

## **Section 2 : Sectoral Priorities**

Focus Issue 4 : Infrastructure



Focus Issue 5 : Agriculture





## FOCUS ISSUE 4: INFRASTRUCTURE

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### WHAT COMMITMENTS AND TARGETS HAVE BEEN AGREED?

#### Africa:

- ♦ The NEPAD founding statement of 2001 identified infrastructure as a key sectoral priority. It proposed a programme including increased investment both in maintenance and in new infrastructure, new regulatory frameworks, and the promotion of public-private partnerships. NEPAD subsequently developed a Short-Term Action Plan designed to accelerate progress in this sector, and a Medium-Long Term Strategic Framework. Successive meetings of AU Ministers have underlined the importance of infrastructure to economic growth.

#### International Community:

- ♦ At Monterrey in March 2002, developed and developing countries agreed that improved infrastructure was essential for sustained economic growth, poverty eradication and employment creation, and underlined the need for both public and private investment. This point has been re-affirmed at a number of subsequent meetings, including successive G8 Summits. The Evian G8 Water Action Plan of 2003 called for giving priority in development assistance to safe drinking water and basic sanitation and for promoting river basin co-operation in Africa. At Gleneagles in 2005, the G8 committed to support the rapid increase in electricity generation and interconnections.

### WHAT HAS BEEN DONE TO DELIVER ON THESE COMMITMENTS?

#### Africa:

- ♦ Co-ordination has improved both at the national level and for cross-border projects. Many countries have prepared strategic frameworks for road transport, but progress in water resources management has been much weaker, and the energy sector has yet to receive a similar focus.
- ♦ Significant progress has been made in promoting regional arrangements and institutions, and a framework for co-ordination between the AU, NEPAD, RECs and the AfDB has been agreed. Some provision for regional projects is being made in national budgets, though this is still limited.
- ♦ Progress has been made on regulatory reform, and will now need to be taken forward to encourage more private sector interventions, enhance the financial viability of public utilities and promote and expand new initiatives such as output-based maintenance contracts.
- ♦ Detail on domestic public sector spending is limited. Based on analyses of pilot countries in East Africa, public spending on infrastructure, including development assistance, averages 6-8% of GDP which is relatively high in percentage terms (though still only around US\$ 20 per capita).

#### International Community:

- ♦ Significant progress has been achieved since 2001 on external support. The establishment of the Infrastructure Consortium for Africa (ICA) in 2005 was a key development. Having stagnated for over a decade, Official Development Assistance (ODA) for SSA infrastructure reached US\$ 5.7 billion in 2006, an increase of 15% on the preceding year, and almost double the level provided in 2000 - 2003. Non-concessional capital flows added another US\$ 2 billion to infrastructure projects in 2006.
- ♦ Funding for regional projects has also risen sharply since 2004 with multilateral agencies accounting for most of the increase, though it still accounts for only 12% of the total.

- ◆ Private Participation in Infrastructure (PPI) for SSA bounced back to US\$ 6.1 billion but the bulk of PPI flows (84%) go to the telecom and energy sectors, with negligible contributions to transport and water.

## **WHAT HAVE THE RESULTS BEEN?**

- ◆ It will inevitably take time for the results of this increased investment to show through on the ground. In spite of improvements in the past 15 years, access to basic infrastructure services in Africa is significantly lower than that of other developing countries, with the situation much worse in rural areas. Most recent information shows that less than 25% of African households (excluding North Africa) have access to electricity. And despite some progress during the 1990s, access to clean water hovers at 55% and the situation is worse for basic sanitation. In road transport, length of roads per 1000 people has been declining, partly due to high demographic growth. Over most of the 1990s, investment in infrastructure has not kept up with population growth.
- ◆ Climate change moreover now presents additional challenges. It is already exacerbating energy shortages, and placing an even higher premium on the development of clean energy sources, including Africa's largely unexploited hydropower potential. It will also mean an increase in water scarcity in many regions (though others will become subject to the increased risk of flooding).

## **WHAT ARE THE KEY PRIORITIES?**

### **Action by Africa:**

- ◆ Build on progress in the road transport sector to develop strategic frameworks for integrated water resources management, and in the energy sector;
- ◆ Sustain efforts on regulatory reform, in order to enhance the role of the private sector in the management of infrastructure, and to improve the financial viability of public utilities;
- ◆ Give increased priority to investment in infrastructure, including both maintenance and regional projects, in national development plans, and budgets;
- ◆ Put in practice the co-ordination mechanism signed by AU, NEPAD, RECs and AfDB, and clarify roles of RECs and regional technical bodies;
- ◆ Intensify efforts to ensure more equitable provision of basic services to rural areas.

### **Response by the international community:**

- ◆ Sustain recent trend of increasing investment in infrastructure including regional projects, through support and co-operation with existing infrastructure initiatives such as the ICA;
- ◆ Ensure adequate resources for upstream project preparation, in order to accelerate the implementation of projects and programmes;
- ◆ Provide capacity support for the RECs, regional sectoral bodies, and infrastructure agencies at country level, in concert with the NEPAD Infrastructure Projects Preparation Facility (IPPF);
- ◆ Take into account the impact of climate change in programmes of support for infrastructure including the transfer of and access to new technology in support of climate adaptation, and climate risk management.

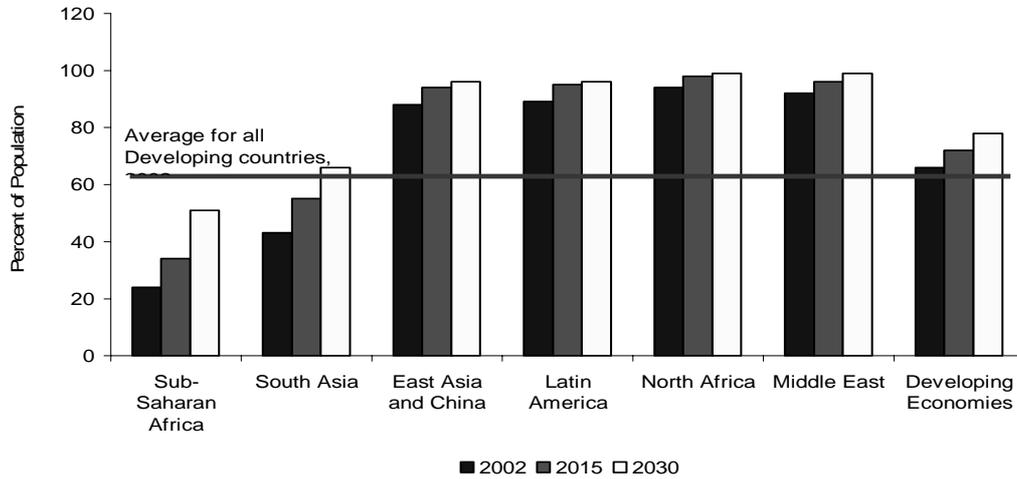
# I. Successes, bottlenecks, critical next steps and responsibilities

Key monitoring issue	Successes	Bottlenecks	Critical next steps	Responsibilities
Accelerating implementation of projects and programmes	Donors are increasing their funding of infrastructure, after stagnation over the last decade.	Lack of a national infrastructure development framework in many countries.	Countries to prepare strategic frameworks where not yet available and translate the experience acquired from road development strategies to anchor water and energy in national development plans and PRSPs.	African states/ Development partners
	ICA is playing a positive role as a framework to co-ordinate and facilitate the delivery of additional resources.	Lack of detailed and reliable data to help determine financing gaps for infrastructure investment, rehabilitation and maintenance.	Development partners to use the detailed Africa Infrastructure Country Diagnostic data to set priorities and help countries benchmark.	
	Non-traditional financiers' funding has risen significantly.	STAP and other regional projects not sufficiently prioritized in country budgets.	Increase budget for regional projects	African states
	Large-scale private-sector investment has continued to increase beyond telecommunications to include power generation, railways, ports and airport services.		Ensure that the Medium- and Long-Term Strategic Framework (MLTSF), the second phase of NEPAD's infrastructure development strategy, overcomes this weakness.	AU/NEPAD development partners
		Lack of resources for upstream project preparation.	Get a clearer sense of priorities among projects based on their preparation readiness. (sentence unclear)	African states
	Lack of clear national ownership of regional projects, making project preparation more challenging.	Countries and donors collaborate to increase resources and strengthen project preparation capacity.	Development partners / African states	
Making more efficient and effective use of existing infrastructure	Transport: one-stop border posts being introduced	Regulatory reforms in water and sanitation and energy sector are moving slowly.	Strengthen efforts to separate regulation from service provision.	African states
	Road transport: at least 27 countries have second-generation road funds resulting in 50% of O&M covered by fuel taxes and other fees.	Inadequate spending on maintenance. Where road funds and road agencies are operational, half of O&M requirements must still come from the budget.	Increase use of management contracts. Assess the experience of output-based maintenance contracts and promote this approach by sharing good practice broadly..	African states African states/ Development partners
	Output-based maintenance contracts for roads are in place in a dozen countries.	Africa's cost of infrastructure is high	Sustain efforts on regulatory reforms.	African states
		Little progress in reducing water leaks and waste.	Undertake studies on cost and institutional arrangements.	Development partners
		Little is known about the cost components of various services (e.g. freight).	Improve targeting and transparency of subsidies to ensure affordable access.	African states in collaboration with others
		Inequitable access patterns, particularly for water and electricity	More concerted efforts for providing basic services in rural regions.	African states

Key monitoring issue	Successes	Bottlenecks	Critical next steps	Responsibilities
Facilitating greater private sector involvement	<p>Concessions and management contracts growing in the transport sector (railroads, airports, and ports). Independent power providers becoming more common.</p> <p>A number of project preparation facilities have been set up, along with the Investment Climate Facility (ICF), to facilitate private sector participation.</p> <p>Private Participation in Infrastructure (PPI) has bounced back to US\$6 billion in 2005.</p>	<p>Private capital not yet flowing into infrastructure in large amounts due to perception of high risk.</p> <p>Lack of well prepared projects to attract PPI. (see above)</p>	<p>Make more efforts to promote and facilitate private sector involvement in infrastructure.</p> <hr/> <p>Countries, RECs and official donors to grow capacity in commercial assessment and dealing with the private sector.</p> <hr/> <p>Deepen knowledge of risk mitigation tools/approaches and promote their use.</p>	<p>Development partners / African states/ICF</p> <hr/> <p>Development partners / African states/RECs</p> <hr/> <p>Development partners</p>
Strengthening regional initiatives	<p>Funding for regional projects has risen sharply in recent years.</p> <p>World Bank and AfDB have a combined project pipeline of over US\$2 billion.</p> <p>Establishment of: i) power pools in all sub-regions; ii) river basin organisations; iii) road corridor management programmes.</p> <p>AU, NEPAD, RECs and AfDB have signed a new "Coordination Mechanism" to improve co-ordination among themselves and with national governments.</p> <p>Positive actions by ICA to co-ordinate donor interventions.</p> <p>Role of SSATP in promoting sharing of experiences in road management.</p> <p>Spatial Development Program under preparation for more effective use of infrastructure.</p>	<p>Funding for regional projects by multilateral agencies reaching a plateau. Intervention by bilateral development partners still limited.</p> <p>Development partners generally take a country-based approach to development assistance and thus some lack of coherence between PRSPs and actions at the sub-regional level.</p> <p>Regional projects often not included in national priorities and budgets.</p> <p>STAP and other regional projects not sufficiently prioritised or prepared.</p> <hr/> <p>Lengthy and complex decision-making processes of RECs.</p> <p>Unclear allocation of roles between RECs and regional technical bodies (River Basin Commissions, Power Pools, Transport Corridor Management).</p> <p>Governments do not ensure compliance with regionally-agreed priorities and protocols.</p> <p>Weak capacity of RECs.</p>	<p>Promote EU members contributions to the EU-Africa Partnership on Infrastructure managed by the EIB.</p> <p>Replenishment of IDA and African Development Fund.</p> <p>Donors to develop mechanisms to support regional projects.</p> <p>Integrate regional projects in PRSPs and ensure national budget appropriations.</p> <hr/> <p>Ensure that the NEPAD MLTSF addresses this weakness.</p> <p>Ensure operationalisation of "Co-ordination Mechanism" framework and take remedial measures where needed.</p> <hr/> <p>Governments and RECs to strengthen compliance with regionally-agreed protocols and conventions</p> <p>Co-ordinate efforts led by Germany to help strengthen RECs.</p>	<p>Development partners</p> <p>African States</p> <hr/> <p>NEPAD/African states</p> <hr/> <p>AU, NEPAD, AfDB, RECs, regional technical bodies</p> <p>African states/ RECs</p> <hr/> <p>Development partners / African states</p>

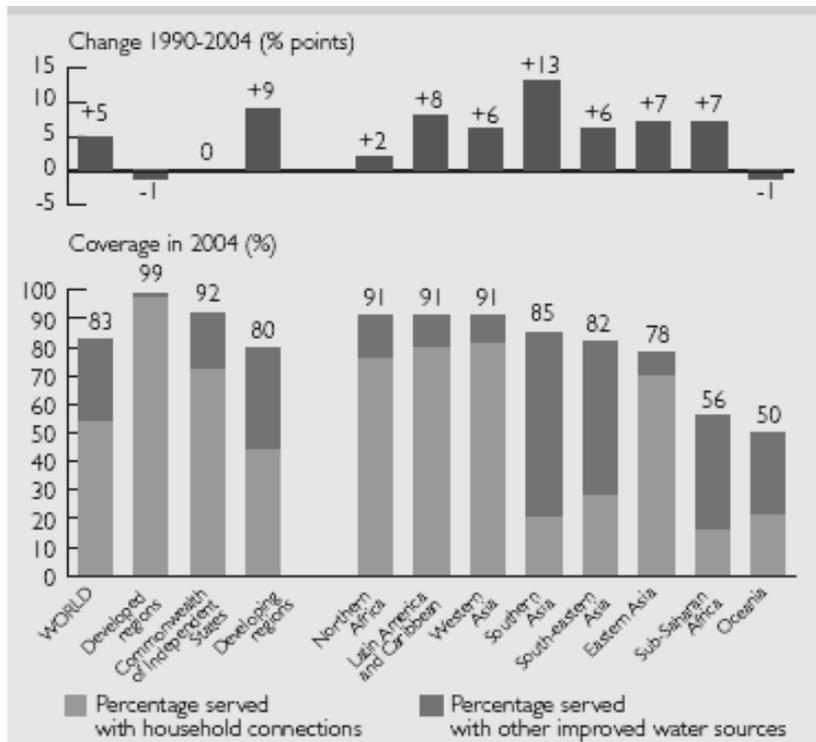
## II. Results

Figure 1: Electrification rates by region (%)



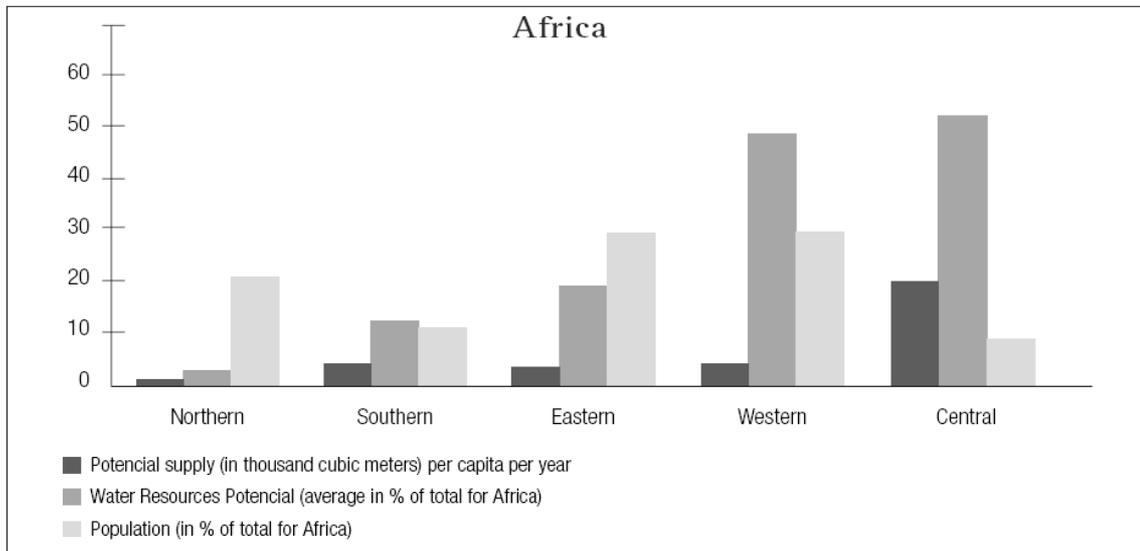
Source: IEA World Energy Outlook 2004, reference scenario

Figure 2: Coverage with improved drinking water sources (2004)



Source: WHO/UNICEF, Meeting the MDG Drinking Water and Sanitation Target, 2006.

**Figure 3: Surface water resources**



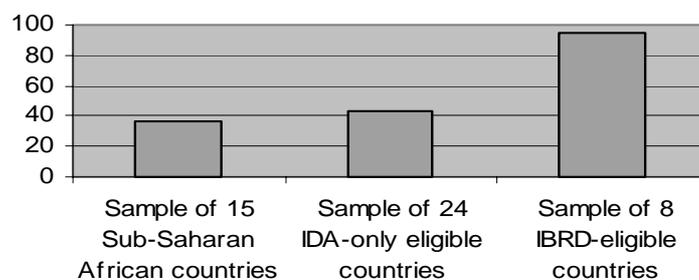
Source: 4<sup>th</sup> Water Forum - Africa

**Figure 4: Freshwater stress and scarcity**



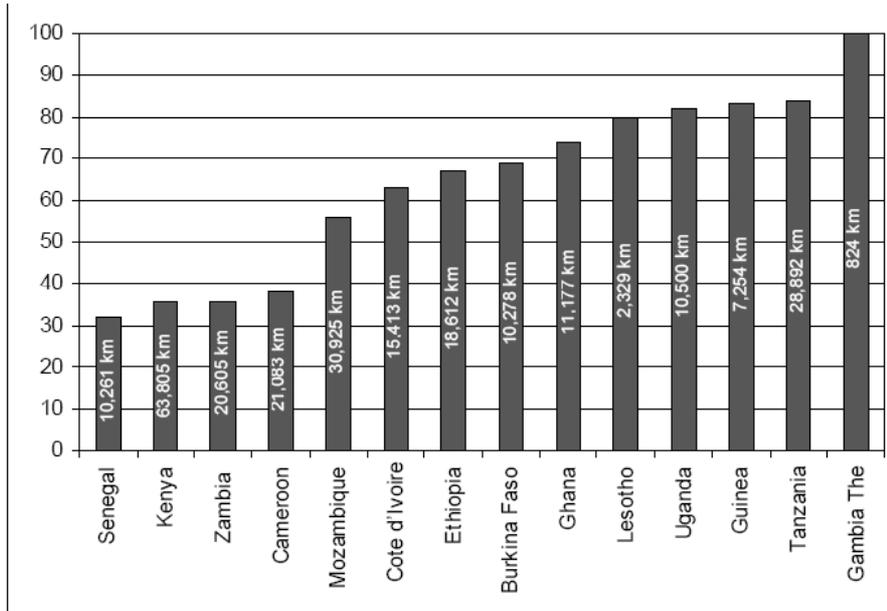
Source: 4<sup>th</sup> Water Forum - Africa

**Figure 5: Percentage of rural population within 2 km of an all-season road (2004)**



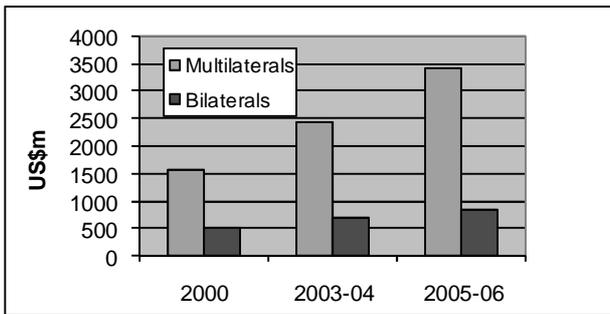
Source: UNECA, Transport & Millennium Development Goals in Africa,

**Figure 6: Percentage of main road network in good & fair condition (2005)**



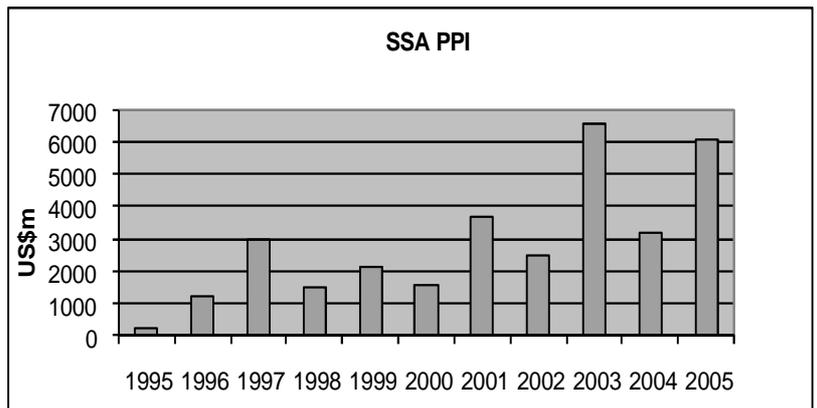
Source: SSATP Annual Report 2006

**Figure 7: Infrastructure investment scale-up**



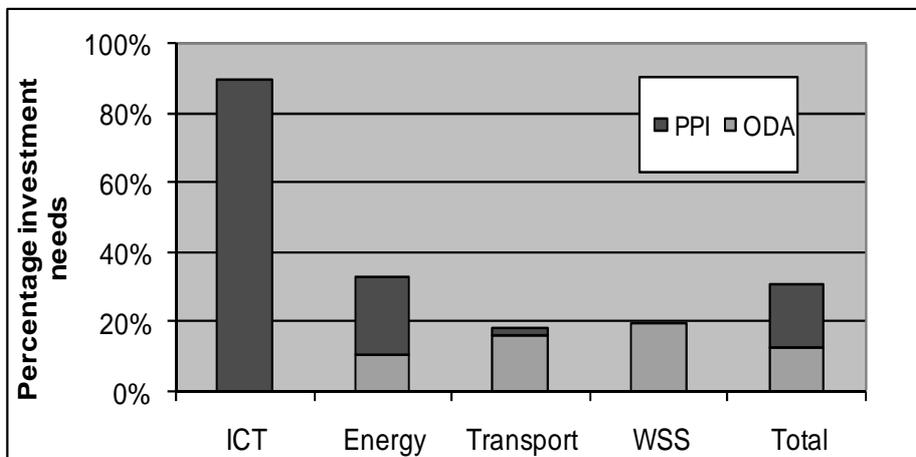
Source: WB-AfDB, Accelerating the Progress of Infrastructure in Africa (July 2007)

**Figure 8: Trend in Private participation in Infrastructure**



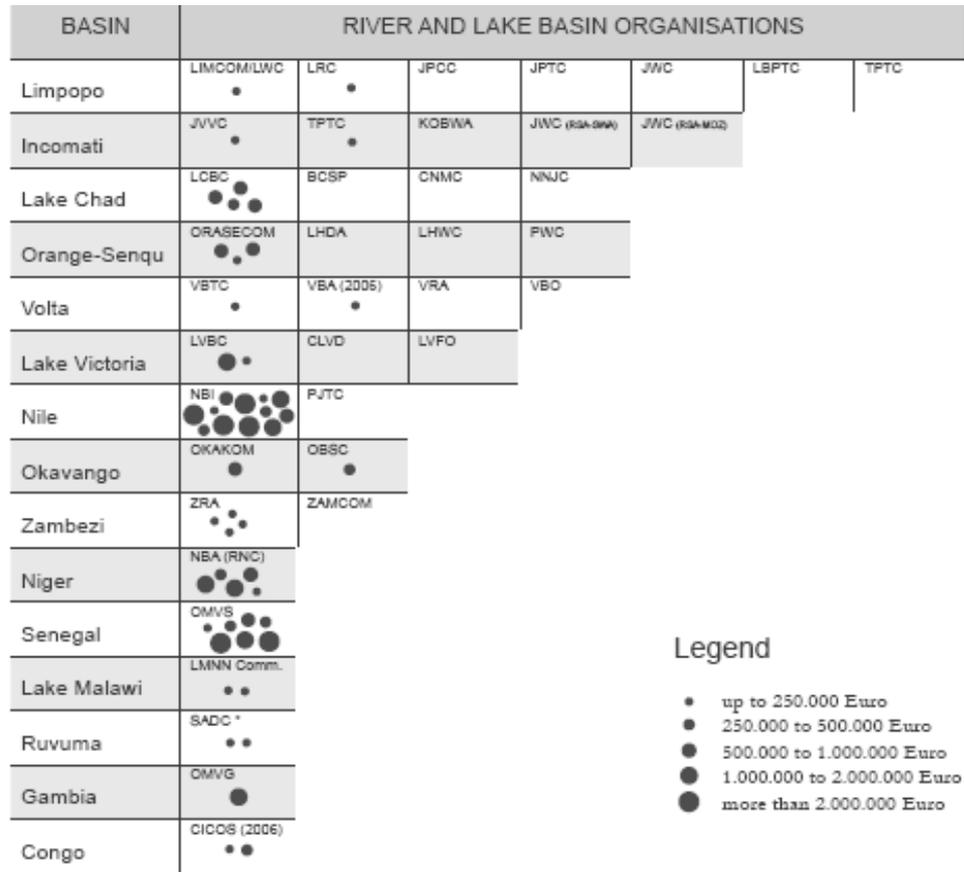
Source: World Bank PPI Database

**Figure 9: Infrastructure financing gaps**



Source: OECD-DAC and World Bank PPI Database, 2006

**Figure 10: Financial support to lake and river basin organisations (2006)**



Notes: One donor per bullet

Data not fully consistent with table 3 due to incomplete data provided

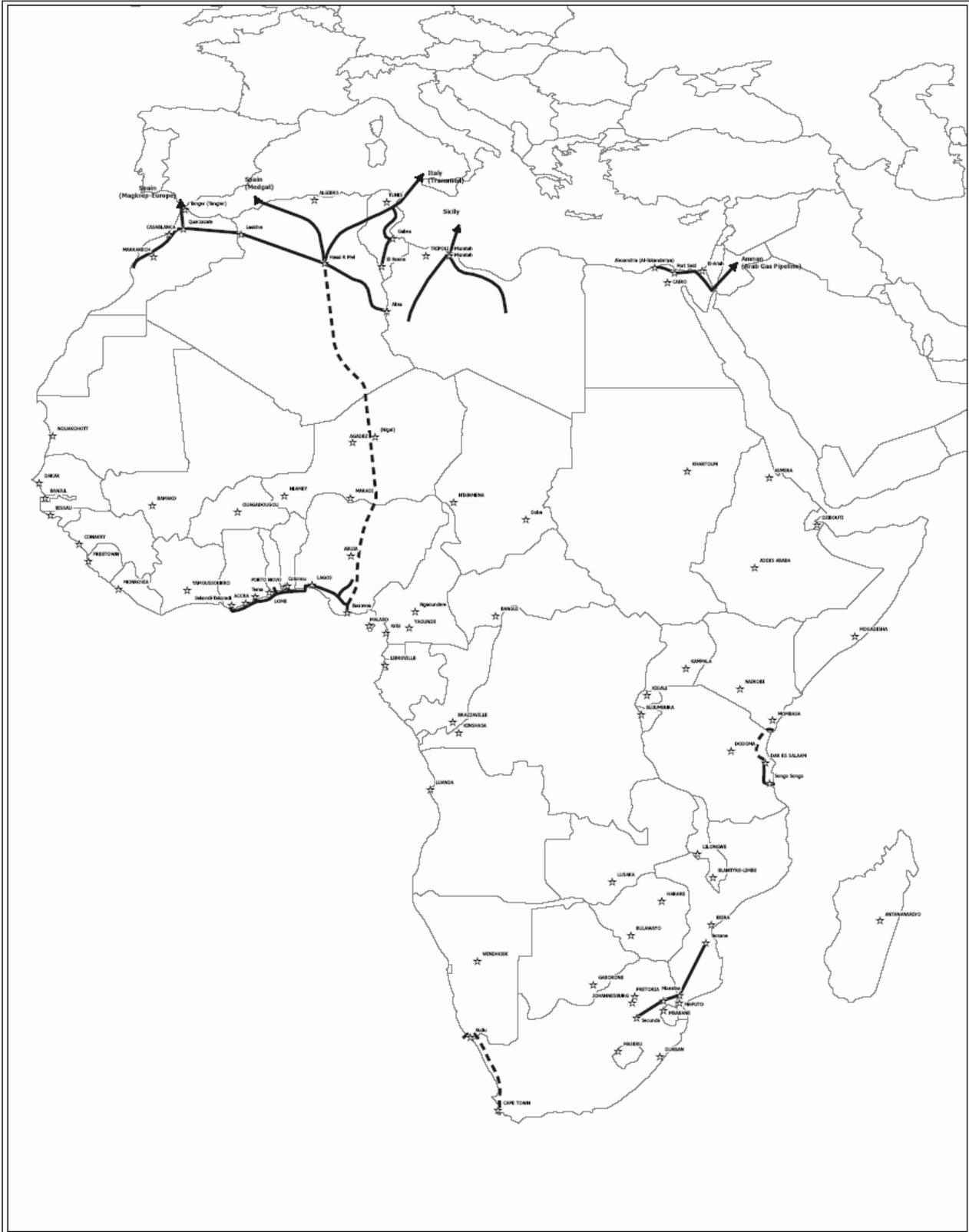
The acronyms of the river and lake basin organisations are listed on page 11

\* Support to SADC because a basin organisation does not yet exist

Source: Donor activity in transboundary water cooperation in Africa  
Results of a G8-initiated survey 2004-2007

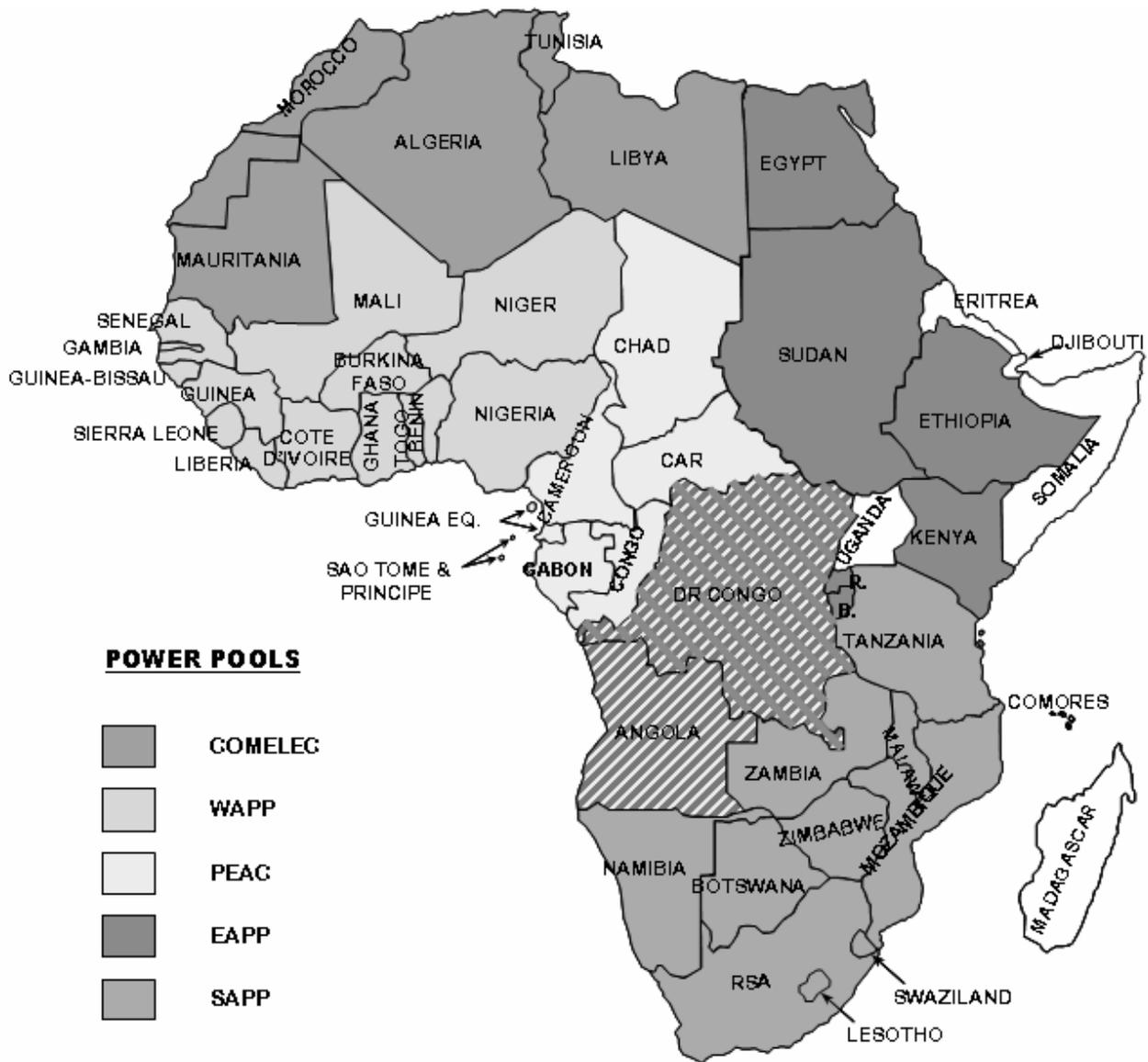


Figure 12: Major Regional Natural Gas Pipelines



Source: The NEPAD MLTSF, Infrastructure Development Gaps

Figure 13: Power Pools in Africa



Source: The NEPAD MLTSF, Infrastructure Development Gaps.

Figure 14: Railway Network



Source: World Bank, World Development Indicators

## **ANNEX I: Transport**

### **KEY MONITORING ISSUES:**

- 1. Accelerated implementation of new projects and programmes**
- 2. Making more efficient and effective use of existing infrastructure**
- 3. Facilitating greater private sector involvement**
- 4. Role of transport in promoting regional trade and development**

### **COMMITMENTS:**

#### ***Africa has agreed to:***

- Give special priority to regional infrastructure, and particularly transport, which supports economic integration among countries.
- Provide high-level attention and support to the above and more particularly, for countries to make adequate budgetary allocations for priority regional infrastructure projects in national budgets.
- Clarify the role of RECs and their responsibilities in regional transport initiatives and provide them with adequate financing and strengthened capacity to implement their mandates in this regard.
- Promote and enhance the role of private sector investment in the development and management of transport infrastructure in collaboration with the public sector.
- Ensure the sustainable maintenance of transport infrastructure.

#### ***Development partners have agreed to:***

- Scale-up resources for transport infrastructure development including support for project preparation.
- Align financing and instruments to ensure a more predictable and cost-effective flow of resources for transport infrastructure programmes and projects.
- Support capacity development of RECs.
- Support sustainable financing and management of transport networks based on public-private partnership.

## TRANSPORT: KEY MONITORING ISSUES

### 1. Accelerating implementation of new projects and programs

Indicators	Assessment
1. ODA spent on infrastructure	<ul style="list-style-type: none"> <li>● The volume of new commitments by the Infrastructure Consortium for Africa (ICA), which includes four multilateral agencies and seven bilateral aid agencies, increased strongly between 2005 and 2006. Commitments to Sub-Saharan Africa reached over US\$5.1 billion with US\$3.2 billion for transport, an increase of 30% over the 2005 level if one excludes South Africa (<i>Source</i>: ICA 2007).</li> <li>● Northern Africa saw its ODA decline offset by more non-concessional funding</li> <li>● The scale-up has been driven mostly by multilaterals, with the African Development Bank and World Bank working in close collaboration in joint investments and also through innovative approaches to large-scale, multi-country transport corridors and regional projects.</li> <li>● New funding initiatives, such as the EU-Africa Partnership on Infrastructure, are expected to increase resources.</li> <li>● In spite of this encouraging trend, total ODA and other funding with private sector participation covers less than 20% of investment needs, the lowest among all infrastructure sub-sectors.</li> <li>● Due to lack of maintenance, there are fewer kilometres of roads today in sub-Saharan Africa compared to 30 years ago and only 30% of rural populations have access to all-season roads.</li> </ul>
2. Funding from non-traditional sources (China, India and Arab Funds)	<ul style="list-style-type: none"> <li>● In recent years non-traditional donors have taken an increasingly active role in financing and constructing infrastructure projects in sub-Saharan Africa.</li> <li>● Chinese financing has exploded in the past three years with the preponderant role of China Export-Import (Ex-Im) Bank working with other Chinese state-owned firms. Most of the investments are in minerals-rich countries.</li> <li>● Since 2001, China has committed over US\$5 billion for transport in Africa and future commitments are expected to reach over US\$20 billion over the next three years for all infrastructures.</li> <li>● Arab partners, working mainly in road projects with co-financing from China and AfDB together with India, provided US\$600 million to transport infrastructure in 2006. (<i>Sources</i>: PPIAF 2007, ICA 2007).</li> </ul>
3. Public sector expenditure and relevant pan-African initiatives	<ul style="list-style-type: none"> <li>● Current levels of domestic resources spent on transport infrastructure amount to about 1% of GDP. On average, East Africa appears to be spending more for infrastructure than the rest of sub-Saharan Africa, averaging 6 to 8% of GDP, including donor resources. For instance, Ethiopia spent as much as 4% of its GDP for transports. (<i>Source</i>: AICD).</li> <li>● The newly-created private equity fund, the Pan-African Infrastructure Development Fund (PAIDF) to be managed by the AfDB, is an initiative to tap resources from potential shareholders including public and private pension funds and asset management firms.</li> </ul>
4. Private financing of infrastructure	<ul style="list-style-type: none"> <li>● Private financing of <u>all</u> infrastructures, which averaged US\$4.5 to 5 billion during 2001-04, jumped to US\$6.1 billion in 2005. But only about 10% of this amount is directed to transport, with most going to the telecom and energy sectors.</li> </ul>

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5. Reinforcement of project preparation, particularly of regional projects

- Inadequate resources available for upstream project preparation. Project preparation has also turned out to be much more complicated than originally anticipated , a common problem in other developing regions as well.
  - More emphasis is being given to the importance of project preparation.
    - Completion of Project Preparation User Guide with support by PPIAF.
    - ECOWAS is setting up a Project Design and Implementation Unit relying on existing banking sector expertise. Its model is being followed closely by other RECs.
    - NEPAD-IPPF (Infrastructure Project Preparation Facility), a multi-donor facility designed to support RECs and countries in preparing regional projects, requires greater financing.
  - There are currently very few efforts to co-ordinate the work of various national and sub-regional bodies regarding regional projects. Resolving this issue requires political decisions both at the national and sub-regional levels (see more on Issue 4 below).
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## 2. Making more efficient and effective use of existing infrastructure

Indicators	Assessment
1. Progress in lowering transport costs	<ul style="list-style-type: none"> <li>● Regional trade and integration in sub-Saharan Africa continues to be hampered by high freight rates with significant differences across the various sub-regions. Central Africa is by far the most expensive, with rates double those of Southern and West Africa. Transport tariffs for most land-locked countries range from 15% to 20% of import costs (<i>Source: World Bank</i>).</li> <li>● While poor infrastructure accounts for the high cost, other factors such as high vehicle operating costs, the existence of monopolies of freight allocation in many countries and poor logistics with multiple road blocks/controls and clearance are other factors.</li> <li>● Through the SSATP (SSA Transport Policy Programme) trade facilitation strategy, significant measures have been adopted including transit traffic observatories, the setting up and/or modernisation of transport corridor management together with the signing of agreements to establish one-stop border posts (Kenya/Uganda, Burkina Faso/Ghana, Mali/Burkina, Senegal/Mali).</li> </ul>
2. Provision of funds for road operation and maintenance	<ul style="list-style-type: none"> <li>● At least 27 countries in sub-Saharan Africa have a road fund in place and three more were established in 2006 with funding provided by fuel taxes (dedicated levy for road maintenance) and other revenues and managed by a board including representatives of road users (second-generation road funds). Also, special funds including road maintenance funds, sub-national funds, and rural infrastructure funds have been created to support infrastructure development.</li> <li>● On average, however, these funds only cover about half of the requirements for O&amp;M: continuing reliance on public funds is thus needed. With improved fiscal situations in most African countries, providing for road maintenance has become less of an issue in terms of budget allocations -- although recent efforts must be sustained. (<i>Sources: SSATP 2007, AfDB and WB studies</i>).</li> <li>● Output-based maintenance contracts are gaining pace with about a dozen countries either experiencing or about to engage in these new, innovative contracts. Long-term performance contracts such as that in Nigeria have attracted new forms of private participation in road maintenance. Toll roads in North and South Africa are being piloted, including an IDA credit to Kenya.</li> <li>● As a result of the above, maintenance costs have been reduced and the long-term decline in road quality has been arrested and, in some countries, reversed.</li> </ul>
3. Institutional reforms to improve road management	<ul style="list-style-type: none"> <li>● There has been a perceptible transition in many countries in sub-Saharan Africa from traditional government bodies to performance-based executive agencies. Following the establishment of the Gambia Roads and Technical Services Authority in 2006, there are now 20 road agencies/authorities in sub-Saharan Africa.</li> <li>● Despite limitations on capacity and management, the establishment of road agencies have led to reduced maintenance costs, most of which are contracted out.</li> </ul>

### 3. Facilitating greater private sector involvement

Indicators	Assessment
<p>1. Regulatory reforms to encourage and facilitate involvement of the private sector in the financing and management of infrastructure</p>	<ul style="list-style-type: none"> <li>● The private sector is now active in most infrastructure sectors. Concessions began earlier with railways, but more recently new concessions combined with investments also cover ports and airports:               <ul style="list-style-type: none"> <li>○ Southern Africa: South Africa (Richards Bay Coal Terminal), Mozambique (Maputo Port Development Company); Airports Company South Africa (ACSA) with foreign private participation took over the management of 9 airports including the 3 international airports; railway concessions in Madagascar, Mozambique, Zambia, Zimbabwe.</li> <li>○ Eastern Africa: Tanzania (Hutchinson Port Holding management of Dar es Salaam container terminal, Kuwait and Gulf Link Port International); Ethiopia (Ethio-Djibouti Railway Company);</li> <li>○ Central Africa: railway concessions in Cameroon, Gabon with additional concessions under consideration in Congo Republic and Congo DRC.</li> <li>○ Western Africa: Nigeria (port landlord model); a private entity, the Abuja Gateway Consortium, now operates and manages the airport on a 25-year concession and US\$370 million investment; railway concessions in Cote d'Ivoire, Burkina Faso, Mali and Senegal.</li> <li>○ North Africa: Egypt (Alexandria International Container Terminals, Damietta International Port, Suez Canal Container Terminal); Tunis Airport's 40-year concession agreement with Turkish airport operator TAV which will invest US\$538 million for the first phase of the project.</li> </ul> </li> <li>● Recent studies do not support the earlier concern that railway concessions create monopoly pressures on tariffs. New solutions must, however, be found to finance track renewal and to improve regulatory frameworks. (<i>Sources:</i> African Infrastructure, African Business, World Bank 2006).</li> </ul>
<p>2. Risk mitigation approaches to promote private sector participation.</p>	<ul style="list-style-type: none"> <li>● Innovation in risk mitigation has been gradual but tangible. The main challenges are to make them more effective in catalyzing infrastructure financing, promoting collaboration with private financiers and insurers and enhancing the capacity African governments in this technical area. Examples are:               <ul style="list-style-type: none"> <li>○ Partial risk guarantees (PRGs): Kenya/Uganda: Joint Kenya Uganda Railway Concession;</li> <li>○ PRGs and Political risk insurance (PRIs): West African Gas Pipeline Project, Mozambique/South Africa: Southern Africa Regional Gas Project, BOAD Infrastructure Guarantee Facility.</li> </ul> </li> <li>● The World Bank with PPIAF support has recently issued a report on risk mitigation instruments to help promote their use.</li> </ul>

## 4. Strengthening regional initiatives

Indicators	Assessment
1. Support for regional projects	<ul style="list-style-type: none"> <li>● Regional projects -- most particularly in the transport sector -- are at the heart of NEPAD's Infrastructure Programme.</li> <li>● For Africa as a whole , funding for (all) regional infrastructure projects has risen from less than US\$100 million in 2000 to over US\$400 million in 2005 and nearly US\$1 billion in 2006. The bulk of these resources are provided by multilateral agencies. Currently, the World Bank and AfDB have a combined pipeline of over US\$2 billion of trans-boundary projects that require funding.</li> <li>● Despite these advances, the capacity to implement regional projects remains weak and is made more complicated by the lack of ownership at country level when a project involves several countries. Project preparation challenges are even more formidable in the case of regional projects given the lack of co-ordination among countries. From experience, trans-boundary projects would benefit from having a strong champion from one of the member states, preferably at a very senior level (e.g. head of state) to promote the project and facilitate co-ordination.</li> </ul>
2. Clearer division of responsibilities between AU, NEPAD, RECs and countries	<ul style="list-style-type: none"> <li>● The AU Commission, NEPAD Secretariat, RECs and the AfDB reached agreement on a new "Coordination mechanism" that spells out the respective roles of the different bodies. But the mechanism needs to be put into operation.</li> <li>● The next ICA Annual Report (2007) will also assess co-ordination among development partners.</li> <li>● German-led G8 initiative to help build the capacity of the RECs and other regional organisations (institutional mapping being carried out by ICA Secretariat) and to help develop the capacity needed to undertake the RECs' work programs in the next 2-3 years. €2 million have so far been committed by Germany.</li> </ul>
3. Promotion of regional spatial development through trade	<ul style="list-style-type: none"> <li>● Performance of existing corridor developments (management, regulation, information) <ul style="list-style-type: none"> <li>○ Northern Corridor (Kenya-Uganda-Rwanda-Burundi): multi-modal transport corridor; volume of transit traffic doubled between 1998 and 2003.</li> <li>○ Central Corridor, both roads and rails connecting Dar-es-Salaam and landlocked countries of Uganda, Burundi, Rwanda and D.R. Congo: little or no improvement in transit services.</li> <li>○ Trans-Kalahari Corridor established in 1999 connecting the South African Port of Walvis Bay to Botswana, Namibia and the rest of South Africa: although traffic remains small, cargo volumes have tripled between 1999 and 2004.</li> <li>○ The Maputo Corridor that connects the port of Maputo with the industrial region around Gauteng in South Africa has benefited from several parallel initiatives including the private operation of the port, the rehabilitation of 380 km of highway, part of which with tolls, and an upgrade of the rail link between Maputo and the border.</li> </ul> </li> <li>● The SSATP, which is a partnership of 35 countries in sub-Saharan Africa., 8 RECs, UNECA, AU/NEPAD, AfDB and 7 active development partners has been relatively successful in improving the management of major transport corridors including experimenting with one-stop border posts. The REC-TCCs (Transport Co-ordination Committees) are promoting the establishment of such management groups, involving the private sector, to improve corridor performance elsewhere. (<i>Source: SSATP 2007</i>).</li> </ul>

## **ANNEX II: Energy**

### **KEY MONITORING ISSUES:**

- 1. Mobilizing investment and expanding access to electricity.**
- 2. Promoting regional energy development and trade.**
- 3. Providing incentives and resources to pursue clean energy alternatives.**
- 4. Improving governance and overcoming institutional capacity constraints in the energy sector.**

### **COMMITMENTS:**

#### *Africa has agreed to:*

- Include energy as a sector of focus with special emphasis on universal access to electricity.
- Highlight the importance of integrating regional projects including the interconnection of electric networks, the establishment of gas and oil pipelines as well as trans-border rural electrification, and give them priority in national strategies and planning.
- Promote co-operation and regional integration in Africa's energy sector by the adoption by the African Union (July 2001) of the Convention of the African Energy Commission (AFREC) and of NEPAD's STAP
- NEPAD's objective to secure access to electricity by at least 35% of the African population within 20 years, especially in rural areas. Reiterated in commitments underpinning the WSSD Johannesburg Plan.

#### *Development partners have agreed to:*

- Take joint actions to improve access to reliable and sustainable energy (WSSD).
- Support a market-led approach to encouraging energy efficiency and accelerating investment and the deployment of cleaner technologies within the context of each country's national circumstances.
- Promote more sustainable energy policies worldwide through bilateral development programs.
- Invite the World Bank and other multilateral development banks to develop a clean energy investment framework for rapidly increased generation and interconnections.
- The St. Petersburg Plan of Action on Global Energy Security set forth a plan of action for the G8.

## ENERGY: KEY MONITORING ISSUES

### 1. Mobilizing investment and expanding access to electricity

Indicators	Assessment
1. ODA for energy	<ul style="list-style-type: none"> <li>● ODA commitments for the energy sector rose sharply from US\$1.9 billion in 2005 to US\$2.4 in 2006. Over 50% of that amount is destined for North Africa.</li> <li>● The World Bank, AfDB and European Investment Bank (the latter focusing on the more creditworthy countries) played an increasing larger role in recent years. Commitments by bilateral development partners accounted for less than US\$300 million in 2006. (<i>Source: ICA</i>).</li> <li>● The EU-ACP Energy facility will allocate €220 million to fund energy access and regional cooperation in 2007 (<i>Source: EC</i>).</li> </ul>
2. Funding by non-traditional financiers (India, China and Arab partners)	<ul style="list-style-type: none"> <li>● Arab partners and India provided over US\$900 million to Africa for investments in energy generation and connections.</li> <li>● But China is by far the most significant player. Between 2001 and mid-2006, Africa's energy sector received over US\$6 billion with most of the resources involved in the construction and financing of hydroelectric power stations in several countries.</li> <li>● Angola, Nigeria, and Sudan, the three countries in which China has the most oil interest, received over half of the financing commitments, while Mozambique, Gabon, Zambia, and Zimbabwe, where China has significant mineral interests, were also major recipients. (<i>Source: PPIAF</i>).</li> </ul>
3. Progress in private participation in infrastructure (PPI)	<ul style="list-style-type: none"> <li>● Compared to other sectors, funding to the sector included a much higher proportion on commercial terms. Private-sector flows are substantial, reaching US\$1.2 billion in 2005 mostly for generation capacity by independent power producers. (<i>Source: SSATP</i>).</li> <li>● It is estimated that PPI averages twice the amount of ODA committed to energy.</li> </ul>
4. Funding from domestic public resources	<ul style="list-style-type: none"> <li>● Total infrastructure spending from domestic resources (both from the budget and from extra-budgetary sources) shows that in East Africa the energy sector systematically accounts for by far the largest share of infrastructure spending, amounting to between 2% and 4% of GDP. The high levels of investment reflect the high cost of thermal generation to supplement traditional hydropower capacity that has been affected by drought conditions.</li> </ul>
5. Access to electricity	<ul style="list-style-type: none"> <li>● While North Africa has achieved the highest rate of access to electricity among developing countries, more than 550 million Africans lack access to electricity.</li> <li>● Less than 25% of households in sub-Saharan Africa have access to electricity and the gap with other developing regions has been growing over time. National averages mask huge geographical variations between urban areas (about 40% coverage) and rural areas (less than 5%). In 21 sub-Saharan African countries, less than 10% of the population can access electricity.</li> </ul>

- Underlying these low levels of access are exceptionally low levels of installed generation capacity. Total installed capacity is about 67 GW – of which 60% is in South Africa alone.
- Increasing the percentage of households connected in SSA from roughly 25% in 2005 to 35% in 2015 and 47% by 2030 is considered feasible if countries improve their sector policies and implementation capacity, and if concessionary financing doubles from US\$2 billion currently per year to US\$4 billion a year.
- The mismatch between power demand and available supply has grown: more African countries are vulnerable to power crises. In the recent past, 28 countries were affected by the energy crisis, an unprecedented situation.
- Yet, Africa has a huge but unevenly distributed energy potential: the continent holds 9.5% of the world's proven oil reserves, while only 4% of its hydroelectric power has been realized. Africa also has considerable -- but largely untapped -- geothermal resources and solar power.
- The World Bank and the AfDB jointly with other partners are in the process of elaborating a plan of action to raise access to electricity and to clean cooking, heating and lighting fuels along a multi-track approach that i) covers household electrification; ii) enterprises; iii) key public facilities such as schools and clinics; and iv) stand-alone lighting packages for households without electricity service (Clean Energy Investment Framework, CEIF and Lighting Africa initiative).

## 2. Promoting regional energy development and trade

Indicators	Assessment
1. Progress in promoting power system interconnections	<ul style="list-style-type: none"> <li>● Progress has already been made in developing regional energy interconnections and facilitating regional energy trade. The establishment of the regional power pools are notable examples, although much work is still to be done to broaden and deepen these energy markets.</li> <li>● SADC/COMESA/Southern Africa Power Pool (SAPP): <ul style="list-style-type: none"> <li>○ Mozambique Mepanda Uncua Hydropower Project.</li> <li>○ Zambia-Tanzania-Kenya interconnection.</li> <li>○ Mozambique-Malawi Interconnection.</li> </ul> </li> <li>● ECOWAS/West Africa Power Pool (WAPP): <ul style="list-style-type: none"> <li>○ Interconnections Nigeria-Benin, Ghana-Burkina Faso, Côte d'Ivoire-Mali, Ghana-Togo-Benin.</li> <li>○ West Africa Gas Pipeline: Nigeria-Benin, Togo and Ghana.</li> <li>○ Senegal River Basin Multipurpose Water Resources Development Project (OMVS program involving Guinea, Mali, Mauritania and Senegal).</li> <li>○ Guinea-Senegal-Guinea Bissau interconnection (OMVG).</li> </ul> </li> <li>● EAC/East Africa Power Pool (EAPP): <ul style="list-style-type: none"> <li>○ Kenya-Uganda oil pipeline.</li> <li>○ East Africa Power Pool (Ethiopia-Kenya-Uganda transmission).</li> </ul> </li> <li>● ECCAS/Central Africa Power Pool (CAPP): <ul style="list-style-type: none"> <li>○ Rehabilitation of Inga 1 and Inga 2 power stations.</li> <li>○ DRC-Angola-Namibia interconnection (study)</li> </ul> </li> <li>● UMA/COMELEC: <ul style="list-style-type: none"> <li>○ Libya-Tunisia as pipeline.</li> <li>○ Algeria-Morocco-Spain interconnection</li> <li>○ Nigeria/Niger/Algeria interconnection.</li> </ul> </li> </ul>
2. Progress in co-operation in energy efficiency	<ul style="list-style-type: none"> <li>● In tandem, policy and regulatory reforms are being implemented in many countries: privatization of the distribution sector (Uganda); partial privatization of KenGen in Kenya; demand side management initiatives (Ethiopia).</li> </ul>

### 3. Providing incentives and resources to pursue clean energy alternatives

Indicators	Assessment
1. Expanding options for clean energy	<ul style="list-style-type: none"> <li>● The African power sector is overwhelmingly dominated by conventional thermal power generation (large coal-fired power plants in Southern Africa and large oil- and gas-fired power plants in North Africa and Nigeria). Hydropower generation contributes 16.5%, nuclear power 2.5% and renewable energy sources 0.6% of total power supply (<i>Source: IEA, 2006</i>).</li> <li>● The AfDB FINESSE Africa program helps support finance for energy services for small-scale users and thus to mainstream renewable energy. It has improved knowledge about the constraints faced by small hydro-power schemes.</li> <li>● Stand-alone systems using modern, energy-efficient technologies such as light-emitting diodes or LEDs are being promoted ("Lighting Africa" of the World Bank).</li> <li>● Little progress so far in tapping existing resources such as the Clean Development Mechanism (CDM) to help finance low-carbon energy, but projects are being developed on a pilot scale in Southern Africa.</li> <li>● Other efforts include increased access to cleaner cooking stoves, increased reliance on LPG.</li> </ul>
2. Sustainable biomass use	<ul style="list-style-type: none"> <li>● Beyond power, biomass is the main source of energy for the vast majority of Africans: 80% of Africa's population relies on traditional biomass for household fuel, the highest share of any region in the world. Much of this is harvested unsustainably, resulting in loss of forest cover and increased river silting.</li> <li>● Development partners' need to provide more support for national and regional initiatives for sustainable forestry management (e.g. NEPAD's TerrAfrica program) and address barriers to sustainable forest management practices affecting the supply of wood fuel.</li> </ul>
3. Progress in reducing gas flaring	<ul style="list-style-type: none"> <li>● Seven African oil and gas producers have joined the World Bank-led Global Gas Flaring Reduction as partners. Nigeria has also succeeded to registering a gas flaring reduction project as a Clean Development Mechanism, allowing the country to receive resources as a reward for the reduction in CO<sub>2</sub> emissions.</li> </ul>

#### 4. Improving governance and overcoming institutional capacity constraints in the energy sector

Indicators	Assessment
<p>1. Increased public governance and government capacity regarding energy policy, including sustainable provision of power to the poor</p>	<ul style="list-style-type: none"> <li>● Unlike road transport and, to a lesser extent water, few if any countries in the Africa have credible long-term strategies for the energy sector.</li> <li>● Most power sector reform in Africa has been primarily designed to bridge short-term generation shortfalls and to enhance the financial health of state-owned power utilities. Many countries in sub-Saharan Africa are characterized by high system losses - as high as 40 per cent when compared with international averages of about 10% to 12%.</li> <li>● About half of the countries in Africa have established independent regulatory bodies (Electricity Agencies/Bodies). But most lack significant capacity and autonomy remains, in most cases, problematic.</li> <li>● In only a limited number of countries (Cote d'Ivoire, Cameroon, Malawi, Burkina Faso, Senegal, Zimbabwe, South Africa and Mauritius) has increased access of electricity by the poor been an important policy consideration. These were accompanied by electricity tariff reforms (low or zero tariffs for up to 50kWh per household per month) and/or cross-subsidies financed by levies on urban consumers.</li> <li>● A small number of countries have established Rural Electrification Agencies and Funds but results have been limited. (<i>Source: UN-Energy/Africa 2006</i>).</li> </ul>
<p>2. Involving private sector in energy sector management .</p>	<ul style="list-style-type: none"> <li>● Major reforms have taken place in Africa involving ownership/management changes, including privatisation. The most common reforms involved awarding management contracts to foreign private firms. While French firms have dominated this sector, South African entities (Net Group Solutions and Eskoni Enterprises, a subsidiary of the South African utility, Eskom) are now actively involved in management contracts in Malawi, Uganda and Tanzania.</li> <li>● Independent Power Producers (IPPs) constitute an important form of private sector participation in Africa's power sector and are active in Cote d'Ivoire, Ghana, Kenya, Senegal and Tanzania. But short-term power purchase agreements with public utilities have not led to long-term sustainable IPP arrangements. Most IPPs currently rely on fossil fuel-based power plants.</li> <li>● A few countries (Namibia, South Africa, Zimbabwe, Uganda and Ghana) have experienced the development of independent power distributors.</li> </ul>
<p>3. Alignment and harmonization of donor support</p>	<ul style="list-style-type: none"> <li>● Co-ordination among development partners involved in energy has involved sector-wide programmatic approach (SWAp). Donor co-ordination is being assessed by the ICA.</li> <li>● The Clean Energy Investment Framework, jointly elaborated by the World Bank and the AfDB, is expected to promote stronger collaboration in support of energy development in Africa.</li> </ul>

## **ANNEX III: Water and sanitation**

### **KEY MONITORING ISSUES:**

- 1. Access to safe drinking water and basic sanitation and financing.**
- 2. Policy framework and management practices.**
- 3. Promoting greater stakeholder involvement.**
- 4. Strengthening regional co-operation and trans-boundary river basin organizations.**

### **COMMITMENTS:**

#### *Africa has agreed to:*

- Adopt the African Water Vision, a shared vision on equitable, sustainable use and management of water resources (2000).
- Establish the African Ministers' Council on Water (AMCOW) to provide political leadership, policy direction and advocacy in the provision, use and management of regional water resources, access to clean water and sanitation and to assist in the delivery of national, regional and sub-regional programmes (2002).
- Adopt the Integrated Water Resources Management (IWRM) principles in the management of national and regional policies and institutional frameworks.
- Establish collaborative frameworks and agreements to facilitate the management and development of shared/trans-boundary water resources.
- Invest in water infrastructure and storage.

#### *Development partners have agreed to:*

- Support African efforts to improve water resource development and management (Kananaskis, 2002) and to achieve the goals of the Millennium Declaration and the Plan of Implementation of the World Summit on Sustainable Development (WSSD) in the water and sanitation sector (Evian G8 Water Action Plan, 2003, including by:
  - Supporting African efforts to promote the productive and environmentally sustainable development of water resources;
  - Supporting efforts to provide access to improved sanitation and safe drinking water;
  - Mobilizing technical assistance to facilitate and accelerate the preparation of drinking water and sanitation projects in both rural and urban areas, and to generate greater efficiency in these sectors; and
  - Supporting reforms in the water sector aimed at decentralization, cost-recovery and enhanced user participation.
- Give high priority in official development aid allocation to safe drinking water and basic sanitation to help achieve the MDG on water (Evian, 2003).
- Promote river basin co-operation in Africa and support trans-border river basin commissions (Evian, 2003).

## WATER AND SANITATION: KEY MONITORING ISSUES

### 1. Access to clean water and basic sanitation and sector financing

Indicators	Assessment
1. Access to safe drinking water and basic sanitation	<ul style="list-style-type: none"> <li>• Millennium Development Goal 7 calls for reducing by half the proportion of people without sustainable access to safe drinking water and basic sanitation over the period 1990-2015.               <ul style="list-style-type: none"> <li>○ Sub-Saharan Africa is the region of greatest concern. Despite rising access to safe water from 49% in 1990 to 56% in 2004, much greater efforts will be needed if the MDG target of 75% access is to be achieved. The situation is even more difficult for basic sanitation.</li> <li>○ On current trends, few sub-Saharan Africa countries are on track to meet the MDG target although some are making good progress. There is evidence that rapid progress is possible: six of the ten countries making fastest progress with access to safe water are low-income African countries (Burkina Faso, Central African Republic, Eritrea, Ghana, Malawi and Namibia).</li> <li>○ The situation is sharply better in North Africa, which has achieved the highest access rates for both clean water (91%) and sanitation (77%) among developing countries. The region is still slightly off-track to achieve the MDG target of 95%.</li> </ul> </li> <li>• There are major disparities between urban and rural areas. Only 42% of people living in rural areas in sub-Saharan Africa have access to safe drinking water and only 27% to basic sanitation.</li> <li>• Access to sanitation tends to lag behind water supply. The lag is due to a number of factors, including limited demand from households, institutional fragmentation, poor co-ordination, and limited capacity to address the scale of the problem.</li> </ul> <p><i>Source: WHO/UNICEF (2006).</i></p>
2. Trends in ODA to water and sanitation in Africa	<ul style="list-style-type: none"> <li>• Support for water and sanitation declined throughout the 1990s and only began to recover in the last two years.               <ul style="list-style-type: none"> <li>○ ODA for water in Africa averaged US\$1.9 billion in 2005-06 with support to sub-Saharan Africa (excluding South Africa which has experienced a fall in non-concessional lending in 2006) increasing by 20% in 2006 compared to 2005.</li> <li>○ Dominant role of multilateral partners:                   <ul style="list-style-type: none"> <li>▪ Commitments by International Development Association exceeded US\$750 million in 2006-07 with increasing coordination with the AfDB for maximum impact in 19 focus countries.</li> <li>▪ Emphasis of AfDB's support for rural water supply through the Water Supply and Sanitation Initiative (15 countries, US\$530 million).</li> <li>▪ In relation to the EU Water Initiative designed to help ACP countries reach MGD targets, the European Investment Bank and European Commission committed over €400 million to water and sanitation to Africa in 2006.</li> </ul> </li> <li>○ Renewal of bilateral support:                   <ul style="list-style-type: none"> <li>▪ The UK plans to increase support from £47 million in 2004-05 to £200 million by 2010.</li> <li>▪ Other initiatives by the Netherlands, France and Denmark.</li> </ul> </li> <li>○ Compared to other infrastructure sectors, in particular energy, safe drinking water has received little support from non-traditional financiers -- Arab Funds and India are providing about US\$130 million a year to Africa. China is planning on funding a project in Angola for US\$230 million. (<i>Sources: PPIAF, ICA</i>).</li> </ul> </li> <li>• In spite of the renewed increase in ODA, it covers only 20% of funding needs.</li> </ul>

<p>3. Trends in other sources of finance including domestic resources</p>	<ul style="list-style-type: none"> <li>• Total public spending (at all levels of government) is estimated at between 0.2% and 0.6% of GDP in low income countries) (<i>Source: discussion with AfDB staff</i>).</li> <li>• The MDG Country Status Reports for Water and Sanitation for 16 SSA countries show that most countries have detailed estimates of resources required to meet the MDG targets, with figures ranging from US\$40-50 million per year for Benin, Madagascar, Rwanda Uganda and Zambia to US\$200-300 million per year for the larger countries such as Democratic Republic of Congo and Ethiopia.</li> <li>• But only 3 of the 16 countries surveyed have allocated sufficient domestic resources to meet either the water or sanitation MDG targets or both. National budget allocations are weaker for sanitation needs. (<i>Source: WSP (2006)</i>).</li> <li>• Africa Water Facility (AWF) is an initiative led by the AMCOW and hosted by the AfDB to mobilize resources to cover a range of activities in Africa including transboundary water resources management. Progress has so far been limited with only US\$20 million disbursed in 2005.</li> <li>• The newly-created equity fund Pan African Investment Fund could provide potentially important resources – it intends to focus on regional projects.</li> <li>• Private participation in water has been more limited than in other infrastructure sub-sectors with a concentration in management and lease contracts. Private participation in water infrastructure has been insignificant. But public-private partnership (PPP) has seen the emergence of new players such as water utilities from developed countries (often publicly-owned) and new operators from developing countries.</li> </ul>
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## 2. Policy framework and management practices

Indicators	Assessment
<p>1. Developing and implementing integrated water resources (IWRM)</p>	<ul style="list-style-type: none"> <li>• There is need for a comprehensive and integrated approach to water resources management recognising that water has ecological, social and economic uses. IWRM is at various stages of implementation with 5 of 38 countries in Africa having incorporated IWRM principles and 21 other countries in the process of preparing national strategies. (<i>Source: OECD/AfDB 2007</i>).</li> </ul>
<p>2. Reducing water wastage</p>	<ul style="list-style-type: none"> <li>• There has been little progress in reducing water leakage and waste (technical and commercial losses) – which still reaches on average 40-50% of total water supply in most cities in SSA. This is compared to the 25% average achieved by better performing operators in the developing world (<i>Source: IBNET</i>).</li> </ul>
<p>3. Improving financial efficiency of utility companies</p>	<ul style="list-style-type: none"> <li>• Establishing sustainable cost-recovery mechanisms is a key step in strengthening water utilities. In general, a level of bill collection below 90% either reflects a deficient billing system or that tariffs are unaffordable. Data are too limited to make an assessment but the 90% bill collection rate has been reached in a number of countries including Mali, Senegal, Tunisia and Uganda. (<i>Source: OECD/AfDB 2007</i>).</li> </ul>

### 3. Promoting greater stakeholder involvement

Indicators	Assessment
1. Management and lease contracts of public utilities	<ul style="list-style-type: none"> <li>● Progress regarding sustainable contracts (Cote d'Ivoire, Senegal, Mali in West Africa and Zambia, Mozambique in East Africa) (<i>Source: WB PPI Database</i>).</li> <li>● Performance-based contracts have been developed in a small number of countries.</li> <li>● But few concessions have been awarded.</li> </ul>
2. Public-private partnership: boosting small private operators	<ul style="list-style-type: none"> <li>● New public and private operators are entering the market in many countries, changing the dynamics of the sector by bringing new management expertise:               <ul style="list-style-type: none"> <li>○ In Uganda, t access to safe drinking water in small towns serviced by the Association of Private Water Operators is three times the level of other cities (63% in 57 small cities compared to 20% for the remaining 123 cities and towns). This is accompanied by very high performance measures (93% metering, 93% functionality of the service and 95% of water samples conforming to national quality norms). (<i>Source: Association of Private Water Operators of Uganda, 2006</i>).</li> <li>○ Other positive experiences elsewhere in Africa (Mauritania and Ghana in small towns, Mali and Mozambique in peri-urban areas).</li> </ul> </li> <li>● Efforts to foster the growth of national operators (facilitating access to local funding, capacity strengthening, more appropriate/lower cost standards, adapting regulations to local conditions, incentivising main operators to work with small private operators etc.) provide both a challenge and opportunity to help meet the MDG targets.</li> </ul>
3. Sanitation is a bigger issue than water	<ul style="list-style-type: none"> <li>● Sanitation has received less attention than providing safe water. Currently less than 10 countries in sub-Saharan Africa have sanitation strategies.</li> <li>● There are a number of interesting initiatives for sanitation but they remain rather limited. One noteworthy example is the prevention campaign through community health clubs in Zimbabwe. Examples from elsewhere such as the defecation-free environment approach has proven successful in generating demand for better sanitation in part of India.</li> </ul>
4. Harmonise different stakeholders' interventions	<ul style="list-style-type: none"> <li>● Development partners have begun to adopt sector-wide approaches (SWAP) e.g. in Uganda.</li> <li>● The next Annual Report of the Infrastructure Consortium for Africa will address the issue of harmonisation among development partners.</li> </ul>

#### 4. Strengthening regional co-operation and trans-boundary basin organizations

Indicators	Assessment
<p>1. Assessing progress in establishing and strengthening river basin organisations.</p>	<ul style="list-style-type: none"> <li>● There are two key trends characterising water resources in Africa. First, they are very unevenly distributed -- Western and Central Africa have significantly greater freshwater resources than the rest of the continent. Second, in a number of countries available resources will not be enough to sustain the population in the future without efforts to improve water use in agriculture. By 2025, it is expected that 25 African countries will be subject to water scarcity or water stress, with northern Africa facing the worst prospects. Thus the importance of trans-boundary water management initiatives, inter-basin transfers of water resources, and NEPAD's efforts to promote regional projects.</li> <li>● Climate change is expected to lead to more severe variability in rainfall patterns and, according to the Intergovernmental Panel on Climate Change, three-quarters of African countries are in zones where small reductions in rainfall could cause large declines in river water.</li> <li>● The Niger and Senegal river basin development in West Africa are examples of good practice: <ul style="list-style-type: none"> <li>○ Clear protocol with the establishment of a supranational authority through which all infrastructures on the Senegal River are jointly owned by the 3 OMVS member countries (Mauritania, Mali and Senegal). Charter with clear rules of allocation of costs and benefits and integrated regional water resource management. This has led to the financing of a 10-year programme of basin multipurpose development.</li> <li>○ Similarly, Niger has signed a water charter.</li> </ul> </li> <li>● After several years of preparation (capacity and institutional development with support by bilateral donors), the Nile River Basin has entered the investment phase involving US\$400 million. The Nile River Commission, however, has much less authority than the OMVS authority.</li> <li>● Other trans-boundary initiatives are very recent initiatives and thus too early to show results such as the Zambezi River Basin in Southern Africa. Central Africa, which includes the extensive water resources of Congo (INGA project), poses emerging opportunities -- but also challenges given the political situation. <i>(Source: AMCOW, 2007).</i></li> <li>● The African Union, NEPAD and Regional Economic Communities (RECs) have recently agreed on the sharing of responsibilities among them for regional projects. The division of roles and responsibilities between the RECs and regional technical bodies remain, however, unclear, leading to tensions. This situation is true in all three sectors (water, energy, and transports).</li> </ul>
<p>2. Assessing progress in support of NEPAD initiative by development partners.</p>	<ul style="list-style-type: none"> <li>● Donors are involved in 17 of Africa's 59 river basins with primary support to large, well-established river basins with dense populations: Nile, Senegal, Niger and Zambezi. Sharply upward financial support since 2002.</li> <li>● Large number of unsupported river basins, particularly those in or bordering fragile states. Greater support where there is a river basin organisation.</li> <li>● Progress in the four basins secured under the EU Water Initiative and EU-ACP Water Facility <i>(Source: EC).</i></li> <li>● Development partners should strengthen their support in helping countries develop integrated water resource management.</li> <li>● Germany is leading an effort to develop capacity of the RECs in water management. The first step involves the mapping of requirements needed to undertake work programs over the next three years by individual RECs given existing capacity. <i>(Source: GTZ 2007).</i></li> </ul>

## List of acronyms and abbreviations

AFREC	African Energy Commission
AMCOW	African Ministers' Council on Water
AWF	Africa Water Facility
CAPP	Central Africa Power Pool
CEIF	Clean Energy Investment Framework
CDM	Clean Development Mechanism
COMELEC	<i>Comité Maghrébin de l'électricité</i> (Maghreb Electricity Commission)
COMESA	Common Market for Eastern and Southern Africa
EAC	East African Community
EAPP	East Africa Power Pool
ECCAS	Economic Community of Central Africa States
ECOWAS	Economic Community of West African States
FINESSE	Financing Energy Services for Small-Scale Energy
ICA	Infrastructure Consortium for Africa
IPP	Independent power producers
LPG	Liquefied petroleum gas
IWRM	Integrated Water Resources Management
MLTSF	NEPAD's Medium- and Long-Term Strategic Framework
ODA	Official Development Assistance
OMVS	<i>Organisation de la mise en valeur du Fleuve Sénégal</i>
OMVG	<i>Organisation de la mise en valeur du Fleuve Guinée</i>
PPP	Public-private partnership
REC	Regional Economic Communities
SADC	Southern Africa Development Community
SAPP	Southern Africa Power Pool
STAP	NEPAD's Short-Term Action Plan
SWAp	Sector-wide approach
UMA	<i>Union du Maghreb arabe</i> (Arab Maghreb Union)
WAPP	West Africa Power Pool
WSSD	World Summit on Sustainable Development

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