

APPROACH TO PRIORITIZATION OF REGIONAL INFRASTRUCTURE PROJECTS



ICA Annual Meeting – Session 6
Tokyo, Japan
March 13th, 2008

OUTLINE

- RATIONALE
- PRORITIZATION OF REGIONAL OPERATIONS



Approach to prioritization...


■ Rationale

- The strong demand for RO and the limited resources available call for greater prioritization based on objective criteria: Development impact and Strategic Alignment.
- Overriding guiding principle of prioritization of regional operations (RO): To channel resources to the highest-quality operation as measure by development impact and alignment with client objectives.

■ Prioritization of RO- Criteria

- **Development impacts:** contribution to
 - Economic growth/viability (measures included ENPV where available)
 - Regional integration (regional infrastructure, trade facilitation, competitiveness, common natural resource management and policy harmonization - movement of goods and services, regulation...)
- **Strategic Alignment:** with
 - Regional and continental objectives (NEPAD programs, RECs specific regional Master plans)
 - Harmonization and partnership and conformity with the Country and Regional Strategies.

Approach to prioritization...

SECTOR	Selected Key Criteria to Prioritization of Regional Projects
ENERGY	<ul style="list-style-type: none"> ✓ Cost per kWh; ✓ Environmental impact ✓ Installed Capacity (size of the Power Plant) ✓ Planning horizon (Short, Medium or Long Term) ✓ Ownership and political will (MoU, IGA, Other legal agreements) ✓ Synchronization (Generation and Transmission) ✓ Diversification of source of energy ✓ Regional contribution as a percent of project capacity.
TRANSPORT	<ul style="list-style-type: none"> ✓ Opening up (of land locked countries) ✓ Economic potentials for development ✓ Environmental impact ✓ Transit facilitation ✓ Diversification of mode and roads to promote complementarities ✓ Ownership ✓ Overall costs
ICT	<ul style="list-style-type: none"> Transmission capacity (bandwidth capacity) ✓ Involvement of public and private sector (Private sector, various operators); ✓ Open access (open, no-discriminatory and affordable access to users); ✓ Availability of global gateway; ✓ Economic viability.
WATER	<ul style="list-style-type: none"> ✓ Increase clean water supply ✓ Contribution to achieve the country's MDGs ✓ Drought and flood management issues; ✓ Contribution to equitable sharing of water resources; Impacts on down- and up stream; ✓ Environmental impact;
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Approach to prioritization...

Matters arising from the discussions

- **Issued discussed and clarified during the discussions**
- Prioritization versus ranking (weighting of criteria, could be rather difficult exercise)
- Subjectivity of some criteria (yes, as long as they are applied uniformly)
- Level of priorities (national, regional and continental)
- Synchronization (yes, but at a later stage).

- **Additional criteria to be considered for all sectors**
- Number of countries involved (beneficiaries)
- Regional needs and gaps
- Completed pre-feasibility/feasibility studies (readiness for implementation)
- Investment climate (to attract private sector)
- Cross sectoral issues.

- **Other factor to be considered during resource allocation stage**
- soft issues (investment climate..), equity (geographical and sector), capacity to implement; institutions.

Way forward

A task force to finalize the approach to prioritization

- **Task:** to finalize a note on the approach to prioritization on regional operations
- **Composition:** the AUC, NEPAD Secretariat, DBSA and the AfDB
- **Agreed schedule-** report to be submitted by end April 2008