

**FOURTH ANNUAL MEETING OF THE
INFRASTRUCTURE CONSORTIUM FOR AFRICA (ICA)
Tokyo 13-14 March 2008**

Final Outcome Statement

The fourth annual senior-level meeting of the ICA was held from 13 to 14 March 2008 in Tokyo. At the outset of the Japanese Presidency of the G8, the meeting was hosted by the Ministry of Foreign Affairs of Japan. The meeting was co-chaired by Dr. Mandla Gantsho, Vice President for Infrastructure, African Development Bank and H.E. Mr. Nobutake Odano, Ambassador Extraordinary and Plenipotentiary for the fourth Tokyo International Conference on African Development (TICAD IV).

The meeting was attended by senior representatives of G8 ministries and bilateral agencies in charge of infrastructure-related programs in Africa, multilaterals, China, India, Saudi Fund and key African institutions. A full list of participants is attached as Annex 1.

Participants were welcomed to the meeting by H.E. Mr. Yasuhide Nakayama, Vice-Minister for Foreign Affairs. In his opening remarks, he recalled the critical role Japan has played in keeping African development high on the international agenda. He called for boosting economic growth in Africa through infrastructure development, stressing the importance of shared plans for regional infrastructure development in the transport and energy sectors. He went on to explain that the ICA meeting was taking place at an opportune moment and that its messages will be fed back to the TICAD process and the G8 Hokkaido Toyako Summit planned for July 2008. Speaking at the same occasion, Dr. Bernard Zoba, African Union Commissioner for Infrastructure and Energy called upon the ICA to continue playing its important role of enhancing collaboration between donors in order to help rectify the situation whereby Africa has been “penalised by lack of infrastructure.”

1. Financing

In 2007 commitments¹ by ICA members to infrastructure in Africa were estimated at around **US\$ 10 billion**². This represents a significant increase of over 20% from the US\$7.7 billion committed in 2006. Multilaterals including the World Bank, AfDB, EIB and the EC have collectively scaled up their support to the sector. At the bilateral level, there have been considerable increases in funding from the USA, France and Japan.

Going forward infrastructure will continue to receive enhanced and sustained support from key multilaterals following successful replenishments of IDA 15, ADF 11 and EDF 10. The EU-Africa Infrastructure Trust Fund, launched in 2007, is already also receiving considerable financial pledges of support from a growing number of EU Member States. The Trust Fund will be key to attracting additional resources for cross-border infrastructure projects in Africa.

¹ Commitments include ODA and non-concessional lending to the whole of Africa from ICA member donor agencies and development banks

² A full breakdown will be provided in the 2007 Annual Report of the ICA

As part of scaling up efforts, ICA members committed to intensify their collaboration and dialogue with non-ICA members including China, India, Korea and Arab partners. The World Bank has a staff exchange programme with China Exim Bank and is currently exploring co-financing opportunities.

2. Ongoing Support to Analytical Work

The interim findings of the Africa Infrastructure Country Diagnostic were presented. This included state of sector findings, key performance indicators, investment needs at the country level and country-level capital and maintenance expenditure. The importance of feeding AICD outputs through practical policy work, such as public expenditure reviews and sector reforms at the country level, was stressed.

France announced their intention to make an additional contribution for the subsequent phases of the AICD Study. AfDB will continue its discussions with the AICD Project Management Team on ensuring sustainability of the statistics generated by the study.

A decision was taken in October 2007 to merge the NEPAD Medium to Long-Term Strategic Framework (MLTSF) with the African Union Master Plans. The African Union Commission with support from the NEPAD Secretariat and the African Development Bank is coordinating the formulation of a single strategic framework for development of infrastructure in Africa. Stakeholders are committed to fast-tracking the study to ensure that it retains its strategic significance for Africa and relevance to donors. Preparation of the new framework will be as inclusive as possible and will be informed by the AICD, sub-regional master plans and existing growth diagnostic studies.

3. Enhancing Collaboration on Regional Projects

Following a technical level meeting hosted by the EIB in Luxembourg in February 2007 to discuss regional project collaboration ICA members agreed to:

- Explore the use of a cluster approach involving lead donors for given regional projects/sectors
- Look at new ways to try to mobilise additional finance for HIPC and fragile states
- Continue to work together to harmonise procurement rules and allow for flexibility when co-financing projects
- Increase the number of joint-financing opportunities by playing a greater role in bringing China, India, Arab partners and the private sector into regional infrastructure projects. This is critical to the scaling up agenda and information sharing is an important first step.
- The ICA Secretariat will enhance its communication and analyses functions by developing a web-based collaboration platform on the ICA website to allow information sharing between its members on projects. For each project it will highlight any specific constraints to progress.

At a meeting of African Stakeholders held in Tokyo back-to-back with the ICA meeting, an agreement was reached on an approach to the prioritisation of regional projects. This approach

should enable resources to be channeled to the highest-quality operations as measured by their development impact, and strategic alignment with regional and continental objectives (NEPAD programmes and specific plans of RECs). The criteria presented covered the four sectors of energy, transport, ICT and water. As a next step it has been agreed to set up a Task Team comprising representatives of the AU Commission, NEPAD Secretariat, DBSA and AfDB to finalize the work taking into account comments received from ICA members. In view of the importance of this work, it was agreed that the team submits its report by the end of April 2008 ahead of the forthcoming TICAD IV meeting.

ICA members welcomed the progress made by African stakeholders in the infrastructure prioritisation process since the Luxembourg meeting. There was broad agreement on the proposed criteria for prioritisation. The process will aid the selection of projects to be submitted for financing pending the finalisation of the single strategic framework for infrastructure development in Africa.

4. Africa's Energy Crisis

Early results from the AICD Study suggest that annual investment needs in Africa's infrastructure sector are in the region of US\$38bn per year over the next 10 years, equivalent to 5.3% of GDP. Nearly two-thirds of the investment needs are required for the energy sector.

Africa's power utilities are central actors in any reversal of the current crisis, however their inefficiency continues to be a major bottleneck to progress in the sector and particularly the issues related to cost recovery. Projects cannot be implemented without efficient operators. Strengthening the performance of the continent's power utilities must be considered a priority by African Governments.

ICA members agreed to support the AfDB in its study to examine utility performance and to identify areas for joint action arising from the study. Furthermore, ICA members will enhance collaboration around 'transformational' energy projects such as INGA and mobilise additional finance for project preparation.

5. Boosting Economic Growth in Africa through Infrastructure Development

Japan presented their TICAD and G8 plans. Emphasis will be placed on boosting economic growth in Africa through the development of infrastructure networks that lay the foundation for developing industry and promoting trade and investment.

Japan called upon the African stakeholders to accelerate the formulation of a medium- to long-term strategic plan for infrastructure development, which prioritises regional projects. The plan should offer a blue print for governments, with the support of donors and the private sector, to develop region-wide infrastructure that is strategic and has maximum impact on trade and economic growth.

Japan presented the results of the survey on on-going projects on road corridors, highlighting 'missing links' and areas for collaboration, as well as challenges facing the development of regional power networks. ICA members agreed on the importance of donor collaboration on concrete project-basis. The ICA Secretariat will continue the donor mapping exercise on road corridors and energy networks initiated by Japan and will provide periodic updates on the 'missing links' taking

into account African priorities. Japan indicated its willingness to share models of cross-border infrastructure development that have worked in Asia.

6. Transboundary Water Resource Management

Recognising the importance of fair and sustainable water resource management in Africa using a basin-wide approach, a specific discussion was held on the theme, led by senior water experts from the World Bank, the African Water Facility and the African Network of River and Lake Basin Organisations. Key messages from the session included:

- Achieving water security in Africa with its high hydrological variability requires small and large scale water storage infrastructure and effective institutions. Water projects remain disadvantaged in many African countries and there is an urgent need to decouple them from national political cycles.
- Capacities to store surface and groundwater must be significantly increased. Benefit sharing approaches for multipurpose infrastructure projects, including social and environmental aspects, are necessary tools for realistic investment planning and decision making.
- Effective River and Lake Basin Organisations are essential for fast-tracking cross-border water infrastructure investments. Collaboration between many African states is ongoing. So far only the ECOWAS and SADC regions have been successful in developing effective RBOs, though the Nile Basin Initiative (NBI) is also functioning well
- There is shortage of well prepared water projects for financing. Major water infrastructure projects are complex with long gestation periods. As such they are expensive and results are not immediate. African partners should pool their resources for the development of such projects whilst the NEPAD Infrastructure Project Preparation Facility (IPPF) should increase the share of water projects in its portfolio.
- The African Water Facility should continue its support to the African Ministers' Council on Water (AMCOW) to advocate for political support by providing more information on tangible results of investments.
- ICA members need to offer strong advocacy for regional water infrastructure in order to close the gap caused by several years of low investment. The Secretariat will convene a technical level meeting in late 2008 covering all aspects of private sector participation in the water sector.

7. Public-Private Partnerships (PPPs)

Lack of private finance is often not the only issue – the degree of private sector participation is strongly linked to political and economic stability, governance, investment climate and the technical management capacity to prepare well structured projects.

Individuals are willing to pay for quality infrastructure services. Ensuring self-financing solutions by setting fair tariffs and ensuring they are collected is crucial.

ICA members will continue to advocate at the highest levels in African governments for increased private sector participation. In this regard, members will work with the US Treasury to organise a high-level meeting on PPPs planned for late 2008. The target group will be African Finance Ministers and senior policy makers.

African Governments looking to increase participation by the private sector have to increase their technical capacity and financial support to structure and negotiate deals. ICA members will increase their support to this area and help to promote the development of more brownfield concessions.

The Secretariat will seek the support of members to disseminate the User's Guide to PPPs that has been produced.

8. REC Capacity Building

The final report of the REC Capacity Building mapping exercise was distributed to members. The report emphasised the importance of supporting capacity building based on demand driven approach. The capacity building facility has been incorporated into the NEPAD Infrastructure Project Preparation Facility (IPPF) managed by the AfDB. It will soon go live with seed funding from Germany and with prospects of additional funding from ICA members. Members reiterated that the initiative should be used to provide support in response to well defined roles, responsibilities, and well prepared infrastructure delivery plans from RECs, regional power pools and river basin organisations.

9. UN MDG Africa Working Group

As part of the initiative of the UN Secretary General to refocus attention on the achievement of the Millennium Development Goals (MDGs), the AfDB, EC and WB and the ICA Secretariat will continue to support the work of the Infrastructure and Trade Facilitation Thematic Working Group. A high-level meeting on the MDGs will be convened by the Secretary General and the President of the General Assembly of the UN in September 2008.

The ICA Secretariat will require additional resources if it is to effectively track financial commitments to the infrastructure sector in Africa and at the same time measure the results of those investments and the progress towards attainment of the MDGs.

10. ICA 2008 work plan

The proposed 2008 work plan and budget of the ICA Secretariat were circulated for comments. Members were asked to take note of the increasing work load of the Secretariat and to provide an appropriate level of financial or in-kind support. France requested for a 3 to 5 year strategic plan for the Secretariat. USAID made a pledge of US\$100,000 towards the organisation of the water PPP meeting.

11. Key Infrastructure Messages to TICAD IV

- There are positive developments in Africa that have led to sustained economic growth on the continent. This augurs well for infrastructure development. Strong global demand for commodities, greater flows of capital to Africa, debt relief and the return of peace and stability in several countries have all contributed.
- To sustain the promising economic growth, African countries need a sound investment climate, to encourage innovation and to build strong infrastructure at the regional level which will in turn contribute to regional integration.
- The 2007 commitments by ICA members to infrastructure in Africa are estimated at around US\$ 10 billion. This represents a significant increase of over 20% from the US\$7.7 billion committed in 2006. ICA will continue its support to the infrastructure sector in view of Africa's needs.
- ICA members welcome the emphasis Japan has given in its TICAD and G8 plans to boost African economic growth through infrastructure development and in particular the focus on regional power grids and the integrated approach to road corridor development that incorporate trade and transit facilitation measures.
- Africa's energy sector will continue to consume a large share of infrastructure investments for the foreseeable future. Ensuring efficiency of existing networks and putting power utilities on a profitable footing are important steps to help mitigate the current crisis.
- African Governments need to act now to avert a future 'water crisis'. Water security which will continue to be a pressing problem with growing rainfall variation and distribution. Higher priority needs to be given to investments in the water sector. Strong institutions are also key.
- African Governments need to develop aggressive business plans for bridging Africa's infrastructure funding gap to help meet the MDGs. Raising additional finance from the private sector and capital markets and engaging with China, India, Korea and the Arab partners and other growing sources of finance will be important. ICA members have a key role to play in supporting African Governments.
- Additional finance to the infrastructure sector has to be accompanied by sufficient attention to the long-term sustainability of investments.

12. Venue and date of the next meeting

The next annual meeting of the Consortium is provisionally scheduled for early 2009. The date and location will be confirmed by the Secretariat.

4th ICA ANNUAL MEETING

13-14 March 2008, Tokyo

Annex 1

FINAL LIST OF PARTICIPANTS

1	Dr. Bernard Zoba	African Union Commission	Commissioner, Infrastructure and Energy
2	Aboubakari Baba Moussa	African Union Commission	Director of Infrastructure and Energy
3	Diaby Mustapha Mamy	African Union Commission	Principal ICT Expert
4	Dr. Maurice Niaty-Mouamba	African Union Commission	Transport Consultant
5	Paul Baloyi	Development Bank of Southern Africa (DBSA)	CEO and Managing Director
6	Admassu Tadesse	Development Bank of Southern Africa (DBSA)	Executive Manager : Private Sector and International Finance
7	Frank Blackmore	KPMG - South Africa	Manager, Financial Services, Financial Risk Management
8	H.E. Ben Ngubane	Republic of South Africa	Ambassador to Japan
9	Ghulam Asmal	Republic of South Africa	Director, SADC Branch, Department of Foreign Affairs
10	Reginald Tekateka	Republic of South Africa	Specialist Advisor-International Relations Department of Water Affairs and Forestry (DWAF)
11	Sabelo Gwala	Republic of South Africa	Assistant Director , NEPAD (Infrastructure) Branch, Department of Foreign Affairs
12	Viresh Vallabhkhair	Republic of South Africa	Assistant Director , NEPAD (Infrastructure) Branch, Department of Foreign Affairs
13	Alejandro Montalban	European Commission	Team Leader - Infrastructure, Trade and Regional Integration
14	Nigel Hall	European Investment Bank	Project Directorate, Sydney Office
15	Alexis Bonnel	France- AFD	Head of the Infrastructure and Environment Division
16	André Pouilles-Duplaix	France-MoFA	Deputy Director
17	Jean Paul Libebele	Economic Community of Central African States (ECCAS)	Transport Expert
18	Bruno Wenn	KfW Development Bank	Senior Vice President Sub-Saharan Africa

19	John Burton	United Kingdom - DFID	Head Pan-Africa Strategy Department
20	Alistair Wray	United Kingdom - DFID	Senior Growth Advisor
21	Saud A. Al-Fantoukh	Saudi Fund	Director G. Audit & Control Department
22	Alsubiai Abdullah	Saudi Fund	Senior Engineer
23	Saud A. Al-Abdulhadi	Saudi Fund	Senior Specialist
24	Denis Potvin	Canada	Manager, Pan Africa Program
25	Jack Stein	World Bank	Acting Director, Sustainable development Department, Africa Region
26	Mark Tomlinson	World Bank	Director, Regional Integration Department, Africa region
27	Ashok Subramanian	World Bank	Sector Manager, Water Resources Management
28	Vivien Foster	World Bank	Lead Economist , Sustainable Development Department , Africa Region
29	Richard Morford	USA – MCC	Managing Director, Donor and Multilateral Relations
30	Chuck Aanenson	USA – USAID	Representative in Japan
31	Jeff Humber	USA – USAID	Energy Advisor, Bureau for Africa
32	Richard Hall	USA – Treasury	International Economist
33	Dr. Comla Kadjé	ECOWAS	Commissioner for Infrastructure
34	David Kamara	ECOWAS	Director of Infrastructure
35	Hon. Yasuhide Nakayama	Japan – Ministry of Foreign Affairs	Vice Minister of Foreign Affairs
36	H.E. Mr. Nobutake Odano	Japan - Ministry of Foreign Affairs	Ambassador in charge of TICAD IV
37	Koro Bessho	Japan - Ministry of Foreign Affairs	Director-General, International Cooperation Bureau
38	Shigeyuki Hiroki	Japan - Ministry of Foreign Affairs	Deputy Director-General, International Cooperation Bureau
39	Koji Abe	Japan - Ministry of Foreign Affairs	Director, 2nd Country Assistance Planning Div. International Cooperation Bureau
40	Takayoshi Kuromiya	Japan - Ministry of Foreign Affairs	Deputy Director, 2nd Country Assistance Planning Div. International Cooperation Bureau

41	Eisuke Tachibana	Japan - Ministry of Foreign Affairs	2nd Country Assistance Planning Div. International Cooperation Bureau
42	Kensaku Zaitu	Japan - Ministry of Finance	Deputy Director, Office of the Development Finance
43	Keiichi Matsumoto	Japan - Ministry of Economy Trade and Industry	Deputy Director, Middle East – Africa Office
44	Yanada Mayumi	Japan - Ministry of Land, Infrastructure Transport and Tourism	Chief Official
45	Shinya Ejima	Japan Bank for Int'l Cooperation (JBIC)	Director General, Development Assistance Department IV
46	Tsutomu Kudo	Japan Bank for Int'l Cooperation (JBIC)	Director, Division 3, Development Assistance Department IV
47	Tatasunori Higuchi	Japan Bank for Int'l Cooperation (JBIC)	Country Officer, Division 3, Development Assistance Department IV
48	Yuichiro Sano	Japan Bank for Int'l Cooperation (JBIC)	Country Officer, Division 3, Development Assistance Department IV
49	Ai Miyahara	Japan Bank for Int'l Cooperation (JBIC)	Country Officer, Division 3, Development Assistance Department IV
50	Tsuneo Kurokawa	Japan Int'l Cooperation Agency (JICA)	Director General, Africa Department
51	Takemichi Kobayashi	Japan Int'l Cooperation Agency (JICA)	Chief, Africa Department
52	Yuko Sakashita	Japan Int'l Cooperation Agency (JICA)	Special Advisor, Africa Department
53	Komi Uchino	Japan Int'l Cooperation Agency (JICA)	Special Advisor, Africa Department
54	Tomoyoshi Suzuki	Japan Int'l Cooperation Agency (JICA)	Transportation & ICT Team I
55	Makoto Kanagawa	Japan Int'l Cooperation Agency (JICA)	Transportation & ICT Team II, Social Development Department
56	Wang Hongbo	China	Deputy Representative, Tokyo Office, People's Bank of China
57	David Ssebabi	Government of Uganda	Director, Privatisation Unit, Ministry of Finance
58	Filippo Scammacca	Italy - Ministry of Foreign Affairs	Head of Financial Cooperation
59	James Leigland	PPIAF	Program Leader, Sub-National Technical Assistance
60	Oleg Vlasov	Russia - Ministry of Foreign Affairs	Senior Counselor, Africa Department
61	Prashant Pise	India	Counselor, Embassy of India in Japan
62	John H. Ruolngul	India	Second Secretary, Embassy of India in Japan

63	Remmy Makumbe	SADC	Director, Infrastructure and Services
64	Torbjom Damhaug	African Water Facility	Principal Water Resource Management Specialist
65	Yuka Hananogi	East African Community (EAC)	Infrastructure Advisor
66	Norimasa Yoshida	NEPAD Secretariat	Advisor
67	Reatile Mochebelele	NEPAD Secretariat	Water & Sanitation Advisor
68	Godwin Punungwe	NEPAD Secretariat	Transport Advisor
69	Mandla Gantsho	African Development Bank	VP Infrastructure, Private Sector and Regional Integration
70	Gilbert Mbeshherubusa	African Development Bank	Director of Infrastructure
71	Philippe Durand	African Development Bank	Lead Expert, PPPs, Infrastructure Department
72	Mike Salawou	African Development Bank	NEPAD-IPPF Task Manager, NEPAD , Regional Integration and Trade Division
73	Valentin Mbarga Ndi	African Development Bank	Head of Language Services Unit
74	Nwadinafor C. De Souza	African Development Bank	Chief Interpreter
75	Jeannette Ndongu	African Development Bank	Administrative Assistant
76	Alex Rugamba	ICA Secretariat	Coordinator
77	Andrew Roberts	ICA Secretariat	Infrastructure Expert
78	Jitsuya Ishiguro	ICA Secretariat	Infrastructure Expert
79	Callixte Kambanda	ICA Secretariat	Infrastructure Expert
80	Renaud Paubelle	ICA Secretariat	Infrastructure Expert
81	Donia Ben Saad	ICA Secretariat	Administrative Assistant