant donors to of the region with ODA commitments of US\$228 million and US\$80 million respectively. North Africa also enjoyed increased support from ICA members in 2008. France, Germany, Japan, AfDB and World Bank are the major donors with a mixture of ODA and non-ODA commitments.

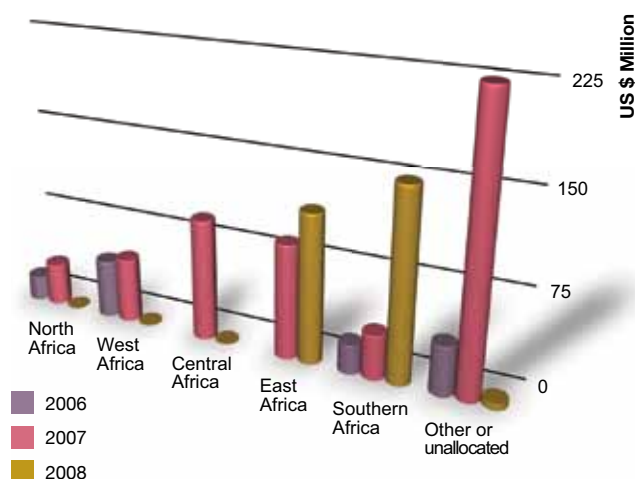
**Figure 7: ICA commitments to the water sector by region 2006 to 2008 (US\$ million)**



## ICT

Figure 8 shows the ICA commitments to the ICT sector by region for 2006 to 2008 in US\$ million. The ICT sector continued to receive the least amount of public finance from ICA members, with total commitments US\$281 million, accounting for only 2% of all the sectors financial support in 2008. Eastern and Southern Africa have received the majority of the commitments with US\$120 million and US\$153 million respectively. DBSA is almost a sole financier for Southern Africa, including Republic of South Africa, with commitments of US\$149 million. France, Germany and World Bank are the major donors for Eastern Africa in 2008 with commitments \$67 million, \$26 million and \$26 million respectively.

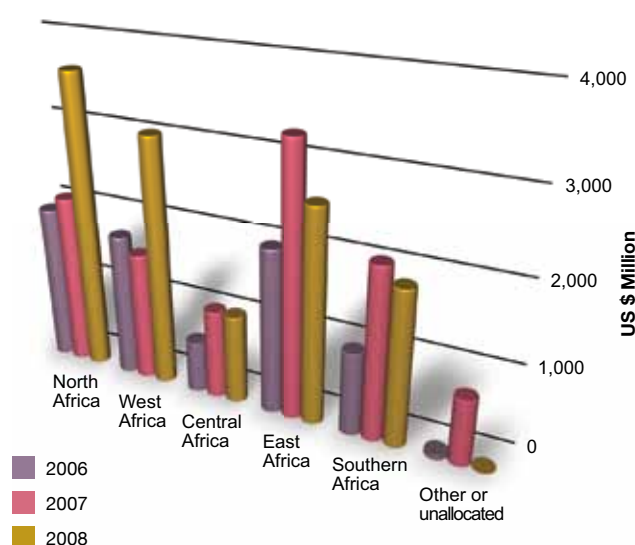
**Figure 8: ICA commitments to the ICT sector by region 2006 to 2008 (US\$ million)**



## 4. Infrastructure Commitments by Region

Figure 9 shows ICA member commitments for infrastructure by region for 2006 to 2008 in US\$ millions. North Africa and Western Africa have seen a sharp increase in support, while East and Southern Africa have declined. Support for Central Africa remained around the same level as 2007. Nevertheless in all cases, ICA member commitments exceed 2006 levels.

**Figure 9: ICA member commitments for infrastructure by region for 2006 to 2008 in US\$ million**

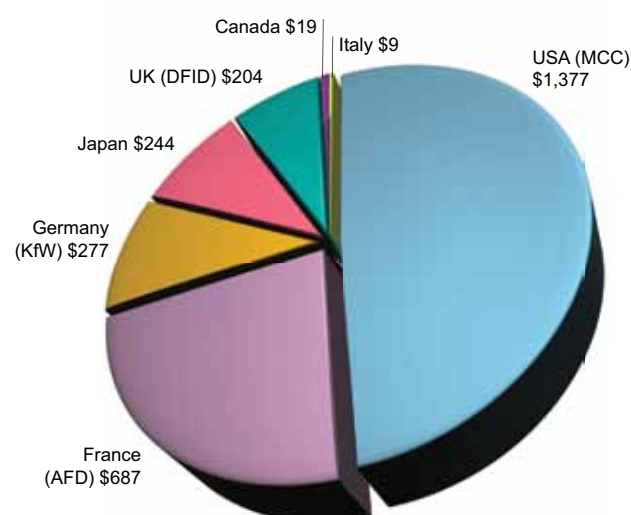


### Sub-Saharan Africa (excluding South Africa)

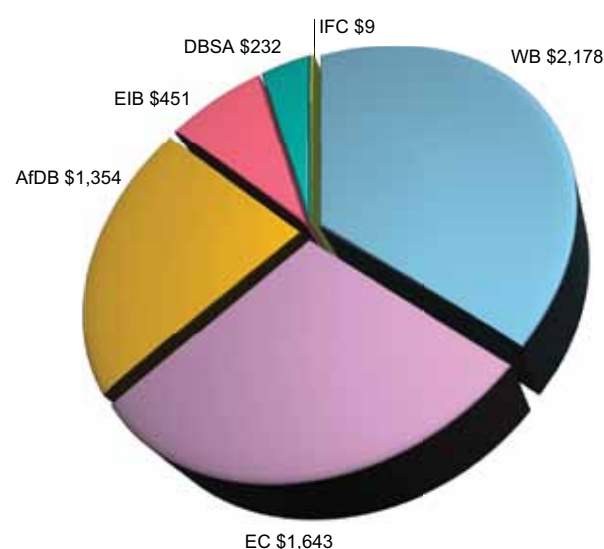
Figures 10 and 11 show bilateral and multilateral donor ODA and non ODA commitments to sub-Saharan Africa, excluding South Africa, for 2008 in US\$ million. The largest bilateral donor to Sub-Saharan Africa in 2008 was the Millennium Challenge Corporation (MCC) with their ODA commitments totaling \$1,377 million. The MCC has signed a Millennium Challenge compact with 11 Sub-Saharan African countries since its creation in 2004. France and Germany sustained their commitment levels at the previous years, while there was a sharp drop by Japan, coming back to the pre-2007 levels of financing.

The African Development Bank, the European Commission and the World Bank remained significant contributors to infrastructure in Sub-Saharan Africa, covering about 90% of the total multilateral commitments. The three institutions launched a tripartite partnership in June 2008 and committed to work jointly on regional infrastructure, maintenance, policy and regulatory issues for Africa.

**Figure 10: Bilateral commitments to Sub-Saharan Africa excluding South Africa in 2008 (ODA + non-ODA) Unit: US\$ million**



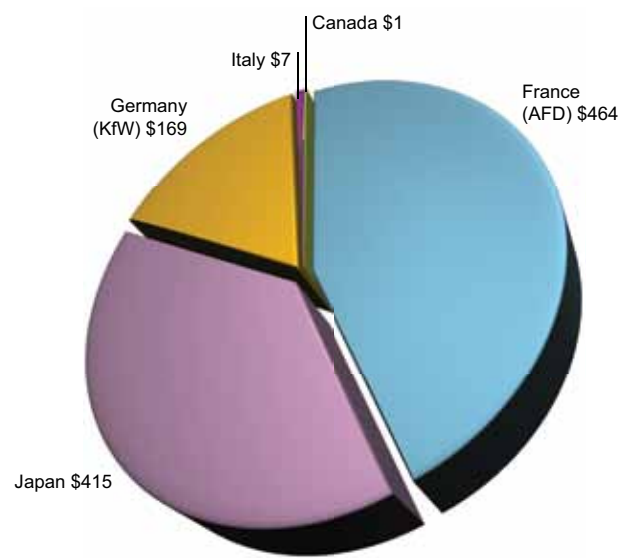
**Figure 11: Multilateral commitments to Saharan Africa excluding South Africa in 2008 (ODA + non-ODA) Unit: US\$ million**



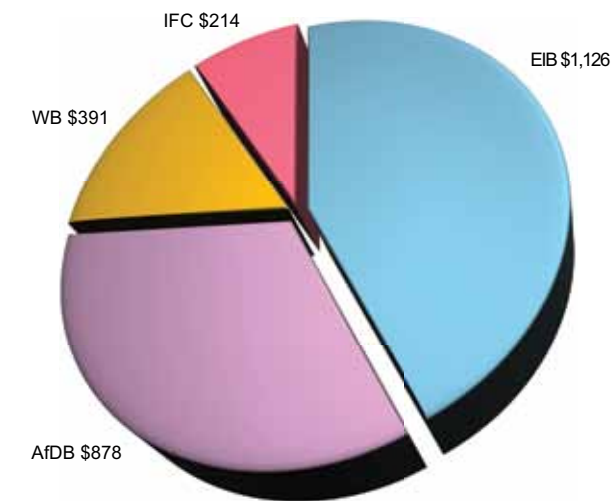
## North Africa

Figures 12 and 13 show bilateral and multilateral donor ODA and non ODA commitments to North Africa for 2008 in US\$ million. France, Japan and Germany were the leading bilateral donors in 2008. The total multilateral commitments to the region were all non-concessionary lending, more than doubled compared to a year ago. The EIB, the AfDB and the World Bank Group remained the major donors.

**Figure 12: Bilateral commitments to North Africa in 2008 (ODA + non-ODA) Unit: US\$ million**



**in 2008 (ODA + non-ODA) Unit: US\$ million**



**Figure 13: Multilateral commitments to North Africa**



## 5. Hard and Soft Infrastructure

Figure 14 shows ICA members support to hard and soft infrastructure in 2008 in US\$ millions<sup>2</sup>. About US\$ 1.1 billion, or an average 8%, of the total infrastructure commitments went to soft infrastructure. The MCC and the World Bank are major contributors – both allocate 18 percent and 21 percent respectively out of their total commitments to soft infrastructure. Canada and Italy have high contributions to soft infrastructure in relation to their total commitments.

**Figure 14: ICA commitments to soft and hard infrastructure in 2008 (Unit: US\$ million)**

	Country/Institution	Hard infrastructure	Soft infrastructure	Total
<b>Bilaterals</b>	Canada	–	34	34
	France (AFD)	1,302	106	1,408
	Germany (KfW)	516	5	522
	Italy	6	10	16
	Japan	690	38	729
	UK (DFID)	202	2	204
	USA (MCC)	1,134	243	1,377
<b>Bilaterals Total</b>		<b>3,851</b>	<b>439</b>	<b>4,290</b>
<b>Multilaterals</b>	AfDB	2,224	8	2,232
	DBSA	1,075	33	1,108
	EC <sup>3</sup>	1,561	* 82	1,643
	EIB	1,565	11	1,577
	IFC	223	-	223
	WB	2,031	545	2,577
<b>Multilaterals Total</b>		<b>8,679</b>	<b>681</b>	<b>9,360</b>
<b>Total</b>		<b>12,530</b>	<b>1,120</b>	<b>13,650</b>

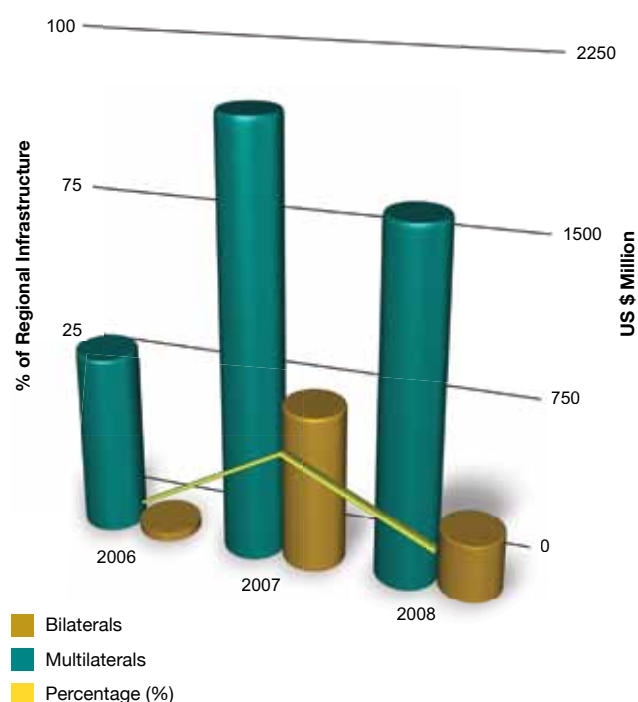
<sup>2</sup> For the purposes of this report and analysis “hard” infrastructure relates to where donor funds have been allocated and used to produce physical infrastructure outputs. “Soft” infrastructure where donor funds have been allocated for supporting activities such as capacity building, enabling legislation, project preparation, etc.

<sup>3</sup> EC does not differentiate soft and hard infrastructure. The figure for soft infrastructure was imputed, assuming that 5% of the total commitments go to soft infrastructure.

## 6. Regional<sup>4</sup> infrastructure projects

Figure 15 shows ICA commitments to regional infrastructure projects for 2005- 2008 in US\$million. Commitments in 2008 were estimated at about US\$ 1.9 billion representing 14% of total commitments. This represents decline back to 2006 levels from a 2007 high of 23%. Multilateral donors are the significant contributors to regional infrastructure. AfDB's commitments rose from US\$228 million in 2007 to US\$698 million, with a large fraction going to power interconnection and regional road projects in East Africa. A large part of EIB's commitment US\$501 million came from a gas pipe line project in North Africa.

**Figure 15. ICA commitments toward regional infrastructure projects 2005- 2008**



<sup>4</sup> Regional infrastructure projects in this report are defined as projects which cross one or more national border or an in-country project which has a regional impact. The figures include assistance in capacity building, project preparation and soft infrastructure which has a regional nature.

### Regional projects in the pipeline

Annex 3 presents maps showing regional projects in transport, power, water and ICT sectors, which are under consideration by ICA members for financial support in 2009-2011. Various efforts to finance regional projects, including some of the AU priority projects are underway by ICA members and opportunities for co-financing are wide open. The status of project development varies from project preparation to a final stage of financial closure. The projects shown in the maps are not necessarily interpreted as any kind of commitments that are made, or to be made by ICA members, but provide simple illustration of the regional projects which ICA members intend to support.

Some salient features of this mapping exercise are:

- Collaboration between ICA members has already been happening for more than half of ICA member's projects in pipeline. Out of 49 projects reported in the maps 27 include more than one ICA member as potential financiers.
- Transport corridor programs continue to be the main focus of ICA members' assistance. These include the Mombasa-Nairobi-Addis Corridor, Abidjan-Lagos Corridor, CEMAC Corridor and Nacala Corridor. The two bridge projects in West Africa on the Gambia and Senegal Rivers are also considered as regional projects as they aim to remove transport bottlenecks on main international transport corridors.
- Port development projects also provide venues for donor collaboration. The Walvis Bay Port in Namibia, the Port de Pointe Noire in Congo (Brazzaville) and the Port Louis in Mauritius are the examples of co-financing by several ICA members.
- The West African Power Pool (WAPP) offers several opportunities for collaboration among ICA members'. Hydropower development and interconnection between countries are the main fields of assistance.
- There are 10 hydropower projects in ICA members' pipeline for the whole continent. This is an encouraging trend for Africa as it will help address the power crisis in several countries by using the abundant water resources for generation. Furthermore this is a source of renewable energy. The main challenge is making the schemes socially and environmentally acceptable.

## ICA members Collaboration for Regional Infrastructure

ICA has been working to facilitate and to enhance members' collaboration for regional infrastructure. ICA's sector-focused technical meetings have provided venues for project proponents, financiers and other stakeholders to discuss regional project opportunities as well as addressing some of the technical and political challenges. In November 2008 ICA held a technical meeting in Dakar focusing on the water sector. In terms of regional project brokering, two multipurpose regional infrastructure projects in the Guinea Basin as well as Nile River basin were presented as financing opportunities.

In October 2008, ICA launched a public-private sector working group in partnership with the U.S. Treasury Department. The aim of the group is to have a frank dialogue between the private sector, African governments and donors on the barriers to private investment in the power sector. The working group also met in May 2009 in Dakar to broker regional and national power investments and barriers for each project reaching financial closure.

To bring about more focused and enhanced regional collaboration, ICA plans to form Sector Platforms each championed by an ICA Member who has experience and expertise in each sector. Preparation has been already underway and further elaboration on this initiative is provided in the ICA's Strategic Business Plan for 2010 to 2012.

ICA is increasingly recognized as an important donor collaboration platform for regional projects. In April 2009, AfDB, EU and WB issued a joint statement, confirming their commitments to support preparation and implementation of regional infrastructure projects and underscored the importance of ICA as the platform for donor coordination of infrastructure investments.

The first Infrastructure Recovery and Assets (INFRA) Platform Partners Forum was held in Brussels in July, 2009. Jointly organized by the World Bank and European Commission, the meeting brought together various bilateral organizations and multilateral development banks. During the Forum, partners shared information on their institutions' responses to the financial crisis in the infrastructure sectors and developed ways to work together to leverage each others' resources. Participants highlighted need for jointly investing in high priority regional infrastructure projects and reaffirmed the coordinating role of ICA in the Africa region.

Besides ICA, a number of initiatives taken by donors present a wide range of opportunities for collaboration as well as possible coordination mechanisms within a specific sector or a sub-region. These include North South Corridor Aid for Trade, Horn of Africa Initiative, Energy for the Poor Initiative, the NEPAD-OECD Africa Investment Initiative, and some other transport corridor initiatives in West, East and Central Africa. The ICA secretariat has formed partnership with some of such initiatives and intends to expand the network. Also there are many financing facilities targeted at regional infrastructure like the NEPAD-IPPF and the EU-Trust Fund. The key issue is that different initiatives need to be co-ordinated and aligned with African needs and priorities.

## Aligning with African Priorities

The key to effective support for infrastructure delivery in Africa is that African Partners and ICA Members work together on a common infrastructure programme. The Programme for Infrastructure Development for Africa (PIDA) will provide guiding policies, programmes and an institutional framework for delivering prioritized regional infrastructure projects in Africa. The PIDA is expected to be developed over the next 18-24 months. ICA members are expected to feed their inputs to the PIDA process – this will be important to ensure projects and programs are bankable, and that institutional arrangements are effective and efficient. At the ICA meeting held in March 2009 in Rome, ICA members were invited by the AUC to participate in the PIDA steering committee as observers and the technical committee as members. Interaction between AUC and ICA will be enhanced through the PIDA process.

In the short term AU's priority projects presented at the Africa Union Summit held in January 2009 will be one of the main focuses of regional collaboration. Completing missing links of the Trans African Highways and developing hydroelectric power projects and regional power networks were examples of the AU priority projects," some of which are under consideration by ICA members.



## 7. Other sources of financial support

### Arab Fund Coordination Group

Figure 16 provides a summary of Arab partners financing for infrastructure in Africa for 2008 in US\$million. Arab partners continue to play a significant role in financing infrastructure in Africa. In 2008, the total commitment made by the Arab national and regional development institutions stood at US\$2.4 billion with about 10% decrease compared to a year ago. The coverage of recipient countries is wide, with 29 African countries benefited from Arab supports in 2008. But in terms of the committed amount, there is tendency of concentration, with 65 percent going to 5 countries: Sudan, Morocco, Egypt, Mauritania and Niger. In 2008 Sudan was the largest recipient with total commitments US\$680 million. All these funds went to two dam projects: the second phase of the Merowe dam project<sup>5</sup> and heightening of the Roseires Dam. Morocco received about US\$400 million for road, dam, and water projects, followed by Egypt (US\$217 million), Mauritania (US\$177 million) and Niger (US\$95 million). Arab partners' finance has been also concentrated to specific sectors and areas: US\$ 930 million (38%) going to dam construction, US\$715 million (30%) to road construction, and US\$370 million (15%) to the power sector.

**Figure 16: Commitments to Africa's infrastructure by members of the Arab Funds Coordination Group in 2008**

Financial Institution	Total (US\$ million)
Abu Dhabi Fund for Development	122
Arab Bank for Economic Development in Africa (BADEA)	817
Arab Fund for Economic and Social Development	137
Islamic Development Bank	761
Kuwait Fund for Arab Economic Development	313
OPEC Fund for International Development (OFID)	199
Saudi Fund for Development	60
<b>Total</b>	<b>2,409</b>

Annex 4 contains a full list of the projects committed by the Arab funds in 2008. The Arab Funds have developed an effective mechanism for co-financing through the Arab Funds Coordination Group<sup>6</sup> which was formed in the early 70s. In 2008 there are nine projects co-financed by the Arab Funds with their total amount US\$1.2 billion accounting about half of the total commitments. Three infrastructure sectors: water, transport and energy are regarded by the Coordination Group as areas of interest and this explains the recent tendency of their commitments to concentrate in these sectors. The Arab Funds have traditionally been strong supporters for infrastructure development in Africa and this trend is expected to continue. The Arab Economic Summit held in January 2009 in Kuwait instructed the Coordination Group to scale-up its assistance to Africa during this period of global economic crisis. In February 2009 the Arab League announced that the Afro-Arab forum will be held by 2010 in one of the Arab countries, to strengthen existing relationship of both parties.

The ICA secretariat is strengthening its ties with the Coordination Group who is keen to collaborate with ICA members. In January 2009, a delegation comprising of the ICA secretariat and AfDB attended as an observer the Annual Meeting of the Arab Funds Coordination Group and confirmed their willingness to exploring co-financing opportunities with ICA members.

### India

The trade volume between India and Africa reached US\$ 30 billion in 2008. The Indian government reportedly expects that this will grow up to US\$ 100 billion within the next 5 years. The Duty Free Tariff Preference scheme introduced in 2007 has helped to boost the trade between Africa and India, allowing 34 African countries to export their commodities on duty free or preferential access rates.

India also maintains both political and economic dialogues with African countries. Following the India Africa Summit held in 2008, the India-Africa Business Partnership Summit held in January 2009 discussed ways to boost trade and investment by bringing together the public and private sectors of both Africa and India.

Annex 5 contains India EXIM Banks Lines of Credit (LOC) commitment to Africa in 2008. India EXIM Bank provided LOCs to ten African countries totaling US\$ 224.5 million in 2008,<sup>7</sup> mostly going to finance food processing plants

and equipment purchases. An LOC is basically a tied loan used for payment for goods and services from India. Since the bank discloses only total amounts of credit lines that bundles different sectors together, an exact amount of LOCs that went to infrastructure is difficult to assess. But its share in 2008 is much smaller than a year ago when there were large-scale projects like a power plant project (US \$350 million) in Sudan. Main infrastructure deals include power line installation and transformer rehabilitation project in Niger (US\$20 million) and rural electrification project in Senegal (US\$15 million). There was also an equity investment by the India EXIM Bank in setting up of a company in South Africa for manufacturing pre-stressed concrete sleepers, although its amount is not published.

## China

China has become an economic partner for Africa as important as the Western economies. The total trade volume between China and Africa hit record high in 2008 totaling US\$107 billion. This is comparable to the USA's trade with Sub-Saharan Africa, which accounted US\$104 billion<sup>8</sup> in 2008.

China's aid presence in Africa has already been huge. But, there is no official data available on China's infrastructure assistance in Africa. China's aid delivery channels are fragmented across several government institutions like China Development Bank, China EXIM Bank and the Ministry of Commerce. None of them publish their aid statistics. The World Bank<sup>9</sup> carried out an extensive survey on Chinese assistance for infrastructure in Africa between 2001 and 2007, which gives a fairly comprehensive picture, estimating the total Chinese commitments at US\$8.4 billion in 2006 and US\$4.5 billion in 2007. Similarly the US-Congressional Research Service (CRS) compiled data on selected Chinese aid and investment for the period of 2002-2008, but does not give an estimate for the total commitments for 2008.<sup>10</sup>

ICA Secretariat carried out a web-based survey on Chinese infrastructure projects committed in 2008 by searching information sources like newspapers and press releases. The survey result does not exhibit the whole of Chinese activities and assistance in Africa's infrastructure because of the paucity of data. But, it is intended to give some idea about its magnitude. Based on this analysis a rough estimate of Chinese total commitments to Africa's infrastructure in 2008 could be somewhere around US\$ 5 billion,<sup>11</sup> maintaining almost the same level as the

previous year. The China Africa Development Fund (CADF) spent US\$400 million in 2008 out of its first tranche US\$ 1 billion with main areas of investment being infrastructure, air transport and satellite transmission. Other infrastructure deals are listed in Annex 6.

The ICA has made good progress in terms of outreach to China. The ICA sent two missions to China in December 2008 and February 2009. Chinese stakeholders including the People's Bank of China, the China Development Bank and the China EXIM Bank agreed to have collaboration on specific projects and information sharing. Several ICA members have formed partnerships with Chinese aid institutions preceded by an MOU concluded between the World Bank and the China EXIM Bank in 2007. The AfDB signed MOUs with the China EXIM Bank in May 2008 and with the China Development Bank in September 2008. In June 2009, JBIC signed an MOU with China EXIM Bank on business cooperation. The UK's DFID has been very active in engaging with China on Africa through various programs and encouraging the country to join international initiatives and groups like ICA and the Extractive Industries Transparency Initiative. Working with China is not limited to ICA members. In January 2009, OECD member countries formed a China-DAC Study Group in partnership with the International Poverty Reduction Centre, China (IPRCC). The study group aims to draw lessons from China's domestic development experience and to assess their applicability to China's economic cooperation in Africa.

5 The first phase of the Merowe dam was financed by China EXIM Bank in 2007 with US\$400 million.

6 The Coordination Group includes Kuwait Fund, Saudi Fund, Abu Dhabi Fund, OPEC Fund for International Development, Arab Fund for Economic and Social Development, Islamic Development Bank, Arab Bank for Economic Development in Africa, Arab Monetary Fund and the Arab Gulf Programme for United Nations Development Organisations.

7 During the India's fiscal year 2008 (from April 2008 to March 2009) the India EX-IM Bank extended 25 Lines of Credit (LOCs), aggregating US\$ 783.5 million covering 20 countries.

8 U.S. Dept. of Commerce, [http://www.agoa.gov/resources/US\\_African\\_Trade\\_Profile\\_2009.pdf](http://www.agoa.gov/resources/US_African_Trade_Profile_2009.pdf)

9 World Bank (2008) "Building Bridges: China's Growing Role as Infrastructure Financier for Africa"

10 US-Congressional Research Service (2009) "China's Foreign Aid Activities"

11 At the time of writing China cut the US\$ 9 billion loan package for the Democratic Republic of Congo committed in 2008 down to US\$ 6 billion. US\$ 3 billion will be allocated to infrastructure development

# Annex 1

## ICA commitments for infrastructure 2005 -2008, and breakdown of bilateral and multilateral commitments for 2008

Table 1 – ICA Commitments to infrastructure in Africa 2005-2008 (US\$ million)

	North Africa		SSA - SA <sup>12</sup>		South Africa		All Africa	
	ODA	N-C <sup>13</sup>	ODA	N-C	ODA	N-C	ODA	N-C
<b>2005</b>								
Multilateral	-	1,047	2,850	410	0	235	2,850	1,692
Bilateral	704	220	1,500	7	0	60	2,204	287
<b>Total</b>	<b>704</b>	<b>1,267</b>	<b>4,350</b>	<b>417</b>	<b>0</b>	<b>295</b>	<b>5,054</b>	<b>1,979</b>
<b>2006</b>								
Multilateral	-	1,388	3,800	255	0	375	3,800	2,018
Bilateral	538	-	1,325	35	0	-	1,863	35
<b>Total</b>	<b>538</b>	<b>1,388</b>	<b>5,125</b>	<b>290</b>	<b>0</b>	<b>375</b>	<b>5,663</b>	<b>2,053</b>
<b>2007</b>								
Multilateral	334	1,220	5,605	1,185	0	502	5,939	2,907
Bilateral	684	0	2,566	95	218	0	3,468	95
<b>Total</b>	<b>1,018</b>	<b>1,220</b>	<b>8,171</b>	<b>1,279</b>	<b>218</b>	<b>502</b>	<b>9,406</b>	<b>3,001</b>
<b>2008</b>								
Multilateral	20	2,597	5,279	588	77	800	5,376	3,985
Bilateral	920	137	2,531	299	221	183	3,672	619
<b>Total</b>	<b>940</b>	<b>2,734</b>	<b>7,810</b>	<b>887</b>	<b>298</b>	<b>983</b>	<b>9,048</b>	<b>4,604</b>

Source: 2006 -2008 data: ICA secretariat, 2005 data: OECD

<sup>12</sup> Sub-Saharan Africa countries excluding the Republic of South Africa

<sup>13</sup> Non-concessionary (Non-ODA)

**Table 2: ICA Commitments to infrastructure projects in Africa in 2008 (Bilateral) (US\$ million)**

	North Africa		SSA - SA		South Africa		All Africa		
	ODA	N-C	ODA	N-C	ODA	N-C	ODA	N-C	Total
Canada	1	-	31	-	1	-	34	-	34
France (AFD)	342	122.60	501	186.34	144	112.94	986	422	1,408
Germany (KfW)	155	14.42	165	112.51	75	-	395	127	522
Italy	7	-	9	-	-	-	16	-	16
Japan	415	-	244	-	0	70	659	70	729
UK (DFID)	-	-	204	-	-	-	204	-	204
USA (MCC)	-	-	1,377	-	-	-	1,377	-	1,377
<b>Total</b>	<b>920</b>	<b>137</b>	<b>2,531</b>	<b>299</b>	<b>221</b>	<b>183</b>	<b>3,671</b>	<b>619</b>	<b>4,290</b>

Source: ICA secretariat

**Table 3. ICA Commitments to infrastructure projects in Africa in 2008 (Multilateral) (US\$ million)**

	North Africa		SSA - SA		South Africa		All Africa		
	ODA	N-C	ODA	N-C	ODA	N-C	ODA	N-C	Total
AfDB	-	878	1,149	205	-	-	1,149	1,084	2,232
DBSA	-	-	2	230	77	800	78	1,030	1,108
EC	-	-	1,643	-	-	-	1,643	-	1,643
EIB	7	1,119	299	152	-	-	305	1,271	1,577
IFC	-	214	9	-	-	-	9	214	223
WB	14	385	2,178	-	-	-	2,192	385	2,577
<b>Total</b>	<b>20</b>	<b>2,597</b>	<b>5,279</b>	<b>588</b>	<b>77</b>	<b>800</b>	<b>5,375</b>	<b>3,984</b>	<b>9,360</b>

Source: ICA secretariat

# Annex 2

## ICA commitments to regional infrastructure 2008

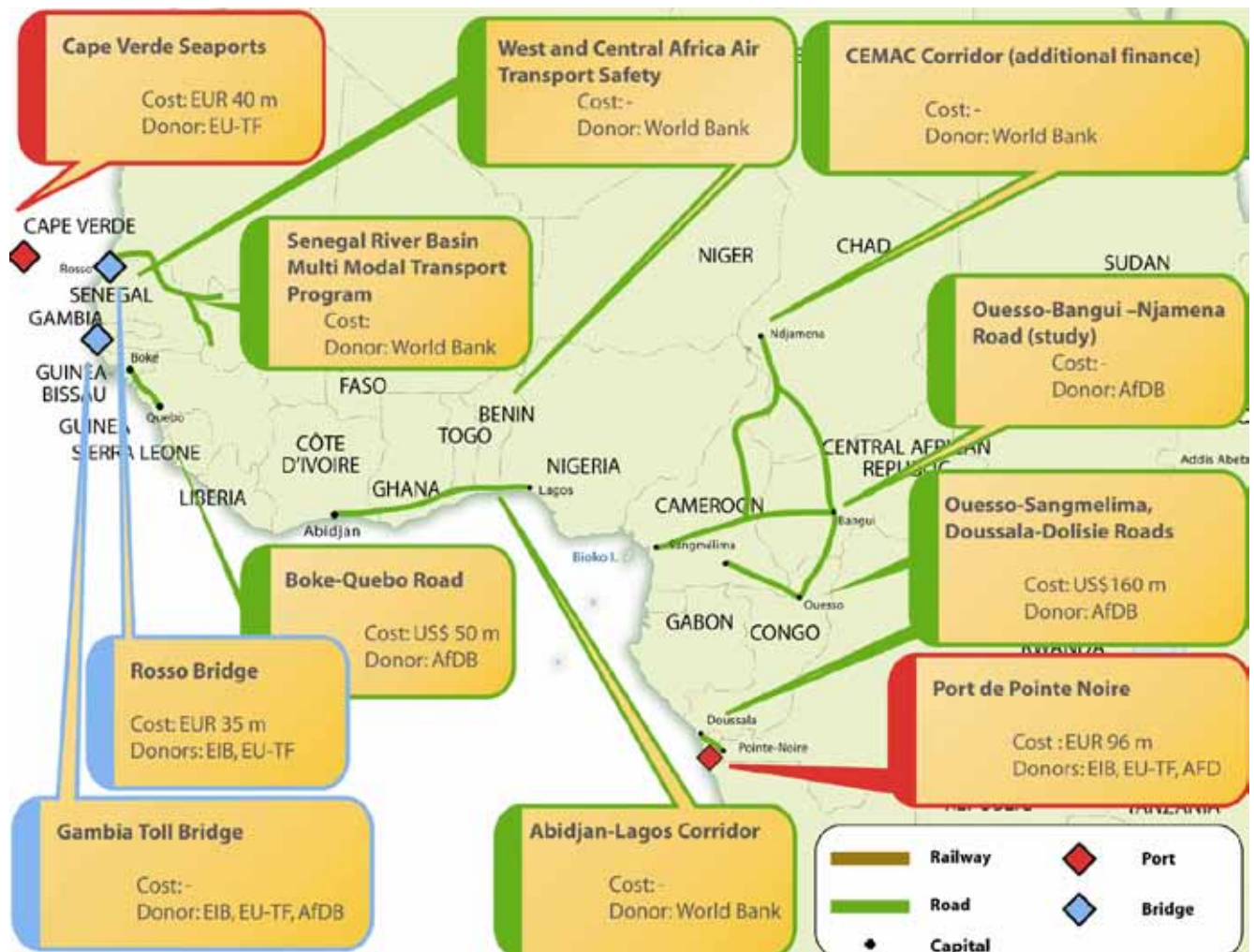
ICA member		amount (US\$ million)
<b>Bilateral</b>	Canada	11
	France (AFD)	79
	Germany (KfW)	94
	Japan	58
	UK (DFID)	32
Sub total		274
<b>Multilateral</b>	AfDB	698
	DBSA	20
	EC	196
	EIB	501
	World Bank <sup>14</sup>	238
Sub total		1,653
<b>Total</b>		<b>1,927</b>

<sup>14</sup> Only projects that qualify for regional IDA funding.

# Annex 3

Maps Presenting Regional Projects in Transport, Power, Water and ICT, which are under consideration by ICA members for financial support in 2009-2011<sup>15</sup>

## AFRICA – WEST & CENTRAL Regional Projects in Pipeline (Transport)

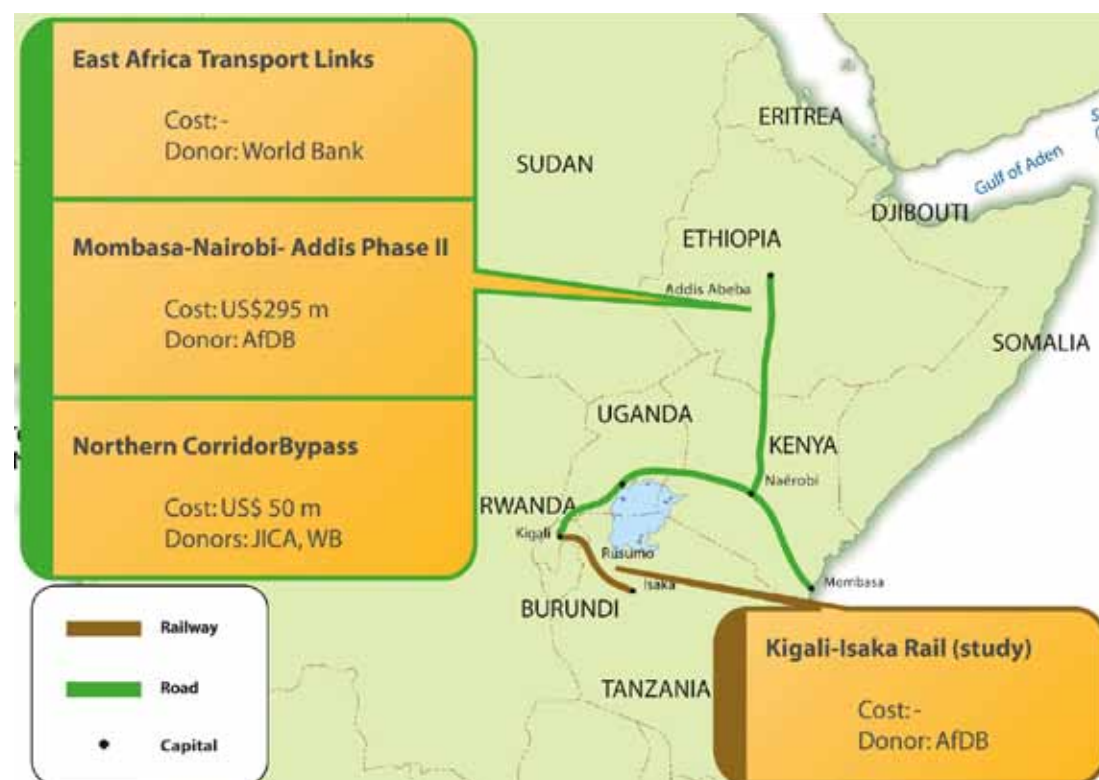


<sup>15</sup> World Bank's projects are only those under preparation and to be approved in 2009-11.

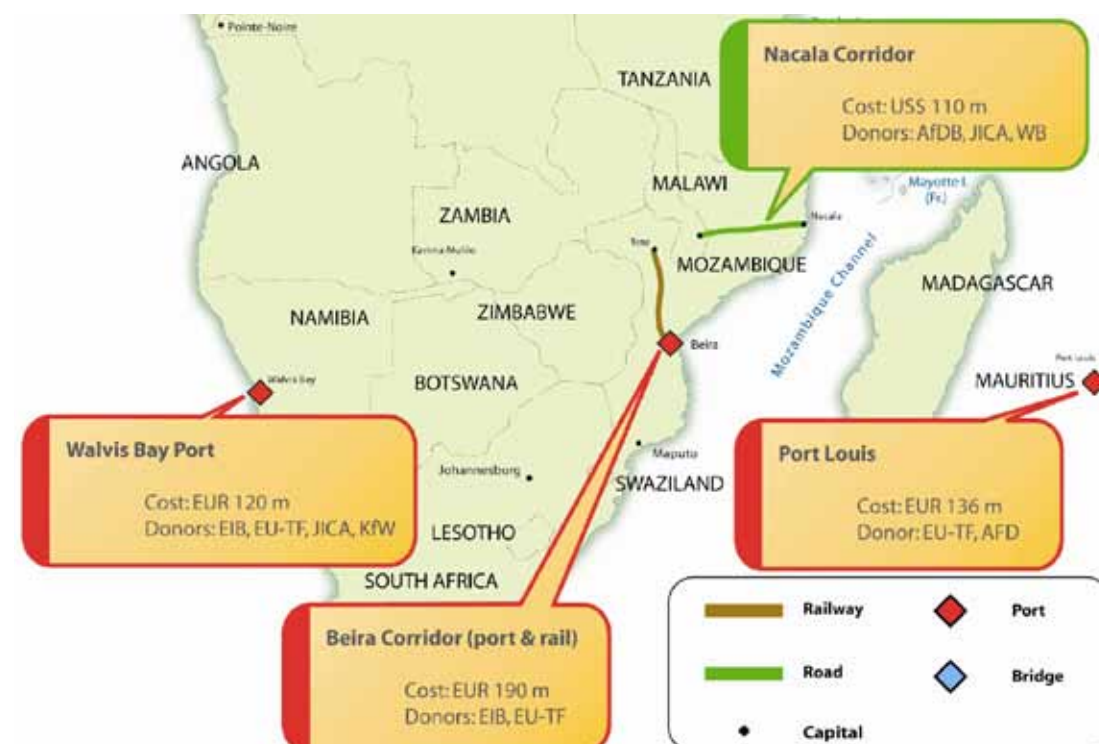


# Annex 3

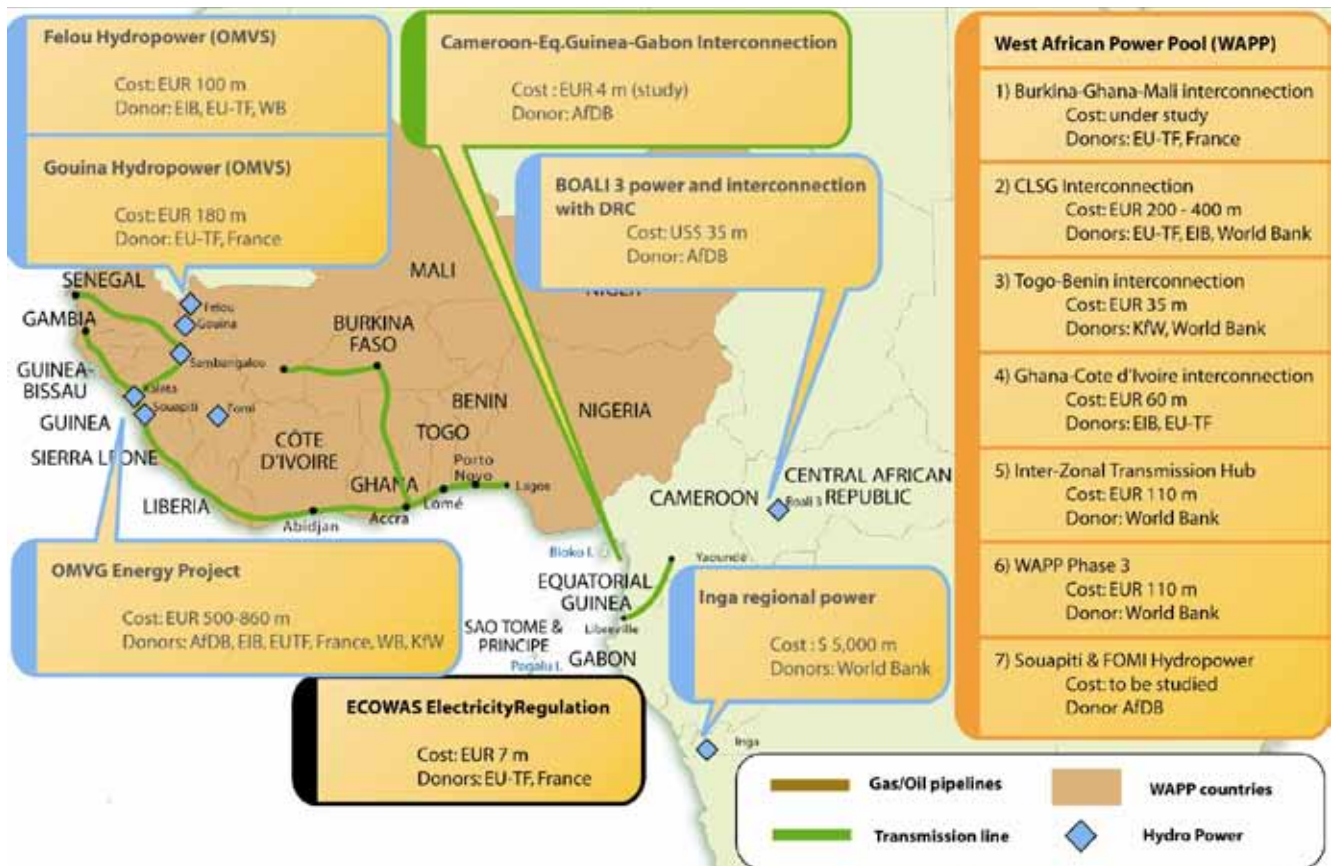
## AFRICA – EAST Regional Projects in Pipeline (Transport)



## AFRICA – SOUTH Regional Projects in Pipeline (Transport)



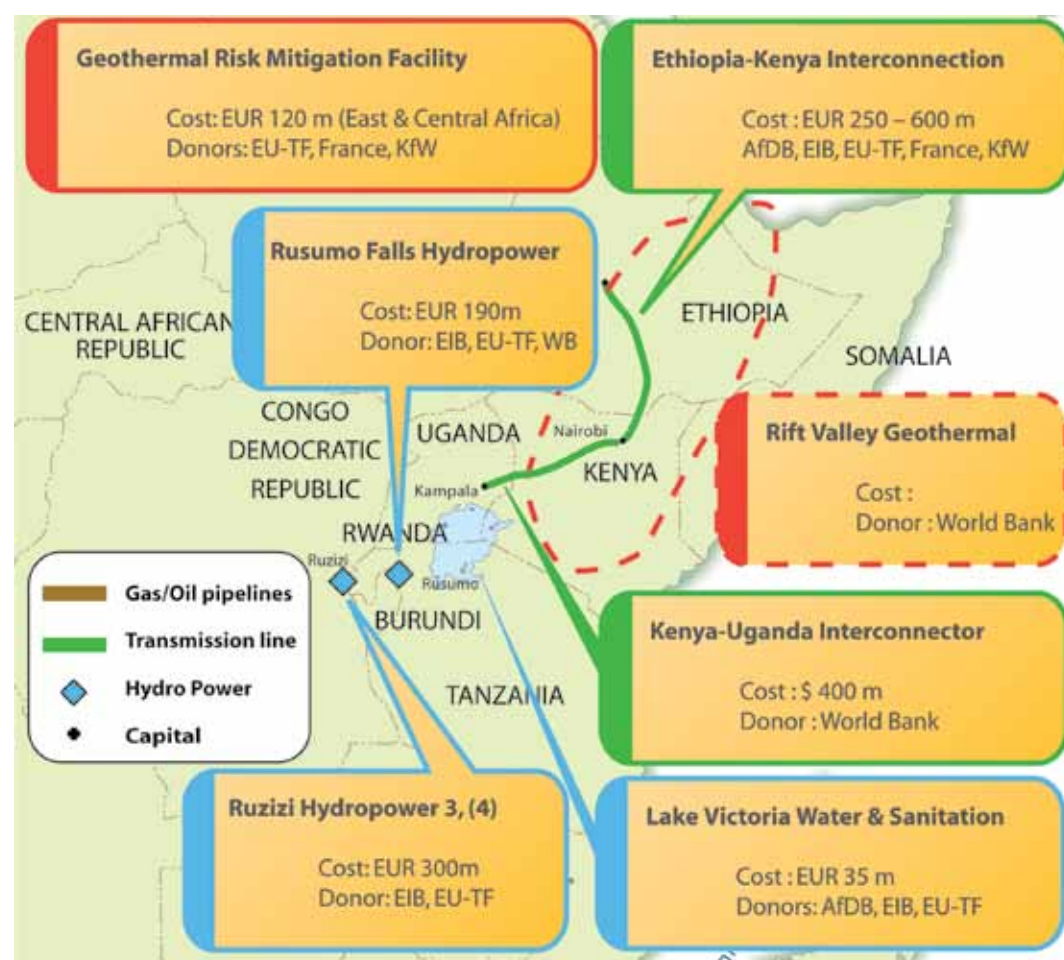
## AFRICA – WEST & CENTRAL Regional Projects in Pipeline (Power & Water)



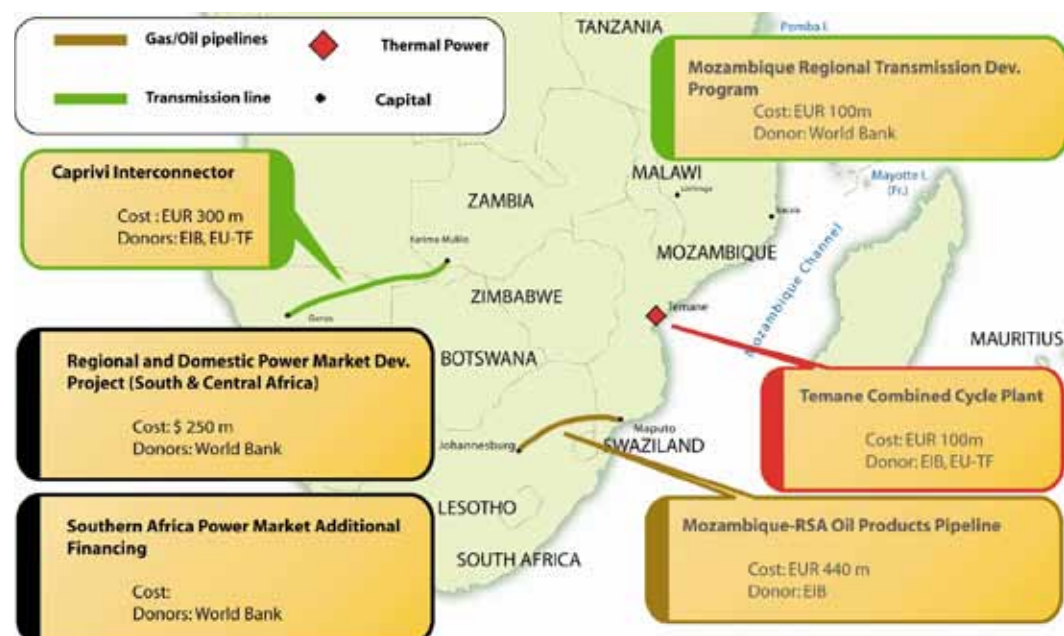


# Annex 3

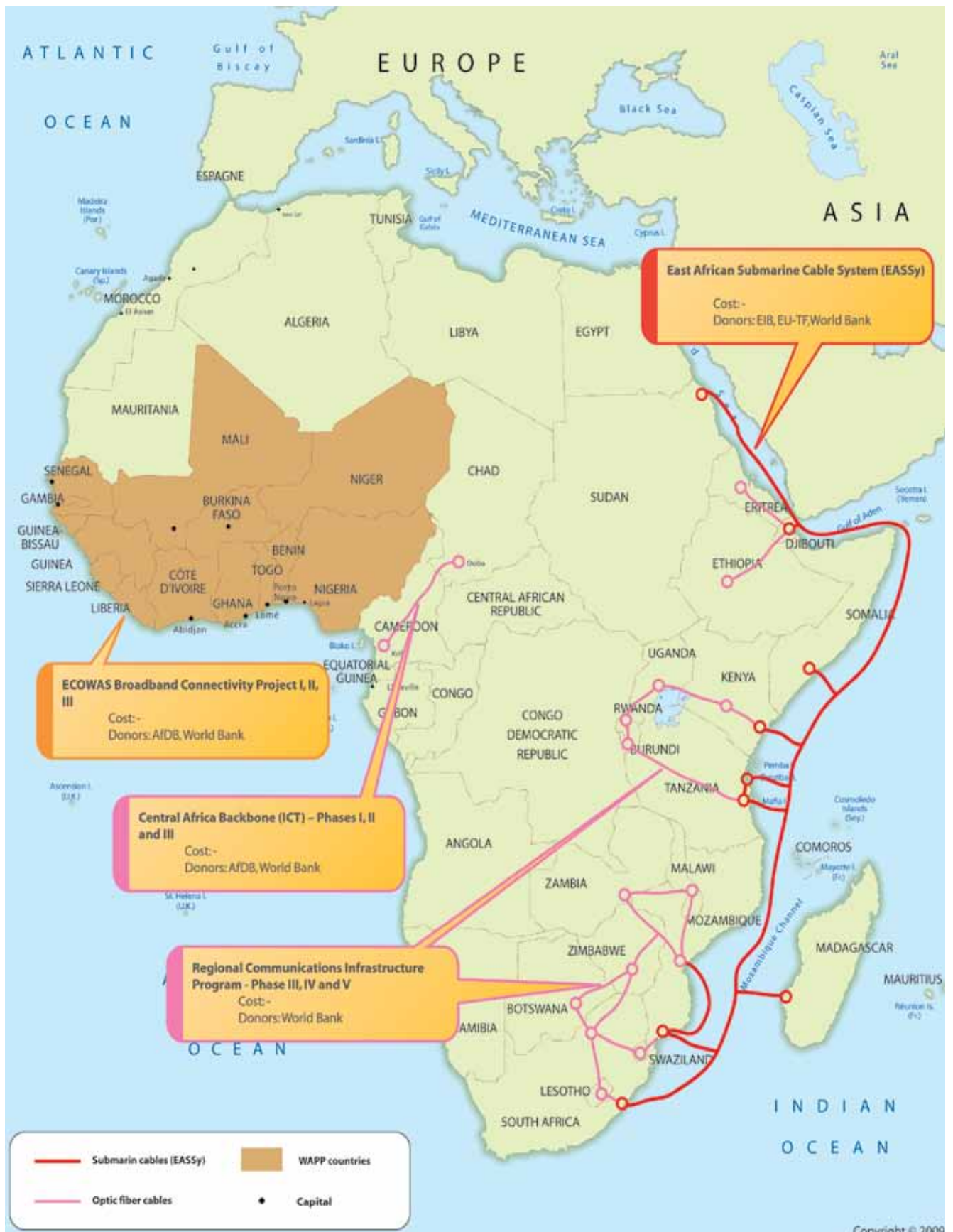
## AFRICA – EAST Regional Projects in Pipeline (Power & Water)



## AFRICA – SOUTH Regional Projects in Pipeline (Power & Water)



## AFRICA – Regional Projects in Pipeline (ICT)



# Annex 4

## Arab Fund Coordination Group Commitments in 2008

Country	Project Name	Amount (US\$ million)
<b>Abu Dhabi Fund for Development</b>		
Benin	N'Dali – Cicandou – Frontiere Negeria Road Project	10.0
Burkina Faso	Samendeni Dam (Barage) Project	10.0
Malawi	Jenda – Edingeni Road Project	10.0
Morocco	Timkit Dam	17.0
Sudan	Merawi Dam	50.0
Sudan	Roseires Dam	25.0
<b>Arab Fund for Economic and Social Development</b>		
Egypt	Expansion of Abu Qir Power Generation station 1300MW	1.1
Egypt	Expansion of Abu Qir Power Generation station 1300MW	111.8
Mauritania	Drinking Water and Electricity Emergency Program for the City of Nouakchott	55.9
Mauritania	Drinking Water and Electricity Emergency Program for the City of Nouakchott (supplementary loan)	37.3
Mauritania	Rehabilitation of Al-Amal Road (sections II and IV)	37.3
Morocco	Wadi Martil Dam	85.7
Morocco	Water Supply for the Provinces of Taounate, Chefchaouen, Sidi Kacem and Tanger Med Port	55.9
Sudan	Heightening of Roseires Dam (Phase II)	216.2
Sudan	Merowe Dam (supplementary loan)	216.2
<b>Arab Bank for Economic Development in Africa (BADEA)</b>		
Burkina Faso	“Samindini” Dam project.	10.0
Burkina Faso	Koudougou – Dedougou Road Project.	8.0
Burundi	“Bobonza-Andora” Road project-	10.0
Cape Verde	Projet d’Amenagement des Bassins Versants dans les Iles de Santo antao et Sao Nicolau	9.0
Ethiopia	Rural Electrification in “Sawla-Key	9.0
Gambia	Brikama-Dimbaya-Dar Silami Road Project	7.5
Guinea	“Labi - Sariba- Madina Gonas” Road (section “Koramangi-Manda Sentioro”)	13.5
Kenya	Bura Irrigation & Resettlement	8.0
Malawi	Construction of Thyolo – Bangula Road Project	10.0
Mauritius	Terr Rouge – Verdan – Iban Road Project: “Phase II”	10.0
Mozambique	Sanitation project for central “Beira” city	8.0
Niger	Programme Kandadji de Régénération des Ecosystèmes et de mise en valeur de la Vallée du Niger (1ere phase: construction du Barrage Kandadji)	10.0
Senegal	Prêt complémentaire du projet de la route Lingère – Matam (Phase 1: Lingère - Boulal)	8.0
Swaziland	Construction of Sicunusa -Nhlangano Project	8.0
Zambia	Rehabilitation of “ Copper Belt “ Feeder Roads Project.	8.0
<b>Islamic Development Bank</b>		
Burkina Faso	CONSTRUCTION OF THE KOUDOUGOU DEDOUGOU ROAD	16.3
Chad	ARBOUTCHATAK-BITKINE ROAD	61.8
Cote d’Ivoire	UPGRADING & EXPANSION, ABIDJAN INT’L AIRPORT-FREIGHT TERMINAL	37.4
Djibouti	CONSTRUCTION OF DJIBUTI-LOYADA ROAD	10.0
Gabon	CONSTRUCTION OF THE AKIENI- OKONDJA ROAD	106.8
Gambia	RURAL WATER SUPPLY IN GUNJUR	4.7

Guinea	REHABILITATION & EXTENSION OF CONAKRY ELECTRICITY DISTRIBUT.	11.4
Morocco	CONST. OF TAZA-OUJDA SEGMENT WITHIN FES-OUJDA HIGHWAY	156.8
Niger	CONSTRUCTION OF KANDADJI DAM	50.0
Senegal	UPGRADING OF DAKAR EXPRESSWAY (SUPPLEMENTARY)	6.7
Sierra Leone	KENEMA-PENDEMBU ROAD	12.4
Sudan	HEIGHTENING ROSEIRES DAM	80.0
Togo	CONSTRUCTION OF THE DAPAONG PONIO - BURKINA BORDER ROAD	10.9
Tunisia	EXTENSION OF FERIANA & THYNA POWER PLANTS	196.1
<b>Kuwait Fund for Arab Economic Development</b>		
Djibouti	Tagora-Abokh Road Project (second loan)	13.4
Egypt	Expansion of Natural Gas Distribution Networks in the Governorates of Cairo and Giza	74.5
Ethiopia	Wukro – Zalambesa Road Project	26.1
Gambia	Banjul International Airport Improvement Project (Phase II)	11.6
Mauritania	Enama-Amraj-Mali Border Road Project (TA)	1.1
Mauritania	Nouakchott Water Supply Project (second loan)	37.3
Morocco	Fas-Wajda Highway Project	55.9
Senegal	Roads Rehabilitation Project in Dakar (second loan)	37.3
Sudan	Marwi Dam Project (second loan)	55.9
<b>OPEC Fund for International Development (OFID)</b>		
Botswana	Kasane Airport	10.0
Burkina Faso	Koudougou-Dedougou Road	8.0
Burkina Faso	Small-Scale Irrigation and Water Management	4.0
Burundi	Bubanza-Ntamba Road	10.0
Burundi	Kirundo-Gasenyei Road	12.0
Cameroon	Chari/Logone Integrated Rural Development	6.0
Cape Verde	Fogo Ring Road	8.0
Chad	Am Timan-Haraze Manguaigne Road	4.0
Congo DR	Integrated Agricultural Rehabilitation in the Maniema Province	10.2
Cote d'Ivoire	Singrobo-Yamoussoukro Road (additional loan)	8.0
Djibouti	Boulaos Power Plant Rehabilitation Phase III. (€8.5 million)	12.5
Egypt	Abu Qir Power Plant	30.0
Malawi	Kamuzu International Airport Rehabilitation	7.0
Mauritania	Aftout Es-Saheli Water Supply, Phase II	8.4
Mauritius	Terre Rouge Verdun Ebene Road (Phase II)	8.1
Morocco	Moulay Boushta Dam Construction Phase I	8.0
Morocco	Taskourt Dam Construction (Phase I)	20.0
Mozambique	Maputo Roads Development (Additional Loan)	1.5
Mozambique	Save Valley Irrigation Development	8.0
Niger	Kandadji Dam	15.0
<b>Saudi Fund for Development</b>		
Niger	Kandadji Dam	20.0
Sudan	Roseires Dam elevation	40.0
<b>Grand Total</b>		<b>2,409.3</b>

Source: : various press releases issued by Arab funds institutions



# Annex 5

## India EXIM Banks LOC Commitments to Africa in 2008

Borrower	Project description	Loan agreement date	US\$ mn
Gabon	Housing project	11-Feb-08	14.5
Malawi	Supply of irrigation, storage, tobacco threshing plant and one village-one-product project	14-May-08	30
Mozambique	transfer of water drilling technology and equipment	15-May-08	20
Côte d'Ivoire	(i) IT & Bio technology park, (ii) Fisheries processing plant, (iii) Coconut Fibre Processing Plant	18-Jun-08	25.5
Gambia	Construction of Govt. of Gambia's National Assembly Building Complex	8-Aug-08	10
Ghana	(i) ICT and Good Governance, (ii) Procurement of track materials, tools and equipments, wagons and spares, trucks and buses, foundry materials and (iii) Agro Processing Plant	2-Sep-08	25
Senegal	(i) Rural electrification project (US\$ 15 mn) and (ii) Fishing industry development project (US\$ 10 mn)		25
Central Africa	Dry process cement plant and improvement of internal transport system	23-Oct-08	29.5
Niger	Rehabilitation of 6 power transformers and erection of power lines	10-Nov-08	20
Madagascar	Two projects for rice productivity and fertilizer production	14-Nov-08	25
<b>Total</b>			<b>224.5</b>

Source: various press releases issued by India EXIM bank

# Annex 6

## Selected Infrastructure Projects Committed by China in 2008

Borrower	Project name	Financier	US\$ mn
Angola	Electricity network rehabilitation and expansion for the cities of Dundo and Saurimo	China EXIM	50
Angola	Residual water treatment station in Luanda and the construction of a distribution centre in Cacuaco district, as well as establishing new housing projects.	China EXIM	29
Angola	Improvement of roads in the cities of Caxito, UTge and Negage,	China EXIM	56
DRC	Refurbishment of the post office headquarters (optical cable network?)	China EXIM	35
DRC	Infrastructure for minerals	Government, China	3,000
Equatorial Guinea	Public works projects	Government, China	7.3
Gabon	Grand Poubara" hydro scheme	China EXIM	83
Guinea Bissau	Fixed telephone line	Government, China	48.5
Kenya	Nairobi Bypass roads	China EXIM	105
Malawi	Karonga/Chitipa road	Government, China	70
Malawi	Fibre-optic communication project	Government, China	23
Mali	Sino-Mali Friendship Bridge	Ministry of Commerce	75
Mauritania	Railway Construction between Kaedi and Nouakchott (430 km)	China EXIM	686
PTA Bank	Supporting projects in telecommunications, mining, infrastructure	CDB	50
Sierra Leone	CDMA network	China EXIM	20
Various Chinese firms	Equity investment	CAD Fund	400
Zambia	Earth moving equipment	Government, China	39
Zambia	Kariba North Bank Power Station	China EXIM	318

Source: various newspapers and press releases



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