



Financing of Cross Border Infrastructure Co-operation of European DFI: AFD, KfW, EIB

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Outline



- Objectives
- Project Examples
- Outlook

Objectives



Memorandum of Understanding between AfD, EIB and KfW of December 2005;

- Co-ordination between the DFIs to ensure **complementarity and cohesion**
- Promoting **joint financing** of projects and programmes
- Reduction of **transaction costs** of recipients / borrower and for the DFI
- **Joint intervention strategies and sector work to foster sustainability** (renewable energies, protection of climate, cross-border projects, strategies for sector reforms that ease the entry of the private sector)
- Joint **analytical** (general & project related), **appraisal and supervision work**, e.g. technical, financial, economic issues
- Interventions aiming at **specific cross cutting issues**: (political considerations, standards: e.g. labor, environment, social, money laundering ...)
- **Standardisation & mutual recognition** of procedures (appraisal, due diligence, procurement)

Recent Project Examples



Namibia Interconnector Caprivi Link

Construction of 1000 km high voltage DC transmission line linking Central Namibia with the Zambia Border. Project in the context of the SAPP. Total costs some EUR 250 m. Long term loan of the DFI amounting to EUR 35 m each.

Our co-operation included:

- Joint (technical) appraisal
- Delegation of tasks to one DFI on behalf of the others
- Joint loan negotiations

Recent Project Examples



East African Submarine Cable Systems (EASSy)

Construction of some 9000 km broadband submarine cable linking Sudan with the countries of East Africa. Project in the context of the NEPAD STAP. Total costs some USD 250 m. Long term loan of the DFI varying between USD 9 m to 16 m each.

Our co-operation:

- Far reaching division of labour during project preparation among 6 participating DFI during project preparation (KfW environmental impact studies, AfD: co-financing feasibility study, EIB: support interim management / Financial Adviser)
- Co-operation among the 3 European DFI to ensure access to TA funds from the EU Africa Infrastructure Trust Fund in order to increase the viability of the project in its infancy
- Joint loan negotiations

Outlook



- Further **scaling-up of financing** in the area of infrastructure foreseen (new initiatives: bilateral and in the context of EU)
- Building of a strong **project pipeline** in co-operation with other DFIs / NEPAD / RECs and their specialized organisations (e.g. power pools)
- **Further delegation** of tasks during project preparation as well as for monitoring/evaluation & ex-post work
- **Alignment of procedures** (procurement, disbursement) notably in cases where other DFI are involved
- **Alignment of financing/legal conditions**
- Intensifying of **co-operation with emerging financiers** (notably China and India) – co-financing, discussion of good practice in project formulation and implementation – without neglecting the co-operation with traditional partners (e.g. AfDB, World Bank)