

INTERCONNECTING AFRICA

The EU - Africa Partnership on Infrastructure

WATER

INFORMATION & COMMUNICATION TECHNOLOGIES ICT

TRANSPORT

ENERGY

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Creating and sustaining regional infrastructure networks and services

The insufficiency of infrastructure on the African continent severely constrains economic growth and hampers human and social development. Road transport accounts for 90% of inter-urban transport but physical links and services are inadequate. Rail network coverage is sparse and interconnectivity of networks is low. Many maritime ports struggle to offer competitive services and inland waterways are poorly integrated into transport networks. Over 300 million people – some 42% of Africa's population – still do not have access to safe water. Similarly, access to basic sanitation is denied to 60% of the population. 500 million Africans have insufficient access to electricity which can be a factor in people leaving their villages to look for a better life in the capitals, but often they end up in slums and degradation. Intra-African telecommunications mostly need to be sent via the North due to poor interconnection facilities.

The EU-Africa Partnership on Infrastructure

An engine for boosting infrastructure networks

The EU-Africa Partnership on Infrastructure aims to secure the **interconnectivity** of the African continent and its different regions. It is one of the cornerstones of the increasingly strong cooperation between Europe and Africa and it will play a key role in the implementation of the **Joint EU-Africa Strategy**. The Joint Strategy and the associated action plan establish a solid framework for structured political dialogue and concrete cooperation between Africa and Europe.

The Partnership aims to substantially increase investment in infrastructure and delivery of related services. It focuses on trans-boundary, regional and national infrastructure in the widest sense: transport networks, water and

energy infrastructure as well as telecommunication networks and infrastructure-related services. It provides a common and comprehensive vision of continental needs and **coordinates** actions that enhance infrastructure networks across Africa.

By facilitating continental interconnectivity and strengthening regional networks, the Partnership responds to the **development goals of the African Union and its New Economic Partnership for Africa's Development (NEPAD)**.

The African Union Commission in action

Interconnecting the African continent will help **regional integration**, which is considered by the African Union Commission (AUC) as a crucial catalyst of **Africa's Renaissance**. The AUC aims to reach this fundamental objective through harmonization of infrastructure policies and strategies as well as legal and regulatory frameworks. Increasing regional integration within the framework of the Partnership will help the AUC mobilize resources more effectively in order to support Africa's development.



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Interconnectivity will enhance development

The EU-Africa Partnership on Infrastructure aims to create the infrastructure networks that will secure the **interconnectivity** of the African continent and its different regions to promote regional integration. Interconnecting will thus facilitate Africa's participation in global trade.

The Partnership is a joint EU-Africa framework that will help improve and increase the infrastructure stock in the continent. Improving infrastructure, the related services and the regulatory frameworks will contribute to sustainable economic growth, promote competitive trade, create employment and decent work, foster regional integration and ultimately reduce poverty.

Rapid, sustained and broad-based growth is essential. A better inter-connected Africa, internally and with the rest of the world, will create larger markets and also help Africa achieve its Millennium Development Goals. According to some estimates, a one percent increase in the infrastructure stock could add one percent to GDP growth. This demands a commitment to integration within coherent regional trade agreements and harmonization of infrastructure policies and regulatory frameworks. Good communication and use of appropriate technologies can accelerate this process. These are the areas where the EU and Africa will work together within this Partnership on Infrastructure. Interconnecting Africa will thus facilitate its participation in global trade.

What are Africa's infrastructure needs?

In 2005, the Commission for Africa made an estimate of the continent's infrastructure needs. It reported that Africa needs US\$20 billion a year investment over and above current expenditure levels. To reach this target, Official Development Assistance will not be enough and active participation of private sector and development of financial institutions will be required.

The definition of priorities for investment is the purpose of two major studies which are currently being carried out: the African Infrastructure Country Diagnostic (AICD) study will assess the extent to which countries can upscale infrastructure expenditure; the AU-NEPAD Medium and Long Term Framework Study (MLTSF) will help prioritize regional and continental projects.

The European experience in developing infrastructure networks

The EU has developed principles that (I) deliver a rigorous and clear methodology for identifying priority projects and (II) build consensus among countries on the harmonisation of regulatory frameworks. Such knowledge will enrich the AU-EU dialogue.

The EU-Africa Partnership on Infrastructure is a valuable addition to the long term support provided by the European Union to infrastructure development in Africa: in 2005 and 2006 (according to ICA estimates) the European Union offered more than €5 billion for interventions in the infrastructure field (€1.4 billion for water and sanitation projects, €1.9 billion for energy projects and €2.3 billion for transport projects).





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Actions in support of the Partnership

Regional and national resources

The EU Africa Partnership on Infrastructure will also draw upon resources from the 10th European Development Fund (EDF). Based on current funding figures, allocations to infrastructure could increase from 3.75 billion (9th EDF, 2002-2007) to approximately 5.6 billion (10th EDF, 2008-2013). A substantial proportion of this will finance the Partnership operations

Support to the start-up phase of the Partnership (2007-2008)

Several actions that support the infrastructure programme of the African Union have already been approved:

- €55 million - Capacity Building Programme for AU including resources for NEPAD I-STAP
- €10 million - Energy Facility supporting African Power Pools and the African Forum of Utility Regulators
- €20 million - Water Facility and other instruments supporting project preparation in African trans-boundary river basins; additional support to transboundary basins is also provided in partnership with AMCOW and through the African Water Facility
- €18 million in support of the River Nile Basin Initiative.
- € 6 million for regulatory reform in the telecom sector

An additional project €10 million, in support of African Union, is being submitted for approval. It will finance relevant preparatory actions and studies in transport, energy and ICTs



A new financial instrument: the Infrastructure Trust Fund for Africa

Coordinating aid to improve efficiency

The EU Infrastructure Trust Fund for Africa is an innovative co-financing instrument of the EU-Africa Partnership on Infrastructure. It brings together the EC, Member States, the EIB, and European Development Financing Institutions, who can pool their respective efforts and resources to directly co-finance relevant projects. The Trust Fund provides grants that will attract and leverage additional funds from other donors and private investors.

These grants will cover (I) **interest rate subsidies** (II) **technical assistance**, including preparatory work for eligible projects such as environmental impact assessments, project supervision and targeted capacity building (III) **direct grants** for project components that have a substantial demonstrable social or environmental benefit (IV) initial-stage funding of **insurance premia** necessary to ensure the launch of infrastructure projects. In the first six months, the Trust fund already has €60 million from the EC, and €27 million from contributing Member States. In addition, the EIB and other donors could commit resources in excess of €250 million. A Secretariat will ensure an access point for and liaison with all Partnership stakeholders.

To date, three projects have already been approved:

// The **East African Submarine Cable System (EASSy)** is an €173 million project financed with both public and private funds, to construct and operate a 10,000 km fibre optic submarine cable that will provide broadband connection to the Eastern part of Africa. With a contribution of €2.6 million for the hiring of a specialized team to manage this highly technical venture, the Trust Fund leverages an additional funding of over €25 million from the contributing financiers (EIB, KfW, AFD), allowing the successful completion of the EASSy project.

// **FELOU Hydroelectric System:** the Trust Fund will provide €10 million as an interest rate subsidy, leveraging an additional €33 million from the EIB. These funds will support the construction and operation of a hydropower plant on the Senegal River. This project, estimated at €102.5 million, will improve access to energy services in at least three countries (Mali, Senegal, and Mauritania), improving their energy supply and security.

// For the **Ethiopia-Kenya Power Systems Interconnection**, the €550,000 provided by the Trust Fund will leverage an additional contribution of over €350,000 from the KfW and the AFD. These funds will allow the completion of a feasibility and environmental impact assessment study, estimated at over €1.5 million.

TRANSPORT



The objective:

Reduce the cost and improve the quality of infrastructure and services by promoting optimum use of existing multimodal transport systems and support adequate maintenance of the existing infrastructure and then completing trans-African and regional networks.

- Improved road conditions and fewer road blocks and delays at custom posts will reduce the journey times and, more importantly, journey costs to ports and regional distribution centres. This means business and trade between adjacent countries will expand.
- Better roads and services will make farming more profitable. Better access to markets will allow poor people to benefit from growth, to expand their farming production and to diversify into more profitable crops.
- Better roads and services will increase access to health care facilities, reducing time lost due to illness and increasing household productivity and life expectancy, particularly in rural communities.

ENERGY



The objective:

Facilitate essential investments in generation and transmission of energy based on renewable resources, develop cross-border connections and grid extensions, and promote regional energy agreements to improve affordability and access to energy services.

- Improved access to electricity and the availability of affordable and reliable energy services will allow Africa to increase industrial production and to provide added value to agricultural products, contributing towards economic growth and creating opportunities that will lead to a reduction in poverty.
- Improved access to electricity will give people a better quality of life in their home villages rather than migrating to the cities where they often end up in slum conditions
- Improved access to clean energy will lead to a reduction in the number of people, most of them women, who suffer or die from indoor air pollution from wood burning stoves. It will also allow poor people to spend more time on income generating activities because of savings in time collecting fuel for heating and cooking.

WATER



The objective:

Sustain the use of the available and finite water resources in meeting the populations' water and sanitation needs and improve national and local management of river basin catchments together with a larger impact at trans-boundary levels.

- More effective management of water resources is needed to secure water availability threatened by large seasonal fluctuations, periodic cycles of drought and flood, as well as by climate change.
- Nearly all of Africa's rivers are shared between two or more countries. It is essential that countries cooperate on the use of their shared rivers through water resources management plans, in order to reduce vulnerability to droughts and have better flood control management. These plans, addressing the needs of all users, should also help strike a balance between the use of the water resources as a basis for livelihoods and conservation of the resource.
- Freshwater is a finite and precious resource essential for sustaining life and human development. It was estimated by the Commission for Africa that, by meeting the MDG for access to water and sanitation in Africa, 173 million cases of diarrhoea would be avoided each year, saving some US\$1.6 billion in curative health treatment costs, gaining some 456 million productive days and some 99 billion school days annually.

INFORMATION AND COMMUNICATION TECHNOLOGIES



The objective:

Develop connections with continental and regional networks while opening up the telecommunications sector to competition for efficient and low-cost provision of ICT services.

- Information & Communication Technologies will support the health, educational and governmental sectors and thus will contribute to achieving the social dimension of the Millennium Development Goals.
- Poverty is not reduced by money alone, it requires access to knowledge. Information & Communication Technologies are at the core of knowledge generation, distribution and usage. They are also at the foundation of improving business practice and efficiency.

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