Project Preparation Facilities

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CCIA Building / Immeuble CCIA
OVERVIEW OF PRESENTATION

1. IMPORTANCE OF PROJECT PREPARATION
2. SUCCESSES & LESSONS: NEPAD-IPPF
3. CO-FINANCING: LESSONS
4. CONCLUSIONS
I. IMPORTANCE OF PROJECT PREPARATION
PROJECT PREPARATION FACILITIES HOSTED BY AFDB

AfDB HOSTS A NUMBER OF COMPLIMENTARY FACILITIES

“The AWF and NEPAD-IPPF Foster Climate Resilient Water Resources Development in Southern Africa”
14/02/2017 Share - Orange-Sengu River: Lesotho, South Africa, Botswana, Namibia
PROJECT PREPARATION: KEY TO UNLOCKING INFRASTRUCTURE’S INFRASTRUCTURE

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<thead>
<tr>
<th>The High Le Top</th>
<th>for transforming Africa pour transformer l’Afrique</th>
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<tbody>
<tr>
<td>Light up &amp; power Africa</td>
<td>REGIONAL POWER MARKETS</td>
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<tr>
<td>Feed Africa</td>
<td>SUSTAINABLE USE OF SHARED WATER COURSES</td>
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<tr>
<td>Industrialise Africa</td>
<td>CONTINENTAL FREEE TRADE AREA (FTA): GOODS &amp; SERVICES</td>
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<td>Integrate Africa</td>
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### Drivers of Infrastructure Development in Africa

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<tr>
<th>Deepening Regional Integration and Markets and the Need for Connectivity</th>
<th>Improved Infrastructure Planning and Prioritization – PIDA, RIMP</th>
<th>Growing Private Sector Interest in Infrastructure in Africa</th>
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<tbody>
<tr>
<td>Resource &amp; Mineral Discoveries &amp; Evacuation</td>
<td>Infrastructure Liberalization &amp; Improved Enabling Environment</td>
<td>Growing Economies, Populations &amp; Urbanization</td>
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**Coordination – Partnerships – Innovation – Co-financing**
# QUALITY & SUSTAINABLE INFRASTRUCTURE

- The 3 Qs -

<table>
<thead>
<tr>
<th>QUANTITY</th>
<th>Quality &amp; Sustainable Infrastructure</th>
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<tr>
<td><strong>Improve Infrastructure Access</strong></td>
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<td><strong>Promote Regional Connectivity</strong></td>
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<td><strong>Scale-up Infrastructure Delivery</strong></td>
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<td><strong>Leverage and Leap Frog</strong></td>
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<td><strong>Increase Stock of Bankable Projects</strong></td>
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<tr>
<td><strong>Attract Investment &amp; Financing</strong></td>
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II. SUCCESSES & LESSONS: NEPAD-IPPF
AFRICA’S SUCCESS STORY IN INFRASTRUCTURE DEVELOPMENT

THE NEPAD INFRASTRUCTURE PROJECT PREPARATION FACILITY (NEPAD-IPPF)
Bridging Africa’s Infrastructure Gap through well-prepared bankable infrastructure projects
Who We Are:

- Launched in Kananaskis, Alberta, Canada in June 2002 at 28th G8 Summit as response to NEPAD’s Africa Action Plan and support to bridge Africa’s infrastructure gap seen as the binding constraint to Africa’s sustainable growth.

- Established in 2005 as a multi-donor Special Fund hosted by the African Development Bank (AfDB) in partnership with the African Union Commission (AUC) & NEPAD Agency and African Countries.

- NEPAD-IPPF Responds to African Continental and Regional Infrastructure Priorities to bridge Africa’s Infrastructure Gap by Preparing Bankable Projects.
**LESSONS LEARNED: PROJECT PREPARATION**

**KEY LESSON: WELL-PEPARED PROJECTS ATTRACT FINANCING**

**NEPAD-IPPF**

- **US$91.89 Mill Mobilized**
- **72 Grants Awarded**
- **USD 7.3 Bill Financing Leveraged**

- Donors Partners: - Canada, Germany, UK, Denmark, Norway, Spain and USAID (Co-financing) plus AfDB
- US$88.58 Million committed

- Energy, Transport, ICT & Water - covering All 5 Regions of Africa
- Support to LICs, MICs, Countries in Transition (Fragile States) & Land-locked Countries
- Open, non-discriminatory access anchored on Strength of Project

- Open up economic opportunities for countries
- Move countries from conflict to cooperation
- Unlock business & investment Opportunities along Infrastructure Value
NEPAD-IPPF: SUCCESS FACTORS

I | Focus:
• Regional infrastructure projects

II | Inclusive:
• Grants only to support all African countries

III | Differentiation:
• Project preparation for bankability

IV | Partnership:
• Execution with local partners & ownership
### LESSONS: PREPARATION ACCELERATES DELIVERY

| Accelerate Project Delivery | • Support Countries to design complex projects  
<table>
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<th>• Accelerate delivery of projects</th>
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| Respond to Financing Needs  | • Tailor projects to market needs  
|                           | • Provide financing options |
| Strengthen Cooperation      | • Foster collective reforms  
|                           | • Focus countries on cooperation |
III. CO-FINANCING LESSONS
# NEPAD-IPPF – 2016 APPROVALS

<table>
<thead>
<tr>
<th>Project</th>
<th>Sector -Region</th>
<th>Grant Amount (In US$ Mill)</th>
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<tbody>
<tr>
<td>2. Mozambique Zambia 400 kV Power Interconnection</td>
<td>Energy - SAPP - South EN02</td>
<td>3.40</td>
</tr>
<tr>
<td>5. Kribi-Campo Bata Road &amp; Bridge</td>
<td>Transport – ECCAS – Central TR21</td>
<td>4.01</td>
</tr>
<tr>
<td>6. Lamu Port Development (LAPSSET)</td>
<td>Transport – LAPSSET – East TR10</td>
<td>2.60</td>
</tr>
<tr>
<td>7. Orange Senqu River Basin Climate Resilient Development</td>
<td>Water – ORASECOM – South</td>
<td>4.61</td>
</tr>
<tr>
<td>Total 8 Grants/Projects</td>
<td></td>
<td>23.75</td>
</tr>
<tr>
<td>Total NEPAD-IPPF Funding</td>
<td></td>
<td>14.83</td>
</tr>
<tr>
<td>Total Co-financing</td>
<td>AWF, GWP, USTDA, WB</td>
<td>8.92</td>
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BENEFITS OF CO-FINANCING

- LEVERAGE
  - DO MORE WITH LESS
- SHARED RISK
  - HARNESS COLLECTIVE STRENGTHS
- SHARED RESULTS
  - OPTIMIZE OPPORTUNITIES & IMPACT
SUCCESS FACTORS: CO-FINANCING

PROJECT PIPELINES
- Engage early with potential Co-financing partners
- Agree on Joint Project Pipelines

JOINT DESIGN
- Undertake Joint Appraisals
- Align Conditions & Terms

CLEAR ROLES
- Define Lead Partner & Roles
- Send Clear, Common Messages to Project Owners & Stakeholders
IV. RESOURCES FOR PROJECT PREPARATION
RESOURCE NEEDS: 2016-2020

FUNDING NEEDS – GLOBAL

• Validated Five-Year Project Pipeline with 110 Projects (part of PIDA) and Preparation Costs of US$430 million – 2016-2020 representing REGIONAL INFRASTRUCTURE PROJECTS

FUNDING NEEDS – NEPAD-IPPF

• In order to respond to the growing demand for bankable infrastructure projects across Africa and as outlined in the SBP, 2016-2020, NEPAD-IPPF will require annual funding of between US$30 million to US$50 million per year from 2016 to 2020 in order to meet the targets set in the approved SBP. Which are to prepare between 60-80 to 80-100 Regional Infrastructure Projects by 2020
NEPAD-IPFF is a Matrix set-up – focusing and working on Regional Infrastructure across 4 Sectors on both Sovereign (and Non-Sovereign*)

* Work in Progress
CONCLUSIONS

- Demand for well-prepared bankable projects is growing as regional integration deepens and as investor interest in infrastructure in Africa grows.

- NEPAD-IPPF is a successful story in supporting African countries to prepare bankable regional infrastructure projects which have attracted financing.

- Valuable lessons have been learned on co-financing success factors which Facilities are already applying.

- More Resources are needed for Project Preparation for Bank hosted Project Preparation Facilities as this will deepen co-financing opportunities, promote synergies & enhance leverage and impact.

- DONORS NEED TO COMMIT MORE RESOURCES TO PROJECT PREPARATION AS A MATTER OF URGENCY.
THANK YOU

CONTACT US

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