



Infrastructure Consortium for Africa Senior level meeting - 2007

*EC efforts to meet the demands of African
Infrastructure - is it on time and sufficient?*

Berlin, Germany
17 January 2007

Antonio Garcia Fragio
Head of Division
Economic Governance: Infrastructure and
communication networks, trade and regional integration
Directorate-General Development



Outline

1. What are Africa's infrastructure needs?
2. EC's support to infrastructure
3. EC's new Initiatives and Instruments
4. EC's initial support to AU-NEPAD
5. Is EC support on time and is it sufficient?
6. Upscaling is a complex process
7. Some ideas



What are Africa's infrastructure needs?

Several global financial estimate::

- Commission for Africa report suggested a “doubling” of expenditure; an additional US\$ 20 billion to 2015 to sustain 7% growth
- AU-NEPAD STAP called for ± US\$20 billion on “priority” projects
- WB research study proposes US\$40 billion on upgrading + maintaining TAH networks alone over 10 years to generate US\$250 billion in trade

How do these “needs” fit within affordable and sustainable budgets, and timescales at a country level?

- AU-WB African Infrastructure Country Diagnostic (AICD) study will assess the extent to which each country can upscale infrastructure expenditure
- AU-NEPAD Medium and Long Term Framework Study (MLTSF) will aid prioritisation of regional and continental projects

2007 efforts will thus deliver a better understanding of Africa's needs



EC's support to infrastructure

Commitments under 9th EDF (2003-2007)

- Overall allocations of €3.75 billion - 25% of 9th EDF of which transport €2.5bn, water €1.0bn and energy €0.25bn
- Increased commitments in 2005 and 2006 amount to €2.0 billion

Where are we with 10th EDF (2008-13) programming:

- National programming ongoing: 29 SSA countries have infrastructure as a focal sector - 27 under 9th EDF
- Regional programming linked to ongoing negotiations on Economic Partnership Agreements (EPAs)
- Intra-ACP programming is yet to start



EC's new Initiatives and Instruments

Trust Fund of EU-Africa Partnership on Infrastructure

- In 2007 - €60m grants aims to leverage ± €250m in loans
- Beyond 2007 - at least a “doubling”

Water and Energy Facilities

- Ongoing debate with EU Member States on the future of the facilities under 10th EDF

Continental, Regional and Indicative Programmes

- Target of €5.6bn (10th EDF) up from €3.75bn (9th EDF)



EC's initial support to AU-NEPAD

African Union Support Programme:

- €55m capacity building programme

AU-NEPAD i-STAP

- €10m - Energy Facility supporting African Power Pools and electricity interconnections
- €10m - Water Facility supporting African transboundary river basins
- €10m - “Port Moresby decision” supporting Partnership start-up activities in transport, energy and ICT



Is EC support on time and is it sufficient?

Timely:

- 9th EDF (end-2007) - finance committed and will be delivered + additional funds found for EU-Africa Partnership on Infrastructure raised by EC and a few EU Member States
- 10th EDF - programming running to schedule - substantial completion April 2007

Sufficiency:

- Country level: initial indications suggest an upscaling of efforts but whether it will reach a “doubling” depends on demand
- Regional and continental level: too early to say, but any doubling depends on substantial contributions by MS to, and EDFIs involvement in the Partnership Trust Fund



Upscaling is a complex process

Key factors affecting upscaling:

- The slow pace of project preparation at a country level, a reflection of limited capacity
- The insufficiency of project preparation support at a regional level, suggesting constraints within RECs to facilitate regional-country activities
- The insufficient involvement of large private sector consumers in securing demand; essential for large scale water and energy projects
- The continued hesitancy of the private sector to make substantial investments in what they perceive as a risky sector
- Politicians have not been made fully aware of the long timescale required for developing and building infrastructure projects



Some ideas

- Strengthen advocacy of investing in infrastructure - the mandate of this Consortium and its members
 - EC advocacy will support AU-NEPAD launch of the EU-Africa Partnership on Infrastructure
- Promote additional support to infrastructure expenditure under general budget support as it is a favoured aid modality of EC and EU Member States
- Encourage African governments to increase infrastructure expenditure, but in so doing, ensure sustainability by getting the right balance between maintenance and network expansion
- Promote a stable, predictable and financially attractive market conditions for private sector involvement and investment in infrastructure
- Mobilise additional resources from EU Member States as part of their Monterrey commitments



Thank you

Antonio Garcia Fragio
Head of Division
Economic Development: Infrastructure and Communication
Networks, Trade and Regional Integration
Directorate-General Development
European Commission