

# Report on ICA Secretariat 2007 work plan



ICA Annual Meeting, Tokyo,  
13-14 March 2008





1. **Berlin Annual Meeting**
2. **Financing Transport for Growth**
3. **Practical steps towards increased coordination between ICA members**
4. **Outreach to emerging partners**
5. **Mapping of capacity building support to regional institutions**
6. **ICA Annual Report 2006**
7. **Survey on private sector best practices – user guide to PPPs**
8. **User guide to Donor’s Financial Products**
9. **User guide to Donor’s Risk Management Products**
10. **Survey on sustainability of infrastructure in Africa**
11. **Support to APF process**
12. **Tunnel of Funds**
13. **ICA communications strategy**

## 1. Berlin Annual Meeting

### Financing

- US\$ 7.7bn committed in 2006 to African infrastructure: 10% increase over 2005 (15% ODA to SSA). Financing to multi-country projects 20% - double 2005 commitment
- IDA, ADF replenishment year and launch of EU-Africa Trust Fund

### REC capacity building

- launch of German G8 initiative

### Africa's energy needs

- members reiterated importance of increasing their support
- offers of increased support from EC, Japan and USA for power pools

### Ongoing support to analytical work

- to consider proposal by AfDB on sustainability of AICD

### Road transport development

- Non-physical barriers remained a problem – RECs a key role to play
- Improved maintenance needed through budget support and performance contract
- Corridor approach at regional level as compliment to sector-wide at country-level
- Need to make sector more amenable for private sector participation

## 2. Financing Transport for Growth

8 projects presented, 10 upcoming – 120 private and public participants

**Enfidha Port – Tunisia** / Mohammedia Container Terminal – Morocco / **Kazungula Bridge – Bots,Zam** / Mayumba Port – Gabon / **WineLands and Wild Coast Toll Roads – South Africa** /Second Nile Crossing – Ginja, Uganda

Finance PPPs and African Gov need to be in the driving seat

Local capital markets – high transaction costs and debt tenors max. 3-5 yrs

Growth of Kenya stock exchange testament to local appetite

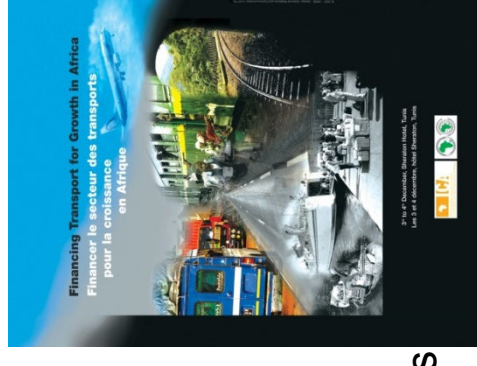
Enabling environment - Political stability, transparent and predictable regulation

Risk - Engaging early with private sector essential – allocation of risk and fair pricing

Sustainability - Under maintained – public and private are willing to pay provided there are alternative routes . Gov. role to ensure fair pricing and investment conditions

Road safety - Most dangerous road network. On average economic cost is 2% of GDP.  
Commission for Global Road Safety, min. of 10% of investment to safety

**Lessons** – private sector participation in aspects of transport infrastructure remains politically sensitive in some countries / weak capacity at country-level / lack of well structured projects / information flow to private sector is patchy / evidence that PPP **skills** mix in donor institutions also needs to improve



### 3. Practical steps towards increased ICA collaboration

Planning for “*Regional Infrastructure Project Collaboration Meeting*”, Luxembourg

### 4. Outreach to emerging partners

- China: bilateral meetings with CDB and PBC. Attendance in Berlin, Luxembourg and now Tokyo
- Arab partners: bilateral meetings with OPIC Fund and BADEA. Good representation in Berlin. Agreement to attend their bi-annual meetings and formalise arrangement for one institution to represent all others at future ICA meetings
- India: No progress since Berlin

## 5. Mapping of capacity building support to regional institutions

- G8 Summit Berlin 2007 – capacity building initiative targeted regional infrastructure
- IPPF hosted by the AfDB channel for funding
- Study intended to make recommendations for early interventions by the facility

### Recommendations

- Focus on 8 RECs mandated by AUC
  - Demand driven (requests should come from the RECs)
  - A range of activities should be considered:
    - targeted training (seminars to long term qualifications)
    - secondments
    - technical assistance (on the job training)
    - pool of experts (work across RECS and meet short term needs)
- FOCUS on project definition and appraisal, enabling environment assessment, and PPPs
- Link to specific requirements arising from actual project preparation – skills have relevance



## 6. ICA Annual Report 2006

### Financing

- ICA member commitments grew strongly in 2006 cf. 2005. Money for regional infrastructure doubled
- China, India and Arab partners all growing sources of finance
- private sector funding growing. Approx. \$10bn, though more than half going to North Africa and South Africa
- uncertainty about how much donor money from increased commitments will go to sector
- funding shortfall at WB and AfDB for regional projects - \$2bn pipeline
- New 'co-ordination mechanism' agreed in 2006 by African institutions will benefit selection and implementation of regional projects

### Bottlenecks

- Lack of funds to prepare projects – too often, information behind projects is insufficient to make investment decisions, particularly when trying to attract private finance.
- capacity to prepare, implement and maintain infrastructure is increasing in some African countries, though commitment to develop sustainable solutions needs to improve
- lack of country-level ownership and not implementing regionally agreed arrangements remain barriers to projects involving more than one country.



## 7. Survey on private sector best practices – user guide to PPPs

- Financing Electricity for Growth in 2006 demonstrated capacity gap at country and regional levels on how and when to engage with private sector and structure deals
- User guide to public-private partnerships a route map for private sector dialogue intended for officials at country-level and in regional institutions:

Enabling environment – legal / policy / institutional frameworks

Choosing projects and assessing feasibility for PPP

Project structuring

Procurement / negotiation

- Guide being developed with support from PPIAF
- Full consultation prior to publication
- Will need help with dissemination





## 8. User guide to Donor's Financial Products

- donor financing instruments for financing infrastructure equity
  - private sector loans
  - public sector loans
  - development credits
  - capital and operational grants



- sample incomplete due to lack of response over study period
- need your feedback before deciding on next steps

## 9. User guide to Donor's Risk Mitigation Products

- comprehensive and useful analysis developed by World Bank
- effective dissemination
- market assessment and gap analysis



## **10. Survey on sustainability of African infrastructure**

- To report as part of AICD study

## **11. Support to the African Partnership Forum (APF) process**

- Help with preparation of infrastructure papers for Berlin and Algiers
- Participation in Berlin and Algiers meetings

## **12. Tunnel of funds**

Enhance cooperation between project preparation facilities – co-financing to ‘sequential’ financing. Three pilot projects started in Jan 07 (AfDB, EIB, USAID, PPIAF, DBSA, IDA, IFC)

- OMVG energy programme / WAPP Inter-zonal Transmission / Zam-Nam-Zim transmission lines
- network of facilities
- enhanced visibility of projects
- Identification of gaps and issues
- projects being accelerated though project preparation still underfunded

### **13. ICA communications strategy**

- Quarterly newsletters published (wide subscription)
- Posting of results of meetings and publications on website