

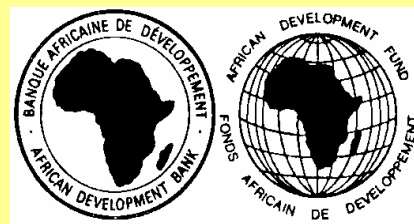
## **NEPAD-IPPF Special Fund at a Glance**

Date of Agreement: September 2004

Funding Volume: USD 10 m

Contributing Donor Countries: Canada and Denmark

Potential Donors: DFID (UK), Norway and Germany



### **Vision Statement**

The Vision of the NEPAD-IPPF is "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".

### **Objectives:**

The long-term goal of NEPAD is to eradicate poverty in Africa, and to place African countries, both individually and collectively, on a path of sustainable growth and development and thus halt the marginalization of Africa in the globalization process. The goal of the NEPAD-IPPF is to support the long-term goal of NEPAD with respect to infrastructure development.

The objective of the NEPAD-IPPF Special Fund is to assist African countries and RECs and related institutions to prepare high quality and viable regional/continental infrastructure projects in the energy, water resources management, transport and ICT sectors, which would be ready to solicit financing from public and private sources.

A secondary objective of the NEPAD-IPPF, in relation to the objectives of NEPAD, is to support the creation of an enabling environment of private participation in infrastructure as well as support to targeted capacity building initiatives in infrastructure development to enhance the sustainability of existing and planned infrastructure in the continent.

### **Scope of Activities:**

The activities eligible for financing under the facility 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 programmes in infrastructure development within the framework of NEPAD. The primary focus of NEPAD-IPPF Special Fund would be the provision of support for Project Cycle Activities and activities designed to ensure the creation of a sustainable enabling environment for infrastructure development and private sector participation. Nevertheless, targeted capacity building initiatives 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.

**Beneficiaries:**

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 of projects in these sectors.

**Outcomes & Results to date:**

As of August 2007, the NEPAD-IPPF has funded the preparation of fifteen (15) regional infrastructure projects worth USD 3,28 billion. It has committed USD 8.27 million to fund these activities. By November 2007, disbursement of funds on all effective IPPF financed projects stood at 44%.

For physical projects, we expect to achieve more than 90% success rate. Our achievements so far in terms of physical projects include: (i) the Benin -Togo- Ghana Electricity Interconnection project – the project is now being implemented with financing from ADF, IDA, IsDB, and BOAD; (ii) Kenya-Uganda Oil Pipeline project for which a private investor has been selected and project development is to start by December 2007; (iii) Zambia-Tanzania-Kenya Power Interconnection project, PIM has been developed and investors are showing interest in its financing; and (iv) EASSy Project for which SPV has been incorporated and an agreement to build the cable has been signed in March 07 with the French Alcatel. Financing has been approved by the IFC, EIB, DBSA, AFD/PROPACO, KFW and ADB.

**Administration & Governance:**

The NEPAD-IPPF Special Fund is hosted and managed by the African Development Bank through its NEPAD, Regional Integration and Trade Department under the responsibility of the Vice-Presidency Operation (DIVP). To provide management oversight guidance, an Oversight Committee for the NEPAD-IPPF composed of six (6) members consisting of three (3) representatives of contributors to the facility, one (1) member representing African countries through the AU Commission/NEPAD Secretariat, and two (2) members representing the Bank Group has been set up. The Oversight Committee is responsible for providing general policy direction for the activities of the NEPAD-IPPF, reviewing its operational focus, proposing areas of intervention and ensuring consistency with the policy thrust of the Facility. In addition, the Oversight Committee reviews the annual report of activities financed from the resources of the NEPAD-IPPF to ensure that activities undertaken are consistent with the NEPAD mandate. The approval process of proposed NEPAD-IPPF financing utilises the Bank's streamlined internal review process based on a sound Project Information Memorandum (PIM) prepared by the Fund. The approval thresholds are as follows: (i) up to USD500,000 (Director); (ii) USD 500,000- USD 1million (Vice President DIVP); and (iii) above USD1m (ADB President with prior 'no objection' of the NEPAD-IPPF Oversight Committee on a lapse of time basis).

**Experiences, Challenges and the Way Forward:**

Regional Infrastructure projects preparation require huge resources. Current capitalization of the IPPF is inadequate to meet expressed demands. Mobilizing the required resources to meet infrastructure development is a key priority of the Fund. Strengthening the Capacity deficit of RECs and Governments in project preparation and implementation is key to delivery of infrastructure programs.