Infrastructure Project Preparation Facility (NEPAD-IPPF)

INFORMATION NOTE TO COUNTRIES, REGIONAL ECONOMIC COMMUNITIES AND SPECIALISED ORGANISATIONS
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1 INTRODUCTION

1.1 Background

1.1.1 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.

1.1.2 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.

1.1.3 The mandate of the NEPAD Infrastructure Project Preparation Facility is to assist African countries, Regional Economic Communities (RECs) and related institutions to prepare high quality and viable regional infrastructure projects and programs, develop consensus and broker partnerships for their implementation with the long-term goal of reducing Africa’s economic marginalisation by ensuring sustainable regional economic development and integration through cooperation among African countries, donors and the private sector.

1.2 Purpose of the Grant Facility

1.2.1 The purpose of the NEPAD facility is to contribute to the mobilization of technical and financial resources to assist African institutions and governments to formulate viable infrastructure development projects and programmes so as to attract more public and private investments for the benefit of Regional Member Countries (RMC). The sectors covered are information and communications technology, transport, energy, water and sanitation.

2 APPLICATION OF THE PROJECT PREPARATION FACILITY

2.1 Objectives of the NEPAD-IPPF

2.1.1 The objective of the NEPAD –IPPF is to assist African countries, Regional Economic Communities (RECs), Specialised 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.
2.1.2 The NEPAD-IPPF is designed as a facility with a distinct role in financing of regional project preparatory activities including missions, advisory services, studies, technical assistance, and workshops and seminars. The NEPAD-IPPF is tailored to 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.

2.1.3 The NEPAD-IPPF would enhance the quality of regional integration programmes and projects prepared by RMCs, RECs and Specialised Regional/Continental Infrastructure Development Agencies by:

- targeting the promotion of quality regional integration infrastructure projects and programmes suitable for private and public sector financing;
- providing grants for advancing the preparation of priority regional integration infrastructure projects and programmes with high probability of implementation by the recipient Government/organisations and/or attracting public/private financing.
- promoting ownership and participation in project preparation, required to generate quality projects suitable for public and/or private sector financing;
- ensuring quick access to funds, fast disbursement of funds on a demand-driven basis to respond to changing investment programmes of RMCs, RECs, and Specialised Infrastructure Development Agencies.

2.2 Category and Scope of Activities to be financed under the NEPAD-IPPF

In the initial phase of the facility, emphasis would be on project preparation activities necessary to make an identified and approved regional project viable and more attractive to investors (public/private sector).

Broadly, activities eligible for the facility are: missions, advisory services, studies, technical assistance, workshops and seminars and, generally, any other activity of an advisory or technical or operational nature related to preparation of development projects and programmes in the area of infrastructure development within the framework of the New Partnership for Africa’s Development (NEPAD).

2.2.1 Studies

NEPAD-IPPF resources will be applied to strictly to undertake updates of or additional analysis of existing studies, namely, pre-feasibility studies, feasibility studies, environmental impact assessment, designs studies and other studies, to improve on the project quality to enhance its viability. The NEPAD-IPPF will also cover baseline data surveys and will provide resources required to facilitate the preparation of technical specifications and the revision of project preparation studies which are considered to be incomplete or requiring updating.
2.2.2 Advisory Services

Advisory services related to infrastructure development would be supported by the NEPAD-IPPF. These include advisory services on public-private partnership options, concessions, due diligence activities, etc.

2.2.3 Pre-contract Services including Preparation and Revision of Tender Documents

The NEPAD-IPPF will finance the cost of consultancy services required to carry out extra work of revision of designs and tender documents, processing and evaluation of tenders before commencement of construction activities.

2.2.4 Technical Assistance

NEPAD-IPPF resources can also be applied to promote participatory approach in project formulation and design. In this regard, the costs of development and presentation of workshops, seminars and conferences involving stakeholders in the targeted project qualify for assistance under the facility. The NEPAD-IPPF grants could be applied to other unforeseen preparatory activities unique to the targeted project provided that sufficient justifications are made by the NEPAD-IPPF mission.

3 MODALITIES FOR IMPLEMENTATION OF THE NEPAD-IPPF

3.1 Eligibility

All Regional Member Countries of the Bank Group are eligible for the NEPAD-IPPF as long as the proposed activity is to support regional infrastructure development. Regional Economic Communities (RECs) and specialized regional or continental institutions in infrastructure development are eligible for NEPAD-IPPF. NEPAD-IPPF grants would be approved on the basis of need and on a first-come first-serve basis. However, necessary measures would be taken to avoid marked imbalances in the approval of resources as far as regions are concerned.

Projects promoted solely by Private sector organisations would not be eligible for the NEPAD-IPPF grant.

The Bank Group sanctions policy would not be applicable to the NEPAD-IPPF.

3.2 Foreign Exchange and Local Cost Financing

The NEPAD-IPPF grants will be applied to finance both foreign and local cost elements of a proposal. However, to ensure and guarantee ownership and commitment, it would be a requirement that beneficiaries contribute a minimum of 5% of the total cost of the proposed activity (The actual level of contribution of project promoter/beneficiary would be determined during approval but would not be less than 5%). The NEPAD-IPPF advance
will be utilized to finance 100% of the foreign exchange costs and up to a maximum of 95% of the local costs.

### 3.3 Procurement of Goods and Services

The procurement of goods and services under the NEPAD-IPPF facility shall be carried out in accordance with the Rules of Procedures for the Use of Consultants and for Procurement of Goods and Works of the African Development Bank Group. Considering the relatively small nature and duration of the contracts expected from this facility, the following procurement modes are proposed for Goods and Services:

- **a) for consultancy services**, procurement will be on a basis of competition by shortlist of firms approved by the Bank. The selection criteria will be based on technical quality with price consideration;
- **b) the procurement of items of goods such as computers, equipments as deemed necessary** will be based on International Shopping or National Shopping depending on the mode agreed by the Bank and the Beneficiary; and
- **c) audit Services for activities under the NEPAD -IPPF** will be procured on the basis of a shortlist of consultants. Where the value of the grant to a given project is small, typically not exceeding USD 20,000 in value, the fund would encourage the use of individual consultants.

### 3.4 Terms of Financing

The NEPAD-IPPF grants are made only to Governments of the RMCs, regional Economic Communities and Specialised Infrastructure development and delivery Agencies (projects promoted solely by private sector organizations are not eligible for NEPAD-IPPF Grant) to facilitate project preparation, enhance building of consensus as well as the undertaking of other activities deemed necessary to advance the development of regional infrastructure in Africa. These grants are treated as non-reimbursable grants.

### 3.5 Ceiling for Grants, Approval Responsibility and Disbursement

#### 3.5.1 Ceiling for Grants

It is proposed that a floor of USD 5,000 and a ceiling of USD 500,000 be considered to accommodate the financing of the various categories of activities.

#### 3.5.2 Approval Responsibility for Grants

The NEPAD-IPPF is a demand-responsive facility, quick-access and quick disbursing facility that can be readily applied to project/programme development and preparation activities. It is therefore necessary that approval of resources under the facility be expeditious and client responsive. In this regard, all grants under the fund would be approved by the Vice President Operations, North East and South Region.
3.5.3 Disbursement

The NEPAD-IPPF grant would be disbursed through a revolving fund domiciled in a Bank acceptable to the Fund in the capital of the RMC or city where the REC or specialised agency is domiciled. In order to ensure effective financial control, NEPAD-IPPF grants approved for a project will be disbursed into the special account in two to three tranches on a pro-rata basis in consideration with the work done. Direct payment arrangements would be applied provided that agreement is reached with the Beneficiary at the time of approval and the amount does not exceed USD 20,000.

3.6 Suspension of Disbursement

Disbursement of NEPAD-IPPF resources may be suspended where fund management is satisfied that the withdrawn amounts are not being used for the agreed purpose or standards. The Fund would thereafter take necessary measures to recover misused funds from the Beneficiary.

4 PROCESSING OF NEPAD-IPPF GRANTS

4.1 Requirements for NEPAD-IPPF Proposals

4.1.1 The requests for the utilization of NEPAD-IPPF resources will originate from the national Governments with interest in the proposed multinational project/programme, Regional Economic Communities, or Specialised regional/continental infrastructure development agencies. The content of such a proposal should clearly address the following issues:

- objectives of the project or programme, project description and economic justification;
- the detailed preparatory activities to be undertaken with the NEPAD-IPPF advance;
- the Terms of Reference (TOR);
- the detailed cost estimates;
- Implementation schedule for commencing and completing the preparatory activity;
- the brief on the capacity of the EA which will implement or co-ordinate the preparatory activities;
- commitment that the preparatory activities are targeted to generate priority projects/programmes or have high probability of doing so.

4.1.2 On receipt of the proposal, the responsible officer will carry out a desk review of the proposal to determine if the proposal is viable. If the proposal is viable, and where appropriate, a validation mission will be mounted, to the originating RMC, REC or Specialised Agency to discuss all aspects of the preparatory activities, implementation capacity, sche-
dules of implementation and other key issues necessary for effective utilization of the advance. Thereafter, the Fund Manager will prepare a memorandum for the utilization of NEPAD-IPPF advance for the preparatory activities relating to the project, study or programme.

4.2 Grant Approval

On approval of the NEPAD-IPPF grant, a formal signing of the Letter of Agreement of the Grant between the recipient and the ADB would be arranged prior to commencement of disbursement and activities under the grant.

4.3 Signing of the Letter of Agreement

On approval of the NEPAD-IPPF advance, the responsible officer will arrange for the formal signing of the Letter of Agreement.

5 REPORTING ARRANGEMENTS/PROJECT AUDIT

5.1 Reporting Arrangements

5.1.1 The Beneficiary is required to submit to the Bank regular reports on the physical and financial status of the implementation of preparatory activities financed under the NEPAD-IPPF. In addition to this, a final report would be submitted by the beneficiary on completion of the activity/project. These reports should provide physical and financial performance of the preparatory activities, problems if any, and any likelihood of achieving the objectives.

5.2 Project Audit

The grants released under the NEPAD-IPPF are subject to project audit at the completion of the preparation activity. It is proposed that the cost of audit services be incorporated into the cost estimates. In regard to grants between USD 5,000 and USD20,000, it is proposed that the fund manager should directly arrange for the audits of such operations.

5.3 Contact Address and Information

All applications for advances under the NEPAD-IPPF should be addressed to: Mr. Theodore Nkodo, Vice President, Operations, North, East and South Region. African Development Bank Group, Rue du Ghana, Tunis Belvedere, BP323, Tunis, TUNISIA; E-mail: t.nkodo@afdb.org.
For further information and details please contact:

**ADB NEPAD UNIT**

African Development Bank Group
Rue du Ghana, Tunis Belvedere
BP323, Tunis, TUNISIA
Tel: +216 71 10 2039
Fax:+216 71 332 694
Web: www.afdb.org

**ATTENTION**

Mr. Emerson G. Taylor-Lewis
Director, Country Operations
North, East and South region
E-mail: e.taylor-lewis@afdb.org

Mr. Ini J. Urua
Principal Engineer
NEPAD Unit
North, East and South Region
E-mail: u.ini@afdb.org
**ANNEX 1**

**NEPAD**
Infrastructure Project and Program Preparation Facility (NEPAD-IPPF)
Application for NEPAD-IPPF (to be completed by Originating Entity/Beneficiary)

1 **Organisation Requesting NEPAD-IPPF**

<table>
<thead>
<tr>
<th>Organization:</th>
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<tbody>
<tr>
<td>Address:</td>
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<tr>
<td>Contact Person:</td>
</tr>
<tr>
<td>Position:</td>
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<tr>
<td>Telephone:</td>
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<td>Fax:</td>
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<td>E-mail:</td>
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</tbody>
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2 **SUMMARY OF PROPOSAL**

**Geographic Area of Proposed Activity**
*Please Tick Applicable Boxes*

<table>
<thead>
<tr>
<th>Region(s) of Focus</th>
<th>East Africa</th>
<th>West Africa</th>
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<tbody>
<tr>
<td></td>
<td>North Africa</td>
<td>Central Africa</td>
</tr>
<tr>
<td></td>
<td>Southern Africa</td>
<td>Continental Initiative</td>
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</tbody>
</table>

3 **Sectoral Focus of Proposed Activity**
*Tick all that apply*

<table>
<thead>
<tr>
<th>Transport Sector</th>
<th>Roads</th>
<th>Maritime</th>
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<tbody>
<tr>
<td>Aviation</td>
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<td>Multi-Modal</td>
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<tr>
<td>Energy Sector</td>
<td>Generation</td>
<td>Transmission</td>
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<td>Distribution</td>
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<td>Renewal Energy</td>
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<td>Energy Efficiency</td>
<td>Oil/Gas</td>
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<tr>
<td>Electricity</td>
<td>Roads</td>
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<tr>
<td>ICT</td>
<td>Telecommunications</td>
<td>IT</td>
</tr>
</tbody>
</table>

4 **Expected Deliverable**
*(e.g., Studies, Workshops and Seminars, Technical Assistance, etc.)*
5 Proposed Activity

Tick one box to specify the primary nature of the proposed activity (P) and where applicable, tick one or more boxes which reflect secondary natures(S).

<table>
<thead>
<tr>
<th>Tick Appropriate Boxes</th>
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<tbody>
<tr>
<td><strong>Project Preparation:</strong> Support to the design and implementation of physical projects and/or specific transactions necessary to ensure project readiness for public/private financing.</td>
</tr>
<tr>
<td>Update of Project Design and/or preparation of Bidding Documents.</td>
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<td>Revision/Updating of Feasibility Studies.</td>
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<td>Project Promotion Activities.</td>
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<td>Preparation of Transaction documents for PPP’s.</td>
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<tr>
<td>Financial/technical Analysis and Documentation.</td>
</tr>
<tr>
<td>Pre-Contract Analysis, Studies and Documentation.</td>
</tr>
<tr>
<td>Update of Technical/Financial Investigation to Establish Viability.</td>
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<tr>
<td>Infrastructure Development Strategies: Studies to elaborate on infrastructure strategies for a given region.</td>
</tr>
<tr>
<td><strong>Workshops and Seminars:</strong> Workshop and Seminars aimed at building consensus among stakeholders for appropriate policy, regulatory and institutional reforms.</td>
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<td><strong>Policy, Regulatory and Institutional Reforms:</strong> Technical Assistance to assist in the design and implementation specific reforms, including studies and drafting of instruments.</td>
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<td><strong>Capacity Building:</strong> Activities aimed at building capacity in the design and execution of infrastructure projects and programs.</td>
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<tr>
<td><strong>Dissemination of Best Practice:</strong> Activities designed to facilitate the identification, promotion and dissemination of best practices in infrastructure development, delivery and management.</td>
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</tbody>
</table>

C DETAILS OF PROPOSAL

6 Summary of Proposed Activity

Describe briefly the specific activity for which NEPAD-IPPF funding is being requested. Please attach all Supporting documentation (e.g., draft terms of reference, concept note).

7 Key Objectives of Activity

Summary of the key and specific objectives of the proposed activity and anticipated the key indicators for measuring progress and success of the activity.

8 Consistency with NEPAD Infrastructure Program

Brief description of how the proposed activity contributes to NEPAD program in Infrastructure Development.

9 Rationale for NEPAD-IPPF Funding

Indicate whether funding for the activity is available or being sought from some other source (including loans from international financial institutions, grants from other programs, or a government’s own resources) and, if so, the rationale for requesting NEPAD-IPPF funding.
10 Approval of concerned REC and/or Governments

NEPAD-IPPF funds may only be made available on approval of the activity by the respective REC(s) and concurrence by NEPAD Secretariat. In some cases, the concurrence of the countries concerned may be a requirement.

<table>
<thead>
<tr>
<th>Name of responsible official:</th>
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<tbody>
<tr>
<td>Position:</td>
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<tr>
<td>REC/Ministry(for countries):</td>
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<tr>
<td>NEPAD Secretariat:</td>
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<td>Telephone:</td>
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<td>Fax:</td>
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<td>Email:</td>
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11 Environmental and Social Issues

Describe measures to mitigate negative environmental/social impacts where proposed activity is expected to have environmental or social consequences.

D IMPLEMENTATION AND FINANCING PLAN

12 Implementation Approach

Brief description of program implementation framework approach:
(How would it be implemented, Who would be responsible for implementation, Capacity for Implementation, etc).

13 Implementation Schedule

Indicate the beginning and end date, as well as major activity milestones.

14 Financing Plan

Present a summary of the financing plan by the major components (the detailed budget should provide further breakdown by these components).

<table>
<thead>
<tr>
<th>Major Components</th>
<th>NEPAD - IPPF (US$)</th>
<th>Other Sources of Finance</th>
<th>Total Cost (US$)</th>
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<tbody>
<tr>
<td>Consulting Services (fees, travel, per diem)</td>
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<tr>
<td>Task Team Supervision Cost (fees, travel, per diem)</td>
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<tr>
<td>Dissemination Costs (translation, editing, publication, etc.)</td>
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<tr>
<td>Logistics (workshops, conference facilities, etc.)</td>
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<tr>
<td>Other</td>
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<tr>
<td>Total Financing/Costs</td>
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E  SUPPLEMENTARY INFORMATION AND MATERIALS

15  Additional Information
Include any additional information that may be useful in evaluating the proposal (e.g., related activities which may have been undertaken; planned follow-on activities; etc.).

16  Supporting Material
List all supporting material including, where appropriate, government approval letters, terms of reference, and detailed budget.

<table>
<thead>
<tr>
<th>Supporting Material</th>
<th>Date and Form of Transmission to NEPAD/ADB</th>
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The African Development Bank Group

Abidjan Statutory Headquarters address
01 BP 1387 Abidjan 01 (Côte d’Ivoire)
tel. +225 20 204 444
fax +225 20 217 753

Tunis Temporary Relocation Agency address
Angle de l’avenue du Ghana et des rues
Pierre de Coubertin, Hedi Nouira – BP 323
1002 Tunis Belvédère (Tunisia)
tel. +216 71 333 511
fax +216 71 830 172