

# 16 INFRASTRUCTURE PROJECTS FOR AFRICAN INTEGRATION



# INTRODUCTION

16 Infrastructure Projects for African Integration is a component of ECA's Project 16-16-16, developed in partnership with NEPAD Agency to accompany the implementation of the outcome of DFS in a minimum of 16 countries, beginning from 2016.

This book is condensed from two technical reports prepared by NEPAD Agency and ECA: one in support of the Dakar Financing Summit (DFS) on Infrastructure Financing of June 2014 and the other as a result of a request by African heads of state for ECA and NEPAD Agency to undertake an in-depth study on domestic resource mobilization in Africa to implement various national and regional programmes of NEPAD, including the Programme on Infrastructure Development in Africa (PIDA). Sixteen of the PIDA (Priority Action Plan) projects were endorsed for accelerated implementation by African heads of state at DFS.

The book therefore, is repackaged for the benefit of high net-worth investors and others who may have interests in any of the 16 DFS projects

and who require a one-stop document that can respond to critical questions and inquiries to guide investment decisions.

It is organized in two parts. In Part One, we profile all 16 DFS projects, underscoring elements such as their strategic importance, technical specifications, coordination, political support, international support, risks, risk mitigation, economic sustainability, expected benefits and the status of project preparation. We also highlight the coordinating authorities, the affected regional economic communities (RECs), the total estimated project cost and the funding gap. In Part 2, we present "Where the money is", an abridged version of the landmark study, by NEPAD Agency and ECA, on domestic resource mobilization in Africa.

The 16 DFS projects are strategic and regionally balanced and at different stages of the project development cycle. They were selected for their strategic, political and economic importance as flagship regional projects.



16 Infrastructure Projects for African Integration, is about these infrastructure projects, their potential for integration and the vast resources which exist internally to supplement external investment.

The DFS 16 projects are grouped in three categories:

## POWERING AFRICA

Electricity generation, transmission and distribution infrastructure is underdeveloped for most African nations, hindering broad-based economic growth of the continent. The key to unlocking Africa's potential is identifying opportunities for infrastructure projects that can utilise national and regional energy resources to benefit the continent. To increase energy access, Africa needs to focus on viable energy projects that can attract sufficient funds and have a significant, long-term impact on the African energy sector. Among the 16 DFS projects, two hydropower projects in East and West Africa (Ruzizi III and Sambangalou Dam respectively) and the Nigeria-Algeria Gas Pipeline project are at an advanced stage.

## MOVING AFRICA FORWARD

A number of transport sub-sectors contribute directly to economic development and poverty reduction in Africa. Good quality roads, railways, ports and airports, with good network connectivity, are essential for sustaining the activity and growth of many economic sectors on the continent including agriculture, industry, mining and tourism. Efficient transport infrastructure can also improve the delivery of, and access to vital social services, such as health and education, and allow citizens to actively participate in labour markets. Transport infrastructure offers governments and RECs a means to improve the integration of countries.

The advanced transport sector projects at DFS include the modernization and capacity expansion projects in ports (Dar es Salaam Port Expansion), rail investments (Dakar-Bamako Rail Modernisation) and road corridor modernization (Abidjan - Lagos

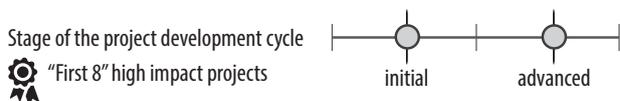
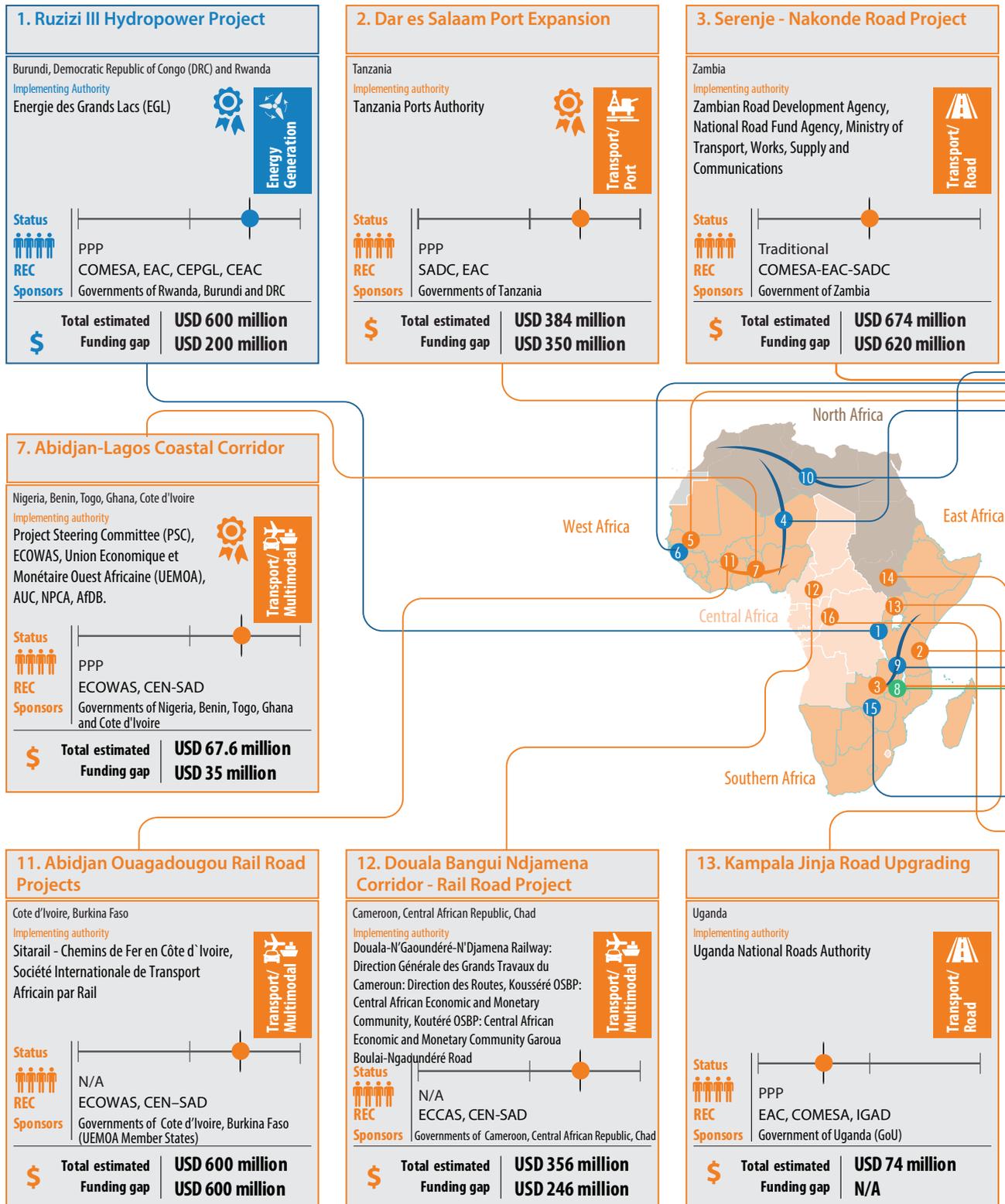
Corridor). All of these projects have a major impact on interconnecting Africa and significantly facilitating regional trade and integration. The modernization of the Abidjan-Ouagadougou-Bamako Multimodal Corridor, for instance, will benefit several countries in the Economic Communities of West African States (ECOWAS) and the West African Economic and Monetary Union (WAEMU) regions. It will simplify the crossing of borders by people and goods, increasing regional trade, and cost savings.

## CONNECTING AFRICA

The information revolution is changing the way Africans do business and access basic social services including health, education and civic services. Through such channels, improved access to internet broadband has the potential to increase economic growth. Many high capacity international backbone network projects have been built to connect Africa to the rest of the world on an open access basis, thus allowing a gradual reduction in bandwidth cost and long-distance tariffs. Private African capital has been behind many of the fibre optic submarine cables but there are also public-private partnerships with international investors in promoting connectivity in the continent. Linking these fibre backbones to backhaul terrestrial networks and affordable "last mile" connectivity remains a challenge.

One of the 16 DFS projects is the Lusaka - Lilongwe ICT link which falls under the PIDA ICT Terrestrial Connectivity . A number of energy transmission line projects are also included which not only connect regional power pools, but can also be used to carry ICT links across borders. The added value of these projects for the African continent is immense. A project such as the Lusaka-Lilongwe Terrestrial ICT Cable will increase regional and continental integration by ensuring better, more reliable connectivity for all. It will lead to the accelerated spread of broadband access and reduction of cost of bandwidth through increased competition, thus creating better opportunities for e-business.

FIGURE 1. 16 INFRASTRUCTURE PROJECTS FOR POWERING AFRICA



Source: Authors.

### 4. Nigeria-Algeria Gas Pipeline

Nigeria, Niger, Algeria  
 Implementing authority  
 Nigerian National Petroleum Corporation (NNPC), SONATRACH (Algeria), SONIDEP (Niger), Nigeria's Infrastructure Concession and Regulatory Commission (ICRC), ECOWAS



**Status**  
 PPP

**REC**  
 AMU, ECOWAS, CEN-SAD

**Sponsors**  
 Governments of Nigeria, Niger and Algeria

**Total estimated Funding gap** | **USD 23.7 billion**  
**USD 10-13.7 billion**

### 5. Modernization of Dakar-Bamako Rail Line

Senegal and Mali  
 Implementing authority  
 Ministries of Infrastructure of the Governments of Senegal and Mali



**Status**  
 Public sector

**REC**  
 ECOWAS, UEMOA

**Sponsors**  
 Governments of Senegal and Mali

**Total estimated Funding gap** | **USD 3 billion**  
**N/A**

### 6. Sambangalou Hydropower Project

Gambia, Guinea Conakry, Guinea Bissau and Senegal  
 Implementing authority  
 Gambia River Basin Development Organisation (OMVG), ECOWAS, West African Power Pool (WAPP)



**Status**  
 Public Sector

**REC**  
 ECOWAS, CEN-SAD

**Sponsors**  
 Governments of Gambia, Guinea, Guinea Bissau and Senegal

**Total estimated Funding gap** | **USD 1,108 million**  
**USD 324-524 million**

### 8. Lusaka-Lilongwe - ICT Terrestrial Fibre Optic

Zambia, Malawi  
 Implementing authority  
 Malawi Telecommunications Limited (MTL), Malawian Ministry of Information



**Status**  
 BOOM, PPP, Government

**REC**  
 SADC, COMESA

**Sponsors**  
 Governments of Zambia and Malawi

**Total estimated Funding gap** | **USD 1.5 million**  
**USD 1.5 million**

### 9. Zambia Tanzania Kenya Transmission Line (ZTK)

Zambia, Tanzania, Kenya  
 Implementing authority  
 Office for Promoting Private Power Investment (OPPP) of the Government of Zambia



**Status**  
 Public Sector

**REC**  
 EAC, COMESA, SADC

**Sponsors**  
 Governments of Zambia, Tanzania and Kenya (ZTK)

**Total estimated Funding gap** | **N/A**  
**N/A**

### 10. North Africa Transmission Corridor

Egypt, Libya, Tunisia, Algeria, Morocco  
 Implementing authority  
 General Electricity Company of Libya, Societe Nationale d'Electricite et du Gaz



**Status**  
 N/A

**REC**  
 Arab Maghreb Union (AMU)

**Sponsors**  
 Comité Maghrébin de l'Electricité (COMEEC)

**Total estimated Funding gap** | **USD 376 million**  
**N/A**

### 14. Juba Torit Kapoeta Nadapal Eldoret Road Project

South Sudan  
 Implementing authority  
 Ministry of Transport, Roads and Bridges EAC, IGAD



**Status**  
 N/A

**REC**  
 IGAD, EAC

**Sponsors**  
 Governments of South Sudan and Kenya

**Total estimated Funding gap** | **USD 420 million**  
**USD 420 million**

### 15. Batoka Gorge Hydropower Project

Zimbabwe, Zambia  
 Implementing authority  
 Zambezi River Authority (ZRA), East African Power Pool (EAPP)



**Status**  
 PPP

**REC**  
 SADC, COMESA, ECCAS/CEEAC

**Sponsors**  
 Governments of Zambia and Zimbabwe

**Total estimated Funding gap** | **USD 6 billion**  
**N/A**

### 16. Brazzaville Kinshasa Road Rail Bridge Project & Kinshasa – Illebo Railways

Republic of Congo, Democratic Republic of Congo (DRC)  
 Implementing authority  
 Délégation Générale des Grand Travaux (DGGT), ECCAS



**Status**  
 N/A

**REC**  
 ECCAS, COMESA, SADC

**Sponsors**  
 Governments of Republic of Congo, Democratic Republic of Congo

**Total estimated Funding gap** | **USD 1.65 billion**  
**USD 1.65 billion**

Powering Africa

Affordable infrastructure projects that can utilise national and regional energy resources in a way that will benefit the continent.

Moving Africa forward

Transport projects that have a major impact on interconnecting the continent and significantly facilitating regional trade and integration.

Connecting Africa

Projects that will increase regional and continental integration by ensuring better, more reliable connectivity for all, leading to the accelerated spread of broadband access and reduction of cost of bandwidth through increased competition.

## PART ONE

# SIXTEEN INFRASTRUCTURE THAT WILL ACCELERATE AFRICA'S INTEGRATION

The following is a synopsis of the 16 DFS projects:

### 1. RUZIZI III HYDROPOWER PROJECT

The Ruzizi River forms the border between the Democratic Republic of Congo (DRC) and Rwanda. Ruzizi I and II were constructed in 1959 and 1989 with installed capacity of 30 MW and 44 MW respectively. This project has the potential to transform electricity supply for an estimated 107 million people living in the Great Lakes region and is expected to contribute to the stabilization of the region by enhancing economic cooperation between the

three countries involved. In spite of the past decade of war, cooperation between the three countries involved in this project -- Burundi, the Democratic Republic of Congo and Rwanda - has never ceased to operate in ensuring the production and distribution of electricity generated from hydropower power on the Ruzizi River. The project was selected by the European Union (EU) to support the peace process in the Great Lakes region. To date, environmental and social impact assessments have been completed with resource mobilization and private sector investors are showing serious interest.



## 2. DAR ES SALAAM PORT EXPANSION

The port of Dar es Salaam is the second most important gateway for regional trade in East Africa after Mombasa, catering to 90% of Tanzania's international trade and a significant part of trans-shipment trade for Zambia, Malawi, DRC, Burundi, Rwanda and Uganda. Following privatisation in the 1990s, the Dar port became one of the most efficient ports in Africa but its performance deteriorated gradually over time. It is estimated that if the Dar port were to become as efficient as Mombasa port, the efficiency gains would be the equivalent of a 22% tariff rates amounting to USD 1.8 billion per year.

## 3. SERENJE - NAKONDE ROAD PROJECT

Road transport carries over 80 percent of the cargo on the Dar es Salaam Corridor and directly and indirectly serves Zambia, Tanzania, Kenya, Democratic Republic of Congo (DRC), Malawi, Zimbabwe, Botswana and Namibia. Reducing the cost of transport along the North-South and Dar es Salaam corridors is key to improving competitiveness in the eight countries served by these corridors. The Serenje-Nakonde road, which was constructed in the late 1970s, received minimal maintenance until 1995 by which time significant deterioration had taken place.

The Government of Zambia is currently undertaking emergency maintenance in order to improve safety on the road. The specific objective is to contribute to the upgrading of the Serenje-Nakonde section of the NSC road network through the rehabilitation of the three road links to a design pavement life of 20 years, which represents a cost-effective and economically justified standard.

## 4. NIGERIA-ALGERIA GAS PIPELINE

Natural gas is poised to occupy a more important place in the worldwide energy balance. With this pipeline, Africa can contribute to the global market with a sustained and diversified supply of natural gas particularly to the European Union. It is projected

that natural gas imports may consist of up to 85% of EU gas consumption by 2030 raising the issue of long-term security of supply. Nigeria has the 7th largest gas reserves in the world and the quality of the Nigerian gas is high, rich in liquids and low in sulphur. The project enjoys strong political support with the government of Nigeria, which has included it in its national infrastructure development programme.

The Trans-Sahara Gas Pipeline project will also help to integrate the economies of the sub-region in line with objectives of NEPAD, promote growth and poverty alleviation by opening up economic growth opportunities in the sub-region and assist in the fight against deforestation and desertification by preventing the widespread use of wood for energy. Lastly, the project will recover flared gas in Nigeria which represents a loss of energy equivalent to 220,000 barrels daily with serious consequences on the environment. The bid documents and the execution of contracts for Early Gas are being processed.

## 5. MODERNIZATION OF DAKAR-BAMAKO RAIL LINE

This project is part of the Dakar-Niamey multimodal corridor -- itself a key component of the wider Dakar-Bamako-Niamey-Ndjamena-Djibouti multimodal corridor of the PIDA priority action plan (PAP). The project involves investment in new rail infrastructure (track and rolling stock), and signaling system for the rail line between Dakar port and Bamako. The existing metric gauge railway, built between 1907 and 1927, is antiquated and obsolete. The first phase (Dakar-Bamako) as prioritized by the Government of Senegal involves the construction of a new railway network with standard gauge running through Dakar-Tambacounda-Kedougou in Senegal; Keniebu-Bamako-Bougouni-Sikasso in Mali and Bobo Dioulasso in Burkina Faso.

This project is expected to improve connectivity and intra-African trade, facilitate regional integration, and also engender new economic spin-offs/opportunities, as a result of the planned dedicated rail branches serving the mining areas. The new line will also allow the exploitation of iron ore mines in Mali and Senegal, and bauxite (in Mali).

In addition, the new investment will enable the strengthening of economic cooperation in food production between the southern Senegal region of Cassamance and the Guinea Bissau, via a southern rail-spur: Tambacounda-Ziguinchor-Bissau, which the Governments of Senegal and Guinea Bissau plan to build.

## 6. SAMBANGALOU HYDROPOWER PROJECT

This project originally formed part of a larger Gambia River Basin Development Organisation (OMVG) energy project which entails an interconnecting power grid with the Kaleta Dam in Guinea. The OMVG was established in 1978 with the three principal thrusts of energy, food security and communication. These river basins provide an opportunity for power production.

Both the Sambangalou Dam and the Kaleta Dam are now PIDA projects. Sambangalou helps meet the anticipated growth of electricity demand in the sub-region using non-GHG emitting power generation. The project will impact 186 households (1,320 persons) and 1,250 hectares of land (of which 850 hectares of cultivated land).

## 7. ABIDJAN-LAGOS COASTAL CORRIDOR

The Abidjan-Lagos Coastal Corridor is the most travelled West African corridor on the African Regional Transport Infrastructure Network (ARTIN). It is therefore important that this corridor is modernised and upgraded in order to speed up regional integration. Joint Border Posts (JBP) for common or simultaneous controls by border Agencies from pairs of neighbouring countries are aimed at enhancing trade facilitation through the efficient movement of persons, vehicles and goods within the Community and with adjoining regions through the reduction of border crossing time. The more efficient transport system and new border posts will ease the crossing between countries for people and goods. This, in turn, will increase regional trade and enhance integration of five

countries - Ghana, Cote d'Ivoire, Togo, Benin and Nigeria, all of which are members of ECOWAS.

The project treaty was signed in February 2014 and provides for a supranational corridor management Authority. The concerned member States also agreed to a seed fund contribution of USD 50 million.

## 8. LUSAKA-LILONGWE - ICT TERRESTRIAL FIBRE OPTIC

The ICT Terrestrial Connectivity project entails the closing of missing links in the ICT sector in order to improve the interconnecting infrastructure on the continent and to connect Africa with the rest of the world. The project aims to ensure comprehensive continental backbone infrastructure by developing cross-border interconnection of broadband networks. Terrestrial connectivity will increase regional and continental integration by ensuring better, more reliable connectivity for all. The development of cross-border links will lead to robust regional networks that will give the continent resilient internet connectivity.

The programme involves several projects entailing the development of cross-border links in order to create regional networks and provide a diversity of routes to submarine cables connecting Africa with the rest of the world. It will also lead to the accelerated spread of broadband access and the reduction of cost of international megabit per second through increased competition. This will lead to increased broadband usage and create better opportunities for e-businesses. The present interconnecting infrastructure between countries is insufficient, and at least 22 cross-border projects are required to provide adequate regional infrastructure. Many of these projects can be aligned with transport sector projects.

## 9. ZAMBIA TANZANIA KENYA TRANSMISSION LINE (ZTK)

The idea for the construction of the Zambian-Tanzania-Kenya (ZTK) Interconnector started as a bilateral project between Zambia and Tanzania more than two decades ago. It was one of the remnants of the “golden era” (mid -1960s to the late 1980s) of cooperation between the two countries.

The transmission line was meant to connect the electricity grids of Zambia and Tanzania from the Zambia town of Serenje through the Zambian provincial town of Kasama, landing in the Tanzanian town of Mbeya and continuing into the Tanzanian grid.

The building of the transmission line between Zambia and Tanzania was spurred as much by the political pressures of the time (to consolidate the already strong politico-diplomatic relations between the two countries) as by economic objectives and realities (to assist improve the electricity supply in Tanzania, in the face of persistent bouts of drought while providing a market for surplus power from Zambia).

## 10. NORTH AFRICA TRANSMISSION CORRIDOR

This project entails the construction of a 2,700 kilometre transmission line with a 4 500 megawatt capacity from Morocco to Egypt through Algeria, Tunisia and Libya. It involves the reinforcement of 220km 400 kV Algeria-Tunisia section; the reinforcement of 220km 400 kV Algeria-Tunisia section; and the reinforcement of 210km 400 kV Libya-Tunisia section. The project will ensure transmission of energy between Morocco, Algeria, Tunisia, Libya and Egypt; transportation of regional energy to Union du Maghreb Arab/North African countries; assist in growing regional power integration and reduce the need for reserve capacity in power systems, leading to savings on investment costs. Countries involved will share in the benefit of the low-cost, gas-based power generated in Algeria and Libya

## 11. ABIDJAN OUAGADOUGOU ROAD RAIL PROJECTS

The project entails the modernisation of the West African corridor and the roll-out of four smart corridor modules: Upgrading of 500 kilometres of highway; Modernisation of a 1,200 kilometre stretch of existing railway line; construction of two one-stop border posts and railway upgrade between Abidjan and Ouagadougou (1,200 km with modern equipment, signalling and information systems) in coordination with rail master plan. The modernisation of this West African multimodal corridor will benefit UEMOA and ECOWAS member countries of Cote d'Ivoire, Burkina Faso and beyond, and will lead to improved regional trade. The rail component is part of the wider Abidjan-Ouagadougou-Mail; and Abidjan-Ouagadougou-Niamey-Cotonou rail project.

## 12. DOUALA BANGUI NDJAMENA CORRIDOR - ROAD RAIL PROJECT

The construction of this bridge, road and railway line will link Cameroon, Central Africa Republic and Chad and speed up regional integration. The Economic Community of Central African States (ECCAS) is playing a key role in the implementation of the project.

## 13. KAMPALA JINJA ROAD UPGRADING

Improvement of the traffic capacity of Greater Kampala; this road corridor is a vital link connecting Juba, South Sudan with Kampala, Uganda. Given its design configuration as a dual carriageway of 2 to 4 lanes in each direction, this project could potentially be procured through PPP.

As part of the overall PIDA project, as a result of a more efficient transport system, it will be simpler for people and goods to cross the borders of the countries involved. This will save costs and speed

up regional integration and trade. It is expected that this project will contribute USD 1.5 million to the national output during construction.

## 14. JUBA TORIT KAPOETA NADAPAL ELDORET ROAD PROJECT

The objective of this project, which involves the upgrading of the 365 km Nadapal-Juba Road, is to enhance interstate and regional connectivity. The project will contribute to integrating South Sudan to the regional markets and support the state of South Sudan.

## 15. BATOKA GORGE HYDROPOWER PROJECT

Hydroelectric plant with an installed capacity of 1,600 MW to enable export of electricity.

This project entails the construction of a 181 metre gravity dam and the installation of eight 200 megawatt units with the power shared equally between the two countries. Transmission lines,

access roads and other facilities are also included in the project design. The detailed feasibility studies, market study, techno-economic study, as well as the environmental and social impact assessments have been completed.

## 16. BRAZZAVILLE KINSHASA ROAD RAIL BRIDGE PROJECT & KINSHASA – ILLEBO RAILWAYS

A combined road and rail bridge and one-stop border post will be built. The railway line will be connected to the Lumbumbashi-Ilebo line. The sub - project involves only the construction of Brazzaville-Kinshasa Road/Rail Bridge across the Congo River, the construction of a one stop border post (OSBP), equipping of border post and training/capacity building. This project creates a railway link between Central and Southern Africa across the DRC to speed up regional integration. It will also improve infrastructure to increase the efficiency and capacity of the transport sector. The first phase of the feasibility study has been completed.



## PART TWO

## WHERE THE MONEY IS

Africa is today the fastest growing region globally and is on the threshold of sustained transformation required to move its economies from their current status to middle income level. To achieve this goal, three factors must come into play. These are quality and effectiveness of governance and institutions, effectiveness of development policies and availability of technical and financial resources to implement development programmes and projects. Statistics point to remarkable success in improvement in governance, institutions and development policies over the past decade. This achievement has been sustained and there is continuing improvement. The availability of resources however remains a significant constraint. The continent must now break with the past. Africa must look within for sustainable solution to its development finance needs. This is the thrust of the study that was mandated by NEPAD Heads of State and Government Orientation Committee (HSGOC) and conducted by NEPAD Agency, in collaboration with the United Nations Economic Commission for Africa (ECA). The study, which had a continental coverage and drew on country case studies, identified instruments and measures for domestic resource mobilization, as well as facilities and special purpose vehicles that could facilitate the implementation of specific NEPAD programmes and projects. It also put forward imperatives for operationalizing the recommended instruments and policy measures.

Based on the assessment of the sources its financial resources and enabling environment there is sufficient evidence that the fundamentals exist for the continent to raise more financial resources domestically to implement its development programmes and projects. In addition to the fundamentals, Africa's resource potential is enormous and strongly confirms that the continent has the means to finance its own development. Elements of this evidence include the following:

- a. Africa generates more than US\$520 billion annually from domestic taxes; has public pension fund assets that are growing impressively; earns more than US\$168 billion annually from minerals and mineral fuels; and has more than US\$400 billion in international reserves held by its Central/Reserve Banks. The continent's Diaspora remittances climbed to US\$40 billion in 2012 and have the potential to raise up to US\$10 billion annually through securitization. Stock Market Capitalisation in Africa rose from US\$300 billion in 1996 to US\$1.2 trillion in 2007. Banking revenues are estimated at about US\$60 billion and there is high liquidity in the banking sector. Some ten African countries today have established Sovereign Wealth Funds. Africa's Private Equity Market is worth about US\$30 billion.
- b. Illicit financial flows from the continent reached US\$854 billion over the period between 1970 and 2008. If curtailed, such flows are financial resources that will be available for the implementation of national and regional development programmes and projects.

All these point to resources that could support development programmes and projects, if appropriate instruments and vehicles are deployed.

The key imperatives for implementation of recommendations put forward in the study consist of Sustained Progress in Regional Integration; Policy, Governance and Institutional Reforms; and Capacity Development. The evidence is strong that there is significant progress on all three fronts, just as much as there are daunting constraints and challenges. There is however a strong sense of optimism that Africa's path is defined by the progress being achieved, and this needs to be scaled up.

# FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

The study reached the following main conclusions and recommendations:

## Main Findings

- Aid has helped, but will not deliver sustainable growth and development in Africa. The continent has the resource base to support the development and implementation of the domestic finance instruments proposed in this study.
- The private sector needs to step up its participation in infrastructure development. New models of public-private partnerships will be helpful just as much as high-level platforms for public-private sector consultations.
- Domestic savings should be promoted, the large informal sector brought within formal banking system and a sub-regional approach to capital markets development vigorously promoted.
- Improved tax administration is required and tax base expanded. Increases in tax rates should be avoided. If properly managed and empowered, autonomous revenue agencies, as amply demonstrated by the South African Revenues Service (SARS), could generate remarkable results.
- A common framework for reform of laws governing investment of public pension funds is required and ongoing efforts to address illicit financial flows should be encouraged as Africa lost about US\$854 billion over the period between 1970 and 2008.
- Effective financing of specific NEPAD programmes and projects should draw on special financing instruments and special purpose vehicles. Also required is the need to raise finance for NEPAD Agency in order to enhance operational effectiveness.

## Conclusions and Recommendations

Based on the foregoing, this report expresses the view that Africa can finance its development from its own domestic financial resources, if innovative instruments are deployed and supported by appropriate means of implementation. With strong and sustained commitment to good governance, effective institutions and a responsive policy framework, enhanced awareness and involvement of the continent's stakeholders, especially the private sector, and heightened consciousness of the need among Africans for Africa to own its development, the continent will define a new robust threshold for domestic resources that will enable the implementation of at least 70-80% of its development programmes and projects based on domestic resources. The resource potential exists and concrete results are within reach even within a short term period of three years. To take Africa's efforts to the next level in the mobilization of domestic resources, this report recommends the following:

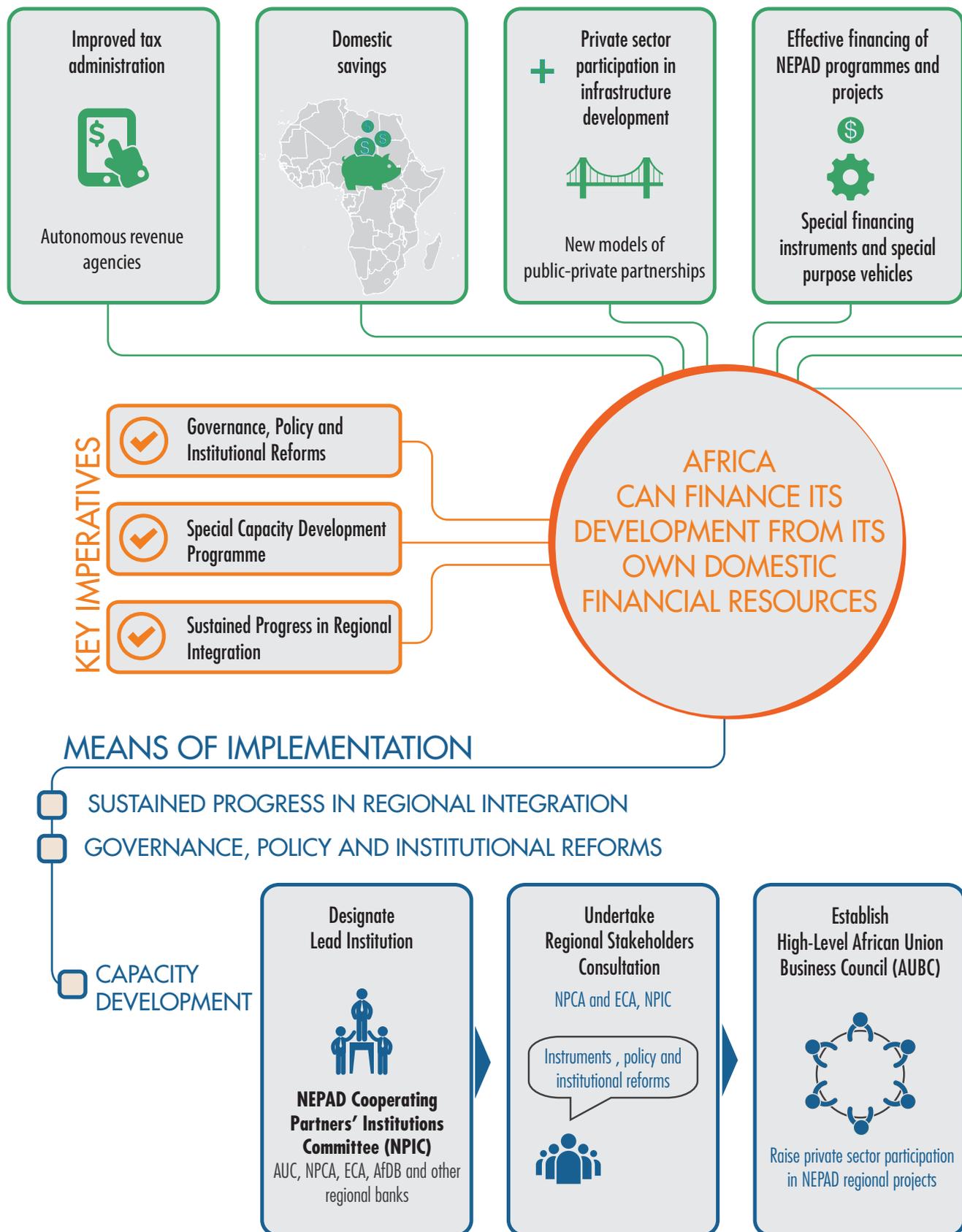
## Impetus and Instruments for Mobilizing Domestic Financial Resources

Africa should set itself a bold target to move away over the next two decades from aid. The following instruments are recommended to step up the mobilization of domestic resources:

- Establishment of an African Infrastructure Development Fund (AIDF)
- Development of an African Credit Guarantee Facility (ACGF) to support bond issuance
- Promotion of Africa-owned Private Equity Funds
- Deepening of Bond Markets in Africa
  - Promotion of Infrastructure Bonds
  - Issuance of Diaspora Bonds
- Promotion of Regional Stock Exchanges
- Securitization of Remittances
- Establishment of Strategic Development Sovereign Wealth Funds
- Exploration of New Public-Private Partnerships (PPPs) financing model.



FIGURE 2. CONCLUSIONS AND RECOMMENDATIONS



Source: Authors.

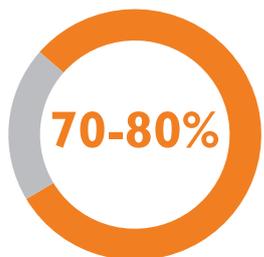
Large informal sector brought within formal banking system

Common framework  
Reform of laws governing investment of public pension funds

Encourage ongoing efforts to address illicit financial flows



IMPETUS AND INSTRUMENTS FOR MOBILIZING DOMESTIC FINANCIAL RESOURCES

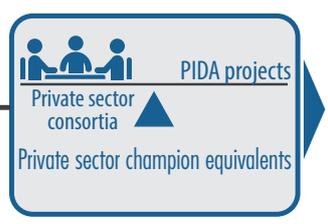


of its development programmes and projects

✓ Move away from aid (over the next two decades)



✓ Step up the mobilization of domestic resources



Strengthen the human and institutional capacity of NPIC

Special Capacity Building Programme

Implementation of appropriate policy and institutional reforms

This report outlines 16 infrastructure projects capable of enhancing Africa's regional integration in the framework of the Programme for Infrastructure Development in Africa (PIDA) and the Dakar Agenda for Action to increase private sector investment in regional infrastructure.

The first part of this report reviews each project, outlining strategic importance, technical specifications, transitional coordination, political support, international support, risks, risk mitigation, economic sustainability, expected benefits and the status of project preparation. It also highlights the coordinating authorities, the affected regional economic communities (RECs), the total estimated project cost and the funding gap.

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