

***Infrastructure Development in Africa
International Trend and TICAD V***

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Initiatives for Infrastructure Development in Africa

AU/NEPAD: Representing Africa's ownership for infrastructure development.

【The AU/NEPAD African Action Plan (AAP) 2010-2015】:

Comprising 80 flagship projects for regional/continental integration in Africa, particularly infrastructure.

【The programme for infrastructure development in Africa(PIDA)】

Representing AU's initiative for Developing regional and continental infrastructure policies.

TICAD: Infrastructure Development has been a major theme since its inception in 1993.

【Yokohama Action Plan (TICAD IV)】

Infrastructure development is a main pillar in accelerating growth in Africa.

G8:Infrastructure development in Africa is a long standing agenda.

【G8 Gleneagles Summit】(2005)

Emphasizing infrastructure development for growth, new investment, capacity building for trade.

【The Enhanced Private Sector Assistance (EPSA)】

Japan's initiative for mobilizing resource for private sector development in Africa, in partnership with AfDB.

G20:Focusing on Infrastructure development in Seoul and Cannes summit.

【The recommendation of High level panel on infrastructure and MDBs Action Plan】

Providing general direction for the G20's development initiative.

Still huge demand for Infrastructure
and business chance



Private Investment is Key

TICAD V will be held in Yokohama, Japan from June 1 to 3, 2013.

TICAD IV — Vibrant Africa —

“Boosting Economic Growth”

Transportation

Regional transport infrastructure, including roads and ports

- Assistance for the planning, construction and improvement of regional transport corridors and international ports.
- Capacity building for the management and maintenance of regional infrastructure.
- Facilitation of cross-border procedures such as 14 One Stop Border Post (OSBP).

Energy

Regional power infrastructure

Cooperation to provide a stable power supply for the whole region, and to build capacity to manage and maintain regional power networks.

Committed Tools

Grant/Technical Cooperation: ¥ 37 Billion (\$370 Million at \$1/¥100)

ODA loan: \$ 4 Billion

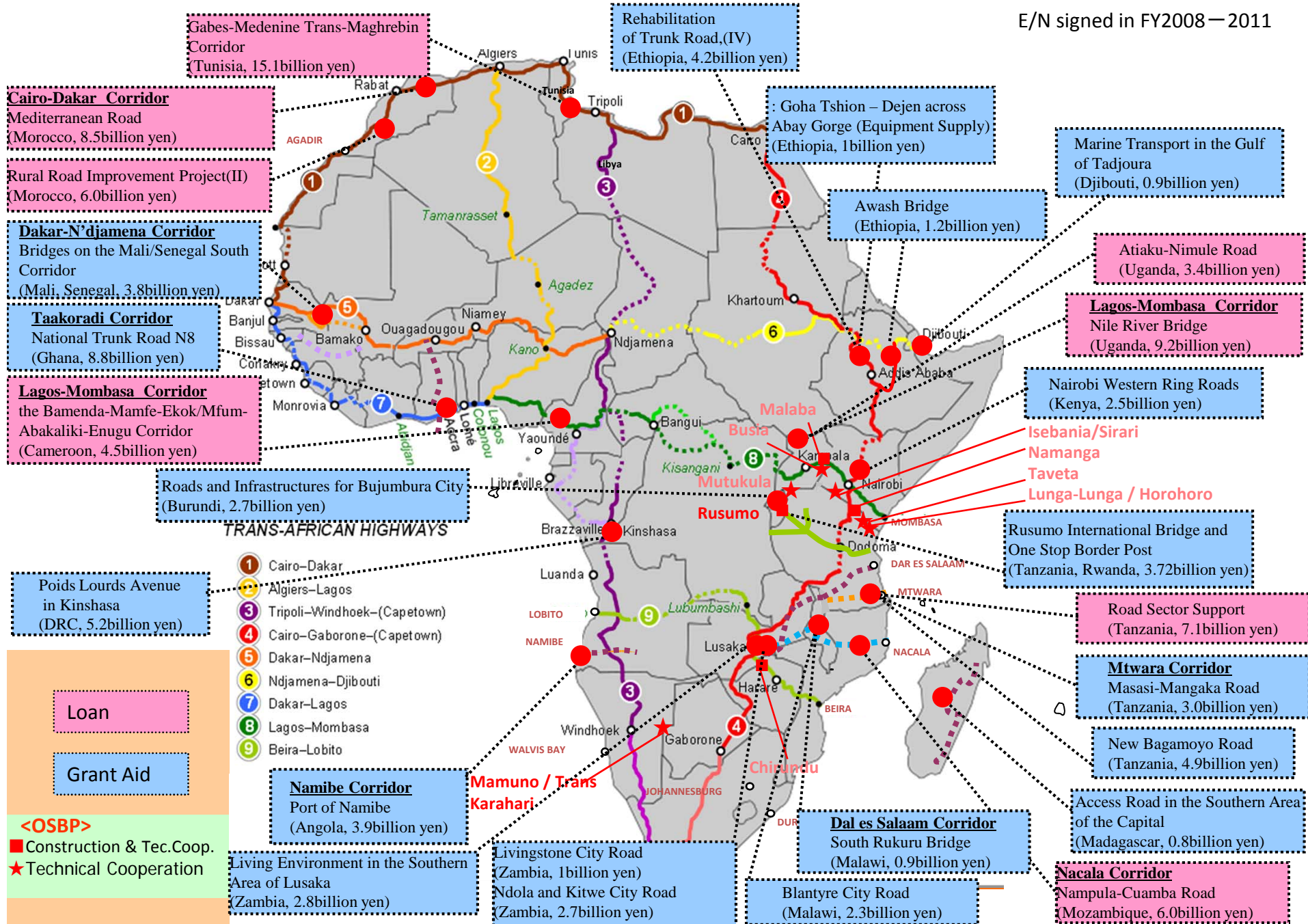
JBIC Facility for African Investment: \$ 2.5 billion
(loans, equity investment and guarantee)

Cooperation with the World bank, African Development Bank and others.

Japan is the top bilateral donor in Africa's infrastructure development in 2010.

Japan's Cooperation for Transport Infrastructure

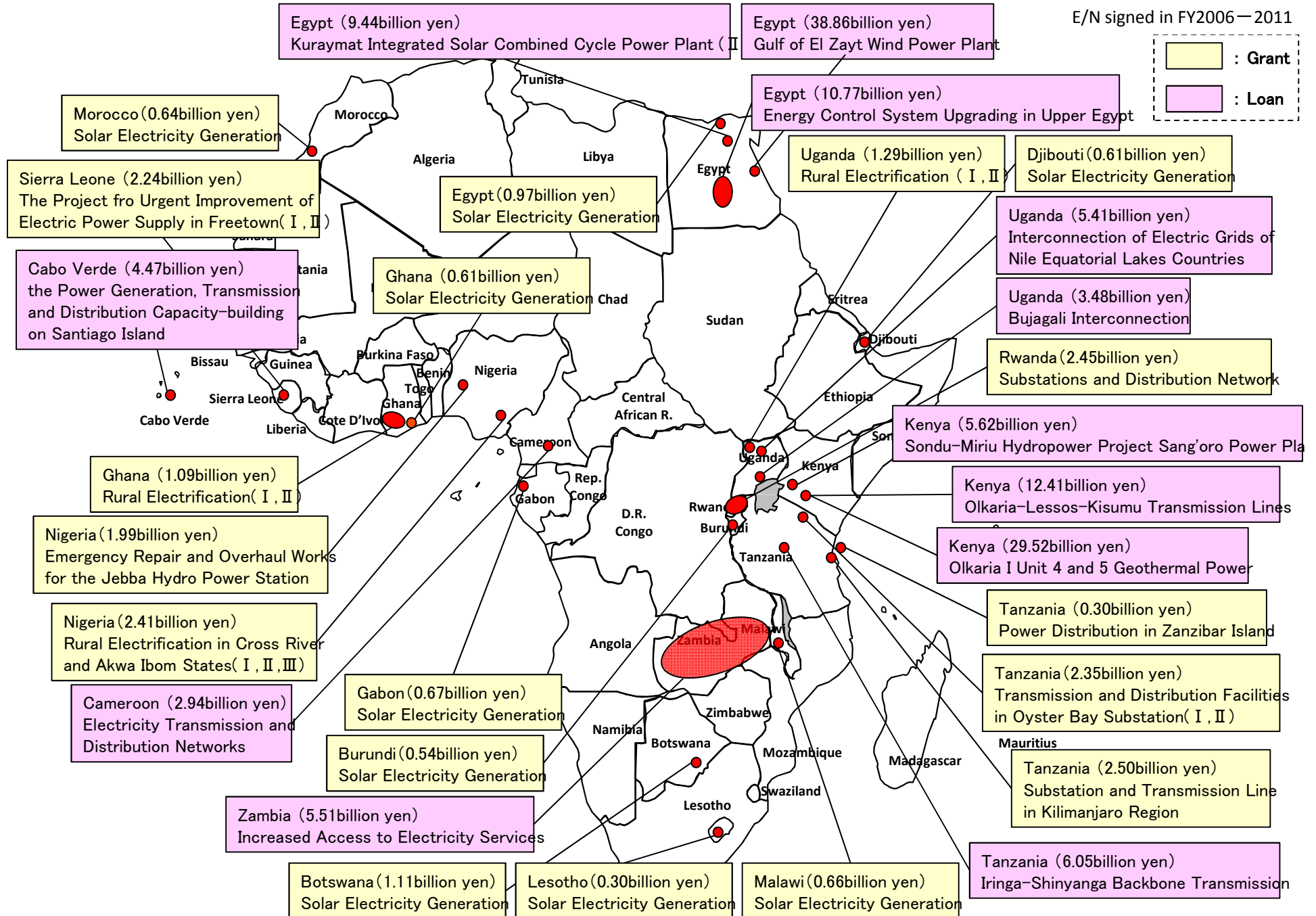
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Japan's Cooperation for Energy Infrastructure

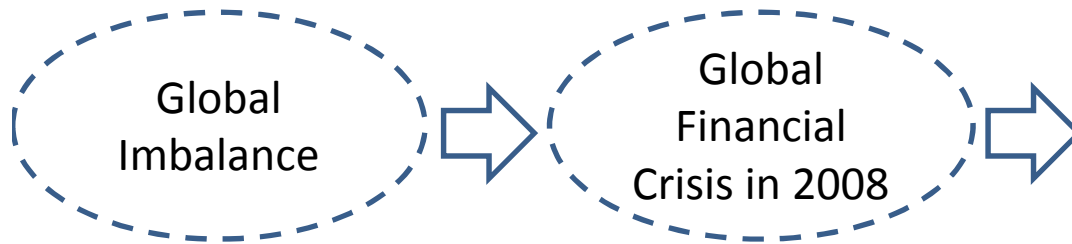
E/N signed in FY2006—2011

: Grant
 : Loan



G20 Seoul Summit

Background



Sustainable growth of developing countries, including Low income countries(LICs)


New source of global demand and Key for poverty reduction

Outcome of the Seoul Summit


Multi-Year Action Plan on Development

- Infrastructure with special emphasis in LICs, particularly in Sub-Saharan Africa.*
- G20 committed to overcoming obstacle to infrastructure investment, developing pipelines, improving capacity and facilitating increased finance for infrastructure investment.*
- Private sector plays key role, public sector as catalyzer.*

ACTION 1: DEVELOP COMPREHENSIVE INFRASTRUCTURE ACTION PLANS

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- Action plans that increase public, semi-public and private finance and improve implementation of national and regional infrastructure projects(energy, transport, communications and water) in LICs.
 - MDBs pursue actions in Information and needs assessment, Internal practice, Improving the domestic infrastructure investment climate, special measures for regional integration and transparency and sustainability.

ACTION 2: ESTABLISH A G20 HIGH-LEVEL PANEL FOR INFRASTRUCTURE INVESTMENT

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- A High-Level Panel for Infrastructure Investment (HLP) is requested to report on infrastructure development in G20 Cannes Summit.

G20 Cannes Summit

High level panel on Infrastructure Recommendation to G20

http://www.mofa.go.jp/policy/economy/g20_summit/2011/pdfs/annex09.pdf

Chair: Thidjane Thiam, CEO of Prudential Group, former Ivorian Minister

Ensure strong supply of bankable projects

- Building local capabilities: Expert networks, PPP fellowship by private companies
- More efficient project preparation funds
- Quality data on bankable projects (Sokoni marketplace, etc)

Contribute to building an enabling environment

--The private sector will not invest in the dark!
Developing countries: Legal and institutional frameworks, capacity building
MDBs: Procurement Procedure and Debt Sustainability Assessment

Make funding available under appropriate terms

Risk mitigation: review of credit enhancement and guarantee mechanism at MDBs
Testing new approach such as ASEAN Investment Fund
Public interventions to crowd in more private capital

- Syndication and securitization
- Domestic markets for equity and long term debt
- Deal with gap between perceived and actual risks role of intermediaries

Exemplary Projects

Criteria agreed between HLP and MDBs

(1) Regional integration

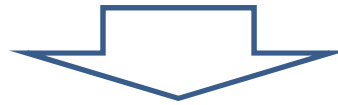
(2) Degree of political support

(3) Potential transformation impact
(including on sustainable development)

(4) Maturity

(5) Institutional capacity

(6) Attractiveness for the private sector



11 projects listed by MDBs

Of which in Africa are

(1) West Africa power pool

(2) Ethiopia-Kenya Interconnector

(3) Inga Hydro Power

(4) North-South Corridor

(5) Isaka-Kigali Railway

(6) Scaling up solar energy in MENA for export to European Markets

African Green Growth Strategy

—Towards Low-Carbon Growth and Climate Resilient Development

<Goal> Sustainable and low-carbon growth through “African Green Growth” (adaptation + mitigation)

<Principle> (1) Combination of adaptation and mitigation

(2) Country ownership

(3) Partnership between public and private sector

(4) Coordination among development partners for the future climate finance

➤ Sectoral issues

**①Energy (renewable energy, energy access and efficiency), ②Agriculture (including food security),
③Forest, ④Disaster reduction, ⑤Water supply (including sanitation), ⑥Transportation**

➤ Cross-sectoral issues

①Human resource development, knowledge sharing and policy dialogue

②Utilizing a financial mechanism including bilateral offset credit, and green technologies

③Private finance catalyzed by public finance and introducing a base of pyramid business

④Information dissemination and advocacy

➤ It was decided to prepare this strategy at the TICAD Follow-up Ministerial Meeting in May 2011 in Dakar,

➤ It is expected to be a guideline for African countries and development partners. Japan will make its own contribution through this strategy and its green technology and private finance should also play a role.

➤ Interim progress report will be submitted at the TICAD Follow-up Ministerial Meeting in May 2012 and the final report at the General Assembly meeting of the World Bank and the IMF in Japan October 2012.

Conclusion

Increasing international attention toward Africa

- Not only as aid recipient but attractive continent for investment.
- Business chance will grow.
- Forward and proactive actions for investment and preparatory works like networking.

Beginning from SADC?

TICAD V

- June 1-3. 2013 in Yokohama.
- A core issue will be the mobilization of Private Sector in infrastructure investment with public sector as catalyst.