

BASIC FACTS ABOUT NEPAD IPPF SPECIAL FUND

Background

The New Partnership for Africa's Development (NEPAD) has identified infrastructure as one of the major parameters for economic growth and poverty reduction in Africa. The present state of infrastructure as well as the infrastructure gap between Africa and more developed countries constitutes a serious handicap to African production and improved productivity and competitiveness. Without addressing its infrastructure needs, Africa will continue to remain uncompetitive in the global market. In June 2002, at the G8 Summit in Kananaskis, the Prime Minister of Canada announced Canadian commitments in support of the Africa Action Plan, the G8 response to (NEPAD), including initiatives related to infrastructure development.

The African Development Bank (ADB) has been assigned a leadership role in the provision of intellectual and technical support to the NEPAD Steering Committee in infrastructure development. In response to this, the Bank prepared a program for the rapid development of infrastructure projects that necessary to accelerate sub-regional and continental economic integration. The resulting NEPAD Infrastructure Short Term Action Plan (STAP) forms the basis on which the Canada Fund for Africa (CFA) is supporting the creation of the NEPAD Infrastructure Project Preparation Facility (NEPAD-IPPF) at the Bank.

What is the NEPAD IPPF?

NEPAD-IPPF is a facility that assists African countries, RECs and related institutions prepare high quality and viable infrastructure projects and programs with a regional/continental outlook, to ensure sustainable regional economic development integration through cooperation among African countries, donors and the private sector.

What is the NEPAD-IPPF Vision?

To be the lead project preparation facility in Africa, playing a catalytic role in mobilizing resources for the preparation of regional infrastructure projects and programs in support of NEPAD's goals for sustainable development and poverty reduction, through enhanced economic integration.

What are the Objectives of IPPF?

- Assist African countries, Regional Economic Communities (RECs), Specialized Infrastructure Development Agencies and related institutions, to prepare high quality, viable regional infrastructure project in energy, water, transport, and ICTs, which would be ready to solicit financing from public and private sources;
- Financing regional project preparatory activities including missions, advisory services, studies, technical assistance, and workshops and seminars;

- Urgently address principally project preparatory activities of the RMCs/RECs with very high probability of generating viable regional infrastructure projects that can be easily financed through public and/or private sources; and
- Enhance the quality of regional integration programs and projects prepared by RMCs, RECs and Specialized Regional/Continental Infrastructure Development Agencies by:
 - a) targeting the promotion of quality regional integration infrastructure projects and programs suitable for private and public sector financing;
 - b) providing grants for advancing the preparation of priority regional integration infrastructure projects and programs with high probability of implementation by the recipient Government/organizations and/or attracting public/private financing;
 - c) promoting ownership and participation in project preparation, required to generate quality projects suitable for public and/or private sector financing;
 - d) ensuring quick access to funds, fast disbursement of funds on a demand-driven basis to respond to changing investment programs of RMCs, RECs, and Specialized Infrastructure Development Agencies;
 - e) Supporting the creation of an enabling environment for private participation in infrastructure, as well as supporting targeted capacity building initiatives in infrastructure development related to current or planned physical/investment activities.

What is the Role of NEPAD IPPF?

The facility

- Assesses requests for assistance from Regional Economic Communities (RECs) and implementing agencies of NEPAD programs.
- Assesses key opportunities for private/public partnerships and give critical and timely assistance in their preparation and implementation.
- Provides financial support to RECs and Special Regional Agencies for Project cycle activities, Enabling environment activities, Advisory Services, Capacity Building, Studies, Technical Assistance, Pre-contract services including preparation of Tender Documents.
- Provides critical technical advice and assistance in analyzing projects, including review and revision of draft project proposals, tender documents, and environmental and regional impact analyses.
- Builds consensus for appropriate policy, regulatory and institutional reforms,

and provide critical assistance to programs that can improve the enabling environment for delivery of infrastructure services.

Describe the Scope of Activities financed under the NEPAD-IPPF Special Fund

The activities eligible for financing are: advisory services, studies, technical assistance, workshops and seminars and, generally, any other activity of an advisory, technical or operational nature related to preparation of projects and programs in infrastructure development within the framework of NEPAD.

NEPAD-IPPF Special Fund provides support for Project Cycle Activities and activities designed to ensure the creation of a sustainable enabling environment for infrastructure development and private sector participation. Targeted capacity building initiatives are designed to support strengthening of institutional capacity to ensure the creation and sustenance of an appropriate enabling environment for infrastructure development would be supported by the Fund. Here are some details:

Project Cycle-Activities entail provision of technical advice and assistance in analyzing projects, including preparation of project proposals, review and revision of project proposals, environmental and social impact analyses.

Enabling Environment Activities include provision of assistance to programs aimed at improving the enabling environment for delivery of infrastructure services.

Studies-Resources are applied to undertake the preparation of new studies, pre-feasibility or feasibility studies, update or additional analysis of existing studies, pre-feasibility studies, feasibility studies, environmental and social impact assessment, design studies and other related studies in order to improve on the project quality and enhance prospects to attract financing for the physical/investment project. Fund covers baseline data surveys, preparation of technical specifications and revision of project preparation studies that are considered to be incomplete or requiring updating.

Advisory Services-Services related to infrastructure development are supported by the NEPAD-IPPF Special Fund. Activities designed to assess key opportunities for private-public partnerships, where limited and timely assistance in their preparation and implementation is required. Advise on public-private partnership options; concessions, due diligence activities, transaction analysis, project structuring, etc. Facilitation services in all infrastructure sectors, particularly for the transport sector, would be eligible for support under the NEPAD-IPPF.

Pre-contract Services-Fund finances the cost of consultancy services required to carry out the preparation or revision of design and tender documents, and the processing and evaluation of tenders before commencement of construction activities.

Technical Assistance-resources can be applied to promote a participatory approach in project formulation and design. Technical assistance and the costs of development and presentation of workshops, seminars and conferences involving stakeholders of the targeted project would qualify for assistance under the facility. Grants would also be applied to other unforeseen

preparatory activities unique to the targeted project, provided that sufficient justification is made to the satisfaction of the NEPAD-IPPF Special Fund. *Capacity Building*-resources can also be applied to support targeted capacity building of RMCs, RECs and Specialized infrastructure development institutions.

Who funds the facility?

Current donors to the NEPAD-IPPF Special Fund are Canada and Denmark. The new donors will be DFID (UK) and Norway. Meanwhile, countries like Italy and Spain have expressed interest in contributing to the Fund.

Who is Eligible to Contribute Funds?

- Countries
- Governments,
- Development Agencies
- Development Finance Institutions (DFIs)
- Funds and Trusts
- Other Organizations
- Fund Contributions can be made in kind as well. However, financing or other form of assistance provided from the resources of the NEPAD Fund is subject to the approval of the Board of Directors of the Bank. The Board of Directors may delegate to Management of the Bank and the Bank, in consultation with the Oversight Committee may adopt operational procedures for operations financed with the resources of the NEPAD Fund. The process is meant to ensure a fast-track process for the consideration, approval and implementation of operations financed with the resources of the NEPAD Fund.

Who is Eligible to Apply for Funding?

All RMCs of the Bank Group are eligible for the NEPAD-IPPF Special Fund as long as the proposed activity is to support regional infrastructure development in the energy, transport, water resources and ICT sectors. RECs and specialized regional/continental institutions for infrastructure development are also eligible for NEPAD-IPPF Special Fund for projects in these sectors. NEPAD-IPPF Special Fund is a proactive and demand responsive facility, thus, grants would be approved on the basis of expressed and identified needs. However, necessary measures would be taken to avoid marked imbalances in the approval of resources as far as regions are concerned.

What are the Requirements for Submitting Proposals?

The requests for the utilization of NEPAD-IPPF resources originate from the national Governments with interest in the proposed multinational project/program, Regional Economic Communities, or Specialized regional/continental infrastructure development agencies. Proposals should clearly address the following issues:

- objectives of the project or program, project description and economic justification;

- detailed Preparatory Activities to be undertaken with the NEPAD-IPPF Special Fund grant;
- Terms of Reference (TOR);
- detailed cost estimates;
- implementation schedule for commencing and completing the preparatory activity;
- Brief on the capacity of the Executing Agency that will implement or coordinate the preparatory activities.
- Commitment that the Preparatory Activities are targeted to generate priority projects/programs or has high probability of doing so.

What Happens Next?

On receipt of the proposal

- A desk review is carried out to determine if the proposal is viable.
- A validation mission may be mounted to the originating RMC(s), REC or Specialized Agency to discuss all aspects of the Preparatory Activities, implementation capacity, schedules of implementation and other key issues necessary for effective utilization of the grant.
- A memorandum for the utilization of NEPAD-IPPF Special Fund grant for the preparatory activities relating to the project, study or program would be prepared for consideration for approval.

Briefly Describe the Review Process

To ensure transparency and enhance the quality at entry, all IPPF grant proposals are subjected to internal reviews prior to submission for approval.

Approval procedures include

- Receipt of request from applicants using the NEPAD-IPPF request model
- Review of applications and provision of feedback to applicant within six (6) weeks
- Preparation and review of Project Information Memorandum (PIM) in accordance with IPPF Operational Guidelines
- Review Process by the African Development Bank
- Approval notice is issued to applicant through a Letter of Approval
- Letter of Agreement is signed between both parties
- The Grant is Declared Effective

How is the NEPAD-IPPF Special Fund Facility Managed?

The Bank is the trustee for the NEPAD Fund. As legal owner, it holds in trust the funds, assets and receipts and provides services, facilities, officers, staff (experts and consultants) for the management of the facility. The Bank's NEPAD Division is the facility site and a Task Manager handles day-to-day activities.

What is the Governance Structure of the Fund?

NEPAD Fund has an Oversight Committee that comprises six (6) members; two (2) representatives appointed by the Bank; 3 representatives appointed by the Donors; and one (1) representative from the NEPAD Secretariat. The Committee provides general

policy direction for the activities of the NEPAD Fund, and ensures that the activities are consistent with the NEPAD mandate.

The Fund provides reports on a regular basis. Reporting activities include *Quarterly Progress Reports, Semi-Annual Progress Reports, Annual Reports and Annual Audit Reports*

Who Supervises NEPAD IPPF Operations?

Supervision of the operations is carried out with the resources of the NEPAD Fund and the entire process is the exclusive responsibility of the Bank.

How do I Request the Application Material?

Contacts can be made via email, telephone, fax or by sending a letter to:

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