User Guide

2007
Diama Dam, Mauritania and Senegal, to control water flow on the estuary of River Senegal
NEPAD INFRASTRUCTURE PROJECT PREPARATION FACILITY (NEPAD-IPPF) SPECIAL FUND

USER GUIDE 2007

The Azito thermal Energy project, Côte d’Ivoire
Conakry Port Development Project, Guinea (1983)
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<th>Abbreviation</th>
<th>Description</th>
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<tr>
<td>ADB</td>
<td>African Development Bank</td>
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<tr>
<td>CFA</td>
<td>Canada Fund for Africa</td>
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<td>G8</td>
<td>Group of Eight Countries</td>
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<tr>
<td>ICT</td>
<td>Information and Communications Technology</td>
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<td>IT</td>
<td>Information Technology</td>
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<tr>
<td>IPPF</td>
<td>Infrastructure Project Preparation Facility</td>
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<td>NEPAD</td>
<td>New Partnership for Africa’s Development</td>
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<td>PPP</td>
<td>Public-Private partnership</td>
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<td>REC</td>
<td>Regional Economic Community</td>
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<td>RMC</td>
<td>Regional Member Country</td>
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<td>STAP</td>
<td>Short Term Action Plan</td>
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<td>TOR</td>
<td>Terms of Reference</td>
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*Massingir Dam & Smallholder Agricultural Rehabilitation Project, Massingir, Mozambique*
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 marginalization by ensuring sustainable regional economic development and integration through cooperation among African countries, donors and the private sector.

1.2. Purpose of the NEPAD-IPPF Special Fund

The purpose of the NEPAD-IPPF Special Fund is to assist African countries, RECs and related infrastructure development institutions to prepare high quality, viable regional/continental infrastructure projects that would be ready to solicit financing
from public and private sources in support of the objectives of NEPAD. The Fund is also designed to support the creation of an enabling environment for private participation in infrastructure, as well as to support targeted capacity building initiatives to enhance the sustainability of existing and planned infrastructure developed in the continent, in fulfillment of the NEPAD objectives. The sectors covered are Information and Communications Technology (ICT), transport, energy, and water resources management.

2. APPLICATION OF THE PROJECT PREPARATION FACILITY

2.1. Objectives of the NEPAD-IPPF Special Fund

2.1.1. The objective of the NEPAD –IPPF is to 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.

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 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

2.2. Scope of Activities to be financed under the NEPAD-IPPF Special Fund

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 programs 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.

2.2.1 Project Cycle:

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. Early stage project cycle activities will be supported by NEPAD-IPPF as long as the Fund is satisfied that the support could lead to development and realization of a viable project that can attract financing.

2.2.2 Enabling Environment Activities:

Enabling environment activities include provision of assistance to programs aimed
at improving the enabling environment for delivery of infrastructure services, namely: consensus-building for appropriate policy, regulatory and institutional reforms; identification, promotion and dissemination of best practices in infrastructure development and operations.

2.2.3 Studies

NEPAD-IPPF Special Fund resources will be 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. The NEPAD-IPPF Special Fund would also cover baseline data surveys, preparation of technical specifications and revision of project preparation studies that are considered to be incomplete or requiring updating.

2.2.4 Advisory Services

Advisory services related to infrastructure development would be supported by the NEPAD-IPPF Special Fund. These include activities designed to assess key opportunities for private-public partnerships, where limited and timely assistance in their preparation and implementation is required. They also include advisory services on public-private partnership options; including 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.

2.2.5 Pre-contract Services, including Preparation and Revision of Tender Documents

The NEPAD-IPPF Special Fund would finance 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.

2.2.6 Technical Assistance

NEPAD-IPPF Special Fund resources can be applied to promote a participatory approach in project formulation and design. In this regard, 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. The NEPAD-IPPF Special Fund 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.

2.2.7 Capacity Building

NEPAD-IPPF Special Fund resources can also be applied to support targeted capacity building of RMCs, RECs and Specialized infrastructure development institutions, specifically in connection with activities mentioned in paras. 2.2.1 – 2.2.6 above. Capacity building initiatives of a general nature (i.e. those not linked to identified projects, processes, and activities highlighted in sections 2.2.1 to 2.2.6 of the Guidelines) would not be supported by the Fund.

3. MODALITIES FOR IMPLEMENTATION OF THE NEPAD-IPPF SPECIAL FUND

3.1 Eligibility

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 designed as 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.

Projects promoted solely by private sector organizations would not be eligible for the NEPAD-IPPF Special Fund grant. However, projects proposed by private sector organizations, and involving the participation of the public sector (Public-Private Partnerships (PPPs), as well as PPP projects promoted by RMCs, RECs and specialized institutions would be eligible for NEPAD-IPPF Special Fund.

The Bank Group sanctions policy would not be applicable to the NEPAD-IPPF Special Fund.
3.2. Recipient Contribution

The NEPAD-IPPF Special Fund grants will be applied to finance both foreign and local cost elements of a proposal. However, to ensure ownership and commitment by the countries, it would be a requirement that they contribute a minimum of 5% of the total cost of the proposed preparatory activity for all NEPAD-IPPF supported operations. The actual levels of contribution of project promoter/sponsor/beneficiary would be determined during approval.

3.3. Procurement of Goods and Services

The procurement of goods and services under the NEPAD-IPPF Special Fund facility shall be carried out in accordance with the Bank Group’s Rules of Procedure for the Use of Consultants and Rules of Procedure for Procurement of Goods and Works. In accordance with the Instruments establishing the NEPAD-IPPF Special Fund, Procurement will be limited to member countries of the Bank as well as those Donor States that are non-members of the Bank, from which contributions have been made to the NEPAD-IPPF Special Fund.

3.4. Terms of Financing

NEPAD-IPPF Special Fund grants are made only to Governments of RMCs, RECs or specialized Infrastructure development and delivery Agencies to facilitate project preparation, enhance consensus-building, and for undertaking 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
A floor of USD 20,000 and ceiling of USD 2,000,000 have been established to accommodate the financing of the various Preparatory Activities under the NEPAD-IPPF Special Fund.

3.5.2. Approval of Grant

The NEPAD-IPPF Special Fund is a proactive, demand-responsive, quick-access and disbursing facility that can be readily applied to project/program development and preparation activities. In this regard approval of resources under the facility would be expeditious and client-responsive. Grants up to five hundred thousand dollars (USD500,000) are approved by the Director in charge of NEPAD. Grants above five hundred thousand dollars (USD500,000) up to one million dollars (USD1 million) are approved by the Vice President in charge of NEPAD infrastructure development while grants exceeding one million dollars (USD1 million) are approved by the President of the Bank.

3.5.3. Disbursement

The NEPAD-IPPF Special Fund grant would be disbursed through a special account domiciled in a Bank acceptable to the Fund. In order to ensure effective financial control, NEPAD-IPPF Special Fund grants approved for a project will be disbursed into the special account in tranches on a pro-rata basis, based on justifications provided by the Recipient with the Statements of Expenditure and assessment of 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 is not less than USD 20,000.

A time limit for first disbursement of funds beyond which period the grant would be cancelled should be set and discussed with project promoters, countries, RECs, and Special infrastructure development agencies at the time of review.

3.6. Suspension of Disbursement

Disbursement of NEPAD-IPPF Special Fund 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 SPECIAL FUND 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/program, Regional Economic Communities, or Specialized regional/continental infrastructure development agencies. The content of such a proposal 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 co-ordinate the preparatory activities.
- Commitment that the Preparatory Activities are targeted to generate priority projects/programs or has high probability of doing so.

4.1.2. On receipt of the proposal, a desk review would be carried out to determine if the proposal is viable. 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. Thereafter, 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.

4.2. Review of Grant Proposals

To ensure transparency and enhance the quality at entry, all IPPF grant proposals would be subjected to internal reviews prior to submission for approval.
4.3. Grant Approval

Approval of all grants under the NEPAD-IPPF Special Fund would be made in accordance with approval responsibilities stipulated in paragraph 3.5.2.

4.4. Signing of the Letter of Agreement

On approval of the NEPAD-IPPF Special Fund grant, the responsible officer will arrange for the formal signing of the Letter of Agreement. The deadline for signing of Grant Agreements is ninety (90) days from date of approval.

4.5. Grant Effectiveness

The Grant shall enter into force on the date of counter signature by the Bank.

5. REPORTING ARRANGEMENTS/PROJECT AUDIT

5.1. Reporting Arrangements

The Beneficiary is required to submit to the Bank quarterly reports on the physical and financial status of the implementation of preparatory activities financed under the NEPAD-IPPF Special Fund. In addition, a final report would be submitted by the beneficiary on completion of the activity/project.

5.2. Project Audit

Grants released under the NEPAD-IPPF Special Fund are subject to audit by an independent external auditor acceptable to the Bank at the completion of the Preparation Activity. The cost of audit services would be incorporated into the cost estimates for the project.
5.3. Contact Address and Information

Applications to the NEPAD-IPPF should be addressed to:
Mr. Mandla S. Gantsho, Vice President, Infrastructure, Private Sector and Regional Integration, African Development Bank Group, Rue du Ghana, Tunis Belvedere, BP323, Tunis, TUNIS.
For further information and details please contact:

NEPAD, Regional Integration and Trade Department
African Development Bank Group
Rue du Ghana, Tunis Belvedere

BP 323, Tunis, TUNISIA
Tél. : +216 71 10 3077
Fax : +216 71 332 694
Web : www.afdb.org

ATTENTION

Ms. Rosalind Thomas
Director,
NEPAD, Regional Integration and Trade Department
E-mail: r.thomas@afdb.org

Mr. Ini J. Urua
Manager,
NEPAD Division
NEPAD, Regional Integration and Trade Department
E-mail: u.ini@afdb.org

Mr. Mike Salawou
NEPAD-IPPF Task Manager,
NEPAD Division
NEPAD, Regional Integration and Trade Department
E-mail: m.salawou@afdb.org
NEPAD – Infrastructure Project Preparation Facility Special Fund
(NEPAD-IPPF Special Fund)

Application for NEPAD-IPPF Special Fund
(to be completed by Originating Entity/Beneficiary)

Organization Requesting NEPAD-IPPF Special Fund

<table>
<thead>
<tr>
<th>Organization:</th>
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<tr>
<td>Address:</td>
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<tr>
<td>Contact Person:</td>
<td>Position:</td>
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<td>Téléphone:</td>
<td>Fax:</td>
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<td>Email:</td>
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B. Summary of Proposal

1. Geographic Area of Proposed Activity: Please Tick Applicable Boxes

<table>
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<tr>
<th>Region(s) of Focus</th>
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<tbody>
<tr>
<td>East Africa</td>
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<tr>
<td>West Africa</td>
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<tr>
<td>North Africa</td>
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<tr>
<td>Central Africa</td>
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<tr>
<td>Southern Africa</td>
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<tr>
<td>Continental Initiative</td>
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2. 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>Railways</td>
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<tr>
<td>Multimodal</td>
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<tr>
<td>Energy Sector</td>
<td>Generation</td>
<td>Transmission</td>
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<tr>
<td>Distribution</td>
<td>Renewal Energy</td>
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<tr>
<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>TIC</td>
<td>Telecommunications</td>
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<td>Eau</td>
<td>TI</td>
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</table>
3. Expected Deliverable: *e.g.*, *Studies, Workshops and Seminars, Technical Assistance, etc.*

4. 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>
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<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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<td>Financial/technical Analysis and Documentation</td>
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<tr>
<td>Pre-Contract Analysis, Studies and Documentation</td>
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<tr>
<td>Update of Technical/Financial Investigation to Establish Viability</td>
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<tr>
<td><strong>Infrastructure Development Strategies:</strong> Studies to elaborate on infrastructure strategies for a given region.</td>
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<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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<tr>
<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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<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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</table>
C. Details of Proposal

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

6. 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.

7. Consistency with NEPAD Infrastructure Program:
Brief description of how the proposed activity contributes to NEPAD program in Infrastructure Development

8. Rationale for NEPAD-IPPF Special Fund 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 Special Fund funding.
9. Approval of concerned REC and/or Governments:
NEPAD-IPPF Special Fund 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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<tr>
<td>Position</td>
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<table>
<thead>
<tr>
<th>REC/Ministry(for countries)</th>
<th>NEPAD Secretariat</th>
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<tbody>
<tr>
<td>Tel.:</td>
<td>Fax:</td>
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10. Environmental and Social Issues:
Describe measures to mitigate negative environmental/social impacts where proposed activity is expected to have environmental or social consequences.

IMPLEMENTATION AND FINANCING PLAN

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

12. Implementation Schedule:
Indicate the beginning and end date, as well as major activity milestones
13. 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</th>
<th>Other Sources of Finance</th>
<th>Total Cost</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

14. 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.).

15. Supporting Material
List all supporting material including, where appropriate, government approval letters, terms of reference, and detailed budget.
NEPAD Infrastructure Project Preparation Facility Special Fund
(NEPAD-IPPF Special Fund)

FORMAT FOR PREPARATION OF NEPAD-IPPF Special Fund MEMORANDUM

1. Introduction
   1.1 Background Information
   1.2 Project/Study or Program Objectives
   1.3 Justification for the use of NEPAD-IPPF Special Fund
      - Are there no other alternative sources of financing for the preparatory activities?
      - What is the probability that the activities are project targeted?
      - What are the economic justifications and rationale for the targeted project/study program?

2. Project Description
   2.1 Description of preparatory activities for which grants are requested
   2.2 Description of the expected outputs and their linkages to the targeted project or program (if applicable)

3. Cost Estimates for the Preparatory Activities
   3.1 Detailed cost estimates (broken down into foreign and local costs)
   3.2 Financing plan
   3.3 Cost estimates by components

4. Mode of Procurement of services and limited goods (if applicable)
   4.1 Mode of Procurement of Services
   4.2 Mode of Procurement of Goods

5. Implementation Schedule

6. Financing Arrangements (to be discussed and agreed with Government/Recipient)
   6.1 Financing Plan
   6.2 Suspension of disbursement of PPF grants
   6.3 Letter of Agreement and its annexes:
      - purposes, terms, and conditions of Grants;
      - special deposit account;
      - financial provisions applicable to NEPAD-IPPF Special Fund Grants

7. Conclusions and Recommendations for Bank’s Consideration
   7.1 Conclusions
   7.2 Recommendations
8. Annexes:

1) Evidence of commitment to implement the targeted project or program in form of duly signed by authorized person.
2) Draft Letter of Grant Approval duly cleared by the Director in charge of NEPAD.
3) Other relevant annexes including maps etc.

N.B The NEPAD-IPPF Special Fund Memorandum will be limited to 15 pages, including annexes.